

AGENDA ITEM 7

CENTRAL SCOTLAND VALUATION JOINT BOARD

Subject: RECOVERY OF PAY IN ADVANCE
Meeting: CENTRAL SCOTLAND VALUATION JOINT BOARD
Date: 17TH JUNE, 2011
Author: TREASURER AND ASSESSOR

1. INTRODUCTION

- 1.1 The purpose of this report is to update the Valuation Joint Board on the recent changes to staff payment arrangements and seek approval to establish a transitional recovery arrangement for the element of staff salaries previously paid in advance.
- 1.2 The Treasurer is responsible for regulating and controlling the finances of the Assessor's service in conformity with the Financial Regulations. Since 1996 Clackmannanshire Council has provided financial services to the Central Scotland Valuation Joint Board. This incorporates professional and technical advice and incorporates the provision of the payroll service for the payment of Assessor staff salaries.

2. BACKGROUND

- 2.1 Since 1998, the payroll service has been based on a four weekly pay cycle. These four weekly payments represent reimbursement which equated to approximately two weeks salary in advance and two weeks salary in arrears. The advance in salary is currently recoverable on termination of employment.
- 2.2 Following discussion and agreement with the Assessor's Management Team, and staff consultation, in April 2011, the payment cycle was changed to a monthly salary payment on the 27th of each month. The impact of this was to reduce the number of annual staff salary payments from 13 to 12, though the total salary paid clearly remains unchanged. In practical terms, individual staff members receive a redistribution of the same salary over 12 rather than 13 payments annually.
- 2.3 To date however the monthly payment is still being paid approximately fortnightly in arrears/fortnightly in advance despite the fact that monthly payment of salary in arrears is generally accepted as being the more efficient and cost effective practice across both the public and private sector. It also has practical advantages should a mutual or otherwise termination of employment arise and mitigates the potential risk to the organisation of unrecoverable debt.

- 2.4 It is the intention to move towards payment of salary monthly in arrears as of September 2011. Whilst the salary payment remains the same, the change in timing of the payment is being treated as a change to staff terms and conditions and accordingly staff will be issued with the required formal notice to this effect.
- 2.5 The payment of monthly in arrears would then be implemented on the 27th September covering the period 1st to 30 September. It should be noted however that the payment which staff will receive on the 27 August covers the period 18 August to 17 September as this will have been paid on the basis of part arrears/part advance. Accordingly there would be in effect a double payment for the period 1 September to 17 September which would require to be recovered.
- 2.6 In discussions with the Assessor's management team, the Treasurer highlighted the need to put in place prudent, affordable and flexible recovery arrangements to recover this advance payment. Following staff consultation, it was clear that this matter is seen as contentious and complex. It was agreed in line with Standing Orders, to prepare this joint report by the Treasurer and Assessor to set out the proposed recovery arrangements.

3. PROPOSED RECOVERY ARRANGEMENTS

- 3.1 In preparing this proposal, the key considerations have been to balance the need to ensure the proper stewardship of public funds and to minimise the negative impact for staff.
- 3.2 It is therefore, proposed that an advance will be made to each staff member equal to the net amount of their salary paid in advance. This advance will then be recovered equally over a period of 12 months as the default position. The precise recovery period will be subject to an individual agreement with each staff member.
- 3.3 The recovery arrangements could also be altered during the repayment period, if an individuals circumstances change. This would be achieved by formally agreeing this with the member of staff's line manager and notifying the Payroll Team in Clackmannanshire Council.
- 3.4 To place the proposed arrangements in context, 94% of current 54 staff salaries fall in the range between £15,132 and £46,860. Some illustrations of the monthly amounts recoverable from staff are as follows:
- For a staff member on £15,132, the net repayment is £472 and this equates to £39.35 per month over 12 months.
 - For a staff member on £25,716, the net repayment is £802 which equates to £66.83 per month over 12 months.
 - For a staff member on £42,750, the net repayment is £1334 which equates to £111 per month over 12 months.

4. SUMMARY

- 4.1 This proposal aims to provide a solution which is prudent, affordable and flexible. Furthermore, it aims to ensure that the Assessor and Board are able to fulfil their responsibilities in respect of the stewardship and management of financial resources and the transparency and accountability for public funds.
- 4.2 Subject to approval of the proposed approach, the Revenues and Payments Manager of Clackmannanshire Council will meet with the Assessor and the management team to agree a timetable for the communication and implementation of these recovery arrangements. In addition, all staff will receive a letter outlining the impact of this proposal on them personally.
- 4.3 Should the Board not approve the proposal, the current pay arrangements will remain in place for staff, but this would be contrary to the advice of the Treasurer.

5. RECOMMENDATIONS

- 5.1 The Joint Board is asked to approve the proposal being presented on the recovery arrangements of advance salary.

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Treasurer

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Assessor

LIST OF BACKGROUND PAPERS

None.

Appendix

Letter from Assessor's staff of 11th May 2011