

PAYROLL AND HUMAN RESOURCES- DEVELOPMENTS

1 SUMMARY

- 1.1 Emerging from the Finance Best Value review Members requested that a report be made regarding improvements to the Payroll and Human Resources service. This report is to inform Members on the developments taking place.

2 INTRODUCTION

- 2.1 Staffing is the major cost input of the Authority and it is the resource from which all services are delivered. The management of the processes connected to staffing are therefore of critical importance to the Authority.

3 BACKGROUND

- 3.1 Until recently both Human Resources and Payroll had limited computer systems to assist in the task of staff management. It was particularly important that the Authority had access to a unified database for both sections and that this database was available on a flexible basis so that numerous data interrogations could be undertaken. The Authority has therefore recently purchased new software to be used jointly by Human Resources and Payroll.
- 3.2 Members are reminded that the Salaries cost to the authority is around £6m in 2004/05 and therefore relevant data needs to be readily available to manage this resource.
- 3.3 The focus on staffing issues has expanded drastically in recent years with
- Legislation giving added responsibilities to employers,
 - Workforce Development
 - Disabilities
 - Sickness management
 - Pay and rewards
 - Health and safety
 - Equality issues
 - Recruitment and retention of staff.

4 CHANGES TO HUMAN RESOURCES AND PAYROLL SERVICES

- 4.1 The first major change is in the creation of data for management. The new software removes the dual database and therefore the Authority can create single records for its employees. Whilst in itself this will create some savings, these savings will be overtaken with the need for all the new data entries previously denied through the old systems. Both Human Resources and

payroll will be re evaluating the impact of these changes as there will be management implications to the way data is captured and the points of data entry.

- 4.2 The existence of a single database will remove previous checks to ensure that the two databases were the same. The payroll function will still be run from Financial Services as it is regarded as best practice to keep the internal check on the creation of employment data and the use to create payroll. In addition, although it is a single database there is some data that is critical for Human Resources but not required for Payroll and data that is critical for Payroll but not required for Human Resources.
- 4.3 The new software will assist many of the new challenges facing the management of staff. Here the interrogation of the data will enable management information to be produced for the Authority and produce items like age and gender profiles, sickness patterns and training information.
- 4.4 Payroll is not only about annual salary. Items like car mileage, allowances and subsistence are all paid through the payroll process. The new system will enable the correct treatment of National Insurance and tax in a far easier process than currently.
- 4.5 As part of the recruitment and retention of staff various benefits to staff are possible which can be provided at no cost to the Council. A number of these are grouped under salary sacrifice. Here an employee can opt to receive a benefit by agreeing to reduce their salary to pay for that benefit. The advantage being that they can receive the benefit without paying income tax or national insurance. Inland Revenue carefully controls all of these schemes and therefore the system need to be able to comply with their requirements. The new system will make these options far more manageable. Examples of salary sacrifice are the new childcare scheme being introduced in April 2005 and a possible Home Computer Initiative scheme, which is currently being evaluated by the Authority and Inland Revenue.
- 4.6 New developments such as on-line recruitment and other recruitment initiatives like the recruitment portal will be easier to manage with the new system linked to a single database.
- 4.7 Members will be aware that the Authority is currently undertaking Job Evaluation. The data containing within the new system will assist the on-going management of pay and reward.
- 4.8 Once the new system is thoughtfully tested and bedded in it will be possible to offer payroll services to others like voluntary organisations and Parishes. These organisations will need to make their own mind up as to whether the service that could be on offer is suitable and acceptable to them. At the moment the Authority has not considered the terms under which such a service could be offered or the timetable.

5 RISK IMPLICATIONS

5.1 Strategic Risk

The Authority must have appropriate information to manage its main resource, staffing.

5.2 Resource Risk

Staffing represents the major cost input for the Authority

5.3 Operational Risk

Without staffing services cannot be delivered

5.4 Reputation Risk

The Authority needs to demonstrate to all customers and partners that it is managing staffing. In addition the recruitment process is often the first view that a potential applicant has of the Authority. It has to be a good impression.

6 RESOURCE IMPLICATIONS

- 6.1 An up to date and unified system is critical for both the HR function and the payroll function. Both of which combine to manage the staffing and staffing budget of the Authority.

7 LEGAL IMPLICATIONS

- 7.1 The Council must comply with all employment law or face possible action against it with the implication of both cost and loss of reputation.

8 PARISH IMPLICATIONS

- 8.1 There is the medium term option of Parishes having access to the new payroll service.

9 RECOMMENDATION

- 9.1 It is proposed that the Committee **RESOLVES** to note this report

Dave Deeks

Head of Financial Services

Background Papers:-

None

For further information please contact Dave Deeks or Claudia McClellan on:-

Tel:- 01702 318029 (DD) or 01702 318162 (CM)

E-Mail:- dave.deeks@rochford.gov.uk claudia.mcclellan@rochford.gov.uk