

**South Ayrshire Council**

**Report by Head of Legal, HR and Regulatory Services  
to South Ayrshire Council  
of 3 March 2022**

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**Subject: Rationalisation of Pay Cycles**

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**1. Purpose**

- 1.1 The purpose of this report is to seek approval to rationalise the number of pay cycles as part of the Oracle Fusion project.

**2. Recommendation**

**2.1 It is recommended that the Council:**

- 2.1.1 approves the removal of the fortnightly pay cycle and the move of employees to the Council's monthly pay cycle for Local Government Employees (LGE);**
- 2.1.2 approves the removal of the supply teacher pay cycle and the move of supply staff to the Council's monthly pay cycle for teaching staff; and**
- 2.1.3 agrees that the Council makes available a pay advance to the employees referred to in 2.1.1 above who may require assistance to bridge the gap between their last fortnightly and first monthly pay. This advance would be paid back by these employees over a term agreed with Employee Services, but no later than when they leave the Council's employment.**

**3. Background**

- 3.1 In January 2020, Socitm Advisory were engaged by the Council to review the options available with regards to the significant challenges presented by the end of Oracle eBS support. The required outcomes from this work were recommendations on the most beneficial way forward for the Council for this critical line-of-business application.
- 3.2 An Outline Business Case was presented to Leadership Panel in October 2020 with a recommendation to move to a Cloud ERP solution. This was accepted by the Panel who also agreed a capital funding allocation of £5.767m for the programme costs.
- 3.3 Oracle Fusion is a suite of applications built on Oracle Cloud that include applications for enterprise resource planning (ERP) – for South Ayrshire this includes HR, Payroll, Finance and Procurement. It is the next generation of our

existing Oracle eBusiness Suite, bringing with it an updated interface and an expanded range of self-service options for both the individual employee and the Council's managers.

- 3.4 The implementation of the new Cloud ERP system is a major change programme and needs to be completed in conjunction with the Council's ongoing improvement journey, rather than in isolation. It is expected that introducing this new technology will increase productivity through the implementation of employee and manager self-service, improved processes and greater access to information for managers to enable them to be more effective in delivering their services and employees to manage their personal data
- 3.5 The Council upgraded its payroll system in November 2016 moving from Cyborg to Oracle continuing with the current pay cycles fortnightly, monthly LGE, monthly Teachers and supply teaching. Oracle Fusion provides an opportunity to rationalise the existing pay cycles thereby adopting best practice business processes, reducing the support costs and increasing the productivity of the payroll team. The implementation of Single Status in 2009 moved fortnightly paid employees to monthly and moved weekly employees to fortnightly thereby removing the weekly pay cycle.

#### **4. Proposals**

- 4.1 The first pay run in Oracle Fusion is planned for November 2022 and it is hoped that by that stage there will only be 2 monthly payrolls – one for teachers and one for the remainder of the workforce.

#### **4.2 *Fortnightly Pay Cycle***

- 4.2.1 It is proposed to move existing fortnightly employees to the current monthly pay cycle and pay their first monthly pay on 13 August 2022.
- 4.2.2 The implementation of Single Status in 2009 closed the fortnightly pay cycle to new employees and since then the pay cycle for any new employees has been monthly. 574 employees remain on the fortnightly pay cycle. It is proposed to offer these employees a pay advance to bridge the gap between their last fortnightly pay and their first monthly one. This advance would be paid back by these employees as a deduction from future monthly pay cycles. The suggested repayment term could be for example over six, twelve month or even two years or more but no later than when they leave the Council's employment. The exact repayment term would be agreed with Employee Services for each employee affected by this change.
- 4.2.3 During consultation Trade Unions suggested arranging financial advice to assist employees who may require advice and guidance to manage their finances as a result of this change. It is proposed that confidential advice and support will be made available where required through the Council's Information and Advice team.
- 4.2.4 It is proposed to write to employees on the fortnightly pay cycle to vary their terms and conditions. It is anticipated that some employees may not accept this variation in which case a 90 days' notice will require to be issued to make this change to their terms and conditions of employment with effect from 13 August 2022.

### 4.3 **Supply Teachers**

4.3.1 Supply Teachers are registered on the Council's bank list meaning they occasionally do work for the Council. There is no obligation on the Council to offer work and there is no obligation for those on the bank list to accept work that is offered. There are 33 supply Teachers on the supply Teachers pay cycle. It is proposed to write to them to advise that the Council is changing its pay cycles and that if they accept work in the future they will be paid at a different time in the month. This approach has been agreed with the JNCT Joint Secretaries.

4.4 It is proposed that the Council:

4.4.1 approves the removal of the fortnightly pay cycle and the move of employees on this pay cycle to the Council's monthly pay cycle for Local Government Employees (LGE);

4.4.2 approves the removal of the supply teacher pay cycle and the move of supply Teachers to the Council's monthly pay cycle for teaching staff; and

4.4.3 agrees that the Council makes available a loan to employees in paragraph 4.2.2 who may require assistance to bridge the gap between their last fortnightly and first monthly pay.

## 5. **Legal and Procurement Implications**

5.1 The Council has a legal duty to inform employees of a change to their terms and conditions and those affected employees must be given notice of this change. The necessary arrangements will be implemented to communicate these changes to affected employees on fortnightly and supply Teachers pay cycle,

## 6. **Financial Implications**

6.1 There is no cost implication to reduce the pay cycles however there will be a small saving in officers time of approximately 4 days per month, c£1.5K per annum.

6.2 The estimated maximum cost to the Council of the offer of a pay advance to the employees affected (based on an average of the last three fortnightly pay cycles) would be £286,600. The exact cost is dependent on the number of employees that take up the offer of the pay advance. This cost would be recovered from employees based on repayment terms as suggested in 4.2.2 above.

## 7. **Human Resources Implications**

7.1 There are no HR implications because arrangements can be completed within existing resources.

## 8. **Risk**

### 8.1 ***Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

## 8.2 **Risk Implications of Rejecting the Recommendations**

8.2.1 Failing to implement the recommendations would limit the ability to modernise the service through the utilisation of the new system.

## 9. **Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 1](#).

## 10. **Sustainable Development Implications**

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## 11. **Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## 12. **Link to Council Plan**

12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership – Leadership that promotes fairness.

## 13. **Results of Consultation**

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Peter Henderson, Portfolio Holder for Corporate, and Councillor Brian McGinley, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.

13.3 As a Council, officers want to work collaboratively with Trade Union representatives, and have listened and taken on board their views. During consultation, Trade Unions confirmed they would support the proposal on the basis that the loan repayment is made when the employee leaves the Council's employment.

## 14. **Next Steps for Decision Tracking**

14.1 If the recommendations above are approved by Members, the Head of Legal, HR and Regulatory Services will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<b><i>Implementation</i></b>	<b><i>Due date</i></b>	<b><i>Managed by</i></b>
Make the necessary arrangements to communicate the changes to supply Teachers informing them that if they accept future work with the Council the pay cycle is changing	1 May 2022	Service Lead – HR and Payroll
Make the necessary arrangements to communicate to affected employees on fortnightly pay cycle and implement the changes to terms and conditions of employment	13 August 2022	Service Lead – HR and Payroll

**Background Papers**    **None**

**Person to Contact**    **Catriona Caves, Head of Legal, HR and Regulatory Services  
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**Date:**    **25 February 2022**

**South Ayrshire Council  
Equality Impact Assessment  
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

### 1. Policy details

Policy Title	Rationalisation of Pay Cycles
Lead Officer (Name/Position/Email)	Wendy Wesson (Service Lead – HR & Payroll) <a href="mailto:Wendy.wesson@south-ayrshire.gov.uk">Wendy.wesson@south-ayrshire.gov.uk</a>

**2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts**

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	No
Disability	No	No
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	No
Religion or Belief (including lack of belief)	No	No
Sex – gender identity (issues specific to women & men or girls & boys)	No	No
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children's Rights	No	No

**3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.**

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	There is a potential impact on the ability to budget and manage being paid monthly instead of fortnightly.  Financial advice and support will be made available where required through the Council's Information and Advice team.	For some individuals they may prefer to move to being paid on a monthly basis.
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	There is a potential impact on the ability to budget and manage being paid monthly instead of fortnightly.  Financial advice and support will be made available where required through the Council's Information and Advice team.	For some individuals they may prefer to move to being paid on a monthly basis.
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	No	No
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	No	No
Socio-economic Background – social class i.e. parent's education, employment and income	No	No

**4. Do you have evidence or reason to believe that the policy will support the Council to:**

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	No adverse impact
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	No adverse impact
<b>Foster good relations</b> between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	No adverse impact

Increase participation of particular communities or groups in public life	No adverse impact
Improve the health and wellbeing of particular communities or groups	No adverse impact
Promote the human rights of particular communities or groups	No adverse impact
Tackle deprivation faced by particular communities or groups	No adverse impact

## 5. Summary Assessment

<p><b>Is a full Equality Impact Assessment required?</b>  (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b>)</p>	<p><b>YES</b></p> <p><b>NO</b></p>
<p><b>Rationale for decision:</b></p> <p>Whilst we appreciate the rationalisation of pay cycles may affect some of the employee group, there may be others within the group who would prefer the change in pay cycle.</p>	
<p><b>Signed:</b> Wendy Wesson</p> <p><b>Date:</b> 17<sup>th</sup> February 2022</p>	