

## Shropshire Council Changes to Payment of Staff Salaries

From 1<sup>st</sup> April 2019 Shropshire Council will implement its new integrated HR, Payroll and Finance system. Wem Town Council is currently linked to Shropshire Council's bank account for paying staff salaries and associated invoices e.g. HMRC and Pension Contributions (all salaries are paid by Shropshire Council who then invoice the Town Council). Once the new system is installed Shropshire Council cannot offer this facility anymore so the Town Council will have to find a new way of paying staff salaries.

The options the Town Council can consider are as following

### **1. Set up a BACS payment system – Unity E Payment**

Advantages – this will enable salaries to be paid by Shropshire Council in the same way as they are paid at the moment on a set day.

Disadvantages – set up costs of £300 plus a fee of £125 to create an e payment template.

Thereafter it will be a fee of £18.11 per month which includes a monthly fee of £12 a file fee of £2.75 and a 48p fee per transaction.

Therefore to pay salaries by Unity E Payment will involve one off costs of £425 plus annual costs of approx. £218

### **2. Pay salaries direct from Town Council**

Shropshire Council will continue to carry out calculations and will generate an expenditure report. Then the Town Clerk will load monthly salary payments onto the system for authorisation by Councillors.

Advantages – Free

Disadvantages – Risk that payments salaries may not be paid on the correct date if Councillors are away, have computer problems or simply forget. This will also be a problem if The Clerk is on leave or off sick as it means salary payments will not be loaded for authorisation. It is also additional work for the Town Clerk.

### **3 . Set up monthly standing order for staff salaries and make payments via internet banking for expenses and overtime, HMRC and Pension contributions.**

Advantages –Monthly salaries can usually be paid on the correct date without Councillors having to authorise monthly salary payments other than the initial standing order payment. However overtime expenses HMRC and Pension payments which fluctuate will need to be authorised each month and this may mean a delay in payment of expenses / overtime etc.

Disadvantages – extra work for Town Clerk setting up the payments and calculating overtime and expenses payments (although this could be picked up by the Finance Assistant to be appointed). Salary payments will not be made on a set day as is now the case as the bank cannot guarantee standing order payments will reach the recipients bank account on the same day.

Payment of overtime/expenses may not be paid if Councillors are away, have computer problems or simply forget. This will also be a problem if The Clerk is on leave or off sick as the Town Council may be fined for late payments to HMRC and pensions, however it should be noted that cheques can be issued if computer problems arise.

It has been agreed with Shropshire Council that these changes will not need to be made until May so that the Town Council can consider the best option to pursue.