BERRYNARBOR PARISH COUNCIL

Payroll Procedure

Date of Review	Change Description	Minute No.
October 2026	Policy Approved	2610-15

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Introduction

This Payroll Procedure establishes the framework through which Berrynarbor Parish Council (BPC) administers its payroll operations lawfully, transparently, consistently, and in accordance with statutory obligations, proper accounting practices, employment legislation, internal control requirements, and governance expectations applicable to local councils. BPC employs one member of staff (Clerk/RFO). BPC being a responsible employer will pay all employees accurately and on time. BPC will also comply with all legislative requirements, employer responsibilities, and relevant tax and financial obligations in being an employer. The regulations and legislation governing this procedure can be found in Appendix I.

BPC recognises that poor practices and weak payroll governance can expose it to:

- financial fraud;
- unlawful payments;
- HMRC penalties;
- pension breaches;
- unlawful deduction claims;
- reputational damage; and
- internal audit failure

This policy establishes a robust system of internal payroll control aligned with:

- the Accounts and Audit Regulations 2015;
- the Joint Panel on Accountability and Governance Proper Practices;
- the National Joint Council Green Book;
- HMRC Real Time Information (RTI) requirements; and
- Payroll forms a significant element of AGAR Assertions 2, 4, 5 and 6.

Payroll is not just a financial operational process; it forms part of the BPCs wider

statutory responsibilities relating to:

- stewardship of public funds;
- financial governance;
- compliance with employment law;
- pension obligations;
- taxation compliance;
- audit accountability;
- data protection;
- transparency; and
- assurance under the Annual Governance and Accountability Return.

Process & Procedure

- The salary scale is set in the contract of employment and changes in renumeration are reviewed and approved by the full BPC.
- BPC will annually review appropriately staff terms and conditions, including pay increases in line with recommendations from National Association of Local Councils (NALC) guidelines.
- Salary will be paid by BACs, each month the day after the full BPC meeting.
- The Clerk/RFO calculates the gross pay and the deductions, National Insurance (NI) - employer and employee, tax, pension contributions – employer and employee, and net pay and submits this to the full BPC for approval as part of the Payments & Receipts schedule.
- Payments made to the employee (including any extra hours and expenses) will be authorised by the Council at the full BPC meeting.
- The tools used to facilitate payments are;
    - The Basic PAYE tool
    - Peninsula Pensions Interface Template
    - EAS5 online form - Peninsula Pensions
- The Clerk/RFO calculates the gross pay and the deductions;
    - NI - employer and employee, tax, pension contributions – employer and employee, and net pay.
    - Salary is paid via BACs
    - Pension payments are made to Devon County Payments via BACs
    - All deductions from Gross Pay will be made and forwarded to Inland Revenue on time.
    - All Inland Revenue returns (if any) will be completed and paid in accordance with HMRC requirements
    - Paperwork is generated and stored securely; wage slips are given to staff.
    - Accurate records od all salaries and deductions are kept for audit.

APPENDIX I

Legislation & Regulation

The procedure ensures[1] [2] [3]:

- wages are paid lawfully;
- itemised payslips are provided;
- deductions are lawful;
- fair processing of overtime and leave;
- compliance with contractual entitlements
- rest breaks are monitored;
- excessive working hours are identified;
- overtime is appropriately managed; and
- leave entitlements are recorded accurately.

The Council shall[4]:

- deduct PAYE correctly;
- maintain accurate records;
- submit Real Time Information;
- ensure lawful taxation processing.

Failure to comply may result in financial penalties and enforcement action by HM Revenue and Customs.

The Council must correctly calculate and remit all[5]:

- National Insurance contributions;
- statutory payments;
- maternity pay;
- sick pay; and
- related social security deductions.

BPC has statutory automatic pension enrolment duties requiring[6]:

- eligible staff enrolment;
- pension contribution compliance;
- re-enrolment assessments; and pension reporting obligations.

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[1] Local Government Act 1972, s112 (Appointment of Staff), s 151 (Proper Administration of Financial Affairs).
[2] Employment Rights Act 1996
[3] Working Time Regulations 1998
[4] Income Tax (Earnings and Pensions) Act 2003.
[5] Social Security Contributions and Benefits Act 1992
[6] Pensions Act 2008