

Part Time Staff report

Introduction

At June's People, Performance and Development Committee members requested details of the overhead costs associated with employing part time staff to cover full time equivalent positions with the Council including details of the additional National Insurance contributions the Council is required to make as a result.

Findings

When employing staff, there is no Employer National Insurance (NI) contribution on the first £8,164 of the employee's salary per annum. After this the employer's rate of 13.8% applies to all earnings. Therefore, from NI point of view it is cheaper to employ multiple part time staff than it is full time staff. The saving is around £1,127 per annum per additional employee. However, having more part time staff would increase management and training costs.

Example

On an assumption that a manager on an average hourly rate of £20.41, which is top of grade PS9 (£38,312), spends one hour a month on managing an employee, it would cost around £245 extra per year per employee. The training budget per head is around £218.

Therefore, if 100 FTE posts are filled by 200 part time employees, this would create a saving by the council benefiting from the additional NI allowance. If a saving of a £1000 per additional employee is assumed, then the figures would work out as follows:

$100 \text{ (extra employees)} \times £1,000 = £100,000 - (£24,500 \text{ management time} + £21,800 \text{ training budget}) = \text{savings of } £53,700.$

Conclusion

Although there are costs associated with employing more part time employees, the NI savings compensate for this additional cost.

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