HR Budgeting and Manpower Cost Control: Position Control, Payroll Costing and Variances

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Paris - Right Bank business hotel



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Introduction:

HR budgeting fails when the headcount file, the payroll ledger and the finance budget each tell a different story. Vacant posts stay funded, overtime and leave accruals surprise the month-end close and nobody can say whether a hiring request fits the approved establishment. This Core Concept course equips HR, payroll and finance staff to cost every approved position, price allowances, overtime and end-of-service provisions, reconcile payroll to budget and explain manpower cost variances. Participants build a Manpower Budget and Variance Report for a case organisation.

Course Objectives:

- Map the people cost structure of an organisation into fixed pay, variable pay, employer on-costs, provisions and non-payroll HR spend
- Maintain a position control register that links each approved post in the establishment to a grade, cost centre and funding line
- Calculate the fully loaded annual cost of each position, including allowances, overtime, leave accruals and end-of-service provision
- Convert an approved headcount plan into a phased monthly manpower budget with vacancy, starter and leaver assumptions
- Reconcile monthly payroll output to the manpower budget and explain rate, volume and timing variances to budget holders
- Produce a Manpower Budget and Variance Report with hiring-freeze, growth and restructuring scenarios for management decision

Target Audience:

- HR officers who administer the approved establishment, grades and hiring requests
- Payroll staff who process monthly pay, allowances, overtime and leave settlements
- Compensation and benefits staff who price salary structures and benefit packages
- Finance and cost accounting staff who consolidate and report people-cost budgets
- HR business support staff who prepare monthly manpower reports for department heads

Course Outline:

Day 1: People Cost Structure and the Approved Establishment

- People Cost Taxonomy: Basic Pay, Allowances, Variable Pay, Employer On-Costs and Provisions
- Payroll Cost Versus Total Employment Cost and Non-Payroll HR Spend Lines
- Approved Establishment Concept: Budgeted Posts, Filled Posts and Vacant Posts
- Manpower Cost Chart of Accounts and Cost Centre Mapping Template
- Current-State Diagnostic of the HR Budget Process and Data Owners

Day 2: Position Control and Employee Costing Models

- Position Control Register: Post Number, Grade, Cost Centre and Funding Status
- Fully Loaded Cost per FTE Calculation Sheet
- Salary Scale Costing with Step Increments, Merit Pools and Promotion Budgets
- Allowances and Benefits Costing Matrix: Housing, Transport, Medical Cover and Education
- Headcount Plan to Budget Bridge: Starters, Leavers, Vacancy Factor and Phasing

Day 3: Building the Manpower Budget Line by Line

- Overtime Budget Built from Hours Drivers, Rates and Shift Patterns
- Annual Leave Accrual and Leave Liability Calculation Method
- End-of-Service Provision Concepts: Accrual Basis, Service Bands and Actuarial Estimates
- Recruitment Budget: Cost-per-Hire Components, Agency Fees and Onboarding Costs
- Training and Development Budget Allocation per Head and per Programme

Day 4: Payroll-to-Budget Control, Variances and Scenarios

- Monthly Payroll-to-Budget Reconciliation Checklist and Suspense Items
- Manpower Cost Variance Split: Rate, Volume, Mix and Timing Effects
- Hiring Freeze, Growth and Restructuring Scenario Switches in the Cost Model
- Severance and Redundancy Cost Estimation for Restructuring Cases
- HR-Finance Sign-Off Controls: Hiring Approval Gates and Unfunded Post Alerts

Day 5: Modelling Build and the Manpower Budget and Variance Report

- Hospital Services Case: Nursing Establishment and Overtime Costing Build
- Retail Chain Case: Seasonal Staffing and Allowance Cost Model
- Manpower Budget Model Build for a Case Organisation
- Variance Report Commentary and Management Dashboard Drafting
- Budget Review Panel Presentation and Peer Challenge

Skills You Will Gain:

- People Cost Structuring
- Position Control Administration
- Fully Loaded Employee Costing
- Leave and Gratuity Accruals
- Payroll Reconciliation
- Manpower Variance Analysis
- Scenario Cost Modelling
- HR-Finance Partnering

Why Attend This Course:

- Leave with a Manpower Budget and Variance Report built on a working cost model for a case organisation
- Stop funding vacant or unapproved posts by tying every hire to the position control register
- Explain to department heads why people cost moved, split into rate, volume and timing effects
- Compare HR budgeting practice with HR, payroll and finance peers from healthcare, retail, industry and public services

Conclusion:

People cost is usually the largest controllable line in an operating budget, and it stays under control only when HR and finance work from one register of approved positions. The course moves from the people cost structure and the approved establishment, through position control and fully loaded costing, to overtime, leave, end-of-service, recruitment and training budgets, and then to payroll reconciliation, variance analysis and scenarios. The final day builds a Manpower Budget and Variance Report ready for a budget review panel.