

Official publication of The Chartered Institute of Payroll Professionals

# PROFESSIONAL

*in Payroll, Pensions & Reward*

Issue 27  
February 2017

*A time to  
relax?*



**Re-enrolment**  
Steps to take

**Autumn Statement  
2016**  
Stay ahead of change

**What will Brexit  
mean for workplace  
equality issues?**  
Support falls away

Includes  
4 bonus  
pages



CIPP update | Policy hub | Professional development



# This is not the future of HR. We are.

Recently, you may have heard rumours about an HR robot named HARRI. HARRI – Human Advisory Resource: Robotic Interface – is in fact, fiction. Something we created to get HR professionals thinking about the true future face of HR.

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## Editor's comment

It was in 1992 when I moved away from payroll processing and began a new career editing the successful monthly eight-page newsletter *Payroll Manager's Review*. I'm saddened that the latest

incarnation of that esteemed periodical, which (as its title implies) focused solely on payroll, has folded (page 41).

Though there may be time for some to relax (page 23), in my view there are many challenges ahead for those working in payroll, pensions and reward.

The 2016 Autumn Statement report (page 20) is essential reading. Will the changes to salary sacrifice from April 2017 be a source of problems going forward?

The challenges of Brexit continue to emerge. An aspect perhaps not yet fully recognised is the potential effect on workplace equality law (page 27).

The apprenticeship levy which launches in April seems to me

to possess the usual ingredients for confusion and error; namely, Government's reliance on technology/software to deliver a key policy programme (pages 12, 18). Another example is maintaining accurate taxpayer addresses held by HMRC (page 17) with consequential impacts for the levy and Scottish rate of income tax.

Of course, technology and software are essential instruments today. Time and attendance systems are I believe almost obligatory now for many organisations (pages 38 to 40).

I'm also pleased that this issue has the first of a series of regular articles on the Local Government Pension Scheme (page 35).

Good luck in 2017.

**Mike Nicholas MCIPP AMBCS**

*Editor*



## Chair's message

Every year at this time we all tend to look back and see what we've achieved in the previous year, which then prompts us to consider what we might want to challenge ourselves with in the year ahead.

At long last my knee surgery went ahead as planned at the end of December. Having completed my first walk on the beautiful Lincoln West Common this morning, with a lot less pain than I've been experiencing, I'm looking forward to a 'hobble' free 2017, and hopefully a much fitter one.

Work-wise, there's always new challenges to look forward to, and, as Ken mentions, the CIPP is always there to support with your learning, whether through training or formal qualifications. Is that

how you are going to challenge yourself this year?

If you're thinking of changing your job, what new skills might you require to push your CV up to even greater heights and get to the top of the pile for that dream role? Talk to our team and find out how we can help you get those specific skills, even if it's something not in the brochure.

So, whatever your challenge for 2017, I wish you well.

**Eira Hammond FCIPPdip**

*Chair, CIPP*



## CEO's message

So the Christmas and new year celebrations are in the past and here we are a month into 2017 already.

Resolutions? Broken or still in place? One resolution I hope we can all continue is to maintain our personal continuing professional development, which you should be logging within My CIPP on the CIPP website.

As usual, a new year brings challenges, new and ongoing. The apprenticeship levy, Brexit, salary sacrifice changes, Scottish income tax rates and IR35 reform legislation, just to name a few, is where we as professionals, be it payroll, pensions or reward, will in organisations across the UK and globally have some part to play.

The CIPP will continue to support all members in these areas through our calendar of training events, national forums,

special interest groups, consultancy, advisory service and suite of qualifications to make sure we proudly represent our industry.

Not a member but 'borrowed' this magazine? View the CIPP website for membership benefits and see how you can develop your skills and knowledge to ensure you are up to date on the latest developments and changes to help keep your organisation compliant and in making you a valuable asset.

I wish you all a successful and prosperous 2017.

**Ken Pullar FCIPP**

*Chief executive officer, CIPP*





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leading the profession

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On your  
behalf

# Policy team update

**Diana Bruce MCIPDip, CIPP senior policy liaison officer**, provides an update



## Annual allowance calculator

The annual allowance (AA) calculator was launched as a beta version on 28 September 2016 at the October meeting of the Pension Industry Stakeholder Forum at which HM Revenue & Customs (HMRC) thanked all stakeholders who had participated in the user research. The version will enable HMRC to make further developments and improvements to the calculator as a result of user feedback and evidence of user needs from customers and stakeholders.

Changes have been made which include addition of the 2012–13 tax year as a priority. Further planned changes include:

- inclusion of tax years 2009–10, 2010–11 and 2011–12 to enable pension scheme members to work out the unused AA available to carry forward to 2012–13 (which feeds into their calculations for 2015/16)
- changes to the AA calculator results page to make the results easier to follow so that customers will be able to see how the money purchase and alternative AA have been applied to their pension savings. These changes comprise:
  - clarification around AA charges arising because of the money purchase AA rules
  - identifying when the AA (or alternative AA) has been capped for period two in the 2015–16 tax year
  - identifying when the earlier year unused AA is not included in the carry forward amount for the final year shown because it's out of time.

An area of concern highlighted at the October meeting was around cases where earlier years do matter within calculations, as without amendments the calculator may give an incorrect tax charge. Changes will be made to the landing page to caveat any issues with the calculator.

***...the issues can be summed up rather neatly in one word: guidance***

If you have any other changes that you'd like HMRC to consider, please email them to [pensions.businessdelivery@hmrc.gsi.gov.uk](mailto:pensions.businessdelivery@hmrc.gsi.gov.uk) and put 'annual allowance calculator' in the subject line of the email.

## External stakeholder work together with HMCTS

A meeting of external stakeholders came together with HM Courts and Tribunal Service (HMCTS) on 1 December 2016 to take forward work that began in summer, the aspiration being that at the conclusion of our collaborative working we will see improved guidance for employers and improved employer compliance with the administration of court attachment orders. The aim of this meeting was to clarify what the most significant issues were for HMCTS and for employers and the payroll industry and see what steps can be taken to improve our combined experiences.

Employer non-compliance can occur in many ways, including:

- ignoring an order to operate a court attachment
- operating the attachment but failing to pay over the deductions
- operating and paying over but using incorrect references for either single or combined payments/employees.

For employers and the payroll industry the issues can be summed up rather neatly in one word: guidance. We are unlikely to see a commitment from Government for the current handbook, which is an aging document, to be updated in its current format. Steps (albeit small steps) have begun to persuade the Cabinet office (owner of GOV.UK) to allow space on GOV.UK for updated and comprehensive guidance on the subject of pay attachments. In other words, watch this space.

Thank you for the volunteers who have come forward to be involved in future working group meetings.

## Employer prompts v GNS messages

Shortly after the 2016–17 tax year began, employers began to receive employer prompts issued in the event that a student loan SL1 notice had been issued but the full payment submission did not report student loan deductions. As the tax year progressed the number of employer prompts being issued diminished.

December 2016 saw an update to the *Student loan repayments: guidance for employers* page on GOV.UK, which began to provide an explanation as to the reason these prompts would be issued via the



## ...the levy depends on the type of maintained school ...

generic notification service (GNS).

The aim is to start student loan deductions, where no action seems to have been taken by the employer.

The process will see two GNS prompts issued through the employers' online communications tool; where neither results in action being taken, a follow up phone call will be made by HMRC. So far, reasons given for not making student loan deductions include:

- SL1 start notice not received
- forgot the log in and passwords so missed all coding notices etc
- no known reason.

Where the software has been identified to be at fault HMRC's student loan team have been talking to the Software Developer Support Team (SDST) which then approaches the software developer.

Regardless as to the terminology used to describe these nudges from HMRC to the employer, be aware that April 2017 is likely to see a spike of GNS notifications

as it is the key month for student loan SL1 start notices to begin.

### Gender pay gap reporting

In December 2016, the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 were published to bring into force the mandatory gender pay gap reporting requirements for private and voluntary sector employers with over 250 employees.

The Government Equalities Office (GEO) is keen to identify and reward leading employers in key sectors that want to be early adopters (i.e. publishing in the first or second reporting quarter April–September 2017). If this is something you are considering then please contact the GEO by email at [closingthegap@geo.gov.uk](mailto:closingthegap@geo.gov.uk) using the subject line 'early adopter'.

### Apprenticeship levy and maintained schools

Thank you to member Jackie Standing

for sharing information through the Local Authority CIPP specialist interest group. In response to queries received in recent weeks about the way in which the apprenticeship levy applies to maintained schools, the Local Government Association's finance team prepared the following (edited) information (see box below), after discussions with the Department for Education (DfE) and HMRC. Please note this information is intended to help local authorities in planning for the levy and does not represent definitive guidance.

Jackie asked if we could discuss this information with HMRC, specifically whether the requirement with regard to voluntary aided (VA) schools has been made clear in guidance to software developers and when more information is expected to be published by HMRC/DfE.

Though more information is expected to be published by HMRC/DfE, no timescale for publication is yet available. The CIPP policy team continue to lobby HMRC for the provision of timely guidance, particularly to software developers who we rely upon so much in our line of work. ■

### Maintained schools

Liability for the levy depends on the type of maintained school of which there are two categories:

● **Community and voluntary controlled (VC) schools** – In these schools the local authority (LA) is the employer and therefore all staff in community/VC schools are added on to the paybill of the council, with the levy equivalent to 0.5% of the overall paybill for the LA. All community/VC schools paybills will need to be included in the LA's calculation, regardless of whether the school uses the council for payroll services.

● **VA and foundation schools** – In these schools (as in academies) the governing body is considered to be the employer, rather than the LA. Therefore, each VA/foundation school's liability for the levy will be based on its own paybill.

In practice the council is likely to administer the payroll for many VA/foundation schools and the school may not have its own HMRC payroll reference number, separate from the LA.

HMRC has stated that only VA/foundation schools with a paybill of over £3 million need to be set up on a

new HMRC payroll reference number. Employers who need to set up a new reference number with HMRC will need to do so between 6 February and the end of February 2017.

Those VA/foundation schools with paybills under £3 million, with the same payroll reference number as the LA, do not have to split out with a separate payroll reference number. However, local authorities, in reporting the amount of levy due, will need to find a way of excluding the pay of the small VA schools from the calculation of the authority's liability for the levy. We understand software houses are working on a development to ensure those VA schools with paybills under the threshold that remain on the main council payroll reference number, will be excluded from the levy calculation.

A community/VC school, where payroll is not provided by the LA, will need to liaise with its payroll provider and the LA on this to ensure the correct payment is made. For VA/foundation schools, the school will have to calculate its own liability and make arrangements.

Community/VC schools will have to make provision for the relevant

cost of the levy in their individual budgets, in the same way as other payroll costs e.g. National Insurance etc. DfE does not intend to allow the schools budget to be top-sliced by the council at the LA level for the levy; and the operational guidance for schools' revenue funding in 2017–18 does not make any provision for dedicated school grant to be top-sliced in this way. As a result, all community/VC schools (and VA/foundation schools with payrolls over £3m) will need to ensure they have taken account of this additional cost when they set their budgets for 2017–18.

### Non-maintained schools

Whilst an authority administering the payroll for a non-maintained school may actually pay over the levy to HMRC, as part of its payroll admin role, this would have to be funded by the school but the non-maintained school's payroll would not count in the LA's calculation of its own liability. Again, if the LA administers the payroll, the LA and the school will need to ensure that the school is set up as a separate employer in HMRC's systems.



## Advisory

### Advisory Service

is available 9a.m. to 5p.m. Mondays to Thursdays, and 9a.m. to 4.30p.m. on Fridays. It is free to all CIPP members\*, students and attendees of approved CIPP courses and conferences in the last six months. Call **0121 712 1099**, email [advisory.service@cipp.org.uk](mailto:advisory.service@cipp.org.uk) or visit [cipp.org.uk](http://cipp.org.uk) for frequently asked questions.

*\*please see summary at [cippmembership.org.uk](http://cippmembership.org.uk) for details.*

**Q:** An ex-employee has asked whether it would be possible to issue a duplicate P45 form as she has lost the original. Are we able to do this?

**A:** The employer cannot issue a duplicate P45 to an ex-employee under any circumstances. Unlike the P11D return and P60 certificate which can be duplicated a P45 can never be. For further information, use this direct link to the GOV.UK website – <https://goo.gl/8VvJj7> – which confirms that an employee or ex-employee cannot get a replacement P45.

**Q:** An employee has requested reimbursement for a congestion charge. Can this be processed through the payroll?

**A:** It will depend on whether the car belongs to the employer or the employee as to whether there is a benefit. Where the employee has the use of a company car there would be no benefit to the employee when this is reimbursed.

Where the car actually belongs to the employee then there will be a benefit. It also depends on how the congestion charge has been paid as to how it should be reported or whether it would be paid through the payroll. Where the employer pays the relevant authority directly then it should be reported in the P11D return for income tax purposes, but Class 1 National Insurance contributions (NICs) applied through the payroll. However, when the employee pays the congestion charge and the employer reimburses the employee this amount then it should be processed via the payroll so both pay as you earn (PAYE) and NICs can be operated.

This link – <https://goo.gl/b3LU3t> – to GOV.UK explains that if the employee is using a company car there would be no

reporting requirements. It also confirms that if the employer meets the cost of the congestion charge when the employee is using their own car it will be classed as a benefit.

**Q:** We have an ex-employee who has been overpaid for the last nine years. The former employee wants to pay back the net amount from his private company pension. Should we ask the ex-employee for the net overpayment rather than the gross overpayment?

**A:** The employer should request the net amount rather than a gross amount, as the overpayment arises from a previous tax year. As this is an ex-employee the employer may have difficulty in recovering this overpayment as there is no longer a contract between the parties anymore.

The employer should consider the court case *Keenan v Barclays Bank* where the employee was overpaid about £20,000.00 over a two-year period. The court found in Mrs Keenan's favour and she stayed on her new salary plus did not have to repay the overpayment.

There is also estoppel by representation that could be applicable in this situation as the employee may state that he did not know he had been overpaid; had spent the money; and it wasn't his fault the overpayment had occurred.

**Q:** When an employee has an entitlement to 28 days' annual leave, but does not wish to take all this entitlement within the current holiday year, can the employer pay the employee for any untaken holiday at the end of the holiday year if both the employee and employer are in agreement?

**A:** If the employee does not operate their right to take paid statutory leave (5.6 weeks entitlement which equals 28 days for a five-day week worker), the employer can allow the carryover of 1.6 weeks' leave into the new holiday year (which equates to eight days for a five-day week worker). An employer should only pay holiday pay for one of three reasons: the employee is taking holiday; the employee is sick and wants to be paid holiday; the employee has taken 5.6 weeks' holiday and has contractual holiday outstanding. The following links to GOV.UK provide additional information:

- <https://goo.gl/PhlfiL> – provides general information on holiday calculations and on carrying over leave
- <http://bit.ly/1picPiR> – a holiday entitlement calculator
- <http://bit.ly/2iDla7K> – explains about paying for statutory holiday when the employee leaves.

**Q:** What level/value of childcare vouchers can we allow an employee who is a higher rate income tax payer?

**A:** An employee who is a higher rate taxpayer will only be entitled to £28.00 in childcare vouchers per week (£110.00 monthly) tax free. This amount is derived from the statutory tax-free amount of £55 for basic rate taxpayers (i.e.  $£55 \times 20\% = £11 \div 40\%$ , rounded up).

For additional rate income tax payers, the tax-free amount is £25 (i.e.  $£11 \div 45\%$ , rounded up).

Employers can provide childcare vouchers above these amounts, but the excess would be taxable and liable to Class 1 NICs.

**Q:** If it is possible to pay for an employee's health visa, what are the reporting requirements?

**A:** If a visa application is made whilst the employee is outside the UK and the health visa is part of the process then it could be classed as part of the extra cost of foreign travel. However, the following conditions have to be satisfied:

- The employee was not resident in the UK in either of the two tax years which ended before the tax year in which he or she came to the UK to work.
- The employee has not been in the UK, for any reason, at any time in the two years ending on the day immediately before he or she came to the UK to work.

If the above conditions apply, HMRC may regard this as part of the travel cost to the UK



that applies under special tax exemptions.

This link – <https://goo.gl/xrsR9L> – is to HM Revenue & Customs' 490 *Employee travel – A tax and NICs guide for the employer* on GOV.UK. Please refer to paragraph 7.10 which explains that if it is part of travel to or from the UK and meets the above conditions it is exempt.

If the application is made from inside the UK it will be classed as a benefit that would need to be reported in a P11D return. This is because it would not be classed as part of the cost of travelling to the UK.

**Q:** When assessing an employee on statutory maternity leave (SML) for automatic enrolment, should she be assessed on the statutory maternity pay (SMP) she currently receives each month or would it be the contractual pay she would normally receive?

**A:** When checking whether an employee should be automatically enrolled or not the relevant earnings to be used in the assessment would be what is actually paid during the relevant pay reference period. In this case she would be assessed on the SMP she is receiving. If the earnings reach or exceed the trigger point she would be automatically enrolled.

**Q:** Can you explain what happens to pension contributions to an automatic enrolment pension scheme during SML?

**A:** Where an employee is already in an automatic enrolment pension scheme and is taking SML, the contributions are based on the actual pay received (whether SMP or contractual maternity pay) in the pay reference period. However, an employee in this situation could choose to pay pension contributions at the pre-maternity leave level to receive any future pension benefits where the pension scheme is a final salary scheme.



Employer contributions would be based on earnings prior to maternity leave as if the employee was working and earning normally for ordinary SML (weeks 1–26) whether the employee receives pay or not. For the additional SML (weeks 27–39) employer contributions can cease when the paid leave ends.

**Q:** Is SMP calculated on gross pay or NIC-able earnings; for example, gross earnings are £3,075.00 but NIC-able pay is £2,403?

**A:** Please refer to the guidance on GOV.UK – <https://goo.gl/4NXmqvn> – which confirms that the average weekly earnings should be based on earnings which attract Class 1 NICs.

The NIC-able pay in your question is the portion of pay that is above the primary threshold. However, all the pay in the period subject to NICs would be used to identify whether or not the employee has earned at or above the lower threshold (currently, £112.00 per week), because if her earnings were below this figure then she would not qualify for SMP.

**Q:** An employee's record was setup with the incorrect start date in error last month and this was reported in the full payment submission (FPS). How can this be rectified?

**A:** The employer will need to amend the payroll and human resources record, but cannot amend the FPS because it may create a duplicate record in HMRC's systems

Guidance on how to amend errors that have occurred in a FPS can be referenced at <https://goo.gl/Thw3ql>.

**Q:** Can you explain whether payments for renting accommodation are exempt under the relocation exemption and confirm where this guidance can be found?

**A:** The exemption for relocation expenses must be related to the disposal or/and acquisition of a new home which can include travel and subsistence. It is also possible to reimburse rent for temporary accommodation, whilst searching for a new permanent residence as a qualifying relocation expense; however, if the employee rents a property instead of buying one, this would not be exempt.

Guidance in regard to relocation qualifying cost can be found in appendix 7 of HMRC's 480 *Expenses and benefits – A tax guide*, which can be accessed via this link: <https://goo.gl/wwwbvSj>. ■

Enrolments now open

## Advanced Payroll Technician Certificate

Are you new to payroll or use a payroll system and need to know how it works to answer employee questions?

Then this is the course for you. The online delivery makes this certificate ideal for those requiring a certificate in payroll who do not have the time to attend face to face classes. It also provides direct entry into year two of the Foundation Degree in Payroll Management for those looking to develop their career at a later date.

To enrol, or find out more, visit [cipp.org.uk](http://cipp.org.uk) or email [education@cipp.org.uk](mailto:education@cipp.org.uk)



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## minutes with...



**Elaine Gibson MSc  
FCIPP, MCMI, FHEA**  
*Education director, CIPP*

**You started a new role as education director on 1 October 2016. Can you tell us about the role and why it has been created?**

This is an exciting opportunity for both the CIPP and me. We are a membership organisation and education underpins the support we provide to members for keeping up to date whether by: reading the CIPP magazine *Professional in Payroll, Pensions and Reward* and/or the daily/weekly news letter *News On Line*; making a call to the CIPP Advisory Service; directly liaising with the CIPP policy research and membership team; attending a training course; or by engaging in a professional qualification.

Due to the nature of the payroll and pension professions and the significant amount of legislation-related compliance and deadlines that impacts all that we do, the CIPP always aims to deliver the best opportunities for upskilling and closing skills gaps. The education director role has been created to maximise existing service provisions; importantly, with my education leadership team we are in the process of developing further educational opportunities for our members and 'UK PLC'. The aim is to support a flexible path for those who wish to progress in their payroll or pensions careers. We already provide education to the highest level via our MSc in Business and Reward Management – and engagement is increasing significantly but we recognise that not all industry professionals will aim for this level at this time; therefore, flexibility is essential to fit with both individual and employer needs. It is my role as education director to ensure the opportunities are provided.

**Can you give us an insight into your background?**

I have worked within the payroll industry for some thirty years. I started in a firm of accountants and embarked on accountancy qualifications, until one day I was asked to pick up the payroll. I was both daunted and excited at this prospect – it was a baptism of fire but I have never looked back. I progressed taking on more responsibility by moving jobs and, prior to the CIPP, I was the payroll specialist for Carlsberg Tetley in Leeds, which also provided international payroll experience. I commenced my CIPP career as a trainer, moving onto senior policy and research officer, followed by associate director of qualifications and, for an interim period, heading up the policy and research area.

The payroll profession has opened many doors for me. Becoming qualified at MSc level definitely prepared me for the challenges I have faced and will face. I have been with the CIPP for over fourteen years and the opportunities for progression have been amazing to date. Who would have thought that I would also become a qualified lecturer in professional development and work-based learning which is a bonus given my latest role. The Institute is a fantastic place to work enabling me to have the opportunity to make a difference and give something back to the payroll profession.

**What does the future hold for the future of education, specifically relating to payroll, pensions and reward?**

Exciting times are ahead. Government continually throw challenges our way which we catch, embracing change. We've realised massive changes: real

time information, automatic enrolment and payrolling of benefits to name a few.

The future of education for the industry is being driven by technology and we are seeing changes in demographics and increase in the younger age group. The CIPP educational provision is pro-active to these. We recognise that online learning is becoming a flexible method. Access to continuing professional development (CPD) tools is particularly important so we have developed and continually develop the ability to access educational resources via computers and electronic devices and use of apps.

In terms of qualifications, last autumn we launched the Advanced Payroll Technician Certificate with both face to face and online interaction thereby providing students with choice. This provision builds on:

- the existing and extremely popular Payroll Technician Certificate, enabling a smooth transition into the Foundation Degree in Payroll Management (pensions is in the process of development), or
- payroll skills with the addition of team leadership skills and knowledge. (Watch this space as there is more to come.)

**Why is CPD so important?**

Government legislation is ever changing and so for payroll, pension or reward professionals it is important to keep knowledge up to date and demonstrate to a potential employer that you are on top of your game. For payroll professionals aspiring to achieve the CIPP Individual Chartered Status it's imperative as CPD is a key qualifying criterion. Ultimately, CPD will demonstrate that you are compliant. As an employer this would be my first consideration.

**What do you do in your spare time to unwind?**

Spare time, is there such a thing?! On a serious note, work-life balance is important and I like nothing better than socialising down my local, retail therapy and spending time with my family and dogs. ■



# The CIPP's Annual Conference & Exhibition 2017

4–5  
October

Celtic Manor  
Resort, Wales

#cippace17

Bookings are now open for the CIPP's Annual Conference taking place on 4–5 October at the prestigious Celtic Manor Resort in Wales. Accommodation sold out in 2016 so make sure that you book early to avoid disappointment.

## What's new?

We have changed the format of the days and the workshops will now start on the Wednesday afternoon, meaning the Awards night will also be the close of conference on Thursday evening.

The full programme is available online at [cipp.org.uk](http://cipp.org.uk) or you can email [events@cipp.org.uk](mailto:events@cipp.org.uk) for details.

## Book your place

Book and pay for your place before the 30 June 2017 and get the **early bird** rates:

Member rate\*  
**£800+VAT**

Non-member rate  
**£1,000+VAT**

Rates above are for two night's accommodation on 4 and 5 October. Visit [cipp.org.uk](http://cipp.org.uk) or email [events@cipp.org.uk](mailto:events@cipp.org.uk) for more information.

## Attended in 2016?

See the website for your special loyalty rate. For full details of member and non-member prices please visit [cipp.org.uk](http://cipp.org.uk).

*\*associate, full and fellow members only.*



## Why should I attend?

1

Learn about the forthcoming changes to payroll and pensions legislation

2

Have the opportunity to hear from, and ask questions of, industry 'experts'

3

Network with other payroll and pension professionals

4

Find out what the CIPP is working on and how you can benefit as a member – what new services can we offer and which consultations we are attending on your behalf

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Awards  
2017

Category details will be announced, and nominations will open, for the only non-commercial payroll and pension awards in March 2017.

Email [events@cipp.org.uk](mailto:events@cipp.org.uk) for more information.

Follow @CIPP\_UK on Twitter for the latest announcements relating to the annual conference.

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# NGA HR wins big at CIPP Annual Excellence Awards

**NGA HR has won both the Payroll Software Product of the Year Award and the Payroll Service Provider of the Year Award at the recent CIPP Annual Excellence Awards.**

NGA ResourceLink puts the software user experience front and centre - providing intuitive and time-saving tools for HR and Payroll professionals, as well as managers and employees.

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# Time to Learn

## Diary of a student...



**Kirsty Gilliburn MCIPPDip**  
Payroll training specialist,  
*The Co-op*

### Can you give us an insight into your career and qualifications background?

I never set out to work in payroll.

Having studied history, art and photography at A-level I always wanted to work in a creative field. I continued my creative studies at Manchester School of Art and gained a BA Hons in design and art direction. I enjoyed my course but preferred what I was doing as a hobby more than a career.

Whilst at university I worked at French Connection and, on finishing my course, went to work there full-time, progressing from sales associate to supervisor helping to manage people and the business. It was here I got my first taste of payroll as I covered the store's human resources (HR) and payroll administrator whilst she was on maternity leave. I stayed at French Connection for six years before moving to Links of London in Selfridges; retail was great but I still didn't feel like I was making the most of my skills.

I then found a role as an HR and payroll administrator with Forever 21, where I began to understand the beginning aspects of payroll and HR.

Wanting to develop my skills and progress and concentrate solely on payroll, I applied to work for The Co-op in their payroll department.

### Why did you choose to study the Foundation Degree?

Starting with The Co-op was like starting again – it was a completely different environment and there was a lot to learn.

I received a lot of training and support from colleagues and managers and it was great to be welcomed into such a great team. My manager discussed the Foundation Degree with me, and it seemed like the perfect opportunity to gain the skills and knowledge I needed to progress.

### How important is this degree in relation to your future career?

The degree has already helped me immensely in my career, aiding my progressions from payroll administrator to payroll specialist, followed by payroll technician and finally to today as payroll training specialist.

Without the Foundation Degree course I wouldn't have got as far as I have; I know that it is going to help me progress further throughout my career. It's given the initial knowledge I needed to understand my job and the legislation required, and helped me to build on the management knowledge I had from working in retail and to apply that to my day to day role.

### How do you cope with the work life balance and include your study?

I was supported by both work and family, and I relied heavily on David, my fiancé, who picked up the majority of things at home to give me the chance to focus on my studies. Without that I don't know how I would have managed.

The Co-op were great at providing the right level of support throughout the three-year course. Having colleagues who either had been through the Foundation Degree or were studying at the same time as me meant I always had someone to turn to. That support helped me succeed.

### Which has been your favourite module throughout the course?

My favourite module was 'Leading the team', as I enjoyed looking at team working and leading theories and seeing how I could apply these in my current role. It made me think about leading a team through change, as these are skills I will use as I progress throughout my career.

### For someone who is thinking about studying for a CIPP qualification what would your advice be to them?

Do it. Without the course I definitely wouldn't have gained all of the knowledge I have today and I don't think I would have been able to progress as quickly as I did. It has given me the start I needed to build my own future. ■

# Taking advantage of apprenticeship reforms

**Jason Clark, CIPP operations manager** for the **professional careers academy**, provides details of the reforms and actions employers will need to take



In 2004, Sandy Leitch was tasked by the Government to consider the UK's long-term skills needs. In December 2006, the Leitch review's *Skills, prosperity for all in the global economy – world class skills* (<http://bit.ly/2hjQEAK>) was published. The report identified that to become a world leader, the skills agenda must be shared by the Government, employers and individuals.

In November 2012, the Department for Business Innovation and Skills (BIS) published *The Richard review of apprenticeships* (<http://bit.ly/1SoWaZB>). This report detailed the requirement to revisit not only the look and feel of apprenticeships (and their delivery) but how they are funded too.

The National Apprenticeship Service (NAS) explain in *A Guide to Apprenticeships* (<http://bit.ly/2fK2gLi>) that "An apprenticeship is a real job with training which would allow the learner to earn while they learn, whilst gaining a nationally recognised qualification". This definition of course takes into account that an apprentice must complete a number of learning activities that also include English language, mathematics, information, communication and technology, as well as knowledge based and technical activities all focussed on gaining a qualification. However, a key component in the apprenticeship reform is that there is no longer a need for a recognised qualification but there is the need for operational competence.

The report acknowledged that there needs to be a recognition of industry and not individual company standards and that independent assessment of competence is

required. This will be delivered separately to the training provider using an end-point assessment organisation.

Another acknowledgement in the report is that the purchasing power for investment for apprenticeship training should be in the hands of the employer. This provides the freedom to discuss training needs and negotiate the cost of delivery therefore providing better value for money.

By implementing these two recommendations, BIS – now the Department for Business, Energy and Industrial Strategy (BEIS) – has departed from the traditional learner, training provider and employer relationships where decisions would be made based on the funding available to support apprentices, to a partnership, delivering a good quality product with the right level of investment from both employers and the government.

With the introduction of new standard apprenticeships that replaced the existing specification of apprenticeship standards for England (SASE) frameworks, employer groups develop these programmes with both employer and the wider sector in mind. For many apprenticeship programmes, this work is continuing in earnest and new programmes are introduced on a regular basis. At the time of writing this article, there were 260 new standards approved for delivery and 180 new standards in development (which includes payroll). The Skills Funding Agency (SFA) regularly publish a list of apprenticeship standards available for employers and training organisations (<http://bit.ly/2a87bBR>). The list identifies their stage of development, including whether they are ready for delivery.

The CIPP is working with/for a group of employers in the payroll sector, to create the new standard apprenticeship called 'Payroll administrator apprenticeship'. The group (represented by both small and large companies that deliver a number of differing payrolls) identified that being able to complete the tasks presented in their role is equally important, as is the need for more technical knowledge usually provided at advanced apprenticeship levels.

The existing payroll SASE frameworks detail both intermediate and advanced levels separately that can take the learner between twelve and eighteen months to complete each level. The new programme when signed off by the Department for Education (DfE) will be at advanced level with a delivery expectation of 21 months to two years.

To ensure that quality of apprenticeships is continued and remains a high priority, a new independent body led by employers will be introduced in 2017. The Institute for Apprenticeships will be responsible for a number of areas in apprenticeship reforms, as follows:

- Undertake quality and approval of new apprenticeships at both standard and assessment plan level. As part of this, they will ensure an apprentice is enrolled on a Government-approved apprenticeship programme that can be evidenced through the entire programme. They will also ensure that the learner and employer have signed the legal documentation associated with the programme.
- Quality assurance of both training delivery and end point assessment.
- Advise the DfE on the allocation of apprenticeship levy funding for each apprenticeship standard.
- Maintain employer engagement in the apprenticeships for both existing and new programmes.

**...work is continuing in earnest and new programmes are introduced on a regular basis**



The biggest change for employers to consider is the new funding regime for both SASE and trailblazer apprenticeships which places apprenticeship funding in the hands of the employer. This begins with the introduction of the apprenticeship levy in April 2017. Further details about eligibility and paying the levy is provided in the article on page 18.

Alongside this, the SFA are introducing on 1 May 2017 a new set of apprenticeship funding rules that detail a number of things that include: accessing the levy, what the levy can be spent on and how to choose not only the right training provider but also the right end-point assessment organisation for the employer.

Of course, the questions every employer wants answered are: how they are going to be paying the levy; and how do they draw down the funding available and pay for apprenticeships.

By the end of January 2017, HM Revenue & Customs (HMRC) should have contacted all employers eligible to pay the apprenticeship levy to declare that they are levy-paying and to set up a digital apprenticeship service (DAS) account. Once the employer has declared the levy, they will be able to access the funding available using their DAS account via their Government Gateway ID and pay as you earn scheme details.

Though the Internet is awash with information about the apprenticeship levy, the Government's guidance – *Apprenticeship funding: how it will work* (<http://bit.ly/1SYtZ88>) – details evolving policy and changes prior to the introduction of the levy. The NAS has also published a

useful fact sheet – *Apprenticeship reforms and key information for employers* (<http://bit.ly/2hjTTs1>) – which provides more detail.

Once the employer has access to their DAS account, they will be able to do a number of things which is demonstrated in *An employer's guide to the digital apprenticeship service* (<http://bit.ly/2h9unAw>) published by the DfE (see chart below).

## ...enable employers to make an informed choice and engage the right training provider...

The five steps are more fully explained as follows:

1. Plan the apprenticeship programme you wish to undertake, from both financial and skills analysis points of view. Think about the skills you need for the future and if you have enough funding in the levy pot. It may be helpful to consider conducting a training needs analysis with your local training provider.
2. Choose the apprenticeship programme, training provider and end-point assessment organisation to deliver the programmes. All training providers that wish to deliver apprenticeship provision will have uploaded their course information to the directories in DAS, to enable employers to make an informed choice and engage the right

training provider for them. It is crucial to note that only approved Government apprenticeship programmes can be funded using the apprenticeship levy and not in-house training programmes or other qualifications. It's important to consider the training that the employer already delivers to their staff and identify if an apprenticeship could replace this activity.

3. Many training providers offer a service to advertise a vacancy on behalf of the employer. Unless the employer has already recruited an apprentice, the training provider will advertise the vacancy on the *Recruit an apprentice* pages (<http://bit.ly/2i0aVs7>), which will now be accessed through DAS.

4. Once the apprenticeship levy enters the DAS account, the employer will be able to manage the funds in their account to do a number of things. For example, check apprenticeship levy payments entering the account and outgoing payments to training providers. It will help you forecast levy spend and assist you in gaining support should you not have enough funds in your account.

5. Finally, the employer will be able to engage with their chosen training provider and end-point assessment organisation, agree payment schedules and, if intervention is required, suspend payments to training providers. Training providers are not able to see funds in the employer's DAS account so the employer will need to discuss their DAS account with them.

### And...

There is still much to learn about accessing apprenticeship levy funding but there are a few things that employers can do to prepare themselves:

- ensure they are up to date with evolving policy and documentation by regularly reviewing *Apprenticeship funding: how it will work* (<http://bit.ly/1SYtZ88>)
- review their staff training strategy and identify if an apprenticeship would be a suitable alternative to courses for which they would not be able to use the levy

- if they have not been contacted by HMRC by the end of January contact HMRC to ensure they are declared that they will be an apprenticeship levy payer
- call the National Apprenticeship Service (0800 015 0600) for advice and guidance on apprenticeships and suitability for their organisation; CIPP members can also utilise our advisory service on 0121 712 1099. ■





# FREE Employment Law advice

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\*T&Cs: Telephone advice & guidance only. The service is available from 9am to 5pm Monday to Friday.  
A Fair Usage Policy applies (maximum of 3 calls on one ongoing HR case).

## CIPP update

CIPP update

### New vice chair

JASON DAVENPORT has been appointed vice chair of the Chartered Institute. Jason has been a board trustee since 2012 and was re-elected to the board by the membership at the annual general meeting (AGM) in 2015. He was elected as vice chair 17 November 2016 and will serve for two years, until the AGM in 2018 when Jason will take over from Eira Hammond as CIPP chair.

Having worked in payroll and human resources for over twenty years, Jason is chief operating officer at Capita HR Solutions Division. His current responsibility is to deliver payroll, human resources, pensions, expenses and recruitment services to a variety of national health service trusts, local government contracts and a variety of private and public sector clients from the Capita shared service centres based in Great Britain.

Speaking of his appointment and the future of the CIPP, Jason stated: "I am truly honoured to have been voted into the position of vice chair at the CIPP, working alongside Eira and the rest of the board. This is an exciting time for the CIPP as we have a new direction and leadership, completely focussed on the improvement of education service and quality for our members and organisational clients."



### CIPP gold at professional awards

THE CHARTERED Institute has achieved gold, picking up a total of four awards, at the International Association of Bookkeepers (IAB) and International Association of Administrative Professionals (IAAP) awards which took place at the House of Commons on 8 December. The awards were presented by IAB patron Lord Dykes and Jila, vice chair of the IAB council.

The awards recognise education providers, as well as payroll professionals and bookkeepers who have made an outstanding contribution to the industry over the last twelve months. The CIPP was awarded a gold centre award based on the success rates of those studying with the CIPP to complete IAB accredited qualifications. Speaking about the award, Jason Clark, operations manager for the professional careers academy commented: "The CIPP is absolutely delighted with the achievement of the Gold Centre award 2016. The team are all committed to excellent education delivery and high quality standards and achieving this award shows that we are delivering just that, making all the hard work worth it."

Malcolm Trotter, chief executive of the IAB, said: "The CIPP in particular encompasses the exceptional qualities and skills we expect of our qualification centres. Its Gold Centre status symbolises excellence within the educational sector and is well deserved".

In addition, the CIPP had successes through two of our payroll apprentices – Lauren Coles and Luke Concannon – who were both awarded the Apprentice of the Year award, and through CIPP board director, Karen Thomson MSc FCIPPDip who was awarded the Payroll Professional of the Year.



Jason receiving gold centre award



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## Statutory payments 2017–18

THE DEPARTMENT for Work and Pensions (DWP) announced in December 2016 proposed revised amounts for various statutory payments from April 2017.

Note that though the DWP has yet to confirm the effective dates, the following reflects the position of most changes occurring on the first Sunday in April or 6 April.

● **Statutory sick pay (SSP)** – The weekly rate of SSP increases to £89.35 with effect 6 April 2017. To be entitled to SSP for any periods of incapacity for work (PIW) commencing on or after 6 April 2017 (and which do not link to an earlier PIW) employees must have average weekly earnings (AWE) of at least £113.

● **Statutory maternity pay (SMP)** – The weekly rate of SMP increases to £140.98 with effect Sunday 2 April 2017. To qualify for SMP, the employee must have AWE of at least:

- £113, if the baby is due on or after 16 July 2017
- £112, if the baby is due on or before 15 July 2017.

● **Statutory adoption pay (SAP)** – The weekly rate of SAP increases to £140.98 with effect Sunday 2 April 2017. To qualify for SAP the employee must have AWE of at least:

- £113, if the matching or notification occurs on or after 2 April 2017
- £112, if the matching or notification occurs on or before 1 April 2017.

● **Statutory paternity pay (SPP)** – The weekly rate of SPP increases to £140.98 with effect Sunday 2 April 2017. To be entitled to SPP the employee must have AWE of at least:

- £113, if the baby is due on or after 16 July 2017 (or the adoption matching or notification occurs on or after 2 April 2017)
- £112, if the baby is due on or before 15 July 2017 (or if the adoption matching or notification occurs on or before 1 April 2017).

● **Statutory shared parental pay (SShPP)** – The weekly rate of SShPP increases to £140.98 with effect Sunday 2 April 2017. To be entitled to SShPP the employee must have AWE of at least:

- £113, if the baby is due on or after 16 July 2017 (or the adoption matching or notification occurs on or after 2 April 2017)
- £112, if the baby is due on or before 15 July 2017 (or if the adoption matching or notification occurs on or before 1 April 2017).

If the employee's maternity pay period, adoption pay period, shared parental leave or paternity pay period started on a day other than a Sunday, the new weekly rate of SMP, SAP, SPP or SShPP does not apply until the beginning of the first complete SMP-, SAP-, SPP- or SShPP-week following Sunday 2 April.

Confirmation is expected that employers will continue to be able to recover 92% of SMP, SAP, SPP and SShPP and that 'small' employers will be able to recover 100% of SMP, SPP, SAP and SShPP plus a further 3% as 'compensation' for the employer (secondary) National Insurance contributions incurred.

## And briefly...

● **Welsh income tax** – New income tax powers would allow Welsh Government ministers to cut or increase the UK income tax rates by 10p within each tax band, without requirement for a referendum, from April 2019.

● **Spring 2017 Budget** – The date for the next (and last) spring budget, is 8 March.

● **Personal Tax Account (PTA)** – Since its launch in December 2015, the PTA (<http://bit.ly/2iRB9O4>) has been used by more than 7,000,000 customers (e.g. 156,000 people checking or updating their company car details).

● **FPS data item 172** – Though shown in the real time information specification for full payment submissions (FPSs) for 2017–18, the serious ill health lump sum indicator is optional only becoming mandatory for reporting such payments in tax year 2018–19.

● **Jury service age limit** – The age limit has increased from 70 to 75 from 1 December 2016.

● **Employer bulletin** – issue 63 of this, which was published by HMRC in December 2016, can be found at <http://bit.ly/2hDlnrm>.

● **Childcare** – A guide for parents, which is available at <http://bit.ly/1m0yD1U>, sets out how existing employer-supported childcare (ESC) schemes will remain open to new entrants until April 2018.

From April 2018, parents already registered for ESC will be able to continue using ESC as long as their employer continues to offer it.

## Diary dates

|  |             |
|--|-------------|
| Automatic enrolment staging date for employers with fewer than thirty employees with the last two characters in their PAYE reference number: 70–83, X1–X9, Y1–Y9, XA–XZ, YA–YZ | 1 February  |
| Filing date for the form P46(Car) for the quarter to 5 January   | 2 February  |
| Last day of tax month 10   | 5 February  |
| First day of tax month 11  | 6 February  |
| Last day for submitting a real time information employer payment summary to apply to tax month 10  | 19 February |
| Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by non-electronic method   |             |
| Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by electronic method   | 22 February |
| Automatic enrolment staging date for employers with fewer than thirty employees with the last two characters in their PAYE reference number: P1–P9, PA–PZ                      | 1 March     |



## AE earnings trigger and thresholds

THE DEPARTMENT for Work and Pensions (DWP) has published its proposed earnings trigger and qualifying earnings (QE) thresholds for 2017–18. The table shows the amounts for pay reference periods of various lengths.

| 2017–18           | Pay reference period |         |         |         |          |          |           |
|-------------------|----------------------|---------|---------|---------|----------|----------|-----------|
|                   | 1 week               | 2 weeks | 4 weeks | 1 month | 3 months | 6 months | 12 months |
| Lower level of QE | £113                 | £226    | £452    | £490    | £1,469   | £2,938   | £5,876    |
| Earnings trigger  | £192                 | £384    | £768    | £833    | £2,499   | £4,998   | £10,000   |
| Upper level of QE | £866                 | £1,731  | £3,462  | £3,750  | £11,250  | £22,500  | £45,000   |

## HMRC administration of SRIT

ACCORDING TO a National Audit Office (NAO) report (<http://bit.ly/2iNFow9>), HM Revenue & Customs (HMRC) faces significant challenges in ensuring that all Scottish taxpayers are correctly identified for the purpose of the Scottish rate of income tax (SRIT). The key challenge for HMRC is the maintaining and updating of its record of address details in order to identify Scottish rate taxpayers. Some 2,450,000 individuals have been identified as potential Scottish taxpayers, with Scottish taxpayer notification letters being issued.

The NAO observes that as HMRC's ability to ensure the amount of tax collected for the Scottish Government will be undermined where taxpayers fail to update their address details, HMRC should continue to communicate this key message to taxpayers. (See news piece 'Change of address' for guidance.)

In 2015–16, HMRC spent £1,081,000 on communications with potential Scottish taxpayers about SRIT, and was reimbursed £8,400,000 by the Scottish Government in respect of implementing SRIT.

An error in the design of HMRC's taxpayer identification exercise in December 2015, resulted in 420,000 potential Scottish taxpayers not receiving a notification letter. An interim solution was in place by June 2016 to issue coding notices for the 2016–17 tax year to these taxpayers and a permanent IT solution was implemented in October 2016 to bring them within HMRC's automated process for future years and to ensure that all in-year changes of Scottish taxpayer status for them were correctly reflected in 2016–17 codes.

The NAO notes that by not issuing the same level of information to the 420,000 as the 2.45 million taxpayers originally identified in December 2015, HMRC may have created a less informed group of taxpayers.

The ability to provide an IT solution allowing personal pension providers to claim relief at source continues to be a significant risk. Divergence of tax rates between Scotland and the rest of the UK will mean Scottish taxpayers being due a different rate of relief-at-source on their personal pension contributions. From 2018, HMRC must notify pension providers of the correct rate of income tax for their scheme members to allow pension providers to apply the correct rate of relief-at-source. HMRC is working with the pensions industry to deliver the solution required for the relief at source system to accommodate the SRIT.

## Advisory fuel rates

THE ADVISORY fuel rates changed with effect 1 December 2016 and apply, until further notice, to all journeys made on or after this date.

For one month from the date of change, employers could choose to use either the previous or revised rates. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.

| Engine size       | Petrol | Diesel | LPG |
|-------------------|--------|--------|-----|
| Up to 1400cc      | 11p    | 9p     | 7p  |
| 1401 cc to 1600cc | 14p    | 9p     | 9p  |
| 1601 cc to 2000cc |        | 11p    |     |
| Over 2000cc       | 21p    | 13p    | 13p |

## Car and car fuel benefit

FROM APRIL 2018, employers payrolling car and fuel benefits will be required to report information about these in FPSs. However, these employers can voluntarily choose to report car data through FPSs from tax year 2017–18 if their payroll software facilitates this, which will allow HMRC to identify and resolve any issues with employers before the introduction of mandatory reporting.

## Scottish income tax

IN DECEMBER 2016, the Scottish Government confirmed its approach to Scottish income tax by proposing to increase the higher rate threshold to £43,430 in 2017/18.

A factsheet providing information on the Scottish Government's proposals can be found at <http://bit.ly/2iUJJO4>.

## Change of address

THOUGH IT is the individual's responsibility to notify HMRC of a change of address, employers can encourage employees to update their details using their PTA. If the employee cannot do this, the employer can complete the employee address boxes in the next FPS.

HMRC's records are automatically updated once three FPS submissions have been received with the new address displayed in exactly the same format.

Employers updating an employee's address via FPSs must ensure correct completion of the address boxes by:

- not entering a foreign country on a UK address
- not using 'care of' the employer's address – the employee's address must be entered
- entering a flat/apartment number if there are multiple flats/apartments in a building
- entering the employee's full address.

However, HMRC will not update its records where either:

- a change of address is provided in an earlier year update return, or
- any of the following items has been indicated in a FPS: payment after leaving, one off payment, payment to a non-individual.

# The apprenticeship levy

**Samantha Mann MCIPDip, CIPP senior policy and research officer,** outlines key aspects and offers helpful advice and guidance



From 6 April 2017, employers will need to begin processing the apprenticeship levy by paying 0.5% of the amount of their pay bill (see below), less the levy allowance, to HM Revenue & Customs (HMRC) each tax month along with remittances for pay as you earn (PAYE) income tax and National Insurance contributions (NICs).

Those employers that had a pay bill of less than £2.8 million in 2016–17 and predict that their pay bill will not exceed £3 million during the 2016–17 tax year, will not need to engage with the apprenticeship levy.

All levy-paying employers will fund the Government's aspiration to achieve 3,000,000 apprenticeship starts by 2020.

## Pay bill

The 'pay bill' is made up of the total amount of employee earnings (such as wages/salary, bonus and commission) that are subject to Class 1 NICs, including all employee earnings below the lower earnings limit (and below the primary/secondary threshold).

Though employers pay NICs at 0% rate for employees under the age of 21 and for apprentices under the age of 25, their pay will still need to be included within the pay bill total.

## Annual levy allowance

An annual levy allowance of £15,000 will be available to offset against the apprenticeship levy. The allowance will be

applied cumulatively across the tax year at the rate of £1,250 per tax month.

The following is a simple example used in HMRC's guidance for software developers (<http://bit.ly/2hPshKj>).

### Example

An employer's regular monthly pay bill is £300,000

#### Month 1

$£300,000 \times 0.5\% = £1,500$  levy

Cumulative levy allowance = £1,250  
Levy payable for month 1:  $£1,500 - £1,250 = £250$

#### Month 2

$£600,000$  (i.e.  $£300,000 + £300,000$ )  $\times 0.5\% = £3,000$

Cumulative levy allowance = £2,500  
Levy payable to month 2 is  $£3,000 - £2,500 = £500$

Levy paid in month 2 = levy payable to month 2 minus levy paid to month 1 =  $£500 - £250 = £250$

**Months 3 to 12** – the process in Month 2 is repeated to the end of the tax year.

## Apportionment/allocation

Employers that are aware of their complexities either because of connected groups or multiple PAYE schemes will need to consider, well in advance of 6

April 2017, what they intend to do with the apprenticeship levy allowance – will they apportion/allocate some or all of it? This decision needs to be made before the start of the tax year and communicated to whomever is responsible for each affected payroll.

**...allowance  
will be applied  
cumulatively  
across the tax  
year...**

This sounds an obvious and simple step but, as we all know, in payroll nothing is obvious or simple. Complexities need to be considered well in advance and communicated once decisions are reached.

Don't assume that your payroll services provider will prompt you for this information – they may be unaware of the full facts.

● **Group companies/charities** – The apprenticeship levy allowance of £15,000 can be allocated at the start of the tax year between connected companies or charities. The rules that dictate connections for this purpose are the same as those that apply for the Class 1 NICs employment allowance.

Whatever allowance is applied at the outset of the tax year must continue

throughout the year even where, during the year, a merger or acquisition occurs or the structure of the group of connected companies or connected charities changes. Changes can be made the beginning of the following tax year if deemed necessary.

● **Multiple PAYE schemes** – Many employers have several PAYE schemes to aid their PAYE administration; in this situation an employer is free to allocate the levy allowance across the schemes as preferred at the beginning of the tax year.

Employers will need to report how they have allocated the allowance in each employer payment summary (EPS) submitted throughout the tax year. As with connected companies and charities, once allocated the amount cannot change in-year.

● **Local authorities and schools** – Public bodies are not generally affected by the rules on connected companies. Each local authority will be allocated a levy allowance of £15,000 that covers the employees of maintained schools because the local authority is the employer.

The governing body is the employer for voluntary-aided schools, foundation schools and academies and each will be entitled to the full £15,000 allowance.

Multi-academy trusts are a single employer and will have a single full allowance.

Where a school becomes an academy part-way through a tax year, the academy's governing body will be responsible for the apprenticeship levy from this point and will get the full allowance.

### Reporting and payments

In order to report the levy payment, employers will follow their normal payroll process using the EPS either in their own payroll software package or in HMRC's Basic PAYE Tools (BPT).

Once an employer levy begins to submit a levy payment, they will need to continue making submissions, even if the levy amount year to date figure for any subsequent months becomes zero.

The apprenticeship levy will be paid each month alongside all other PAYE remittances; so the first payment will be due by 19 May (or 22 May, if using an approved electronic method).

In the event that the levy is overpaid during the year, the employer will receive a refund as a PAYE credit.

### DAS – England only

My colleague Jason has written about the digital apprenticeship service (DAS) in his article (page 12), so all that I need to add is that the first remittance made in tax month 1 (for April 2017) will be credited a few days after payment. Levy-paying employers will be able to see their first credit in their DAS account from May 2017.

Though the apprenticeship levy will be payable by all employers across the UK only the amount that an employer has available to them to spend in England will be allocated to their DAS account. HMRC plans to calculate how much an employer will have to spend using data that it holds about the home address of employees. This data will establish what proportion of the pay bill will be paid into the DAS account. The assessment is due to be made in early 2017 – exact date to be announced. Each levy credit will receive a 10% top-up.

**...the employer has 24 months to use the funds before they expire and return to the Government...**

In January 2017, HMRC will have made contact with all employers it identifies as likely to need to open a DAS account. If you think your employer will be a levy-paying employer and you haven't heard from HMRC directly then visit GOV.UK to see what steps you will need to take.

Once funds have been credited to the DAS account, the employer has 24 months to use the funds before they expire and return to the Government to help fund its ambition for 3,000,000 apprentices by 2020. The earliest credits will be used first when paying apprenticeship training providers. Employers will be reminded when their funds are due to expire.

### Co-investment

Fewer than 2% of all employers will be liable to pay the apprenticeship levy in 2017–18, which leaves a lot of non-levy paying employers. For these employers, the digital apprenticeship service will not be used to pay for apprenticeship training and assessment until at least 2018.

Co-investment will see non-levy paying employers make a 10% contribution to the cost of this training paid directly to the training provider with the Government paying the remaining 90% up to the maximum amount of Government funding available for that apprenticeship.

### What now?

Though 0.5% doesn't seem to be much, it is enough when your pay bill is in excess of £3 million and even more so where you are a local authority maintained school that gets no allowance of its own; as we saw above, only one amount of levy allowance is available to the local authority. Furthermore, medium-term budgets have already been set without a thought to paying this amount.

The same challenge applies for connected companies and charities that will also have little or no allowance of their own.

If your employer hasn't already done so, then now is the time to revisit budgets and consider the impact that this cost will have e.g. on cash flow.

I'm sure you have already read all newsletters and communications from your payroll software developer to familiarise yourself with the usual updates for the coming tax year, but this year, with this new element being added in to PAYE processes, there is an even greater need to prepare and plan.

Does your software produce the EPS or do you use BPT? What information does it need from you and when? Read the updates and don't put off testing your new tax year product.

Consider the complexities of multiple PAYE schemes and connected companies and charities. Communicate with all affected teams to ensure that if you are apportioning/allocating the levy allowance, everyone knows how much to include within their EPS.

And, of course, is your employer going to use its payment? Will your employer maximise the spending opportunity the levy gives or will it simply go to fund someone else's apprenticeship programme?

We know that there are very different views in the employer community but now is the time to consider whether revisiting the concept of apprenticeships might be just the thing to do for the 2017–18 tax year. ■



# Autumn Statement 2016

The **CIPP's policy team** provide a summary of key announcements

The Chancellor of the Exchequer, Philip Hammond, delivered his first and last Autumn Statement on 23 November 2016. It was announced that the Government would be moving towards having one main annual fiscal event. So, after the Budget in spring 2017, Budgets will be delivered in the autumn with the first one taking place in autumn 2017. The Office for Budget Responsibility will produce a spring forecast from spring 2018 and the Government will make a Spring Statement responding to that forecast.

A draft Finance Bill 2017 was published shortly after the Autumn Statement and includes many of the following measures.

## Tax rates and thresholds

Income tax rates, bands and allowances for tax year 2017–18 are unchanged from the figures announced at Budget 2016. The personal allowance will rise by £500 to £11,500 and the threshold for paying tax at the higher rate will increase to £45,000.

The married couple's allowance income limit increases by £300 to £28,000 and the marriage allowance (transferable tax allowance) increases by £50 to £1,150. The blind person's allowance increases by £30 to £2,320.

The UK's income tax rates remain at 20%, 40% and 45%. The commitment for the personal allowance and higher rate threshold to reach £12,500 and £50,000 respectively by the end of the current Parliament is to be held.

Once the personal allowance reaches £12,500 it will then rise in line with consumer price indexation as the higher

rate threshold does, rather than in line with the national minimum wage.

## National Insurance

### ● *National Insurance (NI) thresholds*

– The lower earnings limit increases from £112 to £113; the primary threshold and secondary threshold are aligned once more, increasing from £155/£156 to £157; and the upper earnings limit increases from £827 to £866. The upper secondary threshold for under-21s and the apprentice upper secondary threshold also increase to £866. NI rates remain unchanged.

● *Class 2 NI Contributions (NICs)* – As previously announced at Budget 2016, Class 2 NICs will be abolished from April 2018 and entitlement to contributory benefits for the self-employed will be accessed through Classes 3 and 4 NICs.

● *Removing NI from the effects of the Limitation Act* – From April 2018, the Government will remove NICs from the effects of the Limitation Act 1980 and the Northern Ireland equivalent. This will align the time limits and recovery process for enforcing NI debts with other taxes. The Government will consult on the details.

## Cars and vans

Car and van fuel charges and the van benefit charge increase by retail price indexation each year; the amounts for 2017–18 were announced in associated documents published alongside the Autumn Statement. The car fuel benefit charge multiplier will increase by £400 to £22,600 and the van fuel benefit charge

will increase by £12 to £610. The van benefit charge will increase by £60 to £3,230.

To encourage the purchase of ultra-low emission vehicles, the Government confirmed the introduction of new, lower bands for company car tax in tax year 2020–21. The appropriate percentage list price subject to tax will increase by 1% for cars with CO2 emissions greater than 90 grams per kilometre in 2020–21, with a 3% differential between the lower emissions bands. The maximum company car tax will remain at 37% into the 2019–20 tax year and the 3% diesel supplement remains in place until April 2021.

## Expenses and benefits

● *Salary sacrifice* – Following consultation, the tax and employer NI advantages of salary sacrifice schemes will be removed from April 2017, except for arrangements relating to pensions (including advice), childcare, cycle to work and ultra-low emission cars. This will mean that employees swapping salary for benefits will pay the same tax as the vast majority of individuals who buy them out of their post-tax income. Arrangements in place before April 2017 will be protected until April 2018, and arrangements for cars, accommodation and school fees will be protected until April 2021.

● *Benefits in kind* – The Government will consider how benefits in kind are valued for tax purposes, publishing a consultation on employer-provided living accommodation and a call for evidence on the valuation of "all other benefits in kind"

at Budget 2017.

● **Employee business expenses** –

The Government will publish a call for evidence at Budget 2017 on the use of the income tax relief for employees' business expenses, including those that are not reimbursed by their employer.

**NMW and NLW**

Following the alignment of the effective date for increases in the national minimum wage (NMW) and national living wage (NLW) rates, the following rates increase from April 2017:

- a 30p increase in the rate for over-25-year-olds from £7.20 to £7.50 per hour
- a 10p increase in the rate for 21–24-year-olds from £6.95 to £7.05 per hour
- a 5p increase in the rate for 18–20-year-olds from £5.55 to £5.60 per hour
- a 5p increase in the rate for 16–17-year-olds from £4.00 to £4.05 per hour
- a 10p increase in the rate for apprentices from £3.40 to £3.50 per hour
- a 40p increase in the accommodation offset from £6.00 to £6.40 a day (from £42.00 to £44.80 a week).

The Low Pay Commission (LPC) is tasked with recommending increases in the NLW that would achieve the Government's target of 60% of median earnings by 2020. In its autumn 2016 report, the LPC estimated that this level would be £8.61 using October 2016 data (reduced from the estimate in the spring report of £9.16).

The Government will invest an additional £4.3 million per year to strengthen NMW enforcement. This will fund new HM Revenue & Customs (HMRC) teams to proactively review those employers considered most at risk of non-compliance with the NMW. The Government will also provide additional support targeted at small businesses to help them to comply, and a campaign aimed at raising awareness amongst workers and employers of their rights and responsibilities.

**Non-domiciled individuals**

As previously announced, the Government will end the permanency of non-domiciled tax status. From April 2017, non-domiciled individuals will be deemed UK-domiciled for tax purposes if they have been UK resident for fifteen of the past twenty years, or if they were born in the UK with a UK domicile of origin. Non-domiciled

individuals who have a non-UK resident trust set up before they become deemed-domiciled in the UK will not be taxed on income and gains arising outside the UK and retained in the trust.

The Government will change the rules for the business investment relief scheme from April 2017 to make it easier for non-domiciled individuals who are taxed on the remittance basis to bring offshore money into the UK for the purpose of investing in UK businesses. The Government will continue to consider further improvements to the rules for the scheme to attract more capital investment in British businesses by non-domiciled individuals.

**Off-payroll working**

Following consultation, the Government will reform the off-payroll working rules in the public sector from April 2017 by moving responsibility for operating them and for paying the correct tax to the body paying the worker's company. This reform aims to tackle the high levels of non-compliance with the current 'IR35 rules' and will mean that those working in a similar way to employees in the public sector will pay the same taxes as employees. In response to feedback during the consultation, the 5% tax-free allowance will be removed for those working in the public sector, reflecting the fact that workers no longer bear the administrative burden of deciding whether the rules apply.

**Termination payments**

As announced at Budget 2016, from April 2018 termination payments over £30,000, which are subject to income tax, will also be subject to employer NICs. Following a technical consultation, tax will only be applied to the equivalent of an employee's basic pay if their notice is not worked, making it simpler to apply the new rules. The Government will monitor this change and address any further manipulation. The first £30,000 of a termination payment will remain exempt from income tax and NI.

**Pensions**

● **Money purchase annual allowance** –

The pension flexibility reforms introduced in April 2015 included the ability to withdraw part of a defined contribution pension fund while retaining the option to continue making pension contributions. If a pension is accessed in this way, the annual allowance for tax-relievable pension

contributions was reduced from £40,000 to £10,000, which was called the money purchase annual allowance (MPAA). The Government proposes to reduce the MPAA to £4,000 with effect from April 2017 to limit the extent to which individuals could recycle funds and gain double tax relief. A consultation (closing date 15 February 2016) seeks views of stakeholders as to whether they agree that a reduced MPAA would minimise re-cycling pension savings and that, coupled with ongoing monitoring, the new MPAA will allow the continued successful roll-out of automatic enrolment.

● **Foreign pensions** – The tax treatment of foreign pensions will be more closely aligned with the UK's domestic pension tax regime by bringing foreign pensions and lump sums fully into tax for UK residents, to the same extent as domestic ones. The Government will also: close specialist pension schemes for those employed abroad ('section 615' schemes) to new saving; extend from five to ten years the taxing rights over recently emigrated non-UK residents' foreign lump sum payments from funds that have had UK tax relief; align the tax treatment of funds transferred between registered pension schemes; and update the eligibility criteria for foreign schemes to qualify as overseas pensions schemes for tax purposes.

**Tax-free childcare**

Confirmation was provided that tax-free childcare will be introduced gradually from early 2017, with rollout beginning upon completion of the trial. Once the scheme is fully rolled out, the Government will review its operation to ensure it is delivering as intended and to assess the benefit it is delivering for working parents.

**Tax administration and simplification**

● **HMRC external performance reporting** – From 2017, HMRC will publish its customer service performance data more regularly and in greater detail. This will include the monthly publication of digital, telephony and postal performance data, as well as new customer complaints data.

● **Making tax digital** – In January 2017, the Government will publish its response to making tax digital consultations and provisions to implement the previously announced changes.

● **Tax enquiries: closure rules** – The



Government will legislate to provide HMRC and customers earlier certainty on individual matters in large, high-risk and complex tax enquiries.

### Tax avoidance

● **Disguised remuneration schemes (DRS)** – Budget 2016 announced changes to tackle use of DRS by employers and employees. The Government will now extend the scope of these changes to ensure that self-employed users of such schemes pay their fair share of tax and NICs. The Government will also take steps to make it less attractive for employers to use them, by denying tax relief for employer contributions to them unless tax and NI are paid within a specified period.

● **Sanctions and deterrents** – As signalled at Budget 2016, to provide a strong deterrent to those enabling tax avoidance the Government will introduce a new penalty for any person who has enabled another person or business to use a tax avoidance arrangement that is later defeated by HMRC. This new regime will reflect extensive consultation and input from stakeholders with details being published in draft legislation shortly. The

Government will also remove the defence of having relied on non-independent advice as taking 'reasonable care' when considering penalties for any person or business that uses such arrangements.

● **Counter avoidance** – The Government is investing further in HMRC to increase its activity on countering avoidance and taking cases forward for litigation, which is expected to bring forward over £450 million in revenue by 2021–22.

### Tax evasion and compliance

● **Insolvency risks** – HMRC will develop its ability to identify emerging insolvency risk, using external analytical expertise. HMRC will use this information to tailor its debt collection activity, improve customer service and provide support to struggling businesses.

● **Past failures** – The Government will introduce a new legal requirement to correct a past failure to pay UK tax on offshore interests within a defined period of time, with new sanctions for those who fail to do so.

● **Offshore structures** – The Government will consult on a new legal requirement for intermediaries arranging complex structures

for clients holding money offshore to notify HMRC of the structures and the related client lists.

● **Hidden economy** – The Government will legislate to extend HMRC's data-gathering powers to money service businesses in order to identify those operating in the hidden economy. Following consultation, the Government will consider the case for making access to licences or services for businesses conditional on them being registered for tax. It will also develop proposals to strengthen sanctions for those who repeatedly and deliberately participate in the hidden economy. Budget 2017 will set out further details. ■

### Further information

● The CIPP's policy team published a summary of the Autumn Statement on 23 November here: <http://bit.ly/2i1wLhc>. It includes other general areas of interest that were announced, such as the fuel duty remaining frozen for the seventh successive year.

● The full Autumn Statement and associated documents are available at <http://bit.ly/2h8KEWY>.

Training course

# Payroll and HR legislation update

One day duration

This focused course represents the single best opportunity to be briefed and updated on changes affecting payroll.

### This informative one day course covers:

- Income tax and National Insurance
- Real time information
- Statutory payments and leave
- Expenses and benefits
- Pensions reform
- Changes to employment rights
- Plus much more

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## ***A time to relax?***

**Stuart Price, of MHR's legislation team, argues that now is the time to act**



**R**eflecting on the latest Autumn Statement, the first by both a new Chancellor and Government, the landscape appears to be calmer with the prospect of fresh opportunities.

After many years of change and upheaval, requiring both significant technical and payroll expertise to understand and deliver, the future appears different. The major challenges of real time information and automatic enrolment, along with smaller changes including the ending of contracting out and the introduction of a new student loan type, can be assigned to history with a satisfaction of what payroll has achieved.

For various reasons, primarily Brexit and the subsequent new government, the focus has changed. Is it perhaps that priority is focussed on the UK leaving the European Union and effort to minimise the impact of this has taken precedence? Are changes to legislation that impact payroll no longer considered critical when compared to other priorities? Whatever the reason may be, the respite on the payroll horizon provides opportunities but also challenges.

Opportunities will present themselves for payroll departments to further develop their people and increase engagement with their customers.

Now is the time to look at the talent within your organisation and how to develop it. Succession planning is a key component of both talent management and workforce optimisation, identifying and developing internal people with the potential to fill key business leadership positions within the organisation. Effective succession planning enables organisations to build a series of pools of potential employees to fulfil key business roles,

matching key competency and skill requirements to that of the individuals and providing a clear pipeline of potential successors and their readiness for promotion. Succession planning utilises key performance data together with employee potential data to identify those high-performing specialists against the unpolished diamond or the top talent against the low performers. Those identified successors will then have a clear development plan to work towards developing themselves to fulfil those key business roles in the future.

### ***...the respite on the payroll horizon provides opportunities but also challenges***

With the support of technology, the focus for the managers can be having good conversations with their people. Having those good conversations on roles and career development sends a message that the employee has something to offer, is valued and has the potential to develop and evolve.

Challenges will see the reliance on current talent increasing with the impact Brexit will have on the UK's talent pool, and will therefore have a significant effect on organisations' strategies for workforce planning. Plan to get creative. The challenge of continuing to fuel an organisation with the best talent may be the making of the human resources function in some organisations. With access to a potentially smaller pool of talent, organisations will need to look

for more ways to attract and develop the internal talent needed for continued success.

Opportunities for software to evolve and benefit from upcoming technologies will arise. These will include the use of smart talent tools that allow you to optimise your talent resources and boost their engagement level.

In summary, we are approaching a time allowing an opportunity for us to focus on what we have desired to achieve but never had the time and resources to accomplish.

Do not, however, see this as a time of relaxation as there is still work to be done. In the short-term we have the apprenticeship levy and Scottish tax rates and thresholds, for which your payroll software should now be compatible. Gender pay reporting is an ongoing discussion point for which regulations should be available soon. Longer term, the review into the closer alignment of income tax and National Insurance contributions (NICs) has recently been published and is awaiting Government response. This review recommends that NICs be calculated in the same way as pay as you earn (PAYE) income tax, but also suggests a five-year timetable for the full package of reforms. HM Revenue & Customs is also becoming a digital organisation with a third-party tax software and an application programming interface vision. As the scope of the projects expands so will the impact and changes to PAYE.

Until such time that these events arise, let's not waste this opportunity. Whether this is a review of your internal processes or questioning of the plans of your payroll software provider, act now. ■



# Event Horizon

Full details of events and training courses can be found at [cipp.org.uk](http://cipp.org.uk) or you can email [info@cipp.org.uk](mailto:info@cipp.org.uk) for more information.



## The CIPP and AAT hot topics event

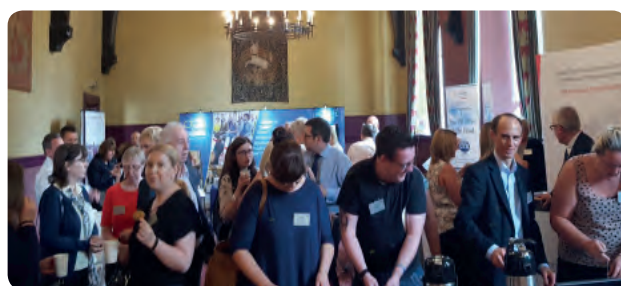
21 March 2017, *Leeds*

This workshop provides educational and interactive sessions on the latest payroll, pensions and reward legislation and the recent changes relating to holiday pay and shared parental leave and pay.

### Why should I attend?

- Gain an update on the forthcoming changes in legislation affecting payroll in practice or business including: tax simplification, tax free childcare, changes to apprenticeships including the apprenticeship levy and salary sacrifice
- As we approach the final twelve months of staging for automatic enrolment find out how this will become business as usual for us all
- Gain an overview of how data which is taken from the various submissions we make, is used by HMRC and other government agencies and departments
- Network with other members and speakers at the event to learn from their experiences and build your network of support
- Achieve your CPD, and discuss your CPD objectives and requirements with a member of the CIPP team

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## Scottish National Conference and Exhibition

7 September 2017, *Scotland*

The CIPP's Scottish National Conference is taking place on Thursday 7 September 2017.

The only payroll conference in Scotland will provide you with the latest legislative changes and an update on what CIPP Scotland is doing on your behalf, whilst giving you the perfect opportunity to meet exhibitors to see what they can offer you and network with like-minded professionals.

### Why should I attend?

- Learn about the key changes to payroll and pensions legislation
- Avoid non-compliance penalties
- Network with other local members
- Ensure you are on the right track to achieve your CPD

### What does the cost include?

- Full day conference programme with updates from industry experts
- Attendance at a networking dinner
- Overnight accommodation

\*Accommodation and networking dinner is on Wednesday 6 September.

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## Training courses

| Course  | Date*       | Location   |
|---|-------------|------------|
| Apprenticeship Levy                             | 16 February | London     |
|   | 20 February | Birmingham |
|   | 2 March     | Manchester |
|   | 7 March     | Edinburgh  |
|   | 8 March     | London     |
| Certificate in Payroll Practice                 | 7 March     | Manchester |
|   | 7 March     | Birmingham |
| Employment status and employment intermediaries | 11 April    | London     |
|   | 13 March    | Birmingham |
| Gender pay gap reporting and HR implications    | 16 February | London     |
|   | 2 March     | Manchester |
|   | 7 March     | Edinburgh  |
|   | 8 March     | London     |
|   | 14 March    | Birmingham |
| Holiday pay and leave                           | 21 February | Cambridge  |
|   | 3 March     | Birmingham |
| Introduction to payroll                         | 21 February | Bristol    |
|   | 6 March     | London     |
|   | 8 March     | Edinburgh  |

| Course   | Date*       | Location   |
|--|-------------|------------|
| Learning day one introduction to PAYE and NIC            | 28 February | London     |
|  | 7 March     | Birmingham |
|  | 7 March     | Manchester |
| Learning day two introduction to statutory payments      | 1 March     | London     |
|  | 8 March     | Birmingham |
|  | 8 March     | Manchester |
| Learning day three essential additions to payroll basics | 2 March     | London     |
|  | 9 March     | Birmingham |
|  | 9 March     | Manchester |
| Irish basic PAYE and PRSI regulations                    | 1 March     | London     |
| Irish advanced payroll regulations                       | 2 March     | London     |
| Payroll and HR legislation update                        | 14 February | Oxford     |
|  | 14 February | Exeter     |
|  | 15 February | Reading    |
|  | 15 February | Plymouth   |
|  | 16 February | Cheltenham |
|  | 16 February | Manchester |

\* Dates are subject to change

The full list of CIPP training courses can be found at [cipp.org.uk/training](http://cipp.org.uk/training)

Training course

# Apprenticeship levy and funding

Half day duration

This course is designed to introduce delegates to the apprenticeship levy that comes into effect from April 2017. The course also covers the devolved funding arrangements across the UK.

**This informative one day course covers:**

- Background
- Apprenticeship levy
- Apprenticeship funding arrangements in England
- Apprenticeship funding arrangements in the rest of the UK
- Future developments

.....

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# UK employment law post-Brexit

Michael Farrelly, solicitor at Excello Law, explains what might happen



After the unexpected result of the UK's referendum on leaving the European Union (EU) on 23 June there has been widespread concern regarding the legal implications of Brexit. For many, it is the ramifications on UK employment law that are the chief causes of unease, as workers' rights currently safeguarded by the EU will be open to the possibility of revocation once the UK has withdrawn.

In October, the Government announced its 'Great Repeal Bill' which will be enacted two years after the triggering of Article 50. The bill is intended to ease the transition period and mitigate legislative fall-out. Once the bill comes into action, all current EU legislation will be immediately transferred into UK law which the Government will then be free to repeal, retain and amend at their volition.

While the direct transference of legislation into UK law might seem simple in theory, many of the finer practical details are ambiguous. A briefing paper – *Legislating for Brexit: the Great Repeal Bill* – which was placed in the House of Commons Library on 21 November 2016, states:

"The Government has stated that the Great Repeal Bill will delegate statutory powers to enable Ministers to make changes, by secondary legislation, to give effect to the outcome of the negotiations with the EU 'as they proceed'."

This means that individual ministers could be given the power to repeal and amend legislation without changes being subject to parliamentary scrutiny or approval. The House of Commons Library describes the process as "potentially one of the largest legislative projects ever undertaken in the UK" and maintains that the procedure will be complicated further if every stage must be approved by Parliament.

The initial sense of increased relief

and certainty at the announcement of the Great Repeal Bill has been somewhat diminished by the High Court ruling on 3 November 2016 when the Government was told that it would first have to attain the approval of Parliament before it could begin negotiations. While it is difficult to foresee the full implications of the ruling at this early stage, it is clear that the Government's attempts to maintain executive control have been undermined and it is highly likely that the triggering of Article 50 will now be delayed. Confusion has been exacerbated further by a second court action launched in November by the pressure group British Influence. The group maintains that it would be illegal for the Government to leave the wider European Economic Area (EEA) given that it only has a mandate to leave the EU.

**...power to repeal and amend legislation without changes being subject to parliamentary scrutiny or approval**

While such setbacks may appease some in the employment sector, there are still causes for concern as many areas of employment such as recruiting from overseas could be complicated once Brexit has taken full effect. It also remains unclear whether employers will be allowed to retain EU nationals already working for them. The Government has so far not offered any guarantees regarding the continuation of residency despite the Leave campaign's persistent reassurances to the contrary in

the run up to the referendum.

While the immediate changes after the triggering of Article 50 are likely to be marginal, the extent to which current employment rights will be retained in the long-term is less certain. While Prime Minister Theresa May and Secretary of State for Exiting the European Union David Davis have downplayed the likelihood of legislative change, it would appear that their views are not shared by the Government as a whole. Many leading Conservative party figures have in the past expressed a desire to cut back on regulation that they view as detrimental to small businesses:

"I envisage there being absolutely no regulation whatsoever – no minimum wage, no maternity or paternity rights, no unfair dismissal rights, no pension rights – for the smallest companies that are trying to get off the ground, in order to give them a chance." – Andrea Leadsom, 2012

"The weight of employment regulation is now back-breaking: the collective redundancies directive, the atypical workers directive, the working time directive and a thousand more." Boris Johnson, 2014

Of course, a 'hard' Brexit is not a foregone conclusion and a softer deal with the EU may result in minimal changes to the rules regarding visas for the long-term. It is nonetheless essential for the Government to take steps to establish systems that will allow employers and employees to be prepared for any changes that may occur. The Government's opacity hitherto has resulted in an information vacuum which many have been quick to fill with rumours, speculation and hysteria. It is vital that the Government eases current anxieties by taking greater steps to provide concrete facts and information. At this early stage it would be wise for employers to assume that all scenarios are possible and to prepare for them thoroughly. ■

# What will Brexit mean for workplace equality issues?

Suzanne Horne, partner and employment lawyer at Paul Hastings LLP, reveals the implications



It has been widely reported that since the vote to leave the European Union (EU) there has been Brexit-related bullying and harassment. At the same time, the latest research published by EY's Women. Fast Forward initiative (<https://go.ey.com/2e7u0rl>) predicts that women will achieve global parity in the workplace in 170 years: 2186.

For many, equality issues are now overshadowed by the political and economic uncertainty surrounding Brexit. The referendum result is leading to concerns around the direction of travel regarding progress made in recent years on equality issues in the workplace.

This concern is arguably well-founded. The EU has played a significant role to date in protecting and developing legal rights and driving forward the pace of change on equality issues.

The UK already had some laws to protect people against various forms of discrimination, including legislation in relation to equal pay, paternity leave and race, sex and disability. These were embodied in UK law before the EU developed its own legislation.

However, the EU has undoubtedly been an agent for change. For example, the EU Equal Treatment Framework Directive (2000/78/EC) required the UK to implement legislation to specifically address discrimination on the grounds of sexual orientation, religion and belief and age, while separate EU directives gave rise to the protection of fixed-term employees and part-time workers. What's more, decisions of the European Court of Justice (ECJ) have historically expanded protection in relation

to sex discrimination and discrimination on the grounds of pregnancy and maternity, and more latterly associative discrimination.

Take, for example, the issue of gender equality on boards. Although female representation is improving, there is still significant progress to be made. UK employers must be credited for reaching the target laid out in Lord Davies' 2011 report *Women on boards* (<http://bit.ly/1M77wjz>) of having a quarter of FTSE 350 directors made up from women. However, this is largely due to the appointment of non-executives and, perhaps in part, the spectre of EU mandatory quotas.

The reality is that today there are just six women running FTSE 100 companies. On leaving the EU, the UK will no longer be required to implement the EU directive on gender balance on boards.

In addition, there is also issues of wider EU initiatives and funding. The EU has allocated over six billion euros to promoting gender equality between 2014 and 2020, including funding initiatives to encourage more female entrepreneurs and the better integration of migrant women into the labour market. This funding will clearly fall away.

Despite this rather gloomy outlook, we should take some comfort from the current state of our discrimination laws and the so-called 'Great Repeal Bill'. Much of the protection from discrimination today is enshrined in the Equality Act 2010; something which, as primary legislation, will remain in force even when the European Communities Act 1972 is repealed under the Great Repeal Bill. This will enshrine all

existing EU law into British law immediately prior to Brexit and end the jurisdiction of the ECJ in the UK.

In addition, the UK will need to maintain minimum employment protections to ensure it is able to remain a strong trading partner for its European neighbours. Therefore, it is unlikely, although not impossible, that a future government would seek to overturn this. Yet there is potential for the UK to impose caps on compensation claims or to interpret legislation in a way that is not equality-friendly and there will no longer be an appeal to Europe.

We can also say with some certainty that equal pay issues will continue unabated by Brexit. The gender pay reporting rules due to bite in April 2017 and developing case law, such as the on-going £100m multi-claimant action *Asda Stores v Brierley*, are only the tip of the proverbial equal pay iceberg. But the Working Time Regulations (particularly the ability to accrue holidays while on sick leave, the calculation of holiday pay and the limit on the 48-hour working week) and the Agency Worker Regulations 2010 are likely to be up for review.

Undoubtedly, the most significant impacts of Brexit for discrimination laws and equality issues in the UK is the removal of the impetus for change and the inevitable shift in focus to the economic uncertainties resulting from this process. Some of the likely measures anticipated above will undoubtedly be welcomed by employers, but uncertainty can also create challenges for UK and international employers trying to keep abreast of developments. Global employers are advised to continue to focus on their human resources contingency planning and communications process as it promises to be a rocky road ahead. ■

**...caps on compensation claims or to interpret legislation in a way that is not equality-friendly...**

# The future of financial bonuses

Nicola Britovsek, director of HR at Sodexo Benefits and Rewards Services, comments



Implementing an effective incentive and recognition scheme that engages employees and differentiates a business from its competitors is one of the most effective ways to attract, motivate and retain staff. However, businesses have a number of choices in this regard.

A growing number of business leaders now openly oppose monetary bonuses, even in sectors famed for their bonus culture, such as financial services. Some claim that purely financial rewards can undermine key business objectives, are ineffective and can even encourage unwanted behaviours. On the other hand, bonuses have long been accepted as part of a formal pay packet and are often seen as a traditional way to reward staff to improve culture, recognise good work and impressive results.

The 'best' way to reward employees will ultimately vary from one company to another, but all businesses will need to consider this issue carefully in order to determine how to get the most out of their employees.

## Bonuses under the microscope

The current economic climate has made it much harder for companies to meet their performance targets; as a result, it often isn't possible – or doesn't make economical sense – to give annual cash rewards. However, for many industries, bonuses are still widely used and therefore expected by employees.

For these businesses, it is essential to consider how and why they are using this form of reward. If bonuses are an incentive to drive performance, for example, it is vital that this is clearly communicated, including what the employee has done to earn it. A lack of clarity in this area can cause employees to simply view the cash as part of their salary, which could mean that it is absorbed into day-to-day spending,

removing the desired motivational effect.

An easy way to avoid this problem is to link rewards with objectives that are mutually agreed and put in writing. This will not only reinforce the specific behaviours that the employer wants to see, but will also provide the individual with something that he or she can refer back to at a later date.

## Considering non-financial options

The strong UK job market is putting pressure on business leaders to reassess their employee value propositions. While low unemployment may be good news for the economy, it can cause real problems for businesses looking to grow and hire the best candidates, as the best talent is occupied elsewhere.

## ...link rewards with objectives that are mutually agreed and put in writing

As a result, businesses need to focus on how they can attract and retain quality talent. The point of any bonus is to reward and recognise how a member of staff has contributed to the company, and thus to improve performance year on year – and cash bonuses are no exception. However, if businesses are finding it's not feasible to offer monetary rewards, there are a number of other ways to reward staff, such as gift cards and multi-store vouchers.

According to research from Sodexo Benefits and Rewards Services, multi-store gift cards remain the most popular non-financial award for employees, with 49% of respondents naming this as their preferred option. This type of perk encourages

employees to treat themselves with something special, rather than using it for something more humdrum, like the weekly food shop. In addition, these perks aren't liable for tax deductions like cash bonuses, so employees will be able to enjoy the full value of the reward.

## The value of lifelong benefits

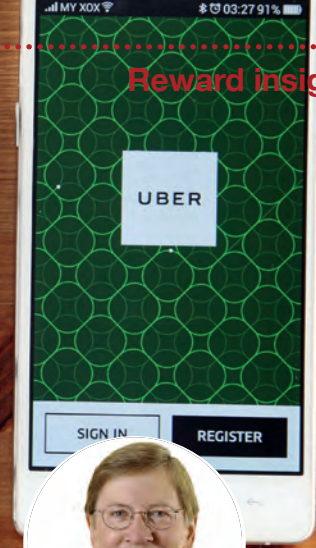
The biggest difference between monetary bonuses and employee benefit schemes is that benefits are about saving money and bonuses mean receiving, and possibly spending, money. As such, a cash bonus doesn't always address an employee's broader needs or lifestyle, but benefits such as childcare support, healthcare and pension contributions can have an immediate impact on an employee's quality of life.

Benefits like these will be relevant to different employees at varying stages of their lives and careers. For example, only parents or prospective parents will value childcare support, whilst a more financially conscious employee will appreciate a good pension contribution. A successful reward scheme, therefore, depends upon matching a benefit portfolio with the wants and needs of an entire workforce, so that each employee can select the benefits that best suit their lifestyle.

Bonuses and employee benefits are both tools that employers can use to improve the lives of their staff, therefore motivating and rewarding good performance. It is, however, ultimately down to a business to decide what is best for the organisation and its employees. As such, it is vital to remember that, just like financial bonuses, new schemes need to be properly communicated to all employees, so that they understand their value; without this, schemes will fail to have the desired impact. ■



# First round to the drivers



**Stephen Morrall, partner at Hunters Solicitors, comments on the Uber case**

**T**echnology and the law run at very different speeds. In under a decade, new technology has enabled companies like Uber to accelerate from a local start-up company in San Francisco to a fast moving global brand and wunderkind of the gig economy, valued at more than £50bn. English law meanwhile, forged in centuries of precedent and statute, moves forward at a more modest pace.

As one of the biggest global disruptors, Uber has successfully challenged the status quo in nearly seventy countries and more than 500 cities by providing a personal taxi service that uses a simple app linked to a mobile phone. But this year, after encountering serious legal problems in multiple jurisdictions, Uber has finally hit the buffers in England coming into head-on conflict with our robust employment laws.

On 28 October 2016, a London employment tribunal heard a case brought by two drivers, Yaseen Aslam and James Farrar, funded by the GMB union on behalf of nineteen Uber workers. Their argument was simple: they were employed by Uber, rather than being self-employed, and therefore entitled to basic employment rights, including the right to be paid the national minimum wage (NMW) and to receive paid holiday, both of which Uber previously denied to them.

The counter argument relied on the small print of the contract, very carefully (and cleverly) conceived by Uber's lawyers; namely, the passenger was in fact contracting with the individual driver, running his own mini-cab business, and that Uber was only acting as the driver's agent to set up the ride. In simple terms: Uber was claiming to be just a technology company, not a taxi provider. When it was put to the tribunal, which examined in detail how the working relationship operated in practice, that argument was

rejected outright as a wholly artificial construct that did not reflect the reality of the situation.

In a landmark decision, the tribunal found that the drivers were in fact 'workers' – a limbo status somewhere between being employed and self-employed, but which entitled them to limited protection under English employment legislation. Although workers are not protected against unfair dismissal, and are not entitled to any redundancy payment, they do have rights such as:

- in relation to working time (5.6 weeks' annual holiday, a 48-hour maximum working week and appropriate rest breaks)
- to be paid the NMW
- to receive sick pay
- a prohibition on unlawful deductions from their wages, and
- protection against discrimination and in relation to whistle-blowing.

***...somewhere between being employed and self-employed, but which entitled them to limited protection...***

So does this mean that a sharp brake has been put on the gig economy, which has been largely responsible for the enormous increase in the UK's self-employed workforce? Not necessarily: Uber has already confirmed that it will appeal the tribunal's decision while the law firm which acted for the drivers is planning several hundred further legal claims from other Uber drivers.

It remains to be seen whether the decision will have implications beyond

Uber for the numerous companies in the gig economy that engage people to provide services without formally employing them, as well as for those people who work through personal service companies. If the legal structure of the relationship is artificial, it will be open to challenge.

If upheld on appeal, perhaps ultimately going as far as the Supreme Court, the tribunal decision might require other gig economy businesses to treat its staff as workers rather than as self-employed, disrupting their business model. The consequent increase in the pay and benefits of their workers would cost those companies more, which they might then simply pass on to consumers.

The law evolves slowly, taking time to catch up with social developments. While employment law is equipped to give rights to Uber drivers and the like, it may no longer reflect the way in which work patterns have changed and must develop to allow employers (and some workers) the flexibility to operate their new business model. Some will protest that depriving people of employment rights is exploitation, others see it as a restriction on their freedom to do business. But one point seems clear: however far or fast employment law may have to go before it catches up with the gig economy, no amount of artificial contract drafting can change the substance of a situation. Contractual arrangements that do not reflect reality are likely to be rejected by future employment tribunals and by the courts.

The Uber case is therefore a salutary lesson for all employers – whether in the gig economy or not – to look carefully at the terms and conditions of their employment contracts. Try and outrun the law by being too clever and it will eventually catch up with you. ■



## Staff assault, rest breaks, disciplinary warnings

Nicola Mullineux, senior employment specialist for Peninsula, reviews decisions in three cases



### **Bellman v Northampton Recruitment Ltd**

Employers often have to deal with the fallout from their organised staff events and gatherings. Employers can be found to be vicariously liable for the actions of an employee at these events if they are acting in the course of their employment. The High Court recently heard a case concerning an altercation that took place during the aftermath of an organised Christmas party.

In late 2010, the claimant was offered a role with the defendant company by the managing director (MD) who was a childhood friend. The claimant's role was to recruit commercial drivers and place them with clients. A short while later, another member of staff was recruited and word spread through the company that he was being paid more than other members of staff.

The defendants planned their Christmas party at a nearby golf club. All members of staff and partners were invited and 24 people attended. After the party ended,

around half the guests went on to a local hotel; most were staying at the hotel but others went along as an unplanned extension of the party. Along with alcohol consumed at the official party, more drinks were consumed at the hotel.

The conversation at the hotel was general social talk until around 2 a.m. when talk turned to work, including plans for the following year. Work continued to be talked about and the claimant brought up the subject of the newest member of staff's employment.

In disputed circumstances, the MD assaulted the claimant by punching him twice. The second punch knocked the claimant to the ground and he hit his head. This caused a brain injury which left the claimant suffering from side effects including headaches, low moods, deficits in verbal memory and speech and language impairment. He is unlikely to return to paid employment. The claimant brought a claim for damages against the company on the grounds it was vicariously liable for the actions of its employee.

The High Court applied the principles from previous cases on this issue. These include the idea that an employer is not liable for an assault by an employee because it happened during working hours or is not automatically free from liability because it happened outside normal working hours. Instead, the nature of the job of the employee needs to be identified and then the circumstances examined to determine whether there is a sufficient connection between their position and their wrongful conduct to make the employer liable.

The High Court judged that the employer was not liable for the actions of the MD. Although his role meant he was in overall charge of the small company and it would have been part of his role to oversee the events of the party, his role did not require him to always be on duty when he was in the company of other employees. As to whether there was a sufficient link between his employment and the wrongful conduct, the assault happened after the work social event at an impromptu, voluntary gathering that could not be reasonably seen as an extension of the original party. Although work talk occurred at the later gathering, this did not

***...the employer was not liable for the actions of the MD***

have the effect of changing a conversation between colleagues to something in the course of employment as this would make possible liability for employers so wide. There was insufficient connection between the assault and the position of the employee so the defendant was not liable for damages.

### **Grange v Abellio London Ltd**

The Working Time Regulations 1998 entitles workers to an uninterrupted rest break of at least twenty minutes if they are working more than six hours a day. They are entitled to spend this time away from the workstation and this has to be a break from working. A previous employment appeal tribunal (EAT) decision declared that a worker must request their break to give rise to employer liability for refusing a request to exercise the right. Another case on this issue has been heard.

The claimant was employed from 2009 as a bus driver before becoming a relief roadside controller from June 2011. This role required him to monitor the arrival and departure times of buses including regulating the frequency of the service. Originally, his working hours were eight and a half hours a day, with half an hour as an unpaid lunch break. Due to the responsiveness required by his role, he found it difficult to take this break. The respondent recognised this and amended his working day, from July 2012, so it was eight hours long with the break being taken after the working day. An email communicated this change and expressed an expectation that the claimant would work eight hours without a break. The claimant submitted a grievance regarding being forced to work without a break and also lodged a claim at the employment tribunal.

The employment tribunal followed previous case law and decided that the employer's expectation of working without a break was not a refusal of a request to take a break. The claimant appealed on the basis of whether there needs to be an express refusal to be denied their entitlement.

The EAT found that there were conflicting approaches under previous case law and laid down the approach to take on this issue. The EAT reiterated that the entitlement to a break should be actively respected by employers; they should not only permit rest breaks but

should be taking proactive steps to allow workers to take breaks. The EAT decided that putting in place working arrangements which don't take in to account a break will refuse the entitlement. If the employer has taken active steps to ensure arrangements allow the worker to take a rest break they will have met their obligations; they cannot force workers to take a rest break but must give them the opportunity to take it. The case was remitted back to the employment tribunal to determine whether there had been a failure to allow the claimant his entitlement to a break during the different stages of his employment.

***...tribunal needed to examine the reasoning of the employer...***

### **Bandara v British Broadcasting Corporation**

Tribunals should not revisit previous disciplinary warnings unless there are allegations of bad faith, absence of any grounds for the sanction or something which makes the warning manifestly inappropriate. A decision of the EAT looks at whether a fair dismissal can be built on the back of a manifestly inappropriate warning.

The claimant was employed as a producer from 1995. Around five years later he was promoted to senior producer on the Sinhala Service. Up to 2013, the claimant had a clean disciplinary record of nearly eighteen years.

On 18 March 2013, the claimant was asked by a senior manager to book training for his team. The claimant refused responsibility for this and there was an argument, during which the claimant shouted at the senior manager. The claimant apologised by email the next day and the matter was reported to human resources but no action taken.

On July 2013 the claimant failed to prioritise the story about Prince George's birth because this date was the thirtieth anniversary of Black July; a tragic date in Sri Lankan history. The claimant's manager disagreed with this decision because of the international reporting of the birth and the story was published two hours after the

service opened.

Disciplinary proceedings were brought against the claimant in August 2013 for using abusive behaviour, failing to follow a reasonable managerial request and breaching editorial guidelines. The allegations were upheld as gross misconduct and a final written warning was imposed in November 2013. Further investigations then took place against the claimant for a number of charges. A disciplinary hearing was held in May 2014 and he was summarily dismissed in August 2014. A number of charges were found against the claimant including: applying pressure on managers to drop disciplinary proceedings; incidents of behaving in a bullying and intimidating manner and creating a 'culture of fear' within the service. The letter of dismissal mentioned the live final written warning as being taken in to consideration, though it was not referred to in the concluding paragraph of the dismissal letter.

The claimant brought claims for discrimination and unfair dismissal. The employment tribunal judged that the dismissing officer had taken the warning in to account when dismissing for gross misconduct. They went on to find that the warning was manifestly inappropriate because of the delay and only a written warning should have been given in these circumstances. When considering the reasonableness of the decision, they felt the use of the final written warning meant the dismissal was outside the range of reasonable responses as the claimant would not have been dismissed if he was on a written warning.

On appeal, the EAT judged the tribunal was correct to decide the sanction should not have been imposed; they were entitled to decide that the misconduct did not amount to gross misconduct. However, they then incorrectly focused on what would have happened if a written warning was given. Instead, the tribunal needed to examine the reasoning of the employer and see whether, in their reason for dismissal, they attached significant weight to the manifestly inappropriate warning or if they treated the warning as a background factor and dismissed for the new alleged misconduct. If the employer attaches significant weight to the inappropriate warning and dismisses because they are subject to this warning, only then will the decision be unreasonable. ■



# Employee shareholder status to be abolished



**Danny Done, managing director at Portfolio Payroll, discusses the status and recent and prospective changes**



The Government has made changes to the financial implications of the 'employee shareholder' status, and intends to remove that status in its entirety. Although no timeline for the full abolition has yet been set, it will be done at the next "legislative opportunity".

The employee shareholder status was introduced by the Growth and Infrastructure Act 2014 as a way to encourage confidence in employers to employ more people. The main draw to using the status for employers was that employee shareholders give up certain key employment rights and therefore present a lower risk and a lower cost if and when the employer decides that employment should be terminated.

Specifically, an employee shareholder:

- has no right to claim ordinary unfair dismissal. The right not to be unfairly dismissed applies to an employee after two years of continuous service. It effectively means that employees should not be dismissed for a first offence (unless it is gross misconduct) and that a proper procedure must be applied to the employee before they can be fairly dismissed. Where the right applies, dismissal can only be for one of five reasons i.e. conduct, capability, redundancy, statutory ban and 'some other substantial reason'. Because this right does not apply to employee shareholders, it basically means that they can be dismissed much more swiftly and with less 'red tape' than 'normal' employees. However, employee shareholders retain the right to claim automatic unfair dismissal e.g. a dismissal for a discriminatory reason

- cannot claim statutory redundancy pay. When faced with a redundancy situation, it may therefore be prudent for an employer to consider employee shareholders first because, firstly, normal procedures required to secure a fair dismissal are not required,

and subsequently, no statutory redundancy pay is payable

- has no statutory right to ask for time off for training. This is a little-used entitlement but gives employees in companies with a workforce of 250 or more the right to have their employer consider a request for time off work to study towards a qualification that will help them to do their job better.

In addition, minor rule changes on maternity leave and flexible working also apply.

**...employers may, for now, continue to offer employment on an employee shareholder basis...**

In exchange for these rights, the employer is required to give the employee shareholder a minimum of £2,000 of shares in the company. A particular type of written contract of employment must be given; the employee must obtain legal advice on the implications of the contract and wait at least seven days before accepting the role.

The Finance Act 2013 provides tax relief for the shares provided to an employee shareholder. Although there is no maximum amount of shares that can be provided, only the first £2,000 will attract special treatment i.e. income tax and National Insurance contributions are not payable. There will also usually be a capital gains tax exemption for £50,000 of shares received by an employee shareholder.

As of 1 December 2016, these tax benefits are not available to individuals

becoming employee shareholders.

However, employers may, for now, continue to offer employment on an employee shareholder basis and the same process as outlined above must be followed in order for the status to be applied to the individual. The exclusion of certain employment rights will also continue to apply.

The offer of work on an employee shareholder basis has a limited shelf life. The take up of this status has not been as high as expected, which may have something to do with the fact that, although there is no risk of unfair dismissal compensation, employers must deal with the implications of the shares upon termination of the employment. Either the employment contract will require them to buy the shares back at their market value at the time of termination – which could be significantly higher than at the start of employment and also more than a potential unfair dismissal compensation award – or the shares remain with an employee who may have been dismissed for gross misconduct but is still able to benefit from the future growth of the company.

The abolition of the status in due course will mean that employment cannot be offered on an employee shareholder basis, but it is not yet clear what will happen to existing employee shareholders in terms of their employment rights. It is not likely that the abolition will have retrospective effect; indeed, it may be that some employee shareholders have sold their shares and already reaped the financial benefits from them. This will mean that, although no new employee shareholders can be created, procedures in respect of disciplinary and capability issues and redundancy situations may still be tailored for existing employee shareholders appropriate to their status. However, clarity on this must be awaited from the Government. ■

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# Start Saving

## Re-enrolment

The Pensions Regulator explains how, every three years, certain members of staff must be re-enrolled into an automatic enrolment pension scheme

An employer's duties will vary depending on whether they have staff to re-enrol or not. Either way, they will need to complete a re-declaration of compliance to tell The Pensions Regulator how their duties have been met.

The four steps to the process are outlined below.

### Step 1 – choose the re-enrolment date

An employer's re-enrolment date is a chosen date (within a six-month re-enrolment window) and is when all an employer's staff are reassessed for re-enrolment.

The six-month re-enrolment window starts three months before and ends three months after the third anniversary of an employer's automatic enrolment staging date. An employer's re-declaration deadline will be five months after the third anniversary date. See the Example to help work out when deadlines will be.

When choosing the re-enrolment date, it may be useful to choose a date

which aligns re-enrolment with other business processes, such as the start of the employer's financial year, or to avoid seasonal peaks. It should be noted that postponement cannot be applied at re-enrolment.

### Step 2 – assessing staff

On an employer's re-enrolment date, they'll need to assess certain staff to work out if they need to be put back into their workplace pension scheme. Staff must be assessed if they have:

- asked to leave (opted out of) the pension scheme
- left (ceased active membership of) the pension scheme after the end of the opt-out period
- stayed in the pension scheme – but chosen to reduce the level of pension contributions to below the minimum level set by law.

There is no need to reassess staff who, on the re-enrolment date:

- are already in the pension scheme used for automatic enrolment (a qualifying

scheme)

- are aged 21 or under
- are at state pension age or over
- are being postponed for automatic enrolment (for example, a new member of staff).

If employers have staff to re-enrol, they must be put back into their pension scheme (and start paying into it) within six weeks after their re-enrolment date.

Even if there are no staff to re-enrol, a declaration of compliance must still be completed.

### Step 3 – write to re-enrolled staff

Within six weeks after their re-enrolment date, employers will need to write to each member of staff that has been re-enrolled to tell them they been put them back into the workplace pension scheme.

The Pensions Regulator provides letter templates to help with this. Note that the employer's pension provider may be willing to do this on their behalf.

### Step 4 – complete a re-declaration of compliance

Re-declaration is an online form which tells The Pensions Regulator what has been done to meet the re-enrolment duties. This must be completed and submitted within five months of the third anniversary

#### Example – re-enrolment and re-declaration deadlines

|                                   |                                |
|-----------------------------------|--------------------------------|
| Staging date                      | 1 April 2014                   |
| Third anniversary of staging date | 1 April 2017                   |
| Re-enrolment window               | 1 January 2017 to 30 June 2017 |
| Re-declaration deadline           | 31 August 2017                 |



## Re-enrolment checklist

- ☒ Choose your re-enrolment date
- ☒ Assess your staff
- ☒ Write to the staff you've re-enrolled
- ☒ Complete your declaration of compliance

# 2017

Anyone who automatically enrolled staff in 2014 will have their re-enrolment date in 2017

of an employer's automatic enrolment staging date. Note that some of the information will already be pre-populated from the employer's original declaration of compliance.

If you are helping clients to meet their duties, it is important that they know that they have a legal duty as an employer to ensure that the re-declaration is completed on time and the information entered is correct. If not, they could be fined. You can complete a client's re-declaration on their behalf. If you act on behalf of multiple clients, then you can add them to your profile and your details will then be automatically filled in from our records.

The Pensions Regulator recommends that the re-declaration is completed and submitted as soon as possible after the

re-enrolment date. Don't wait until the last minute, as employers risk a fine if the deadline is missed.

## What employers can expect from The Pensions Regulator

The Pensions Regulator will send employers a series of letters and emails telling them what they need to do and by when.

It's important that contact details are kept up to date with The Pensions Regulator, in order that notifications and reminders can be sent to the right person. Employers can update information by completing The Pensions Regulator's online nomination form, where they can also give their contact details to receive additional communications to help support clients. ■

## Supporting resources for business advisers

- *Business adviser's guide to re-enrolment* – [www.tpr.gov.uk/re-enrolment.aspx](http://www.tpr.gov.uk/re-enrolment.aspx)
- *Employer's guide to re-enrolment* – [www.tpr.gov.uk/re-enrolment](http://www.tpr.gov.uk/re-enrolment)
- *Checking your client's staging date* – [www.tpr.gov.uk/employers/staging-date](http://www.tpr.gov.uk/employers/staging-date)
- *Letter templates* – [www.tpr.gov.uk/write-re-enrolled-staff](http://www.tpr.gov.uk/write-re-enrolled-staff)
- *Re-declaration of compliance checklist* – [www.tpr.gov.uk/re-enrolment](http://www.tpr.gov.uk/re-enrolment)
- *Update your contact details* – [www.tpr.gov.uk/employers/nominate-a-contact.aspx](http://www.tpr.gov.uk/employers/nominate-a-contact.aspx)
- *Detailed guidance to re-enrolment* – [www.tpr.gov.uk/docs/detailed-guidance-11.pdf](http://www.tpr.gov.uk/docs/detailed-guidance-11.pdf)

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— Alan Coom MCIPPdip, Star Computers Limited

# The peril of pensions

Henry Tapper, founder of Pension PlayPen, offers a word in payroll's ear



Currently, the majority of workplace pensions 'don't matter'; so long as contribution rates are set at current levels, their impact feels like an adjustment to National Insurance and neither corporate nor private cash flows are in peril. This changes as the phasing of contributions under automatic enrolment (AE) unwinds in 2018 and 2019.

Experts have cogitated on what the increase in minimum employee contributions (from 1% to 4% of the band) will mean in terms of opt-outs. But payroll should be braced for a different challenge. The questions that many staff will be asking are just where all this money is going and how did someone decide on the workplace pension in the first place.

I ran a series of very interesting training sessions on this question in December. One of the objectives was to flush out how payroll people and accountants explain the pension decision to their clients. Below are the top ten messages they fed back:

- We just use NEST (National Employment Savings Trust)
- We know and use an independent financial adviser
- Our clients are too small to think about this
- We don't want to be involved in giving advice
- Pension advice is too expensive
- I don't have anyone to help on this
- We can't afford to use third parties
- All pensions are the same
- How can anyone predict what is best in the future?
- All my client wants to know is how much AE will cost.

Though I am sure that a lot of the above statements will resonate with readers, do you – in your heart of hearts –

feel comfortable about pensions?

The Pensions Regulator states that "employers must choose their workplace pension". The dictionary definition of choice is "an act of choosing between two or more possibilities". It is actually quite hard to find a word for the opposite of 'choice'. We are used to the phrase 'you have no choice'; it is one that The Pensions Regulator uses a lot, as in: "you have no choice, it is the law".

If we had no choice, there would be no peril in pensions. The original conception for the earnings related top-up pension, involved 'no choice'.

## *...what is good for payroll is not necessarily good for pensions*

I am sure that there are many people reading this who happily work with NEST and would gladly put all future workplace pensions with NEST. But putting all your eggs in one basket is known as 'concentration risk'. One-horse races don't make for good viewing nor are they good for the one horse. NEST has to compete for its business which is not only good for its competitors, it's good for NEST.

So, what is good for payroll is not necessarily good for pensions. Choice is perilous, even in pensions. Anyone familiar with contracting-out decisions and the complexity of guaranteed minimum pensions will understand where I am coming from.

Back in 2010, when the 'go/no go' decision was being taken on AE, I sat in a room where the then pensions minister (Steve Webb) addressed a group of pension providers who expected to be

offering workplace pensions in 2017. Only the NEST representative put his hand up. The Government may have considered that the peril of genuine choice would have become the rather easier decision we know as Hobson's choice, a choice of one.

But this has not turned out to be the case. There are a number of good pensions that rival NEST and when the Government ask employers to choose, they need to think not just of NEST but of other options. A colleague of mine (who used to be a teacher), put it well in the session: "When you do your maths exam, you'll get a mark for being right but two marks for showing your working".

The peril of pensions is not in the answer. (It is unlikely that, post the 2016 Pension Schemes Bill coming into force, we will see a workplace pension fail.) The peril is in not being able to show the working.

We know exactly what happens when an intangible product is sold without a proper recorded explanation (i.e. an audit trail). There may have been 'proper' sales of PPI (payment protection insurance), but the banks had no way to prove that the customer understood what they were buying and the risks of purchase.

The same story is familiar to old pension lags like me. When I sold my business in 1992, its value was impaired by 50% – not because I had given bad advice, but because I had no documentation to show that the advice was good.

Your clients may not know about pensions and many of them do not care to know. As payroll people, you may not know (or want to know) about pensions, but you need – urgently – to know a man who does. ■



# TOWN

## The LGPS and pensionable pay

**Cornelius Hargrave, pensions adviser at the Local Government Association, provides advice**



Almost three years have passed since the Local Government Pension Scheme (LGPS) in England and Wales became the first public service pension scheme to introduce career average benefit reforms. This change followed the review of the affordability and sustainability of public service pension schemes that took place soon after the general election in 2010. 'LGPS 2014', as the reformed scheme is known, was introduced in April 2014, with other public service pension schemes, including the LGPS in Scotland, introducing their career average reforms in April 2015.

The career average benefit structure is now, for the most part, 'business as usual'. However, there are some continuing challenges in administering the reformed scheme and pensionable pay in particular is an issue that we see frequently raised.

The accuracy of an employee's pensionable pay is vitally important to any pension scheme. You always want to make sure that a member is paying the right contributions on the right pay. In a career average scheme, however, the accuracy of the annual pay figures held by the administrator are also important because the pay received each year directly impacts on the pension the member will eventually receive. Mistakes in pay lead to mistakes in pension.

So, what are the four main points to consider when ensuring you are providing the right pay information to your LGPS pension fund?

● **The two pensionable pay figures** – whilst the LGPS is now a career average scheme, the requirements of the final salary scheme haven't gone away. Members of the LGPS who were in the scheme before April 2014 retain what is known as the 'final salary link', meaning that members' pre-April 2014 benefits will continue to be calculated on their final salary – broadly

the pay members receive in the final year of their LGPS membership. It is important that you provide your fund with a career average pensionable pay figure and a final salary pensionable pay figure for all scheme members.

● **How the two figures differ** – there are some important differences between the two definitions of pay. Most significant is the fact that the scheme's career average benefits accrue based on a member's actual pensionable pay whereas a member's final salary benefits accrue based on their full-time equivalent. So, when it comes to providing final salary pay data to the pension fund for part-time members make sure you are uprating the member's pay to a full-time equivalent.

### ...problems caused by inaccurate data...

● **Assumed pensionable pay (APP)** – this is the pay that usually drops into a member's pension account when they are away from work due to sickness or injury, during child-related leave or during reserve forces service leave. It's broadly calculated based on the three months' pay the member received prior to their absence commencing, but there is more information on this and on when APP applies, here: <http://bit.ly/2ikBFE1>.

● **50/50** – a new option for LGPS members in LGPS 2014 is the choice of temporarily paying half the contributions and accruing half the pension. Where any members have been in the 50/50 section, you will need to be able to provide their 50/50 pay and contributions separately to their main section pay and contributions.

The problems caused by inaccurate data have been drawn into focus in recent

months with the LGPS in England and Wales currently undergoing its 2016 funding valuation. This is the first valuation undertaken since the reforms were introduced, as it occurs every three years.

This valuation has been the first real opportunity to assess how well the requirements of the scheme have been implemented. And, on that question, some of the feedback from fund actuaries is that the pay data they have received suggests some employers may not be applying the requirements correctly. Data errors should be of concern to employers as the results of the 2016 funding valuations will determine the contribution rates paid by employers in the three years from 1 April 2017 onwards.

More generally, problems with pay data can mean annual benefit statements are sent out incorrectly or not at all. Each LGPS pension fund is required to send annual benefit statements to its members by 31 August, and failure to do so could result in censure or a fine from The Pensions Regulator. Systemic problems with the data provided to LGPS funds increase the risk of funds failing to meet this critical annual deadline.

Clearly any lingering problems aren't going to be fixed overnight, but there is support out there for those who have questions or want to check the basis of their calculations. Contact your LGPS pension fund to check on specific scenarios and for guidance on how they will require member data to be provided. But for more general guidance and examples, you should familiarise yourself with the LGPS's *Payroll Guide to the 2014 Scheme* (<http://bit.ly/2hw5dMB>).

As ever in pensions, the devil is in the detail, but with the 2017 end of year process just around the corner, now's the time to ensure you are happy with the data you hold for your LGPS members. ■

# TAX



## Taxing times for high-earners

**Alan Morahan, managing director DC Consulting, at Punter Southall Aspire**, analyses research findings and suggests measures to stop high-earners sleepwalking into higher tax bills



In April 2016, tax legislation was introduced that affects many high-earning employees. Key changes include:

- reduction in the lifetime allowance from £1,250,000 to £1,000,000, and
- introduction of a taper which reduces the annual allowance (AA) by 50p for every £1 of income between £150,000 and £210,000, to a minimum of £10,000.

Are employers helping employees get to grips with these changes, and what support have they been providing?

Our research, published in the report *Taxing times for high-earners*, highlights that whilst some employers are providing high levels of support for employees, many are not and consequently there will be some high-earners potentially sleepwalking into higher tax bills.

A third of employers (32%) have not provided any additional flexibility for their employees and over a fifth (21%) are not allowing employees to take cash in lieu of pension contributions. Some employees are either continuing to make their pension contribution, which could lead to a potential tax liability, or have ceased their contributions altogether without receiving any cash allowance in lieu of the employer's contribution; but some are oblivious to the implications of the tax changes.

Our research suggests that employers are handling the tapered allowance differently too; for example, 28% of companies have simply capped contributions at £10,000. Whilst this ensures the tapered AA limit is not breached, this blunt approach might not be the best option for all employees.

The full taper only applies when an employee's total income reaches £210,000. Anyone earning less might be able to contribute more tax-free and there may be unused pension tax relief from previous years which could be carried forward too.

More variations were evident in the way employers treat National Insurance

contributions (NICs) when a cash allowance is paid. Whilst over half of companies (52%) said they deduct the cost of the employer (secondary) NICs at 13.8% from the cash allowance, 48% said they don't – so some employers are shouldering the cost, and in other cases employees are picking up the bill.

### **...some employees will need to make changes to their pension arrangement...**

So what can companies do to help their employees understand their options and what support could the payroll and pension function be providing?

The first issue is whether there has been enough communication about the tax changes and the likely implications for high earners. If not, consider hosting a presentation or webinar to ensure everyone has the information they need and the opportunity to ask questions.

Giving employees access to a pension consultant to answer specific queries and help with calculations is another sensible option, especially given there is an income tax and NICs exemption on employer-arranged pension advice.

It is likely some employees will need to make changes to their pension arrangement and there are a number of options available for employers. These include:

- **Capping pension contributions** – This could be implemented for staff whose employment income, including employer pension contributions (inclusive of salary sacrifice), exceeds £150,000, with the balance of employer pension contributions paid as cash. Capping contributions at £10,000 will ensure the tapered AA is not

breached (provided the employee is not making pension savings elsewhere).

A different approach would be to cap contributions at a level agreed with the employee (between £10,000 and £40,000), based on expectation of how the tapering will affect them. However, this approach may not be as effective at mitigating fully the risk of breaching the AA, plus it would be administratively more complex to implement and is potentially open to abuse as a means of claiming cash allowance over pension.

- **Offer a cash alternative** – Employers could consider offering cash payments in lieu of pension contributions, which many high-earners are now favouring. This could be: a gross amount equal to the unpaid pension contribution with no adjustment; an amount netted down to reflect the additional cost of employer NICs; or an amount grossed up to reflect the cost to the employee of the income tax and NICs incurred on the cash amount. For members with protection from the lifetime allowance charge, a full cash-alternative to pension could apply.

- **Bring forward bonus payments** – One of the challenges for employees is calculating their 'adjusted income' and tapered AA, especially where substantial bonuses are paid towards the end of the tax year. One way around this is to pay bonuses earlier to give employees greater clarity over their total end-of-tax-year income position and facilitate effective planning of their allowances.

- **Extending flexible benefits** – Another option is to include the value of employer pension contributions within an optional benefits package, which allows the employee to flex pension contributions for alternative benefits if it works out more favourably.

Whilst companies don't have a legal obligation to provide this kind of advice to their employees, we believe payroll and pensions departments should be offering this as a matter of course. ■



# New year, new name for Prolog Print Media

On 1 March 2017, Prolog Print Media's name will change to Datagraphic.

**P**rolog Print Media, a leading supplier of employee communications, most notably payslips, has taken the decision to change its business name.

Glyn King, managing director, explains: "When we named Prolog Print Media – 14 years ago – 'print' was the only mainstream way to share written information with employees.

"Now, print is one of many different channels. It's still vital: we print 60 million payroll, reward, pension and HR documents each year. But we host almost 40 million more online. We feel it's time for a name that better reflects the multichannel world we serve.

"In 2013, we acquired our long-term business partner Datagraphic: home to the technical and production expertise for our multichannel, Epay, PrologManaged and PrologMail services.

"Datagraphic is our strategic document outsourcing (SDO) company. In addition to employee communications we produce minute-critical documents for world leading financial institutions, health authorities and 10% of the FTSE 100.

"Our sales and marketing team in Chesterfield have been working closely with our product teams in Rugby and we've got a fascinating roadmap of ideas for employee communications. One company name for Prolog Print Media and Datagraphic will be unifying for these teams and I'm excited about the work we are doing together."

Although the business name will change from 1 March 2017, Mr King is keen to reassure customers that for anything else it will be business as usual.

Glyn commented: "The same great people, in the same locations, will

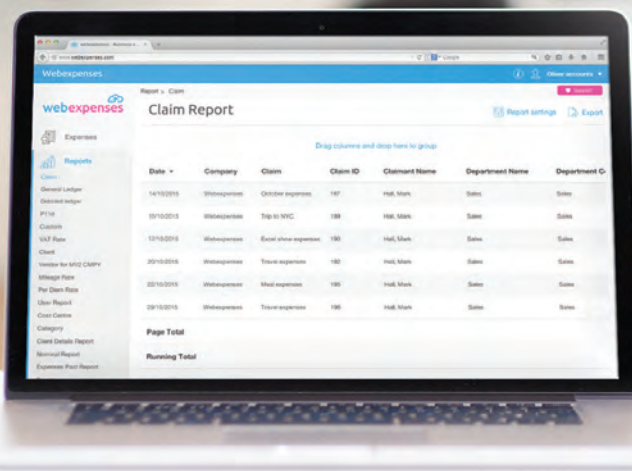
continue to deliver the same employee communications our customers know and trust.

"Many customers start their journey with us buying payslip and P60 stationery supplies and that remains part of our service offering. What's great, is when they evolve with us. When we take their employee data and bring it to life. Printing it, to remove the burden of in-house print and fulfilment. Presenting it online for employees to view on any screen and using graphics and personalisation to make employee content engaging.

"The name Datagraphic fits our aspiration to be the UK's leading provider of secure multichannel employee communications."

A short video, in which Glyn King explains the name change in more detail is now available at: [www.prologprintmedia.co.uk/name-change](http://www.prologprintmedia.co.uk/name-change) □

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# Managing T&A in a global workplace

**Annabel Jones, HR Director for ADP UK,** outlines how T&A systems are increasingly important



**A**long with keeping up with fast-paced changes, human resources (HR) professionals also have to manage costs which are gradually increasing as money is lost through outdated and inaccurate enterprise resource planning and time and attendance (T&A) systems.

According to the Health and Safety Executive (<http://bit.ly/1wNI24t>), UK workers took a staggering 30.4 million days off work in 2015/16 due to physical or mental health reasons. It is clear that HR has a major responsibility to monitor absenteeism, and by taking steps to encourage employee engagement and motivation organisations could greatly reduce costs associated with absence.

So why is measuring T&A in today's working world so complex, and how can HR professionals face this challenge?

## Tackling a remote workforce

In the UK alone, 54% of UK office workers are able to work remotely, greatly complicating the capture and management of their working hours (<http://bit.ly/29IPl6e>). As ADP has found in its study of over 11,000 workers across Europe (<http://bit.ly/2iMQp1e>), 29% of UK employees would like to work where and when they want. This means that more people than ever expect to be able to work remotely. In many ways this is a positive change for organisations, as this means they can use remote workers to tap into extensive networks of professionals, innovators, technical experts, and local expertise. However, it is essential that companies have the right processes and technology to benefit from the agility of a connected global workforce.

Losing track of the working patterns of employees can have a knock-on effect on the morale of the whole workforce, as workers lose trust in the ability of their employer to understand productivity levels and recognise what effort is truly being made by its employees. Workers may feel that their employer has little insight into their actual work, leading to a loss of motivation in turn harming the bottom line of the company.

## Making systems smarter

Organisations in a period of growth can become crippled by relying on old, antiquated systems as HR and payroll inaccuracies drain money from the organisation. The increasing number of remote employees coupled with globalisation can further confuse an already complex space.

A study by the ADP Research Institute found that the average multinational company deals with over 31 HR systems, and over 33 payroll systems (<http://bit.ly/2iM5hZL>). With so many different processes, it can be difficult to expand a business while monitoring the hours employees work correctly.

## ...companies list non-genuine absence in their top five causes of short-term absence

It is vital that companies keep abreast of software and services to ensure that teams remain seamlessly connected and effective. A unified system is necessary to cope with such a varied workforce, offering solutions that empower managers, workers and organisational efficiency. Accurate forecasts on scheduling, staffing, workload, pay, absenteeism and more can be produced with a modern efficient system which helps develop an organisation further.

The Aberdeen Group's research (<http://bit.ly/2il1Bzg>) suggests that integrating T&A monitoring with payroll reduces the error rate in tracking absence.

## Preventing absenteeism

Absence due to illness causes huge losses for large organisations. In fact, the Chartered Institute of Personnel and Development has found that the average worker takes off 6.3 days per year (<http://bit.ly/2ifeahk>). However, the Institute has also noted that around a quarter of companies list non-genuine absence in their top five causes

of short-term absence. Unsurprisingly, organisations that have a target for reducing absence, and use technology to record absence levels, are considerably more proactive in their approaches to combat absenteeism and can also reduce the cost of time lost. In the case of non-genuine absences, the most important and challenging part of reduction is creating a culture that encourages engagement among employees, making them less likely to take time off without good reason.

Genuine absences can also be reduced with the efforts of HR. A concerted effort to prioritise wellbeing in the workplace could help to reduce absences ultimately leading to a better bottom-line performance from the organisation. Technology can help capture information regarding the workforce's absence, and lead to more effective strategies for preventing and dealing with potentially negative culture problems within an organisation.

## Start today

Many HR functions currently use a complicated array of systems in attempting to monitor T&A.

Out-of-date systems are holding companies back from developing further in the global marketplace and are causing them to needlessly lose money. It is essential that HR departments keep pace with new programmes and software to ensure that teams remain connected and productive, while at the same time empowering both workers and managers alike.

With an efficient T&A management tool accurate forecasts can be produced improving an organisation's development. Specifically, new technologies can help capture the workforce's absence, and deal with absenteeism trends head-on. With the rise of remote employees, HR professionals need to work harder to ensure teams are truly connected.

A unified, efficient and streamlined T&A system is needed to capture today's world of the remote, flexible and part-time workforce. ■



# Time to take advantage of T&A systems

**Lisa Gillespie, Moorepay's HR services director,** outlines what these systems offer and why they are increasingly in use



The author Ray Cummings once wrote that "time is nature's way of stopping everything happening at once". However, in contemporary work environments – where ever-more-powerful technology enables ever-more-frenetic multitasking – nature's way seems to have been skipped over and left for dead.

Time is so important we have legislation going back as far as the 1800s governing how long people should work each day; and in 1998 modern work/time legislation came into force, with the Working Time Directive setting statutory minima for paid time away from work, maximum working weeks, and daily rest.

And the way we track time has gone through a similar modernising process over the same period. We have come a long way from the old punchcard world of listening for the factory whistle, with a plethora of smart, intuitive time and attendance (T&A) systems available today.

In 2015, a report by the Chartered Institute of Personnel and Development identified a somewhat startling truth: only 45% of staff now work from their employer's core offices. It's a lot harder clocking your workforce in every morning when they're not trudging through the factory gates like a Lowry painting; and with over half the workforce off-site it's easy to understand how the power of T&A systems has become a key tool for managing staff in many organisations.

With this trend for monitoring employee activity gathering pace, one key question that arises is whether the time of Big Brother is really now upon us.

I ran workshops on flexible working at a number of recent events nationwide, and came across frequent strong, diametrically opposite opinions on the importance of time versus performance. Further, many human resources (HR) professionals raised concerns that the increasing sophistication of T&A systems, such as global positioning and

facial recognition, means employers may be encroaching on their data and privacy responsibilities.

***...isn't all about getting the maximum performance from every employee every minute...***

So, how important is time versus performance to your business, and where do you draw the line?

In truth, whether you hold the philosophical view that time is merely a concept and results are the real measure of success for your people, the use of T&A systems will steadily, remorselessly increase in modern workplaces. So employers do need to have clear policies on the use of monitoring systems and ensure these are not abused or used to micro-manage staff.

The term 'work-life balance' has been around for many years, and increasingly organisations recognise that T&A systems provide valuable management information on how their people spend their working day.

It isn't uncommon for staff to feel pressured by the onslaught of emails, instant messages and other communications which can land simultaneously, so understanding the working lives of staff can go some way to managing their time better, reducing stress during busy periods and ensuring compensatory rest and other obligations are met.

In fact, for some years now the measurement of time in many industries has been made mandatory to guarantee regulatory compliance – think drivers' hours, junior doctors' hours, community-based care etc.

It isn't all about getting the maximum

performance from every employee every minute of every day. Whilst for most businesses time is still the means by which performance and productivity are measured, I challenge you to look at what truly matters in achieving your organisation's goals.

Some roles simply cannot be made to fit within a time framework because flexibility is more important than structured hours. And, coincidentally, when Moorepay started collating research for flexible working discussions at our recent events it was demonstrated again and again that flexibility is ranked higher than salary by millennials.

If this is the case, you can harness the analytics of T&A systems to promote work-life balance, attract staff and get the best out of your people investment.

Employers do need to understand the legislative framework set out under the Working Time Directive and their industry-specific rules and regulations (which are primarily based on the safety of workers and others): T&A systems have a place in our workplaces and in society to regulate working days and increase safety, not just optimise productivity.

For large organisations, the analytics provided by such systems are powerful tools for HR and workforce planning. The current burden of European Union-based case law which has impacted the calculation of pay means these analytics are vital to monitoring and demonstrating compliance.

Now, as we stride into our post-Brexit world, we have a fantastic opportunity to look again at our legislative framework for managing time.

The data available from T&A systems will be a valuable tool to understand the demands on our workforces and the needs of organisations, and can only help us find a better way of managing time, pay and work-life balance than the current mess of case law and outdated employment legislation.

There are sure to be exciting times ahead (pun very much intended). ■

## Why it pays to have T&A software

As the drive for productivity efficiencies increases, there has been demand for clocking in solutions enabled by time and attendance software. **John Ovington**, sales and support director at **Carval Computing**, explores the benefits that new technologies bring to this often overlooked HR tool



**T**ime and attendance (T&A) has had an image change. Often previously referred to as 'clocking in', today T&A isn't just used by companies with a production line or the public services, but has been adopted as a useful human resources (HR) management tool in many different industries.

And it's not just the managers and employers who benefit by seeing where their staff are at all times, as employees are also now enjoying the advantages. With T&A systems staff are assured that their managers know when and where they are working, supporting health and safety and lone-worker duty of care.

### Waking up to the benefits

Increasingly employers are waking up to the benefits that a modern T&A system can bring. State of the art software now means that staff can clock in from their desktops or smartphones, as well as the traditional method using a card or token. There are various biometric options where an employee can sign in using fingerprint or facial recognition. Organisations can capture working hours on site or remotely, and the data can be integrated with payroll software. The result – staff receive full credit for the hours that they work and are paid in a timely and accurate manner.

Another great benefit – and this will be music to the ears of HR and payroll staff – is that completing timesheets and inputting data manually, often an

administration burden for all, becomes a thing of the past. In fact, for HR teams streamlining paperwork in this way can result in significant time savings (see Case studies for examples).

*...often the transparency and a more flexible approach to work that generates the real benefits...*

### Compelling reasons

There are other benefits to be gained from a T&A system. It ensures that everyone is treated equally and can reduce poor timekeeping. We have probably all experienced working alongside a colleague who regularly slips into work late in the morning, takes longer lunch hours and cuts the day by leaving earlier than most. Add up those 'extra' minutes and this could amount to an hour or more daily that a particular employee is not working.

Such behaviour, if unchecked, can result in ill-feeling and resentment and an unsettled workforce, undermining those staff who do work to the company hours. T&A provides managers and HR with the real-time information so that any issues can be dealt with effectively and factually – and the HR team is assured that they

comply with employment legislation.

If you aren't already sold on the benefits of T&A, then the fact that staff actually like it must be a compelling reason to consider adoption.

With staff increasingly requesting a more flexible approach to working hours – for family commitments, personal study, even semi-retirement – a T&A system can support different working patterns, without it becoming an administration burden for the HR team. A self-service facility to manage absence can also be a particular time saver for the HR team.

### A more engaged, motivated workforce

Supporting your HR team and staff with the right tools could make a difference to your business, not just in efficient processes but staff wellbeing. Having T&A data at their fingertips can help your HR and management team to proactively plan staffing. Reports on days off, sickness, payroll reviews and reasons for absence are extremely useful to support 'Bradford Factor' calculations, to identify where there may be potential individual staff problems or wellbeing issues, while meeting the needs of the business.

The initial impetus to look at T&A may be to boost productivity, but it is often the transparency and a more flexible approach to work that generates the real benefits: namely, a more engaged and motivated workforce. ■

### Case studies

- The Tool Connection has recently invested in such HR software to support staff working across two sites and has found one of the biggest business benefits has been the elimination of paper-based administration systems. All staff clock in and out using the

T&A system and the working hours automatically populate the data used for the payroll, with the result that the HR team has reduced time spent on admin, and errors are minimised with one set of data.

- Cottage Delight, a UK speciality food provider that employs staff at

multiple sites, also uses a T&A system to manage staff hours through normal and peak seasons, for example Christmas. Integrating this with its payroll has resulted in flexibility to meet the business demands – and has reduced HR administration from a total of five days to just ten hours a month.



### JSA Services acquires Paysure

CHESHIRE-BASED CONTRACTOR accounting firm, Paysure, an umbrella company which specialises in the freelance and temporary worker sector, has been acquired by JSA Services, a leading provider of specialist accountancy, payroll and employment services to contractors and freelancers. This deal will be the sixth acquisition in the last two and half years for the highly acquisitive group.

### Aegon and Cofunds

AEGON HAS completed the purchase of Cofunds following regulatory approval. Commenting Adrian Grace, Aegon chief executive said: "The completion takes us a major step further in our transition from traditional life company to fully-fledged platform business. Our focus now is to help intermediaries grow their business, grow their profitability and manage their risk and costs effectively."

The first meeting of the advisory board to bring together twenty to thirty firms represent intermediaries of all varieties and sizes to guide Aegon's development was held in December. Aegon outlined its intermediary focus, platform strategy and what users can expect to see in the coming months.

### Cascade ISO accreditations

CASCADE, THE human resources software specialist, has secured ISO accreditations ISO27001 and ISO9001 which reflect the company's commitment to information security and quality control.

ISO27001 signifies a robust approach to data risk management and international information security best practice. ISO9001 recognises the quality systems that have been put in place.

Cascade's commercial director Jayne Clarke said: "These international standards act as strategic guidelines that equip organisations like ours to tackle multiple modern business challenges. This independent 'seal of approval' lends further authenticity and credibility to the strategic goals and policies that we roll out, and gives customers complete confidence in our support moving forward."

### The office

A SURVEY of 1,096 British workers by CartridgePeople.com (*The Small Office Home Office (SOHO) Workers Report 2016* – <http://bit.ly/2ibDcdP>) reveals that:

- though employees at companies such as Capital One can enjoy 'sleeping nooks' in which to take rest breaks, less than one in ten (7%) of survey respondents would like sleeping pods in their ideal office
- while Google's headquarters feature slides, basketball courts and grown up playground equipment, just 8% described them as a key component of their dream office, and
- only 8% of respondents were interested in social media office enhancements, such as the selfie booths as seen in the offices of fashion retailer, Missguided.

What workers really want are simple environmental enhancements, such as: windows that open to provide fresh air during the working day (49%); separate eating areas in which to enjoy their meals away from their desks (44%); and plants and flowers (40%).

### Pay&Benefits magazine folds

THE DECEMBER 2016 issue of *Pay&Benefits* magazine was the last published by RELX (UK) Limited. The publication had undergone several name changes since the ground-breaking subscription-based monthly newsletter *Payroll Manager's Review* – published by Tolley Publishing Ltd in the 1980s – subsumed Payroll Alliance's membership periodical *Payroll Journal* and launched as a monthly magazine.

In 2002, though the title changed to *PMR*, the publication retained much of its original historical focus on and connections with payroll. In 2007, it was rebranded as *PHR: Payroll and Human Resources* with a new direction covering a range of topics beyond payroll. Within two years, the magazine was relaunched as *Pay&Benefits* when Kavitha Sivasubramaniam was appointed as editor. The revised focus allowed the magazine to concentrate on the issues that most closely affected payroll.

### Shared parental leave take up

ACCORDING TO research (<http://bit.ly/2je2uKb>) by the Chartered Institute of Personnel and Development (CIPD), just 5% of new fathers and 8% of new mothers have taken up shared parental leave (SPL) since its introduction in April 2015.

One fifth (21%) of the 1,050 senior human resources professionals surveyed for the report said they had received requests from male employees to take SPL.

The research attributes low take-up rates in part to a lack of affordable childcare for children up to the age of two.

The report urges employers to offer more family-friendly policies and benefits, such as flexible working. Only 30% of those surveyed said their organisation actively promotes flexible working options to employees who have caring responsibilities, and 11% said their company has a childcare policy that covers the range of support available to working parents.

Rachel Suff, employment relations adviser at the CIPD, said: "[T]he complexity of the rules and the financial gap between statutory maternity pay and statutory shared parental pay in the early weeks are clearly outweighing these positives in reality for many."

Extending SPL to cover grandparents is seen by 25% of respondents as a step too far. Sarah Jackson, chief executive of Working Families, commented "Extending it to grandparents, as the government has proposed, is a red herring that will further complicate and undermine the policy's intention – to encourage fathers to share care of their new baby."



# Is your business ready for a HMRC inspection?

Adam Reynolds, chief executive officer of webexpenses, explains why digital expenses management systems are important



Receiving a visit from a team of HM Revenue & Customs (HMRC) inspectors is one of those events that can make even the most battle-hardened of payroll professionals feel slightly queasy.

It may take the form of a routine tax audit or it may be an investigation resulting from something that has triggered suspicion about your company's tax returns.

Either way, it's an unsettling time for any organisation, with the risk of back-payments and fines for any tax compliance breaches they find. If it's a serious breach, it could even lead to a prosecution.

No matter how scrupulous you have been, there's always that fear about what may be uncovered as auditors forensically pick through your paperwork. And one area they will pay particular attention to, is the way your organisation handles employee expenses.

It's a complex area and one where compliance is often more about interpretation than a binary right or wrong.

This is why it's important to keep in mind that the inspectors are looking at the macro as well as the micro of your expenses regime. They will take an overview of the end-to-end process that you have in place to manage employee expenses.

They want to see evidence that you have an enforceable expenses policy, an effective approvals process, a robust system of checks and balances and fastidious record keeping.

This is why digital expenses

management systems are such an invaluable asset when it comes to handling a tax inspection. When used effectively, they can provide everything an organisation needs to tick all of the HMRC boxes.

Rather than an expenses policy being a static document at which employees may occasionally glance, a digital system allows it to become an active part of their workflow.

***...can minimise the risks an organisation is exposed to during an investigation...***

The systems provide employees with automatic policy notifications and confirmation checks as they're going through the process of making a claim. They can also check, in real-time, if the claim is within policy or if it breaches any pre-defined limit. If it does, the claim can be rejected or it can trigger an alert for further investigation.

But it doesn't matter how compliant or effective your expenses regime is, if you don't have the accurate documentation to prove it to the auditors. This is a key benefit of using digital expenses management.

It not only records every aspect of a claim – i.e. the who, why, what, where and when – but also each stage of the approval process. It provides evidence that

each claim has been through the correct procedures.

The accurate data that's generated is particularly effective at removing some of the typical trouble spots during an inspection, namely business mileage and petty cash. Instead of relying on employee 'guesstimates' for mileage, a digital system uses a smartphone app to track the exact route and distance via global positioning system technology.

And while much of the petty cash process was previously undocumented, a digital system allows it to be integrated into the main expenses system – providing the same level of monitoring, checks and record keeping.

All of this information helps to provide proof that your business has taken all reasonable steps to ensure that expenses are legitimate and compliant.

A digital system can minimise the risks an organisation is exposed to during an investigation but it should not lead to complacency. Just like any tool, it's only effective if it's used properly.

An organisation with poor documentation and little way of showing what checks were made is liable to attract significantly more suspicion than a company which can produce rigorous records.

So, rather than removing the fear of an inspection, a digital expenses management system can be thought of as a way to positively channel that trepidation. It can ensure that next time the Inspectors arrive, the experience is no more fraught than it needs to be. ■



# GDPR and the payroll industry

**Beverley Flynn, head of data protection, and Ayesha O'Connor, associate, at Stevens & Bolton LLP set out some of the key changes for the payroll industry**



**T**he new European Union (EU) General Data Protection Regulation (GDPR) will apply from 25 May 2018, imposing stringent requirements on organisations both in and outside the EU that collect, store, use, process and share 'personal data', including employee data.

The GDPR will replace the existing regime based on the EU Data Protection Directive, and there are several new concepts and requirements which could have an impact for payroll service providers, both in their capacity as data controllers and data processors.

● **New obligations on outsourced processors** – Notably, the new rules will apply not only to businesses that control the use of personal data (such as organisations in respect of their own employee data), but some obligations will also extend to data processors (those processing data on behalf of employers, such as outsourced payroll processors). Data processors will need to comply with certain requirements and face fines if they do not. Consequently, the legal framework for outsourced payroll processors is set to become more onerous.

● **Accountability** – The general requirement for data controllers to register with the regulator and pay a fee will be replaced with an 'accountability' principle, whereby they will need to demonstrate compliance with the rules. In particular, they will need to:

- adopt internal policies and procedures, which are reviewed frequently
- keep records of processing activities (some organisations with under 250 employees will be exempt)
- depending on the type of processing, appoint an expert data protection officer (DPO) who will aid compliance with relevant obligations and liaise with the regulator and individuals where necessary (see below)
- implement a privacy by design and default approach to processing, so that

processing of personal data is properly considered and appropriate in each context, and

○ conduct privacy impact assessments which consider the risks of processing and how they can be mitigated.

Some requirements, for example the need to appoint a DPO, will also apply to data processors.

● **Mandatory notification of breaches** – Data controllers will need to report certain personal data breaches to the regulator and affected individuals. Notifications to the regulator must normally be made within 72 hours. Data processors will need to notify the data controller of breaches without undue delay.

## Do you need to appoint a DPO?

Under the new rules, public authorities and certain organisations (that regularly and systematically monitor data subjects or process sensitive personal data, including that relating to criminal convictions and offences, on a large scale) will need to appoint a DPO with 'expert' knowledge of data protection law and practice. As a result, payroll processors offering services to public authorities may need a DPO but this should become clearer once the regulators publish further guidance. In any event, it is likely the voluntary use of DPOs will become more prevalent and could assist with compliance.

As the DPO would need an appropriate understanding of the new regime, organisations should start considering whether existing personnel suit (with training) or whether an external hire will be required. The former may be preferred from a cost perspective, but will only be feasible practically if the DPO can balance the role with their other duties.

Once appointed, the DPO must perform their duties independently and not be dismissed or penalised for doing their job. Where appointing DPOs voluntarily,

organisations should recognise these mandatory rights could apply and take care when scoping the role.

## Increased penalties

Obligations under the rules will be backed by new and larger fines for both data controllers and data processors (including outsourced payroll processors). The maximum fine will increase to £20 million or 4% of annual worldwide turnover in the previous year, whichever is higher. This represents a significant increase to the current maximum penalty in the UK of £500,000 and should be borne in mind when negotiating new contracts.

## Preparing for implementation

Increasing awareness across the workforce, from the top down, will be crucial ahead of implementation in May 2018. From a risk mitigation perspective, some first steps for payroll processors comprise the following:

- Undertake a review of current data protection practice, identifying any deficiencies. The UK regulator, the Information Commissioner's Office, has published guidance which aims to help businesses prepare.
- Start reviewing data processing provisions in any standard contracts, as these may need to be updated. Starting early, and considering how any additional risk and costs of increased compliance will be allocated, could give payroll processors a head start in future negotiations.
- Determine whether the organisation acts as data controller or only as data processor in respect of any client personal data. Under the new rules, data processors who exceed their authority (for example, use personal data for their own purposes) could unwittingly become data controllers or joint data controllers with their clients and expose themselves to greater liability, so procedures will need to be put in place to prevent this. ■

# DON'T PANIC

## *Your best payroller has just resigned*

Karen Booker, head of payroll for Dimensions, offers some advice when encountering this scenario



So, your best payroller has resigned, but don't panic (well, not just yet). Firstly, don't let them see that you want to pull your hair out and bash your head against the wall. Try and find that rational calm demeanour for conveying positive messages: 'congratulations', 'tell me about your new role', 'it sounds like a great move for you', etc.

And remember, this is an opportunity for you to bring in new ideas and someone who will make some improvements and challenge the status quo. As a manager you can mould them to how you want them to be working; all those annoying traits of their predecessor will be gone and you can get things done just how you want them to be.

Your thoughts should turn to finding a replacement, the recruitment process, interviewing, training. How are you going to get another person just like the one who has resigned? The truth is you won't; so here's a plan...

You want someone who can or has potential to do the job and has the right attributes for the team, the company and to work with you. You don't want someone who is going to rock the boat too much, but will gently shove it when you need them to, and who is your advocate. (And no, you can't recruit a clone of yourself.) Write an advertisement and job description according to the role.

● **'Payroll assistant – GCSEs and some office experience'** – This is a role for someone who wants a career in payroll, may have just left school or may be either trying to get back to work after a career break or looking for a new direction. To me this is entry level payroll. The person specification for shortlisting is vital: if you make it too generic then you will really

struggle to shortlist as everyone will have the essential criteria, and if you make it too specific then you won't be shortlisting anyone.

For an entry-level payroll job, the person specification will be more general; any payroll experience will not be essential as the salary will be low.

**...person specification might be 'ability to maintain confidentiality', so candidates should demonstrate this...**

You are going to get a lot of applications, as there are a lot of people out there with office experience. So, you are looking for other attributes and looking to invest in someone and teach them the trade. Confident, not arrogant, personable, a willingness to learn and someone who seems genuinely interested in the role and the business.

Payroll knowledge is not all that important at this level, but still they are applying for a payroll role, so there is no harm in setting them a short fifteen-minute exercise to see what they know. My first question is always what does 'PAYE' stand for, because the majority should be able to get this right. Other questions you might ask someone applying for an entry level payroll post could be 'What form do you give to an employee when they leave employment?'

As candidates must have 'office experience', this links to an interview

question about how they would maintain confidentiality in an office environment. An essential criterion in the person specification might be 'ability to maintain confidentiality', so candidates should demonstrate this in their application. If they don't, they haven't read what is required so you don't need to shortlist them.

● **'Payroll administrator – Payroll experience essential'** – You need someone to come in and at least know the basics of payroll. They should breeze through 99% of the exercise at interview, and demonstrate actual payroll processing experience, not just sending the payroll to a bureau for someone else to process. This will show when they do the exercise, and you can ask probing questions at the interview stage to check they know what they are talking about. If you trip them up during interview, wrap it up and move on. This can easily happen when you ask questions about the qualifications they claim have on their CV.

### **Payroll attributes**

What are the attributes a good payroller has? Well, it's someone who: gives you confidence that they can handle the job; is calm, collected, smart and personable; is organised, can prioritise with a 'can-do' positive attitude and a willingness to learn; pays attention to detail, and is accurate.

Can you envisage them working in a team and answering calls from customers? Your credibility and reputation rests partly on their shoulders.

When you ask them a question you don't want them to bow their head and mutter under their breath; instead, you want them to look you in the eyes and answer. ■





## Confessions of a payroll manager – In an emergency, hyperventilate!

**A**nother episode in a series of occasional yet insightful / inciteful, anonymous and whimsical reports revealing the arcane, weird and sometimes torturous world of payroll frequented by payroll professionals.

I'm writing this from my sick bed, safe and sure in the knowledge that my team are equipped and ready to cope without me for a bit. How can I be so sure? Well, we had the mother of all dress rehearsals for staff absence just a few days ago.

In payroll, as in most office environments, you get into a routine. You have a plan in your head of what needs to be done each day: your team comes in, you exchange greetings and opinions on the latest *Strictly come dancing* scores (before Stevie flounces off in a huff because no-one else agrees with him that it was a definite ten) and then you set to work.

But that didn't happen last Monday as I got three sad, sniffly phone calls from Evie, Jace and Harry all letting me know they were too poorly to come in. After doing my motherly thing and suggesting copious amounts of hot squash, warm blankets and viewing *Homes under the hammer*, panic set in. I was three members of staff down on payroll cut-off day and there was a mountain of processing to do that suddenly looked like some kind of paper-based demon ready to eat me whole!

When I'd finished hyperventilating – and Tom had set me up with a mug of hot chocolate and a big hug – I thankfully remembered that after a similar situation happened a few years ago when Mr Crumbitt had 'treated' us all to a water-sport extravaganza team away day resulting

in three cases of flu, one broken arm and six weeks of therapy, I had written a contingency plan.

I found the aforementioned plan in a creased plastic folder in my bottom desk drawer nestled between half a packet of soggy Ryvitas (from the team's ill-advised 'slimathon' three years ago) and several unopened packets of Mr Crumbitt's most extravagant experiments (including one that appeared to be glowing green and emitting tiny squeaking sounds). Despite the plan being several years old the first number I'd noted for 'emergency payroll staffing' still worked and I was put through immediately to a sympathetic, nasal-voiced lady called Sandra who called me 'duckie' repeatedly and assured me "Margaret and Ben" were their star performers and would "sort you all out in a jiffy...duckie".

However, after the initial sense of relief doubts began creeping in. How good would they be? How could I show them what needed to be done while simultaneously cracking on with my own work? What if they'd never seen anything like Sidney (our system) before? What if they didn't like biscuits or me? By the time I'd finished another bout of hyperventilating and been treated to yet another hot chocolate and hug combo (I really do love Tom), Margaret and Ben had arrived and like some 21st century knights on pushbikes they set to work rescuing me from the processing demon.

Turned out they'd both used the system before and actually showed me some nifty shortcuts that I'll definitely be passing on to the rest of the team at the next huddle. Within an hour of them arriving a pleasing quiet descended, marred only by the sound of nimble, confident fingers hitting keys, the

occasional slurp of a coffee being drunk and the all-too-familiar sound of a dunked biscuit losing its fight for integrity and splashing into a mug of tea.

Ben proved himself to be fantastic cover for Evie and took over phone enquiry duties with real flair. He even handled Gerald's annual complaint about his overtime not being enough with confidence and imagination, setting Gerald's mind at rest while also distracting him with an entertaining conversation about peas and the merits of mashing them.

Finally, just an hour later than I'd initially planned, the work was complete, the demon slayed and with barely a murmur, Margaret and Ben departed leaving myself and Tom dazed at our desks wondering if that day had actually happened.

The following day the team came back to work without a sniffle remaining. We regaled them with tales of the legendary Margaret and Ben and also made a team decision to update the contingency plan at the next away day. By Tuesday afternoon it was if they'd never been away, but the sound of Evie sneezing made sure that I didn't get complacent too fast.

That sneeze was the beginning of my cold. So I find myself here – hot squash, blankets and daytime TV activated – and confident that my team will be fine without me. And if not – there's always Margaret and Ben!

Stay warm folks (and may all your squash be hot). ☐

**The Editor:** Any resemblance to any payroll manager or professional alive or dead, or any payroll department or organisation whether apparently or actually portrayed in this article is simply fortuitous.

# Useful contacts

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The CIPP offers a global consultancy service for organisations wishing to undertake a global payroll project. We are able to offer experienced and impartial advice on:

1. What global payroll is
2. How to select and implement a global payroll solution
3. How to move it to shared services and potentially outsource

We will also advise on how to use analysts and advisors, and how to select an implementation partner.



## Compliance and quality standards

### Payroll Assurance Scheme (PAS) and Payroll Quality Partnership Scheme (PQP)

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The CIPP Payroll Assurance Scheme (PAS) provides organisations with assurance that the payroll processes in place are fit for purpose and comply with government legislation. It also ensures that suitable processes are in place for preparing for legislative and organisational change.

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## Fully managed outsourced payroll services

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Capita is the most experienced provider of multi process HR & Payroll Shared Service Outsourcing in the UK with over 25 years' experience with an excellent track record of implementation and delivery. Our organisation is dedicated to delivering quality & value to clients through tailored solutions and service levels that enable businesses to focus on their own objectives; change, efficiency, innovation, growth & profitability. Capita services include Payroll, HR, Recruitment & Employee Engagement Outsourcing.



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## OneSource Virtual

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Website: www.onesourcevirtual.com

OneSource Virtual offers Managed UK Payroll Services that reduce administrative burdens and allow you to reclaim internal resources for more strategic projects. As a Workday Service Partner, our multinational payroll services are exclusive to Workday customers. By operating within your Workday application we become an extension of your organisation, lowering risk and reducing failure points. Delivered by experienced UK payroll professionals who are also Workday Experts, our service levels are designed for flexibility and control.

**onesource**  
VIRTUAL

## Sage (UK) Ltd

4 Witan Way, Witney, Oxon OX28 6FF  
Tel: 01993 862181 Fax: 01993 709300  
Email: snowdropkcs@sage.com  
Website: www.sage-snowdropkcs.co.uk

Sage UK has brought together Snowdrop (HR) and KCS (Payroll) to deliver best-of-breed HR and Payroll software and outsourced services to larger organisations across the UK. Our award winning Payroll software offers the full breadth of functionality, alongside compliance with UK, Republic of Ireland, Isle of Man, Guernsey and Jersey legislation. As a highly flexible and scalable solution it can be delivered as either an in-house or outsourced solution, catering for 5-50,000 employees.



## Global payroll

### The Chartered Institute of Payroll Professionals

Goldfinger House, 245 Cranmore Boulevard, Shirley,  
Solihull, West Midlands, B90 4ZL  
Tel: 0121 712 1000 Fax: 0121 712 1001  
Email: consult@cipp.org.uk  
Website: www.cipp.org.uk

The CIPP offers a global consultancy service for organisations wishing to undertake a global payroll project. We are able to offer experienced and impartial advice on:  
1. What global payroll is  
2. How to select and implement a global payroll solution  
3. How to move it to shared services and potentially outsource

We will also advise on how to use analysts and advisors, and how to select an implementation partner.



## Integrated payroll and HR

### ADP

Syward Place, Pyrcroft Road, Chertsey,  
Surrey KT16 9JT  
Tel: 0800 180 4994 Fax: 01932 597 075  
Email: sales@adp-es.co.uk  
Website: www.uk.adp.com

At last, a total solution for payroll, human resource and time & attendance from a single supplier. With the underlying technology all owned and developed by ADP, our solutions deliver an integrated approach from 'punch in' to 'payslip'. Paying 33 million people every payday and supporting 26 million time and attendance users, ADP is a proven and trusted supplier offering you a single point of support and one point of responsibility, us!



### Bond HR & Payroll Software

Warwick House, 48 Collingwood Road, Witham,  
Essex CM8 2DZ  
Tel: +44 (0)1376 519413 Fax: +44 (0)1376 520471  
Contact: Joanne Ward  
Email: info@bondhr.com  
Website: www.bondhr.com

Bond HR & Payroll Software, a division of Bond International Software (UK) Limited, is a leading provider of Payroll, HR and Time & Attendance software with 30 years experience. Bond Teamspirit's modular software can be implemented as standalone or fully integrated, operating from a single database. Our range of solutions can also be delivered in a way which best suits your business - in-house, outsourced or on a hosted basis. Choose from Payroll, HR, Time & Attendance, P11D and Recruitment and web-based Manager/Employee Self Service and eApply.

**BOND**  
**teamspirit**

### Carval Computing Ltd

Interchange Business Centre, Howard Way, Interchange  
Park, Newport Pagnell MK16 9PY  
Contact: Sales team  
Tel: 01908 787700 Fax: 01908 787750  
Email: sales@carval.co.uk  
Website: www.carval.co.uk

Carval HR Unity is a range of highly flexible, integrated software for HR and Payroll professionals that reduces administration, automates processes and provides easy access to accurate information. All solutions combine powerful reporting tools with ease-of-use. Benefit from over 20 years' experience, first-class support from qualified professionals who understand your business needs and data integration services. HMRC-accredited.  
**HR • TRAINING • E-RECRUITMENT • SELF-SERVICE • PAYROLL • T&A • TIMESHEETS • ACCESS CONTROL**



### Cascade Human Resources Ltd

New Pudsey Court, 101A-103 Bradford Road  
Pudsey, Leeds LS28 6AT  
Tel: 0113 255 4115 Fax: 0113 255 9073  
Contact: Andy Court  
Email: andy.court@cascadehr.co.uk  
Website: www.cascadehr.co.uk

We supply our own integrated HR and Payroll solutions that use the very latest Microsoft technologies such as .NET. Our solutions stand out because they are process driven, business effective, proactive and adaptable. We have recognised that HR and Payroll departments needed systems that deliver features rich with opportunity rather than just a database with reports. We call it a 'doing' system. This means that rather than just a database Cascade is an extra member of your team.



# Useful contacts

## Cintra HR & Payroll Services

Computer House, 353 High Street  
Gateshead, Tyne and Wear NE8 1ET  
Tel: 0191 478 7000 Fax: 0191 478 6060  
Contact: Nham Lee Email: sales@cintra.co.uk  
Website: www.cintra.co.uk

Cintra offers a uniquely customer focused approach combined with a robust, flexible and evolving mix of software and services tailored to meet your organisational requirements. With its broad customer portfolio covering both public and private sectors along with highly trained, experienced and motivated staff, Cintra offers the natural choice for Payroll and HR solutions in the UK. If you are looking for a long term partnership where solutions, in-sourced or out-sourced, are tailored to your individual needs with no hidden costs why not give Cintra a call, the friendly face of Payroll and HR.



## Frontier Software

63 Guildford Road, Lightwater, Surrey, GU18 5SA  
Tel: 0845 3703210 Contact: Sales Department  
Target Employee Range: 50+  
Email: sales@frontiersoftware.co.uk  
Website: www.frontiersoftware.com

chris<sup>21</sup> features a versatile and functional Payroll Management solution featuring comprehensive payroll rules to meet statutory compliance, stringent payroll requirements and extensive auditing and security facilities. chris<sup>21</sup> will also allow seamless integration with an organisation's HR function and is continually enhanced and updated to keep abreast of business and government legislative changes. Additional modules include Time & Attendance, Employee/Manager self service, Learning and Development, Recruitment, expenses and health & safety. Frontier Software is accredited to PAYE Recognition Scheme, ISO27001 and ISO9001:2000 and BACS approved.



## Intelligo

78 York Street, London, W1H 1DP  
Tel: 0800 0390116 Fax: 0800 0390117  
Contact: Fiona Cullinane  
Email: sales@intelligosoftware.co.uk  
Website: www.intelligosoftware.co.uk

Intelligo is a leading provider of corporate Human Resource and Payroll Software and Services with clients ranging from 500 to 20,000+ employees. Megapay, Intelligo's owned and developed payroll system integrates seamlessly with MegaHR, a web-based Human Resource solution. Built on a shared database this allows for accurate sharing of information between Payroll and Personnel, ensuring key employee data is entered once. Megapay and MegaHR are available to purchase as either an On Premises installed solution or on a SaaS basis. Additional modules include Employee/ Manager Self Service, Training, Recruitment, Consultancy, plus much more.



## MHR

Ruddington Hall, Ruddington, Nottingham NG11 6LL  
Tel: +44 (0) 115 945 6000 Fax: +44 (0) 115 940 5286  
Email: info@midlandhr.co.uk  
Website: www.midlandhr.com

MHR, formerly MidlandHR, specialises in helping organisations to understand, equip and take care of their people to ensure focus, motivation and high performance. We provide tools needed to embrace operational and strategic challenges, covering talent management, HR, payroll and business analytics.

SOFTWARE | OUTSOURCING | CONSULTANCY | ANALYTICS



## Miracle Dynamic Solutions Ltd

Miracle House, 12 Miller Court, Severn Drive, Tewkesbury,  
Gloucestershire, GL20 8DN  
Tel: 0845 634 5015  
Email: sales@miracle-dynamics.com  
Website: www.miracle-dynamics.com

Miracle Dynamics is the leading provider of Payroll and HR solutions for Microsoft Dynamics NAV and AX. Our HMRC recognised solutions can address the most complex HRM information management requirements with our sophisticated functionality. Today our solutions are run by over 1,000 companies worldwide from below 50 to over 40,000 employees, in a diverse range of sectors including construction, leisure, retail, recruitment, umbrella, IT, manufacturing and many more.



## NGA Human Resources

Peoplebuilding 2, Peoplebuilding Estate, Maylands Avenue  
Hemel Hempstead, HP2 4NW  
Email: hrsolutions@ngahr.com  
Tel: 0800 035 0545  
Website: www.ngahr.co.uk

NGA ResourceLink is the HR and payroll platform of choice for hundreds of UK organisations of varying sizes across a range of industry sectors. Like them, you will find that it has the tools you need to attract, recruit, develop, empower, retain and reward the best people. Available on premise, via the cloud or as an outsourced service, NGA ResourceLink is a proven solution for reducing costs, saving time and improving effectiveness across your HR and payroll functions.



## Pyramid HR Ltd

Holly Farm Business Park, Honiley, Kenilworth, Warks CV8 1NP  
Tel: 01926 485085 Fax: 01926 485069  
Contact: Mark Franklin Email: sales@pyramidhr.co.uk  
Website: www.pyramidhr.co.uk

Pyramid HR Ltd offers a sophisticated payroll/HR System. Running on Microsoft SQL, the single database architecture means seamless interfacing between all available modules. Pyramid is a key provider of systems to all sectors of employment including local authorities to companies exceeding 20,000 employees.



## Sage (UK) Ltd

4 Witan Way, Witney, Oxon OX28 6FF  
Tel: 01993 862181 Fax: 01993 709300  
Email: snowdropkcs@sage.com  
Website: www.sage-snowdropkcs.co.uk

Sage UK has brought together Snowdrop (HR) and KCS (Payroll) to deliver best-of-breed HR and Payroll software and outsourced services to larger organisations across the UK.

The Sage HR & Payroll software suite, SnowdropKCS, comprises a wide range of modular tools that address everything from recruitment, personnel and payroll, through to training administration, performance management and employee self-service. Each module is available either integrated or standalone, to suit your individual requirements.



## Payroll bureaux

### ADP

Syward Place, Pyrcroft Road, Chertsey, Surrey KT16 9JT  
Tel: 0800 180 4994 Fax: 01932 597 075  
Email: sales@adp-es.co.uk  
Website: www.uk.adp.com

As the largest payroll service provider in the world, and with 60 years industry experience, ADP offer a range of bureau payroll services to suit your business size, from 1 to 10,000+ employees. With solutions for payroll, time and attendance and HR, including a Background Check service, ADP can help you streamline your processes, allowing your staff to focus on core business activities.



A more human resource

### Bond Payroll Services

Suite 6, Gatwick House, Peeks Brook Lane, Horley,  
Surrey RH6 9ST  
Contact: Robert Cooper  
Tel: +44 (0) 1293 789 940 Fax: +44 (0) 1903 707080  
Email: payroll@bond.co.uk  
Website: www.bondpayrollservices.co.uk

Bond's Bureau Payroll Service provides the benefits of outsourcing the day-to-day running of payroll activities, whilst still retaining an in-house payroll system and complete control. The bureau solution from Bond Payroll Services provides the benefits of a dedicated team of experienced, qualified professionals and the latest technology, whilst eliminating the upfront costs associated with software licence fees and maintenance. Bond Payroll Services is part of Bond International Software (UK) Ltd.





## Cintra HR & Payroll Services

Computer House, 353 High Street  
Gateshead, Tyne and Wear NE8 1ET  
Tel: 0191 478 7000 Fax: 0191 478 6060  
Contact: Nham Lee Email: sales@cintra.co.uk  
Website: www.cintra.co.uk

Cintra offers a uniquely customer focused approach combined with a robust, flexible and evolving mix of software and services tailored to meet your organisational requirements. With its broad customer portfolio covering both public and private sectors along with highly trained, experienced and motivated staff, Cintra offers the natural choice for Payroll and HR solutions in the UK. If you are looking for a long term partnership where solutions, in-sourced or out-sourced, are tailored to your individual needs with no hidden costs why not give Cintra a call, the friendly face of Payroll and HR.



## Frontier Software

63 Guildford Road, Lightwater, Surrey, GU18 5SA  
Tel: 0845 3703210 Contact: Sales Department  
Target Employee Range: 50+  
Email: sales@frontiersoftware.com  
Website: www.frontiersoftware.com

Frontier Software's payroll service is tailored to each organisation as we understand that each has its own requirements. From bureau to fully managed, we offer security and backup to ensure a smooth and confident payroll operation. We are auto-enrolment and Real Time Information ready.  
• **Dedicated experienced payroll team** • **Accurate, flexible and reliable service** • **Business disaster recovery** • **UK Processing centres**  
• **BACS approved bureau** • **PAYE Recognition Scheme accredited**



## Intelligo

78 York Street, London, W1H 1DP  
Tel: 0800 0390116 Fax: 0800 0390117  
Contact: Frances McDonald  
Email: sales@intelligosoftware.co.uk  
Website: www.intelligosoftware.co.uk

Intelligo's tailored payroll service, Intellipay, encompasses everything from a basic bureau service to a fully managed payroll solution where we **become** your payroll department. For a **fixed monthly fee** we process your payroll using our own renowned payroll software, Megapay. Our solution comprises:  
• Full payroll processing including all statutory returns • Extensive Suite of Payroll Reports • Auto Enrolment and RTI compliant • Allocated, Highly Experienced, Payroll Specialists • Branded Employee Helpline • Employee Self Service web portal  
**Intelligo is a true Partner for your Payroll needs.**



## MHR

Ruddington Hall, Ruddington, Nottingham NG11 6LL  
Tel: +44 (0) 115 945 6000 Fax: +44 (0) 115 940 5286  
Email: info@midlandhr.co.uk  
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MHR, formerly MidlandHR, specialises in helping organisations to understand, equip and take care of their people to ensure focus, motivation and high performance. We provide tools needed to embrace operational and strategic challenges, covering talent management, HR, payroll and business analytics.

SOFTWARE | OUTSOURCING | CONSULTANCY | ANALYTICS



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## Payroll forms

### Prolog Print Media

Unit 1, Meltham Lane, Stonegravel Industrial Estate,  
Chesterfield, Derbyshire S41 7LG  
Tel: 01246 543 000 Fax: 01246 543 001  
Contact: Joanne Hawxwell  
Email: sales@prologprintmedia.co.uk  
Website: www.prologprintmedia.co.uk

Let Prolog Print Media remove your payroll printing headaches, we can provide: payroll stationery – payslips, P60s, P45s and P11Ds; pressure seal machines, printers and maintenance; outsourced payroll printing; e-payslips, payroll advertising and employee messaging; Professional advice, practical support, a refreshing way to work  
– www.prologprintmedia.co.uk



## Payroll software

### Bond Payrite

Suite 5G, Gatwick House, Peeks Brook Lane, Horley,  
Surrey, RH6 9ST  
Contact: Robert Cooper  
Tel: +44 (0) 1293 789940 Fax: +44 (0) 1293 772476  
Email: sales@bond.co.uk  
Website: www.bondpayrite.com

Bond Payrite is a comprehensive payroll solution that has been servicing the needs of payroll professionals for 30 years. With rich functionality backed up by dedicated support and consultancy services, Payrite is a popular choice for all types of organisations, from small payroll departments to busy bureaux, commercial and public sector operations. Payrite's inbuilt flexibility easily interfaces with many HR/finance packages.  
Customers can be confident that Payrite fulfils all RTI requirements and ensures a seamless transition for auto enrolment.



## Cintra HR & Payroll Services

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Gateshead, Tyne and Wear NE8 1ET  
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## Frontier Software

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Tel: 0845 3703210 Contact: Sales Department  
Target Employee Range: 50+  
Email: sales@frontiersoftware.com  
Website: www.frontiersoftware.com

Frontier Software, a leading provider of integrated HR and Payroll solutions, offers total integration across all modules. The easy to use and versatile products meet the ever changing needs of Human Resource and payroll management to organisations in the UK and worldwide. chris<sup>21</sup> is continually enhanced and updated to keep abreast of business and government legislative changes. Additional modules include Time & Attendance, Employee/Manager self service, Learning and Development, Recruitment, expenses and health & safety.  
Frontier Software is accredited to PAYE Recognition Scheme, ISO27001 and ISO9001:2000 and BACS approved.



# Useful contacts

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Tel: 0800 0390116 Fax: 0800 0390117  
Contact: Fiona Cullinane  
Email: sales@intelligosoftware.co.uk  
Website: www.intelligosoftware.co.uk

Intelligo's flagship payroll product, Megapay is the Number 1 payroll system choice for corporate organisations and public sector. Megapay is used throughout every major industry from Manufacturing, Telecoms, Top 5 Accounting Firms, Government Departments, etc., with clients ranging from 500 to 20,000+ employees. As a Certified Workday Partner, the system fully integrates with Workday. In addition, Megapay also interfaces with leading T&A and Financial applications. Megapay is available to purchase as either an On Premises installed solution or on a SaaS basis.

**RTI • Auto-Enrolment • HMRC Integration • Statutory Payment Processing  
• Employee Self Service • HR Integration**



## NGA Human Resources

Peoplebuilding 2, Peoplebuilding Estate, Maylands Avenue  
Hemel Hempstead, HP2 4NW  
Email: hrsolutions@ngahr.com  
Tel: 0800 035 0545  
Website: www.ngahr.co.uk

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## Sage (UK) Ltd

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Tel: 01993 862181 Fax: 01993 709300  
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## Payroll training and qualifications

### The Chartered Institute of Payroll Professionals

Goldfinger House, 245 Cranmore Boulevard, Shirley,  
Solihull, West Midlands, B90 4ZL  
Tel: 0121 712 1000 Fax: 0121 712 1001  
Email: info@cipp.org.uk  
Website: www.cipp.org.uk

CIPP is the leading provider of education in the payroll, pensions and reward industries, delivering qualifications from apprenticeship level through to MSc. A variety of excellent payroll, pensions and reward training courses are also held nationwide throughout the year.



## Payslip distribution and archiving

### DocSafe Limited

DocSafe Limited, 38 Mill Street, Bedford MK40 3HD  
Contact: Daniel Stachowiak  
Tel: +44 7792970679 Skype: d\_stachowiak  
Daniel Stachowiak, Founder  
Website: www.mydocsafe.com  
Twitter: @MyDocSafe

MyDocSafe is a secure document management solution that automates the process of distribution and filing of payslips, employment contracts, option agreements, pension statements, etc. We provide employee portals where the employees own their data rather than the employer. This powerful feature cuts employer's costs and improves employee satisfaction and productivity. We integrated our service with email (to file documents automatically), electronic signature (to legally sign documents), and payroll software (to automate document distribution and archiving).



## Professional bodies

### The Chartered Institute of Payroll Professionals

Goldfinger House, 245 Cranmore Boulevard, Shirley,  
Solihull, West Midlands, B90 4ZL  
Tel: 0121 712 1000 Fax: 0121 712 1001  
Email: info@cipp.org.uk  
Website: www.cipp.org.uk

CIPP's purpose is to elevate the standing of the payroll, pensions and reward professions. The Institute has education and business services subsidiaries offering end-to-end resources including the recruitment of quality personnel, benchmark qualifications and training courses. The Institute works closely with government to ensure the practical implementation of relevant legislation.



## Recruitment agencies

### Payroll Elite Ltd

Tribec House, 58-60 Edward Road, New Barnet  
Herts, EN4 8AZ  
Tel: 0203 815 7064  
Email: vacancies@payrollelite.co.uk  
Website: www.payrollelite.co.uk  
Twitter: @payrollelite LinkedIn: payroll elite

Payroll Elite have been specialising in providing payroll personnel for the past 20 years within the private and public sectors. As a highly reputable consultancy and major contributor in the world of payroll recruitment, we offer comprehensive contract and permanent recruitment services by pre-selecting candidates that match the clients' needs and requirements. All candidates are referenced and interviewed prior submission to client.



### Hays Payroll Management

St Philips House, 4 St Philips Place, Birmingham  
West Midlands B3 2SL  
Tel: 0844 778 2376 Fax: 020 7068 5319  
Email: helen.livesey@hays.com  
Website: www.hays.co.uk

Hays Payroll Management recruits across a range of UK industries and specialises in placing professional experts into payroll jobs. With a national network of offices and expert consultants who have an in-depth knowledge of how the busy payroll environment works, our consultants match the skills and experience of individuals with the most suitable payroll jobs and employers.



### James Gray Associates

Brewmaster House, 1 The Maltings, St Albans,  
Hertfordshire AL1 3HT  
Tel: 01727 800377 Fax: 01727 221220  
Email: jga@jgarecruitment.com  
Website: www.jgarecruitment.com  
Twitter: @jgarecruitment

James Gray Associates specialise in Payroll, HR and Reward recruitment, supplying permanent, contract and interim professionals for vacancies across the UK, Europe and Asia. JGA offer a professional, bespoke and responsive recruitment service and are delighted to offer CIPP members 20% discount off standard terms. With 12 years average payroll recruitment experience per consultant and industry leading client servicing and candidate sourcing techniques including social media - JGA recruit better talent faster.





## Oakleaf Partnership

4th Floor Norfolk House, 13 Southampton Place,  
London WC1A 2AL  
Tel: 0207 220 7030  
Email: [enquiries@oakleafpartnership.com](mailto:enquiries@oakleafpartnership.com)  
Website: [www.oakleafpartnership.com](http://www.oakleafpartnership.com)

Oakleaf Partnership is the UK's leading specialist in HR and Payroll recruitment. Our dedicated team of payroll recruitment specialists source payroll talent across industry and at all levels from Payroll Administrator to Global Head of Payroll, BAU or major implementation – we provide a niche, tailored service to all our customers. Working with a broad range of client we are able to support recruitment needs both nationally and internationally, temporary and permanent.



## Portfolio Payroll

New Liverpool House, 15 Eldon Street,  
London EC2M 7LD  
Tel: 020 7247 9455 Fax: 020 7256 5421  
Email: [recruitment@portfoliopayroll.com](mailto:recruitment@portfoliopayroll.com)  
Website: [www.portfoliopayroll.com](http://www.portfoliopayroll.com)

Portfolio Payroll is a market leader and the longest established payroll recruitment consultancy in the UK. Listed in the Sunday Times Fast Track 100 twice in the past three years we are the CIPP's sole preferred supplier, recruiting payroll professionals for thousands of companies, across all industry sectors throughout the UK. Our specialist consultants provide tailored permanent, temporary and contract recruitment solutions at all levels of the market, with further divisions providing executive and public sector recruitment. For all your payroll recruitment needs call the UK's payroll recruitment specialists.



## Time and attendance

### ADP

Syward Place, Pyrcroft Road, Chertsey,  
Surrey KT16 9JT  
Tel: 0800 180 4994 Fax: 01932 597 075  
Email: [sales@adp-es.co.uk](mailto:sales@adp-es.co.uk)  
Website: [www.uk.adp.com](http://www.uk.adp.com)

ezLaborManager from ADP, the worlds largest payroll, time and attendance, and HR service provider (including Background Checks); delivers a unique and totally integrated time and labour management solution to your business, providing your managers the tools and freedom to organise the workforce more effectively. Scalable to your business, and with a range of clock in options, ezLaborManager is flexible to the needs of your business.



### Carval Computing Ltd

Interchange Business Centre, Howard Way, Interchange  
Park, Newport Pagnell MK16 9PY  
Contact: Sales team  
Tel: 01908 787700 Fax: 01908 787750  
Email: [sales@carval.co.uk](mailto:sales@carval.co.uk)  
Website: [www.carval.co.uk](http://www.carval.co.uk)

Carval HR Unity is a range of flexible, integrated software that reduces administration, automates processes and provides easy access to accurate information. T&A features include WTD monitoring, shift rotas, rostering, skills search, banked hours and tools for controlling lateness, absence, overtime, and project costs. Access control and the latest data capture methods are available. Established 1986. First-class support and data integration services.  
**HR • TRAINING • E-RECRUITMENT • SELF-SERVICE • PAYROLL • T&A • TIMESHEETS • ACCESS CONTROL**



### Frontier Software

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Tel: 0845 3703210 Contact: Sales Department  
Target Employee Range: 50+  
Email: [sales@frontiersoftware.com](mailto:sales@frontiersoftware.com)  
Website: [www.frontiersoftware.com](http://www.frontiersoftware.com)

Frontier Software's Time and Attendance solution, TA<sup>21</sup>, provides all the control and information needed to effectively manage employee attendance. Based on the 'Timesheet' principle, TA<sup>21</sup> is available with interfaces for all time attendance devices including biometric solutions, magnetic swipe cards and iris recognition. Payroll calculations and payments can then be handled directly via chris<sup>21</sup>.  
• Single or multiple sites • Real-time arrivals and departures screen  
• Multiple work patterns including 'varishift' & staff scheduling  
• Data collection terminals • Full fire point reporting • Total flexibility



## Want to be seen by the key payroll decision makers?



Professional in Payroll, Pensions and Reward is read by 26,000\* individuals every month, 75% of whom are key decision makers within their organisation.

So to ensure that your company is seen by the right people, call **0121 712 1033** or email [advertising@cipp.org.uk](mailto:advertising@cipp.org.uk) to discuss advertising opportunities.





1<sup>st</sup> March 2017  
Prolog Print Media  
name change  
to  
**Datagraphic**



**Prolog Print Media**  
Delivering Documents Differently

T: +44 (0) 1246 543000  
F: +44 (0) 1246 543001  
enquiries@prologprintmedia.co.uk  
www.prologprintmedia.co.uk

30<sup>th</sup> January 2017

## IT'S OFFICIAL

On the 1<sup>st</sup> March 2017, Prolog Print Media's name will change to Datagraphic.  
We acquired Datagraphic, our Strategic Document Outsourcing (SDO) company,  
in 2013 and now feel the time is right to become one identity.

**The change is only in the name.**

The same great people, in the same locations, will continue to deliver the employee  
communications you know and trust.

Online, you'll find a short video where I explain more:  
[www.prologprintmedia.co.uk/name-change](http://www.prologprintmedia.co.uk/name-change)

Yours sincerely,

Glyn King  
Managing Director



Prolog Print Media Ltd.  
Ireland Industrial Estate, Adelphi Way,  
Staveley, Chesterfield S43 3LS  
Registered in England. Reg No: 1215380