

PROFESSIONAL

in Payroll, Pensions & Reward

Issue 77
February 2022

Payroll, the heart of the business

Behind the scenes

Find out how software developers prepare systems ahead of the new tax year

Tax administration and maintenance day

What announcements were made that will impact the work of payroll teams?

We love payroll

Hear why payroll professionals have such passion for the industry



CIPP UPDATE

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♥“The only way to do great work is to love what you do”♥

– Steve Jobs



Editor's comment

Hello payroll professionals. Welcome to the first issue of *Professional* magazine for 2022. I hope you had a lovely Christmas.

We couldn't approach Valentine's Day – without mentioning everybody's one true love – payroll. Payroll really is at the heart of every organisation, as ensuring staff are paid both accurately and on time is key to maintaining healthy employer-employee relationships. With that in mind, this issue explores why we all love payroll (page 26) and features some heart-warming payroll love stories (page 30). Be sure to check out the hot topic this month, which centres on ensuring that payroll is recognised as an industry, and that the profession is given the

accolade it deserves (page 46). You should be proud to be payroll, I certainly am.

There have been many discussions regarding pensions over the past few months, so catch up on details of the McCloud remedy (page 32) and familiarise yourself with the latest news surrounding state pensions (page 34).

I look forward to the rest of 2022 and all the surprises and challenges that payrollers will continue to rise to.

Lora Murphy ACIPP (editor@cipp.org.uk)

Editor



Chair's message

2022 brings a new year for payroll and pension professionals and the challenges they will face, both expected, and at the current time, unknown. What we anticipate is,

that at some point, a curveball will be thrown, meaning extra work and changes for the team. Those who have already built good relationships with other departments (and with clients, for those who are client-facing), will already know how this helps to mitigate unexpected challenges. This, in turn, contributes to raising the profile of payroll within the business and with clients, as it highlights the importance of the strategic input from the department.

The impact of coronavirus has undoubtedly raised the profile of payroll; however, it doesn't stop there. We need to continuously consider ways to keep raising the profile. We have made some progress, however, there is still more to be done. If you're guilty

of getting bogged down by business as usual, take some time this month to evaluate the strategic offering that can be made by the department. This could be as straightforward as providing the business or clients with a copy of the payroll deadlines or advising who to contact with queries. It could involve reviewing service level agreements, or the production of performance reports for the business or clients, to allow them to focus on areas of concern, such as overpayments or performance of the payroll software. The BeConnected: National Forums, which are coming soon, are also an excellent way to build your payroll and pensions network.

Liz Lay MSc FCIPPDip FHEA ACIPD (liz.lay@cipp.org.uk)

Chair, CIPP



CEO's message

Here we are in 2022. I hope you achieved a relaxing break over the holiday period and managed to spend time with family and loved ones.

At the time of writing, a virus variant, omicron is causing a rapid rise of infections and bringing with it some inevitable restrictions, including back to working from home where it is safe, and people are able to do so.

I'm sure that, back in March 2020, when this all kicked off, many of us never imagined that we'd still be in the throes of this pandemic as we enter the third year. At that time, the thought of whole payroll teams and departments decamping home en masse would have been unheard of, and not even reached the conclusion of 'this is a good idea' for various operational and governance reasons. But we did it, and we continue to do so, and that is a credit to all professionals continuing to pay the UK.

In an important change of subject, February once again sees

the election opening for two new directors to the CIPP board. As usual, we had many members wishing to put themselves forward for election. I've been grateful for the support of the nominations and appeals committee, led by our independent chair, Helen Fairfoul, who, with board colleagues, met and interviewed all candidates as part of our governance process.

The successful candidates who will stand for election will be announced on 30 March 2022. Remember to use your vote.

All that remains is to wish you all a safe, but successful and prosperous 2022.

Ken Pullar FCIPP (ken.pullar@cipp.org.uk)

Chief executive officer, CIPP

Contents

February 2022

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THIS ISSUE'S FEATURE TOPIC
PAYROLL, THE HEART OF THE BUSINESS

Features



12

Tax administration and maintenance day

By Samantha Johnson



13

HMRC's stakeholder conference 2021

By the CIPP policy and research team



14

The VAT treatment of electric cars

By Peter Gladdish



16

A call for simplification of income, tax, NICs and worker status

By Justine Riccomini



17

Did you know? National minimum wage and national living wage

By the CIPP policy and research team



18

Payroll, the heart of the business

By Jerome Smail



22

Employment law round-up

By Nicola Mullineux



24

Supporting employees on paternity leave

By Danny Done



26

Why I love payroll

By payroll professionals



28

Payroll giving week

By Mervi Slade



30

Payroll love stories

By payroll professionals



32

The McCloud judgement

By Mathew Akrigg



34

What are the issues women face with their state pension?

By Henry Tapper



38

How are software developers preparing for the new tax year?

By Neil Tonks



40

Moving with the times: Moorepay's employee mobile app

By Anthony Vollmer



46

Hot topic – Payroll is at the heart of every organisation – it's time for our industry to feel the love

By Melanie Pizzey

cipp

Editor

Lora Murphy

0121 712 1018 | lora.murphy@cipp.org.uk

Advertising

Daniel Cull

0121 712 1021 | advertising@cipp.org.uk

Design

James Bartlett and Nicole Davis
design@cipp.org.uk

Printing

Warwick Printing Company Ltd

Chief executive officer

Ken Pullar FCIPP

CIPP board of directors

Jason Davenport MCIPP MloD

Louise Gray ChMCIPPdip

Stuart Hall MCIPPdip

Helen Higson ACIPP

Dianne Hoodless MSc ChFCIPP FHEA

Liz Lay MSc FCIPPdip FHEA ACIPD

Jeremy Montgomery BA(Hons) FCIPP

Carole Pearson MCIPP

Katie Sharpe MCIPPdip

Cliff Vidgeon BA(Hons) CMA ACG ChFCIPP

Clare Warrington MSc FCIPPdip AFHEA

Useful contacts

Education

education@cipp.org.uk

0121 712 1023

Events

events@cipp.org.uk

0121 712 1013

General enquiries

enquiries@cipp.org.uk

0121 712 1000

Marketing and sales

marketing@cipp.org.uk

0121 712 1033

Membership

membership@cipp.org.uk

0121 712 1073

Training

training@cipp.org.uk

0121 712 1013

cipp.org.uk

@CIPP_UK

Articles

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Regulars

01 Editor's comment, and Chair's and CEO's message

04 CIPP update
Events, news and developments

05 My CIPP
On your behalf, Advisory, CIPP climate change update

10 Personal development
Diary of a student, Apprenticeship week

12 Compliance

18 Feature topic

22 Reward

32 Pensions

35 Payroll news

36 Industry news, Movers and shakers

38 Technology

41 Wordsearch

46 Hot topic

48 Confessions of a payroll manager

Full issue including additional online content available at professionalmag.co.uk

It's good to see you again!

AS THIS is the first official issue of *Professional* for 2022, happy new year to you all. Hopefully the year has started well, and you're feeling recharged, refreshed and ready to tackle 2022 and all it brings your way.

BePayroll

WOULD YOU like to be part of our BePayroll campaign, tell the industry what you do and help us raise the profile of payroll professionals? If so, look at our new BePayroll webpage, showcasing your fellow peers and the profession. The site can be found here: <http://ow.ly/iaEv30s78jL>. You could inspire someone else to follow in your footsteps, or offer advice to others in a similar position to you.

Be proud of your career and tell the profession why you're proud to BePayroll.



BeConnected: National Forums

TO HELP you get your year off to a great start, why not join one of our BeConnected: National Forum sessions? All members can join the online dates free of charge*, and they are a great way to keep your skills and knowledge up-to-date and to network with your peers in the industry. You can book to join us online on the following dates:

- 17 February
- 28 February
- 17 March.

**All members can attend the online BeConnected: National Forums free of charge. Face-to-face BeConnected: National Forums can be attended by associate members and above.*



Market Insight Survey

THANK YOU to all of you who helped us to complete our annual Market Insight Survey throughout January. The results of the survey allow the Institute to plan for the future and ensure the products and services provided are assisting and supporting you in your careers and professional lives, as much as possible. Once the results have been analysed, the highlights will be shared in a future issue of *Professional* magazine. Once again, thank you for your time and your support.

Foundation Degree enrolments

THE FOUNDATION Degree in Payroll Management is now open for spring enrolments, as is the Recognition of Prior Learning (RPL). If you have over two years' experience in payroll, are competent in manual calculations or have successfully completed the Payroll Technician Certificate, you may be able to complete the RPL assessment and move straight onto year two of the Foundation Degree. Should you need more information, you can visit the qualifications page here: <http://ow.ly/Exrr30s78jN>, or email enquiries@cipp.org.uk to discuss the options available to you. Enrolments for the RPL assessment are taking place on:

- 5 January
- 2 February
- 2 March.

The student loan enrolment deadline for the Foundation Degree is 18 March, while the general deadline is 29 April.



Payroll Update course

DON'T FORGET that your membership allows you a 50% discount on the annual Payroll Update course. You and your team can start the year as you mean to go on, by ensuring your knowledge and skills are kept up-to-date and compliant for the year ahead. You can find out more about the Payroll Update course and how to use your 50% discount here: <http://ow.ly/Rn4S30s78k8>.



On your
behalf

UPDATE

Policy team update

The CIPP's policy and research team provides an update on recent and future activities

Hello payroll professionals, and welcome to 2022! The policy team hope you had a lovely Christmas and new year and managed to take a break over the festive period after the whirlwind year that was 2021. 2022 is already shaping up to be a busy one.

Payroll resolutions

If you follow the CIPP on any of the social media platforms we use – LinkedIn, Facebook or Instagram – you will have spotted our payroll resolutions. They were posted daily throughout January, to keep payrollers motivated in what can sometimes feel like the longest month of the year. The resolutions were designed to encourage engagement and interaction, but also to remind everyone to reflect on their achievements and accomplishments, and not to be so hard on themselves.

A big thank you to anyone who commented on, liked or shared those posts. We really enjoy hearing back from those working in the payroll profession, and the feedback was great.

BeConnected

The team have been working hard behind the scenes to shape and prepare the content for the CIPP's BeConnected events, which will take place throughout February and March. At the time of writing, due to the current situation with coronavirus, some of the face-to-face sessions have been shifted to an online format, but we are hoping we can deliver in person for the March events. We look forward to seeing you all there!

HMRC stakeholder conference

Back at the start of December 2021, members of the policy team, along with the chief executive officer, Ken Pullar, attended Her Majesty's Revenue and Customs' (HMRC's) stakeholder conference. You can read all about the fantastic hybrid event on page 13 of this month's issue of *Professional*.

Changes to the team

Just as the payroll profession is ever-evolving, so is the CIPP's policy team. The sad news is that Gemma Mullis, one of the policy and research officers, has moved on. But the great news is that she is still working for the CIPP, but in the position of end point assessment specialist. Read more on this in movers and shakers on page 36. Gemma will be missed, but we wish her every success in her new role.

Umbrella companies: a new call for evidence

On Tax Administration and Maintenance Day (TAMD), the government published a call for evidence (CfE) focussing specifically on how umbrella companies interact with the tax and employment rights systems. The document asks for views from stakeholders on the role these companies play in the labour market, because of concerns that have been raised. The CfE also details what action the government has already taken to try and prevent non-compliance and to improve worker protection.

You can find out more about TAMD on

page 12, and the CfE can be located here: <http://ow.ly/L5Ba30s71qE>.

The CIPP, M Group Services and Oracle joint webinar

On 25 January 2022, at 2pm, the CIPP, M Group Services and Oracle delivered a webinar which discussed current payroll trends, providing tips on best practice, particularly when considering the constant change experienced by the profession. Topics covered included the health and social care levy and national minimum wage, and discussion centred on how to ensure successful implementation of these elements of pay. There was also a focus on the importance of data and how digital transformation could assist payroll departments in adapting to changes.

Welsh government consultation on income thresholds for attachment of earnings orders

Towards the end of 2021, the Welsh government published a consultation, which centred on changes to the income thresholds for attachment of earnings orders.

The CIPP responded to this consultation, as concerns had been raised by CIPP members working within payroll software development. While the rationale behind changes to thresholds was well reasoned and carefully thought out, the implementation timeframes could cause issues with development of software if not carefully considered. The CIPP's response can be located here: <http://ow.ly/YgeY30s7Gjs>. ■

Advisory

The CIPP's **Advisory Service team** provides answers to popular questions

Q: A client wishes to pay an employee £10,000 compensation in respect of a payment for hurt feelings along with their termination payment. They have instructed us it should be processed as a tax-free payment on top of their redundancy payment. Is this correct?

A: A compensation payment in respect of injury to feelings is subject to both tax and National Insurance contributions (NICs) through the payroll – this is stipulated in section 406 (2) of the Income Tax (Earnings and Pensions Act) 2003 (ITEPA 2003). For reference, see: <https://bit.ly/3G11JiB>.

The exception to this rule is that, if the injury to feelings payment is wholly concerned with discrimination that occurred before the termination, and is therefore unrelated to the termination process, then it is not subject to tax and NICs as part of the termination package.

Q: A client has suggested that the coronavirus statutory sick pay (SSP) rebate scheme, which was recently re-introduced, is aimed solely at the hospitality industry. Can you confirm that it is not just for the hospitality sector, and that any small and medium-sized employers can claim SSP for up to two weeks per employee, regardless of their business sector?

A: The coronavirus SSP rebate scheme was re-introduced on 21 December 2021. The scheme is open to all UK-based employers,

who operate a pay as you earn (PAYE) payroll and had less than 250 employees as of 30 November 2021. The scheme is not just available to the hospitality sector, but open to all sectors. Employers can claim for up to two weeks' worth of SSP per employee who has been absent for coronavirus-related reasons, regardless of whether they have claimed for them before. For reference, see: <https://bit.ly/3q1cb31>.

Her Majesty's Revenue and Customs (HMRC) is also offering other support to the hospitality and leisure sectors, including £6,000 grants to premises, along with £100 million in discretionary funding given to local authorities.



The coronavirus SSP rebate scheme recently re-opened. Which sectors can use the scheme?

Q: We understand that a self-certification form can now cover an

employee's absence for up to 28 days. Can you confirm this is correct please?

A: To allow all general practitioners in Great Britain the opportunity to focus on and support the coronavirus vaccine booster programme, an amendment to the SSP regulations was introduced. This allowed employees to self-certify for up to 28 days for absences longer than seven days that commenced on or after 10 December 2021. The extension of the self-certification period was expected to last until 26 January 2022, at the time of writing. For reference, see: <https://bit.ly/3t3vWc3>.

Q: A former employee has contacted my client to advise they have not received their P45. Upon investigation, it was found that a P45 was issued but the individual moved house shortly before leaving the company. The client has since provided the individual with a statement of earnings; however, she is requesting a P45 as she says she never received one.

A: If the employee failed to advise the employer of their new address, and that employer has already issued form P45, a second P45 cannot be issued. There is nothing that can be done, but the employer can provide a statement of earnings upon request by the individual concerned. An employer is simply required to comply with section 36 of the

ITPEA 2003 regulations and issue a P45 when an employment ends. For reference, see: <https://bit.ly/3qSn06r>.

The individual will have to complete a new starter declaration form for their new employer. Following receipt of form P6 from HMRC, the new employer can process any previous pay and tax details. It is an employee's responsibility to provide their employer with the correct details.

Q: We would like to understand what the most recent position is regarding gender recognition in relation to the payroll function, if an employee does not hold a gender re-assignment certificate.

A: HMRC guidance states: "Once your employee tells you they plan to change gender, you can update your payroll records with their new gender and any changes to their title and name.

If you need to update both your employee's name and gender, you must report these changes in separate full payment submissions. If you don't, HMRC may create duplicate payroll records and your PAYE bill may be higher than it should be.

Once your employee has given you a copy of their new birth certificate, you should check if their change of gender affects their NI. You should also photocopy the certificate for your records and give your employee the original." For reference, see: <http://ow.ly/6qHv30s7NSb>.

Q: Our client's company pays contractual maternity pay for 26 weeks. They are aware they can reclaim 92% on 13 weeks of statutory maternity pay (SMP), and also wish to reclaim 92% of the remaining 26 weeks' pay but are concerned that topping up the SMP will prevent them from doing so.

A: SMP is a statutory right. Therefore, if the employee qualifies for SMP, they are entitled to be paid for six weeks at 90% of their average weekly earnings (AWE), and a further 33 weeks at the lower of 90% of their AWE or the standard weekly rate of £151.97. Most employers will be able to reclaim 92% of this statutory payment, and 103% can be claimed if the business is regarded as a small employer.

An employer can set up terms and conditions to contractually enhance SMP, but any additional occupational maternity pay that exceeds the SMP rate for any

given day cannot be reclaimed. For reference, see: <https://bit.ly/3qSn1WL>.

The CIPP advises that, where companies do enhance their statutory payments, they ensure the rules are clearly defined in company policy.

Q: A client employs a military reservist who has been called up to drive ambulances, due to the pandemic. Should my client pay this employee, and if so, can any costs be reclaimed from the Ministry of Defence (MOD)?

A: When an employee is called up for active duty, an employer is not required to pay their salary or any pension costs during their absence. The individual will be paid by the MOD.

An employer can, however, claim financial costs relating to the cost of a temporary replacement, advertising fees, training costs and other costs related to employing a replacement employee. Full details are provided in HMRC guidance: <https://bit.ly/3qXu1mq>.

Small to medium-sized businesses can also claim up to a maximum of £500 a month. This is unless both of the following apply:

- their annual turnover was more than £25.9 million in the 12 months before the reservist was called up
- they had more than 250 employees or partners on the date of mobilisation.

One final consideration would be if the active service lasts less than 12 months, the payroll record should have the irregular pay indicator set for real time information (RTI) and the tax code should be changed to BR on a week/month¹ basis.

Q: An employee is currently on maternity leave and receiving SMP only. She also participated in a give as you earn (GAYE) charitable giving scheme. Can deductions for GAYE schemes continue during a period of SMP?

A: As GAYE is a voluntary deduction, this means it can continue during a woman's SMP pay period.

HMRC guidance states: "SMP is treated as earnings, so your employer will make any deductions (such as income tax and NICs) that are due. Your employer can also make other deductions from your SMP, for example, pension contributions or trade union subscriptions." To find out more on this, and maternity benefits more generally, see: <http://ow.ly/hrl30s7Ofw>. ■

Holiday pay and leave



Duration
One half day



CPD
3 points

Case law continually produces changes to employees' statutory holiday leave and pay entitlement, which are covered in this informative course, along with the various types of leave and the calculation of pay.

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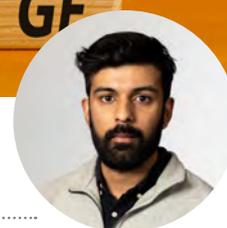
Do you have at least two years' experience as a payroll or pensions professional?

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To find out more, email enquiries@cipp.org.uk
or call **0121 712 1044**



Update: the CIPP's climate action plan



The CIPP's business support coordinator, Amir Aziz ACIPP, provides an update on the CIPP's climate action plan and the Institute's goals and targets for the future

In Glasgow, on 1 November 2021, the Conference of the Parties (COP) 26 began. World leaders arrived with one aim – to tackle the escalating issue of climate change. The event saw two weeks of thought-provoking debates and speeches and was billed as being unlike any of its kind.

So, what did we learn? To plant more trees? To use less water? To donate that extra 10p we saved on our meal deal towards an environmental cause? Well, the answer is yes to all these things, and so much more. The event discussed the importance of the current movement, explaining how everyone has a part to play in its success going forward. Other significant outcomes included:

- starting to 'phase out' the use of coal (responsible for 40% of annual CO2 emissions)
- a pledge to significantly increase money to help poor countries cope with the effects of climate change and make the switch to clean energy
- the world's biggest CO2 emitters, the US and China, agreed to co-operate more in areas such as methane emissions and switching to clean energy
- leaders from over 100 countries promised to stop deforestation by 2030
- financial organisations controlling \$130 trillion agreed to back 'clean' technology.

Albert Einstein famously said: "Any fool can know; the point is to understand". So, anyone can be given information, but it is up to them to understand that information and

put actions in place to help them achieve their goals. Following COP26, the real question is, has the world emerged more knowledgeable, informed and inspired to make changes? This is a question that can only be answered with time.

CIPP update

So, where is the CIPP since the last update? We have continued to take a more sustainable stance towards climate change and are still committed to our target of being carbon neutral by 2035.

How, you may ask? Well, not only have we started taking practical action, but we have continued to invest time and resource into understanding current company and staff carbon emissions, to make more meaningful changes going forward.

We are creating our sustainable development goals (SDGs). From 'no poverty', to 'quality education' to 'life below water', SDGs are 17 interlinked global goals, acting as a 'blueprint to achieve a better and more sustainable future for all'. Using the B impact-assessment questionnaire, we established key areas where the CIPP is contributing most to create a more sustainable future.

This infographic highlights the SDGs the CIPP is currently making the most progress in, providing us with a stable foundation to build on over the next 13 years. We hope to expand on these scores by leading the industry with new and innovative ideas that

set us apart. At the CIPP, we recognise our successes, but also realise there are areas for improvement, and therefore acknowledge all 17 SDGs and how to approach them. The goal is to implement positive steps to improve our scores in all areas by 2035.

Although the journey will be long, the CIPP is dedicated to being net zero by 2035. We believe that, with continued investment of time and resources, we can achieve this. We want you to get involved by telling us what your company is doing. Contact us at: admin@cipp.org.uk, for the chance to be featured in our next climate change update. Together, we can make a difference.

Our commitment

I'll depart with a statement from the chief executive officer, Ken Pullar, confirming our commitment to climate change:

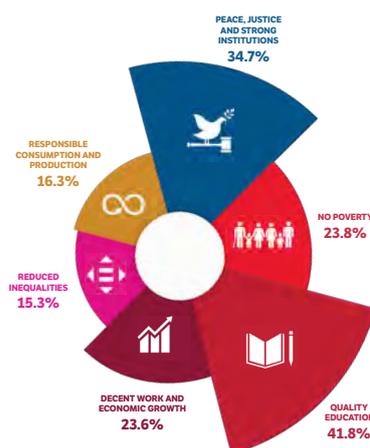
"The CIPP recognises the climate is changing globally at an unprecedented rate because of human activity, and we are committed to playing our part in improving the global problem and supporting government objectives to become net zero.

We aim to support the payroll profession in becoming sustainable and, as such, within the next 12 months we commit to publishing our roadmap towards becoming net zero by 2035. This is a crucial step for the CIPP in improving our service delivery, as well as encouraging and supporting members, and the wider profession, to act sustainably. We will ensure we are conducting our business in a sustainable and ethical manner.

We have a project team leading on initiatives to do more to reduce our contribution towards climate change, to become net zero. This includes creating the right conditions and incentives for our colleagues, members, clients and suppliers to play their part.

We are also proud to have signed up to The CAFA Climate Commitment to demonstrate our responsibility in understanding our environmental impact and encouraging behavioural change to operate more sustainably." ■

The six SDGs the CIPP is making the most progress in





Time to Learn

Diary of a student...



Jane Quigley MCIPPDip

Senior payroll controller
Gestamp Tallent Ltd.

Tell us a little about your background and life, so far?

I began working for Aldi in 1995, in the Darlington regional distribution centre as an administration assistant in the accounts department. Although I started my career in finance and studied at the Association of Accounting Technicians (AAT), I always had an interest in payroll. Several years later, an opportunity arose as a payroll administrator, which I took. I continued in this role until I was made redundant in November 2020, when the department was relocated to in Warwickshire.

What can you tell us about your career and qualifications?

I received my long service award in April 2020, for 25 years at Aldi. Most of that time I spent within the payroll department covering all aspects of end-to-end payroll. I recently completed the CIPP's Foundation Degree in Payroll Management and graduated in November 2021. I am currently employed as senior payroll controller at Gestamp Tallent Limited.

Why did you choose to study the Foundation Degree?

Although I had years of experience and a good working knowledge of payroll, I felt I needed a qualification to support this.

I had previously attended CIPP update courses, where I learned about the Foundation Degree. I decided if I wanted to progress my career, then I would need to challenge myself and the Foundation Degree would enable me to do so. When researching payroll vacancies, the CIPP Foundation Degree was the preferred qualification. It would, therefore, give me an advantage when applying for higher level positions in payroll.

How did you find the course?

I found it really challenging and, at times, I felt like giving up. It was difficult balancing working full-time and studying, while also applying for jobs and attending interviews. The support provided by the tutors was invaluable, and I had lots of encouragement from my husband, family and work colleagues.

What advice would you give to others who are thinking about studying to improve their career?

I would say, just go for it. It's the best thing I've ever done, and it has helped me in my career. I feel much more confident in my ability and knowledge of payroll. It was hard work, but it was worth it. I felt very proud on the day of graduation, wearing my cap and gown and collecting my certificate.

How did you manage the work-life balance and your study? Do you have any tips for others who are in the same position?

I stuck rigidly to the timetable, and always completed my assignments a couple of days ahead of schedule in case anything unexpected happened. I made studying my priority and gave myself a routine. I studied most nights until nine, and every Saturday and Sunday until twelve. At the time, I was working from home, which was advantageous, as I could log off from work and start studying immediately. My advice would be to attend all the workshops and tutorials as they support the information in the study materials and give tips to help with the assignments. You do have to make sacrifices but it's worth it.

What would you say is the most important thing you learnt?

I learnt a lot about myself and that I'm much more resilient than I thought. The whole experience has taught me I can achieve anything if I put my mind to it.

What did you gain from this qualification – both in terms of skills and career progression?

It has advanced my leadership and analytical skills, which I have transferred to the workplace. The qualification made my CV stand out from other candidates and gave me more confidence when attending interviews. It also helped me secure my current role as senior payroll controller. ■

Enrol now at cipp.org.uk/study

Apprenticeship

Let's celebrate apprenticeship week

The 15th annual national apprenticeship week (NAW) is scheduled to take place on 7-13 February 2022. Apprenticeships are particularly important for payrollers, as they are one of the routes that can be taken to enter into, but also to progress, within a payroll career. Not only that, but payroll professionals often must deal with the calculation and reporting of the apprenticeship levy as part of their day-to-day role. For the second year running, the theme of NAW for 2022 will be 'build the future'.

Level 3

- 13 June 2018 – the date the level 3 in payroll administration apprenticeship was approved for delivery
- £9,000 – the level 3 payroll administration apprenticeship can be funded using the apprenticeship levy – the maximum funding is £9,000
- 18 months – the typical duration of the level 3 apprenticeship before arriving at the apprenticeship gateway
- 3 months – once at the gateway, the apprentice must complete all assessments within this time frame and can't progress to the next assessment until the previous one has been passed.

Level 5

- 16 December 2020 – the date the level 5 payroll assistant manager apprenticeship was approved for delivery
- £11,000 - the level 5 payroll assistant manager apprenticeship can be funded using the apprenticeship levy – the maximum funding is £11,000
- 24 months – the typical duration of the level 5 payroll assistant manager apprenticeship before arriving at the apprenticeship gateway
- 4 months – once at the gateway, this is the typical time taken for apprentices to complete all assessments at this level.

Paying the apprenticeship levy

- who has to pay? – employers who have an annual pay bill of over £3 million
- how much do they pay? – the apprenticeship levy is charged at a rate of 0.5% on an employer's annual pay bill, but employers are given an annual apprenticeship levy allowance of £15,000
- how do they pay it? – the apprenticeship levy is reported through the employer payment summary (EPS) and paid across in the same way as other liabilities.

Using the apprenticeship levy

- how long does an employer have to use funds? – they have a period of 24 months after the funds enter their apprenticeship service account to use them
- how can employers transfer levy funds? – levy paying employers can transfer up to 25% of their levy funds to other employers if they wish
- top tip – be aware that apprenticeships are a devolved policy, so how the apprenticeship levy is managed will differ based on whether an organisation is located in England, Wales, Scotland or Northern Ireland.

What is the apprenticeship gateway?

The apprenticeship gateway is the point at which the apprentice has completed their training. The training provider and employer will have agreed they are ready to be assessed on their learning. At this stage, an end point assessment organisation will assess the apprentice, ensuring they meet the key skills and behaviours for the standard of the qualification.

Get involved

Individuals, employers and training providers are encouraged to get involved in NAW, and the hashtag #buildthefuture can be used on social media to promote awareness. A toolkit is available which will help in planning activities related to NAW 2022. This can be found here: <http://ow.ly/Xk5w30s72aU>.

We want to hear from you

Do you have anything to share about how the apprenticeship levy is processed within your organisation? Have you ever enrolled on a payroll-related apprenticeship? Do you want to talk about apprenticeships more generally? Get in touch, at policy@cipp.org.uk.



Tax administration and maintenance day



Samantha Johnson LLB(Hons) ChMCIPPdip, CIPP policy lead summarises key announcements made on 30 November for payrollers to be aware of

The number of acronyms in payroll continues to grow, and on 30 November 2021, we were introduced to Tax Administration and Maintenance Day, or TAMD for short.

In March 2021, the first ever UK Tax Day was held, which involved the release of several consultations and calls for evidence from the UK government. TAMD, bearing the less succinct title, was the second instance of consultations being released en masse and included some key government consultation responses too.

What was the impact of TAMD on the payroll profession?

In June 2021, the CIPP responded to the consultation, *Raising standards in the tax advice market*, which considered introducing mandatory professional indemnity insurance (PII) to those providing tax advice. The consultation explored a definition of tax advice, and whether outsourced payroll, software providers or employers providing advice on employee benefits could fall within this definition.

The CIPP response concluded payroll professionals were most likely to engage in providing information and guidance as part of their role. There are some payroll professionals, however, that will engage in tax advice. There was recognition there is often a fine line between advice and guidance, as some payrollers are asked by clients or employees to provide information outside the responsibilities of their role.

On TAMD, the government response confirmed mandatory PII would not be introduced for tax advisers. Instead, the government will consult in early 2022 to determine a concrete definition of tax advice, before it imposes measures on those who provide it. The CIPP welcomed this response, as research confirmed mandatory PII alone would not raise

standards in tax advice. The CIPP continues to encourage payroll professionals to be mindful of the remit of their role and feel empowered to push back when being asked to engage in advice where it is not appropriate to do so.

The government response confirmed that mandatory PII would not be introduced for tax advisers

The government also released a response to the call for evidence on the tax administration framework. This had the aim of delivering a system fit for the twenty first century. This may seem a somewhat peculiar aim, given we're over one fifth of the way through that century! However, in line with its ten-year tax administration strategy to build a trusted and modern tax administration system, the government confirmed it will consider how to best 'develop, prioritise and sequence' next steps. Her Majesty's Revenue and Customs (HMRC) will also be developing a roadmap for future consultation and analysis on this ten-year vision.

Interestingly, the government confirms that, following the review by the Office of Tax Simplification in Summer 2021, it has no plans to explore changing the tax year end date at the present time.

New calls for evidence

The negative press umbrella companies have received since the implementation of off-payroll working has been unavoidable, and the government is keen to explore

these concerns. A call for evidence on the umbrella company market invites views on how these companies interact with both the tax and employment rights systems. This means it is a joint venture between HMRC, HM Treasury and the department for Business, Energy and Industrial Strategy.

The CIPP is keen to hear from members who wish to share their views on this subject, and encourages you to contact policy@cipp.org.uk to ensure the payroll voice is represented.

HMRC is also looking for input on modernising tax debt collection from non-paying businesses. *Professional* magazine recently featured an article from HMRC, covering the steps it is taking to support businesses in managing debt: <http://ow.ly/2egC30s4IRH>. The call for evidence is seeking views on how HMRC can reflect the changing nature of the economy in its debt collection activities.

New consultations

The impact of the McCloud judgement continues to ripple across the public sector, and this was seen during TAMD. The consultation on teachers' pension schemes (TPS) identifies that changes to TPS rules are needed to address age discrimination, identified in the McCloud case. While this case may have been of little consequence to payroll professionals in the private sector, those in the public sector continue to deal with its effects. The policy team takes a deeper dive into this case on page 32.

The future of TAMD

HMRC and the government continue to explore the future of a more digital and fit-for-purpose tax administration system. The profession can be certain that changes can, and will, be implemented which will impact payroll, and the CIPP will continue to keep you up to date. ■

HMRC's stakeholder conference 2021

Staff from the CIPP attended **Her Majesty's Revenue and Customs' (HMRC's) stakeholder conference** in London in December 2021. Read on to hear all about the day and the areas covered

Samantha Johnson and Lora Murphy, from the CIPP's policy team, along with chief executive officer, Ken Pullar, jumped at the chance to attend HMRC's stakeholder conference, held at its Stratford regional office. The team were eager to interact face-to-face once again, a refreshing change from that all-too-familiar feeling of speaking to a screen.

Jim Harra, the first permanent secretary and chief executive of HMRC opened the event, declaring his pride for how the department had delivered throughout the pandemic. He discussed his ambition to continue to improve the service HMRC provides, and thanked stakeholders, acknowledging the vital role they play.

During the pandemic, HMRC's services were prioritised, and impacts this had on performance were recognised. Jim was clear, however, that HMRC will take learnings from this, and continue to work with customers, stakeholders and colleagues to build a trusted and modern tax and customs department.

Financial secretary, Lucy Frazer, followed the opening speech, describing challenges she faced in the first weeks of her role, where she had 'to hit the ground running'. In this time, HMRC prepared for the autumn 2021 budget and spending review, tax administration and maintenance day and passed the Finance Bill through the House of Commons.

Attention turned towards the impact HMRC has on all aspects of life, and Lucy discussed the vital importance of the stakeholder role. She specifically mentioned the Employment and Payroll Group, on which the CIPP represents payroll professionals. She stressed the importance of customer service within HMRC and acknowledged work needed to be done to get the basics right. This message was reflected throughout the day.

Lucy discussed the investment secured in the spending review 2021. £136 million to create the single customer account, and a further £468 million to continue modernising

the tax system. A key focus was placed on the importance of digitalisation, and the role that making tax digital (MTD), real-time information (RTI) and the single customer account would play in that vision.

The transparency and engagement from HMRC throughout the day was encouraging

She summarised by describing her vision for the future of HMRC – making it easier to pay and collect tax because the system works for all. A trusted tax system ready to deal with the demands of the modern world.

Jonathan Athow, director general of customer strategy and tax design, explored the HMRC strategy further. He outlined the values and customer charter that HMRC is working to, pinpointing six elements of the tax administration strategy:

- MTD
- RTI
- timely payments
- single customer account
- improved standards in tax advice
- a modern tax administration framework.

The team set out a plan of key deliverables over the next three years, and the central themes running throughout, which included delivering:

1. the tax administration strategy
2. HMRC's core purpose
3. government policy.

Myrtle Lloyd, director general of the customer services group, kicked off with a video that described the challenges and the triumphs of the covid support schemes. The CIPP featured, sharing the challenges faced by its Advisory Service team and the pace of change seen throughout the delivery of the coronavirus job retention scheme (CJRS).

The film concluded with several statistics. 1.3 million businesses and 11.7 million jobs

were supported by the CJRS. 10.4 million self-employed income support scheme grants were given to 2.9 million individuals, and 5,000 HMRC staff worked to deliver the covid support schemes.

Myrtle reflected on the three key priority areas during Covid-19, which were to:

1. protect livelihoods
2. deliver the UK's transition from the European Union
3. keep delivering key services.

HMRC described how its services had been impacted by the pandemic but confirmed they would return to pre-pandemic levels by April 2022.

Nick Jones, deputy director of debt management, shared the approach HMRC took to debt collection during the pandemic, as activity was paused during the most challenging periods. Nick was eager to promote the support available, with time to pay schemes, case-by-case deferral options and debt advice available for struggling businesses. HMRC has restarted debt collection, but Nick stressed it would take a compassionate approach, with insolvency petitions only considered after all alternative routes were explored.

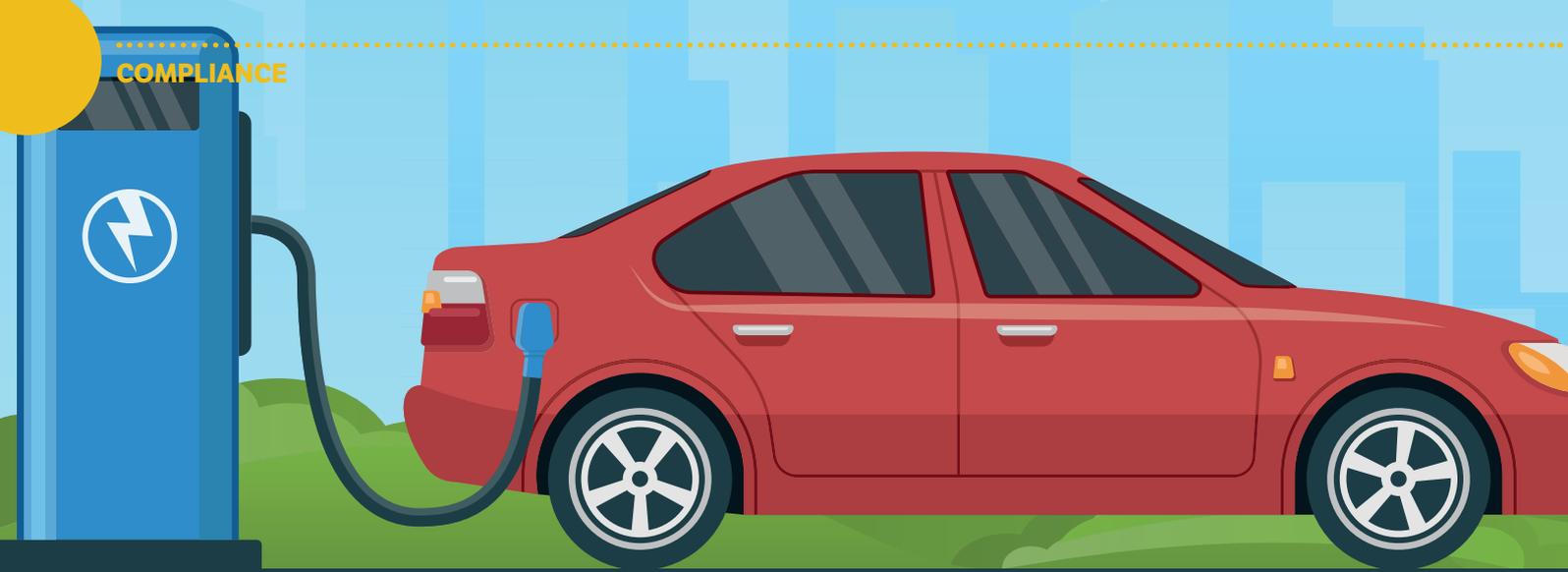
The conference continued with breakout sessions on MTD, working with agents, HMRC's approach to fraud and the journey to full customs and declarations controls.

The conference concluded with a question-and-answer session with a large number of the executive team in HMRC, who were open to answering anything.

The transparency and engagement from HMRC throughout the day was encouraging. However, the CIPP and HMRC acknowledge there is still more to be done in delivering the service customers need and deserve.

The CIPP will continue to work as a key stakeholder with HMRC and represent the voice of the payroll profession. ■

Do you want to share your challenges with HMRC? Is there a better way of doing things to be explored? Share your thoughts with the policy team, at: policy@cipp.org.uk.



The VAT treatment of electric cars



Peter Gladdish, managing director at PSTAX, considers the value-added tax (VAT) treatment of electric cars used in a business, a current area of debate

With a continuing push towards all-electric cars, one would trust that the tax rules would be carefully thought out and consistently applied to provide certainty and clarity for businesses. Unfortunately, it seems there is still some way to go.

Recovery of VAT on the purchase of an electric car

There is a popular misconception that a business can always enjoy full recovery of VAT on the purchase of an electric car on the premise that the 'green' credentials confer that right automatically. In reality, the VAT treatment of an electric car is no different to that of a motor car powered by any other means.

Assuming a business ordinarily recovers all its VAT costs, the VAT can be reclaimed on purchasing a motor car that is to be used exclusively for business purposes. However, if there is any private use of the vehicle, no VAT is recoverable. Private use will range from using a company car as if it were the driver's own vehicle, to using a pool car for a personal journey. For VAT, private use includes any travel between a place of work and home, with some limited exceptions.

These rules apply whether the car is purchased outright or using hire purchase or lease purchase.

Where a car is leased or hired for use in a business and made available for personal use, VAT recovery is restricted to 50%.

The recovery VAT on the cost of repair

or maintenance of the car is not restricted. If the VAT recovery is restricted to 50%, an employer doesn't account for VAT on payments for private use from an employee, usually made by salary deduction. This is because the 50% restriction has already made the VAT adjustment for private use.

The VAT treatment of an electric car is no different to that of a motor car powered by any other means

The VAT on commercial vehicles can be recovered in full. Generally, Her Majesty's Revenue and Customs (HMRC) views any incidental private use of most commercial vehicles as *de minimis*. This would include regular travel between an employee's home and place of work.

However, should the vehicle be used more extensively for private purposes, the business can either:

- restrict the recovery of VAT costs to reflect the private use; or
- recover the VAT costs in full, but account for VAT each period to reflect the private use – known as the 'Lennartz Principle'.

VAT on recharging costs

Where a vehicle is recharged at a driver's

home, the electricity used will form part of the domestic supply to the householder and be subject to VAT at the lower rate of 5%.

For public charging points, strong representations have been made to HMRC that the 5% rate should apply as well. The supply of power received by the driver at public charging points will invariably be of a *de minimis* quantity below which a supply is always deemed domestic and chargeable at 5%. However, it is HMRC's policy that the supply of power at a public charging point is subject to VAT at the standard rate of 20%, backed by the argument that there is not an ongoing supply to one person in which the consumption, and therefore the liability, can be calculated.

Where employees charge an electric car at their residences for business and private use, the employer has a choice. It can either restrict the recovery of VAT on the cost of the electricity attributable to business use. Or, it can recover VAT in full on the cost of electricity and account for VAT on the value of the private element as if it had received it as income. In either case, the employee would have to keep a record of business and private mileage.

Mileage allowances

This is where things become difficult and, I would argue, unnecessarily so. The HMRC advisory rate for a company-provided electric car is 5p per mile. It should be noted that this only relates to wholly electric vehicles. Hybrid vehicles are

treated as either petrol or diesel, and the corresponding advisory rates apply.

In theory, where an employer pays a mileage allowance for business use, it should be entitled to recover the VAT cost of the fuel element. There are several apparent difficulties with electric cars.

If the driver charges the car at home, there would have been a VAT charge of 5%. Therefore, it could be argued that 1/21 of the 5p is VAT. However, HMRC maintains that the supply of domestic power is to the individual, and VAT is not deductible by the business. There has always been a similar argument, brought in an action by the European Court of Justice (ECJ) against the UK, that petrol supplied at a petrol station is to an employee and not the business. But it was accepted, by way of compromise, that VAT could be recovered provided the employee submitted receipts to cover the cost of the fuel element of the mileage claim. Presumably, an employee's electricity bills could be provided in the same way.

Where a driver recharges at a public or commercial facility, the charge would, as previously discussed, be subject to VAT at 20%. There ought to be no problem for

the supplier to provide an invoice, and in this case, the VAT element of the 5p per mile would be 1/6.

But what if the driver recharged at a free facility provided by a vehicle manufacturer? Or at the employer's premises where the employer would have already recovered the VAT on the cost of the electricity?

There are third party solutions for managing electric vehicle charging costs that allow businesses to accurately identify charging costs and locations

In theory, this could lead to the employee submitting VAT receipts for recharging at commercial facilities that cover all the business miles undertaken, even though

the recharging for the total business and private mileage was undertaken in a mixture of ways.

There are third party solutions for managing electric vehicle charging costs that allow businesses to accurately identify charging costs and locations (at their employees' homes and elsewhere).

It would seem perfectly reasonable, therefore, that, where the VAT on the total cost of recharging a vehicle can be accurately identified, the business element should be recoverable on a pro-rata basis.

There is suggestion that no VAT should be recovered on mileage rates for electric cars, but this does appear to be a too simplistic approach to tackling an issue that needs to be reviewed in detail.

In conclusion

The decision to use fully electric cars, while delivering environmental benefits, doesn't confer any VAT advantage. The rules for VAT recovery on acquisition are no different from those for other vehicles. When it comes to recharging, particularly recovering VAT on the mileage allowances, the rules appear very disjointed and somewhat confusing. Further clarity from HMRC would be most welcome. ■

Contains updated information from the Autumn 2021 budget

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COMPLIANCE

A call for simplification of income tax, NICs and worker status

Justine Riccomini, head of taxation MSc FFTAIPA Chartered MCIPD ChFCIPP at the Institute of Chartered Accountants for Scotland (ICAS) explores the impacts of growing complexity in the UK income tax system



Key points:

- increased complexity in the income tax system is producing unintended consequences and difficulties
- there are now several different statuses, not just employed and self-employed
- the UK government should revert to the Good Work Plan to address alignment issues and falling National insurance contribution (NIC) revenues.

Align and simplify

The need for the UK government to introduce emergency assistance schemes to help the employed and self-employed shone a spotlight on the many distortions within the income tax system. It also showed how people can declare their incomes in different ways to suit their own circumstances and personal behavioural responses to taxation. In the ICAS paper, *The Future of Taxation in the UK*, the following recommendations were made:

- better alignment of taxation and employment law
- the government should continue to implement commitments made in the 2018 Good Work Plan
- the treatment of employed and self-employed workers should be more closely aligned by introducing changes to self-employed NIC rates and to expenses rules
- additional resources should be made available for tackling modern slavery and the exploitation of gig economy workers.

See ICAS report here: <http://ow.ly/XCBj30s7GSK>

Sticking plasters

Attempts to tackle problems in this area – recent examples include changes to the taxation of dividends, some restriction of reliefs on incorporation, IR35 and the off-payroll working rules – have increased complexity and produced some unintended consequences. The fundamental issues of taxpayer behaviour, employment ethics and

falling NIC revenues need to be addressed. And urgently.

Where to begin?

The government's 2018 Good Work Plan stated that it would bring forward detailed proposals on how employment status frameworks for employment rights and tax could be aligned and committed the government to improving the clarity of the employment status tests. Clear boundaries should exist between those who are genuinely self-employed entrepreneurs, and those who are not, and so are, to all intents and purposes, employees.

Measures to improve alignment between the taxation of employed and self-employed workers should be conceived simultaneously.

Despite the retention of class 2 NICs, self-employed workers continue to pay significantly lower rates of NICs than employees and enjoy more generous reliefs for expenses. Addressing these distortions in the short-term could be achieved without significantly increasing complexity.

Secondary NICs, employer behaviour and the impact on gig workers and modern slavery

The cost of employer NICs is key to avoidance behaviours, exploitative practices in the gig economy and to illegal modern slavery. ICAS considers the benefits to be reaped from carrying out its recommendations will consist of:

- providing greater clarity on employment status for employers and workers
- reducing the role of tax in pushing individuals towards self-employment for the wrong reasons
- improving alignment of the taxation of the self-employed and employees, making clear the link between paying tax and NICs into the system and receiving state support
- significantly reducing exploitation of vulnerable workers. ■

National minimum wage and national living wage

DID YOU KNOW?

The CIPP's policy and research team explores one of the most intricate areas of payroll

On the surface, ensuring staff are paid at the NMW / NLW may appear simple. Payroll professionals will tell you that this is not the case, and there are plenty of intricacies involved in this area.

- the NMW and NLW are separate from the real Living Wage, which is not mandatory and is independently calculated based on the cost of living. There is a special rate for London, where it is accepted that the cost of living is higher. The real Living Wage applies to anyone aged 18 plus, and unlike the NMW and NLW, isn't governed by other age brackets

- **use your voice:** NMW and NLW rates are set by the Low Pay Commission (LPC) on an annual basis. The CIPP's policy team responds to LPC consultations on the topic each year. Full members of the CIPP, and above, are invited to attend think tanks on this subject. Make sure you get involved and have your say. Look out for invites to the next think tank

- salary sacrifice arrangements must

not decrease somebody's pay below the appropriate NMW / NLW rates. Be alert to this, as it is a commonly reported mistake

- Her Majesty's Revenue and Customs (HMRC) is responsible for the enforcement of NMW regulations, but the Department for Business, Energy and Industrial Strategy (BEIS) is responsible for minimum wage strategy

- the new single enforcement body, which will combine three of the current market enforcement bodies, will be responsible for combatting breaches relating to the NMW / NLW in the future

- NMW / NLW is determined by the age that an individual is at the start of a pay period. Their rate increases from the pay reference period on or after their birthday

Example:

Roy turns 23 on 30 April 2021. He gets paid for the period 1 May 2021–31 May 2021 on 26 May 2021, so he is entitled to the NLW (currently £8.91) for that period. In his previous pay, paid out on 26 April 2021, for the period 1 April 2021–30 April 2021, he was paid the

21–22-year-old rate of £8.36 per hour

- there are several types of work to be considered when considering how to calculate the NMW / NLW. They are:

- salaried hours work
- time work
- output work
- unmeasured work.

- employers who fail to pay the NMW / NLW can be publicly named. BEIS is responsible for publishing those names

- voluntary workers are not entitled to the NMW / NLW. To fall into this category, the worker must fall within the strict criteria of a voluntary worker

- the apprenticeship rate applies to apprentices below the age of 19, and to anyone aged 19 and above and in the first year of their apprenticeship. Those who are 19 and above and not in the first year of their apprenticeship need to receive the NMW / NLW relevant to their age

- employers can take a £1 administration fee for operating an attachment of earnings order, but this must not take employees below NMW / NLW rates. ■



We want to hear from you!

If you work in a payroll department, what are the things about NMW / NLW that flummox you the most? Or do you have any bizarre facts about the NMW? Let us know, at policy@cipp.org.uk.

Training

The CIPP offers a training course on the NMW and other worker entitlements. This is an important area of payroll, and one in which many unintentional mistakes are made. Top up your knowledge by signing up to the course, at <http://ow.ly/WbNK30s6PHz>.



Payroll, the heart of the business



Jerome Smail, business journalist, speaks to a panel of experts about how payroll professionals can highlight their importance to a business and how technology such as artificial intelligence (AI) can be used effectively

A I and robotics are increasingly relieving payroll professionals of administrative duties. But just how important is AI and automation in payroll, and how can professionals in the industry work with it? What's more, how can payrollers increase their value to a business in the face of this rising technology?

To find out, I spoke to some leading voices in the fields of payroll and technology:

- **Ant Brassington**, chief product and technology officer at Moorepay
- **Pauline Green ACIPP MBCS FMAAT**, head of product compliance and programs at Intuit
- **Stuart Hall MA PGMdip MCIPDip**, CIPP non-executive director
- **Dawn Jackson ACIPP**, payroll consultant with Aurore Services
- **Jaspal Randhawa ChMCIPDip**, EMEA head of products for OneSource Virtual.

How can companies ensure the ethical treatment of payroll records by an AI system, and what levels of liaison should exist between the company and the AI provider?

Ant Brassington: Correct design processes are key, but even more critical than this is the time investment into training the system algorithms. Of course, using an AI provider who has been well-researched to have the right level of security coverage and general data protection regulation (GDPR) terms is also vital.

If you have any doubts about your supplier and how they are utilising AI, then ask questions

High levels of liaison must exist between the company and the AI provider – it's a partnership. The algorithms must be trained by payroll teams and a provider jointly, because each company's processes will have subtle differences.

Pauline Green: AI is not a separate system per se, but more part of existing systems whereby AI is a tool that helps

software provide information the customer can use. Ultimately, the payroll records are the employers' data and payroll software is only the means of delivering the information, whether that is to the employees (via payslips) or Her Majesty's Revenue and Customs (HMRC), via real time information (RTI).

All good AI systems should have ethical practice built into their systems. This should include requirements such as not perpetuating social biases or harming end customers. AI should only utilise atomised data. It can then help identify things such as industry trends, or salary benchmarking, which will help payroll professionals.

If you have any doubts about your supplier and how they are utilising AI, then ask questions. Ask to see their privacy and security policies. Also, do they have data stewardship principles? Ask to see those as well.

Stuart Hall: As payroll professionals take care to protect data, by creating a secure physical environment with limited access, ensuring their choice of software is protected by firewalls and password protection, it becomes even more essential to ensure the ethical treatment of

payroll records in an AI environment.

AI products can be ethically developed but unethically deployed. It will be essential to form a strong relationship between company and AI provider.

Jaspal Randhawa: It's important companies understand how data is being gathered and realise that AI-based output is prone to inaccuracies and bias. With this in mind, ask yourself what is the problem you are trying to solve. For example, how often does a process or task need to be carried out? Also, AI offers consistency, therefore, will this benefit the process or task? To what extent will manual intervention still be required? After all, payroll records contain sensitive data, therefore accuracy and legal compliance is essential. When considering the output of AI-driven data, who is the recipient of this data? Do they need to be educated on how this data has been gathered and the purpose it is intended to serve?

Answering these questions will ensure the appropriate solution has been selected and necessary controls established, allowing companies to create the appropriate policies and training material. Going forward, it is paramount AI data output is reviewed to ensure it's still meeting its intended purpose, that controls are still adequate and there are no compliance issues, such as a GDPR breach.

Any reputable AI solution provider will have robust policies in place backed up by a compliance team, who will work with engineering and product teams to ensure solutions are designed within a compliant and ethical framework. Once a solution has been released or updated, any supporting release notes should confirm the intended use and include a section on ethical use of data (which should have been signed off by their legal/compliance team). If the AI solution provider also offers a consultancy service for deployment of solutions and/or software updates, then consultants should receive the appropriate training. This best practice knowledge should be shared with customers through training material, which will provide more detail than release notes and would help those companies who are new to AI.

Solution providers should ensure customers have the appropriate means to raise any bugs or issues detected with the AI solution. If any of these bugs highlight a compliance breach or identify

an unethical use of data then the solution provider will need to resolve this issue as swiftly as possible. For example, they may need to hard code part of their software to ensure customers cannot manipulate or unintentionally produce prohibited data outputs, although the solution providers should have taken rigorous quality checks prior to releasing software.

There is an argument that suggests all payroll professionals should learn how to calculate a payslip manually in order to understand the fundamentals of the calculations. I firmly believe this is essential

Solution providers could help further by offering health checks to customers; this service would ensure the AI solution is still fit for purpose and the value of the product maximised.

We're living in a world where technology is the driver to providing instant outcomes, and where AI is applied correctly, it will result in a better experience for employees as well as company decision makers.

Good payroll professionals are often developed through learning the operational aspects first. Is there a risk that too much automation can leave knowledge gaps?

AB: For the intelligence to run smoothly, a payroll professional needs to train it. For instance, stopping actions and preventing the system making wrong decisions that lead to costly errors. So, payrollers still need a comprehensive understanding of the operational 'basics.' However, thanks to increased automation from AI, they'll also

have more time to carry out the strategic elements of payroll.

PG: This is something I have discussed with fellow payroll professionals many times. Those of us who have lots of knowledge and experience are now decreasing in the workplace. There is not perhaps the same desire to learn the nuts and bolts of things. Research has shown younger generations have a different way of learning to older generations. This does not just apply to payroll, of course.

However, as part of this generational change, the payroll industry does need to maintain knowledge, including how to calculate payroll manually, and how to prioritise calculations.

When I recruit to my team, I always test that they can do manual calculations. My team need to be able to do this so we can then tell engineers how to program the software. If this knowledge is lost, then the quality of software produced will decrease.

Automation should help payroll professionals, but it should not be left to totally replace knowledge and experience of qualified payroll professionals.

SH: There is an argument that suggests all payroll professionals should learn how to calculate a payslip manually in order to understand the fundamentals of the calculations.

I firmly believe this is essential.

I recently took my car to a garage. When pulling away from a standing start sometimes there would be little power and no matter how much I stepped on the 'gas', it had no effect. Three mechanics examined the car, but were lost for an explanation – that is, until an elderly fitter walked across and within minutes found the problem and put things right. How did he know? The difference was he had worked on car engines long before they became electronic masterpieces. There was a knowledge gap in those first three mechanics.

Dawn Jackson: Generally, I have found that most integration and automation is not designed to replace payroll professionals' knowledge, but to be used alongside them and their extensive knowledge, helping to simplify processes, save time and mitigate the need for the re-keying of data from one system to another.

When I first started in payroll, it was a very manual paper-based process, but a payroll product these days is expected to receive data from a variety of places,

which include timesheets, rostering, human resources (HR), employees, tax codes and notices from HMRC. It must also process the payroll calculations for:

- tax
- National Insurance (NI)
- attachments
- student loans
- pensions
- auto-enrolment
- parental pay
- benefits.

It also has to output RTI data to HMRC, journals to accounting packages, payments to banks, pension information to a multitude of providers (in several formats), payslips to employees in secure portals and reports to the business owners/clients. That's a lot of data flowing in and out of a payroll system, and I'm sure no-one would ever want to go back to manually processing.

Good payroll professionals will always require a high level of payroll knowledge as they are the ones having to deal with the employee/client queries. Even though software is there to help with these things and more, it's also designed to allow for many options, which can vary per business. The payroll professional will always be expected to understand how the payroll should be set up for a particular business. Just selecting the wrong option when setting up a pension, for example, can have a devastating effect, once an error is discovered some months down the line. It can be difficult and time-consuming to unpick.

In respect of automated tasks, such as automated pay runs, these are primarily ideal for the simplest payrolls – those with few employees, single directors or those which predominantly remain consistent each period, but still require the user to follow the same processes as a more varied payroll. A certain amount of set-up knowledge would still be required, but the idea is based around taking these payrolls out of the users' workload to allow them more time to focus on those more in-depth pay runs.

JR: Payroll software has always been designed to meet operational demands; by doing so this reduces the risks associated with manual input. This hasn't stopped payroll professionals from developing their skills; instead, it's allowed them to focus on resolving complex matters that require human intervention.

Therefore, AI can only serve to enhance a payroll professional's skill set. In fact, AI can be used to deliver instant results that would take a person ages to analyse. This allows a payroll professional to focus on strategic interpretation of the AI results, thus enabling the company to make quicker or better-informed decisions.

Payroll departments can bring a lot of insight to the reward process

Will AI create the need for payroll roles to be more grounded in system support and development rather than transactional processing?

AB: Payroll professionals have been using payroll software for decades. Introducing AI and robotic process automation is merely another element of the software to embrace and enjoy the benefits of. Of course, like all new technology, it brings its challenges, but supporting payroll software is nothing particularly new for the average payroller.

PG: I see AI helping promote the role of payroll professionals and their skills. We have seen this in the accountancy area. Accountants have gone from transactional processing to utilising their knowledge and skills in accountancy, to becoming key business partners. Payroll professionals can make the same transition.

They can also help with system support and development. It's about embracing the change and increasing the profile of payroll within the business.

SH: When computers took over the calculation of payrolls from manual systems, payroll professionals were thrust into the need to support the software and develop new skills. Adding AI into payroll processing could be seen as just an added extra to the support already given. A full understanding of how a decision was reached in an AI environment will be important so that payroll professionals can provide support to anyone affected by incorrect algorithms or breaches of data.

JR: Payrollers are already used to working with highly sophisticated software

solutions, so using an AI solution should be no different, provided they receive the appropriate training. The knowledge and skills they acquire broadens the payroll industry landscape, leading to new career opportunities for payroll professionals.

With AI freeing time, should payroll departments strive to be more involved in the design of fair and transparent reward processes?

AB: In payroll, much like banking, no one ever says thank you for a timely payment (but they're quick to shout about mistakes). Yet banks are now moving with the times, to the extent that consumers are now shouting about the benefits of new, exciting banking features.

Payroll has got to do the same, think pay-on-demand, faster payments, and integration with digital wallets – this is the not-so-distant future of employee experience. And payroll departments must drive this forward.

PG: Absolutely they should. Rewards not only have an impact on individuals but on the company. It is totally logical that payroll should be at the heart of the process. Also, when there are queries on the rewards, the first port of call is usually payroll. Utilised correctly, a good rewards process can help with employee retention.

Payroll professionals need to show how knowledgeable they are, and this is an excellent example of how they can show this to the business.

SH: In short, yes. Any perceived unfairness of employee rewards can be the root of disgruntled employees. Unfairness not only creates a climate of distrust but can be totally counterproductive. Payroll professionals are seen by most, if not all employees, as the trusted people to go to, especially when there is a decision that affects their pay. So yes, payroll departments should strive to be more involved.

JR: Payroll departments can bring a lot of insight to the reward process. Often at the tail end of this process, payroll can provide insight on whether the process is working efficiently or needs to be improved. Furthermore, rewards programmes are designed for employees who will often turn to the payroll department first, should they have any queries – again, payroll can share this feedback, thus supporting the fairness and transparency of reward programmes. ■

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Employment law round-up



In each issue, **Nicola Mullineux, senior employment specialist** for **Peninsula**, explores the outcomes of three different employment law cases

This instalment focuses on:

- unconscious bias race discrimination
- dismissal relating to self-isolation
- a development on sexual harassment claims.

Unconscious bias race discrimination

Less favourable treatment of an employee, due to a protected characteristic (e.g., race, disability, sex etc.) can lead to lengthy and costly employment tribunal (ET) claims for discrimination. As such, businesses must implement measures to reduce the risk of discriminatory actions and behaviours happening in the workplace. However, a recent tribunal case shed light on new difficulties, by outlining the possibility of covert discrimination through unconscious bias.

Unconscious bias taints the decisions individuals make, as they form quick, ignorant opinions about people and situations. These opinions are often developed without the person being aware or in control of it, hence the unconscious element of the bias. For example, people are often drawn to others who look and act the same as them, or who have shared life experiences, such as growing up in the same town, supporting the same sports team or going to the same university. Connecting with individuals in this way, especially when recruiting, can mean that one candidate is scored less favourably than another, despite having equal qualifications.

Although this could seem like a minor issue, it contradicts equality and diversity in the workplace.

A recent tribunal case shed light on new difficulties, by outlining the possibility of covert discrimination through unconscious bias

This was seen in the case of Warner v Foreign Commonwealth Development Office (FCDO), in which the ET had to consider whether a black employee had been treated less favourably than a hypothetical white employee. While no evidence of malice was found, it was deemed unconscious bias impacted the decision of the all-white panel involved in Warner's disciplinary process.

For context, allegations were made against Warner by an organisation she worked with in her role as senior governance advisor, stating she was in a relationship with one of their employees, which had not been declared in accordance with the FCDO policy. This led to a six-month investigation, during which Warner was disowned and alienated by colleagues. Not once in the investigation

process did the panel question whether there was a relationship between the two parties. Instead, the ET found Warner was treated with an unwarranted degree of suspicion, and that assumptions were made about her and minds were closed against her.

Ultimately, the tribunal concluded there was no reasonable excuse for the behaviour of the all-white group who completed the disciplinary process, which was poor and unfair. Comparing her treatment to that of a hypothetical white woman, it was decided that the only reasonable explanation for this happening could be the unconscious bias opinions about her race. It must be noted that, since this is only an ET decision, the outcome is not a binding authority. However, the judgement does provide a good understanding of the stance the tribunal system takes on this matter, therefore making it an important case for employers to remember.

To prevent re-occurrence of such claims, employers should take steps to mitigate unconscious bias in the workplace. Common measures include:

- management training
- blind recruitment strategies
- ensuring there are always two decision makers present at an interview.

These initiatives should be tied into wider policies and procedures relating to discrimination, bullying and harassment. Effective support should be provided to those who raise grievances.

Dismissal for breaching self-isolation rules

David Lewis, a forklift truck driver of 23 years in a dry goods warehouse, was dismissed for gross misconduct, following an investigation which found he went into work when he should have been self-isolating at home, as per government guidelines. In this case (*Lewis v Benriach Distillery Company Limited*), the employee attended work while his son was awaiting the result of a Covid-19 test. This was despite the Scottish government guidance requiring anyone who lived with someone displaying Covid-19 symptoms to isolate.

Lewis believed his son was pretending to have Covid-19 symptoms, saying that he was 'at it' because he wanted to skip work for the day and spend time with his friends. He did not believe his son was ill, and said his complaints of a headache and cough were fake. Nonetheless, Lewis took his son to get a polymerase chain reaction (PCR) test to be sure. When the results weren't returned by Monday morning, Lewis went into work as usual. It wasn't until the next day the results came back to confirm that the son was Covid-19 positive.

As soon as Lewis was aware of this, he contacted his manager, informing him of the need to take time off work to isolate. He got an email response calling him 'highly irresponsible' and 'reckless.' Following an investigation, Lewis was dismissed without notice for a serious breach of health and safety policies. Lewis appealed the decision and re-explained his misunderstanding with the situation, but his appeal was denied.

The ET accepted Lewis' claims he did not believe his son was showing Covid-19 symptoms or that he needed to isolate. It found he would not have gained anything from pretending his son didn't have symptoms, since he would have been paid in full for isolation periods. It further accepted that Lewis would not have attended work if he believed his son was genuinely suffering from Covid-19. As such, the employment judge upheld his claim for unfair dismissal and ordered the organisation to pay him £23,978.19 in compensation.

This case highlights the importance of avoiding jumping to conclusions when determining the outcome of disciplinary matters. The organisation was right to invite the employee to an investigation meeting as soon as it discovered he may have been in breach of self-isolation

rules. However, had they carried out an effective evaluation of background factors relating to the case, and took time to fully understand the employee's version of events and explanations, they may have been able to avoid tribunal claims being raised. When dismissing an employee with over two years' service for gross misconduct, it's imperative for employers to show they have considered lesser sanctions and can justify why these were not feasible. The three key tests to apply in such situations include looking at:

- whether the employer genuinely believed the employee was guilty of the alleged misconduct
- if the employer had genuine grounds for this belief that they were guilty
- if a reasonable investigation was carried out before making a final decision.

This case highlights the importance of avoiding jumping to conclusions when determining the outcome of disciplinary matters

New development on sexual harassment claims

A recent ET case, *Austin and Newton v Royal Borough of Kensington and Chelsea*, sheds new light on sexual harassment claims. In this case, the claimants were working together on the council's response to the Grenfell Tower fires. They were gossiped about in the office for arriving late and leaving early together, going out for lunch and taking 'unnecessary' trips to the tower. Inappropriate comments were made by colleagues about what they were doing while out of the office, including unfounded allegations of them getting a hotel room. The claimants found these comments to be derogatory and offensive, which resulted in them raising a claim for sexual harassment.

The tribunal agreed, finding the remarks

by colleagues to be unwanted conduct of a sexual nature, because they referred to alleged sexual activity. The ET conceded that the purpose of the comments probably related to others wanting to vent their frustrations about the relationship between the claimants. However, the conduct, once the claimants found out about it, had the proscribed effect of violating their dignity and created a hostile working environment.

The employment judge considered the impact the situation had on the claimants individually. It was concluded it would be reasonable for a manager (Austin) to feel that an allegation he was having sexual relations with a subordinate, rather than working, would violate his dignity. Similarly, it was reasonable for Newton to feel the same effects when colleagues invalidly made allegations of her having relations with a manager instead of working.

Previous case law relating to sexual harassment claims focuses predominately on issues solely involving individuals of the opposite sex. Typically, the case background follows a pattern of a senior employee of one sex making inappropriate, unwanted remarks to a junior employee of the opposite sex. However, what's interesting about this case, is that the misconduct comes from a third-party employee not directly involved in the relationship. As such, employers should pay particular attention to workplace gossip and chatter, where mention is made of two employees having an affair, or any other unconfirmed relationship. Should this happen, employers must take reasonable steps to intervene and shut down potentially offensive conversations.

It is beneficial for businesses to review their policies on sexual harassment, bullying and discrimination in the workplace and assess how aware employees are of such policies. A robust policy is the first step in preventing misconduct, however, organisations should also ensure there is a clear, zero-tolerance attitude towards these behaviours. Similarly, workplace training for managers and workers on how to manage, avoid and report inappropriate actions can go a long way in discouraging all forms of workplace misconduct. So can providing effective support to affected employees to raise any concerns they may have. ■

Supporting employees on paternity leave

Danny Done, managing director of Portfolio Payroll, gives advice to organisations about how best to assist those who take paternity leave



Effective support for male employees has been linked to improved working conditions and job opportunities for female equivalents, who have the same knowledge and qualifications. These women are often overlooked for promotions due to taking time off for familial responsibilities. As such, while there are significant benefits for the males involved, the positive impact on the overall organisation cannot be ignored.

Paternity leave is not exclusive to male employees and those who are adopting a child or having a child via surrogate may also be eligible for adoption or paternity leave. This includes individuals in same-sex partnerships, transgender staff members and those who identify as non-binary. Recognising this, and providing inclusive support, improves organisational productivity and ultimate success.

Contractual paternity leave

There are several ways to support employees who are on paternity leave. One of these ways is to offer enhanced contractual leave and pay entitlements, meaning staff will feel more comfortable taking time off, as financial stress is reduced. Currently, statutory paternity leave entitlement only gives eligible employees a maximum of two weeks' leave, paid at a rate of £151.97 per week, or 90% of average weekly earnings, if less. Understandably, this can lead to significant pressure on families who rely on higher take-home wages and are already struggling without dual incomes, since partners are often also on maternity or adoption leave and equivalent pay. When introducing a contractual paternity leave and pay policy, employers must ensure this is offered fairly and consistently. Providing enhancements to some groups and not others can lead to

lengthy and costly claims of unfair treatment and discrimination. A written policy, clearly expressing entitlements, and any associated eligibility criteria, ensures all parties are aware of the correct amounts of leave and pay to be given, as well as the necessary processes to request this. According to statutory guidance, employees must provide at least 15 weeks' notice before the expected week of childbirth that they want to take paternity leave. They should confirm what the due date is, how much leave they want to take and when they want this to start. However, employers can choose to reasonably amend this if they wish for the contractual element of entitlements.

Employees shouldn't be treated unfavourably or suffer a detriment due to taking paternity leave

Handover processes

To ensure employees can switch off from work and enjoy spending time with their family, it's important they feel their work responsibilities and commitments are taken care of. This can be achieved by implementing an effective handover process prior to them taking leave. Doing so means the absent employee is aware of what will happen when they are away and can prepare for what they will need to pick up when they return. Similarly, covering

employees understand their exact duties so do not need to interrupt their colleagues who are on paternity leave. Following this, an in-depth return-to-work meeting should be completed, to update employees on any changes or developments they may have missed. This will increase an employee's confidence that they won't miss out on anything or fall behind due to taking paternity leave.

Flexible working

When periods of paternity leave have ended, businesses may want to consider offering flexible working arrangements, to support employees with their parental responsibilities. This may include implementing:

- homeworking or hybrid working options
- flexi-hours, to allow for late starts or early finishes
- temporary reductions in working hours or duties.

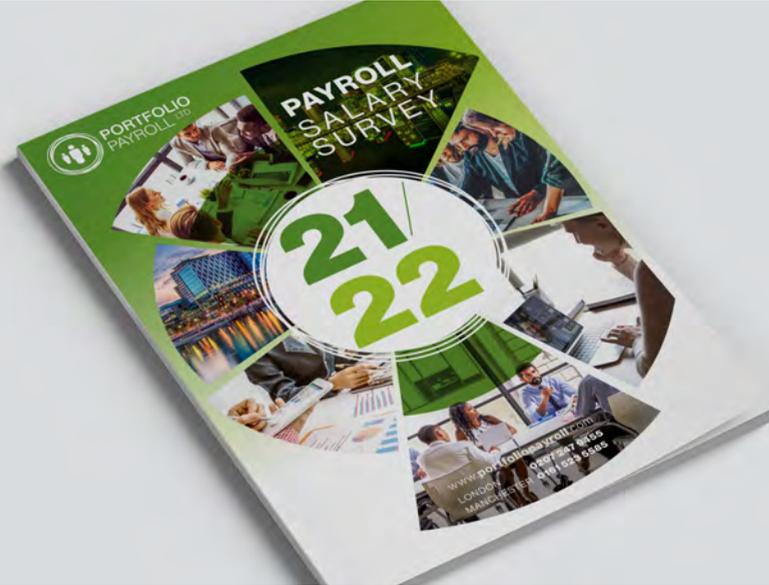
Such changes should only be implemented with the employee's agreement. Although most of the time, flexible working discussions are instigated by the employee, if an employer pro-actively raises this, they should be mindful of their language and tone. Employees shouldn't be treated unfavourably or suffer a detriment due to taking paternity leave; and doing so may lead to unfair dismissal, constructive dismissal or discrimination claims.

Businesses can implement other measures in addition to, or in place of, the ones outlined above. Often, speaking with employees to understand how they could be best supported can go a long way in ensuring effective measures are in place, which provide true benefit to both the individual and organisation alike. ■



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Why I love payroll

The CIPP wanted to know why you love payroll, and your responses were incredible. Choosing payroll as a career creates a world of opportunities to pursue. Find out below what made these payroll professionals fall in love with payroll...



Sarah Smith, payroll and reward partner at Finning UK and Ireland

"I love working in payroll because every day brings something new. It's not just 'pressing the magic button' once a month – it's giving support to employees, providing business insights with data analysis, it's finding new ways to work and making it the best service possible. Ever-changing legislation brings new challenges and furlough showed us all how payroll can pull up their sleeves and battle through anything. You will never find a closer-knit team than a payroll team."



Lesley Daniel BA (Hons) ChFCIPP, head of payroll at Go-centric

"For me, payroll is people. What you do as a payroller can directly affect an employee's life if you get it wrong, so it comes with responsibility and accountability. I have been in payroll for 34 years now and I still love it. There is so much going on and so much to learn, which keeps it interesting and I feel lucky to have found something that I still have passion for after so long."



Rob Evans MCIPP, head of payroll UK and Ireland at TMF Group

"I love payroll because I never chose payroll – no one does, payroll chooses us – the people who can make it happen because we have a passion. After 40 years, I am still as passionate about delivering a first-class payroll service as I was when I started."



Lisa Sheldon MCIPPDip, payroll and expenses supervisor at Eurofins NSC UK & Ireland Limited

"Payroll is about marketing your service, implementing changes with your team, supporting them with mentoring and updating their skills. It is also about being supported by management when decisions need to be made in a constantly evolving environment. The main crux is supporting employees with understanding their tax codes, payslips, offering competitive benefits and ensuring expenses and salaries are paid on time, every time. It means pulling out all stops to ensure you and your team make this happen."



Jon Lee, head of payroll bureau services at Payroll Business Solutions

After being involved in payroll for 20 years, I have seen how much the payroll function has grown and evolved to become an integral part of the employee experience. It is commonly said that people only contact their payroll team when something goes wrong, but I would like to think that attitude is changing. Employees appreciate how important the payroll function is. Payrollers are responsible for processing pensions, benefits, and, most importantly, paying employees accurately and on time, while ensuring all submissions are made to Her Majesty's Revenue and Customs (HMRC). I have been particularly fortunate to head up a payroll bureau, which has achieved enormous growth and success as part of the CIPHR group. The best part of my job is seeing new customers come on board, watching the bureau team grow, and training the next generation of payrollers."





Samuel Jones MCIPPDIP, payroll tutor at MBKB Training

"I love the versatility of the profession. I have seen many aspects of payroll, but there is always more to learn. Payroll is a niche for everyone."



Jackie Milward MCIPDip, payroll officer at the Allison Homes group of companies

"I love the fact you are continuously learning new skills, whether that be an organisation's policies or the government's furlough scheme. There is always the opportunity to assist colleagues, and this is why I love payroll."



Yevan Bellot-Subar ACIPP, HR and payroll manager at Diverse Dining Ltd. (Shake Shack UK and PF Changs)

"I love that my team and I are the 'face' of payroll – we are not an unseen department. We actively visit all our restaurants to meet and support our general managers and the retail operations team. We give them tools to manage their own payroll. Regular training, education and face-to-face contact with our customers (either on-site, support centre or via MS Teams) ensures we can bring payroll to life."



Sharon Anderson BA (Hons) FCIPDip, global payroll manager at Argus Media

"I have been in payroll for over 35 years and to this day, always learning. Our employees are my customers, always treated with respect and an empathetic ear. It is critical that, as a payroller, you keep ahead of the game, making sure you are up-to-date with legislative changes and helping the employees understand their payments and deductions.

In payroll, it is key that you make sure employees are paid accurately and on time. Payroll is a challenging career and I personally love this and wouldn't want it any other way. No two days are the same, but to have a professional body such as the CIPP at hand is a fantastic asset."



Samantha Johnson LLB (Hons) ChMCIPDip, CIPP policy lead

"A payroll career can take you on an incredible journey. You develop skills in problem solving, technology and customer service, alongside maintaining your compliance knowledge on topics ranging from national minimum wage to holiday pay.

Payrollers keep the UK economy going, collecting billions on behalf of HMRC. There is an abundance of passionate professionals who, through attention to detail and a genuine love for their role, continuously deliver timely and accurate payroll across the UK."



Anna Ellwood MCIPDip, payroll manager at Humberside Police

"I don't care what anyone says, everyone goes to work to get paid and I love being part of that process. I'm even more honoured now that I am payroll manager for our local police force."



Diana Bruce, MCIPDip, CIPP subject matter expert

"You think you know everything about an area of payroll and then someone questions you and makes you look at a process or regulation in a different way. Or legislation is introduced that changes the rules (we should be used to that by now) and this often has hidden or unrealised consequences. Payroll is a constant education – I love to 'keep on learning' with payroll, never a dull moment."



Loma Nicholls ACIPP, CIPP Advisory Service team leader

"I love it because it covers so many subjects – you can never ever be bored. It gives you enormous self-satisfaction knowing you have either paid employees correctly or given advice to ensure an employee is paid correctly.

It is a subject that ranges from being easy to extremely difficult, so calls for individual strengths. These range from being flexible, articulate, technical, good at problem solving, mathematical, IT literate, and all with the ability to adapt to changes quickly and efficiently. How can you not love it when it gives you such varying day to day demands? It gives huge job satisfaction and the possibility of endless learning."



Payroll giving week

Mervi Slade, product and programme manager – payroll giving at Cancer Research UK discusses all things payroll giving week related ahead of the event

The second payroll giving week will take place from 7-13 February 2022. The week has been designed to raise the profile and awareness of payroll giving. Holding it in the week leading up to Valentine's Day is no coincidence. This much-loved form of giving has been given its very own moment to shine in the calendar.

Payroll giving week is a campaign assembled by a cross sector group of charities, payroll giving agencies, professional fundraising organisations (organisations that specialise in promoting payroll giving in the workplace), the CIPP and the Chartered Institute of Fundraising. They have been working hard to make this week special and help more employers actively talk about their own payroll giving schemes. This could either be to their own employees or their social media platforms, to encourage other employers to introduce this great scheme.

During payroll giving week, we want to see plenty of noise about the scheme on social media, promotions in workplaces across the country and conversations about implementing the scheme if an organisation does not currently have it in place.

You might thank your employees for their contributions to numerous causes, or post what payroll giving means to you as an employer, how it fits with other benefits offered and how it adds to your corporate social responsibility programme.

If you already have a payroll giving scheme in place, why not promote it to your employees during this week? Maybe add some employer matching to make the scheme an even better offering.

There is more information available

on the dedicated website: <http://ow.ly/c3V730s6U6U>. Anyone can use this. There are hashtags as well: #payrollgivingweek and #lovepayrollgiving. I would encourage everyone to use them when posting about the scheme during the week.

Next time you are making payroll giving deductions, remember this, and don't think of it as a mundane task: at the end of the day, you are helping to save the world

Thank you, payroll professionals

As a payroll professional, it might seem that making payroll giving deductions from salaries is just one of the many tasks you've been given. From the charities' perspective, this work you do is vital: you are saving animals, furthering medical research, helping in emergencies and putting food on the tables of the poorest people across the world. Children have access to education thanks to the work you're doing.

Throughout the history of payroll giving, over £2 billion has been donated to charities of all sizes and causes through the scheme. This would not have been possible without

the thousands of payroll professionals who make it happen every pay day.

Next time you are making payroll giving deductions, remember this, and don't think of it as a mundane task: at the end of the day, you are helping to save the world.

Payroll giving's importance to the UK charity sector is significant. In the financial year 2020/21, it raised over £143 million for thousands of charities, from small local organisations to household names. Thanks to the regular gifts employees made through their pay, those organisations are now more able to serve those who need vital help.

Never has payroll giving been more important than during the Covid-19 crisis. The pandemic had a devastating impact on the charity sector. Some charities did not survive, and others saw historically reliable sources of income, such as events fundraising, disappear overnight. This has ramped up the pressure for income streams, such as payroll giving, to remain stable and enable charities to deliver the best possible services.

Payroll giving's success during Covid-19 offered a rare light of optimism and positivity during a storm where the sector faced a multi-billion-pound funding gap. In fact, figures released during the first national lockdown quarter (April-June 2020/2021) showed an uplift, and the full year's numbers now show this trend didn't slow down. Figures pulled together by the Association of Payroll Giving Organisations (APGO), which represents key stakeholders in the payroll giving sector, showed employee donations increased by 6%, and employer matching rose by 4% when

compared to the previous financial year.

The final quarter of 2020/21 also saw a marked increase in the average value of one-off donations, driven by the approaching end of the financial year. This is a time where tax-efficient giving usually increases; payroll giving, as a pre-tax donation, being the only way for all employees to donate all the tax on top of their net contribution to their preferred causes.

How donations help

One charity benefitting from your work is Together for Animals – a consortium of four animal welfare charities – Blue Cross, Mayhew, the Society for the Protection of Animals Abroad (SPAN) and World Horse Welfare. This was founded in 1993 to raise vital funds to help members carry out their life-saving work. More information can be found here: <http://ow.ly/8xRT30s6U89>.

With a unique focus on raising funds through payroll giving, the charity helps animal lovers maximise the impact they are having on improving animals' lives. Each donation is equally shared between their members, supporting cats, dogs, donkeys and horses, both in the UK and abroad, in some of the world's poorest communities.

The funds raised through payroll giving help to rescue, rehabilitate and rehome thousands of abandoned or neglected animals each year. Funding also provides veterinary care and treatment to animals in need, supports the individuals and communities who depend on animals for their well-being and livelihood and educates the next generation, so they understand how to provide the best care for animals. This creates a more compassionate world and a better future for animals.

In 2020, Together for Animals supporters helped:

- 4,840 unwanted, abandoned or neglected animals find loving new homes
- provide 348,895 animals with free veterinary care saving them from suffering
- provide 5,419 pieces of humane equipment be distributed to working animal owners.

Two-year-old saluki, Wizard, was one of the animals that received help. Thin, starving and nearly bald on some parts of his body, Wizard was in a sad state when he was found by a dog warden. He needed time to rest and recuperate at Together for Animals member Blue Cross, and to be found a new loving home.

After some nurturing and plenty of love

from the team, Wizard made a full recovery and was put up for rehoming, where he was spotted by a caring couple looking for a new pet. Now settled in his new home, Wizard's personality is shining through and his confidence growing day by day.

Payroll giving's success during Covid-19 offered a rare light of optimism and positivity during a storm where the sector faced a multi-billion-pound funding gap

All animals deserve a loving home. The kind donations Together for Animals receives through payroll giving helps abandoned animals like Wizard to receive the treatments and care they need to be happy and healthy while they wait for a new home.

Caroline Gaskin, development manager at Together for Animals, commented: "Payroll giving provides Together for Animals with a vital regular source of income, allowing us to provide lifesaving care for animals desperately in need. As a small charity, we see payroll giving as our key source of income." ■



Wizard, the Saluki

All new P11D course collection

Our brand new P11Ds, expenses and benefits course collection contains everything you need to know about this annual process.

If you're new to payroll and need to know how to report your employee expenses and benefits, or just need a refresher and want to ensure what you are providing is effective and compliant, then this course collection is for you.

Find out more and choose the P11D courses that are right for you at cipp.org.uk/training



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Payroll love stories

February is the month of love! This Valentine's Day, unwind with these payroll love stories...



Back in April 2017, the public sector introduced off-payroll working. Anyone who has dealt with this knows how much of a shake-up it caused. At the time, I was processing payrolls for the National Health Service – temporary staffing and doctors to be more specific – a group that regularly utilised limited companies to process work. All this changed overnight: payrolls that were 90% limited companies, which required less processing, were now 90% pay as you earn (PAYE) workers. This meant a lot more processing was required, on top of the need to process many new starters, at the start of a new tax year, no less.

We all know a new tax year can be busy, but this was another level. The whole team did a fantastic job, we pulled together and shared information. We supported each other with getting payrolls completed on time. The work was stressful, but the environment was fantastic.

Thank you to all the colleagues who made that time manageable, the software developers that helped us deliver, the clients that understood how difficult it was and the entire payroll community for the ideas and discussions shared online. You make me proud to be a payroller.

When I first started on my payroll journey, I didn't understand tax codes. Leave that to the wizards behind the curtain at Her Majesty's Revenue and Customs (HMRC). How do they work? Who knows? Leave that to the system. An employee complains they have been taxed wrong – that's what the computer has calculated.

So, when I was given the chance to learn manual calculations, I jumped at the opportunity. That is, until I was presented with reams of paper and informed this was the instruction booklet. Pages upon pages of directions and numbers, leave it to the computer I thought, this is going to be way too complicated.

But I read the instructions, I followed the guidance, tried a few examples and was completely shocked to realise how methodical it is. It's all there in black and white, it's nothing to fear. Before long, I was doing them every chance I got, teaching others and loving it. Learning manual tax calculations was one of the best things I did early in my payroll career, and I would encourage any new payroll administrator to do it as soon as possible. It makes such a difference and made me so much more confident in my payroll abilities.

This isn't your archetypal love story. It doesn't centre on two people who fall madly in love, but rather on the love for a profession, and for the others who work within it.

Payroll is very niche in its nature. There are ongoing discussions on whether it should sit within human resource (HR) or finance, or, indeed, if it should be a department within its own right. To me, none of that matters.

What payroll professionals are genuinely concerned with, is giving their customers (whether that be members of staff or clients) the best possible service and ensuring that people are paid both accurately and on time.

I reluctantly talk about the pandemic (as it's all we've heard about for the past two years), but it has undoubtedly shone a light on the payroll profession. Payrollers continued to process payrolls while the coronavirus job retention scheme guidance was frequently updated (at one point, daily). They proved their department's strategic value, often assisting organisations in making key decisions about who to place on furlough and the best course of action to take.

Hopefully, in 2022, everyone will continue to see the true value of the payroll department and of having knowledgeable, conscientious payroll professionals working within organisations. We love you, payroll.

Delivering a payroll service is a role where you're held completely accountable for the outcome i.e., is the pay correct? There are relatively few occupations where the expected standard is 100% accuracy. It's a tough gig. It's also why I love payroll.

Deadlines must be adhered to, and standards must be high. Payrollers understand and have usually lived through the consequences of a mistake, a lack of understanding or poor communication. This is what makes us special. Payroll people give so much, they question the detail, they interrogate the compliance, because they understand the consequences.

This payroll love story starts with a big mistake. An employee returned from maternity leave and reduced her hours to part time; unfortunately, her car allowance was not pro-rated. It was three years until the error was identified.

The payroll administrator knew she needed to act quickly and communicate the issue with honesty. Within a day, the net overpayment had been calculated and the employee, her manager and her HR representative had been given a full update on the details. The payroll administrator, by showing honesty, empathy, and transparency, was also able to agree a repayment plan and took steps to stop any future overpayments in the impending pay run. Finally, she designed a report to run monthly, which could identify employees with changes in hours and additional allowances.

I was the payroll administrator's manager, and her responsiveness, empathy and pro-active thinking encompassed everything that I love about payroll, and the people that work in it.

Not many people enjoy change, and I would certainly put myself in that camp. Working for the same company for fifteen years, and on the same payroll system for the same amount of time meant that I had become the 'go-to' person in the team. I was the longest serving, and I knew the system inside and out (albeit it wasn't the greatest system in the world). So, when the project started to replace the old system with a new one, I was a little terrified.

The team were taken into a few workshop meetings to discuss our requirements, but other than that, we continued processing payroll as normal. Then, an invite appeared in the diary. Three days' training on the new system in readiness for parallel runs. The training took place and I felt like nothing sunk in. Everyone else was writing notes, but I just didn't get it.

The dreaded day arrived; parallel runs were starting. I picked up my payrolls, opened the system and stared blankly at the menus in front of me. Cautiously, I worked through my first input. I asked so many questions and clicked the wrong thing a few more times than I care to admit to, but I did it. And then I did it again. The more I used the system, the more confident I became.

When you're working in payroll, change is inevitable, and I love payroll because I've been able to both challenge and surprise myself as to what I'm truly capable of. I guess I quite like change after all!

Who ever thought tax could be romantic?! Well, it isn't particularly, but this payroll love story focuses on a technical aspect of tax, available to certain married individuals or those in a civil partnership – the marriage allowance.

The marriage allowance permits the transfer of up to £1,260 of a person's personal tax allowance to their husband, wife or civil partner. This can result in a tax reduction of up to a maximum of £252 within the tax year. To qualify for this relief, one individual must ordinarily receive an income below the personal allowance, and their partner must pay income tax at the basic rate. In Scotland, the partner must pay at either the starter, basic or intermediate rate of tax.

The personal allowance automatically transfers each year unless the marriage allowance is cancelled, which could happen where there is a change to income or when a relationship ends.

The marriage allowance will be reflected either in an individual's tax code or will be given when they send their self-assessment tax return. Each member of the couple will receive a new tax code to reflect the transferred allowance. It will end with 'M' for someone in receipt of the allowance, and 'N' for those who have transferred the allowance across to their partner.

What better way to treat your beloved than with an increased tax allowance this Valentine's Day...?!



The McCloud judgement



Mathew Akrigg ACIPP, policy and research officer at the CIPP explores the complexities of the McCloud judgement, and how this impacts public sector pensions

By now you may have heard about the McCloud judgement. Although case law is not always terribly exciting, it is extremely important. What does this mean for payroll, pension schemes and what else does it affect? While the schemes involved are for public sector employers, there are aspects of the judgement that may be important to consider in other areas of employment law.

This situation is far from over, further litigation is likely to come of this and, in fact, already has

What happened to cause all the fuss?

To answer that, we must go back to 2010, when the coalition government organised for an Independent Public Services Pension Commission to review public sector pensions. The report, released in March

2011, ahead of the budget, recommended the final salary scheme be replaced by a career average earnings scheme. The plan was to move existing members across to the new scheme once this had been set up. They also advised to link normal pension age to the state pension age to mitigate against life expectancy risks, apart from schemes for uniformed services which would sit at 60. The government accepted the Commission's recommendations and put the Public Service Pensions Act 2013 into legislation.

The Commission stated it was 'not possible in practice to provide protection from change for members who are already above a certain age.' However, on 11 November 2011, the chief secretary to the Treasury, announced age-related transitional and tapered protection would be introduced. He said: "I have listened to the argument that those closest to retirement should not have to face any change at all. That is the approach that has been taken over the years in relation to increases to the state pension age, and I think it is fair to apply that here too. [...] No-one within ten years of retirement will see any change in when they can retire or any decrease in the amount of pension they receive." This is taken from: <http://>

ow.ly/2sXb30s6WSZ.

Transitional protection meant that members within ten years of normal pension age would stay in their existing schemes. Members between ten and 13.5 or 14 years of normal pension age could stay in schemes for a brief period – this was tapered protection. All other members would be required to make the change to the new 2015 reformed scheme. These protections are what caused an issue and all the 'fuss'.

What was the McCloud judgement?

Members of the judges' (McCloud) and firefighters' (Sargeant) pension schemes argued in the employment tribunals (ETs) that transitional protection given to older members was unjustified direct age discrimination. In December 2018, the Court of Appeal ruled that the transitional protection offered to older members did constitute age discrimination.

The government confirmed that, even though the case related to the judicial and firefighters' pensions, the judgement will affect the main public service schemes managed by the government (responsibility may be devolved for

Northern Ireland, Scotland and Wales). Some of the schemes included are:

- civil service pension schemes
- National Health Service pension schemes
- teachers' pension schemes
- police pension schemes
- firefighters pension schemes
- UK armed forces pension schemes
- local government pension scheme
- judges pension schemes.

The Supreme Court refused the government's application to appeal, this means that the Court of Appeal's decision will stand, and therefore needed to engage with the ET to agree on remedies.

What will happen now?

Different schemes have conducted their own discussions to determine appropriate remedies and the vehicles they will be delivered through. HM Treasury opened a consultation, running from 16 July-11 October 2020, discussing two options to remedy the unlawful provisions. The consultation response can be found here: <http://ow.ly/NsUY30s7H8n>.

The remedy for both options is the same – members will get to choose which of the legacy or reformed schemes they wish to receive the benefits of for the remedy period. This period is 1 April 2015-31 March 2022 and applies to all members who were in service on 31 March 2012. Members who started service after this date were ineligible for any protections regardless of age and were therefore not identified as being discriminated against. Members with tapered protection will be treated the same as all other members, choosing from

the two schemes, not a mixture of both.

The two options proposed by the government consultation regarded the method of choosing which scheme benefits to take. The first option was the immediate choice (IC) method, members would be required to decide as soon as possible after April 2022, effectively locking in their choice well before retirement. The second option being the deferred choice underpin (DCU), where the choice is made at the point where the benefits become payable.

In the consultation response, it was

What can we learn from this judgement? 'Don't discriminate' is the obvious answer, but this result shows us that something can be done for the right reasons and cause untold issues for other parties

identified the IC method could result in further discrimination to younger members. IC would mean a decision would be based on many more assumptions the further the member

was from retirement. It would also be detrimental if a career break was taken, as it would be impossible to predict when, and how long, such a break would occur.

The consultation proposes moving forward with the DCU method. This will allow all members to choose the scheme that benefits them the most at the same stage in their careers.

The DCU method is not without its issues, there are some tax implications of DCU that have been addressed in the government response. The way the DCU has been designed means that reformed scheme benefits are accrued in a single year, this can impact the annual allowance (AA) and cause additional tax liabilities. The government has stated it will ensure members 'do not bear the cost of any additional AA charge that is directly caused by the member exercising that choice.'

This situation is far from over, further litigation is likely to come of this and, in fact, already has. Six unions have filed for a judicial review to stop the government imposing the cost of the judgement on members, after legislation that would reduce employee contributions by 2% was scrapped. It is estimated removing discrimination from public sector pensions will add billions per year to scheme liabilities. As most of these public sector schemes are backed by the Treasury, it is easy to see why they are eager to reduce costs, considering the changes required. Cases such as these can take a long time to go through the entire judicial process, so the full effects of the McCloud judgement may not be clear for years to come.

What can we learn from this judgement? 'Don't discriminate' is the obvious answer, but this result shows us that something can be done for the right reasons and cause untold issues for other parties. Where benefits are offered to employees, it would be acceptable to change benefits for all workers, or all new workers, but not for workers within certain categories, such as age or gender. Changes made that only affect specific groups must be designed to ensure they don't unintentionally discriminate other groups.

This case has captured a lot of attention, primarily because it impacts public sector workers who make up a huge amount of the workforce, currently around 17.5%. It is important to take these lessons and assess if there are any practices within your own organisation that need to be remedied. ■



What are the issues women face with their state pension?

Henry Tapper, chief executive officer for AgeWage, discusses an area that has recently attracted considerable media attention – the state pension



The state pension is important to almost all of us. Only a few workers in the UK won't qualify for it, and most people would welcome the full single person's payment of £179.60 a week.

According to the Office of National Statistics, it makes up more than half of the income men get in retirement, for women (who get less in private pensions) – it's even more important, averaging over 60% of their retirement income.

It's currently paid at 66 for men and women, and this will increase to 67 between 2026 and 2028, with a further rise to 68 due between 2044 and 2046. The Department for Work and Pensions (DWP) has commissioned a review, which considered bringing forward a gradual rise to 68 between 2037 and 2039.

And it's most important of all to those on low earnings, as it is now paid out at a flat rate. The earnings-related element of the state pension is still being paid to pensioners who retired before April 2016.

The impacts on women

These changes in the state pension have created a lot of heartache for women of a certain age, who have seen their retirement age increase from 60 to 66 at a rapid pace. The grievance of Women Against State Pension Inequality (WASPI) is that they are being levelled down to male rates and the changes weren't properly explained to them.

It's not just the WASPI women who feel aggrieved. The DWP has admitted to serious errors in the administration of payment to widows, married women and the over-eighties, and there are now calls for divorced women to have their benefits reviewed. Former pensions minister, Sir Steve Webb, has set up a benefit checker for women born before 1953 who are receiving less than the full married women's pension of £82.45 per week.

The state pension is also the subject of attention because of the Treasury's decision to limit increases this year to inflation. This means the 'triple lock' isn't being applied to pension increases. With the latest rate of inflation running at 5.1%, this represents a substantial cut in the state pension's buying power.

The state pension is also the subject of attention because of the Treasury's decision to limit increases this year to inflation

Ironically, until recently, the state pension was reckoned to be reducing the pensions gender gap. But prompted by pre-Brexit European Union legislation, the government was required to equalise state pension ages. Women can at least comfort themselves in knowing they live on average to 84 while men live on average to 80, so women, if they get their full state entitlement, will expect to receive thousands more in today's terms from the state.

But there is a big 'if' in that final sentence. Not everyone will get the full amount, as many will only be entitled to a reduced pension based on the number of qualifying years they have earned during their careers. The rules around 'qualifying' are too complicated to cover in this article. The magic number in the future will be 35, but there are some wrinkles.

Mothers need to know that, even when one parent earns over £60,000 a year and it's not in the family's interest to receive child

benefits, they should register the benefit before opting out of payments. Otherwise, they won't receive credits towards the state pension.

The problems for women of entitlement to state pensions go back a lot further than the changes in child benefits. The reduced rate of National Insurance (NI), available to women prior to 1977, meant that many women swapped lower NI payments for qualifying years towards the state pension. While most women now pay equal rates, some opted in to remain paying less and may find themselves without even the minimum ten qualifying years required to pick up any state pension.

Checking tools

Having read this tale of woe, female readers may feel the system is stacked against them. Even with their biological advantage of increased life-expectancy, most women retiring today will struggle to get their full state pension. It is possible to check NI records at <http://ow.ly/PmLc30s6xnP>, which will highlight where any missing years are and advise if it is possible to pay voluntary contributions to fill any gaps (and how much this will cost).

A state pension forecast can be obtained at <http://ow.ly/ycAM30s6xo6>. This service can't be used if you're already getting your state pension, but the state pension service can be contacted for anything from notification of a change of address to making a complaint. Information on how to get in touch can be found here: <http://ow.ly/qEQL30s6xoO>.

As a result of all the problems besetting the state pension, the DWP is employing between 500 and 700 staff just on restitution, so there's never been a better time to check your benefits. ■

What are your views on this topic? Get in touch with us, at policy@cipp.org.uk.

Payroll news

Scottish and Welsh income tax rates confirmed

AS DEVOLVED nations, Scotland and Wales can set their own rates of income tax. Her Majesty's Revenue and Customs (HMRC) recently confirmed the new rates for operation in tax year 2022/23.

Please note that the rates below are subject to parliamentary approval:

Income tax rates – Scotland		
Starter rate	19%	1 – 2,162
Basic rate	20%	2,163 – 13,118
Intermediate rate	21%	13,119 – 31,092
Higher rate	41%	31,093 – 150,000
Top rate	46%	Over 150,000

Income tax rates – Wales		
Basic rate	20%	1 – 37,700
Higher rate	40%	37,701 – 150,000
Additional rate	45%	Over 150,000

The coronavirus statutory sick pay (SSP) rebate scheme returns

CHANCELLOR OF the exchequer, Rishi Sunak, confirmed that, due to the impact of omicron, the coronavirus SSP rebate scheme would re-open from 21 December 2021. At the time of writing, no closure date has been provided, but the claims portal was expected to open from mid-January, also allowing retrospective claims to be made.

The scheme is open to UK-based employers with a pay as you earn payroll and less than 250 employees as of 30 November 2021. They can claim for up to two weeks of SSP per employee who took time off work for coronavirus-related reasons. The two-week limit has been reset, so an employer will be able to reclaim up to two weeks per employee regardless of whether they have claimed for them before. A factsheet which provides further details is available here: <http://ow.ly/ek7b30s73uM>.

A possible extension to auto-enrolment?

CONSERVATIVE MEMBER of parliament (MP), Richard Holden, tabled a motion in the House of Commons to expand the reach of auto-enrolment. Currently, auto-enrolment only applies to individuals who receive more than £10,000 per year and are aged 22 and over. If the changes go ahead, auto-enrolment would instead apply to those aged 18 and above and in receipt of lower earnings.

Diary dates

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 (this is a weekend date)
Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by non-electronic method	22 February
Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by electronic method	22 February
Last day of tax month 11	5 March
First day of tax month 12	6 March

Self-assessment late payment penalties temporarily waived

HMRC CONFIRMED in January 2022 that it would grant self-assessment workers additional time to file and make payments for their tax returns for 2020/21 without incurring any penalties. This is in recognition of the ongoing impact of the pandemic.

Anyone who cannot file their return by the 31 January 2022 deadline will not receive a late filing penalty if they file online by 28 February 2022. However, interest will still be payable from 1 February 2022, so it is advisable to pay as soon as possible to avoid this.

Those who cannot pay the self-assessment tax by 31 January 2022 will not receive a late payment penalty if they pay their tax in full, or set up a time to pay arrangement, by 1 April 2022.

HMRC makes decision to pause most webchat services for three months

BACK IN December 2021, HMRC announced that, from 4 January 2022, it would be pausing the majority of its webchat features for three months in order to review the service it is providing.

HMRC has discovered the webchat is most effective for dealing with simple queries and to direct people to the digital tools available on GOV.UK: <http://ow.ly/UYQk30s73po>. For more complex queries, the webchat takes 84% longer to deal with than a phone call.

During this time, webchat will still be available for the following:

- online services helpdesk
- self-assessment
- national clearance hub
- imports and exports
- debt management
- extra support
- support for pandemic-related activity.

PayCaptain awarded B Corporation status

CLOUD PAYROLL service provider, PayCaptain, based in London, is now the world's first B Corporation certified payroll company.

The B Corporation status demonstrates a company's commitment to their social and environmental impact, and not just their profit-making. PayCaptain has shown the company is a genuine advocate for stakeholder benefits.

To achieve the status, PayCaptain had to meet stringent selection criteria, all while displaying its social and environmental impact. It was assessed on several factors, including:

- employee benefits
- stakeholder engagement
- impact on the community and environment.

Chief executive officer of PayCaptain, Simon Bocca, commented:

"I'm incredibly proud that PayCaptain is a fully certified B Corporation. From day one we've used the B-Corporation framework as our guiderail for being the best company we can be. We're dedicated to creating positive experiences for our own employees as well as those of our clients".

Inner London employees receive highest average bonus, followed by 'mobile' workers

DATA PUBLISHED by Cendex, part of XpertHR, has highlighted that inner London employees have received the highest average bonus over the last 12 months, with a median figure of £8,236. Employees who work across numerous regions and are classed as being 'mobile' earned the second highest amount, with the average bonus figure equating to £4,806.

Of the one million employees held in the Cendex database, 295,549 employees received a bonus in the last year – a 67% increase on the previous 12 months.

Chief executives received average bonuses of £172,897, while directors picked up £49,973. Conversely, entry level professionals collected bonuses averaging £642 per year.

The data also highlighted the fact that larger companies do not always offer the highest bonuses. Organisations with less than 250 employees granted the highest average bonus of £6,050, yet an average bonus of £2,726 was awarded by the largest organisations, consisting of more than 1,000 staff.

Many UK businesses are failing to report on absences

A SURVEY carried out by MHR International has revealed that most UK businesses (84%) are not reporting on employee absences. This means they are missing out on important insights, which could have direct impacts on:

- retention rates and overheads
- financial and productivity levels
- employee well-being.

250 human resource (HR) managers and directors in the UK and Ireland were surveyed, and revealed that, in addition to not monitoring absences, organisations are not certain of the reliability of the people data they do gather. 37% of HR departments involved in the study admitted that they face hurdles in accurately reporting on employee data as they have no single source of truth, and that data is duplicated, outdated and sometimes, information is just completely missing.

Read the research report in full here: <http://ow.ly/cP2j30s78NB>.



Movers

Shakers

To appear on this page contact editor@cipp.org.uk

THANK YOU AND FAREWELL...

OLIVIA DUNHAM ChFCIPPdip became a CIPP Payroll Assurance Scheme (PAS) assessor in 2012. Due to work commitments, Olivia is now focussing on her new role as head of payroll, EMEA and APAC, at Columbia Threadneedle Investments.

Olivia's contribution has been integral to the success of the PAS and in maintaining the scheme's high standards. She has helped and supported numerous organisations in achieving the PAS accreditation. The CIPP would like to thank Olivia for all her hard work and commitment over the years.



CONGRATULATIONS

GEMMA MULLIS MCIPPdip, who has previously worked as an advisory officer and as a policy and research officer at the CIPP, successfully secured a new role as end point assessment specialist as of 1 January 2022. While this means a move of department and entirely new direction of work for Gemma, we are happy to confirm that she will still be working at the CIPP, where she has worked since 2017. Please join us in extending huge congratulations to Gemma, who is really excited to get her teeth into this new role, which will require her to develop the department.



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How are software developers preparing for the new tax year?

Neil Tonks, legislation manager ChMCIPPdip at MHR International discusses the work that software developers carry out when preparing for the new tax year



These days, nearly all payroll teams make use of software to perform the routine processing that goes into calculating, paying, reporting and accounting for what is one of the biggest costs in most businesses: the employees.

Software products are continually updated, ensuring they remain compliant with market expectations and legislation, which the UK and Irish governments and beyond continue to generate.

What changes are required?

As a software and service provider, how do we make sure our products have the functionality that's required, especially for changes driven by legislation?

The first thing we need to do is find out exactly what changes are required. This is harder than you might think. Government announcements are very often just 'highlights', with the detail provided later. We can't make any amendments to our payroll systems to support the changes until we have that detail, so it's vital that we're pro-active in getting hold of it, sometimes facing very tight deadlines to ensure we get all the right information.

For instance, we knew in the autumn

of 2020 that for 2022/23, there would be a National Insurance (NI) category to provide employer's relief when employing veterans in their first year of civilian employment. We also knew there would be a way for employers to use the full payment submission to reclaim the NI paid in respect of 2021/22 when the new category wasn't available. However, it wasn't until the summer of 2021 that the category (V) and the detail of the reclaim mechanism were released.

Government announcements are very often just 'highlights', with the detail provided later

Research time

The process of investigating and extrapolating the right details involves several stages and plans of action. First, of course, meetings. Sometimes, several

meetings. These days they generally take place online via Teams or Zoom but pre-pandemic, visits to government offices were the order of the day.

Many of these events are regular consultation forums between software developers and civil servants. Sometimes they are hosted by government departments such as Her Majesty's Revenue and Customs (HMRC), while others are held by professional bodies, such as the British Computer Society. There are also ad-hoc meetings dealing with specific upcoming changes, where the impact is sufficiently wide-ranging and the timescale allows for it.

The CIPP contributes much to this process. There's the technical panel, which has a remit to consider the impact of government initiatives on payroll generally, and policy roundtable events, which concentrate on a specific topic. We find these useful because the discussion isn't limited to the technical aspects of a change, but also covers the practical challenges faced by payroll professionals.

Finally, we get a lot of assistance from the CIPP's policy and research team, both from the various publications they

produce and by the direct communication we have with them. Most CIPP members probably don't realise the amount of work the policy team do in the background, but we certainly do and we appreciate it.

We're also on various government email lists and interact with teams such as HMRC's software developers support team, who provide a source of information and a point of contact to ask questions.

Internet research is another vital part of the process. We study many documents sourced online ranging from official guidance, publications of the CIPP or other professional bodies (accountants, for example) to white papers and magazine articles. We even resort to reading the legislation itself occasionally, which is not exactly fun but is important as these are, of course, the final word on the rules of an initiative. So that's how we deal with legislative changes.

Company resilience

The other sort of change is market-driven, to ensure our product is kept competitive, adds value and supports the resilience of our customers. We continually need to ask the question, 'how do we make our users' lives better?' This goes beyond the obvious answers around functionality and usability. We need to consider not just how the system supports our customers' processes, but how it can drive improvements for them.

Conferences are another valuable source of information of what is happening within the industry. These serve the dual purpose of providing a learning opportunity, as well as the chance to talk with payroll professionals from around the country and overseas – after all, payroll is a global profession and many of the challenges are also global.

Software update cycle

MHR's software product iTrent is updated quarterly for functionality enhancements, while short-notice changes can be supplied outside this cycle as 'service packs'.

Each November, MHR releases legislative changes for the following tax year, allowing customers time to do their own testing, configure the product to their needs, train employees and update processes in time for changes taking effect.

There is a mechanism to ensure payrolls for a new tax year cannot be processed until the minimum

release/'service pack' for that year is installed. This means customers cannot inadvertently be uncompliant and at risk.

We need to consider not just how the system supports our customers' processes, but how it can drive improvements for them

Necessary testing

After that, a development team is assigned. This will consist of a designated business analyst, alongside software engineers and software testers, plus any other people whose skills might be required in the specific project, such as user interface designers and IT security experts.

The team then get together to work through the requirements in order, to decide how they will be achieved technically. They break them down into individual tasks so that small pieces of work can be tested in isolation, and identify any potential technical difficulties, plan the work, estimating how long it will take.

After that, the process of developing the enhancements can commence. The team works collaboratively to ensure that what's developed meets the requirements, and that it all performs correctly. This can get very complex in a large development with many interdependent changes to make, and the team lead is responsible for co-ordinating everything, and making sure the inevitable queries and problems which arise are resolved.

Testing is a very important part of the process. Not only do the testers have to verify the enhancements are fulfilling the requirements specified by the business analyst, but they must also make sure the end-to-end processes all work smoothly for the user, and the changes haven't inadvertently caused any other issues.

Once all that's been done and everything's signed off, the changes can be released to customers. However, that's not the end of the process, because at

that point the only people who know what the changes are, and how they're used, are the members of the team who developed them.

Educational process

This means we have a big knowledge transfer process to undertake. We need to educate a range of people, all of whom have different needs.

Customers are, of course, critical to this part. They're going to be using the new functionality so they need to understand what's changed, what they need to do in order to implement the changes and how to use the new functionality going forward. But they're not the only ones who need educating. We have many internal employees who require bringing up-to-date, and they often need a different approach to customers, depending on their level of involvement with customers and the product.

Our implementation and technical consultants, for instance, need to understand not only how to use the new functionality, but how it works and how the information is held in the database, so they can produce reports, extracts, workflows and so on.

We must also educate our help desk analysts, customer relationship managers, sales teams and many other groups of people, so they can support customers.

A range of approaches are used for this process, from webinars and functionality walk-throughs (internal and external facing), and instructional videos, through to training courses and customer user groups. There are also the more traditional user guides, though these tend to be reference manuals, as there are better ways of educating people than expecting them to read lots of text.

Conclusion

What I've outlined is, of course, the way we operate at MHR. Other developers and companies may have different working practices but the basic functions will always be the same: Research. Do it. Test it. Release it. Educate.

So next time you update your software, and you get support for new legislation, pause to think about all the hard work that went on behind the scenes to produce a compliant product.

Visit the MHR website here: <http://ow.ly/lvmr30s7Hga>. ■

Moving with the times: Moorepay's employee mobile app

Anthony Vollmer ACIPP, managing director at Moorepay introduces the new employee mobile app the company is offering, explaining how it works



Our employee mobile app has arrived, catapulting employee self-service (ESS) into the digital age.

Why did we build ESS into a mobile app? How did customer feedback shape our journey? And what can people expect from this new, pocket-sized product?

A simple solution to a big problem.

We spoke to our customers and learned their payroll and human resource (HR) teams regularly found themselves drowning in a sea of employee queries, forever chasing down timesheets and repeatedly delivering the same messages to employees. As a result, processes were slow, and everyone was left frustrated.

What we also know, is our reliance on mobile phones has risen fast over the last decade. In fact, a recent study from RescueTime found people spend an average of three hours and fifteen minutes on their phones, every single day.

With all this, we saw a huge opportunity to improve the user experience of ESS. We wanted it to be accessible on the device that employees use the most. It also had to be easy to use and intuitive, to prevent those 'how do I find x, y and z?' queries hitting payroll and HR departments.

So, back in November 2019, we set the wheels in motion to design and build an employee mobile app.

Easy to use

Want to book this Friday off work on your bus ride in? Quickly edit your bank details on a Sunday? And what about notifications that chime when your timesheet's been approved? That would all be handy,

wouldn't it? That's why we've built all of this into the app, to create a seamless employee experience.

We also want to give employees the gift of time. No need to boot up the laptop, just grab your mobile, and within a couple of clicks, you've submitted your holiday request – simple.

All this goes for managers too. Approving, rejecting, and requesting more information about timesheet and leave submissions is faster than ever. What's more, repeated queries to payroll and HR about PDF payslips, leave allowances, and adding emergency details should be a thing of the past. Employees will have the means to do all this themselves, and with extreme ease.

We're just at the start of our journey

Easy to access

The app is deployed on both Google Play (fear not, Android users), and in the app store, so no matter what the device, employees can enjoy all the benefits on offer. And once downloaded, there's no faffing about with password management and long-winded login processes, they simply enable fingerprint or facial recognition and are on their way.

Employees can access the leave calendars of their teammates. This helps them make decisions about when to book their annual leave – 'Dean's also off that week, maybe I'll book the week after'. This neat feature brings teams and managers

together, driving visibility and saving time.

What's more, all holiday booked in the app is updated in real-time in our Next Generation software and in Microsoft Office 365 applications. This means managers and employees can see what's pending and what is approved directly in Outlook and Teams.

Easy to trust

Our team of developers and legislation experts work hard to make sure our Next Generation payroll and HR software (and the mobile app) is up to date. So, businesses can rest assured they're compliant and meeting their legal obligations.

Further, our 'privacy view' of payslips means no prying eyes when checking your latest payslip on the train. We've also implemented additional measures to beef-up security and biometric logins add another layer to keep personal data safe.

Our IT team work tirelessly to ensure pen tests, vulnerability scans and continuous monitoring protocols are in place to ensure sensitive company and employee data doesn't slip into the wrong hands.

What next?

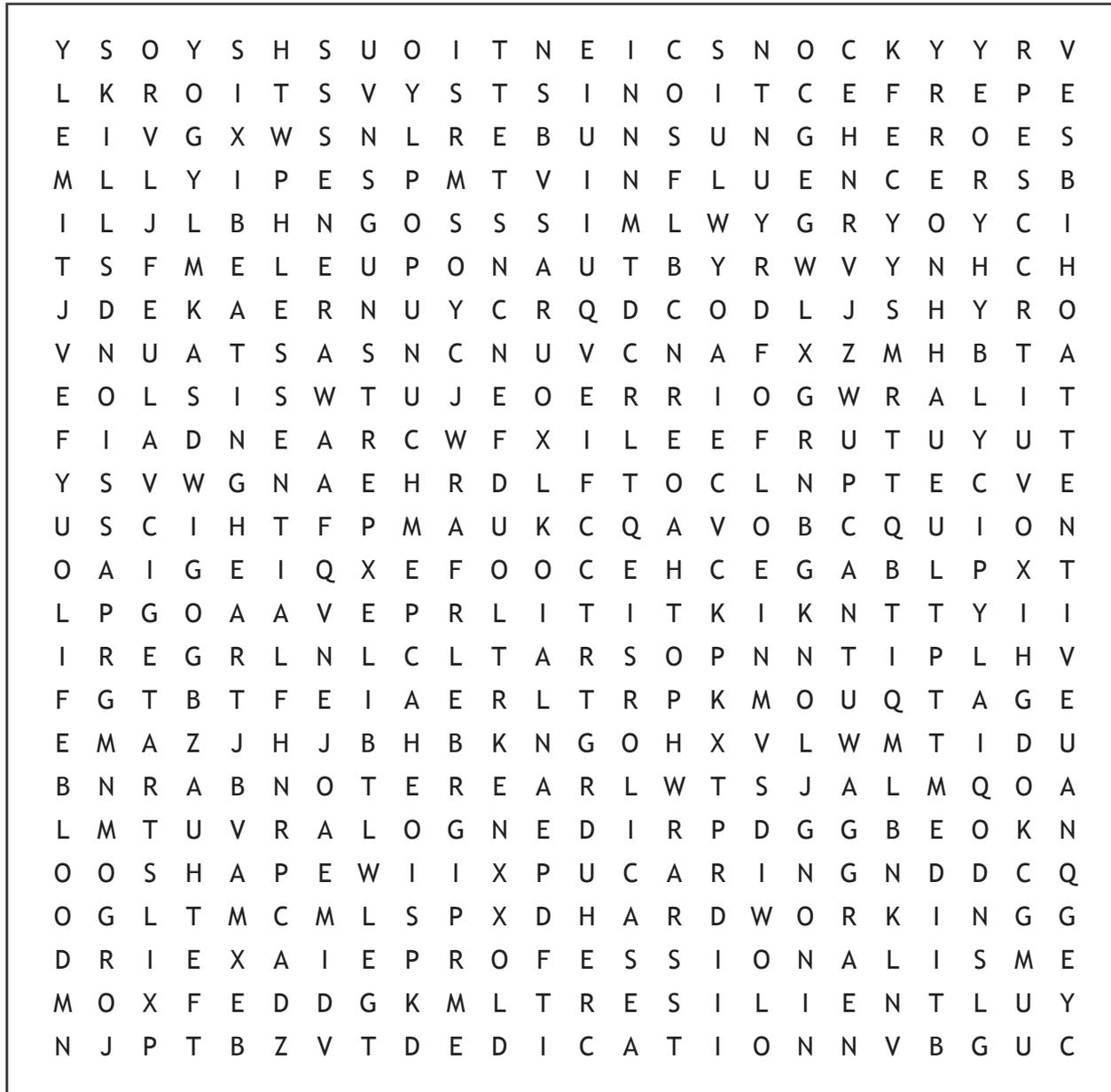
As teams spread out and hybrid working becomes commonplace, our mobile app works hard to keep employees, managers and admins connected. We're just at the start of our journey. Over the coming months, we'll be cramming even more exciting features into our app. If you'd like to find out more about our new employee mobile app, we'd love to hear from you. ■

Visit Moorepay's website, at: <http://ow.ly/XH5x30s71ez>.

Feature topic wordsearch

To provide some light relief, the CIPP's policy and research team are delighted to have prepared for your enjoyment this classic word puzzle which features 35 words related to this issue's feature topic of 'payroll, the heart of the business'. Many of the terms describe the qualities of payroll professionals.

The words can be forward or backwards and vertical, horizontal or diagonal. Visit cipp.org.uk/wsfeb22 to see the answers.



(Note that the space between multi-word search items listed below is ignored in the table above. So, STRATEGIC VALUE would be shown as STRATEGICVALUE.)

- | | | | | |
|---------------|---------------|--------------|-----------------|-----------------|
| ACCURATE | COLLABORATION | EXPERTS | LOVE | RECOGNITION |
| ADAPTABLE | COMMUNICATION | HARD-WORKING | ORGANISED | RESILIENT |
| ATTENTIVE | CONSCIENTIOUS | HELPFUL | PASSION | SKILLS |
| AWARENESS | DEDICATION | INDUSTRY | PERFECTIONISTS | STRATEGIC VALUE |
| BEATING HEART | DILIGENT | INFLUENCERS | PRIDE | TEAMWORK |
| CARING | EMPATHETIC | KNOWLEDGE | PRO-ACTIVE | TIMELY |
| CELEBRATE | ESSENTIAL | LIFEBLOOD | PROFESSIONALISM | UNSUNG HEROES |

Useful contacts directory

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Website: www.cipp.org.uk

CIPP Consult provides payroll, reward, benefits and HR advice which is completely independent of all relevant software and service suppliers. You can rest assured that our recommendations are based on our excellent research and knowledge base and not on the amount of commission we might earn (because we earn £0 commission). All of our consultants are appropriately experienced and qualified in their fields and we will work with you to ensure that your expected outcomes of the assignments undertaken are agreed at the outset and fully met. We can offer you consultancy relating to payroll forensic audit, procurement support, project management, holiday pay, National minimum wage compliance and automatic enrolment for pensions.



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COMPLIANCE AND QUALITY STANDARDS

Payroll Assurance Scheme (PAS)
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Solihull, West Midlands, B90 4ZL
Tel: 0121 712 1000
Email: compliance@cipp.org.uk
Website: www.payrollcompliance.org.uk

The CIPP Payroll Assurance Scheme is a payroll quality and compliance service aimed at accrediting organisations who display best practice in payroll processes and people. Consisting of two modules; the process module and the people module; the scheme assesses payroll and associated processes to ensure compliance, reduce errors and highlights areas for improvement; as well as diagnosing staff skill levels and learning and development needs.



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Our intuitive, integrated HR & Payroll software is designed for UK businesses. You get HMRC & BACs accredited software and access to dedicated UK-based subject matter experts. Our rich functionality includes employee self-service, easy expense & timesheet management, intelligent absence management and rapid recruitment & selection. Founded in 1966, we have 10,000+ customers across the UK and process over half a million payslips every month.



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Payroll Business Solutions Ltd

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Our clients benefit from dedicated, individual payroll administrators who are all professionally qualified and experienced. Online payslips and P60s are delivered via 3rd party HR self-service or our own secure portal. We work with all types of organisations, automating and streamlining payroll processes with support for HR, pension and accounting systems interfaces, pension processing administration, payroll costing, client-specific calculations, standard and custom reports, and year-end services.



PAYROLL SOFTWARE

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The CIPP has spent the last 40 years leading the education of payroll, pensions and reward professionals, through the delivery of qualifications from level three through to MSc (Level seven) and through a wide range of up-to date, payroll, pension and reward training courses, held throughout the year, utilising a variety of delivery methods.

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The CIPP's mission is to lead payroll and pension professionals through education, membership and recognition. This is achieved by elevating the standing of the payroll profession, awarding it the recognition it deserves.



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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.



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*as taken from a recent membership survey.



Payroll is at the heart of every organisation – it's time for our industry to feel the love

Melanie Pizzey, chief executive officer at the Global Payroll Association (GPA), thinks it's time to embrace the importance of the profession



Money has been a facet of human existence since around 5,000 BC and the first wage was thought to be paid during the Neolithic Revolution. Western working classes were more often compensated with necessities like food, clothing and shelter until the Commercial Revolution introduced economies based on trade. This evolved pay into something more recognisable – wages based on time worked or output. Over 3.3 billion people around the world are paid wages and the payroll industry is responsible for this.

The beating heart

Payroll is the beating heart of every organisation, delivering wages, its lifeblood, to every employee accurately and on time. Strong, steadfast and never missing a beat, our industry kept the global economy moving when the pandemic hit. We are, however, an industry whose reliability can be to our own detriment. When things are running smoothly, we often go unnoticed, yet research highlights that workers rapidly

lose faith in their employers when something goes wrong. People paid incorrectly only twice may start the process of looking for a new job.

For this reason, we need to raise our profile and promote our worth. To do so effectively, we need, and deserve, a seat at the table.

We need to raise our profile and promote our worth. To do so effectively, we need, and deserve, a seat at the table

Payroll in the spotlight

Covid-19 put payroll in the spotlight. You will have heard many anecdotes about how the position of the payroll industry in every organisation has recently

been elevated. At the beginning of the pandemic, payroll leaders became more involved in key decisions. The C-suite requested reports and information which helped to establish how long a company could continue to function, or whether it could survive at all. Globally, hundreds, if not thousands, of legislative changes happened during this time. Payrollers had to keep on top of them all, while continuing their business-as-usual roles.

Despite this, a recent GPA survey revealed that 66 percent of payroll leaders felt there was no change to their place in the company hierarchy. Just 14 percent confirmed they had increased access to the C-suite.

Through members of the GPA, we have heard multiple examples of companies implementing new human capital management providers but neglecting to keep payroll in the loop. This has led to the predictable and avoidable issue of crisis management to assess and action what must be done to make it all work smoothly. In the payroll department, it is essential for things to be correct. Shouldn't

it then follow that the payroll department becomes part of a collaborative partnership – together with human resources (HR) and finance – rather than the afterthought department?

Those of us on the inside understand that payroll is an organisation's heart – we maintain its beat daily – but what can we, either as departments or as an industry collectively, do to have our invaluable contributions noticed?

The payroll department holds real-time key data every company leader needs to run a successful business. This data is how the payroll department becomes a key influencer in every organisation. But can it unlock us a seat in the boardroom?

There is a precedent. HR is already at the table. The data HR holds is static, yet its worth is still recognised and rewarded. Payroll data is dynamic, offering up-to-the-minute insights, a window on the inner workings of an organisation. In an age when information is becoming a currency of its own, the real-time data payroll can provide is a valuable commodity. It seems only right to draw up another seat for payroll, to benefit from our perspective.

Becoming an 'influencer'

I am not a massive fan of reality TV, so living in Essex when *The Only Way is Essex* (TOWIE) hit peak popularity was almost unbearable. People thronged to Brentwood, hoping to see one of the show's stars and began wearing curlers in their hair as they shopped in Boots. A few years later, coincidentally, one of the original TOWIE cast was working in our building and, briefly, sharing our office. Having initially been judgemental, I confess I was surprised to get a crash course in the work ethic of a professional 'attention seeker' – what we now know as an 'influencer' – from this person.

It was eye-opening to see how they conducted themselves. Instagram presented these young women as glamorous posers, and I felt there wasn't much beneath the pretty veneer. However, I soon learned the reality. They saw themselves as a business, with every post calculated to increase their profile and follower count. This, in turn, increased their value to sponsors, along with the money they were paid for promotional deals. It was all about visibility, and maintaining visibility takes a lot of hard work.

What can payroll learn from this? Does



every person in payroll need to look at themselves as a business, and do we need to promote ourselves via company newsletters, intranet, payroll updates, LinkedIn posts? Well, we certainly need to think about what we want to achieve and reconsider the image we present. Do we want to look knowledgeable, professional and forward-thinking – to be payroll trendsetters? Then every post should be created with this in mind. Become an 'influencer' and show the outside world what you need them to see.

*We need to
become influencers
– the most brazen
self-promoters –
loudly and proudly
drawing attention
to ourselves until
we feel the love*

Keep learning

Since the onset of the pandemic, many things within our industry have changed at speed. Technology and services we expected to wait for have been developed and delivered way ahead of time frames. On a recent GPA podcast with Anna Hammarkvist, we learned she encourages her team to explore the payroll industry for at least an hour a day, keeping up to date with it as it evolves. Because this is a global industry, a payroll career is a true education, always with something new to

teach us about other cultures, traditions and practices.

Keep up with the trends

There is currently a lot of discussion about on-demand pay and financial well-being. Payroll has all the key information to educate employees on how to understand their pay and payslips. We understand how tax works and the legislation surrounding this. If we are prepared to embrace a more open-door policy (physically or virtually), this is knowledge we can share. It's not a subject taught in schools, but an understanding of the principles of pay will help employees make better-informed decisions about their finances – something central to financial well-being.

On-demand pay is a hot topic. There may be reasons why you personally disagree with on-demand pay and there will always be questions about whether it is compliant. However, on-demand pay, in one form or another, is going to come our way. As an industry, we need to discuss how it will work, how it can be implemented and how the service can be offered to employees in an ethical manner.

A business would simply not survive if there wasn't a payroll department. We know our role and we carry it out effectively. Now it's time to take on additional responsibilities, to provoke conversations and to make a strong case for our seat at the table. This can be done by evidencing the excellent work we do and the information we have access to. Taking a leaf from the TOWIE playbook, we need to become influencers – the most brazen self-promoters – loudly and proudly drawing attention to ourselves until we feel the love. ■



Confessions of a payroll manager – “Appraisal time”

Another anonymous episode revealing the world of payroll featuring payroll avatar, Penelope (‘Penny’) Fortham, who is payroll manager at the nation’s favourite biscuit makers Crumbitt’s Confections.

There are moments as a payroll manager you can’t help but relish and, call me evil, but I love to watch the team’s reactions when I make my annual announcement that it’s ‘appraisal time’. Towering Tony seems to shrink a bit as his face sinks into his neck, Evie’s bottom lip starts trembling and Harry gazes thoughtfully into space. Of course, I had no idea how Jace would react – would he even know what an appraisal was?

To begin, I led the team in an informal chat about what to expect and how to prepare. I suppose I should’ve expected it, but when I brought up the concept of SMART objectives, Jace immediately jumped on it and asked me what SMART stood for. Now, I’m quite good at acronyms but suddenly that one left me. What did it stand for? Silly managers are relatively terrified? Static monkeys aren’t really tired?

I was so thrilled when I remembered that I yelled it across the office. Objectives that are specific, measurable, achievable, realistic and timely – SMART.

I felt more comfortable talking about competency frameworks as I’d just

completed some heavy research on them. I suggested everyone research and select a competency to focus on for the next 12 months and swiftly corrected Evie when she asked if she could be tested on her competency in knowing everything about the X Files. The bottom lip started trembling again.

So, the appraisals began and the dreaded 1:1s led to some truly excruciating moments. Harry was so nervous and spoke that fast I gave up writing notes, and Evie spent half of the session holding back tears and the other half letting them out. Jace had really pushed the boat out and prepared a PowerPoint, which included clips of Ice Road Truckers and Strictly Come Dancing. I could say he was pandering but, honestly, I was too entertained to feel anything but impressed.

After the somewhat traumatic individual meetings, we got together as a team to work collectively in pulling together our achievements of the last year. We created an impressive list, including:

- introducing changes to paternity leave
- successful implementation of the off-payroll working rules
- learning how to send an amended full payment submission as opposed to an earlier year update.

The issues arose when we tried to list things to do with customer service and

communication. Evie mumbled something about sensitivity, while Tony loomed over us all shouting about intimidation and volume control. I think we may have some work to do over the next year.

The ever-inventive Mr Crumbitt injected some much needed ‘fun’ into the proceedings by creating a veritable smorgasbord of activities for the team to choose from. The Crumbitt’s fun run, organising the Crumbitt Christmas party or the ever-popular option of being involved in a Crumbitt tasting panel.

At the end of the appraisal process, we agreed on a performance rating. Always a difficult part as everybody looks for a minimum of seven. A tear in the eye of Evie made me turn my six to a seven at the last moment, and Jace did a lap of honour when I said he was an exemplary apprentice and gave him a ten.

So, that’s appraisals over for another year – the team can recover themselves, hopefully refocus and feel justly proud of their achievements over 2020/21. Be well and stay punctilious! □

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.

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