

PROFESSIONAL

in Payroll, Pensions & Reward

Issue 35
November 2017

Individual Chartered Status is here



Following the rules
Professional embodiment
of compliance

***CCV v TFC –
Who wins?***
It's in your hands

CIPP 2017 survey
Institute embraces
membership's views



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“You are remembered for the rules you break.”

Douglas Macarthur (1880-1964)



Editor's comment

The feature article topic this issue is compliance, which is a subject that fascinates and probably propels me. In the pages ahead, you'll find many articles covering compliance.

Surely, compliance rules our personal and professional lives? It's impossible to imagine payroll or pensions work without rules. The source of these rules is, for example, legislation, terms and conditions of employment, memoranda, trusts, agreements and so on.

Are payroll and pensions professionals subject to more rules than those engaged in other fields? Indeed, I've often wondered whether the 'compliance' aspect of the payroll and pensions profession attracts those with a particular personality quality.

When mentally sketching this piece, I remembered taking a personality test some years ago (which, incidentally, proved positive) and learning that I have a high compliance factor (a big

'C'). Searching online (see <http://bit.ly/2gmJx88>) reminded me that 'compliance' is "the factor of structure, detail and fact, and those displaying high levels are interested in precision and accuracy... [and] because of their inherent desire for fact and detail, it is also common to find that compliant styles have a relatively broad general knowledge, or specific knowledge or skills. This interest in the way things work means that compliant individuals are often drawn to technical work, or jobs involving the organisation of information, situations in which their personal talents can come to the fore."

Does this describe you? Is high compliance typical and essential in payroll and pension professionals?

Mike Nicholas MCIPP AMBCS
Editor



Chair's message

What an exciting few weeks we've had recently with our Annual Conference at the Celtic Manor Resort where we learned and shared with hundreds of payroll and pensions professionals from around the world. I was absolutely privileged to honour some of the best payroll and pensions colleagues in our awards ceremony with honorary fellowships and lifetime achievements, including a posthumous award to our late colleague, Michelle Crook. Her husband Rob was presented with the Lifetime Achievement Award for payroll on her behalf.

It was Michelle's drive and passion during her tenure on the CIPP board of directors that helped us realise the potential of our Royal Charter, and it was an honour to be able to launch 'Individual Chartered Status' (ICS) at this year's conference. Applications are now open and I'd like to stress to all our

members the importance of logging and maintaining your credits for your continuing professional development (CPD) to maintain your membership, whatever the level.

It's an exciting time for the CIPP and its members, and I'm asking that all our members continue to get involved, continue to take interest and help shape and drive our Chartered Institute over the coming months. I look forward to seeing a record number of votes for the annual general meeting taking place on 5 December and, following on from that, welcoming the new members to the CIPP board.

Eira Hammond FCIPPdip
Chair, CIPP



CEO's message

Our very busy autumn season continues after a very successful Annual Conference and Excellence Awards ceremony at the Celtic Manor Resort.

If you attended I hope you took full advantage of all the workshops and plenary sessions and took away some knowledge and information to help in the 'day job'. We continue to keep abreast of legislative changes so keep an eye online and in the prospectus for training courses you can attend to ensure your knowledge and skills are maintained and reflected in your CPD log.

As usual, an excellent Awards ceremony took place and the CIPP congratulates all the worthy winners – how good it is to celebrate their success! A supplement from the Annual Conference and Excellence Awards is provided as an insert in this month's magazine.

An exciting announcement was made at our Annual Conference regarding the launch of Individual Chartered Status (ICS) for

members meeting the necessary criteria. During the summer, this has been promoted during our National Forums, attended by close to 1,000 members, and was very positively received. Applications are now being taken and full details can be found on the CIPP website. We look forward to welcoming our first Chartered Members over the coming months, and this is a real step forward for our industry.

And last, but not least, November is a further time for celebration as we hold our Graduation Ceremony for those who have successfully completed our university approved qualifications.

Ken Pullar FCIPP
Chief executive officer, CIPP



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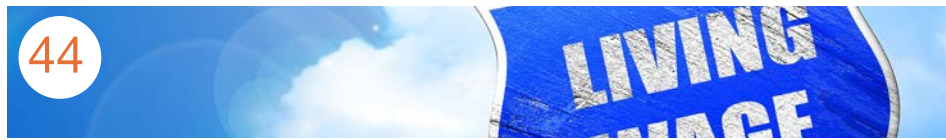
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cipp the chartered institute of payroll professionals
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Editor

Mike Nicholas
01273 412 836 | editor@cipp.org.uk

Advertising

Jill Bonehill
0121 712 1033 | advertising@cipp.org.uk

Design

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

Printing

Warwick Printing Company Ltd

Chief executive officer

Ken Pullar FCIPP

CIPP board of directors

Gordon Cresswell FCIPP
Jason Davenport ACIPP
Eira Hammond FCIPPdip
Ros Hendren MSc FCIPP, Mgr, FCIMdip, FHEA
Paul Rains MCIPP
Karen Thomson MSc FCIPP, FHEA
Cliff Vidgeon FCIPP
Ian Walters Msc, FCIPP, FHEA
Ian Whyteside MCIPP, FMAAT, ATT

Useful contacts

Membership

membership@cipp.org.uk
0121 712 1073

Education

education@cipp.org.uk
0121 712 1023

Training

admin@cipp.org.uk
0121 712 1063

Events

events@cipp.org.uk
0121 712 1013

Marketing and sales

marketing@cipp.org.uk
0121 712 1033

General enquiries

info@cipp.org.uk
0121 712 1000

cipp.org.uk

@cipp_uk

Articles

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UPDATE

On your
behalf

Policy team update

Diana Bruce MCIPPdip, CIPP senior policy liaison officer, provides an update on OpRA and HMRC's EPG consultation forum



Optional remuneration arrangements

The legislation on optional remuneration arrangements (OpRA), which came into effect from 6 April 2017, is essentially the government's way of trying to remove some of the previous tax and National Insurance contributions (NICs) breaks which came about when salary sacrifice was used to pay for benefits in kind (BiKs).

Although the legislation has been in place since April there are still payroll professionals among us who do not think the changes apply to them as they don't operate salary sacrifice schemes. If this applies to you, please read on because, although salary sacrifice is very much still with us, there are two types of 'arrangement' that come under OpRA legislation:

- **Type A** – this is where an employee gives up cash earnings in exchange for a BiK, which is what employers have regarded as typical salary sacrifices
- **Type B** – this is where an employee chooses a benefit rather than a cash allowance, such as a car or living

accommodation.

For the purposes of the benefits code, a benefit is provided under an OpRA if it is provided under an arrangement of either type A or B; so, it isn't just salary sacrifice that is captured. The benefits code has been revised so that the employee is taxed on whichever value is the higher of the cash or the benefit.

However, where an employee receives, say, a car allowance but there is no option to receive a company car, the employee is taxed on the car allowance; cash is cash, and you process as you would have pre-April 2017.

There are four specific exemptions where the rules haven't changed:

- pensions
- childcare
- cycle to work
- ultra-low emission vehicles.

These are the politically astute exceptions so employees get to keep the tax and NICs breaks on those.

Transitional provisions (also known as 'grandfathering') were brought in for arrangements in place before 6 April 2017, which means the new rules for

these arrangements will take effect from 6 April 2018 for all benefits except cars with CO2 emissions of 76 grams per kilometre and above, employer-provided living accommodation, and school fees. The old rules will continue to apply for these three types of benefit until 6 April 2021.

Payrolling

A few months ago, we were made aware of an issue regarding OpRAs when combined with voluntary payrolling. This emerged during a HM Revenue & Customs (HMRC) webinar for agents on employee expenses and benefits. The presenter simply stated that benefits provided via an OpRA could not be payrolled from 6 April 2017, even if the employer was registered to do so, and the benefits had been payrolled for the previous year.

Research uncovered that this was due to defects in the legislation that introduced payrolling. The law does not refer to the appropriate calculation, introduced from 6 April 2017, for some benefits and some individuals who receive BiKs from their employer via type A or type B OpRAs. Because of the glitch in the regulations, employers who were payrolling benefits covered by OpRA were still required to submit a P11D return, which of course defeats one of the benefits of voluntary payrolling – i.e. no P11D submission.

...the new rules for these arrangements will take effect from 6 April 2018...

Due to this issue, HMRC introduced a concession for those payroll during 2017/18 whereby, as long as the employer has payrolled the correct cash equivalent value of the benefits (according to 2017/18 rules), the employer will not have to provide a P11D return in respect of these BIKs in July 2018.

Guidance and forms

HMRC has provided lots of examples in its *Employment Income Manual* at EIM44000 (<http://bit.ly/2xTFxX9>).

There is also HMRC's Booklet 480 – *Expenses and benefits tax guide* (<http://bit.ly/1JJUdUs>) and online guidance 'Salary sacrifice for employers' (<http://bit.ly/1UPWLS3>) which have both been updated to reflect the changes under OpRA.

HMRC has not updated the P46(Car) return for in-year reporting and you should continue to use the existing form. Employees who need to pay more tax can either contact HMRC or wait for the normal P11D return process to pick up any corrections after the end of the tax year. The P11D return for 2017/18 will include the 'relevant amount' which is the greater of value and amount foregone.

Employment and Payroll Group

The Employment and Payroll Group (EPG) is HMRC's principal formal consultation forum for employers, employment taxes and wider payroll obligations and is co-chaired by the Chartered Institute of Payroll Professionals, namely Helen Hargreaves, associate director of policy & membership.

...designed with customer input, and explained so that customers understand what is required...

The forum members work with HMRC to help identify issues and concerns and it provides the opportunity for early review of guidance, policies and processes to ensure they are designed with customer input, and explained so that customers understand what is required of them.

Though the EPG meet on a quarterly basis, the June meeting was cancelled due to the general election and purdah

restrictions. The group met early in September and topics under discussion included:

- off-payroll working in the public sector
- optional remuneration arrangements and payrolling of benefits
- taxation of employee expenses – call for evidence
- making tax digital for business
- making tax digital for individuals
- simple assessment
- dynamic coding
- PAYE (pay as you earn) settlement agreement simplification
- agent authorisation.

The detail of what is discussed within EPG is confidential until the minutes are formally published. We will let you know through *News On Line* as soon as the minutes become available. Minutes of previous meetings are available on GOV.UK at <https://goo.gl/8aSWi6>. ■

The next EPG meeting is scheduled for 6 December 2017. If you have any agenda items, or any issues you would like us to raise on your behalf, then please email details to us at policy@cipp.org.uk with 'EPG' in the subject box.

General data protection regulation

Half day

Covering the EU's General Data Protection Regulation (GDPR), which will be implemented in the UK in May 2018, updates the provisions of the Data Protection Act 1998 (DPA).

This course covers:

- The Data Protection Act
- The General Data Protection Regulation
- Definition differences
- Lawful processing
- Implications for payroll and HR
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*please see summary at cippmembership.org.uk for details.

Q: We have an employee who was made redundant on 13 April. On 23 April, he put in a statutory paternity leave request to take two weeks of paternity leave from 1 August.

As he is no longer employed, does he still have a right to payment for time off and do we still need to pay this as a payment after leaving?

A: One of the conditions of taking statutory paternity leave (SPL) and statutory paternity (SPP) is that the person is still employed by the same employer up to and into the time of taking SPL. So, as the employment ceased in April there is no entitlement to SPP or SPL now. GOV.UK has links to HM Revenue & Customs' (HMRC's) *Statutory Payments Manual*. This link confirms that the individual would need to be employed by the company to be eligible for SPL and SPP: <https://go.gl/k7SNQ5>.

Q: I have a query relating to the BACS hash in the full payment submission. We capture the employees' net pay from a payroll report and process net amounts as bulk for over a thousand employees. Our bank credits the net amount to the individual's bank account. Please can you tell me whether there is a compulsory requirement for BACS hash?

A: You would only have to generate a hash cross-reference if the employer was paying the employees from the employer's company bank account which has a BACS Service User Number (SUN). Additionally, employers who use extended transmission service or SwiftNet

transmission service, would also generate a hash cross-reference.

If the employer uses another method of payment (other than those mentioned previously), then as the guidance suggests, you don't generate a hash.

GOV.UK guidance, which can be accessed using the links below, relate directly to HMRC's requirements regarding the hash cross-reference and the data item guide for real time information (RTI):

- <https://go.gl/pVmZn7> – this provides general information and gives guidance on when to use the hash cross-reference
- <https://go.gl/cY3Vgs> – this is a list of the data items used in RTI; please view item 118.

Q: An employee has a corporate credit card bill consisting of personal items that he is currently repaying to the credit card company in instalments.

Due to internal company year-end, the finance team are keen to get this credit card debt paid in full. The plan is for the employer to pay the balance on his behalf and set up a loan repayment plan with the employee.

What are the ramifications in regard to tax implications? Would this be deemed as a benefit in kind and should the payment be grossed up or reported in a P11D return?

A: Paying off the credit card bill that the employee has run up will mean the employee has had a benefit, and one that would attract Class 1 National Insurance contributions (NICs) liability so you would need to process that part through the payroll, and record in a P11D return for

tax purposes. There would be a reporting requirement if the loan (together with any other loans the employee has with the employer) was above £10,000.00.

GOV.UK provides guidance regarding an employer paying their employee's company credit card debt which can be found here: <https://go.gl/FWyp3W>.

Q: A new employee is relocating their home which will be closer to the workplace. The total distance they will be relocating is 17.6 miles and the employee has requested the company pay some of the cost of relocating. Is there a minimum distance that an employee has to move so that an employer can pay an employee relocation costs which would be exempt from tax and NICs?

A: It is up to the employer to decide whether they want to assist an employee financially to relocate nearer the workplace. However, the employer has to ensure that they comply with the benefits code set out in the Income Tax (Earnings and Pensions) Act 2003 and treat any financial assistance in the correct manner.

Unfortunately, there is nothing in legislation which categorically states a set distance when it comes to the exemption for relocation when an employee moves to a new home nearer to a new work location. It is what would be deemed as unreasonable daily travelling distance between the new workplace and the new residence; as compared to the daily travelling between the new workplace and the old residence.

If the employer decides to give the package to the employee, but believes that the distance would not be considered exempt, then it should be reported in a P11D return. Guidance can be found in HMRC's *Employment Income Manual* at <https://go.gl/VdCW4X>.

Q: An employee has said he has more than one job with different companies. As the collective earnings are well over the threshold for Class 1 NICs he believes that he has paid too much primary (employee) NICs and is due a refund from us for the previous (i.e. 2016/17) tax year. He wants the company to repay the excess Class NICs to him. Is he correct?

A: From the information provided the employee is referring to deferment of

NICs. This is where the employee earns more than the upper earnings threshold (UET) in at least one of the jobs. The employee must apply for a form CA2700 from HMRC so that he will pay 2% on all earnings in the other employments. Where HMRC allow an employee to defer they will send form CA2700 to the relevant employer(s) – there could be more than one employer if the employee has several employments.

If you do not hold a CA2700 for this employee then you cannot apply the deferment at this time.

HMRC provide a guide for employees applying for a deferment, and on page two of the document it states that an employee would be too late to apply for a deferment if they were applying for a closed tax year. Therefore the employee would not be able to get a refund for tax year 2016/17 from the employer.

The employee could apply for a refund from HMRC by writing to: National Insurance Contributions and Employers Office, HM Revenue and Customs, BX9 1BX.

Guidance notes for employees who want to apply for deferment can be found at <https://goo.gl/3tXVZ3>.

Q: Could you please advise me if a female partner is entitled to SPP and SPL if they don't qualify for statutory adoption pay or leave because they are the egg donor?

A: SPP and SPL is open to mixed or same sex couples. However, the partner would need to satisfy all conditions for SPP and SPL:

- she would need to be employed for at least twenty-six weeks up to and into the qualifying week
- be employed by the company up to date the child is born
- satisfy the earnings test of at least £113 per week in the relevant period and
- give the correct notice to take SPL.

You can find guidance on the GOV.UK website here: <https://goo.gl/k7SNQ5>, to establish if your employee is eligible for SPP and SPL.

Q: We have had an enquiry from a former employee who left the business in November 2015. They were given a form P45, but had bonus payments made to them over a twelve-month period ending in November 2016.

The ex-employee is requesting a P60 certificate for the 2016/17 tax year, but should we provide one?

A: The employer cannot issue a P60 certificate to this ex-employee as they received a P45 in November 2015. Indeed, the employer could not issue a P60 certificate for either the 2015/16 or 2016/17 tax years. The reason is because one of the conditions to issue the P60 is that the employee is still in the employment on 5 April. As the payments of bonuses were made after the form P45 was issued the employer should have operated tax code OT on a non-cumulative basis, and reported in the FPS that payments were being made after leaving. If a pay slip was sent to the ex-employee that should suffice as notification of earnings; however, the employer could provide the employee with a statement of earnings on company-headed notepaper as well.

Q: If an employee is engaged under an apprenticeship contract would they be paid at the minimum rate of £3.40 regardless of their age? At the end of the apprenticeship would the national minimum wage (NMW) be paid until the employee reaches the age of 25 and then the national living wage (NLW) would kick in?

A: It is up to the employer to decide what rate of pay they will pay the apprentice, but there is the minimum apprenticeship rate which they should not go below. If the apprentice is age nineteen or over in the first year of the apprenticeship they can be paid the national minimum apprenticeship rate, but after that first year the employer has to pay the apprentice the same NMW/NLW rate that is applicable to employees; i.e. if they are over 25 the NLW rate would be paid (which is £7.50 currently). This link to GOV.UK explains what rate should be paid: <https://goo.gl/tY5qbR>. ■



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FEEDBACK

CIPP 2017 survey

This article outlines some of the results of the membership survey the CIPP conducted earlier this year

As a membership organisation, it is vital for the CIPP to monitor the level of service, and relevance of products that we provide our members. We are constantly asking for and responding to feedback throughout the year as you know, but once a year we conduct a nationwide survey to make sure that we capture your thoughts and ideas.

Objectives

Our main objectives of the 2017 survey were to measure customer satisfaction and evaluate the customer experience, review existing products, services and business areas to establish which the members value and where there is room for improvement in 2017/18. We use it to provide a 'picture' of our membership base and look in to the issues being faced within the industry in order to communicate more effectively, and to assist the CIPP management team and board with putting together 2017/18 business plans.

Both CIPP members and non-members were invited to participate in the survey via multiple channels such as: *News On Line*, marketing emails, social media and the CIPP website.

We are encouraged by the response with over 500 responses gathered, and we've seen a continued rise in the level of responses throughout the years.

Demographics etc

Of the respondents, 27% were male and 73% female, which is in keeping with previous years and the gender profiling typical of the industry. There was no bearing on positions in the organisation based on gender as both had a 35% majority in payroll manager roles.

When asked about length of membership, 82% have been members for more than a year, with 17% having been members for three to four years.

Of those who responded:

- 95% are employed by an organisation
- 4% are self-employed
- 1% are split between unemployed, looking for work and retired.

Consistent with previous surveys, 75% are working for organisations within which payroll is completed entirely in-house.

As regards size of payrolls, there has been a growth in members with between 101 and 1,000 employees, making it overall similar to the largest sector of between 1,001 and 10,000 employees. (See Chart 1.) Growth in the lower end of the market seems to be a direct result of the introduction of complexities, especially with automatic enrolment and that we have been able to provide support in this area.

When asked how many were in the payroll team, 74% stated between one and five individuals.

Though 66% of respondents have job titles which are purely payroll, the response to indicate their primary profession were: ● 46% payroll

- 15% payroll and pensions (8% have 'pensions' in their job title)
- 13% payroll and human resources
- 10% payroll and finance
- 2% payroll and reward

Some 15% of respondents stated that they are responsible for international payroll.

There has been no notable change in the geographical split of respondents in our survey. (See Chart 2.)

Key findings

Many took the time to answer the questionnaire thoroughly, which enables us to gain a better understanding to the activities we can do to improve and enhance our service to members. We asked about the major issues that worry our members this year, and the key issues raised included:

- apprenticeship levy
- gender pay gap reporting
- automatic enrolment and re-enrolment

- payrolling and benefits in kind in general
- salary sacrifice
- implementing a new system
- working time regulations
- real time information
- shared parental leave
- overpayments
- IR35 (intermediaries legislation).

It is important to note, but not unsurprising, that some of the top reasons for joining were keeping up to date with the latest happenings in the world of payroll and the advice and guidance our dedicated people within the CIPP can give. The quality of advice and guidance is something that the CIPP prides itself on and it is important to us that this is highly valued amongst our members. We heavily invest in this area of the CIPP to make sure that we remain current for our members.

There were a few things that we did stop based on feedback from members. One item that was decided upon by members was the physical diaries. The people asking and using the diaries have been diminishing over the years; because of the reliance on electronic diaries nowadays has meant that the cost, environmental impact of printing and posting have been taken into consideration. Instead we can invest in better ways to improve our service to you. Because our main focus has always been the UK, we are also looking to work with other country membership bodies regarding international payroll. The relationship will be reciprocal as we will help them similarly with UK payroll matters. Other factors to mention include the friends of automatic enrolment has now been integrated into the special interest groups (SIGs).

In response to the question "should payroll be a regulated profession", three in four (75%) said yes. Comments here included the following:

- "I believe the importance and nature of the data payroll has to deal with should lead to regulation and formal standards."

● "It is often part of the business that is paid little attention to by management but is so important a function that it should be regulated as the business will have to pay the cost if it goes wrong."

● "As payroll is a very important part of any business only the best should be employed for such an exacting job."

Networking is important

When it comes to our SIGs and our LinkedIn community members forum on social networking, then it is important to note that people wanting to join these groups are pre-vetted by the CIPP before being allowed to join.

We understand that being sold to on forums where people want to open-up and work through challenges as a professional community, is not good etiquette. So, we will always keep a watchful eye on threads to make sure that the Institute keeps a professional standard for the peace of mind of members. In reality, it is a close-knit community and we find that it is self-policing to a certain point, so any bad practice can be brought to our attention.

Keeping up with change

As we evolve to meet the demands of the payroll community, it is important we invest

in the latest forms of technology and keep up with the way people want to learn or consume information. For this reason, there is a big push on digital assets based on feedback from the respondents. We have already enhanced our online resource library as a result, so that members can access a whole wealth of information efficiently.

Closing observations

A huge thank you to all those who took the time to complete the membership questionnaire as we constantly review the results throughout the year to make sure that we are acting on your suggestions. I hope you'll continue to support this yearly survey for the direct benefit for you and your fellow members.

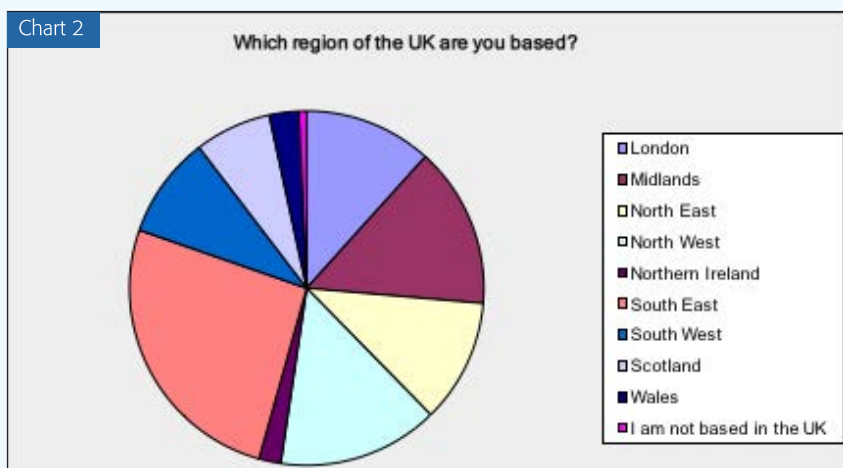
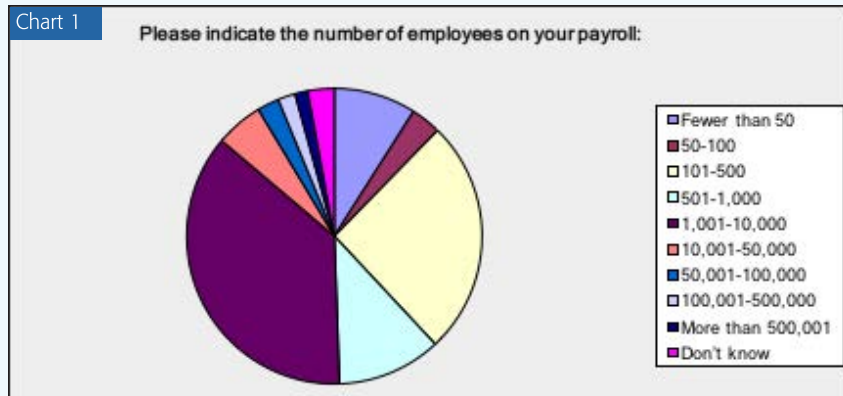
If you know someone who is working in and around the subject of payroll or indeed is considering entering a career then please encourage them to become a member. Supporting your profession directly helps you as a member, but is also helping aspiring payroll professionals of the future.

As a growing community, our members are at the heart of everything we do and the CIPP can invest in the future of educating, training and supporting its members. So, please keep giving us feedback throughout the year, as we listen to every request. ■

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How healthy is your payroll?

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the chartered institute
of payroll professionals
leading the profession

MEMBERSHIP INSIGHT

5 min

5

minutes with...



Aleisha Spencer
Events team leader

Tell us about your career and background

I joined the CIPP in February 2015 as a senior event coordinator having previously spent some time working as the events executive with a small employee benefits specialist. I started my career working as an administration apprentice within the events and training team for a Chamber of Commerce. Over the course of four years I worked my way up to a combined events management and advisor role where I supported members with advice at the events that the team and I delivered.

I became the events team leader at CIPP in December 2016.

Describe your role

My role focuses on providing an events programme that allows CIPP members to network with other likeminded professionals along with learning about forthcoming industry changes. We work very closely with the CIPP's policy and research team, to ensure we provide relevant and current content at our events.

The events team plan, coordinate and manage all CIPP events including the member-only national forums, the graduation ceremony, budget update events and the prestigious Annual Conference and Excellence Awards Ceremony.

I'm very passionate about providing CIPP members with the support they need to achieve their goals. Working in events is fantastic as I get to witness first-hand our members developing their knowledge, meet new people and gain new ideas and skills at our events.

What does the role mean to you?

I have always loved working in events, but there is something really special about working with payroll and pension professionals. It's incredible to see our members benefit from the CIPP's services,

but also to watch people discover CIPP and the benefits it can offer at our non-member events.

What do you think you can bring to the future strategy of the CIPP?

I strongly believe that the best way of improving future events at CIPP is by listening to our members. We constantly look at new ideas and ways to make each event better than the last and we pay attention to event feedback from delegates. This year we changed the format of the Annual Conference following delegates' feedback, and have developed our Scottish National Conference to include a second workshop stream – small but constant improvements like these are what you should look out for in future.

How do CIPP events support members?

The industry is constantly changing and there are always impending legislative changes to contend with. The CIPP's events programme is designed to support our members by providing them with legislation updates, delivered by industry experts who are there to answer questions and share experiences. The events provide a great opportunity to network and share ideas with other payroll and pension professionals.

The National Forums are free-of-charge member-only events that run throughout the summer months. They are a great membership benefit for those holding an associate level membership and above.

What do you do in your available time to unwind?

I live in the countryside, so I love spending time with my family and walking my lovely (but often naughty) working cocker spaniel Ollie. I've also recently taken up baking and cake decorating, so I spend time practising and thinking of new ideas. ■

The CIPP's Annual Excellence Awards 2017 – and the winners are...

The CIPP's Annual Excellence Awards recognise individuals and organisations in the industry who demonstrate payroll and/or pensions excellence, and their positive impact on the UK economy.

This year's Annual Excellence Awards took place at the Celtic Manor Resort, Newport, in the evening of Thursday 5 October. It was an emotional event, culminating in a moving tribute to Michelle Crook, deceased, delivered by the Institute's chair Eira Hammond.

THE CIPP PAYROLL TEMP OF THE YEAR AWARD 2017 – AWARDED BY PORTFOLIO PAYROLL

Patrick Lynch, Duff Lynch Ltd – has been truly outstanding in his role and exceeded employer expectations.

THE CIPP PAYROLL PROFESSIONAL OF THE YEAR AWARD 2017

Madeleine Duplock ACIPP, the NEC Group – made exceptional progress in her professional development as well as embracing change, introducing efficiencies for the organisation and taking on new tasks with real enthusiasm, drive and minimal support. Her nomination described her as having a "passion for payroll" because of her determination and efforts.

THE CIPP PAYROLL SOFTWARE PRODUCT OF THE YEAR AWARD 2017

NGA Human Resources, ResourceLink – stood out due to their innovations within software over the last twelve months.

THE CIPP PROJECT OF THE YEAR AWARD 2017

Rotherham Doncaster and South Humber NHS Foundation Trust – for looking beyond the day to day operations of payroll and pensions with this bespoke solution created to be free to deliver, maintain and use, fit within the organisation's paper light strategy and efficiency programmes and ultimately deliver outstanding care.

THE CIPP IN-HOUSE PAYROLL TEAM OF THE YEAR AWARD 2017

JCB – have demonstrated that they have successfully delivered record results, raised the payroll profile within the organisation and developed effective business change.

THE CIPP EMPLOYER OF THE YEAR AWARD 2017

SD Worx – demonstrated how their health and wellbeing strategy linked to the overall strategy and success of the organisation.

THE CIPP MY BIGGEST INFLUENCER OF THE YEAR AWARD 2017

Yvette Lamidey FCIPP – had a huge influence and impact on the nominator, offering great guidance through the years.

THE CIPP INTERNATIONAL PAYROLL PROVIDER OF THE YEAR AWARD 2017

activpayroll – effectively demonstrated investment commitment to customer service and effective, efficient and complaint international payroll service within their organisation.

THE CIPP PAYROLL SERVICE PROVIDER OF THE YEAR AWARD 2017 – FEWER THAN 250 CLIENTS

Liberata – providing a seamless payroll service that ensures staff are paid the right amount at the right time.

THE CIPP PAYROLL SERVICE PROVIDER OF THE YEAR AWARD 2017 – 250+ CLIENTS

NGA Human Resources – have been described as forward thinking and continuously developing. Their focus and commitment is to their customers who are 'at the heart of everything they do'.

HONORARY FELLOW AWARD 2017

Mary Lambe FCIPP – has made major contributions to two of the UK's largest pensions schemes and rose to become a highly regarded pension's advisor with the Local Government Association.

Arthur Elstone ACIPP – described as a genuine, honest, dedicated professional who has raised the standard of the payroll industry and has always been keen to share his knowledge.

THE CIPP LIFETIME ACHIEVEMENT AWARD 2017 – PENSIONS – AWARDED BY THE CIPP BOARD OF DIRECTORS

Henry Tapper – has helped both employers and their agents in the pensions industry especially through automatic enrolment and aims to restore people's confidence in pensions and as such, is an outspoken advocate for best practice.

THE CIPP LIFETIME ACHIEVEMENT AWARD 2017 – PAYROLL – AWARDED BY THE CIPP BOARD OF DIRECTORS

Michelle Crook MSc FCIPPdip – as previous chair to the board, the legacy Michelle has left the CIPP and the payroll industry will make a long-lasting difference to the Institute, as well as to the membership.

Further details can be found in the Awards supplement accompanying this issue of *Professional in Payroll, Pensions and Reward*.

The judges

This year's winners were chosen by five judges from across the payroll and pensions industry:

- *John Nolan MCIPPdip*, payroll and benefits manager, Schroder Investment Management Ltd
- *Pete Statham MSc FCIPP*, payroll manager, Verastar Ltd.
- *Colin Tregunna MCIPP*, finance manager, John Lewis Partnership Services
- *Jerome Smail*, editor, Shard Media Group
- *Kerrie Lucas MCIPPdip*, senior manager payroll, Prime Chartered Accountants

Nominations for the 15th Annual Excellence Awards, taking place on 11 October 2018, will open in March 2018.

Time to Learn

Diary of a student...



Jason Mallory

MCIPPdip

*Payroll team leader,
Biffa*

Can you give us a brief background into your life

I grew up in South Africa where I married my best friend. In 2001, we moved to the UK and have never looked back. We are celebrating our twentieth anniversary later this year and have a thirteen-year old son.

I continue to play hockey since starting at age fourteen, and have played at national league level for my local club. I am currently also playing for and running a badminton club as well as enjoying a round of golf now and then.

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

Having moved to the UK with a business commerce degree I found myself working as a finance manager in a secondary school. I believed that becoming a school business manager would be the career path that I would follow; however, through a change in circumstances I found myself spearheading a newly formed payroll bureau for schools and academies. It was then that I decided a career in payroll was the right path for me and after two years moved to an established national payroll bureau to further my career. It was here that I completed year two of the Foundation Degree in Payroll Management. Eager for more growth in my career I took hold of an opportunity offered to me at Biffa and have since completed my third year of the degree and have never looked back.

Why did you choose to study the Foundation Degree?

I decided to study through the CIPP as they are the market leader in payroll qualifications and the depth and breadth of course material offered gives more than just payroll knowledge. It also gives sound business knowledge and provides a solid foundation for career progression within the payroll industry.

How important is this degree in relation to your career?

Completing the Foundation Degree in Payroll Management has been the springboard in my career within payroll. From starting my career as a lone payroller I am now leading a team of seven payroll administrators and managing the entire payroll function for a dynamic and ever-expanding listed company. This degree has given me the knowledge and understanding that has enabled me to take on this role and has also empowered me to develop my role further. Having this solid foundation has allowed me to progress in my career as a payroll professional and will continue to do so well into the future.

How did you cope with the work life balance and your study?

Though I have never let work dictate my life, that is not to say that I have not put in a late shift here and there – my wife can testify to that. But it is important to enjoy life whether it be at home or at work. If you are not enjoying your work, then you are in

the wrong job. The most beneficial aspect for me was to have an excellent support network, from my wife and son through to my employer. Even if you are on your own, the support from the CIPP via the tutors and fellow colleagues is what will help you through. Ultimately, the short-term sacrifices made are already turning into the long-term gains from having completed the degree.

Did the fact that the CIPP is Chartered or recognised within the industry influence your decision to enrol with the CIPP? And were there any particular modules which were of interest prior to enrolling?

This was a big draw towards choosing to study through the CIPP. Being a professionally recognised body adds to the prestige of the qualification and is a certain door opener for your future career within payroll and even beyond. In order to further my career, I was looking for that extra incentive. The year-two module 'Define and manage systems, security and risk' as well as year-three modules 'Improving services and operations' and 'Understanding customers and clients', were of particular interest as they are not only covered from a payroll business perspective, but that they are also transferable skills into human resources and shared services.

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

Studying through the CIPP has been one of the best decisions that I have made. The repayment for the three years of hard work spent studying the Foundation Degree in Payroll Management is endless. Take the leap, don't hold back on effort and you will succeed. ■

Individual Chartered Status is here

Helen Hargreaves MSc FCIPPdip, CIPP's associate director of policy and membership, sets out details of this historically important development for CIPP members and the profession



The opening address at this year's CIPP Annual Conference and Exhibition had a celebratory feel to it when CIPP chair Eira Hammond launched a new and prestigious level of CIPP membership.

From October 2017, not only is the Institute itself Chartered, but members themselves can apply for Individual Chartered Status (ICS).

What will ICS mean for you?

By gaining Individual Chartered Status, you will be recognised within the industry as achieving the highest level in our profession committed to compliance and best practice within payroll and pensions administration and management.

ICS – also referred to as being a 'Chartered Member' – is a unique level of membership within the payroll profession and is available only to individuals who meet the challenging and stringent eligibility criteria.

Chartered member status is by application only. You do not have to apply if you don't want to or are not in a position to do so.

Benefits of ICS include:

- New designatory letters and use of the title Chartered Member in full after your name
- Use of a CIPP Chartered Member logo in a personal context and a digital badge for use on email and social media
- Listed as a Chartered Member on the CIPP website
- Recognition for achieving the highest level in the profession by demonstrating individual payroll professionalism
- The opportunity to raise the standards of the payroll profession, putting CIPP members on a more equal footing with members of other Chartered bodies

Who can apply?

Applications are welcomed from any payroll

professional who has demonstrated a commitment to the profession through qualifications and experience. Applicants must hold, as a minimum, a level five qualification in payroll, pensions or reward.

In addition to the qualification achieved applicants must also have sufficient experience in the industry at a strategic level to evidence their skills and abilities as a qualified Chartered member of the CIPP.

...you will be recognised within the industry as achieving the highest level in our profession...

How to apply

If you have the necessary qualifications and experience you can apply for ICS by completing an application form, available from the 'Join CIPP' page of the CIPP website and providing evidence of achievement of your formal qualifications, along with an up to date copy of your curriculum vitae.

The application form is an opportunity to provide examples of how you have used your experience for the benefit of the profession and of course your organisation.

The assessment process is rigorous and it could take up to three months to complete. Accordingly, existing members wishing to upgrade to ICS can do so up to three months before their usual annual renewal date. The upgrade will take effect from the annual renewal date. Those with an annual renewal date between October 2017 and January 2018 can apply immediately though again it may take up to three months to undertake the assessment process.

Subscription fees

The annual subscription fee for ICS is £240 plus an assessment fee of £195.

Continuing professional development (CPD)

CPD is encouraged for CIPP members at all levels, but in accordance with the CIPP code of conduct, all associate, full and fellow members are required to record their CPD in order to renew their membership. This requirement is heightened for ICS members who will need to record a minimum of 40 points of relevant CPD activities per membership year, at least one of which should be categorised as structured learning or through attendance at a CIPP event.

Because the application form and the subsequent assessment process are detailed and thorough, individuals do not need to have logged 40 CPD points before applying for ICS, however the points will be required at the time of membership renewal to retain Chartered Member status.

The requirement to record at least 40 points of CPD activity in order to maintain ICS applies to all Chartered Members, including those whose organisation has attained a Payroll Assurance Scheme or Payroll Quality Partnership award.

The CIPP continuously spot-checks CPD activity so make sure you take the time to set your learning objectives and log any form of learning or development on your record to ensure your membership level is maintained. ■

You can find much more information about Individual Chartered Status, including full criteria, the application form and how to log your CPD on the CIPP website, or call the membership team on 0121 712 1073.

Deemed direct payment calculations

GUIDANCE IS now available on how to calculate the deemed direct payment made to a worker who provides his or her services through an intermediary ('IR35') and is subject to the off-payroll working rules (<http://bit.ly/2xL9MhC>). To calculate the deemed direct payment:

- work out the value of the payment to the worker's intermediary, having deducted any VAT (value added tax) due
- deduct the direct costs of materials that have, or will be, used in providing the services, and
- deduct expenses met by the intermediary that would have been deductible from taxable earnings if the worker was employed.

If the resulting amount is nil or negative there is no deemed direct payment.

Income tax and primary (employee) Class 1 NICs, as appropriate, are calculated and deducted from the deemed direct payment. Secondary (employer) Class 1 NICs are also due. The pay and deductions must be reported to HM Revenue & Customs (HMRC) using a full payment submission.

Mass exodus of public sector contractors

ACCORDING TO a recent survey of 1,500 contractors conducted by online Recruiter (<http://bit.ly/2xIXLY7>):

- 27% of those contractors surveyed have left the public sector
- 61% left due to their refusal to work under the new intermediaries 'IR35' rules
- 50% say they will now never work in the public sector if caught by IR35, and 46% will only do so if the government effectively pays the extra tax.

Sending employees to work abroad (CA3821)

EMPLOYERS OR their agent can use the online form service or the postal form to inform HMRC that employees are being sent to work in a country within the European Economic Area or one with which reciprocal agreement for National Insurance contributions is in place with the UK (<http://bit.ly/2w9bZ3g>). The online service can be used if the employer has been trading in the UK for more than eighteen months, otherwise the form is completed on-screen, printed off and posted to HMRC along with additional evidence.

Diary dates

Automatic enrolment staging date for new employers where PAYE income first payable between 1 January 2016 and 30 September 2016	1 November
Last day of tax month 7	5 November
First day of tax month 8	6 November
Last day for submitting a real-time information employer payment summary to apply to tax month 6 Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by non-electronic method	19 November
Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by electronic method	22 November

Minimum wage enforcement

LATE IN September, the government announced a further one-month suspension of the minimum wage enforcement concerning sleep-in shifts in the social care sector, to allow the government to establish how providers' back-pay bills affect vulnerable people's care (<http://bit.ly/2yK4y45>).

A new enforcement scheme is to be developed for the sector to encourage and support social care providers to identify back-pay owed to their staff. This will help to minimise the impact of future minimum wage enforcement in the sector while seeking to ensure workers receive the arrears they are owed. Until guidelines on the new approach are outlined in October, exceptional measures announced in July remain in place.

In July, in response to concerns over the combined impact which financial penalties and arrears of wages could have on the stability and long-term viability of providers, the government decided to waive all historic penalties in the sector where employers incorrectly paid workers a flat-rate for sleep-in shifts instead of hourly rates.



And briefly...

- **List 3** – An updated list of professional bodies and learned societies with tax-deductible fees can be found here: <http://bit.ly/2ycndIT>.
- **SMP guidance** – The guidance on GOV.UK covering entitlement rules for company directors has been revised (<http://bit.ly/2woVlfs>).
- **OpRA guidance** – The guidance on GOV.UK has been amended to reflect the changes affecting optional remuneration arrangements (OpRA) – including salary sacrifice – that came into effect April 2017 (<http://bit.ly/2yxtHy0>).
- **ESC list** – HMRC has updated the list of extra-statutory concessions to show those as at 6 April 2017 (<http://bit.ly/2fvXzDD>).
- **CWG5 and 480 updated** – The CWG5, *Class 1A National Insurance contributions on benefits in kind* (<http://bit.ly/1oKpDEb>), and the 480 booklet, *Expenses and benefits – a tax guide* (<http://bit.ly/1JJUdUs>) have been updated to reflect OpRA.
- **P60 (2017/18)** – HMRC has published draft certificate P60 for the current tax year (<http://bit.ly/2yFj3Wa>).
- **NMW tick box recommended** – In its report *Non-compliance and enforcement of the national minimum wage*, (<http://bit.ly/2xluL2O>), the Low Pay Commission has recommended that a 'tick box' declaration is added to payroll software asking the employer to confirm that all of their staff are paid at the correct minimum wage level.

Private use of assets (revisited)

Peter Minchinton, employment taxes consultant at PSTAX, revisits the important issue of use of assets (vehicles) by the emergency services



In an earlier article (see Issue 33, September 2017), we considered the change to tax legislation when an asset is provided for the private use of an employee. As a reminder, where an asset is provided to an employee and it is available for their private use a benefit arises under section 205 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA). In such cases, the benefit is calculated on the higher of 20% of the market value when first provided as a benefit or the leasing costs, plus any other expenses incurred in the tax year. From that sum an amount may be deducted for any amounts made good by employees.

Where the asset is used both for business and private purposes section 365 ITEPA has allowed for a deduction of the business element, so that the employee only paid tax on the element relating to the private use. However, for Class 1A National Insurance contributions (NICs) purposes the benefit before the business deduction was the chargeable figure.

Finance Act 2017 made changes to section 205 effective from 6 April 2017, implementing two new paragraphs to be used when calculating the benefit. Under the first new paragraph there is a reduction where the asset is unavailable; and the second allows a reduction where the asset is shared between two or more employees. However, a change to section 365 has eliminated the opportunity for an employee to claim a reduction for the business use of an asset provided under section 205.

HM Revenue & Customs (HMRC) have confirmed that the new legislation applies to emergency vehicles. Readers may have seen press coverage alleging that emergency services staff, rather than operational officers, were fitting cars with 'blues & twos' to reduce their tax liability. Although such practice is considered

extremely rare, it is hard to fault the logic that where an employee has a car taxed under the asset rules and has unrestricted private use, the benefit should be calculated on similar lines to a company car where any business/private use percentage is disregarded. This is emphasised by the fact that, as mentioned below, there is an emergency vehicle exemption available to the emergency services sector where private use is restricted.

...relevant to officers in the emergency services, particularly those in the fire service...

The changes described above are going to be relevant to officers in the emergency services, particularly those in the fire service, who could see their taxable benefits increase sharply.

Having discussed the situation with several emergency services we have found that the changes will have some unexpected consequences. Where fuel is provided for a company car via a fuel card or garage account, there is no taxable benefit provided the private element is repaid. Company cars and associated fuel are dealt with in different sections of the legislation, whereas, because the use of assets legislation is one section, all the costs, including fuel provided by the employer, need to be included. This means that although fuel might only be provided for business use it would still need to be included in the total costs and would be part of the reportable benefit on which the officer pays tax.

Given the additional tax payable by officers, emergency services are now looking at alternative methods of providing operational vehicles and focus has turned towards the emergency vehicle exemption. Where private use of an emergency vehicle is prohibited – apart from ordinary commuting and local private mileage when 'on call' – then the use of the car can be treated as exempt from a tax charge under section 248A ITEPA. The writer is aware that some fire and rescue services apply this exemption for their flexible duty officers as they are always 'on call' whenever they are in their cars and, unless having advised their control otherwise, are always available to respond to emergencies.

At a recent HMRC meeting with a client we discussed the impact of the legislative changes and it was confirmed that, from 6 April 2017, the same chargeable amount would be used as the basis for calculating both the tax and Class 1A NICs regardless of whether the asset (vehicle) is used for 99% or 1% private purposes. However, HMRC confirmed that, where an emergency service moved to restrict private use of an emergency vehicle, then the service could move to the section 248A exemption partway through the tax year, although HMRC said that they would expect the policy and mileage records to be exemplary.

HMRC also confirmed that, if the service wanted to recompense officers for the additional tax charge up to the date of a change to section 248A, then it would be acceptable for the service to cover the additional tax charge by a settlement on a grossed-up basis.

Employers in the emergency service sectors should be considering what changes need to be made to the provision of what are, essentially, operational vehicles, to minimise an increasing tax liability. ■

Rounding reminder for payroll calculations



Terri Bethel, CIPP lead technical material author, explains why rounding is important and reviews the rules for some of the most common payroll calculations

When it comes to rounding in payroll calculations, there are only three ways to go: up, down or to the nearest. So why does it seem so complicated and confusing in practice? Perhaps because nothing – whether in life or in payroll – is that simple.

We must also consider at what point in a calculation to round and how much rounding to do (more rounding equals less accuracy). But the main reason why rounding payroll calculations seem so troublesome is because the rules vary for each one (and occasionally there are options).

Why rounding is important

Does any of this matter when the results of different methods may vary by less than a penny?

Understanding and applying correct rounding rules is important because the calculation results need to be accurate to the penny – and using the wrong method (or the right method incorrectly) can lead to the wrong results. Accurate results are a statutory requirement for many payroll calculations because the employer is

making deductions and certain payments on behalf of the state.

HM Revenue & Customs (HMRC) sets out the rounding rules for areas such as income tax deductions, National Insurance contributions (NICs), student loan deductions, and statutory pay. The rounding method for each of these calculations is not a matter of personal choice – it is a statutory requirement policed by HMRC. Errors identified during a compliance visit could lead to a full-scale audit by HMRC.

We rely on our payroll software to process sometimes huge amounts of data. So why would we need to know what the rounding rules are? There are several reasons.

● **Verifying payroll software** – We must verify that the payroll software is actually processing the data correctly and accurately, particularly after installing software updates or revising parameters (such as rates and thresholds at the start of a tax year). You could run a series of calculations to test different scenarios involving statutory pay, Scottish taxpayers, multiple attachment orders, and so on,

comparing the system's results with your own calculations. You might also test a few random payslips from each payroll cycle.

● **Ad hoc manual calculations** – Situations will arise where you need an accurate calculation outside the payrun and not all software systems will be able to do them for you. These could include calculating an adjusted payslip when preparing an extra payment for an employee, advising prospective parents/adopters about their statutory leave payments, and 'what if?' salary modelling. You might want to demonstrate to an employee how their payslip figures were produced. While sometimes a quick, rough calculation will be enough, usually the result needs to be accurate otherwise uncertainty remains.

● **Management information** – The workforce is usually the biggest area of expenditure in an organisation, so it is essential that the information on which its budgets and plans are based is accurate. A difference of a few pence for each employee, for each payrun, quickly builds up into sizeable discrepancies that could affect projections and, ultimately, the organisation's cashflow. Paybill data contributes to several current 'hot topics' such as gender pay gap reporting and apprenticeship levy payments.

...the calculation results need to be accurate to the penny...

Current calculations

● **National Insurance contributions** – In the NICs calculation, rounding can occur at several stages. NICable earnings can be rounded, the calculation itself involves rounding, and certain procedures such as holiday pay in advance also have rounding implications.

When calculating NICs using the exact percentage method, NICable earnings are not rounded. When using the table method, however, rounding NICable earnings is built into the tables. In the weekly tables, NICable earnings are rounded down to a whole pound (the pence are ignored). In the monthly tables, the calculation is made on the mid-point of each £4 band. Every NICable earnings figure that falls in the band is 'rounded' to the mid-point figure, so some are rounded up by as much as £2 while others are rounded down. This explains why the two methods produce different NICs results and why HMRC insists that you do not switch between them without good reason.

Rounding occurs throughout the NICs calculation. Each time that a percentage rate is applied to an earnings band, the result is rounded down to four decimal places. After the results for each band are added together (and there may only be one band involved), the result is rounded to the nearest penny with 1/2p rounded down. This involves ignoring the fourth decimal figure and using the third decimal to round up or down: a figure five rounds down and a figure six rounds up. For example, £52.6558 rounds down to £52.65, whereas £52.6562 rounds up to £52.66.

In circumstances that involve a series of NICs calculations, the point at which to round can vary. For example, when calculating NICs on holiday pay paid in advance using the attribution method, earnings are allocated to their appropriate weeks and the NICs calculated on each week separately. HMRC's guidance says you can choose whether to round each week's NICs before totalling or to add up the unrounded NICs and round the total. Similarly, if you use the average method, and calculate NICs on an average week's earnings, you can either round the average week's NICs or multiply it by the number of weeks and round the total.

● **Income tax** – By contrast, the income tax calculation is much simpler. Pay is

rounded to the whole pound before looking up the tax amount in the tax tables or applying the relevant tax rate. Because pay has been rounded, the 'tax due' figure never has more than two decimal places so it is ready to use.

● **Statutory payments** – Eligibility for statutory payments such as sickness and maternity (and sometimes their amount) depends on the employee's average weekly earnings (AWE). The AWE is 'calculated to' five decimal places (another way of saying 'rounded down') before comparison to the lower earnings limit (LEL) to establish eligibility.

...essential that the appropriate rule is applied, particularly for statutory calculations

Example

AWE of £112.99860 fails the eligibility test because it is below £113, the current LEL. However, if the AWE were rounded up to the nearest penny before testing it against the LEL, AWE would be £113 and the eligibility test would be passed.

Statutory maternity and adoption pay includes payments at the earnings-related rate, which is 90% of the AWE. Use unrounded AWE in this calculation and round up the final result to a whole penny.

One more rounding example relating to statutory payments concerns daily rates of statutory sick pay (SSP). An individual's daily rate is the statutory weekly amount (£89.35) divided by the number of qualifying days (QDs) in the week for that person, truncated (or calculated) to four decimal places.

Example

The daily rate for a week containing three QDs is £29.7833. The unrounded daily rate is multiplied by the number of days of SSP payable in the period and the result is rounded up to a whole penny. For example, if a monthly-paid employee with three QDs a week is due 5 days' SSP, then SSP due is $5 \times £29.7833 =$

£148.9165, rounded up to the whole penny: £148.92. (If the daily rate were incorrectly rounded up to £29.79, five days' SSP = £148.95.)

● **Student loan deductions** – Specific rules apply to SLD calculations. Rounding occurs when the annual earnings threshold is pro-rated and at the end of the calculation. It is built into HMRC's SLD tables.

The pro-rata earnings threshold is calculated to four decimal places and then rounded down to a whole penny. After calculating the deduction, the result is rounded down to a whole pound.

● **Apprenticeship levy** – The apprenticeship levy payment is a percentage of the pay bill minus the pro-rated amount of the levy allowance. The percentage of the pay bill is rounded down to the pound, the pro-rated levy allowance is rounded down to the penny and the levy due is rounded down to the pound. An example illustrates this more clearly.

Example

Total pay bill for April is £348,693.40. This is multiplied by 0.5% to give £1,743.467, which is rounded down to the whole pound. The employer has a reduced annual levy allowance of £11,000 so the monthly levy allowance is £916.6667 which is rounded down to the penny: £916.66. The levy charge for the month is £826.34 (£1,743 less £916.66), which is rounded down to the pound: £826.

Conclusion

The calculations we encounter in payroll have different rounding rules, and sometimes none at all (such as gender pay gap reporting) often because they originate from different government departments. This complexity could lead to errors, especially when different terms may be used, but it is essential that the appropriate rule is applied, particularly for statutory calculations.

It is worth knowing which method your payroll software uses so that you can use the same method in any manual calculations.

HMRC's guidance on GOV.UK often explains the rounding rules but, where they are not given, the rules are normally available from the software developer specifications that are also on GOV.UK. ■



TAX

Caught in the Act



Jonathan P Preshaw, PwC tax director, outlines a significant recent change in the law which introduces new challenges and a criminal offence

The Criminal Finances Act 2017 ('the Act') introduces new criminal offences which are likely to present challenges for payroll and other service providers. The rules create a new strict liability criminal offence where organisations fail to prevent the facilitation of tax evasion. Although the rules are specifically intended to address defects in the existing law which made it difficult for prosecutors to pursue large multi-national organisations, they go much wider than the intended target and place new obligations on businesses of all shapes and sizes.

An organisation which is found guilty of the offence is likely to be subject to very significant fines, regulatory sanctions and severe reputational damage.

The rules impose criminal liability on a company or partnership (defined as a 'relevant body') where:

- a person criminally evades tax, and
- an employee, agent or anyone else acting on behalf of the relevant body (defined as 'associated persons') criminally facilitates that evasion.

Where these two conditions are met, the relevant body is guilty of a strict liability offence unless it can demonstrate that it had reasonable procedures in place to prevent the facilitation. The existence of reasonable procedures is the only defence available under the legislation; there is no other basis on which the organisation can avoid criminal liability.

The law applies to both the evasion of UK tax and the evasion of foreign taxes (as long as there is some connection to the UK, either because the relevant body conducts business here or because the facilitation

takes place here). The rules are extremely widely drawn and place very significant importance on the reasonable procedures in place.

All businesses are expected to carry out some form of risk assessment to understand the risks that their associated persons might facilitate tax evasion and, where appropriate, to put in place reasonable procedures to prevent such facilitation from happening. Those procedures are likely to involve:

- providing clear guidance from management that the facilitation of tax evasion is not acceptable
- ensuring staff are provided with appropriate training, and
- ensuring that appropriate due diligence is carried out before entering into relationships with customers, suppliers or agents.

HM Revenue & Customs' (HMRC's) guidance recognises that a range of existing procedures might already be in place which will assist in addressing the risks, such as existing financial controls, client identification and anti-money laundering procedures. Importantly, the guidance makes clear that the approach which businesses take ought to be proportionate and based on the risk assessment.

It is possible that a business could legitimately decide that there is no requirement to have particular procedures in place depending on the nature of specific risks. However, such a judgement would need to be based on an appropriate risk assessment.

As well as considering their own obligations as a relevant body, payroll service providers also face a challenge in that they are likely to be 'associated persons' of

their clients. This is because the provider will be acting on their client's behalf when processing payroll payments and deductions. The provider will only be an associated person of their client at the time they are providing services for them, but this means that if the provider facilitates tax evasion by deliberately processing incorrect payments or deductions, the provider's client may be criminally liable.

As a result, we expect many clients of payroll service providers will require their provider to demonstrate that they have reasonable procedures in place and to require changes to contractual arrangements to formalise this. This is because such a confirmation is likely to form an important part of the client's reasonable procedures.

The Act came into force on 30 September 2017 and can apply to acts of facilitation at any point after that. The existence of reasonable procedures will be considered at the time the facilitation takes place. HMRC's guidance recognises that reasonable procedures are likely to change over time, and what is reasonable on 1 October 2017 may not be reasonable a year later. Therefore, it is not necessarily the case that organisations will be expected to have a full set of reasonable procedures in place on 1 October.

To ensure an organisation is best-placed to address the risks the offence presents, and also to respond to any client requests, a risk assessment should be undertaken as soon as possible. Once this has been completed, it should be possible to map existing processes against the risks which have been identified and to draw up a plan to address any gaps. It is important that this process is documented properly in order that it can be shared with clients and, perhaps more importantly, with the tax authorities should this ever become necessary. ■

...applies to both the evasion of UK tax and the evasion of foreign taxes...

Irish PAYE modernisation

Rachel Mapleston, of Business Analyst in MHR's legislation team, reveals changes to emulate the UK's RTI



succeeding the implementation of real time information (RTI) in the United Kingdom (UK), the Irish Revenue have decided it is time to follow suit. The pay as you earn (PAYE) modernisation programme, initiated in the 2016 budget by the Irish minister of finance, saw the commencement of a public consultation. The objectives of the consultation: a modernised PAYE system that would provide the Irish Revenue ('the Revenue'), employees and employers with up to date and accurate information.

The Revenue are working on a co-design approach to ensure all aspects of PAYE modernisation are considered, with a seamless integration into the payroll process. Along with key stakeholders, UK developers have been included in this process to offer insights into the pre- and post-RTI implementation in the UK. On reflection, UK's RTI was technically successful. The gateway held up to the large volume of traffic, technical specifications were timely and concise and a pilot project was used to chase out the inevitable gremlins. However, if we think back to the proceeding months after go-live, data submissions were not always interpreted correctly by HM Revenue & Customs (HMRC), particularly for multiple employments. This created a costly administrative burden for both HMRC and employers to rectify. Hindsight is a great thing, and the Irish Revenue has the opportunity to use this to its advantage.

The current Irish process is similar to that in the UK, pre-RTI, with some minor disparities. The current annual return process for submitting PAYE data will change to real time. Submissions will be made each pay period via a web service and should be dealt with by your payroll

software. The real-time submissions contain similar data items to that currently submitted annually, with the introduction of an employment ID. This will be employer-generated to distinguish between multiple employments.

...employer-generated to distinguish between multiple employments

The existing P2C notifications – UK's P6 notice equivalent – are downloaded from the Revenue's online service (ROS) and uploaded into the payroll software. This will be replaced by a Revenue payroll notification (RPN) web service. This differs from the UK as it has a two-way path allowing employers to notify the Revenue of new starters before the employee is paid. A response, with up to date PAYE arrangements, should be returned in time for their first payment. The success of this will depend on the efficiency of the response service from the Revenue, particularly with weekly-paid employees.

Another difference between the PAYE modernisation program and RTI is the abolishing of forms P45, P46 and P60. It will be important that the real-time submissions are timely and accurate as employees will rely on accessing this data via their online PAYE account (MyAccount). The annual maintenance of these forms and the administrative cost of distributing them makes this decision a favourable one for some, but there needs to be consideration for those – such as those on pensioner payrolls – who may not want to be 'online'.

The project has brought to the forefront the disjointed process of calculating and taxing illness benefit (IB), the Irish statutory equivalent to the UK's statutory sick pay. Claimed from the state, payroll is responsible for taxing the benefit but late notifications and the various rates that are paid have caused employees to be taxed incorrectly. Effective January 2018, IB will be taxed in the same manner as other statutory benefits; the Revenue will amend tax credits and cut off points for employees. The forms P45, P35L and P60 will all need amending for the 2018 tax year to take into account that IB is no longer a reportable item.

The push to reach the January 2019 go-live date needs to start now for employers. The Revenue have published guidance on how to prepare, including checks that employers have registered all employees in their employment with the Irish Revenue. Employees who do not have a current P2C in place will require registering. They must also have a personal public service number (PPSN) in place: this is a vital data item in the submission process as it will be used along with the employment ID to match to Revenue records. The quality and accuracy of data are paramount in a real-time situation and can be the deciding factor for success. Further information on how to prepare, and what is changing, can be found on www.Revenue.ie.

Could the outcome of PAYE modernisation outshine that of RTI? With the improvement of the flow of employee information between employee and Revenue and the abolishing of antiquated forms, it will be a true real-time process with the most current tax information available to all. ■



**BACK
PAY**

The payroll treatment of back-pay



Though commonplace for back-pay (arrears of pay) to become payable, the treatment for purposes of income tax under PAYE, for Class 1 NICs and for automatic enrolment differ according to the circumstances. **Mike Nicholas** outlines the rules

Where wages or salary paid in an earlier period were less than what should have been paid under the terms of the employment agreement, the employer usually calculates the arrears of pay and makes payment in a lump sum.

Such arrears may arise where there is a backdated pay increase, or HM Revenue & Customs (HMRC) identifies non-payment of the national minimum wage (NMW) or an award of equal pay occurs.

The payroll treatment of such arrears needs to be carefully managed to ensure both compliance with the law and that the employee does not lose out.

Income tax and NICs

For income tax purposes, arrears of pay are 'earnings' within the meaning provided by section 62 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA). Note that awards in respect of claims under the Equal Pay Act 2010 are arrears of pay (and thus 'earnings') irrespective of whether the employer settles or a Tribunal decides. Some employers mistakenly describe such awards as 'compensation'

to avoid treating the arrears of pay as earnings.

...subject to income tax in the tax years when the employee was entitled to the earnings...

If the arrears of pay arise because of a backdated pay award, the usual 'earlier of rule will apply for pay as you earn (PAYE) purposes. Section 18 ITEPA specifies that general earnings consisting of money are to be treated as received at the earlier of the time when:

- payment is made of or on account of the earnings (Rule 1), or
- a person becomes entitled to payment of or on account of the earnings (Rule 2). When a person becomes entitled to payment of earnings is not necessarily the same as the date on which an employee acquires a right to be paid.

(A slightly different set of rules apply to company directors.)

The time when payment of the arrears is made, or when entitlement to them arises, may be in the same or a later tax year to which the arrears refer.

For example, in May 2018 an employee is awarded a pay increase backdated to March 2017. The arrears of pay are paid in June 2018. The full amount is treated as taxable in the 2018–19 tax year and PAYE should be operated in June 2018.

It can happen that payment of earnings is made after the date the employee was entitled to payment. In that situation the employee is deemed to have been paid on the day they were entitled to be paid. However, if employees have effectively waived their rights to receive earnings before the date when entitlement arises they are not treated as having 'received' earnings.

The PAYE situation, however, is somewhat different for arrears of pay arising under either NMW legislation – which includes the national living wage – or equal pay legislation. This is because the National Minimum Wage Act 1998

and the Equality Act 2010 effectively insert a clause into the employment agreement, if one does not already exist, giving the worker the right to the appropriate NMW rate or to equal pay.

Therefore, entitlement to the higher pay (whether under NMW or equal pay provisions) arises at the time when the lower or discriminatory wages/salary were paid. Accordingly, the arrears of pay are subject to income tax in the tax years when the employee was entitled to the earnings – not the tax year in which payment of the arrears of pay occurs.

Thus, under the 'earlier of' rule (see Rule 2, above) the arrears of pay must be broken down into the sums attributable to each of the tax years to which they refer. Under PAYE, the employer is to deduct income tax at the rates (including the Scottish rate) that should have been operated for the tax years to which the arrears are attributable.

The Class 1 NICs treatment differs fundamentally from that for income tax where arrears of pay are allocated retrospectively to one or more prior (closed) tax years. The standard Class 1 NICs treatment continues to operate, with the arrears of pay being assessed to NICs using the rates and bands in force when actually paid.

To assist employers in calculating the tax due on the arrears of pay and ensure that it is paid over to HMRC, special arrangements can ease matters for employers, employees and HMRC. There are some slight differences between the guidance in HMRC's *PAYE Manual* (<http://bit.ly/2lcRi5s>) and the *CWG2 Employer further guide to PAYE and NICs* (<http://bit.ly/2sv8SDw>), so employers may wish



to review both sets of guidance. The following is based on the CWG2 guidance.

Generally, employers should:

- use the tax code that applied in the tax year in which the arrears should have been paid. HMRC can confirm the tax codes that applied in closed years if the employer no longer has a record of them
- calculate and deduct tax for each closed tax year as if the additional pay had been paid at week 53
- give each employee a letter showing the revised pay for each tax year and the tax and NICs deducted, and containing the message "If you think that you've overpaid tax or NICs for any of the years concerned you should contact HMRC National Insurance Contributions and Employer Office"

...retrospectively enrolled (possibly through manual intervention) and/or additional employer and worker pension contributions paid

- submit an earlier year update (EYU) submission via real time information with the relevant data items completed. (Note an EYU can only be submitted for tax years when RTI was operational.)

Where there are large numbers of employees involved with arrears of pay due to them for tax years prior to introduction of RTI, employers are to take the following action:

- contact HMRC's Employer Helpline to explain the situation, quoting the CWG2 guidance
- request a 'special arrangement' to deduct and pay tax under an 'Employer Amendment Class 6 Settlement'.

A special arrangement for the deduction of tax is agreed on the basis that it is impracticable for both the employer and HMRC to obtain details of tax codes for the employees. This might mean HMRC authorising use of tax code BR (basic rate) for each employee.

On receiving the employer's written request explaining why it is impracticable

to operate PAYE and make deductions of tax, HMRC will confirm whether a special arrangement can apply. If the special arrangement can be operated the employer is to:

- follow the instructions for deduction of tax as set out by HMRC and agree the Employer Amendment Class 6 Settlement
- send to HMRC a list showing for each employee, their name, National Insurance number and the pay and tax for each year
- give each employee a letter showing the revised pay for each tax year and the tax and NICs deducted, and containing the message "If you think that you've overpaid tax or NICs for any of the years concerned you should contact HMRC National Insurance Contributions and Employer Office"
- make payment of the tax within thirty days from date of payment of the arrears of pay. (Note that interest will be chargeable on late paid tax from the due date.)

Automatic enrolment

For purposes of assessing both whether a worker is to be automatically enrolled and the calculation of pension contributions for the worker, the employer is required to assess not just what is paid to a worker in the pay reference period but what ought to have been paid in that period. The effect can be that a worker must be retrospectively enrolled (possibly through manual intervention) and/or additional employer and worker pension contributions paid.

When handling backdated pay, care should be taken to understand when, under the worker's contract, the backdated amount is payable. If the contract states that a pay award is payable at a point in time, then irrespective of when the backdated pay is actually processed and paid, it should be considered at the point when payable.

If, however, payments for pay increases are simply due at the point they are processed/paid/agreed, then they will only need to be considered at this point. For example, if under the worker's contract, pay is reviewed every April and any increase takes effect from this date, then were the pay award not actually processed until November's pay reference period, what ought to have been paid in each pay reference period from April must be re-assessed. ■

Office workers' views of automation

A REPORT – *State of enterprise work* (<http://bit.ly/2x4v6Lh>) – by Workfront, a provider of cloud-based enterprise work management solutions, found that UK workers are largely optimistic about the impact automation will have in the workplace. Three in four British office workers welcome the rise in artificial intelligence and robots in the workplace as they believe it will give them more time to do their primary job duties. However, around two in five (38%) feared that “rising automation will place humans and robots in competition for the same jobs in the future.”

Other findings include:

- 84% agreed that ‘the use of automation in the workplace will let us think of work in new and innovative ways’
- 82% expressed excitement ‘to learn new things as the workforce moves toward more automation’
- 92% agreed that ‘no matter how sophisticated artificial intelligence becomes, there will always be the need for the human touch in the workplace.’

Guide to company car schemes

AN INSIDER’S guide to company car schemes has been launched by specialist vehicle solutions company AMT to help human resources (HR) professionals within small- to medium-size enterprises (SMEs) ensure their companies are not exposed to financial, time or compliance risk through their existing company car schemes and policies. The free downloadable guide (<http://bit.ly/2wXksKW>) shares insights and asks twelve key questions the answers to which will indicate to vehicle decision makers where there may be room for improvements or even a complete shake up of their current vehicle acquisition process.

New timesheets and expenses app

EVOKE, A new app for timesheets and expenses to reduce administrative headaches for HR teams and recruiters, is available from Bluefinity (www.bluefinity.com). The app is ready to be deployed to employees and consultants, but can also be customised.

Workday HCM goes live

GRANT THORNTON Ireland, a professional services firm which employs over 1,000 people has gone live with Workday Human Capital Management (HCM), including Workday Recruiting, to help scale and drive business transformation. To support its significant expansion, Grant Thornton needed scalable systems and processes in place in order to reach its strategic goals.

Michael Stone, head of HR for Grant Thornton Ireland, said: “We believe this investment in technology will be instrumental in helping Grant Thornton drive its growth within the Irish market.”

Where freelancers and contractors work

RESEARCH FROM contractor tax adviser, Qdos Contractor of The Qdos Group, has highlighted that despite technology enabling anytime/ anywhere working, just eight per cent of freelancers and contractors surveyed prefer to work completely remotely. The research into 716 UK freelancers and contractors also revealed that more than two in three (67%) independent workers prefer to split their time between working onsite with clients and working remotely with one in four preferring to work purely onsite with clients. This suggests that despite being self-employed and not employees, freelancers and contractors are an important, visible presence in many of the companies which engage them.

Seb Maley, chief executive officer at Qdos Contractor, commented “To enable the UK’s independent workforce to truly thrive however, government must rethink its stance on the current tax system and IR35, which is arguably reducing the benefits of self-employment”

ADP recognition in MCPO

ADP HAS BEEN identified as the highest-positioned vendor in multi-country payroll outsourcing (MCPO) in the 2017 Everest Group PEAK Matrix report. After assessing thirteen service providers across key dimensions of market success and delivery capability, the analyst firm recognised ADP as the highest-positioned ‘Leader’ and a ‘Star performer’.

Ed Flynn, president of ADP’s Global Enterprise Solutions, commented “We’re proud that our solutions help simplify global payroll so employers can focus on driving meaningful business results and building better workforces.”

Changes to GAAP

ACCORDING TO chartered certified accountants Howards, new standards that change the UK’s generally accepted accounting principles (GAAP) represent the biggest upheaval in business accountancy for many years. The new standards change how and when companies account for certain assets and liabilities, with potential implications on profitability and net assets. Areas where the accounting treatment will change include employee benefits e.g. holiday pay.

Rebecca Nott, senior manager at Howards said: “These new standards represent a substantial overhaul in how corporate accounts have to be prepared and it’s fair to say that the vast majority of businesses will not grasp fully the significance of the changes.”

Time for a cuppa?

A SURVEY of UK workers carried out by AppliancesDirect.co.uk, reveals that British workers spend on average 109.66 hours annually taking time in the kitchen to make themselves a drink and have a break from their desk or workstation.

The research, which looked in to workplace eating and drinking habits, found 87% of workers believe that regular tea breaks aid their productivity.

Respondents cited the optimum tea break time was seven minutes, and believe they should happen on average four times per day outside of lunchtime – totalling 28 minutes per day.

'Pension reshaping'

Henry Tapper, founder of Pension PlayPen, contends that proposals spell trouble



In pensions 'freedom' is the buzzword: people should have what they want, how they want it. We all know this means that down the line there is potential for administrative chaos.

Payroll depends on uniform rules, but the natural bent of pension consultants is towards infinite complexity. Prepare for problems.

Readers will be familiar with the compliance issues of automatic enrolment, the vagaries between net-pay and relief-at-source schemes and the complexities surrounding salary sacrifice. They will be aware that a pension scheme may have several contribution rates, with members moving from one contributions section to another. They will be aware that pensioners can have pay rises based on various indices with benefits sometimes revalued at different rates.

Moves are now afoot, however, to flex the payments of pensions using techniques that owe much to flexible benefit programmes. Typically, these programmes are described as 'pension reshaping': they allow members at retirement to receive a higher or a lower initial pension depending on how much indexation they want in subsequent years.

Having attended several seminars and workshops on these proposals, I can see them as attractive to members as they are an extension of the pension freedoms brought in by George Osborne in the Finance Act 2015. But because individuals could have their own rate of pension increase, the proposals spell trouble down the line for people charged with running pensioner payrolls.

One of the benefits of collective solutions (such as pension schemes) is that they provide uniformity of process which leads to economies of scale. By offering freedoms, the risk of things going wrong increases with the cost of risk mitigation being charged

back to the pension scheme (or borne by the pension payroll administrator).

My worry is that the conversation between those who design these snazzy solutions and those who are called to administer is not a long one. I worry it is more an instruction than a conversation.

It's critical that those who run the pensioner payroll for the corporate defined benefit (DB) schemes that still look after some 11,000,000 of us in retirement are kept apprised of the proposals under consideration by pension schemes and have a say in the cost/benefit analysis before the trigger is pulled.

...trouble down the line for people charged with running pensioner payrolls

This leads me to a wider point about the assertiveness of those managing the pensioner payroll in pension governance. In days of yore, pensioner payroll was an in-house function, but now it is a function incorporated into third party administration that uses the pensions software either of their in-house administration system or a third-party system that is typically a module of a wider payroll system.

As the outsourcing chain gets longer, there are more rather than less decision-makers in the process. While a pension administrator may feel comfortable with the principle of 'pension reshaping', the software suppliers may not.

I worry that as we seek to provide more freedom to pensioners to choose the way their pension gets paid, we stretch the supply chain to breaking point. So – to my governance point – I think it sensible that all those involved in the payment of pensions, including those who are

considering pensioner payroll to the defined contribution pension (DC) providers, get organised and get involved prior to decisions being taken.

I mention DC pension schemes and my heart sinks at the lack of engagement between those advising individuals on the art of the possible and those charged with administering some of the options available in law.

There are options now not just to flex payments (under drawdown) but to flex the taking of tax-free cash. While most people will take their cash at the point that they crystallise their 'pension pot' and take 25% of the total fund in one go, many people are choosing (or being advised to choose) the taking of pension as 75% taxed and 25% untaxed, effectively drip-feeding their tax-free cash in exchange for a lower tax bill on the regular payments.

The complexity of such arrangements is limitless; for under a draw-down, the individual has the right to vary the monthly contribution at will. It is the ultimate example of the pension freedoms as an administrative liability.

I worry that despite the valiant efforts of the CIPP, the voice of payroll is seldom heard in the trustee boardroom. More worryingly, I don't hear much consultation with payroll among pension consultants, many of whom take pension administration for granted (it is referred to as a 'hygiene factor' among some of my peers). Finally, I am worried that government has insufficient grasp of the complexities of paying people a pension and of the risks that are created when payroll processes creak.

For all these reasons, I suggest that we need a committee or working group to look at pensions from the payroll perspective. Whether it be the compliance to automatic enrolment, the payment of DB pensions or the operation of DC pensions under drawdown, payroll needs a strong voice. ■

Pension

Achieving good pension outcomes

In a series of articles, **Alan Morahan, managing director, DC Consulting, Punter Southall Aspire**, looks at how the employers of seven fictional friends could help them achieve their retirement dreams



This last of the series features Sneezy and Bashful, who, after not being too concerned with pension planning, are now starting to get worried about their future retirement.

Sneezy

Pensions haven't always been high up on Sneezy's list of priorities. Sneezy focused on having a family and then he experienced two long bouts of ill health. But now with his health back on track and career progressing well, he is devoting more time and effort to thinking about his future.

Sneezy is worrying about retirement, especially as he's always paid the bare minimum requirements into his pension. He's now making amends, and has been paying an extra five per cent of his salary (on top of the required three per cent) into his current employer's group personal pension for the last five years, albeit with two periods of absence.

He realises he needs to make up the lost time, but he's torn between living for today and planning for retirement. Plus, he's unsure he will see much of retirement due to his health condition. He's expecting some inheritance but his mum might need care soon, so he doesn't know how much this might be.

Sneezy doesn't know where to start. He's only sixteen years away from

retirement and he is unsure how much pension he has built up. Also, he has no idea how much he needs, how he can use his pension to fund his retirement or how his health condition will impact on his decision making.

...could introduce a 'save more tomorrow' whereby employees sign up to gradual increases in their contributions...

His employers should be encouraging him to use the pension provider online retirement planning tool. Most employees rarely view their pensions online and even fewer use the retirement tools that are on offer. However, a quick look at his policy online would answer some of Sneezy's questions and playing around with the retirement planner tool could help him understand his current position more clearly and the impact that making changes to his contributions and retirement age will have.

Sneezy's employer should think about communication with employees and discussing their expected outcomes. If the

projected outcome isn't as expected the company needs to encourage employees to increase their contributions. Perhaps they could introduce a 'save more tomorrow' whereby employees sign up to gradual increases in their contributions over a period of years.

Or perhaps it would be as easy as reminding employees every year the levels of contributions they are paying and showing them the cost and impact of an extra one per cent contribution – giving them a clear and hassle-free way to increase their contributions.

Finally, Sneezy's employer should think about helping employees prepare for retirement. A typical approach would be to focus on employees above a certain age and ensure they have access to relevant information and guidance and advice on all retirement income and cash options. If there are several employees nearing retirement age, offering some form of 'at retirement support' can be hugely beneficial to help them prepare for the transition from the world of work into retirement. After all, why allow a valued employee to build up a good retirement fund only for them to make a poor retirement decision due to a lack of information and guidance?

Bashful

As the sole breadwinner, with a sizeable

mortgage and a young family to look after, paying all the household bills has been the priority for Bashful rather than pensions. But the children have all started school now and his wife returned to full-time work six months ago.

This extra income and the fact the family is no longer paying nursery fees has meant Bashful has money left in the joint account at the end of each month and so he is keen to start planning for his future.

Bashful presumes that he was automatically enrolled into his employer's pension last year. He is, however, in fact paying into the company pension at the automatic enrolment minimum level of one per cent; his employer offers a scheme where they match contributions up to six per cent of basic salary. Now that his financial situation has improved, Bashful could be making use of this.

Unfortunately, despite his company having provided ample information and opportunity for their employees to read up on and understand the company pension offering, Bashful has never read any of the information on the intranet or in the letters sent. He couldn't see the point since he

couldn't afford it anyway. Furthermore, he's always found pensions a bit baffling and is slightly embarrassed about his lack of knowledge.

...employers and trustees need to give member-variance real consideration when they're establishing their scheme's strategy ...

A pension presentation would help enormously and give Bashful the opportunity to find out more about the company pension. Bashful would also welcome the opportunity of sitting down with someone from outside the company who can provide an independent and unbiased perspective, to help him understand what his options are and how

much contributions might cost him.

Bashful's employer has a good, compliant pension arrangement, but if engagement levels aren't improved, the member outcome for employees such as Bashful will in many cases be one of disappointment.

Face-to-face communication with employees, in the form of pension presentations and 1:1 clinics, would improve their employees' levels of engagement and understanding. ■

The final word

The seven friends' scenarios illustrate that there's no fairy tale ending in retirement and it's quite a challenge to deliver a so called 'good member outcome' to each of them, without thinking about the needs of individuals or at least cohorts within a scheme.

With no magic wand to wave, employers and trustees need to give member-variance real consideration when they're establishing their scheme's strategy and regularly reviewing the scheme, so their members can have a good chance of living happily ever after.

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Overseas transfers

Max Ballard, legal director at ARC Pensions Law, sets out significant legislation changes that will affect overseas transfers of pensions



Changes announced by HM Revenue & Customs (HMRC) in March, coupled with the implementation of relevant provisions of the Finance Act 2017, have led to trustees of registered pension schemes running a greater risk of incurring tax charges.

Trustees are advised to revise procedures and undertake additional checks before making transfers to overseas pension schemes.

The changes also introduce a new 25% tax on overseas transfers (the 'overseas transfer charge'), which will apply unless certain conditions are met.

Pension savings are subject to favourable tax treatment in the UK, with tax relief accorded on both contributions and investment income. Even allowing for the income tax paid on pensions when in payment, the cost of this relief to the Exchequer is substantial, estimated at around £25 billion by the Office for National Statistics for the 2015/16 tax year. The cost is controlled by the limits which legislation imposes on the amount of tax-free pension saving an individual can build up each year, the individual's lifetime allowance, and a plethora of rules governing how benefits may be taken in retirement or on death. Both the individual and the pension scheme can incur tax charges if these rules are breached.

Although employees who move abroad may have perfectly legitimate reasons for wanting to transfer the value of benefits built up in a UK pension scheme overseas, there is a risk that some transfers may be requested to 'liberate' retirement

savings accumulated in a tax privileged environment in the UK.

... promoting fairness by continuing to allow overseas transfers but subjecting them to additional controls and the new tax charge

The recent changes to the overseas transfers regime are aimed at promoting fairness by continuing to allow overseas transfers but subjecting them to additional controls and the new tax charge. As previously, a transfer may be made to an overseas pension scheme if it is a qualifying recognised overseas pension scheme (QROPS). However, to retain their status as of 14 April 2017, QROPSs are required to submit a new undertaking to HMRC; schemes that fail to do so will have their status revoked. It should therefore not be assumed that a scheme which was formerly a QROPS will continue to be so after this date.

A transfer to an overseas scheme which is not a QROPS will be unauthorised under tax legislation, resulting in the trustees incurring a scheme sanction charge, as well as an unauthorised payment charge on the individual. The trustees would pay the scheme sanction charge from

the scheme's assets, and consequently increase costs for the employer.

The new 25% tax charge will be levied on an overseas transfer unless at least one of various exemptions applies. It can be expected that most genuine transfers will satisfy this test. For example, the overseas transfer charge will not apply if an individual is resident in the same country as the QROPS after the transfer, or if both are within the European Economic Area. One note of caution, however, is that the transfer remains subject to UK tax legislation for a period of five years after the initial transfer. This means the overseas transfer charge could apply if the individual moves to another country within the five-year period and none of the exemptions therefore apply. It can also work in reverse for an initially taxable transfer which becomes exempt within the five years, in which case the tax is refunded.

The scheme administrator of the UK pension scheme (i.e. the trustees of an occupational, trust based scheme) and the manager of a QROPS making a transfer are jointly liable for the charge, which must be deducted from the transfer value and paid across to HMRC.

The changes are expected to have a relatively modest impact on tax revenues and will not apply to many genuine overseas transfers. They may, however, reduce the scope for overseas transfers to be used for pensions liberation, or by scammers, who see overseas transfers as a means of acquiring what can often be substantial sums of money. ■

Pension news

NOW: Pensions to top up pension pots

WORKPLACE PENSION provider NOW: Pensions has announced that for the 2016/17 tax year it will again make up the income tax relief shortfall for members of its scheme who are not taxpayers – typically those earning less than £11,000 – and are currently missing out on the tax relief that they would receive in a relief-at-source (RAS) scheme. NOW: Pensions is the only net-pay scheme (i.e. one providing tax relief through the 'payroll') to offer a top up to its membership.

Information about the top up will be included within members' 2016/17 benefit statements and communicated to employers. Members who do not pay income tax on their earnings will be directed to a short claim form on the NOW: Pensions website and a letter of authority, permitting HM Revenue & Customs (HMRC) to divulge tax details to NOW: Pensions in respect of the 2016/17 tax year.

On receipt of the completed claim form and letter of authority from the member, NOW: Pensions will liaise with HMRC and on obtaining confirmation that the members do not pay tax NOW: Pensions will credit members' pension pots with the income tax relief they would have received in a RAS arrangement.

Troy Clutterbuck, interim chief executive officer of NOW: Pensions, said: "While the amounts these savers are currently missing out on is relatively small, around £10 per year for somebody earning £11,000 – as the nil rate tax band rises this amount is going to increase. We continue to talk to the Treasury and HMRC to find a way to resolve this anomaly over the long-term but progress has been disappointingly slow and a solution to this problem remains elusive."

Simple guide explaining GDPR

A NEW free *Made Simple Guide* (<http://bit.ly/2xF5PMf>) has been launched by the Pensions and Lifetime Savings Association in partnership with Herbert Smith Freehills. The guide, which aims to help pension schemes become fully compliant with the European Union's General Data Protection Regulation (GDPR) by the deadline of 25 May 2018, provides:

- a glossary of data terms essential to understanding the new regulations
- a suggested timeline for GDPR readiness
- a comprehensive list of steps for trustees to take including key considerations, explanations of the regulatory requirements, and suggested means of implementing them.

Alison Brown, global head of employment, pensions and incentives at Herbert Smith Freehills, said: "This *Made Simple Guide* looks to introduce and guide pension schemes through the vast, and often highly complex, data protection changes that will take effect in May 2018. Our key message to schemes and their trustees is to be thorough, keep an eye on developments (there is a lot still to come) and, given the number of workstreams and necessary involvement of third parties, to make a start as soon as possible."

PASA accreditation framework

THE PENSIONS Administration Standards Association (PASA), the independent body dedicated to driving up standards in pensions administration, is expanding its accreditation framework to accommodate master trust and buyout providers. The new standard launched its first pilot in July.

PASA accreditation, which is open to all corporate members, is granted following an independent evaluation and assessment process that includes on-site visits and the review of documentation to evidence controls, procedures, process, staff development and contractual positions with clients. Full details can be found by visiting <http://bit.ly/2wfgw6t>.

Five years of AE

AUTOMATIC ENROLMENT (AE) was introduced five years ago on 1 October 2017. The Pensions and Lifetime Savings Association (PLSA) has highlighted how far we have come since:

- 7.6 million more people have been auto-enrolled into workplace pensions
- the proportion of eligible private sector employees who save into a workplace pension increased by more than a third from 42% (2012) to 73% (2016)
- almost three-quarters (74%) of all employers support the policy of AE with this proportion rising to 92% amongst large employers
- significant uplift (37% in 2012 to 71% in 2016) in the proportion of people on the average UK income (i.e. who earn between £20,000 and £30,000) saving into a pension
- £405 billion has been saved into workplace pensions, of which, £119 billion are employee contributions, £247 billion are employer contributions and £39.2 billion is tax relief.

Graham Vidler, director of external affairs at the PLSA commented that AE "is a huge success story which has seen the number of people who save into a workplace pension increase significantly" adding that the successful introduction of AE "has taken a significant amount of hard work from all parties with government working closely with industry."

Pensions legislation befuddles Brits

NEW RESEARCH from online pension adviser Wealth Wizards highlights a significant lack of knowledge about changes to pensions legislation for UK workers. Over seventy per cent of Brits said they thought it was the responsibility of employers to ensure that their employees are informed of changes to pensions legislation and how they are affected on an individual level.

Phil Blows, director at Wealth Wizards, said: "The knowledge gap highlighted by this research relating to recent changes is concerning. This is not to say that this lack of knowledge surrounding pensions in general is not understandable. It is after all a complex issue with many moving parts. It does however highlight the need for employers to educate their workforce sooner rather than later to ensure that they are prepared for retirement."



Events Horizon

Full details of events and training courses can be found at cipp.org.uk or you can email info@cipp.org.uk for more information.



CIPP and AAT hot topic event

5 December *London*

The event will provide educational and interactive sessions on the latest payroll and pension legislation including the impending introduction of the General Data Protection Regulation.

The event will also provide an excellent opportunity for members to achieve their CPD and discuss their CPD objectives and requirements with a member of the CIPP team.

Thanks to our event partner



Annual General Meeting (AGM)

Held on Tuesday 5 December at 11.00 at The CIPP offices, 90 Long Acre, Arne Street Entrance, Covent Garden, London, WC2E 9RA. To have your say and attend this event please email events@cipp.org.uk or call 0121 712 1013.

For more information please call 0121 712 1013, or to book your place please visit payrollevents.org.uk or email events@cipp.org.uk

Training courses

Course	Date*	Location
Apprenticeship levy and funding	14 November	<i>London</i>
	21 November	<i>Manchester</i>
Construction industry scheme	22 November	<i>Leeds</i>
Employment status and employment intermediaries	21 November	<i>London</i>
General Data Protection Regulation	14 November	<i>Birmingham</i>
Professional Development Update: Statutory payments and other topics	14 November	<i>Manchester</i>
	15 November	<i>London</i>
	16 November	<i>Birmingham</i>
Introduction to payroll	28 November	<i>London</i>
	28 November	<i>Birmingham</i>
Introduction to PAYE and NIC	14 November	<i>Leeds</i>
	28 November	<i>Manchester</i>

Course	Date*	Location
Introduction to statutory payments	29 November	<i>Manchester</i>
	29 November	<i>Bristol</i>
Essential additions to payroll basics	9 November	<i>Birmingham</i>
	16 November	<i>Leeds</i>
Payroll and HR legislation update	23 November	<i>Manchester</i>
	27 November	<i>London</i>
Payrolling benefits and legislation update	14 November	<i>Edinburgh</i>
	15 November	<i>Manchester</i>
	15 November	<i>Birmingham</i>

* Dates are subject to change

The full list of CIPP training courses can be found at cipp.org.uk/training

Reward news

ASDA equal pay claim

AN APPEAL by ASDA to block an equal pay claim involving 10,000 workers has been rejected by the employment appeal tribunal (EAT). Male and female claimants are seeking to compare their jobs in the retail stores with the jobs of those working in ASDA's distribution centres. ASDA has been granted permission to appeal to the Court of Appeal.

Tim Roache, general secretary of the GMB trade union, commented: "Instead of wasting money on litigation, we ask ASDA to be a market leader in solving this wide-ranging industry problem."

Low SShPL and SShPP take-up

FIGURES FROM HM Revenue & Customs (HMRC), which were released under a freedom of information (Fol) request made by *People Management*, reveals that 7,100 men received statutory shared parental pay (SShPP) in the 2016/17 tax year, indicating few men may have taken advantage of SShPL.

An earlier Fol request from law firm EMW revealed that just 3,000 parents took SShPL in the first three months of 2016, whereas 155,000 mothers took maternity leave and 52,000 fathers took paternity leave during an equivalent three-month period during 2013/14.

Research by the Chartered Institute of Personnel and Development last year found that just 5% of fathers and 8% of mothers had taken SShPL, but 21% of employers had received requests for SShPL.

Further figures published by EMW show that though 661,000 mothers and 221,000 fathers took maternity and paternity leave in the year to March 2017, only 8,700 parents took SShPL.

In response to a written question submitted to the Secretary of State for Business, Energy and Industrial Strategy, Margot James MP, parliamentary under-secretary for the department, replied: "We will evaluate shared parental leave in 2018. We anticipate commissioning survey work to measure take-up as part of this evaluation."

Cost base of businesses

THE ANNUAL workforce survey of over 1,400 businesses undertaken by the British Chamber of Commerce in partnership with Middlesex University London (<http://bit.ly/2xYFF6F>), reveals that automatic enrolment (AE), the national living wage (NLW) and the apprenticeship levy ('the levy') have increased the cost base of businesses, which could lead to reduced opportunities for investment and wage growth.

- 75% report an increase in costs due to AE, with 23% indicating a significant increase
- 50% report increased costs due to the NLW, and
- 20% report increased costs due to the levy.

Based on the forecast that the NLW will increase to £8.75 per hour by 2020, 38% of respondents said that they would raise prices of products and services, with a further 25% expecting to reduce pay growth. Just 35% of business would take no action, compared to 46% in 2016.

Zero-hour contracts fall

STATISTICS PUBLISHED by the Office of National Statistics in September, reveals that in May there were 1.4million employment contracts which did not guarantee a minimum number of hours in use, down 33% from a peak of 2.1million in May 2015.

The *Labour Force Survey* (<http://bit.ly/2xYxmrl>) found that 883,000 people (2.8% of those in employment), had a zero-hours contract role as their main job between April and June 2017, compared to 903,000 (2.9% of those in employment) between April and June 2016.

Flexible working

RESEARCH FROM flexibility experts Timewise busts the 'mum myth' about who works flexibly and why, and highlights how much UK businesses have underestimated the demand for a pattern of working that shuns the 9-to-5 routine. The report *Flexible Working: A Talent Imperative* (<http://bit.ly/2yppMY8>) reveals that:

- 63% of full-time (FT) employees already work flexibly
- 60% of FT employees who work flexibly say flexible working is part of their contract, but for 40% it's an informal agreement
- 87% of self-employed FT people work flexibly.

The preference for flexible working is strong amongst both men and women. 84% of male and 91% of female FT workers either currently work flexibly, would like to work flexibly, or would prefer to work part-time (PT).

Among FT workers, 92% of those age 18–34, 88% of those age 35–54, and 72% of those aged 55 or above+, either currently work or would like to work flexibly or would prefer to work PT.

The most important reasons that FT workers who work flexibly find this to be important include:

- allows more control over work/life balance (an average of 57% across all age groups)
- reduces commute times – most important among those age 35–54 (37%)
- allows more time for leisure and study – most important among those age 18–34 (37%) and among those aged 55+ (32%)
- helps with caring for children and other dependents – similarly important for those age 18–34 (33%) as those aged 35–54 (28%).

Amongst FT workers who do not work flexibly but want to, 77% see it as being beneficial or very beneficial; and 71% of FT workers who have a flexible working arrangement say it is essential or very important to them. Some 70% of PT employees who would prefer to continue working PT say their PT arrangement is essential or very important to them.

Burnout: the fire you need to put out

Iain McMath, chief executive officer at Sodexo, discusses the issues and advises best practice



Have you noticed that we're moving away from dealing with 'stress' in the workplace to dealing with 'burnout' instead? Burnout is a total system breakdown that happens after prolonged periods of unmanageable stress and emotional fatigue. In other words, it is not just 'being tired'; that is an unfortunate misconception. Burnout can have serious physical and mental health consequences – and can really damage a business too.

Change in the workplace used to happen at a much slower pace, but modern businesses need to deal with change all the time. It's clear that technology is one culprit. The introduction of computers and the internet left some workers feeling redundant, whilst others rejoiced as they kicked back and relaxed, thinking computers would do the hard work. Oh boy, how wrong they both were.

Instead of reduced workloads, the pace has seriously ramped up in recent years. You only need look as far as emails and smartphones to see how tech has – for some – made working all hours of the day seem normal. This pressure to be online at all hours can be worse within global businesses or for employees working with folk on the other side of the world.

However, it is unfair simply to blame technology. We should also look at how attitudes towards work have changed. People can enter the world of work believing that if they work hard enough, they'll achieve everything they have ever wanted in a very short space of time. However, whilst this may seem like an admirable attitude to have, if they fail to meet such extreme goals it can feel like total failure.

Managers can be guilty of this, too. Up and down the country, business leaders

are implementing new systems and technologies and expecting employees to be totally 'up' on the next big thing; sometimes it seems, through sheer chance. But by expecting this of your employees without any direction, support or training, you're adding huge amounts of stress to their day jobs.

...they'll be able to step in at the right time and stop burnout in its tracks

Burnout also tends to rear its head in certain personality types more than others, most notably in 'overachievers'. It has even been dubbed 'overachiever syndrome'. These people are highly motivated, driven, highly functioning and ambitious. For them, burnout is a hard truth to accept, which can make it harder for them to spot. Instead, they'll work longer hours and pile on the stress to try and solve the situation. Without support, it's a recipe for disaster; and when burnout hits, it really packs a punch. Teams are left without some key team members, meaning lower productivity for those around them.

Avoiding burnout is about getting under the skin of the issues that employees are facing on a day-to-day basis. In many cases, businesses are unintentionally slapping on temporary sticking plaster solutions – such as remote access to work or flexible working – in order to prevent burnout. But, let's be honest, that alone isn't working. The catalyst for burnout goes deeper; it's about skills and it's about support.

Leaders need to make sure that their managers know how to manage people effectively. If managers are aware of the signs of burnout and can see someone heading down that route, they'll be able to step in at the right time and stop burnout in its tracks.

Encouraging a culture of mindfulness may seem like a passing fad, but what it teaches is important. Mindfulness aims to focus an individual's mind on themselves and their surroundings in the present moment. It's been found to enhance emotional intelligence, self-awareness and the capacity to manage distressing emotions. So, it's no surprise that adding this type of relaxation into a workplace will help to reduce stress and keep burnout at bay. We're seeing more businesses create quiet areas or chill zones for their staff which help communicate that exercising mindfulness is okay and, in fact, encouraged.

Even in the biggest of businesses, leaders need to be self-reflective to stay dynamic and avoid stagnating. This type of inward reflection could include a review of the businesses strategy. Being ambitious is essential, but it shouldn't be at the cost of your employees. For a strategy to work, everyone needs to understand and strive for the same goals.

More and more businesses are beginning to understand that burnout is a symptom of a company culture – and not the fault of the individual. Business leaders need to identify gaps and mismatches in strategy, skills and support and then do what they can to close those gaps.

If we work towards fixing these issues, hopefully in the future we will see the rate of burnout decline and productivity increase. ■



CCV v TFC – Who wins?

Jonathan Watts-Lay, director, **WEALTH at work**, provides examples and calculations to establish the winners and losers of the benefits of using either the 'old' employer-supported childcare system or the 'new' tax-free childcare system

Whether parents are better off with the old employer-supported childcare scheme – which typically comprises qualifying childcare vouchers (CCVs) from their employer – or the new tax-free childcare (TFC) scheme, depends on many factors including how much they earn, how much they spend on qualifying childcare, whether both parents work, how old their children are, and how many children they have. Parents who think they will be better off under the old scheme have until April 2018 to register with their employer – not all employers offer the scheme – and anyone who misses this deadline will only be able to join the new scheme.

Parents that are unsure if they stand to win or lose under the new tax free childcare scheme may turn to their employer for support.

Many employers are now switching on to the fact that financial education can be delivered in the workplace to help employees understand their workplace savings and benefits, particularly in areas such as childcare as the tax system is complex when trying to work out if the new

or old system is better in a given situation. Financial education helps employers support employees to make informed decisions to improve their financial wellbeing.

Employer-supported childcare

Tax relief for employer-supported childcare has been available since tax year 2005/06. Generally, employers have introduced childcare voucher schemes linked to salary sacrifice arrangements (now called optional remuneration arrangements) to use the limited tax and National Insurance contributions (NICs) exemptions.

The tax-exempt amount for employer-supported childcare is determined by the employee's employment income amount (EIA). The weekly amount of the exemption is:

- £55, where the EIA does not exceed the income tax basic rate limit for the tax year
- £28, where the EIA exceeds the income tax basic rate limit but does not exceed the income tax higher rate limit for the tax year
- £23, where the EIA exceeds the income tax higher rate limit for the tax year.

Entitlement to the tax exemption is

dependent on certain conditions prescribed in law being met.

The value of qualifying childcare vouchers provided weekly can be greater or lower than the tax-exempt amount.

Tax-free childcare

The new system, called 'tax-free childcare' (TFC), is available online. The government will contribute 20p for every 80p that parents spend on registered childcare. This is the equivalent of the 20% tax many people pay on their earnings, which gives the scheme its name 'tax-free childcare'.

The maximum government contribution per year is £2,000 per child (or £4,000 for disabled children). Parents must be in work to qualify, with each parent earning just over £100 per week, but no more than £100,000 each per year.

Parents apply by opening an online account – which is available through the government website www.gov.uk – and paying into this account which is then topped up by the government. Parents then need to re-confirm their circumstances every three months. It is possible to pay in more some months, and

less at other times, meaning parents can build up a balance in their account to cover times when they need more childcare than usual such as summer holidays.

The ‘winners’ comprise:

- Basic rate tax payer families that spend more than £9,331.20 a year on childcare (see Example 1).
- Higher rate tax payer families that spend more than £6,249.60 a year on childcare (see Example 2).
- Families with lots of children, as funding is per child (see Example 3).
- Self-employed, as the tax exemption for employer-supported childcare is only available through employment (see Example 4).

The ‘losers’ comprise:

- A basic rate tax payer who has access to CCVs and spends less than £4,665.60 per year on childcare. If both parents pay basic rate tax and have access to CCVs, they would need to collectively spend less than £9,331.20 on childcare to be worse off. (Example 5)
- A higher rate tax payer who has access to CCVs and spends less than £3,124.80 per year on childcare. If both parents pay higher rate tax and have access to CCVs, they would need to collectively spend less than £6,249.60 on childcare to be worse off. (Example 6)
- Anyone earning more than £100,000. (Example 7)
- Parents who live together, but only one parent is working. (Example 8)
- Families with children aged between 12 and 15. (Example 9)

Examples

- 1.** Kim and Steve are both working and are both basic rate tax payers. They spend over £9,331.20 a year on childcare, so will save more under the new scheme than the old scheme. (See ‘Basic rate tax payer calculations’).
- 2.** Rachael and Tom are both higher rate tax payers. They spend more than £6,249.60 a year on childcare, so will save more under the new scheme than the old scheme. (See ‘Higher rate tax payer calculations’).
- 3.** Sally and Josh are both working. One is a basic rate tax payer, and the other a higher rate tax payer. They spend over £7,790.04 a year on childcare, so will save more under the new scheme

than the old scheme. (See ‘Combined basic rate and higher rate tax payer calculations’).

4. Amy and Sam are higher rate tax payers and both signed up for the childcare voucher scheme before April 2011. They spend more than £12,247.20 a year on childcare for their two children. As the new TFC system allows them to spend up to £10,000 on each child, they will be better off under the new system. (See ‘Higher rate tax payers that signed up before April 2011’).

5. Mary and James are both working and are both basic rate tax payers. They spend £5,832.00 a year on childcare and are £874.80 better off under the old scheme. This is the maximum savings difference for basic rate tax payers in favour of the old scheme versus the new scheme. (See ‘Basic rate tax payer calculations’).

6. Joanna and Tony are both higher rate tax payers. They spend £2,976.00 a year on childcare, so are better off by £818.40 under the old scheme. This is the maximum savings difference for higher rate tax payers in favour of the old scheme versus the new scheme. (See ‘Higher rate tax payer calculations’).

7. Serena and John are both working. One is a basic rate tax payer, and the other a higher rate tax payer. They spend £4,404.00 a year on childcare, so are better off by £846.60 under the old scheme. This is the maximum savings difference. (See ‘Combined basic rate and higher rate tax payer calculations’).

8. Julie and Miles are both higher rate tax payers and signed up for CCVs before April 2011. They are still with the same employers. They spend £5,832.00 a year on childcare, so are better off by £1,603.80 under the old scheme. This is the maximum savings difference for higher rate tax payers who signed up before April 2011. (See ‘Higher rate tax payers that signed up before April 2011’).

9. Chantelle and Ross are both additional rate tax payers. They are not eligible for the new scheme, so are better off under the old scheme by £1,240.80, and £2,741.04 if they registered for CCVs before April 2011. (See ‘Additional rate tax payer calculations’).

Supporting calculations

● **Basic rate tax payer calculations** – Assuming each parent buys £243 of CCVs each month, this is £2,916.00 each

(£5,832.00 combined) for the year. This means that they can pay for £5,832.00 of childcare, but it only costs them £3,965.76, as there is a combined tax and NICs saving of £1,866.24 (32% saving). Under TFC, £3,965.75 from the parents, added to the 20% top up from the government, will only pay for £4,957.20 of childcare (a difference of £874.80.) They are therefore better off under the old scheme, until they are spending £9,331.20 a year on childcare.

● **Higher rate tax payer calculations** – Assuming each parent buys £124 of CCVs each month, this is a total of £2,976.00 for the year. This means that they can pay for £2,976.00 of childcare, but it only costs them £1,726.08, as there is a combined tax and NICs saving of £1,249.92 (42% saving). Under TFC, £1,726.08, added to the 20% top up from the government, will only pay for £2,157.60 of childcare (a difference of £818.40). Parents are therefore better off under the old scheme, until they are spending £6,249.60 a year on childcare.

● **Combined basic rate and higher rate tax payer calculations** – Assuming the basic rate parent buys £243 of CCVs and the higher rate tax payer buys £124 of CCVs each month, this is a total of £4,404.00 for the year. This means that they can pay for £4,404.00 of childcare, but it only costs them £2,845.92, as there is a combined tax and NICs saving of £1,558.08. Under the new scheme £2,845.92, added to the 20% top up from the government, will only pay for £3,557.40 of childcare (a difference of £846.60). Parents are therefore better off under the old scheme, until they are spending £7,790.04 a year on childcare.

● **Higher rate tax payers who signed up before April 2011** – Assuming parents who signed up for CCVs before April 2011, and are still with the same employer, buys £243 worth of vouchers a month (as opposed to the £124 which was introduced from April 2011 for higher rate tax payers), this is a combined amount of £5,832.00 a year. This means that they can pay for £5,832.00 of childcare, but it only costs them £3,382.56, as there is a combined tax and NICs saving of £2,449.44.

Under the new scheme, £3,382.56 added to the top up from the government, will only pay for £4,228.20 of childcare (a difference of £1,603.80). Parents are

therefore better off under the old scheme, until they are spending £12,247.20 a year on childcare.

● **Additional rate tax payer calculations**

– With the old scheme parents can buy £110 of CCVs each month, so a total of £2,640.00 for the year if both are additional rate tax payers. This means that they can pay for £2,640.00 of childcare, but it only costs them £1,399.20, as

there is a combined tax and NICs saving of £1,240.80. The new TFC system is not available to parents who earn more than £100,000 a year. This means that additional rate tax payers who are unable to sign up to a voucher scheme will be up to £1,240.80 worse off a year.

If they signed up for CCVs before April 2011, and have not left the scheme at any point since this date, they are eligible

to buy £243 worth of vouchers a month, so a combined amount of £5,832.00 a year. The combined tax and NICs saving is £2,741.04, meaning that for a net cost of £3,090.96, they can pay for £5,832.00 of childcare. As they do not have access to the new scheme, unless they can remain in the old voucher scheme they will be missing out on a saving of up to £2,741.04 a year. ■

Basic rate tax payer calculations

	CCVs – maximum saving available	TFC – same cost to parents	TFC – same saving	TFC – Maximum Saving per child	TFC – Maximum saving for two children
Cost to parents	£3,965.76	£3,965.76	£7,464.96	£8,000.00	£16,000.00
Saving	£1,866.24	£991.44	£1,866.24	£2,000.00	£4,000.00
Childcare value	£5,832.00	£4,957.20	£9,331.20	£10,000.00	£20,000.00

Higher rate tax payer calculations

	CCVs – maximum saving available	TFC – same cost to parents	TFC – same saving	TFC – Maximum Saving per child	TFC – Maximum saving for two children
Cost to parents	£1,726.08	£1,726.08	£4,999.68	£8,000.00	£16,000.00
Saving	£1,249.92	£431.52	£1,249.92	£2,000.00	£4,000.00
Childcare value	£2,976.00	£2,157.60	£6,249.60	£10,000.00	£20,000.00

Combined basic rate and higher rate tax payer calculations

	CCVs – maximum saving available	TFC – same cost to parents	TFC – same saving	TFC – Maximum Saving per child	TFC – Maximum saving for two children
Cost to parents	£2,845.92	£2,845.92	£6,232.32	£8,000.00	£16,000.00
Saving	£1,558.08	£711.48	£1,558.08	£2,000.00	£4,000.00
Childcare value	£4,404.00	£3,557.40	£7,790.04	£10,000.00	£20,000.00

Higher rate tax payers who signed up before April 2011 payer calculations

	CCVs – maximum saving available	TFC – same cost to parents	TFC – same saving	TFC – Maximum Saving per child	TFC – Maximum saving for two children
Cost to parents	£3,382.56	£3,382.56	£9,797.76	£8,000.00	£16,000.00
Saving	£2,449.44	£845.64	£2,449.44	£2,000.00	£4,000.00
Childcare value	£5,832.00	£4,228.20	£12,247.20	£10,000.00	£20,000.00

Additional rate tax payer calculations

	CCVs – maximum saving available	CCVs – maximum saving available for those signed up pre April 2011
Cost to parents	£1,399.20	£3,090.96
Saving	£1,240.80	£2,741.04
Childcare value	£2,640.00	£5,832.00



Policies

Discrimination, suspension, privacy



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

Trayhorn v The Secretary of State for Justice

Employees are protected against less favourable treatment from manifesting their religious belief under the Equality Act 2010. The employment appeal tribunal (EAT) has determined that an employer did not discriminate against an employee when taking disciplinary action for the way the employee manifested their belief.

The claimant was a Pentecostal Christian and an ordained minister who was employed as a gardener at HM Prison Littlehey. He voluntarily took part in services at the prison chapel. The prison was made up of inmates containing a large number of sex offenders and young offenders.

In February 2014, the claimant spoke during a service about homosexuals and the employer received a complaint about these comments. No formal disciplinary action was taken but the claimant was informed in April 2014 that he should not preach in future services. He was allowed, however, to continue leading the sung part of the service.

In May 2014, the claimant made references to Bible verses about drunkenness, sex outside of marriage, theft and homosexuality during a service. These verses were not placed in any context by the claimant and he told the service

to make complaints if they wanted to. A complaint was received in June 2014 and the claimant was told not to take any part in chapel services until further notice.

...a result of the insensitive way the Bible verses had been delivered...

The claimant was invited to a disciplinary hearing in August 2014 for unprofessional conduct on account of making a homophobic statement. He was advised that the possible outcomes were informal action through to a final written warning. The claimant went off work sick and, although the employer reassured him he would not be dismissed as a result of the disciplinary action, he resigned in November 2014 claiming constructive dismissal for his treatment. During his notice period, the claimant was given a one-year final written warning for making homophobic statements during a service.

The claimant made claims for direct and indirect discrimination on the grounds of religion or belief. He claimed direct discrimination took place as he was stopped from volunteering, was subject to

disciplinary procedures and had received a final written warning. In support of his indirect discrimination claim, he alleged the employer's disciplinary and equality policy put Pentecostal Christian employees at a particular disadvantage as they were more likely to quote Bible verses that are deemed to be offensive.

The employment tribunal (ET) held direct discrimination had not taken place because disciplinary action was taken as a result of the insensitive way the Bible verses had been delivered, not because the claimant had made Bible quotations. They also could not identify any part of the employer's policies that put Christians or Pentecostals at a particular disadvantage nor placed the claimant at an individual disadvantage, so the claim of indirect discrimination failed.

In any case, the ET found the employer had a proportionate means of achieving a legitimate aim of maintaining security and order by ensuring equality of treatment, avoiding the perception of legitimising misbehaviour towards specific groups and reducing feelings of increased vulnerability.

On appeal, the EAT agreed disciplinary action was not discriminatory as it was taken due to the manner and context in which the claimant expressed his view. In addition, the ET was correct to find there

was not a group disadvantage suffered by the application of the employer's policies.

Agoreyo v London Borough of Lambeth

The High Court has concluded suspending an employee as part of a disciplinary procedure is not a neutral act and can breach the contract of employment.

The claimant was an experienced teacher who had fifteen years' experience teaching in the UK and abroad. In November 2012, she successfully applied for a new teaching position and was put in charge of a class that contained two pupils with severe behavioural difficulties. The claimant had previously worked with children with special educational needs but had no formal training on dealing with pupils with behavioural difficulties. There were frequent incidents of bad behaviour and the claimant made a number of requests for additional support. The school agreed to put individual programmes in place for the pupils and arrange additional adult support.

Teachers are legally permitted to use reasonable force against pupils under the Education and Inspections Act 2006. Three allegations were made against the claimant concerning the use of unreasonable force against the two difficult pupils, one in November 2012 and two in December 2012. (No criminal proceedings have followed these allegations and the claimant has not been barred from teaching).

The claimant was suspended on 14 December 2012 as part of the disciplinary procedure to allow a full investigation in to the allegations. The suspension letter confirmed the suspension was a "neutral action and is not a disciplinary sanction" and the purpose was to allow a fair investigation. The claimant resigned on the same day and made a claim for damages for breach of contract.

The County Court decided that the employer had reasonable and proper cause to suspend the claimant because of their overriding duty to protect the pupils. As such, this duty could only be met by suspending the claimant until a full investigation of the allegations was carried out.

The High Court, in accordance with previous case law, confirmed that suspension is not considered a neutral act by the court. This is because in most cases, and especially where the investigation

process concerns a qualified professional, suspension is likely to have a negative impact on the individual's reputation and their future career, even if allegations are not substantiated. Therefore, suspension should not be a 'knee-jerk' reaction or the default position used by employers to carry out a suspension.

...right to respect for private life and correspondence was...

The High Court judged that the employer's decision to suspend was sufficient to breach the implied duty of mutual trust and confidence and the claimant was constructively dismissed. It was found that the decision to suspend was taken after some investigation was carried out in two of the three incidents and after a decision had been made to take no disciplinary action in relation to these. Therefore, stating that suspension was necessary to carry out a full investigation was not supported.

Before the decision to suspend, the High Court also found that the claimant had not been spoken to about the incidents or asked for her response to the allegations; there was no evidence of consideration given to alternatives; and there had not been sufficient time given to see the impact of the introduction of additional support to deal with the behavioural problems.

Barbulescu v Romania

Even whilst at work, employees have a right to respect for their private and family life. The European Court of Human Rights (ECHR) has made a final decision on whether an employer who carried out monitoring on work email accounts had breached this right.

The applicant was employed by a Romanian company from August 2004 as an engineer in charge of sales. His employer requested him to set up a Yahoo Messenger account for the purpose of responding to customer enquiries. The company had a rule that employees were strictly forbidden to use computers and other company equipment for personal use.

In July 2007, the employer told the

applicant that his email communications had been monitored for a period of time and this monitoring had found that he had been using the internet for personal purposes during working time. A transcript of communications through Yahoo messenger was also presented which evidenced the applicant had sent messages to his brother and fiancée which were of a personal nature, sometimes concerning intimate details. The applicant was dismissed in August 2007 for breaching the company's rule on computer use. The applicant made a claim to the Romanian courts arguing the accessing of his email communications had breached his right to a private and family life under article 8 of the European Convention of Human Rights.

The case was heard by the ECHR and the judgment was released in January 2016. This judgment examined whether a fair balance had been struck between the applicant's right to respect for a private life and correspondence and his employer's interests. The court determined that the employer accessed the email account with the belief that this contained professional messages and only the email communications were accessed, not other documents on the computer. Therefore, the employer's monitoring was limited and proportionate. In addition, the court found it was not unreasonable for an employer to want to check that employees were carrying out professional tasks during working hours. As such, the monitoring of the email account in the context of disciplinary proceedings did not breach the employee's right to privacy.

The case progressed to the Grand Chamber of the ECHR and the decision of the lower Chamber was overturned. The Grand Chamber judged there was not a fair balance struck between the competing interests of the employer to ensure effective running of their business and the employee's right to privacy. In particular, it was noted that there had been no examination of whether the applicant had advance notice of the possibility that his communications would be monitored, what the employer's specific reasons for monitoring were and whether there were any less intrusive measures that could have been utilised by the employer. In conclusion, the applicant's right to respect for private life and correspondence was breached by the monitoring. ■

Employees with premature or sick babies

Danny Done, managing director at Portfolio Payroll, reviews some of the proposals



Following attention being brought to this area by several campaign groups and a private members' Bill, the Advisory, Conciliation and Arbitration Service (ACAS) have now released guidance on supporting working parents who have a premature or sick baby. With over 95,000 premature or sick babies born each year in the UK, many employers are likely to employ a parent in these circumstances.

Statutory maternity leave is available to employees for a period of 52 weeks. The earliest leave can normally begin is eleven weeks before the expected week of childbirth (EWC), but if the baby is born early the leave automatically starts the day after birth. There is no extension to the overall leave, and the time the mother gets to bond with their child is reduced where the premature or sick baby is required to stay in hospital for a number of these weeks.

There are also circumstances where the employee is off work with a pregnancy-related illness in the four weeks before their EWC. Their maternity leave starts automatically but, dependent on their illness, the employee may not be able to notify her employer that she has given birth or provide the correct documents.

The government had been considering whether to make legislative changes to provide parents, particularly mothers, with a better opportunity to spend time with a premature child.

One line of thought was to increase the length of maternity leave so that it would still provide mothers with a maximum of twelve months' leave at home with their baby once hospitalisation had ended. However, this has not, as yet, been pursued.

In the absence of legislative change, ACAS now provides employers with guidance on best to manage employees who have 'pre-term' births or 'full-term' births where the baby is sick.

A pre-term birth, or premature birth, is one which occurs before 37 weeks' gestation. Though premature babies are generally more prone to illness, ACAS also brings babies born at full-term but who are ill into the scope of its guidance. This could include babies who have jaundice, an infection or those born with a condition which requires urgent or significant medical attention.

To support employees with premature or sick babies, employers can consider the following areas.

● **Sensitive communication with the employee** – Most companies will send their congratulations on the birth of a child; however, this may not be appropriate where the baby is ill. Instead, other methods of acknowledging the birth may be more sensitive such as a card or flowers to let the employee know the company is thinking of them.

● **Appropriate disclosure of information to the employee's colleagues** – It is advisable to get the consent of the employee before informing any colleagues of the circumstances of the employee's baby and it may be best to wait for news of release from hospital before making any company- or department-wide announcement.

● **The flexibility around statutory leave** – Paternity leave for fathers or the partner of the mother can be taken within eight weeks of the birth, or the due date, so they may choose to take this leave once the baby is

released from hospital. The employer can also remind their staff about the right to take parental leave or agree some other form of leave in the exceptional circumstances.

● **The employee's return to work** – If the baby is still ill when the employee returns to work it will be difficult for any employee both from both an emotional and practical perspective. The parents may require ongoing time off to attend hospital appointments or medical check-ups. The employer may be able to agree with the employee that they can take unpaid time off or annual leave to cover these periods.

● **Flexible working** – Employees who are eligible to make a statutory request may wish to do so in which case employers should deal with it in a reasonable manner and within a reasonable timeframe. However, due to the circumstances, an expedited procedure should be considered. Alternatively, employees may wish to agree a change on an informal basis and employers should consider permitting this. Employers may want to consider extending the scope of requests to employees who do not have the statutory right to make a request because they do not have 26 weeks' service, or because they have made a request within the previous twelve months. Agreeing a statutory flexible working request creates a permanent change to the employee's contract of employment unless it is clear that both parties are agreeing to a temporary change. Both formal and informal arrangements should be documented in writing to ensure both parties are clear on the arrangements including start and end dates in the case of a temporary arrangement.

This is a difficult and sensitive issue for all parties involved; however, employers can take steps to ensure their employee feels supported during this time. ■

...many employers are likely to employ a parent in these circumstances

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Our client a Retailer in London is looking for a Payroll Assistant to join their payroll department on a full time permanent basis. You would be working in a team responsible for administering all company benefits including pension schemes throughout the employee lifecycle. The payroll itself is partly outsourced to a provider. Experience in processing a range of benefits and pensions administration as well as calculating statutory deductions is essential.

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A permanent opportunity has arisen for a Payroll Administrator to join a Chartered Accountancy in Kent. The ideal candidate would be working in team processing a range of client's payroll from start to finish. The payrolls vary in frequency from weekly to monthly, previous experience in processing clients payroll is desirable however the ability to carry out manual calculations is essential.

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The position of Payroll Administrator is a brilliant opportunity to work for a leading well known Chartered Accountancy which provide a first class payroll bureau service. The Payroll Administrator will be reporting to a Senior Manager whilst working in a payroll team helping to process a large number of client's payrolls to agreed SLAs. Your duties will include processing client's payrolls, process manual calculations, knowledge of PAYE/NIC, existing knowledge of SMP/SPP/SAP and SSP. You will also be required to carry out RTI submissions, process end of year forms, liaising with HMRC and deal with all payroll queries. Previous experience working in a professional services environment, client facing payroll experience and a good level of Excel experience would be highly beneficial.

PAYROLL CO-ORDINATOR

£26,000 - £30,000 West Sussex

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We are currently recruiting for a Payroll Co-ordinator. Reporting to the Payroll Manager, the role of Payroll Co-ordinator will be work in a team of 4 helping to process high volume multiple payrolls. Duties will include the full start to finish payroll, starters/leavers, timesheet entry, manual calculations, payroll queries and maintaining system updates. Previous experience in a similar role, dealing with multiple payrolls would be an advantage.

PAYROLL MANAGER

£34,000 - £40,000 Brent Cross

REF: 30390 RM

An exciting opportunity has arisen for a Payroll Manager. Reporting to the Director of HR and Admin, the Payroll Manager will manage 1 Payroll administrator whilst helping to

process a monthly payroll for over 1000 employees. The position will require someone with experience of processing RTI, statutory processes, SSP, SMP etc, with an excellent understanding of payroll legislation. Using the Access payroll system (not essential) this payroll position requires someone who can process all aspects of payroll from start to finish including dealing with manual calculations, new starter information, reconciliation and dealing with a high volume of timesheets.

ASSISTANT PAYROLL ADVISOR

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REF: 31174HA

An Assistant Payroll Advisor is urgently required to join a global organisation in the heart of Manchester. Offering a great working environment and opportunity to progress further in your career, our client has gone through a rapid restructure this year and are looking to grow their payroll division due to this. The incumbent will be responsible dealing with the entire payroll process from start to finish for a large portfolio of clients which will include preparing weekly and monthly payrolls for clients, including processing adjustments, producing payroll summaries and payslips for each client as required, ensuring that client expectations for payroll deadlines are met and filing for HMRC, notifying client (by letter) of tax and national insurance payments that are due, together with appropriate pay slips to enable clients to make the necessary payments, preparing and completing end of year Annual Return: employer forms: Filing of form p35s & p14s / p60s: Check accuracy of forms and ensure filed by deadlines. The ideal candidate will be required to possess strong UK legislation and previous experience dealing with a very complex payroll from start to finish. The incumbent would also need to possess strong numeracy skills and able to perform manual calculations.

PAYROLL TEAM LEADER

£30,000 - £35,000 London

REF: 31117HA

A growing business situated in the City of London are looking to recruit a payroll team leader to manage a large team and oversee an outsourced function for a portfolio of clients. The role will primarily be point of contact to their clients for all payroll related duties including resolving any queries. Other responsibilities will include preparing and completing all staff pay and deductions, attaching new employees on to the computerised pay system, ensuring that both statutory and non-statutory deductions are taken in line with relevant legislation and policies, checking and overseeing team's work – authorising all BACS payments and dealing with all delicate information regarding staff members.

PAYROLL ADMINISTRATOR

£23,000 Luton

REF: 31231NW

Working with the Payroll Manager you will take responsibility for coordinating the payroll data for weekly paid employees across the business. Excellent communication skills will be essential as there is daily contact with staff and the outsourced payroll provider. To be considered for the role you will need to have up to date payroll legislative knowledge and be able to perform manual calculations.



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CHARITY



Does passive resistance stand in the way of payroll giving?

Linda Cohen, founder of Lily Pad PR and campaign manager for the geared for giving campaign, passionately argues the case urging employers to try it



Payroll giving, workplace giving, give as you earn – for the uninitiated it's a government scheme which allows employees to give to the charity of their choice, directly from their pay, and see the donation topped up with the tax that they have paid. (It's the only way that higher rate tax payers can pass on the full amount of their tax.)

Over the course of its thirty-year history, the scheme has raised over £2 billion for UK charities and yet it remains an enigma, a niche spectator sport for journalists on the charity sector press.

Most recently there was a new round of baiting as payroll giving was accused of being 'too 1980s' and yet again of having failed to fulfil its potential.

If you look at the top line statistics, it's true they don't make terribly impressive reading, with giving through payroll giving flat lining in 2016. But if you dig a bit deeper you start to see why the scheme has been unable to flourish. Only 3.5 % of employees in the UK have access to the scheme, which means that millions of employees just don't have the opportunity to give from their pay.

Despite the fact that the professional fundraising organisations with a dedicated payroll giving offering work tirelessly to promote the scheme, making the breakthrough has proved out of reach. Even the relaunch of the geared for giving campaign (www.gearedforgiving.org) – which saw the biggest exponents of payroll giving including BT, ASOS and The Entertainer join forces to encourage other employers to implement the scheme – has

so far had limited success.

What's the sticking point? The government scheme is free and easy to put in place, requiring a tiny amount of time from the payroll or human resources team; payroll giving agencies provide the conduit to handle and distribute funds to the charities; it's tax effective; employees can give to whichever charity they choose, down to the smallest local charity, and it is seen by employees as a benefit, a way of their employer supporting them with their charitable giving. (It's worth noting that many of the donors using payroll giving do not give in any other way.)

Vitality for charities there's no admin burden to reclaim the tax element and it provides a pipeline of giving which allows them to respond to emergencies and commit to long-term projects.

The clue lies with the companies that have astonishing success with payroll giving, in some cases with as many as fifty per cent of staff giving through the scheme. Scratch the surface and you'll start to see a common theme – business owners or chief executive officers championing payroll giving and leading from the front, empowering management to ensure the scheme is effectively promoted and communicated to staff and often using a match-funding pot tactically to drive uptake.

Every year the National Payroll Giving Excellence Awards receives inspirational entries from organisations which recognise that payroll giving is an important part of their charitable giving mix. They don't throw up the usual arguments as to why they 'Don't need a scheme'. They understand

that payroll giving complements and enhances what they can achieve for their charity of the year activity or their own foundation. It's not 'instead of' but 'as well as' volunteering. It offers a welcome route to give for those who don't want to show off their star-baker skills or launch out of a plane, but just want to get around to donating to the charity that matters to them, in a tax effective way and to know that the money will go straight to their chosen cause.

It would be easy to list all the things that are wrong with payroll giving but there's an awful lot that's right.

Despite austerity measures and an increase in the cost of living, the UK's capacity to give remains undimmed. It's time that business leaders stepped up to mark and did the maths and realised that if they set up a payroll giving scheme they could at least help their employees turn every £1 they give into £1.25.

Why not say 'yes' and try it – it just might work.

National Payroll Excellence Awards

Now in their eleventh year, the National Payroll Excellence Awards showcase excellence, achievement and dedication and celebrate the successes in payroll giving over the past twelve months.

The Awards are open to all organisations with a bronze, silver, gold, platinum or new diamond payroll giving quality mark to enter. The winners will be announced at a ceremony at Clothworkers Hall, London on November 22, 2017 (www.payrollgivingawards.co.uk). □



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Following the rules



Compliance is an important aspect of every payroll professional's remit and the consequences of getting it wrong can be severe for organisations of all sizes, says **Kavitha Sivasubramaniam, freelance writer and editor**

Payroll compliance is an integral part of any business operation, and the process ensures both that the organisation's legal obligations are met and that employees are paid accurately and on time.

Employers that flout the rules can face severe financial penalties and reputation damage, while internal employee relations can also suffer. For payroll teams themselves, it's not just the fear of significant fines that drives them to strive for perfection. A sense of professional pride is often an important motivational factor when it comes to meeting their duties.

"Every payroll professional I've ever met has been passionate about accuracy and being compliant, partly of course because of the responsibility they feel towards paying their employees accurately," says Don Macarthur, former head of employer engagement at HMRC (HM Revenue & Customs) and chief Payroll Assurance Scheme (PAS) assessor at CIPP.

With the legal and other compliance landscape constantly changing – and expected to change even more in future – what factors come into play for organisations that want to get it right and how can they avoid costly mistakes?

Policies, procedures and reviews

First and foremost, employers must ensure they have the right policies and procedures in place to help them meet their compliance duties. After all, with so many separate compliance tasks facing an employer or bureau – many of which require teamwork or collaboration between teams – you can't hope to succeed unless you first have the right foundations in place in terms of processes, software, team roles and relationships.

...the right policies and procedures in place to help them meet their compliance duties

"Things change so you have to keep abreast of what's going on commercially and legislatively, for example, with pensions auto-enrolment," says Alan Fitzgerald, head of payroll at UHB (University Hospitals Birmingham) Payroll Services, which processes more than

100,000 payslips every month for the large university hospital foundation trust as well as several other NHS (National Health Service) organisations. "You have to introduce new processes and look at where you can generate efficiencies. You have to continually review processes to meet your obligations, both within your organisation and for your customers."

Internal and external audits, usually by HM Revenue & Customs (HMRC), can help to identify anything that has gone wrong, often allowing the problem to be addressed fairly quickly.

"Reviews are an ongoing evaluation of everything you do," says Karen Thomson, payroll director at Armstrong Watson, a firm of accountants, business and financial advisers. "In terms of compliance, how do you know you are compliant if you don't review your learning and development programme or your procedures? I have always believed that if you are going to do a job you should do it right and to the best of your ability."

Getting it right

Organisations that are serious about following the rules should ensure they have business, team and personal

objectives that prioritise aspects of compliance. They should regularly access a range of different information sources such as CIPP, HMRC, and the Department for Work and Pensions, and ensure that updates are shared within the entire payroll team as well as with other departments involved in employer compliance such as legal, tax and finance. It is imperative that all teams involved in employer compliance responsibilities work openly and collaboratively together to share information promptly.

Third parties – such as professional advice or consultancy service providers, payroll bureaux and training providers – can also help employers meet their obligations.

“Keep up to date, or ensure your provider keeps up to date, with legislation,” advises Thomson. “Ensure your payroll or HR [human resources] software is also up to date and, if bought off-the-shelf, check you have run the new tax year uplifts or any in-year uplifts.” She adds that employers should attend user groups where possible, and make sure HMRC returns are made on time and that the right amount of tax is paid at the right time.

Organisations should also take care to set out exactly what they want from a payroll function, whether it is in-house or outsourced, and be very clear about what they want from their service.

Very often they fail to clearly articulate their specifications, leading to the supplier and customer being miles apart in their expectations from the level of service, and invariably things go wrong. Therefore, both parties need to be clear about

what payroll compliance means to them and where responsibility for compliance ultimately lies.

...staff must have the skills and knowledge to understand the importance of various compliance responsibilities...

The cost of failure

There are a number of problems that can arise for organisations that are non-compliant.

These include penalties from a range of official bodies, including HMRC, the Information Commissioner’s Office and The Pensions Regulator (TPR). Some of these bodies also ‘name and shame’ companies that get it wrong. For example, in May this year TPR published for the first time the details of every business that it has secured a court order against after the employers neglected to meet their automatic enrolment responsibilities.

In circumstances such as this, the organisations concerned could also suffer further from negative media or social media publicity, as well as legal action from other businesses or creditors. “You could end up losing customers, damaging the reputation of the organisation and tainting its name,” warns Fitzgerald.

Within the business, employers could be faced with disgruntled employees

who have been paid incorrectly. You may also end up training your staff in a format which they don’t understand.

It could ultimately lead to a loss of motivation within the team – and the wider employer organisation – resulting in a loss of key staff and reputational damage. “Basically, everyone is unhappy,” summarises Thomson. “Employees who miss out or bear the consequences of errors; and the employer, normally through penalties and or union activity; to name but a few.”

Training and development

Training and development is important because staff must have the skills and knowledge to understand the importance of various compliance responsibilities, and how to meet them, according to Macarthur. “Staff need to develop so that they become ready to step up, whether through succession planning or when vacancies arise unexpectedly or when new roles are created to meet new challenges,” he says. “And everyone needs to keep their skills and knowledge up-to-date.”

When new legislation is introduced or announced in the chancellor’s Budget, UHB organises group training sessions that cover the implications of the changes. The organisation also carries out annual reviews, as well as mini-reviews throughout the year, which help to identify staff training needs. These are then discussed between line managers and the training manager to establish how the individual concerned can be supported.

“Training is key to the operation because if you haven’t got staff with the right level of knowledge the whole operation is going to fall over,” explains Fitzgerald. “When staff don’t know what they are doing that’s when payroll goes off the rails.”

The CIPP PAS

The CIPP’s PAS has been developed to help organisations keep up their professional payroll standards. Gaining accreditation enables employers to reassure staff and customers that their payroll is up to date, compliant and accredited by the CIPP.

The scheme is available for both employers and bureaux or other outsourcers, such as accountancy firms. It incorporates two modules – the payroll module and the payroll people module.



The PAS concentrates on payroll processes, while the Payroll Quality Partnership (PQP) focusses on the learning and development of payroll personnel. It is a structured assessment covering about twenty separate areas of payroll and associated people processes. "It checks whether the payroll team have the most appropriate processes and arrangements in place to ensure compliance; and whether the staff are trained and developed and managed in a way that maximises the ability of the team to work collaboratively together towards appropriate business objectives, most obviously the objectives of paying staff and the authorities accurately and on time," explains Macarthur.

The twenty areas and associated criteria that are reviewed have passed the test of time, having been improved and enhanced over the past five years by taking on board the input and suggestions of all the many payroll experts who have served as assessors. CIPP assessors review documents and discuss the processes in place with the payroll manager (or equivalent) and usually several other staff chosen at random. The employer or bureau then receives a detailed structured report setting out examples of good practice and recommendations or suggestions for improvement for each of the twenty areas.

"The recommendations or suggestions for improvement can range from serious risks of compliance failure all the way to examples of good practice seen elsewhere which might be worth considering," says Macarthur. "Receiving the accreditation can provide a real boost for the payroll team and others. And when we withhold accreditation we offer very precise advice and support about how to improve and meet the accreditation mark, which almost always happens within a few months."

Planning for the future

UHB has gained both PAS and PQP accreditation, which it has maintained for a number of years. Fitzgerald believes that it highlights the organisation's commitment to ensuring its staff are developed and trained, and that process are robust and compliant. "It demonstrates that we are doing it right and we can evidence that. It's given us kudos within our own organisation and our achievements were featured within our magazine and on the intranet. We've gained recognition both within the Trust and outside it," he says. "It also ticks the right boxes in helping us to win new business."

...the need to stay on top of a rapidly changing compliance landscape becomes a priority...

Armstrong Watson also achieved PQP accreditation, but it wasn't so much the end-result of the accreditation as the process of getting it that helped the most with compliance, according to Thomson. "What PQP did was help us to shape our payroll learning and development programme. In addition to everyone undertaking the CIPP Foundation Degree, we wanted to ensure a full progression route was available," she explains.

The organisation introduced pay scales to enable people to go through the competency framework, gathering evidence to support their request to progress.

As with any performance routes, the framework also allows the business to monitor progress and help employees

who need further help and support to get to the excellent standard it requires. "The constant process of learning ensures a payroll professional is the best they can be. It also means they are on top of the latest changes making sure their employees are paid properly," she explains.

Growing in importance

With HMRC constantly reviewing compliance and regulations, and TPR also looking at non-compliance in terms of automatic enrolment duties, it is easy to see why many industry professionals believe the issue is one that is only going to grow in importance.

Macarthur identifies the following key considerations for employers when it comes to compliance:

- Constant readiness to learn and assimilate new or changed payroll obligations – these are likely to come thicker and faster in future.
- Always having access to other payroll experts, whether through the internet or user groups or individually, to share ideas and hints and tips and learning opportunities.
- The need to monitor advances in payroll and accounting software, to be ready to take advantage of new opportunities to automate and simplify.
- Strong leadership, ensuring that employees are equipped and focussed as well as possible on team working efficiently to achieve key business objectives.

Of course, with the imminent introduction of the General Data Protection Regulation in May 2018 and the threat of potential penalties amounting to 4% of an employer's annual worldwide turnover or €20 million, the matter of compliance is clearly here to stay. Add to that the potential for considerable changes to laws, regulations and other obligations which impact on payroll from Brexit, and the need to stay on top of a rapidly changing compliance landscape becomes a priority for any organisation.

"Treat payroll compliance as an ongoing project," advises Thomson. "It will never end but always starts, reviews, evaluates and implements and then it all starts over again." ■



To find out more about the CIPP's Payroll Assurance Scheme, visit www.payrollcompliance.org.uk.

Ignorantia juris non excusat – Excuse me!?

Lisa Gillespie, HR services director at Moorepay, reveals the extent and costs of non-compliance and offers her solution



This month's featured topic of compliance got me thinking about the overall compliance burden which even the smallest businesses face nowadays. None of us enjoy being criticised and it is much worse if you didn't realise you were doing something wrong; but ignorance of the law – which is the translation of the Latin above – excuses no-one.

I then thought about the recent high-profile organisations fined for breaches and how the cost of non-compliance can be absolutely eye-watering. Here are a few of the biggest to have hit the media in recent times:

- Argos was fined £1.5 million on top of an additional £2.4 million it had to pay out to current and ex-employees for breaching national minimum wage requirements.
- Tesco also fell afoul of minimum wage law and had to set aside £9.7 million to rectify their breach.
- The John Lewis Partnership had to shell-out a massive £36 million for pay-outs to their workers affected by John Lewis's non-compliance over wages.

But it isn't just businesses that can face a hefty bill when they act unlawfully. The government now must find an estimated £32 million to repay employment tribunal fees which the UK's Supreme Court decided on 26 July 2017 were unlawful.

I'm not even half-way through this article and already that's £100 million finding its way back into workers' pockets. 2017 has been a bonanza year for some.

Counting other costs

Non-compliance isn't just about the cost. There are other effects and consequences that can lead to serious psychological injuries, physical harm and fatalities. The statistics for 2015/16 published by the Health and Safety Executive in the last twelve months make for some sobering reading:

- 1.3 million working people suffering from

a work-related illness

- 2,542 mesothelioma deaths due to past asbestos exposures (2015)
- 137 workers killed at work (2016/17)
- 72,702 other injuries to employees reported under 'RIDDOR' (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995)
- 621,000 injuries occurred at work according to the *Labour Force Survey*
- 30.4 million working days lost due to work-related illness and workplace injury
- £14.1 billion estimated cost of injuries and ill health from current working conditions (2014/15).

...shared objective between workers and management to embed those requirements...

And those statistics don't represent the families of those killed or injured who will also be undoubtedly affected for years to come. Whilst the number of fatalities at work has declined substantially in the last three decades, the main causes listed below tend to remain constant and, more importantly, avoidable:

- struck by a moving vehicle
- falling from height
- struck by a moving object
- trapped by something falling/collapsing.

More need for compliance

I've covered compliance with statutory rights for workers and health and safety breaches, but organisations also must comply with data protection law – and the government has recently announced its plans to align UK domestic law with the impending General Data Protection Regulation due in May 2018. Again, the types of data breach/incident remain consistent across sectors:

- data not redacted
- loss or theft of paperwork
- data sent by email to the wrong recipient.

There has been an increase of 18% in reported incidents (<http://bit.ly/1Y6acnJ>) to the Information Commissioner's Office in just one quarter; and next year organisations will become even more exposed. One National Health Service (NHS) Trust has been subject to enforcement action this year due to repeated failures in both data management and human error in its processing of sensitive data.

Why regulatory frameworks exist

With so much regulation involved, failure to comply is common; and the above demonstrates that even the most well-resourced and mature organisations can make mistakes. Payroll systems, errors on shift work calculations and ignorance amongst staff have all appeared as reasons for non-compliance.

Regulatory frameworks exist to increase compliance and you ignore them at your peril. It is also worth remembering that every single breach has the potential to be a whistleblowing issue in the workplace if it is ignored. In 2015/16, the NHS had sixty whistleblowing complaints about Foundation Trusts.

In a five-year review document (<http://bit.ly/2whKcNc>) published by whistleblowing charity, Public Concern at Work, it was revealed that calls relating to the retail, financial and health sectors have doubled. It is likely that a high percentage is due to better knowledge within the labour force of what employers ought to be doing.

Training employees to the standards needed to meet to compliance and making it a shared objective between workers and management to embed those requirements into every aspect is, I think, the key to cracking the problem of how to both monitor and adhere to compliance. ■



NMW compliance

Jeni Morris, NMW specialist in EY's People Advisory Services team, reveals that HMRC is going to use huge new resources it has been given for NMW compliance to target large companies



HM Revenue & Customs (HMRC) is tasked by the Department of Business, Energy & Industrial Strategy (BEIS) with enforcing national minimum wage (NMW) and national living wage legislation. Its role is to help employers understand their obligations, and to promote compliance with the law. It has a 'promote, prevent and respond' strategy. But as the NMW teams become more established and expand, it seems clear that the major focus is increasingly on compliance, deterrence and enforcement.

Increase in HMRC resources

The NMW team at HMRC is one government department that has seen a sharp increase in its resources in recent years: from £13.5 million in 2015/2016, to £20 million 2016/2017, and £25.3 million in 2017/2018. Most of this significant increase over the last two years has been to recruit new investigators to "fund new teams to proactively review complex employers, some with complex supply chains, considered most at risk of non-compliance [with NMW]" and "allow for greater targeted enforcement". There are now four hundred staff in the unit, and HMRC is experiencing a "sustained ramping up of [its] targeting and investigative capability". It is – to quote the

new BEIS report *National minimum wage and national living wage: government evidence to the Low Pay Commission compliance and enforcement* (<http://bit.ly/2uHFjRj>) – 'transitioning' both in terms of scale and type of enforcement activity.

HMRC enforcement activity is no longer just complaint-driven: the new resources are being invested to proactively target large companies.

...no longer just complaint-driven: the new resources are being invested to proactively target large companies

Targeting large companies

NMW legislation is so complex that many companies may find themselves inadvertently falling afoul of the law. Mere ignorance is no excuse, and accidental non-compliance is treated just as severely as deliberate underpayment. Companies found to be in breach not only have to pay arrears to the staff involved, but can also be fined up to 200% of the arrears

due and named-and-shamed by HMRC. And the larger the company, the higher the arrears and fines.

Not surprisingly, HMRC is concentrating its resources on larger and high-profile companies, and on certain sectors. This offers the possibility of higher recovery of arrears, and scaling of efforts and information. The potential result in terms of resources and time invested with respect to the investigator's 'strike' rate is proportionately much higher in companies with thousands or tens of thousands of employees than for smaller companies. The upside incentives in larger companies are significantly greater.

Of HMRC's ongoing large investigations, 38 are in targeted sectors: in 2016/17 these were cleaning, hair and beauty, hospitality, retail and social care. Another thirty large investigations were launched in June 2017, with more planned.

While HMRC follows up all complaint-based investigations within targeted time limits, most of the recent increase in identified underpayments seems to be from proactive targeted investigations.

New HMRC strategy

The only brake on a further increase in these recovery figures seems to be a lack of available staff at HMRC. As more investigators are fully trained, we can

expect to see a sizeable increase in the number of proactive (non-complaint-based) investigations of large companies.

HMRC is utilising new tools – including behavioural economics principles and randomised controlled trials – to drive compliance and identify possible employers in breach. Its risk-based triaging system seems to be an attempt to plan the most efficient method of handling cases and intervention approaches. HMRC has developed and is now testing a risk model which uses data from a range of sources, including pay as you earn and tax credits information to identify workers at most risk of NMW underpayment.

In short: HMRC appears to be utilising risk-reward assessments to decide on how to proceed against companies potentially in breach.

Lower-level arrears cases in small companies may receive less extensive investigations than large companies. And they may be offered discretionary solutions – such as self-correction. Also called 'self-review', self-correction means that once a single complaint has been investigated and arrears identified, a company is invited to go through all

its other payroll records and do the investigative work on behalf of HMRC. This transfers the resource burden to the company, but has the upside that the company will only have to pay fines with respect to the single breach and not to any other breaches it self-identifies. It also escapes large-scale naming-and-shaming on the wider breach.

...caught out under the numerous different areas in which they may be inadvertently breaching NMW rules

This raises issues of fairness and equal treatment under the law. HMRC has not yet published its internal guidelines of how it proceeds with investigations, and how it decides what sort of measures are to be enforced.

Most worryingly, the powers and level of discretion afforded to investigators are

not transparent, and may well be the focus of legal challenges in the future.

NMW audit

All companies with staff in the NMW zone should consider conducting a NMW audit which allows them to identify areas of concern and to undertake more detailed work prior to HMRC even arriving at their premises. Any self-identified arrears will, of course, need to be repaid to the staff affected, but do not attract 200% penalties from HMRC or – just as importantly – involve the reputational damage involved in naming-and-shaming.

Businesses often tell us that they are compliant but end up being caught out under the numerous different areas in which they may be inadvertently breaching NMW rules. ■

HMRC's growing use of self-review (or self-correction) is revealed by Jeni Morris in her article 'Self-review of NMW' which was published in the online version of the September 2017 issue of the magazine and can be found here: <http://bit.ly/2ykZOae> (see page 29).

Multiple NMW penalty

HMRC used NMW law feature in recent notorious case

In a case involving underpayment of the national minimum wage (NMW) to 2,000 workers supplied to Sports Direct, the employment tribunal has ruled that HM Revenue & Customs (HMRC) was entitled to issue multiple penalty notices thereby allowing multiple penalty fines.

The range of NMW enforcement measures includes notices of underpayment and penalties. HMRC can issue a notice of underpayment along with a penalty for the employer's failure. The penalty is currently 200% of the total of the underpayment subject to a maximum penalty, which is now £20,000 per underpaid worker but which, at the time relevant to this case, was £20,000 per notice.

The recruitment company Best Connection Group (BCG), which supplied Sports Direct with workers, was required to pay arrears of pay totalling £469,273.83 and faced penalty fines in respect of notices of underpayment amounting to £263,628.69.

Although BCG promptly paid the fines to obtain the statutory 50% reduction in penalties, it appealed against the numerous underpayment notices HMRC had issued. BCG argued that HMRC's issuing of multiple penalty notices was a "deliberate ploy" to evade the statutory cap on the amount of the penalty. One notice could have been issued; issuing multiple notices was an abuse of power.

The tribunal's judgment points out that

there is no provision in NMW legislation that prevents more than one penalty notice being issued. To avoid the statutory £20,000 'per worker' cap, HMRC issued separate notices for the same worker covering different periods but with each subject to the cap.

The underpayments of wages had occurred because:

- where a worker was a minute late clocking in, the automated system defaulted to the next fifteen-minute period so payment was not made for the first fifteen minutes at work
- when clocking off workers were subject to security searches resulting in them remaining on site for, on average, a further eleven minutes which was not paid. ■

It's all about compliance

Ros Hendren MSc, FCIPP, Mgr FCMIDip, FHEA, of Well Delivered Ltd (t/a Well paid Consulting), explains compliance and how to achieve it



What exactly do we mean by compliance? If we asked a hundred different payroll professionals to explain compliance and put it into context, we would probably receive a hundred different answers. The reason being that compliance can literally mean very different things to different people. However, in order to provide a constant for the purposes of this discussion, quite simply put it is, 'the general observance of, and adherence to, rules and standards'.

Why is this so important? An act of non-compliance can impact an organisation in a huge way, and have an enormous negative impact on its ability to function normally.

You may think this statement to be a little dramatic, but when you consider that the consequences may include significant fines, bad publicity, enforced audit by HM Revenue & Customs (HMRC), overpayments, opportunity for fraud etc, then the matter should not be dismissed lightly. For example, simply through a lack of consistency within a payroll team to calculate a daily rate in the same way, employees could easily be paid differently for undertaking the same work, which in turn could lead to claims

of unequal pay. The consequences of this could include fines and bad publicity as already identified, but also potential internal grievances, tribunals, and reduced productivity – to name a few.

...the general observance of, and adherence to, rules and standards...

Where do we start? Thinking about the statement that compliance is 'the general observance of, and adherence to, rules and standards', let's take a moment to consider what areas of payroll activity are governed by those 'rules and standards'. I'm sure it didn't take any of you long to identify that this applies to pretty much everything we do in payroll!

Regardless of the size, complexity, or frequency of the payrolls you are responsible for, there will always be a common processing workflow covering four key areas:

- data input and gross pay calculations
- gross to net calculations
- payments and investments
- internal and external reporting.

Each of which will require observance of, and adherence to, different rules and standards.

So, what are those rules and standards? It should be fairly safe to assume that most of you will be aware of the need to comply with legislation associated with HMRC (tax and NI, for example), employment law, The Pensions Regulator (auto-enrolment), the Data Protection Act (and the impending General Data Protection Regulation) etc. However, you may not have considered the 'rules and standards' set internally within your own organisation; policies published by various departments such as human resources (HR), IT, or finance. Furthermore, your internal or external auditors may have devised a set of 'controls' they expect you to observe and adhere to, introduced to protect your organisation from fraud or risk.

If you are not already familiar with your internal policies and controls, then it is highly recommended that you review them immediately. But what might you expect from that review?

HR policies should set out how to calculate a day's pay, overtime, holiday pay, sick pay etc; ensuring all employees are paid in a consistent and fair manner.

IT policies would normally cover areas such as system security (password format and expiry etc), data security, and hardware security to ensure data and the internal network are not compromised. Financial policies would be concerned with areas such as the segregation of duties to mitigate the risk of fraud or collusion. Finally, the controls introduced by auditors would be expected to support observance of, and adherence to, all published external legislation, as well as internal policy.

This is by no means an exhaustive list, and each organisation will have its own variations; however, it should provide a good overview from which to begin a review and appreciation of your own organisation's 'rules and standards'.

So, what are the common areas of non-compliance? As an independent consultant working with a vast range of organisations, across a huge array of industries, I have observed many issues of non-compliance. I can tell you that there appears to be no pattern in terms of whether large or small organisations are generally more or less compliant, or whether complexity has a direct effect on compliance. However, I do find that the root causes of any non-compliance usually fall into one of the following:

- lack of (or ineffective) controls and checklists
- inability to keep up to date with legislation
- out of date policies, or lack of version control
- no segregation of duties
- lack of training, development and support
- out of date process documentation
- cross-border legislation.

What is interesting to note is that when these controls were first introduced, or when these policies or documentation etc were first rolled out, they were usually compliant – so why are they no longer?



The simple answer is that change has usually happened, and whilst change has often been adopted into local practice it rarely gets reflected in official documentation – so that documentation quickly becomes out of date.

...a way of life, and so be accepted as an integral part of everything you do

What can we do to prevent non-compliance? Compliance should become a way of life, and so be accepted as an integral part of everything you do. All best-practice organisations should be operating a quality management system that underpins all operational activity, and within that quality management system we would expect to see adherence to all of the legislation and policies that we have identified. So, what might our 'plan for compliance' look like?

- Regularly review areas of potential risk, understand where things might go wrong (before they do), assess the probability, and put preventative steps in place.
- As legislation changes, ensure you have a formal process of gaining new knowledge and information, and sharing it with your colleagues.
- Encourage a good working relationship with your stakeholders, as this will ensure you are always aware of organisational change, and can react accordingly.
- Regularly review, plan and deliver training needs to your team, to ensure they have the right information and knowledge to operate in a professional and compliant way.
- Test your process controls through regular internal auditing to catch potential areas of non-compliance before they happen.
- Have your processes audited and benchmarked by external organisations such as those that assess processes against standards such as ISO for example.
- Engage with the CIPP to have your operational activity reviewed against its benchmark Payroll Assurance Scheme, as this will provide an assessment of how effective your processes and operational activity are, helping identify opportunities

for improvement.

What should we do if we identify non-compliance? Despite all our best endeavours there will always be times when we recognise that we have become non-compliant. It's how we deal with that non-compliance that determines whether we are operating in a best-practice way or not, and has the potential to set the course for what happens next.

When any non-compliance is discovered, the following are recommended:

- Be honest and up front about it. HMRC (and anyone else for that matter) will normally be much more forgiving if you choose to disclose non-compliance before they find it.
- Ensure you understand what the non-compliance was, how it happened, and what effect it had on your organisation and your employees.
- There's no point in conducting root-cause analysis if you are not going to do anything with it. So, ensure you make improvements to your processes to prevent the same thing happening in the future.
- Once you have implemented the changes, conduct internal auditing to monitor them to ensure that they are effective in practice, and if not review and update.

So, in summary, compliance is the observance of and adherence to 'rules and standards' and should be integral to everything we do ensuring we are not exposed to risk or fraud. It is not just concerned with HMRC and associated legislation, but also with our own internal organisational policies.

Change is often the biggest underlying cause of non-compliance, usually because processes, policies and documentation have not been updated to reflect the change, and so should never be underestimated.

Regularly reviewing areas of potential risk, and understanding where things might go wrong, provides the opportunity to put steps in place to prevent non-compliance before it becomes a reality.

Finally, when it goes wrong...admit it, face up to it, fix it, and ensure it never happens again. ■

This article, now slightly revised, was first published in Issue 17, February 2016.

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Diabetes

Georgina Mason, marketing manager for The Healthy Employee, outlines the risk factors to developing type-2 diabetes



There are more than four million people with diagnosed diabetes in the UK – approximately one in every sixteen, with one million more people having undiagnosed diabetes. Ninety per cent of those four million have type-2 diabetes, which is largely preventable and associated with weight gain and a sedentary lifestyle.

Other risk factors include:

- having a large waist (31.5 inches for women, 37 inches for men, 35 inches for

South Asian men)

- being overweight or obese
- being of an ethnic background that isn't white European
- having a parent or sibling with diabetes
- high blood pressure
- heart attack or stroke
- depression or anxiety
- aged over 49.

All of the above risk factors increase your chances of developing diabetes.

To reduce your risk of developing diabetes, it is vital that you consume a healthy diet. Healthy eating for people with type-2 diabetes is the same as for people who do not have the condition.

Weight management is also key in reducing the risk, as it is for controlling blood sugar levels.

World Diabetes Day falls on 4 November 2017.

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Email: consult@cipp.org.uk
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Website: www.payrollcompliance.org.uk

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Frontier Software's payroll service is tailored to each organisation as we understand that each has its own requirements. From bureau to fully managed, we offer security and backup to ensure a smooth and confident payroll operation. We are auto-enrolment and Real Time Information ready.
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Payroll software

Cintra HR & Payroll Services

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

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



Frontier Software

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

Frontier Software, a leading provider of integrated HR and Payroll solutions, offers total integration across all modules. The easy to use and versatile products meet the ever changing needs of Human Resource and payroll management to organisations in the UK and worldwide. chris²¹ is continually enhanced and updated to keep abreast of business and government legislative changes. Additional modules include Time & Attendance, Employee/Manager self service, Learning and Development, Recruitment, expenses and health & safety. Frontier Software is accredited to PAYE Recognition Scheme, ISO27001 and ISO9001:2000 and BACS approved.



Intelligo

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

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

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Email: hrsolutions@ngahr.com
Tel: 0800 035 0545
Website: www.ngahr.co.uk

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Payroll training and qualifications

The Chartered Institute of Payroll Professionals

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

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



Useful contacts

Payslip distribution and archiving

Datagraphic

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Chesterfield S43 3LS
Tel: +44 (0)1246 543000
Contact: Joanne Hawxwell
Email: enquiries@datagraphic.co.uk
Website: www.datagraphic.co.uk

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Professional bodies

The Chartered Institute of Payroll Professionals

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Tel: 0121 712 1000 Fax: 0121 712 1001
Email: info@cipp.org.uk
Website: www.cipp.org.uk

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

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of payroll professionals
leading the profession

Recruitment agencies

Frazer Jones

95 Queen Victoria Street, London, EC4V 4HN
Tel: 020 7415 2815
Email: Fjpayroll@frazerjones.com
Website: www.frazerjones.com

As a result of the growth & development in payroll & payroll complexity we have developed a payroll specialist practice here at Frazer Jones to support our client's recruitment needs.
Frazer Jones is a leading global specialist within search and recruitment, where we are firmly established as a market leader.

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SPECIALIST SEARCH & RECRUITMENT

Hays Payroll Management

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

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

HAYS Recruiting experts
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James Gray Associates

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

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

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Payroll Elite Ltd

1146 High Road, Whetstone, London, N20 0RA
Tel: 0203 815 7064
Email: vacancies@payrollelite.co.uk
Website: www.payrollelite.co.uk
Twitter: @payrollelite LinkedIn: payroll elite

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

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Portfolio Payroll

New Liverpool House, 15 Eldon Street,
London EC2M 7LD
Tel: 020 7247 9455 Fax: 020 7256 5421
Email: recruitment@portfoliopayroll.com
Website: www.portfoliopayroll.com

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

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Time and attendance

Carval Computing Ltd

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

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Frontier Software

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

Frontier Software's Time and Attendance solution, TA²¹, provides all the control and information needed to effectively manage employee attendance. Based on the 'Timesheet' principle, TA²¹ is available with interfaces for all time attendance devices including biometric solutions, magnetic swipe cards and iris recognition. Payroll calculations and payments can then be handled directly via chris²¹.

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Confessions of a payroll manager – Parting is such sweet sorrow

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

When you've worked on a payroll for as long as I have, the names and numbers that you see passing before your eyes become like old friends. Every payroll manager can recite the first ten names on the payroll. (In fact, there was a point in 2012 when I could recite to 86 employees – like some piling genius!)

Over time names disappear, but there are always a few that seem to stand the test of time and are present at the top of every report. At Crumbitts, this was employee '000001', the erstwhile Pat Amberbridge. It didn't matter whether the report was alphabetical or numerical, Pat – by virtue of her surname and long service – always topped it.

Pat worked in the quality department and was there when the first Crumbitt biscuit rolled off the production line. She was literally 'part of the furniture'; when I say literally, she really was. Barry Rumble (her co-worker and employee '000008') often used Pat's fantastic, flat-as-a-pancake hair-do as a make-shift table for his cuppa when she was sat next to him.

When I received an email a few weeks ago from HR inviting me to a surprise retirement party for Pat it was like having the rug pulled from under me. Not only was Pat an incredibly useful table for Barry she was also an invaluable employee with an unmatched level of knowledge about biscuits, cakes and tea preferences of

everyone in the company.

Every Crumbitt company photo adorning the walls, desks and trophy cabinets of the factory had Pat in it. Going down a corridor in Crumbitt's was like Scooby Doo running past an endless table of Scooby snacks: there's Pat at the Confections Awards, Pat shaking Prince Edward's hand on a mock 'work experience' visit, Pat having her head shaved in 1988 to raise money for 'Tea-brewers of the world unite'.

I wasn't the only one to feel discombobulated, as the whole team felt bereft at Pat leaving and struggled to get their heads round the fact that she'd worked at Crumbitt's for 49 years which was longer than most of us had been alive. Jace, who loves stats, worked out that Pat had been paid more than 2,500 times; and I pointed out that she had gone from receiving her pay in cash in a brown envelope with a staple through the notes, to payment into her bank. Jace clearly thought I was joking when I told him about being paid in cash and on mentioning notes he asked "In notes? Notes of what?".

We've been through a lot with Pat over the years: maternity leave, National Insurance exemption, sickness, auto-enrolment, the end of contracting out. Payroll really is a pretty accurate record of a life lived.

Anyway, it was Pat's retirement tea party last week and I took Evie along under strict instructions not to cry – because if she did, I'd cry, then she'd cry even more, and we'd both end up a great snivelling mess.

When Pat walked in she was greeted by a standing ovation, the raising of mugs of tea and cheers of "Where's me brew?" and

"Get the kettle on Pat!". She gave a lovely speech about how much Crumbitts was like home and that we "wouldn't get rid of her that easily". (I remember Mr Crumbitt saying the same thing when he retired and he's been true to his word – though sometimes I wish he hadn't.)

I was doing fine observing Pat make her way round the room saying goodbye to everyone. But then she reached me and started talking about her "dear friend" who had always made sure she could pay the bills, sorted out her tax code, helped her understand her pension and always had a laugh with her. Well, that was it. I cried, she cried, then Evie joined in and, as predicted, soon we were a snivelling mess.

Pat and I had a huge hug, wiped our eyes and said a final goodbye. And all I could think about was the next payroll report and that it would never be quite the same without employee '000001 Amberbridge' at the top.

Saying goodbye to a colleague reminds us that the names we see every week on the payroll are real people with real stories; and each is important and so is what we do for them. To Pat Amberbridge, the payroll team were her supportive colleagues and friends.

We will miss her on this week's payroll but I suppose we'll soon get used to the new entry at the top of the listing: '000008 Barry Rumble' – unless it's alphabetical of course: tough luck, Barry. ☐

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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