

# PROFESSIONAL

*in Payroll, Pensions & Reward*

Issue 50  
May 2019



## *Work-life balance*

### *Annual leave and the law*

Recent cases

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### *Arrears of pay*

The scale of it all

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### *Payrolling – yes or no?*

Weighing it up



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12<sup>th</sup> - 13<sup>th</sup> June 2019  
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## Editor’s comment

I was pleased to attend a national minimum wage roundtable held by the CIPP in March at the London offices of Portfolio Payroll. You’ll find a report in the online version.

There is clearly much misunderstanding and concern about various aspects of the NMW legislation. Indeed, some might think that complying with NMW rules has become the biggest challenge currently facing payroll – perhaps it always was, though other compliance issues held our attention.

A conundrum for employers and payroll professionals is what counts as ‘working’ for purpose of calculating whether the NMW has

been paid. There is, for example, the notorious Mencap case (see pages 22/23), which will be finally decided by the Supreme Court.

There is also the question – as yet, not probed – of whether the answering of out of hours work-related calls, texts or emails counts as working time. Surely, if the employer ‘permits’ this to happen, it must be work? Would banning such out of hours activity be important too for observing a work-life balance?

*Mike Nicholas*

**Mike Nicholas MCIPP AMBCS** ([editor@cipp.org.uk](mailto:editor@cipp.org.uk))  
*Editor*



## Chair’s message

This month’s edition looks at different points of view to achieving a work-life balance and approaching health and well-being as a key facet to your ability to produce great work. Too many long hours or long commutes will eventually have a detrimental

impact on your effectiveness, and so must be balanced with time out. Being able to spend time with family and friends, when you are truly present, contributing and not just ‘passing through’ or in pause mode because you are exhausted from work, is essential to a rounded work-life balance.

Employers must consider why they need to have someone at a desk 9 a.m. to 5 p.m. If it is about customer service and availability, what challenges have been considered for working differently?

Having held several global positions in my career, I could not have led teams by physically being in each location, so relied on technology to keep connected. Collaborative tools, video conferencing and improvements in broadband make this so much easier. It is empowering to allow staff to make choices and creates stronger engagement when recognising virtual working is a benefit to employee and employer if it reduces the commute or allows

greater flexibility.

This must still be managed though, so that employees feel connected and supported and not out of sight and out of mind as a result of not being in the office. Too much time alone and not connected can also have a detrimental effect. For remote workers or those who are less frequently working from a staff base, it is important to create connections through working groups and collective responsibilities, so that communication channels and information flows freely, and those water-cooler moments of catching up can happen virtually.

In whatever way you may be considering flexible working, I urge you to consider it, as in my experience it does create opportunities for both the employer and the employee to take advantage of ways of working that can improve productivity and definitely supports a greater work-life balance. I hope you enjoy this issue.

*Jason Davenport*

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*Chair, CIPP*



## CEO’s message

In March, I was honoured to attend the inaugural meals for Chartered Members. I met successful payroll, pension and reward professionals who are very supportive of the CIPP and its ideals of promoting education, training (and of course individual membership).

It was reassuring that the Chartered Members who attended wanted to play an active part in supporting the CIPP through thought leadership as well as being a voice on the direction and ideas put forward by the CIPP and particularly HMRC. It was encouraging that they want to volunteer and play a supportive role at meetings and events throughout the UK promoting the CIPP message to payroll, pensions and reward professionals as well as contributing thought leadership within their respective professions.

It was inciteful to hear about their education experiences and to understand the importance of investing in formal training not only to achieve their goals but also to stand out. If you feel inspired and would like to find out more about the industry benchmark qualification – the Foundation Degree in Payroll Management – visit the CIPP website.

In addition, many of the Chartered Members hadn’t personally met before so it was a tremendous networking opportunity.

Also fascinating were the personal stories of how each one, in different ways, embarked on their individual membership journey, by taking full, individual responsibility for their personal journey and career in their respective profession. We hope to promote some of these career journeys in magazines to follow.

So, wherever you are on the membership journey here is an aspiration for you to pursue.

Chartered dinners will be held three times a year (in two locations at a time to ensure all Chartered Members get to attend) and you could be part of this group yourself one day. To find out more about Chartered membership and to see if you would qualify to upgrade please contact our membership team  
[www.membership@cipp.org.uk](mailto:www.membership@cipp.org.uk).

*Ken Pullar*

**Ken Pullar FCIPP** ([ken.pullar@cipp.org.uk](mailto:ken.pullar@cipp.org.uk))  
*Chief executive officer, CIPP*



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On your  
behalf

## UPDATE

## Policy team update



**Diana Bruce MCIPPdip, CIPP senior policy liaison officer**, discusses responses to recent consultations

### NMW consultation

In the April issue we said we'd provide a summary of the responses we received to our survey about the consultation on national minimum wage (NMW) – salaried workers and salary sacrifice, because at the time it was still running.

People who perform salaried hours work are paid an annual salary in equal weekly or monthly instalments, for an annual number of hours. The legislation provides a set of rules about compliance when regular salaries are paid. Certain conditions must be met in order for work to qualify as salaried hours work under the NMW regulations. The consultation sought views on how effective these rules are in preventing worker exploitation.

The consultation also asked for views on proposed changes to the regulations which relate specifically to salaried hours work, and whether they might be amended to include additional payment cycles and fixing the definition of the calculation year for employers, without any detriment to workers.

We received 177 responses to the survey. We thank all those who took the time and effort to contribute. Payroll professionals together with their software developers play an instrumental role in ensuring good levels of employer compliance with the regulations and are the first to recognise the importance of well-written legislation that represents

modern working practices. It is the sharing of your valuable knowledge and experience that gives credence to our consultation response.

### What did you tell us?

- All regular payment cycles should be allowed within the definition of salaried hours work to bring the operation of NMW in line with other pay calculations (e.g. pay as you earn income tax, class 1 National Insurance contributions, automatic enrolment). This would benefit:
  - workers who could then benefit from equalised payments made throughout the year and not be subject to hardship caused by seasonal 'peaks and troughs' of demand in some sectors which affect availability of working hours
  - employers whose compliance would increase. Many employers are unaware of the divergence between the operational rules for NMW and other pay/employment tax
  - government in its work to modernise the work place and enable employers with salaried workers to fully engage with flexible working in all its variations.
- Overtime, pay premia and allowances should be more widely included as acceptable payments for NMW and thus should be allowed within annual salary calculations.
- The calculation year should be set at the employer's discretion.
- Salary sacrifice should be allowed for all

employees where they have free choice to enter in to such agreements. We recognise that this poses further questions as to whether to broaden the range of benefits in kind (BIKs) that can be included within minimum wage calculations.

- Comprehensive and consistent guidance aids employer compliance. A failure by the employer to comply is also a failure of state to provide. Greater use should be made of case studies to demonstrate compliant and non-compliant employer behaviour.

There are other restrictions within the NMW regulations that are not fit for purpose and further consultation needs to explore these fully. The following list is illustrative but not exhaustive: TOIL (time off in lieu); living accommodation rules – particularly the exclusion list for socially aware landlords; voluntary deductions.

Our consultation response suggests improvements to the regulations to help the majority of those striving to be good employers by providing fair and decent work and working conditions that comply with legislation and which fit within modern pay operations and practices of the 21st century. We hope that this consultation marks the beginning of an ongoing conversation as to how the regulations can be updated to achieve this essential aspiration.

The CIPP's formal response to the consultation is available to view in full on [www.cipp.org.uk](http://www.cipp.org.uk) under My CIPP/Policy hub.

### Redundancy protection

In the April issue OYB we mentioned a survey running on the proposal to extend redundancy protection for women and

*...beginning of an ongoing conversation as to how the regulations can be updated...*

new parents. The consultation, which was published in January, recommended that the current protection afforded to the period of maternity leave under the Maternity and Paternity Leave etc Regulations 1999, be extended to cover both the period of pregnancy and for the six months period beyond. The proposal is the government's commitment made in response to the Taylor Review, and had previously been raised by the Women and Equalities Select Committee.

### ...to protect women especially if they return on a part-time basis...

We received 22 responses to the survey we ran for this consultation and can provide a summary of the results. Three in four respondents (i.e. 75%) agreed or strongly agreed that protections against redundancy for a period following return to work should be aligned with those already in place during maternity leave. Some of the reasons given were:

- experience of women being disadvantaged and unfairly selected for redundancy whilst on leave and in some cases a few months after they have returned to work
- to protect women especially if they return on a part-time basis
- protection should be in place, but it should not mean that a returnee from maternity leave would be placed in a role that they could not do which would therefore have a negative effect on the company, rather than someone who is skilled in that role being offered it first.

On asking about the costs to businesses that an extension might bring, responses included the possibility of losing the wrong people in a restructure situation. About the cost to individuals, responses included that additional responsibilities may be added to the role, and a higher risk of redundancy if not returning from maternity leave due to being 'lower' in the order for possible restructuring.

As regards the benefits the extension may bring, responses for business benefits included: retaining qualified/experienced staff; diverse employers who look out for everyone's needs; business would be able to assess better a person's skill once they are settled into the routine of their job,

and therefore if the job is still required in a restructure situation. The responses for individual benefits included: women would be less exploited; might encourage more women to return to work; beneficial from a well-being perspective; gives the individual a settling in period; for those returning better job security, but none for others.

As to whether six months would be an adequate period for redundancy protection purposes, 75% said yes, six months was adequate, but 25% disagreed. Comments included: it should be one year, as some employers wait until the employee returns and then dismiss them on redundancy grounds within six months of returning; a fair amount of time to make it affordable for employers (depending on the size of the employer); gives a further advantage over all employees who could be part of a redundancy situation; three months would be classed as adequate as they are protected from beginning of pregnancy to the end of maternity leave and this gives them up to eighteen months of being out of scope for redundancy compared to their colleagues and could be deemed as advantageous for women.

In response to the question "Should pregnancy for redundancy protection purposes be defined as starting at the point a woman informs her employer that she is pregnant in writing?", 13% strongly agreed; 13% agreed; 24% neither agreed nor disagreed; 37% disagreed; and 12% disagreed.

In response to whether a different reference point should be used, three in four said yes, a different reference point should be used. Comments included: two to three months prior to expected week of confinement; at the point the employee is leaving to start her maternity leave; and one caveat would be if redundancy procedures had already begun.

The consultation also asked that if additional redundancy protection is extended to mothers returning to work after maternity leave, are there other forms of leave which should be considered also, citing as examples: adoption leave, shared parental leave (SPL) and longer periods of parental leave. All respondents indicated that adoption leave should be considered; the majority thought SPL should be considered.

Our full response to the consultation is available at [www.cipp.org.uk](http://www.cipp.org.uk) under My CIPP/Policy hub. ■

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

**Q:** We have assumed that the new national minimum/living wage (NM/LW) rates are due from 1 April 2019. However, as we pay on the 25th of each month and the payment relates to the period 1st–30th/31st of that month, are we able to implement the new rates from 25 April?

**A:** The new rates are to operate from 1 April 2019, and you should apply them to pay reference periods beginning on or after this date. In your case, pay day 25 April 2019 has a pay reference period of 1–30 April. I can confirm in your situation you would increase the rate from 1 April 2019.

If your pay reference period was, say, 1–31 March, paid on 25 April, the start date of the pay reference period would be 1 March 2019 so the new NM/LW rate would not be due until the following month in May 2019.

**Q:** Our business is reaching its three-year re-enrolment date for automatic enrolment. What is the process for re-enrolment of employees who have previously opted out, and are they entitled to opt-out again? If the answer is 'yes', within what time-period are they required to provide notification?

**A:** The full process for re-enrolment of employees can be found on The Pension Regulator website at <http://bit.ly/2uFsm99>.

Eligible jobholders have a period of one month after automatic re-enrolment during which they may choose to opt out. This process is the same for automatic enrolment, so an employer can

utilise their existing opt-out and refund processes. Guidance on re-enrolment can be found here: <http://bit.ly/2FKsJUqt>.

**Q:** We operate a cycle to work scheme involving salary sacrifice. Can electric bikes be included, and what if the cost is more than £1,000?

**A:** The guidance states that electrically assisted pedal cycle can be included. Please see the guidance at this link: <http://bit.ly/2K3BUos>.

If you allow the value to be above £1,000 the guidance indicates that you will need a special group licence: "If employers also undertake regulated business other than that described in the group licence or wish to offer packages in excess of £1,000, they will need to obtain a standard consumer credit licence to cover that business."

**Q:** A plan 1 student loan deduction operates for an employee paid monthly. This month the government gateway has flagged that no student loan deduction has been made. The only difference to the employee's pay this month is that there has been a Scottish court order deduction processed. Is the system actioning this correctly?

**A:** Your system has acted correctly. The legislation for student loan deductions and Scottish court orders differ from that applicable across the rest of the UK. The GOV.UK guidance (<http://bit.ly/2FWWdjd>) advises: "Don't make any student loan deductions if you're required to apply any of the following: an earnings arrestment,

a current maintenance arrestment, a conjoined arrestment order" and "Don't make any student loan deductions if you have a DEO [deduction from earnings order] and a Scottish court order to apply."

So, the court order has priority and student loan deductions must cease until the court order has been paid in full.

**Q:** From April 2019, we will start to payroll our benefits in kind. We understand that we must pay particular attention to the regulatory limit so that employees do not have more than 50% deducted in tax. Can you please clarify what the limit would be for an employee whose monthly salary is £2,000 with a benefit charge of £3,000 a month?

**A:** The regulatory limit refers to 50% of the employees 'pay/earnings' and does not include the amount that is being payrolled. In your example, the regulatory limit is £1,000, so based on tax code 500L, taxable pay of £5,000 (earnings plus amount to be payrolled) and using period 1 as an example, the tax due would be £1,257.80. As this is over the regulatory limit, you will be unable to take the full amount of tax due.

If this were to happen on your payroll, you have two options going forward. You can either:

- stop payrolling the benefit, in which event you will then need to continue to report the benefit via a P11D return at the end of the tax year, with HM Revenue & Customs (HMRC) sending an adjustment to the employee's tax code for the following year to collect the tax owed, or
- you could continue to payroll the benefit and carry over any uncollected tax to the next period. If there are insufficient pay periods to recover the uncollected tax, then once the final full payment submission is made, any underpaid tax will be included in an end of year tax calculation sent to the employee by HMRC.

**Q:** Will HMRC be informing employers about those employees who will have prefix C tax codes? Should we apply the same ruling as we do for new starters resident in Scotland – only use the prefix if advised via a P45 or P6 notice, ignoring the employee's address?

**A:** Yes, you are correct. HMRC will notify

employers of when and for which employees a C prefix code is to be operated.

You should have received P9 notices for current employees indicating if the prefix is to apply. However, for a new employee you should use the code provided in form P45 but if no P45 is received and a new starter declaration has been submitted, you should use the tax code in relation to the statement chosen.

If a prefix C code is to be applied, you will receive notification directly from HMRC. Remember that you as an employer cannot make the decision to apply prefix C, you must wait for notification from HMRC before you make the change.

If your employees contest this addition to their code, they will need to log into their personal tax account and ensure that their address details are up to date.

**Q: Should a payroll bureau or department adjust an employee's tax code if their earnings exceed £100,000?**

**A:** This is referred to as 'adjusted net income' and it is only HMRC that can change the tax code. It isn't just the income that falls within pay as you earn (PAYE) that is considered, so the employer would not necessarily know when the employee would breach the threshold. HMRC would include income from the employment both cash and benefits, profits from self-employment, some state benefits and pensions, to name but a few.

**Q: One of my clients had been deducting class 1 National Insurance contributions (NICs) from an employee until August last year but the deductions have ceased as the employee is now on 'C' category for NICs. Can you think of any reason why the employee should have been placed onto C rate category as he is only 58 years old?**

**A:** In answer to your query if this is for employment earnings then there would be no reason to apply NICs table letter C at this stage. This needs to be corrected before the end of the tax year if an error has occurred.

Usually, the NICs category table letter is only changed to C when the employee reaches state pension age. If the employee becomes a pensioner of the company then the table letter

would change to X, as pension paid by the employer from an approved pension scheme is not subject to NICs. You may find the following two links to HMRC's *National Insurance Manual* helpful; the first link explains that you have to correct the error as soon as possible and the second link explains how you can recover NICs from employees: <http://bit.ly/2HTSNQt> and <http://bit.ly/2CRCDmt>.

**Q: If we have a new employee who has signed statement B in the starter checklist we are to operate 'week 1/ month 1', but what does this mean?**

**A:** 'Week 1/month 1' means that if the employee is paid monthly apply month 1 to the tax calculation (known as tax basis) or if the employee is paid weekly then apply week 1.

Normally, the tax basis of an employee is cumulative which means (if they are paid monthly) they are receiving 1/12th of their personal allowance. So, based on £11,850 the first month's allowance would be £987.50; as it is cumulative in the second month the total would be £1,975.00 (adding the previous month's allowance to the current month); and in the third month it would be their allowance for that month of £987.50 plus the previous two months' cumulative total of £1,975.00 which is a total of £2,962.50 for month 3; and so on.

A non-cumulative basis means that previous pay and tax are ignored and in effect their earnings are taxed as if it was either week 1 or month 1 each pay period.

This non-cumulative tax basis means that the employee will not be due a tax refund until HMRC changes the tax code. Where HMRC sends you a P6 notice with this tax basis during the tax year it means that if the tax code is lower than the current one you are operating the employee will not face a huge tax deduction but have the tax due spread over the remaining tax year.

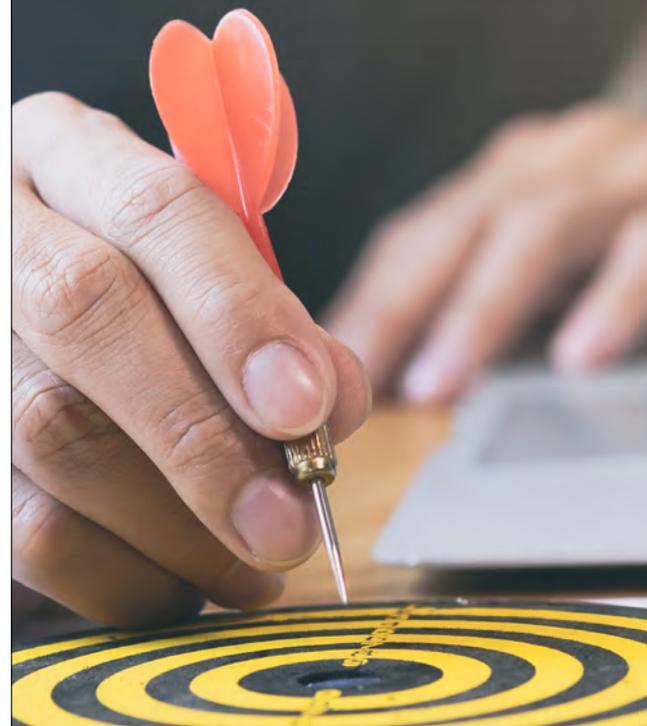
**Q: Is there a set time for providing information on payrolling benefits to employees?**

**A:** The deadline the employer must provide information to the employee is 1 June. It should show: type of benefit; cash equivalent; amount which is subject to optional remuneration arrangements; and details of benefits not payrolled. ■

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## 5 min

5

minutes with...



**Justin Mingaye BA(Hons)**  
**CMgr MCCI**  
*Membership manager*

### Overview of my career, work history and background

I graduated in 1999 with a honours degree in marketing, and my sandwich year gave a good taste of the corporate world with placements at Vauxhall and Calor Gas. My early career saw me drift into sales, where I spent four years with the American conglomerate Citigroup.

My first professional body role followed this and I joined the Institution of Engineering and Technology (IET) as a regional development manager covering the West Midlands and Wales. It quickly became the best job I'd ever had giving me exposure to some of the world's leading professional initiatives being delivered right across industry and academia.

Alongside the growth in my region, I am most proud of a scheme that I developed and tested with a cohort of my top partners, which rolled out nationally and saw us register more engineers to chartered status since our move to a new competency framework seven years earlier. My region and contribution also helped to initiate the academic partners scheme and re-purpose a membership offer to support graduate transition that became the IET advantage programme.

These experiences were a natural fit for my next role at Coventry University where I managed the external schools partnerships programmes, the clearing and confirmation operation, and worked across the University group to provide data driven support to areas such as recruitment, partnerships, course development and marketing.

Before joining the CIPP last year I was responsible for the partnership operations

in the higher education department at the Chartered Management Institute. I successfully supported the membership and financial growth with our university partners and introduced the student and partner engagement operations that helped ensure the growth was value based, long-term and sustainable.

### Tell us about your role at the CIPP

I have been tasked with increasing the size of our professional community by implementing membership acquisition and retention strategies. It's exciting to be here for the start of a round of strategic planning by the senior team for me to implement.

Other objectives are to deliver a successful and relevant continuing professional development scheme as well as engage more widely with the Institute's membership base through effective administration and partnerships.

Since joining in September 2018, I have completed my induction, met many members and got exposure to our range of business activities. I've already helped introduce welcome updates to membership criteria and improved the user experience and response rates to our annual market insight survey.

Having been heavily involved in chartered membership in other organisations, I am pleased that recommendations for improvements to our scheme following a three-month review were approved. Process reviews across membership are ongoing and one of the results will be new membership communications and processes to ensure a much-improved early experience with the

CIPP for joiners.

I am also leading the new #BePayroll initiative which is set to launch at our National Forum on May 2; so please get involved by using the campaign's hashtag when talking about your career and the industry on social media.

### What do you do to unwind?

My wife and I recently celebrated our first wedding anniversary, and our son will be turning two late summer. We enjoy our little family adventures at weekends and regular get togethers with the wider families.

I play tennis a couple of times a week, and have got back into regular gym activity. I'm big boxing fan and top of my bucket list would be to watch a world title fight, ringside in Vegas.

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

I am passionate about highlighting the impact that education and professional development can have. What I lack in knowledge of paying and rewarding people, I make up for in experience of membership growth and partnership engagement.

My experience of the CIPP so far tells me that I am in a good organisation and the right role to help put practices in place to support this.

I am looking forward to collaborating right across the profession to implement our strategies for acquisition and retention.

Delivering our membership strategies will be a challenge. Despite being a relatively newer professional body, the CIPP has had the benefit of starting with a highly engaged core base of members in the industry and thousands of individuals joining our qualifications and courses every year. ■

You can get hold of me on LinkedIn, via 0121 712 1005 or [justin.mingaye@cipp.org.uk](mailto:justin.mingaye@cipp.org.uk).

# HM TREASURY

## Spring Statement

The CIPP policy team provide a summary

On 13 March 2019, the Chancellor of the Exchequer, Philip Hammond, gave his Spring Statement. (Visit <http://bit.ly/2K5TmJO> for details.) As anticipated, there were no surprises for payroll, pensions or reward in his short account, but minimum wage, apprenticeships and the employment allowance all featured.

Many of the commitments the Chancellor did announce hang in the balance as we wait to learn when the UK will be leaving the European Union (EU). If an exit deal is agreed, the government will hold a spending review which will conclude alongside the 2019 Budget and set departmental budgets, including three-year budgets for resource spending.

### Minimum wage

A new review is to take place on the employment and productivity effects of minimum wage rates in the UK, starting with a roundtable in April to be chaired by the Chancellor.

The government has published a new remit (<http://bit.ly/2CY1Bkf>) for the Low Pay Commission (LPC) asking for recommendations for the national minimum and living wage rates that should apply from April 2020. The LPC has already opened its annual consultation on this – the closing date for submissions is 7 June 2019 – and its report is to be submitted by October 2019. In addition, the LPC has its annual programme of visits around the UK (<http://bit.ly/2K9bLEG>) which allows it to hear directly from workers and businesses as to how their minimum wage recommendations are working 'on the ground'.

The Chancellor announced the appointment of professor Arindrajit Dube to undertake a review of the international evidence on the impacts of minimum wages. The terms of reference, which can be found here: <http://bit.ly/2G1z7YM>, include considering the implications for future minimum wage policy in the

UK, bearing in mind the aspirations the government set out in Budget 2018 to end low pay in the UK. The conclusions will inform work underway in HM Treasury and the Department for Business, Energy and Industrial Strategy considering the future remit of the LPC after 2020. This wider work will include broad consultation with a range of stakeholders.

*...the co-investment rate for smaller businesses taking on apprentices will halve from 10% to 5%...*

### Employment allowance

As announced at Budget 2018, from April 2020 the employment allowance will be restricted to organisations with National Insurance contributions below £100,000 in the previous tax year. Draft regulations have been published inviting technical comments on the implementation of the reform.

### Apprenticeships

In Budget 2018, the Chancellor announced measures would be introduced aimed at encouraging more businesses to employ an apprentice. The Spring Statement confirmed that the co-investment rate for smaller businesses taking on apprentices will halve from 10% to 5% and take effect from 1 April 2019. What is still not clear is whether the 5% contribution will only apply to new starters from April 2019 or whether this reduced contribution will also apply to levy-paying employers when their levy pot is empty.

This measure is in addition to the increase to the amount levy-paying employers are able to transfer to other employers, including those in their supply

chains, which will increase from 10% to 25% from April 2019.

### Making tax digital

The vast majority of valued added tax (VAT) registered businesses with a taxable turnover above the VAT threshold (£85,000) will be mandated to keep digital VAT records and send returns using compatible software from April 2019.

It was announced in July 2017 that the pace of mandation would be slowed and that making tax digital (MTD) will not be mandated for taxes other than VAT until at least April 2020. The Chancellor reaffirmed these plans and promised firms they would not face fines if they do their best to adapt. Similar reporting standards for income tax, expected to be introduced in April 2020, have been pushed back by at least a year; however, businesses can get involved in the income tax pilot now on a voluntary basis.

### Tax avoidance, evasion and non-compliance

Since 2010, the government has: secured and protected over £200 billion of tax that would otherwise have gone unpaid; introduced over 100 measures to reduce avoidance, evasion and other forms of non-compliance; and continued to support taxpayers to get their tax right.

Alongside the Spring Statement the government published a paper (<http://bit.ly/2laxic>) setting out its approach and achievements in tackling tax avoidance, evasion and other forms of non-compliance. The paper: outlines the strategy and approach of HM Revenue & Customs (HMRC) to compliance for different taxpayers; details the government's record in addressing areas where risks of non-compliance have been identified; and provides a summary of the government's record of investment in HMRC and its commitment to further action. ■

# Events Horizon

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

Course	Date*	Location
<b>NEW COURSE</b> – CEO pay ratios reporting	5 June	<i>All online</i>
	3 July	
	7 August	
Payroll and HR legislation update (50% off for members)	3 June	<i>London</i>
	4 June	<i>Edinburgh</i>
	10 June	<i>Cardiff</i>
	12 June	<i>Cambridge</i>
	13 June	<i>Birmingham</i>
P11D, expenses and benefits	3 June	<i>Birmingham</i>
	12 June	<i>London</i>
	17 June	<i>Manchester</i>
Employment status and modern working practices	7 June	<i>Cardiff</i>
	19 June	<i>Birmingham</i>
	24 July	<i>London</i>

Course	Date*	Location
<b>NEW COURSE</b> – Computerised payroll level one	14 June	<i>All online</i>
	15 July	
	15 August	
<b>NEW COURSE</b> – Computerised payroll level two	14 June	<i>All online</i>
	15 July	
	15 August	
Salary sacrifice and other optional remuneration arrangements	11 June	<i>Manchester</i>
	13 June	<i>London</i>
	10 July	<i>Birmingham</i>

*Dates are subject to change. More dates are available at [www.cipp.org.uk/payroll-training-listing](http://www.cipp.org.uk/payroll-training-listing)*

**Have you considered in-house delivery of training courses?**



### Can't find a date or location to suit your needs?

Let us know by visiting [cipp.org.uk/trainingreg](http://cipp.org.uk/trainingreg). New dates and locations may be added if there is enough interest.

## National forums

Exclusive to CIPP members\*, the national forums are a perfect opportunity to hear from the policy team, as well as other key speakers, on developments in payroll, pension and reward legislation. This event will also provide an excellent chance for you to network with other CIPP members.

### Available dates:

6 June	<i>Glasgow</i>
18 June	<i>Newcastle</i>
10 July	<i>London</i>
11 July	<i>London</i>
17 July	<i>Birmingham</i>

\*applicable levels of membership only. Please be aware that lunch will not be provided.

## Scottish National Conference and Exhibition 2019

**5 September 2019** | *Dynamic Earth, Edinburgh*

We are delighted to announce the return of the CIPP's Scottish National Conference on 5 September 2019. This prestigious event will be held at Dynamic Earth, a venue superbly located in the heart of Edinburgh's World Heritage Site.

Join us for a day full of interactive and engaging workshops and seminars. This is your opportunity to hear from our guest speakers and learn all about the latest changes and developments in payroll, pensions and reward. On the evening you are invited to meet with other payroll professionals and celebrate National Payroll Week at a drinks reception in the Dynamic Earth galleries.

To view the programme and book your place, please visit [www.cipp.org.uk/events](http://www.cipp.org.uk/events) or email us at [events@cipp.org.uk](mailto:events@cipp.org.uk).



## CIPP and ATT Payroll and employment taxes event

These workshops will provide educational and interactive sessions on the latest payroll and taxation legislation and the recent changes relating to the Devolution of the UK, CEO pay ratios reporting and off-payroll working.

They 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.

To view the programme and book your place, please visit [www.cipp.org.uk/events](http://www.cipp.org.uk/events) or email us at [events@cipp.org.uk](mailto:events@cipp.org.uk).

### Available dates:

29 May	<i>Ipswich</i>
25 June	<i>Aberdeen</i>
26 June	<i>Inverness</i>

# CIPP update

## Level seven apprenticeship launched

WHILE CELEBRATING twenty years since our first cohort graduated with the MSc in Payroll, we are delighted to announce our new collaboration. Accredited by Loughborough University the MSc in Strategic Leadership is a new programme taught by CIPP tutors working within the profession.

The uniqueness of this qualification is that it is targeted at professionals working in a mutual sector, with tutors drawing on their experiences from within the industry. We are also delighted that working with Loughborough University we can offer this programme through the traditional MSc route, as well as an apprenticeship route. The content will be the same regardless of the route taken, with the benefit of allowing employers the opportunity to take advantage of the apprenticeship levy, removing potential cost barriers.

This level seven qualification, which requires strategic thinking and independent learning, is designed to equip the future leaders of tomorrow with the skills and knowledge they need to:

- add strategic value to their organisation
- improve managerial business understanding
- lead and influence a team with confidence
- understand the challenges of change management
- effectively manage strategic projects.

We chose to partner with Loughborough University because of their substantial experience in the delivery of professional development programmes and their consistently high rankings within the top ten UK business schools by national league tables. These fit with the CIPP's core values and quality objectives in relation to delivery of professional education to the payroll, pensions and reward professions.

To find out more about the CIPP MSc in Strategic Leadership, visit [www.cippqualifications.org.uk](http://www.cippqualifications.org.uk).

## Payslip distribution report – sponsored by Datagraphic

THE CIPP has been conducting research into the long-term trends affecting payroll and payslips since 2008. The policy and research team would like to thank all those who responded, as we would not be able to undertake this research each year without the support and input from our members and the profession. The Institute extends thanks to Datagraphic for supporting this report, which can be found here: <http://bit.ly/2K6iAqJ>.

This annual research looks at the number of people being paid, the frequency with which they are paid, how the payslips are distributed; as well as looking at the potential benefits brought by use of electronic payslips and the emergence of technology in the payroll profession.

The statistics span a period of great change, both generally within the UK – including the economic recession and the vote to leave the EU – and more specifically within the payroll industry with the introduction of real time information and automatic enrolment.

The report identifies key findings:

- monthly remains the most common frequency
- Friday continues to be the most common payday
- over a third use payslips to deliver other information to employees
- more than 95% of respondents say they use some form of electronic methods for distributing payslips.

## Chartered Members

THE CIPP is delighted to welcome our latest Chartered Member, following the panel meeting in March. Louise Gray ChMCIPP, payroll manager operations and delivery at PwC has become our first Chartered Member based in Belfast.

Chartered membership demonstrates the highest level of professional membership in the industry, and recognises those individuals who have worked hard to raise the profile of payroll and their professional standing through education and continuing professional development. It demonstrates to employers that you are committed to keeping up to date and raising the standards of best practice within the industry.

During March, the CIPP also successfully launched Chartered Member dinners and the Chartered Member committee. These two initiatives have been introduced to provide Chartered Members with additional networking opportunities and a forum to influence the future direction and profile of the CIPP.

To become a Chartered Member, or find out more, visit [www.cipp.org.uk](http://www.cipp.org.uk) or email [membership@cipp.org.uk](mailto:membership@cipp.org.uk).

## Demonstrating excellence in payroll processes

THE FOLLOWING organisations have recently successfully achieved the CIPP's Payroll Assurance Scheme: Access Group; and MP Payroll Solutions Limited.

Ken Pullar, CIPP chief executive officer, said: "We are delighted that MP Payroll Solutions and the Access Group have joined the ranks of organisations to achieve this respected accreditation. It is imperative that payroll departments comply with government legislation and the Payroll Assurance Scheme is designed to help companies do just that"

Visit [payrollcompliance.org.uk](http://payrollcompliance.org.uk) or email [info@cipp.org.uk](mailto:info@cipp.org.uk) to find out more about the Payroll Assurance Scheme.

## The CIPP compact payroll reference

THE INSTITUTE is delighted to confirm that the 2019–20 CIPP *Compact Payroll Reference Book* is now available. Associate, Full, Fellow and Chartered Members will be sent one copy of the book as part of a new tax year pack which is an additional benefit for these grades. The pack will also include a handy wall planner and tax fact pen – all important tools to help you through the latest tax year.



For non-members, affiliate members, or members wishing to purchase additional copies of the book, please contact the CIPP admin team ([info@cipp.org.uk](mailto:info@cipp.org.uk)) for details.

# Industry news

## Cascade HR reaches 1,000 customers

HUMAN RESOURCES and payroll technology vendor Cascade HR (part of IRIS Software Group) has reached a significant milestone, with footwear retailer Pavers being its 1,000th customer to invest in the brand's system.

Launched to market in 2005, Cascade is the reinvented brand identity for Propath Software, a company that was first established in 1992. In 2014, Cascade became part of IRIS Software Group. As the largest privately-held software company in the UK, a total of 2,300,000 people are paid through an IRIS payroll product; 83 of the country's top 100 accountancy firms use IRIS; and 650,000 organisations use some form of an IRIS cloud application. Headquartered in Leeds but with offices throughout the country, Cascade HR currently employs 169 people – up 17% compared to this time last year.



Kieran Hicken of Cascade HR with Pavers' HR team

Oliver Shaw, chief commercial officer of IRIS Software Group, commented: "Whilst many of the clients within our base are start-ups or emerging [small- to medium-size enterprises], we also support a number of household names and blue-chip firms with more than 10,000 staff.

"But it's also important to note that these customer numbers don't include the businesses with 150 employees or less using our CascadeGo solution, which we brought into our suite following the acquisition of Octopus HR in 2016. When you factor in those figures – plus the clients we hold throughout IRIS as a group – 620,000 employees are managed with an IRIS HR solution."

## HR systems and analytics

RESEARCH CONDUCTED by Fosway Group, presented in partnership with SD Worx, a leading provider of global HR and payroll, reveals that HR professionals across Europe believe that though management and board members are in the main satisfied (or very satisfied) with their payroll and core/HR systems, they are much less satisfied with their HR analytics systems.

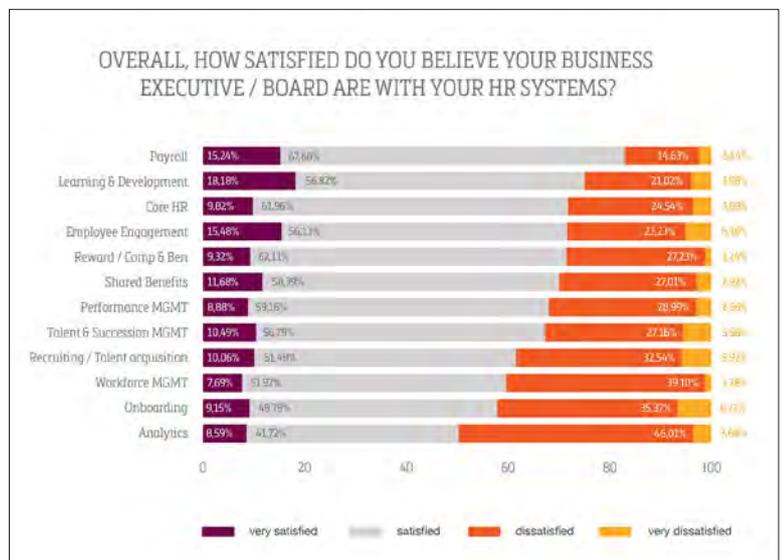
The research also reveals that:

- 76% of organisations are planning to increase investment in HR technology as a whole
- 68% of organisations identify HR analytics is the most common area for future investment
- 45% of companies are planning to increase investment in less than two years, growing to 65% within three years. This investment has been earmarked as being critical for success, with nearly all organisations surveyed (95%) agreeing that high-quality data and analytics are important to the future success of the business.

David Wilson, chief executive officer of Fosway, said that "Good business analytics has become a core part of almost every business function, but adoption in HR has lagged other areas.

"HR needs to really raise its game, but this will bring significant benefits to core processes too; from finding and retaining new talent, to improving internal processes and employee engagement. This impact will be felt business-wide."

Brenda Morris, vice president of SD Worx UK and Ireland, commented: "These figures show the increasingly important role that HR is playing in business. It's clear from the survey that there is a real appetite to make improvements from both HR departments and key decision makers in businesses. While the investment into HR is welcomed, it still has its work cut out to get buy-in from the whole organisation in terms of using HR data and analytics business-wide. That is going to be the biggest challenge for HR departments over the coming years. But, if it's done well, it will have the biggest impact".



# Diary of a student...



**Lubica Kadlecova**  
*Payroll and reward manager,  
University of London*

## Can you give a brief background into your life?

I was born and lived in Slovakia for most of my life before settling on outskirts of Northampton.

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

Although since childhood I've enjoyed working with numbers I went for a career in teaching rather than study finance.

After college I took a role in facilities and eventually made the decision to leave a permanent role for a temporary payroll administration role. I took a risk and thank my husband for supporting me through the transition.

I started my payroll career nine years ago as an administrator helping with basic payroll input, standard starters/leavers processing. I enjoyed dealing with employees' queries, but lack of knowledge made me keen to explore the ever-changing world of payroll further.

I was offered a position within an extremely complex payroll department, processing payroll for around 30,000 employees on several different pay frequencies. I gained a lot of knowledge and built a solid payroll foundation through day to day experience of payroll processing but also by embarking on completing the Foundation Degree in Payroll Management which gave me an opportunity to really understand the basics.

From this role, I moved on to working for a payroll bureau where there was a much wider range of tasks that I perhaps would not have had an

opportunity to be exposed to in an internal payroll department. It gave me an opportunity to expand my skills further and allowed me to progress to a standalone payroll role. Though this role was for a much smaller organisation it gave me a great sense of responsibility and I made a really good use of all the skills I gained in my previous roles.

Recently, in addition to working as a payroll manager I've taken on responsibility for reward agenda which I find daunting at times as it certainly pushes me well outside of my comfort zone. It is, however, exciting and very relevant as we try to change perception of the payroll professional to be seen not as someone who just 'presses the button' at the end of the month.

## Which course are you studying and why did you choose it?

I completed the Foundation Degree in Payroll Management at the very start of my career and I wasn't going to stop there; hence, enrolling onto MSc in Business and Reward Management back in October 2015. I chose the qualification to enhance my skills and develop my knowledge, based on real work practices in a reward agenda.

As the studies were all built on real life situations, it made it extremely relevant and I often refer back to the learning outcomes in my current role. I thrive in a deadline driven environment and enjoy being pushed outside of my comfort zone – and the MSc does just that. I also got to interact with great tutors and got opportunity to build a valuable network of

fellow colleagues which I find particularly useful.

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

I believe that every professional regardless of the nature of their trade, who wants to be successful in their career, must invest in a qualification not only to help them achieve their goal but also so they stand out from the crowd of other professionals within the market. I gained a lot of knowledge in different aspects of payroll within my career, and though I haven't been in the industry for as many years in comparison to other professionals I feel I've achieved a lot already. Getting a degree in payroll is certainly the best reward for all the hard work I put into the studies.

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

I would be lying if I said I wasn't enjoying my free weekends now that I've finished the programme, but I miss the buzz from various aspects of studying whether attending tutorials and catching up with other students. It wasn't an easy ride, having to juggle full-time work, family and try to keep up hobbies at the same time (as well as keeping on top of the housework and the husband fed).

I think key to getting through are organisation skills and certainly having a strong support network. I am a very organised individual both at work and when it comes to studying. I must have a clear structure and strategy in place.

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

Make sure you're organised, have a plan in place and stick to it. Utilise tutors' knowledge and look after yourself; make time to relax and don't be too hard on yourself. Good luck! ■



## Diary of a student...

VIEW THE ONLINE EDITION FOR A SECOND DIARY OF A STUDENT



**Adam Ellison ACIPP**  
*Cintra HR and Payroll Services*

### Can you give us a brief background into your life?

I am 22 years old. I have recently bought my own house and a puggle called Bear.

Geordie born and bred it goes without saying that I'm an avid supporter of Newcastle United and love going to home games when I get the chance. I also enjoy going out with my friends and playing computer games.

I'm an outgoing person and love meeting and working with different people, so working in a bureau environment is perfect for me, as I get to deal with a range of people and payrolls.

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

From a young age I've always been involved in a customer service environment. I worked in various retail jobs which gave me the experience and confidence to deal with a cross-section of people and also an understanding of the importance of good service. Although thoroughly enjoying providing a great customer service, I have always enjoyed working with figures too, which is why I decided to look at a career in payroll: working at Cintra is a perfect combination of both.

Starting as an apprentice, I was given the opportunity to develop my skills to become a valued member of the team. My team leader says I'm like a sponge when it comes to learning new things –

my ability to soak-up knowledge and engage with clients led to me being nominated for two national awards through the CIPP and Reward Strategy. Winning the CIPP Newcomer of the Year award is a real career highlight to date. To be nominated by my team and be endorsed by our amazing clients was validation for the hard work I'd put in – and I couldn't have been prouder.

### Why did you choose to study the Foundation Degree in Payroll Management? Did the fact that the CIPP is Chartered or recognised within the industry influence your decision to enrol with the CIPP?

I passed the Foundation Degree access course which allowed me to progress on to year two which I hope to start in spring 2019. I think having this qualification shows I am dedicated to the profession and, hopefully, that with greater experience I'm a good candidate for more senior roles such as a team leader.

The CIPP have a great reputation and are held in high regard by my employer. This, coupled with the fact that the Institute is extremely well-respected across the industry, made the CIPP the natural choice when looking to further my education and qualification.

In the future I would like to specialise in a specific area of payroll. I haven't made my mind up as to exactly what

area yet, but I am sure CIPP will be able to offer a course to suit.

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

Achieving a balance between work, studying and a social life is hard. When there is deadline to meet but your friends are going out it's a tough choice to make.

You need to be organised and disciplined to make sure you strike the right balance. For me, the best way to achieve this is to enter important dates into a diary on phone or laptop and schedule the work I need to do accordingly. For example, I find short bursts work well for me – a couple of hours study on certain days helps to keep me motivated – and because these are not too long, I don't get bored. To be honest though, I enjoy studying as most of the topics are interesting and keep me really engaged.

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

The Foundation Degree is important to my future career as it can help develop my knowledge and skill base, which will enhance my future applications for senior roles. The first question usually asked is 'are you CIPP qualified' and the higher the level of qualification I can achieve the better.

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

My advice would be to just go for it. There are a great range of courses available, with something for those just starting their career in payroll, to those looking to progress or hone their knowledge further. The CIPP have been an integral part of my career as I have studied from level 2 to level 4 and I still want to go on and learn more. ■



## Fixing bad managers

**Julie Lock, general manager (Flexipay) for Mitrefinch Ltd,** reveals the problem and the solution



**W**e've probably all experienced a bad manager. There are those who seem lost on a power trip, eager to discipline when someone steps out of line. Some are experts in their field but lack basic people skills to manage a team. Then there are those unapproachable managers who seem inconvenienced by their team's needs.

If we're exposed to bad management practices on a daily basis, it's because of a wider failure in the way we prepare and train people to become managers. In many cases, people become managers following a lengthy period cutting their teeth in lower positions. While a person's job title can change overnight, it doesn't mean their skills also do.

Let's look at Dave, a typical example. After leaving school Dave starts working for a large department store in the warehouse where he spends two years picking and packing orders. He moves to the shop floor for three years working on the checkout, before moving to the customer services desk. After two years Dave is identified as a future store manager – after all, he knows the business inside out. Now a store manager, Dave receives detailed training on the processes involved in management, from appraisals to disciplinary procedures, and becomes an expert on company policy.

There's only one problem... Dave has no idea how to manage people, but he's gone from being everyone's friend to everyone's boss. Herein lies the problem – we don't equip our managers with the skills to deal with the human element of business. We may train managers on setting goals, but do we teach them how to coach and mentor people to reach those goals? We may train managers on how to record underperformance, but

do we teach them how to have difficult conversations with employees?

Though managers brought in from outside may have plenty of managerial experience this doesn't necessarily mean they are skilled in people management. Such managers often come with something to prove, which means they tend to over-compensate in certain areas to 'prove' their managerial abilities. This could mean being overly bossy to demonstrate their authority or overly friendly to get people to like them – neither of which is the right approach.

### *...very specific training is needed...*

What can we do to help? In addition to knowing about procedures and processes, managers need to understand how different people react in different situations and to recognise the impact their own behaviour can have on others. This involves a very specific set of skills, so very specific training is needed.

Are your management training plans mostly about procedure? If so, you're not dealing with the human aspect of management, and chances are your managers are lacking in this area. Introduce a training programme that covers everything needed to transition from a regular job to a managerial position. Training on the human side of management should be kept separate from the procedural side.

Ensure that your managers are skilled in dealing with different types of personalities, behaviours and emotions, as well as handling sensitive or difficult

situations. Ensure they understand how this affects employee engagement.

When an employee is promoted to a managerial position, they can go from being everyone's mate to an 'outsider' overnight. It is vital that they are prepared for the changes to their working relationships, and fully skilled to establish and maintain that new line in the sand.

Managers also need to be aware of the potential for workplace personal bias. If a newly promoted manager holds a grudge about an individual from a previous role, how they manage that person is likely to be affected and their judgement clouded.

While assessing others' performance is a key part of management, managers should be encouraged to assess and self-critique their own actions and decisions. It is also critical that managers have a mentor; someone they can turn to when unsure how to proceed.

Managers need support, training and guidance, but if after receiving these they are still not able to manage people effectively – particularly if this is leading to disengagement and low morale – it's time to reconsider their position. When doing this, remember the great qualities that led to the person becoming a manager in the first place, so try and find a way to bring these to the forefront by repurposing the person in a more suitable position. There are plenty of roles that aren't based around managing people.

In some management circles any subject involving emotion, wellbeing or caring is somewhat patronisingly referred to as 'tea and sympathy' training. In a way this is understandable – the role of managers has traditionally been to keep people in line, not understand how they feel. But this is the 21st century, and that's no longer good enough. ■



# Improving the interview experience

**Charles Higgs, chief executive officer at Oleeo, provides advice**



The recruiting process can be long and tedious, especially if you are stuck trying to figure out how to manage the interview process successfully.

Every candidate dreads the job interview. They've snuck away from their current position, dressed to impress and sat in a room doing their best to please one or several people who hold the power to hire them. They have made it this far, so you must be interested enough to meet them in person. In this period of time, the game begins. You ask the tough questions to weed out those who would not be good to hire.

Interviews are crucial to recruitment strategy and it's important for both candidates and recruiters to have the best interview experience. Technology can help automate the process, simplifying and accelerating the time it takes to get from the initial application to the interview, but to find better hires faster you'll need to know how to properly manage the high-volume interview experience.

There is an unspoken truth that makes interview planning important – no one is good at conducting job interviews. Indeed, the judgements made within the first ten seconds of a job interview could predict the outcome of the interview. So, here's some tips to avoid that pitfall.

● **Before: prepare for the interview** – Before you can begin preparing for the interview, get the job advertisement right. The description of what type of candidate you want, along with skills and experience, needs to be specific. After you have reviewed the candidate's submission and picked the talent you want to interview, you can begin the process to align the candidate with company culture. Come up with key

questions to ask each job candidate. If you ask each candidate different questions, it will be hard to determine which one would be a better hire than another.

*...the first ten seconds of a job interview could predict the outcome...*

It will also be beneficial for you to not schedule interviews back to back, but rather to space them out. This will give you time to think about each possible hire, as well as help to not confuse one with another.

● **During: focus on what matters most** – Recruiters used to only care about skills and experiences, and while those are still relevant, personal attributes and culture fit play more of an important role. Personality can be a good predictor of short-term and long-term success at a company. During the interview, hiring managers need to focus on what matters most to them. Make sure you go through an overview of the role the candidate has applied for. Asking tailored questions to showcase their personality will positively add to the interview experience.

It will also be beneficial to have one in-person interview. It already takes an average of 42 days to fill an open position. Because of this, you might want to do a phone interview before the in-person one, but several in-person interviews are unnecessary. If the candidate didn't impress you the first time, chances are they won't have anything new to show in a second in-person interview; likewise, if the candidate really

impressed you, there's no reason to double-check in another in-person interview.

To ensure the best interview experience for both the recruiter and candidate, outline the job first and foremost, focus on abilities relevant to the position, and ask tailored questions to get a good grasp of their personality.

● **After: recap the interview** – With the interviewing done, you can move to the next step in the recruiting process: hiring the best talent before the competitor. It is likely that the same candidates your company is interviewing have also applied for a similar position at a different company. At this point in time, you probably have something known as 'the maybe pile' (i.e. the pile of candidates' CVs or resumes of those who you maybe want to hire). It is time to make a decision and secure your talent.

Right after the interview, recap with your team. This way, you don't forget or miss anything about the candidate. Take the time to learn from what went well and to improve other aspects.

It is unprofessional to not give candidates a reply, so make sure you not only give your best candidates a job offer but also cue in the other candidates as to why they didn't get the job. This will overall improve the candidate experience with your company. After all, 80% of executives thought the experience was very important. For the best interview experience, recap right away, make an informed decision on the best talent and let all candidates know where they stand.

Managing high-volume interviewing is not always a breeze; but taking the time to do what you need to do before, during and after the interview can create a great experience for both the recruiter and job candidate. ■



## Logging CPD has never been easier

Get the most out of your CIPP membership with our continuing professional development (CPD) tool and stand out amongst other payroll professionals.

This membership benefit allows you to highlight your contributions as you continue to progress in your profession.

Please note, to renew your membership, we require all members to actively record their learning by logging at least one piece of CPD.

We have created this step by step guide on how to log your CPD to save you time, and allow you to effectively log your CPD.

● **Step 1 (Image 1)** – In order to log CPD, you must add a learning objective beforehand so that you can allocate your CPD activity to receive points. Your learning objective must be set to 'not achieved' to continue with your CPD.

● **Step 2 (Image 2)** – Once your objective has been created, you will need to now add a new CPD record to match this. There is a drop-down option of various 'CPD categories' which

include listening, doing and reading etc. Depending on the category you choose, there will then follow a set list of activities that you can select based on your learning. Having selected both, you will then be asked to add this against a learning objective as shown above.

● **Step 3 (Image 3)** – You then have the option to upload evidence of your CPD if you wish to. There are several boxes and questions to answer to continue with your activity, which allows you to expand on your learning and development.

● **Step 4 (Image 4)** – Once you have added your CPD, you will receive a message at the top of your CPD webpage to confirm you have completed this. ■

You have now successfully completed your CPD, congratulations! You will be able to review your CPD log and the points allocated on the members area. Logging CPD really is this easy!

If you require any help with your CPD, please email [membership@cipp.org.uk](mailto:membership@cipp.org.uk) or call 0121 712 1073.

# Don't wait until it's too late

## Payroll Assurance Scheme

With penalties for non-compliance of up to £10,000 per day\*, can your business afford not to be CIPP Payroll Assurance Scheme accredited.

**Add an objective** Image 1

Objective\*

Has this objective been achieved?

Yes  No

**Add a new CPD record** Image 2

CPD category

Activity type\*

Please provide details\*

Learning objectives to which this activity relates\*

Please select the learning objectives to which this CPD relates. You need to set at least one learning objective to record your CPD activity. Only 'Incomplete' learning objectives will display on this form.

To add additional objectives, please click here

Date of CPD activity\*

Evidence of CPD

**Continue**

**Continue** Image 3

What did you learn?\*

Will this development assist in your current role or assist in your career development or future role?\*

Do you require further development?\*

**Image 4**

Thank you, your CPD record has been submitted successfully. If you selected 'Other', your points will be added following verification.



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To appear on this page  
contact [editor@cipp.org.uk](mailto:editor@cipp.org.uk)

## LEADING PAYROLL PROFESSIONAL PROMOTED TO PARTNER

ARMSTRONG WATSON LLP, accountants, business and financial advisers, has announced that Karen Thomson MSc ChFCIPP FHEA, director of group payroll services, has been promoted to the role of partner and becomes only the second known payroll partner of an accountancy firm in the whole of the UK.

Armstrong Watson's payroll service was established in 1974 and serves more than 1,500 customers, issuing 28,000 payslips every month. Karen has headed Payroll and Employee Services for the past four years leading the team to multiple award wins and national recognition.

In 2018, Karen was one of the first ten people in the UK to be awarded CIPP Chartered status. Also, this year, she worked alongside Armstrong Watson's solutions architect, Toby Woodhead, to create 'Bostik' – an automated payroll process – which was the winning nomination for the Institute's 2018 Project of the Year award (<https://online.flippingbook.com/view/546984/48/>).

Commenting on her promotion, Karen said: "It is an honour to become a partner within the firm and particularly as a representative for the payroll profession. I have a fantastic team working hard alongside me and I'm extremely proud that managing partner Paul Dickson, and the Armstrong Watson board, recognise the key role Payroll and Employee Services plays within the firm and I will continue to progress and enhance our client experience in my new role as partner."

Paul Dickson, Armstrong Watson's chief executive and managing partner, added: "This is a well-deserved promotion in recognition of Karen's leadership, development and growth of the payroll and employee service line for Armstrong Watson. She is an integral part of the leadership team and her ambitious and progressive thinking complement our focus and commitment to increasing and innovating client services, and our continued business growth across the north of England and Scotland."



Paul Dickson and Karen Thomson

## PORTFOLIO GROUP APPOINTS NEW ASSOCIATE DIRECTOR

THE PORTFOLIO Group – an award-winning specialist recruiter delivering highly tailored recruitment services, within the niche markets of payroll, procurement, HR, reward, credit control – launched its new financial year with seven promotions across the business. Mark Davis has been appointed as associate director, becoming the Group's third with this title in just over a year joining Patrick Day and Gemma Creamer as part of the senior management team.

Starting with the Group eight years ago as a senior consultant, Mark has progressed in the payroll temporary division earning the team leader title in 2014 and now the sought-after role of associate director. Joining when there were circa 25 employees, three divisions and one office, he has witnessed significant growth: 55 employees, the opening of a second office in Manchester in February 2018, eight consultants, and staff numbers doubling in the City of London office.

The announcement follows a record-breaking year with the business generating circa £14.5 million in turnover and celebrating its thirtieth anniversary in October 2018.

Mark said: "I am delighted to have been promoted to associate director. I have seen the business diversify and grow into something I am incredibly proud to be a part of. I look forward to leading Portfolio's temporary business and am hugely excited by the thought of what we can achieve over the coming years."

Danny Done, managing director, commented: "Mark has been a wonderful leader of our highly successful temporary recruitment team for several years now and this promotion is a recognition of this and highlights his and the entire team's fantastic work. We plan to expand the team further and Mark's responsibilities will only grow with this expansion.

"We have greatly increased market share and fully expect this to continue and hopefully under Mark's leadership we aim to continue breaking records and take the team and the entire business to another level.

"We are also very proud of him and he deserves this accolade for all of his hard work."



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## NATIONAL PAYROLL WEEK 2019

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## Increase of limits

THE EMPLOYMENT Rights (Increase of Limits) Order (Northern Ireland) 2019 has revised the limits on awards and payments under certain employment rights legislation in Northern Ireland with effect from 6 April 2019.

- **Guarantee payment** – The limit on amount of guarantee payment payable to an employee in respect of any day increases to £29.00.
- **Week's pay** – The maximum amount of 'a week's pay' for the purpose of calculating a redundancy payment or for various awards including the basic or additional award of compensation for unfair dismissal, increases to £547. (Note this is higher than the amount applicable in England, Wales and Scotland of £525.)

## Deliberate tax defaulters

HMRC HAS recently published details of those who deliberately get their tax affairs wrong. These defaulters have received penalties either for deliberate errors in their tax returns or for deliberately failing to comply with their tax obligations.

HMRC is able to publish information about a deliberate tax defaulter where it has carried out an investigation and the person has been charged one or more penalties for deliberate defaults, and those penalties involve tax of more than £25,000. The information published comprises details to identify the deliberate tax defaulter, the penalties imposed, and the amount of tax on which those penalties are based.

Among the listed entries as at March 2019 are Universal Project Services Ltd and Universal Payroll Services Ltd, both located in London, with business trade or occupation shown as 'payroll services'. The total amount of penalties charged are £4,651,333.75 and £7,224,150.66, respectively (<http://bit.ly/2UvOSQD>).

## Employer Bulletins

IN APRIL, HMRC published issue 77 of its *Employer Bulletin* (<http://bit.ly/2lcZvkl>) series, and also issue 1 of its new EU Exit version (<http://bit.ly/2lbaZoV>).

Issue 77 contains extensive information about a wide range of matters, including:

- apprenticeship levy funds transfer limit increase
- unpaid work trials and the national minimum wage
- reporting expenses and benefits in kind for the tax year ending 5 April 2019.

Issue 1 of EU Exit, contains the following content relevant to employers and payroll professionals:

- changes for UK employers sending workers to the EU, the EEA or Switzerland in a no deal situation
- access to benefits if the UK leaves the EU without a deal
- the EU Settlement Scheme.

## Scottish income tax

THE MINISTRY of Defence announced in March that 8,000 armed forces personnel who could have been adversely affected by the Scottish government's income tax rises for tax year 2019–20, will continue to be protected. Personnel will be compensated with an annual payment to make sure that regardless of where they are deployed or where their families are based, they will receive similar take-home pay.

The financial mitigation measures mean between £12 and £2,200 will be paid to personnel, with payments grossed up to take account of income tax and National Insurance contributions applied when they are made.

## Overseas scale rates

SUBSEQUENT TO the government's announcement at Autumn Budget 2017 that it would give legal force to the concessionary overseas scale rate payment system operated by HM Revenue & Customs (HMRC), legislation in Finance Act 2019 has inserted new section 289A(2A) into the Income Tax (Earnings and Pensions) Act 2003. This new section creates an income tax exemption for certain amounts which have been paid or reimbursed to an employee in respect of travel expenses if they have been calculated and paid or reimbursed in accordance with regulations made by HMRC.

The Income Tax (Approved Expenses) (Amendment) Regulations 2019 – which were made under powers in section 289A(2A) – came into force in March 2019 and have effect in relation to payments made in tax year 2019–20 and subsequent tax years. The amending regulations inserted a new regulation 3 in the Income Tax (Approved Expenses) Regulations 2015 so that an amount is calculated and paid or reimbursed in accordance with these regulations if it is paid or reimbursed to an employee in respect of expenses in the course of qualifying travel outside the United Kingdom and it does not exceed the relevant rate or rates for such expenses published by HMRC.

Employers can use HMRC's rates as the maximum amounts for paying or reimbursing accommodation and subsistence expenses to employees, whose duties require them to travel abroad, free of tax and National Insurance contributions. Employers using the overseas scale rate will not have to check employee receipts.

HMRC's scale rate expenses payments for employees travelling outside the UK can be found here: <http://bit.ly/2UN04fr>.

## Diary dates

Last day of tax month 1	5 May
First day of tax month 2	6 May
Last day for submitting a real time information employer payment summary to apply to tax month 1	19 May
Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by non-electronic method	19 May
Deadline for payment of PAYE and NICs etc to HMRC's Accounts Office by electronic method	22 May
Due date by which employees are to receive P60 certificate for tax year 2018–19	31 May

# UNDERPAID?

## Arrears of pay

**Justine Riccomini, head of taxation (Scottish Taxes, Employment and ICAS Tax Community), ICAS, explores the tax etc issues**



Arrears of pay can accrue in many different circumstances – not just by a failure to meet national minimum wage (NMW) obligations. However, because of the proliferation of NMW-related cases which HM Revenue & Customs (HMRC) is pursuing, resulting in a quarterly naming and shaming list (<http://bit.ly/2UlgCr9>) and telephone number sized arrears bills in some cases, little wonder that when the term ‘arrears of pay’ is concerned, everyone thinks of NMW.

However, pay arrears most frequently occur when:

- an employer or employee discovers that wages or salary paid in an earlier period were less than what they should have been paid under the employee’s contract
- backdated pay award is made
- the employer’s payroll or human resources systems make an error
- equal pay legislation applies, and the employer has to pay arrears.

### Liability to income tax

Employment earnings are liable to pay as you earn (PAYE) under section 62 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA). It follows that any employment earnings paid in arrears such as NMW allowances, holiday pay etc are thus liable to income tax. Note that arrears of pay are not compensation awards even if ordered to be paid by

a tribunal and should never be treated as such – HMRC will not accept that argument.

In terms of basic principles, the timing of the charge to PAYE on taxable earnings is the earlier of when: the payment was received by the employee or worker, or when entitlement arose to it (s. 686 ITEPA). In the case of arrears of pay, the employer will need to consider when entitlement arose.

**...the employer will need to consider when entitlement arose...**

To illustrate this, in a pay dispute, for example, the employees will receive a pay arrears award based on a contractual, or deemed contractual, entitlement to that pay, which entitles them to receive that money from a given point in past time.

HMRC’s *PAYE Manual* sets out how to allocate a payment of arrears through payroll in closed tax years (<http://bit.ly/2I2uwYp>). The guidance explains, in line with the provisions at sections 18 and 686 ITEPA, that whilst legally the liability to tax arises in the tax year the money is earned, lump sum arrears

should be subject to PAYE at the time they are actually paid.

There are two settlement procedures, dependent on whether the employer is a ‘large employer’ or not.

● **Large employers** – Large employers (such as a local authority) wishing to settle income tax liabilities, and where large numbers of employees are involved, can settle directly with HMRC under regulation 141 of the Income Tax (Pay As You Earn) Regulations 2003 (‘the Regulations’).

The tax rates used must correspond to the rates in force at the time the employee became ‘entitled’ to the payment. If no Scottish or Welsh rates were in force in the particular year in question, the rates used should be UK rates.

If a large employer does not wish to use this settlement route, it must follow the same procedure as other employers, as follows.

● **Other employers** – An employer that is not a ‘large employer’ should allocate the payments to week 53 of the closed tax year to which the arrears correspond. If this is not possible or the employer does not wish to do this, the payment is taxed in full in the tax year in which received which could result in an employee being taken into a higher tax bracket for that tax year. The employer has a duty to tell the employee this,

thereby enabling them to contact HMRC. Employees who contact HMRC in such cases can have their arrears of pay reallocated at the end of the tax year in which the arrears were paid. In some cases, this will lead to cash flow issues for the employee.

I understand from discussions over the years with software providers that there are some software programmes which do not allow employers to process adjustments in closed tax years. If this happens, the HMRC's Basic Tools can be used instead to cater for this one-off event. Guidance from HMRC can be found here: <http://bit.ly/2UytedE>, or by using the employer's helpline (0300 200 3200).

Having established when the entitlement arose, the next most common difficulty many employers encounter is the disparate payroll treatment for income tax and National Insurance contributions (NICs).

### The NICs legislation

Class 1 NICs are calculated based on pay periods and any lump sums of pay arrears are deemed for NICs purposes to be received in that pay period. As such, no retrospection is required.

Whilst a lump sum can result in a large one-off NICs charge for that pay period which may result in a cash flow issue, in some cases it can actually save the employee money because NICs are charged at 12% until pay reaches the upper earnings limit (£50,000 for 2019–20). NICs charged on anything over that drops to 2%. HMRC's guidance can be found at <http://bit.ly/2TYbvrB>.

In some cases, the NICs will be the only thing processed through the current payroll run because the tax may have been settled directly or put through closed tax years. The employer should understand how to configure the payroll parameters to ensure the lump sum is chargeable to NICs but not to tax. The payment needs to be reported in a full payment submission for that pay period.

### Payment in instalments

Employees might agree to sign agreements to receive their arrears of pay in delayed stages if this helps the employer to fund the payments, which would lead to the date on which the monies are paid being delayed.

However, just because employees have agreed to receive the arrears in instalments does not necessarily mean that PAYE is not still due: earnings are treated as 'received' for assessment purposes, and 'paid' for PAYE purposes, on the earlier of the following in accordance with s.18 ITEPA:

- when a payment of earnings is actually made or when a payment on account of earnings is made
- the time when a person becomes entitled to payment of earnings or a payment on account of earnings.

For company directors it's slightly different:

- the date when earnings are credited in the company's accounts or records
- where the amount of the earnings is determined before the end of the period to which they relate, the date that period ends
- where the amount of the earnings is determined after the end of the period to which they relate, the date the amount is determined.

HMRC guidance on this can be found at <http://bit.ly/2Vt6l3i>.

If an employer is experiencing any difficulty in paying the PAYE to HMRC, they should contact HMRC immediately to discuss time to pay arrangements.

## ... Pension Regulator's website has detailed guidance

### What constitutes pay arrears

● **Police housing payment arrears** – The case of *White v Inland Revenue Commissioners* concerned arrears of police housing allowance. Mr White was a police officer who commenced working three days after the allowance was abolished; however, he had been given material about the allowance before joining the police and thought it would be a part of his remuneration.

Mr White complained that he had only taken the role because he was anticipating this payment in addition to his earnings as an officer. He was initially awarded a payment but there was a dispute about how the payments should be allocated to which tax years.

Eventually it was decided that he was not 'entitled' to arrears for some of the years he claimed for, and that any earnings he had accrued entitlement to should be attributed to the year in which they were deemed to have been earned, in accordance with what is now section 18 ITEPA.

● **Tronc scheme NMW arrears** – The case of *Annabel's (Berkeley Square) Ltd and others v Revenue and Customs Commissioners* concerned whether payments from a tronc scheme represented earnings for NMW purposes. In the case of each worker, the 'basic wage' was lower than the NMW and 'topped up' by tips by way of a tronc scheme. HMRC took the view that the employers were not satisfying their obligations to pay the NMW, and issued enforcement notices under section 19 of the National Minimum Wage Act 1998. The employer appealed those notices.

Were the payments from the tronc scheme 'money payments paid by the employer' and thus counting towards pay for NMW purposes by virtue of regulation 30 of the National Minimum Wage Regulations 1999?

The Court of Appeal held that a payment to an employee by a tronc master was not a payment by the employer and HMRC won the right to claim NMW arrears of pay.

● **Unpaid holiday pay arrears** – A number of cases of pay arrears are in connection with holiday pay and have been heard in the Employment Appeal Tribunal (EAT). *Fulton v Bear Scotland Ltd and others*; *Woods and others v Hertel (UK) Ltd*; and *Law and others v Amec Group Ltd*, all lost at EAT after the employment tribunal decision that payments for non-guaranteed overtime were part of normal remuneration and were to be included as such in the calculation of holiday leave taken under regulation 13 of the Working Time Regulations 1998.

### Pension contribution arrears – links to NMW

NMW arrears can also give rise to pension contribution arrears. Where these are identified it may be necessary under automatic enrolment legislation to place the employee into a workplace pension scheme with backdated contributions calculated. The Pensions

Regulators website has detailed guidance to help employers/advisers dealing with pay arrears.

### Interest and penalties

HMRC reserves the right to charge interest on late payments of PAYE income tax. Depending on the case, HMRC may or may not decide to take action using its charging powers. Interest is usually chargeable from 19 April following the tax year in which the PAYE should have been paid.

As far as penalties goes, it is within HMRC's powers under schedule 56 of the Finance Act 2009 to issue penalties for late returns. Under real time information (RTI) there are risk-assessed penalties covering PAYE, class 1 NICs, construction industry scheme and student loan deductions based on the number of late payments in a tax year. Penalties for incorrect returns are dealt with under schedule 55 based on the number of employees with a surcharge if the failure continues for more than three months.

No penalties would be likely to apply if the employer has declared and paid the PAYE/NICs in the periods corresponding to when the earnings arrears were treated as 'received' under RTI, as the employer will have complied with the requirements as set down in the Regulations.

However, if the employer subsequently fails to report or pay the PAYE on the arrears on time, penalties may apply under the above provisions.

### Other implications

Employers and advisers should be aware that making payments of arrears will be likely to have a knock-on effect in other areas of the employees' lives – to the extent that some may question why they received them in the first place. State welfare benefits and tax credits are particularly prominent and in terms of these it is important that the employees understand they need to inform the Department for Work and Pensions and HMRC that they have received a pay arrears award. If their benefits

and tax credits are affected, they may find themselves subject to recovery proceedings, fines and penalties. Debt agencies and local authorities may also need to know if an employee received a pay award.

### Conclusion

Payments of pay arrears are something of an administrative nuisance. The disparity in treatment between income tax (PAYE) and NICs does little to simplify the tasks which an employer must overcome to correct pay retrospectively.

Unfortunately matters are made even more complicated because there is more than one government department involved due to the mix of legislation covering employment law and tax law. Sometimes this leads to confusion, duplication and certain aspects falling through the gaps between the agencies.

Employers that have to pay arrears of awards should prepare to utilise additional resources to ensure they tread carefully through the maze. ■

# Holiday pay and leave

## Half day course

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

### This course covers:

- Understanding the legal framework
- Calculating entitlement and handling requests
- Calculating holiday pay
- What to include in holiday pay
- Handling part-time, shift, casual and agency workers
- Carrying over entitlement
- Entitlement during other leave
- Sickness absence
- Future developments
- The changing definition of holiday pay

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# TOP 10

## NMW – the best/worst mistakes



**Tim Bridgett, employment taxes senior manager at PSTAX, reviews the mistakes and provides commentary**

In December 2018, HM Revenue & Customs' (HMRC's) *Employer Bulletin* (<http://bit.ly/2G75XaO>) included a very interesting a list of the top ten mistakes that employers make when dealing with national minimum wage ('NMW') matters, that can potentially give rise to NMW underpayments.

This list has been the source of much discussion within our business and we have brought it to the attention of many of our public sector clients. We have reproduced HMRC's list below, together with our additional comments.

**1. Failure to apply the annual minimum wage rate increase as they go up each year on 1 April** – It is usually known well in advance that the NMW rates increase in April each year. There should be no excuse if an employer misses these increases. The previous and current rates are shown in the table below.

**2. Missed birthdays as employees turn 18, 21 or 25 years old and move from one NMW rate to another** – Including an employee's date of birth is one of the many requirements of real time information and so this should be an inexcusable error.

**3. Paying the apprentice rate to somebody who isn't actually an apprentice** – Recognised apprentices must be engaged under a contract of apprenticeship (or an apprenticeship

agreement) and undergo an element of structured training. It is important to note that apprentices should be paid the NMW for time they spend training or studying as part of their apprenticeship, in addition to time they spend working.

**...apprentices should be paid the NMW for time they spend training or studying ...**

**4. Continuing to pay the apprentice rate for too long** – The apprentice rate only applies to apprentices who are under the age of 19, or if aged 19 or over within the first year of their apprenticeship.

As an example, an apprentice aged 22 who has completed the first year of their apprenticeship would be entitled to a minimum hourly rate of £7.70 from April 2019.

**5. Making wage deductions for items or expenses that are connected with the job** – Any deduction or payment from the worker in respect of expenses incurred in connection with his or her employment will always reduce NMW pay. This could include, for example, safety clothing, uniforms, safety boots, tools etc. Where there is a requirement by the employer for the employee to obtain/provide equipment for their job, pay will be reduced for minimum wage if either:

- the employer makes a deduction from the worker's pay to meet the costs of any equipment, or
- the worker makes a payment themselves to either the employer, or to a third party, in order to purchase the equipment.

If there is no requirement by the

employer – and there is no deduction from pay – then any purchases by the employee will be their own choice and will not reduce minimum wage pay.

**6. Making wage deductions that are deemed to be for the employer's 'own use or benefit'** – For example, this could include a Christmas club saving scheme. It doesn't matter that the worker can choose to buy into the scheme and the employer doesn't have to make a profit from it. In January of this year, the frozen food store, Iceland, encountered problems with this issue and were landed with underpayments amounting to £21,000,000 along with possible penalties which could double this figure. Additionally, the company was caught out as HMRC insisted that Iceland employees should be reimbursed for their work footwear because the staff guidance confirms that 'sensible shoes' should be worn. This case continues.

**7. Charging a worker more than the stated offset rate for living accommodation, currently £52.85** – Where appropriate, deductions for accommodation will count towards the NMW calculations where they are made from net pay, gross pay, or even directly to the employer from the employee's bank account. Where the deductions are higher than the offset rates, then the difference is taken off the worker's pay for NMW purposes.

This will be dependent on what type of accommodation is provided. Accommodation that is not job-related, for example 'council housing', may be exempt under certain circumstances.

**8. Not paying for all the time worked such as time spent travelling, training or downtime at the employer's disposal** – It is worthwhile mentioning 'sleep-ins' again. Allowances paid for sleeping in will not

Hourly minimum wage rates		
Groups	April 2018	April 2019
Over 24	£7.83	£8.21
21–24	£7.38	£7.70
18–20	£5.90	£6.15
Under 18	£4.20	£4.35
Apprentice	£3.70	£3.90

count towards NMW where the employer provides suitable facilities for sleeping and the employee is not expected to be disturbed. Payment for time spent sleeping will count towards the NMW where suitable sleeping arrangements are not provided, or where there is a reasonable chance that the employee will be expected to be disturbed.

The notorious Mencap case, dating from July 2018, confirmed this point. However, if the Supreme Court considers the appeal being made, it might issue a judgment which changes the circumstances in which NMW is due for sleep-in shifts. Any judgment is unlikely to be issued until 2020.

It is important to note that the NMW may also apply in cases where an employee is paid for being on 'standby', where the worker is required to be at a particular location during a particular time. If the worker is permitted to remain at home whilst waiting for work, then employers would not need to include this waiting time in their NMW calculations, although they would still need to factor in any time which the worker actually spends doing the work when on-call.

**9. Not paying for additional time worked such as time spent clearing security checks once a worker's shift has finished** – This will also include time spent 'clocking on/off' as well.

*... any time which the worker actually spends doing the work when on-call...*

**10. Including elements of pay that don't count towards minimum wage such as tips and the premium element of pay associated with shift premium** – You would only count the basic pay rate for hours worked for overtime, rather than 'time and a half', etc.

**And finally...**

In a very recent NMW case (February 2019), Middlesbrough Football Club has been cleared of failing to pay some of its staff the minimum wage.

The Championship club appealed against an employment tribunal ruling that

the club's decision to deduct the cost of workers' season tickets directly from their wage packet resulted in them receiving less than stipulated minimum. However, the club has successfully had the ruling overturned after proving the staff had requested the deduction to help spread the payments for the season tickets.

HMRC spokesperson defended its decision to pursue the case. He said: "HMRC is unapologetic in its enforcement of national minimum wage for workers and will ensure that we do everything we can to get people the money that they are legally due. NMW legislation is protective legislation – no worker can agree to receive less than the relevant NMW rate.

"The legislation does not draw a distinction between breaches arising from uncertainty or mistake and deliberate underpayment which means HMRC has no discretion to make these distinctions either. Employers are either compliant and pay their workers correctly, or they do not." ■

The national minimum wage is a very complex area and professional advice should be sought, where there is any doubt.

## P11D, expenses and benefits



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Designed to give delegates clarity and confidence about how to process the P11D, P11Db forms, PAYE Settlement Agreements (PSA) and net to gross calculations.

### This course covers:

- Statutory requirements and implications
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- Entertainment
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- Gifts and awards
- Retirement benefits
- Salary sacrifice and tax / NICs changes from April 2017
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REGULATIONS

# NMW roundtable

The CIPP policy team arranged the roundtable, which was held on 12 March at the impressive London office of Portfolio Payroll Ltd, to discuss with a select group a range of issues in light of developments

## Attendees

- **Russell Clark**, promoting compliance, HM Revenue & Customs (HMRC)
- **Phil Conley**, promoting compliance, HMRC
- **Joseph Cooper**, policy adviser and communications lead, Low Pay Commission (LPC)
- **Samantha Mann MAAT MCIPPdip**, senior policy and research officer, CIPP
- **Jeni Morris**, senior manager, NMW Team, Ernst & Young
- **Mike Nicholas MCIPP**, editor, *Professional in Payroll, Pensions and Reward* magazine
- **Neil Tonks ChMCIPPdip**, legislation manager, MHR
- **Joseph Wilkinson**, head of policy, LPC  
Apologies for absence received from several individuals.

On behalf of the CIPP, Samantha Mann thanks the attendees for their attendance and input, and also Portfolio Payroll for kindly hosting the event.

## Background

Though the national minimum wage (NMW) legislation has been in force for almost twenty years, it might seem that only recently compliance and enforcement activity by HMRC has served to signal the extent of employers misunderstanding the law. It is clear that employers of all sizes are prone to compliance failures – whether inadvertent or otherwise – as evidenced by the publicity attached to various notorious cases.

## Discussion areas

Samantha Mann chaired and lead the

discussions in the following areas:

- The role of education in compliance
- The impact of enforcement as a business concern
- Development of regulations – can they become a force for good?
- Is transparency for all achievable – worker and employer alike?
- Naming and shaming – a punishment or a business opportunity?

## Comments from attendees

Please note that representatives from HMRC and the LPC participated fully and constructively in the discussions but were always mindful of confidentiality requirements particularly in regard to issues related to various publicised cases of NMW failures.

**Neil Tonks** – Education has a vital role to play, and ought to come from government as they ‘own’ the rules which employers are expected to follow. The regulations are complex and HMRC actively look for unintentional breaches caused by lack of understanding of the complexities. Additionally, many employers have a simplistic view that compliance only involves ensuring all their pay rates are at or above minimum levels. The problem is delivering education in a way which reaches all employers. Larger companies will have payroll professionals who can be targeted but many smaller employers will not; and



**Neil Tonks**  
*ChMCIPPdip*,  
legislation  
manager,  
MHR

reaching the many busy owners of small businesses will always be difficult.

Most employers who are found non-compliant end-up paying a relatively small amount in penalties compared to their total pay bill. The concern is often more to do with the bad publicity which might follow being found non-compliant and consequently being labelled a bad employer by the government. What became clear in the roundtable is that conscientious employers, with professional advisers, nevertheless approach compliance audits expecting non-compliances to be found. Presumably this is because despite their efforts they’re not confident they and their advisers understand the rules well enough – which I think says a lot about the rules!

If some of the regulations could be made less complex or more intuitive, this would be a good thing as it would help prevent employers being caught out. Removing anomalies, such as the rule which says salaried workers can only be paid weekly or monthly, would also be a good thing. Similarly, unfairness could be addressed. An example of this is the ban on salary sacrifice reducing pay below the minimum, which means low-paid workers miss out on National Insurance contributions savings which are available to the better-off, particularly where pension saving is concerned. The publicity which surrounds consultations and changes to regulations can also be a force for good, in that it raises the profile of the minimum wage and this might trigger employers to have a fresh look at their compliance.

There’s certainly reputational damage from being named and shamed,

particularly for large businesses that will always tend to appear near the top of the list, which is sorted by the total amount underpaid, simply because larger numbers of employees are likely to be affected. Sorting the list by the average underpayment might give a better measure of the impact of the underpayment on the employees. There's also a business opportunity for advisers, who may be able to help organisations avoid, or identify and correct, non-compliance. A problem at the moment is that the regulations are complex and it's very hard for advisers to be certain that organisations following their advice will actually be compliant.

**Jeni Morris** – Many professional advisers appear not to properly understand the complexity of NMW rules. In seminar rooms up and down the country, I see industry professionals' apparent confidence melting into uncertainty – and concern – as I outline these complexities. For once, HMRC has been ahead of most professional advisors – quietly expanding its investigating teams, and relentlessly pursuing employers. In some ways, the unsuspecting companies find themselves on an uneven playing field with only a sketchy outline of the (largely unwritten) rules.

In the first few years after NMW legislation was introduced, most investigations were prompted by complaints from individual workers. Recovered arrears and fines were on a relatively small scale. But the government has been pumping funding into NMW enforcement since 2016. HMRC has hired hundreds of new investigators and adopted a proactive strategy of targeting industry sectors and large companies – particularly in low-pay sectors such as retail and hospitality. The complexity of the rules and the opacity of HMRC's enforcement strategies has left many companies exposed.

Unfortunately, HMRC has revealed very little information about its enforcement and amended strategy, meaning that



**Samantha Mann MAAT MCIPDip**, senior policy and research officer, CIPP

companies often only become aware of the potential risk when they are already in breach. Astounded employers argue that the breaches of NMW technical rules are entirely accidental rather than intentional. But a clear message has emerged from a slew of reports from government and independent bodies over the past couple of years – ignorance of the law is no excuse, even though the law has turned out to be far more complex than first realised. And HMRC will enforce the law to the fullest extent.

Once alerted, companies are horrified at the potential financial consequences of these contraventions. In some cases, the accrued arrears alone may threaten the future viability of the company, even before HMRC has imposed its fines. Most companies also experience difficulties in getting definitive answers and assistance from HMRC on technical issues when they are attempting to review or rectify their NMW issues. And many professional advisers are unable to provide comprehensive advice or effective defensive strategies when their clients are investigated or ask for information, because they also do not understand the basis on which the HMRC NMW teams operate.

This has placed a spotlight on the complex rules and regulations, leaving many companies stumbling through the maze of guidance looking for advice and clarity in order to ensure or achieve compliance.

There is an urgent need for comprehensive information to be provided to companies about how to take a lead in this – for example, by providing educational seminars and written guidance about how the various rules are applied. If HMRC would be more transparent and explain some of the complexity by using case examples, this would go a long way to educating companies and advisers about the best way forward.

**Mike Nicholas** – The NMW is a key element of employment law, and one

which I have believed since it came into force has been overlooked and neglected by employers and maybe some payroll professionals. Has it been the mistaken practice to look only at the basic hourly rate of workers, I wonder?

There is wide scope for misunderstanding the NMW law. For example, the provisions on 'deductions' that are or are not allowable are confusing – and can even catch out large employers that have in-house expertise. A recent case in point is that of supermarket chain Iceland which made voluntary deductions from workers' earnings for a Christmas Club (<http://bit.ly/2DL7Zfh>), which meant according to HMRC that the NMW was not paid in some instances.

Another issue is what time worked should be included in the calculations to establish whether the NMW has been paid. Many employees work unpaid hours (e.g. overtime), yet should these form part of the calculations? Probably the new requirement in force since April to show worked hours on payslips will help address this – even if it leads to more cases of underpayments being identified.

The apparent increased focus on compliance and enforcement stems in my view from the implementation of the NLW which by increasing the earnings of millions of workers also reduces the amount of universal credit payable from state revenues to those who are claimants. 'Making work pay' has been government strategy.

As with any law that affects workers and employers the rules will inevitably be complex, as this is surely the inherent character of any law that provides rights and imposes costs. We should expect and demand the government to enforce the rules evenly and fairly.

In addition to the government (e.g. HMRC) improving the extent and scope of official guidance, crucially employers and payroll professionals must quickly obtain expertise in the NMW rules and perhaps seek expert advice. ■



**Jeni Morris**, senior manager, NMW Team, Ernst & Young



**Mike Nicholas MCIPDip**, editor, *Professional in Payroll, Pensions and Reward* magazine

# Uncover the Benefits

## Payrolling – yes or no?

**Samantha Mann MAAT MCIPPDip, CIPP senior policy and research officer,** presents findings from responses to a survey recently conducted



There was a time, not so very long ago, before real time information (RTI) processing was introduced and before the Office of Tax Simplification (OTS) began their vital work, when the word ‘payrolling’ would have had little or no meaning to many payroll practitioners.

Yet the taxation of the value of the benefits in kind (BIKs) through payroll processes was an area that many CIPP members at the time were keen to see become a standard part of the payroll process.

Since then a number of research projects and consultations have been carried out to establish how payrolling could best be delivered and finally in April 2016 HM Revenue & Customs (HMRC) introduced a new and entirely voluntary online service for payrolling BIKs and expenses (<http://bit.ly/2uL3egN>).

### Pros and cons of payrolling

One of the biggest ‘win, win’ outcomes predicted as a result of the delivery of the online payrolling service was that for those employers that registered to payroll their BIKs using the online service, P11D returns would no longer need to be submitted (and subsequently processed by HMRC).

The disadvantage is that not all reportable BIKs are yet included within the service. The value of BIKs of any living accommodation and/or beneficial loans provided cannot be payrolled for employers using the service.

Class 1A National Insurance contributions (NICs) are still due on the value of BIKs and whilst it is widely anticipated that (in time) this cost could become a ‘real time’ payment for employers, it is at present still an annual payment that is reconciled to the value of the BIKs processed throughout the tax year

using the P11D(b) return.

Another disadvantage yet to be overcome, is that agents and payroll service providers cannot register to use the service on behalf of their clients. For many, this is proving to be something of a stumbling block.

### ...reconciled to the value of the BIKs processed throughout the tax year using the P11D(b) return...

One of the overwhelming advantages suggested to us has been the simplicity in which the service works. Anecdotal evidence provided by CIPP members and from professionals working across all affected sectors, is that the service has worked well, both for themselves and for their employees. Indeed, for a new digital service, it appears to have received a remarkably small number of complaints – and indeed seems to be delivering what the OTS suggested in its report *Review of employee benefits and expenses* (<http://bit.ly/2Uj4QgP>): “This new framework would be supported with clear HMRC guidance, including detailed information on how employers could payroll specific benefits. There would also be a streamlining of HMRC processes to remove benefits more quickly from the employee’s tax code when HMRC has been notified that the benefit is either being payrolled or is no longer being received by the employee. The mechanics for payrolling benefits should include a clear process for handling errors and

an effective integration with real time information.”

The OTS also noted in that review that if medical cover, cars/vans and motor fuel were to be payrolled, that would account for 81 per cent of the income tax and NICs revenues from employee benefits.

Yet the take-up numbers of employers registering to payroll their BIKs remains low. Why is that?

### Barriers to payrolling

Throughout February and into March 2019 the policy and research team, together with HMRC, ran a survey to gather information to help inform HMRC what barriers currently exist which prevent employers and their agents from choosing to payroll BIKs.

Just over one in three respondents (35%) confirmed that they currently payroll BIKs, giving these reasons for doing so:

- no burden of P11D returns
- saved costs by not using P11D software provider
- software doesn’t have the functionality to produce P11D returns
- easier to payroll the benefits than ‘P11D’ them
- accurate and real time tax calculations for employees
- to take control over changes to employees’ taxable pay and offer added value to them
- belief that payrolling is the future.

Almost two in three respondents (65%), however, do not currently payroll BIKs. In response to the question whether there were any barriers that were preventing them from doing so, the results show that:

- processes are too complicated – 38%
- guidance is not clear – 41%

- agents cannot register on behalf of clients – 17%
- registration needs to be more flexible, not just once a year – 33%
- additional reasons – 31%, comprising:
  - the risk of double taxation
  - little or no buy-in from the business (it is not compulsory)
  - P11D returns are still required for some other benefits such as beneficial loans and living accommodation
  - payrolling benefits would greatly increase end of year admin
  - unsure of software capability.

### What would encourage payrolling?

It is clear that with 63% of respondents asking for easier processes, something isn't quite hitting the mark but whether that is the reality or simply a perception has yet to be established.

In the survey, ability to payroll all benefits received 35% of the votes with agent registration being seen to be important with 24% share of the vote.

Additional requests indicate that being able to start payrolling at any point in the year – and not just for new employers or

those that had not previously provided a benefit in kind – was important. Further, the P11D(b) return as an ongoing mechanism for reconciling class 1A NICs was seen to be discouraging.

### *...easy to see why many would choose not to take on additional burdens that they don't have to*

The recently mandated requirement to include car benefit data in the full payment submission (FPS) also received some criticism with respondents asking that this requirement be simplified. The comments received mirror the anecdotal comments that were made during the 2018 national forum meetings.

### Is payrolling the future?

The taxation of expenses and benefits in kind remains a complex and complicated area, quite often requiring specialist

support from tax professionals. Even allowing for the improvements that have come about as a result of the work of the OTS, we still don't see a future where payrolling is a standard option – at least not without a significant restructure of the tax system and the arrangements that enable that system to work.

For payroll professionals who are constantly challenged with complying with a wide range of mandatory requirements, it is easy to see why many would choose not to take on additional burdens that they don't have to. So, it would appear that HMRC and HM Treasury still have some way to go to persuade and enable employers and their agents to deliver a significant reduction in the number of P11D returns that continue to be submitted each year. ■

Thank you to everyone who responded to our payrolling survey during February and March. As always, please do not hesitate to contact the policy and research team via email at [policy@cipp.org.uk](mailto:policy@cipp.org.uk) to share your experiences on this, and any other area of payroll operation.

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# How pensions puncture productivity

**Henry Tapper, director at First Actuarial,** outlines the complex effects of the tapers for personal allowance and pension annual allowance in light of recent changes



One of the benefits of high earners is they tend to work a lot and are a blessing for organisations, such as the National Health Service (NHS), that rely on flexible rostering. The NHS relies on consultants and senior general practitioners to work overtime where there is demand and with waiting lists as they are there is on-going demand.

But NHS administrators are finding that previously uber-productive high-earning medics are turning down work, citing their pension schemes as the issue. More precisely, they point to the complex interaction of the tapers on personal allowance (above £100,000 of earnings) and the pensions annual allowance (above £110,000) which can lead to substantial unexpected tax bills.

The problems of complex, cliff-edge tax structures are the same in private and public sector: they can result in marginal tax rates of over 100% as the following case study of a NHS consultant shows.

"In the financial year 2017–18 I accrued a sizeable increase in my NHS pension benefits due to going up a salary increment, obtaining a higher NHS excellence award (an award for going above the call of duty) and by virtue of my pension contributions being at 14.5 per cent and the employer contribution.

"My so-called 'threshold income' for that year was just under £110,000 and even with rolling over previous years' unused annual allowance I was left with a several thousand-pound tax bill on contributions over the annual allowance limit.

"If I had done a couple of extra sessions for the NHS, this would have taken me over the threshold allowance and resulted in loss of the annual allowance with the effect that my tax bill would have been nearer £15,000."

What is surprising about this doctor's situation was that he wasn't a particularly

high earner (by medical standards).

Doctors must start worrying about the tax implications (from both tapers) as soon as they are earning over £100,000 – and the problem gets harder where some earnings (overtime, for instance) aren't deemed pensionable. Non-pensionable earnings are liable to income tax but can also taper the pension annual allowance, creating a second taxation event, where pension contributions exceed the annual allowance.

**...pressure has been mounting on high earners as repeated cuts in the pension annual allowance begin to bite...**

Exceeding the annual allowance is all too easy when the pension contributions are calculated against the high contribution rate demanded of NHS doctors and they lead to most unpleasant surprises when a pension tax-bill arrives. Recognising that these tax-bills normally have to be met out of taxed income and that cash may not be easy to find, the NHS pension scheme has introduced a 'scheme pays' facility, which effectively mortgages future pension payments using a rolled-up debt charged at consumer price index+2.4% (it has been tighter). This at least gets rid of cashflow problems, though many doctors, mindful of their retirement, choose to 'self-pay' instead.

Until recently, these issues have been relatively low-profile, but the pressure has been mounting on high earners as repeated cuts in the pension annual allowance begin to bite. High earners have the capacity to carry back contributions

and soak-up unused annual allowances for three years. This April however marked the first time that high earners are not able to carry back to the more beneficial tax climate that existed before April 2016.

As the bills increase, so does the protest. The doctors' union, the British Medical Association, has called for the taper to be scrapped. The NHS pension scheme recognises its own inflexibility and is calling on government to allow it to change its rules so that doctors can partially opt-out and so manage down their tax liabilities.

The problem is now very much in the national press, with the *Financial Times* running a series of articles pointing to the productivity problem for hard-pressed foundations that can no-longer call on many doctors for emergency work. The problem also recently featured on Paul Lewis' *Money Box*.

Anyone with an interest in pensions, who spends time on Twitter will come across long and complex threads involving doctors discussing with each other how to manage their liabilities (without incurring extra advisory fees from the few independent financial advisers and accountants who properly understand the problem).

While the problem is more acute in the public sector where most defined benefit accrual still happens, it is still a private sector problem. For that reason, many large private sector schemes (including defined contribution schemes) are now capping pension contributions at £10,000 and paying salary in lieu.

While many large employers have pension and tax departments with access to advice on these matters, we are finding many medium-size companies with defined benefit schemes unaware of these problems and unable to administer a 'scheme pays' arrangement. For them, specialist help is needed. ■

Pension

TAX

# The net pay scandal

Ian Neale, director at Aries Insight, discusses this growing issue



There has been a growing scandal around low earners auto-enrolled into pension schemes using the net pay arrangement. It is a scandal that many have been aware of, yet no action is taken and the problem continues to grow, with the numbers potentially affected having just increased dramatically.

From 6 April 2019, the minimum level of contributions based on qualifying earnings into a defined contribution scheme has increased to 8%, of which 3% must be paid by the employer and the rest may be paid by either the worker or the employer.

This increase is a significant step-up from the 5% (minimum 2% from the employer) that applied from April 2018. Optimism that this will not trigger a spike in opt-out rates might be justified as the Pensions Regulator (TPR) reports that at the end of June 2018 rates of opt-out and cessation remained consistent with levels before the first planned contribution increase in April 2018 (<http://bit.ly/2WL15gO>).

However, there is a particular group of workers who might be more likely to opt out (i.e. low-paid employees in a scheme that uses the net pay arrangement), and this is the core issue at the heart of this growing scandal.

There are two methods by which an employee can receive tax relief on their contributions:

- **Net pay arrangement** – where contributions are deducted from the employee's pay before their tax liability under pay as you earn is calculated. The correct amount of tax relief is, in almost all cases, given automatically as the contributions are paid.

- **Relief at source (RAS)** – this method operates by allowing the member to make their contribution after deducting an amount equal to the basic rate of tax relief. The scheme administrator then claims the amount deducted from HM Revenue &

Customs (HMRC).

Workers who don't pay income tax will only get tax relief if their scheme uses RAS. The great majority of occupational pension schemes, including most of the leading master trusts, use the net pay arrangement. As TPR has pointed out (<http://bit.ly/2FRbjFO>), this means non-taxpaying staff auto-enrolled into a net pay scheme will need to pay 20% more for their pension.

## *...a scandal that some workers should be disadvantaged in this way...*

In April 2015, the personal allowance (the threshold at which income tax liability arises) rose from £10,000 to £10,600, while the earnings trigger – the annual level at which a worker becomes eligible for automatic enrolment (AE) – remained fixed at £10,000. This meant that for the first time some low earners – those earning between £10,000 and £10,600 annually – who were auto-enrolled did not get tax relief on their contributions because they didn't pay income tax.

Every tax year since 2015–16 the personal allowance has risen. For tax year 2018–19 it was £11,850; and for 2019–20 it has jumped to £12,500. Throughout, the earnings trigger has stuck at £10,000. So every year the number of workers who are not getting any tax relief on their pension contributions has increased. Even before this April's hike, 1.2 million low earners were missing out.

Take a worker on minimum wage working 28 hours per week, and let's say they are lucky enough to be in regular employment for the whole year, but auto-

enrolled into a net pay scheme. With the adult national minimum wage at £8.21 per hour, their annual gross earnings total £11,953.76. At the end of the year £290.88 will have been deducted from their pay ( $5\% \times (£11,953.76 - £6,136.00)$ ). If their scheme had used RAS, the same pension contributions would only have cost them £232.70. Looked at another way, £290.88 paid into a RAS scheme would create a gross annual contribution of £363.60.

A few might argue that £72.72 is small beer, but take investment returns over decades of scheme membership into account and the difference in fund value by retirement date could easily be many thousands of pounds. But that is not even the main argument: as a matter of principle and equal treatment it is a scandal that some workers should be disadvantaged in this way.

Perhaps even worse though, is that HMRC, HM Treasury and the Department for Work and Pensions are all well aware of the issue, and indeed have been for quite some time. The Low Incomes Tax Reform Group has proposed a costed solution (<http://bit.ly/2TY5iw9>).

In a House of Lords debate last June (<http://bit.ly/2uKq9Zt>), Baroness Buscombe said: "The government recognise the different impacts on pension contributions for workers earning below the personal allowance, but to date it has not been possible to identify any straightforward or proportionate means to align the effects of the net pay and relief at source mechanisms more closely for this population. However, alongside further work on the AE changes outlined in the review, the government will examine the processes for payment of pensions tax relief for individuals to explore the current difference in treatment . . .". This sounds a long way off a promise to fix it. Do principles still count for anything? ■

## Is it time to tackle the elephant in the room?

**Catherine Lynas, corporate partnerships manager at Golden Charter**, explains why funeral planning makes good sense for an ageing workforce, and provides a valuable addition to any benefits package

Funeral planning is the elephant in the room, even when the conversation is about financial security and wellbeing. Most people find talking about death and funerals a little bit awkward, to say the least – and the whole subject is often ignored. Yet funeral planning can be one of the most important ways people can protect their loved ones. Without a plan in place, there could be a big gap in their future financial security.

The truth is that it's not really that uncomfortable! Working in human resources (HR) and reward and benefit, you'll know that dealing with awkward things now can have significant benefits for your employees in the future. In reality, funeral planning is as easy to offer as an employee benefit as life insurance or critical illness cover – and it's every bit as important.

That's because a funeral plan is not a 'just in case' product, it's a definitely 'will need' product. As all of us will need a funeral one day, so it's one of the few products that everyone can benefit from.

Employers and HR professionals can play an important role in helping people address the elephant in the room. By giving employees flexible payment options which are not salary deductible, means they can maintain this benefit even if they move employers – a great step towards helping them prepare for later life.

● **The advantages of planning ahead** – You wouldn't think twice about encouraging employees to join your pension scheme, and a funeral plan benefit is another great way you can help them financially prepare for the future. Whilst no-one can predict the future, with funeral costs rising every year a funeral plan makes the same great

economic sense, too.

To put the value of a funeral plan into context – and the potential saving – the average cost of a funeral (according to the SunLife Cost of Dying Report 2018) in 2004 was £1,920, but in 2018 it was £4,271 – a jump of 122.5%. If that rate continues, in another ten years the average cost of a funeral could be over £7,200.

Through a funeral plan benefit with Golden Charter, your employees can protect against these rising costs, by paying in advance for the funeral director's services included in their plan at today's prices. Once the plan is fully paid for, there will be nothing more to pay for these services. Guaranteed.

● **The hidden benefit of a funeral plan** – Beyond the financial advantages, a funeral plan is also an emotional choice. Having a plan in place means one less thing for a bereaved family to worry about at a distressing time. So it can provide great peace of mind; not just for your employees, but for their loved ones too. It also means they can choose the funeral they want, with no uncertainty or stressful decisions for their family over their final wishes.

● **Why Golden Charter?** – Over 500,000 people have already trusted Golden Charter with their funeral arrangements, making us one of the UK's largest providers of pre-paid funeral plans (<http://bit.ly/2D1ccej>). Our network of over 3,000 independent funeral directors also provides unrivalled choice (<http://bit.ly/2D7b0pT>). As a trusted partner, we can work with you and your company to help your employees plan for the future.

With Golden Charter, it's easy to add funeral planning into your employee benefits package – no matter how small, or how large, your business. We can provide

a benefit scheme which suits you and your business regardless of what your existing platform may be.

● **Dedicated support for your business, and exclusive discounts for employees** – We can also provide full support for any events you'd like to arrange where your employees can find out more about funeral planning.

And, to help make it as easy and affordable as possible for people to join, we also offer exclusive benefit scheme discounts which are not available when you buy a plan anywhere else.

● **Adding extra value to your benefits package** – A well-rounded benefits package has great appeal, in terms of employee engagement, financial wellbeing, productivity, loyalty and recognition. It's also a powerful tool for companies looking to attract, recruit and retain high quality people. Faced with an ageing workforce, lots of companies are looking at exactly what kind of benefits are now of most value to their employees. This is where funeral planning scores highly and adds real and tangible value to your existing mix of benefits. □

### Let's get the conversation started

In any conversation about financial security, no subject should be off limits. Golden Charter can give you, and your business, all the support and tools you need to tackle the elephant in the room with your employees – and help them get the certainty and peace of mind that comes with planning ahead. So why not find out more? Call Catherine Lynas today, on 07809 334 868.

# Are all rest breaks created equal?

Jade Linton, senior associate solicitor at Thursfields, comments on a recent court decision about duration of compensatory rest breaks



Workers in the UK are said to be skipping lunch in an effort to be more productive, when studies have long-suggested that taking a rest break is one of the best ways to increase productivity. A rest break is said to allow workers to gain focus and energy and can prevent the mid-afternoon slump (provided the employee did not consume too big a sarnie).

For many a rest break will consist of one uninterrupted break of anything from twenty minutes to one hour. The Working Time Regulations 1998 (SI 1998/1833) ('the Regulations') provide that a worker is entitled to a rest break away from their workstation (if they have one) of at least twenty minutes if their daily working time exceeds six hours.

However, a worker who falls within a number of 'special cases' under the Regulations is excluded from entitlement to a rest break but instead is entitled wherever possible to an equivalent period of 'compensatory rest'. In the case *Network Rail Infrastructure Ltd v Crawford* 2019, the Court of Appeal considered whether compensatory rest had to be taken in one uninterrupted period or whether a series of short breaks could be aggregated to amount to the requisite time.

A railway signalman (Mr Crawford) provided relief cover at various signal boxes during his eight-hour shifts. The nature of his role meant he fell within the special case of worker, the effect of which meant he was unable to take a continuous rest break of twenty minutes at any time during his shift.

He was permitted to take rest breaks between periods of operational demand when there were opportunities for naturally occurring breaks. This would routinely result in an aggregate of short breaks taken over the course of his shift, often resulting in rest periods which combined were more than his twenty-minute entitlement.

## *...Different kinds of rest may be appropriate in different cases...*

Mr Crawford claimed this arrangement did not comply with the Regulations and that he was entitled either to a twenty-minute rest break or compensatory rest in one block of twenty minutes.

A worker who falls within one or more of the special cases, including those working in rail transport whose activities are linked to transport timetables and to ensuring the continuity and regularity of traffic, are excluded from the entitlement to a rest break. However, in these cases the Regulations provide that:

- the employer shall wherever possible allow the worker to take an equivalent period of compensatory rest, and
- in exceptional circumstances where for objective reasons it is not possible to grant such a period of rest, the employer shall afford the worker such protection as may be appropriate in order to safeguard their health and safety.

In *Gallagher v Alpha Catering Services Ltd* (t/a Alpha Flight Services) 2005, the Court of Appeal held that when deciding whether the workers in any case were covered by the special cases provisions, a tribunal should focus on the activities of the worker rather than those of their employer.

The Court of Appeal found that adequate compensatory rest had been provided and such did not have to occur in one block of twenty minutes. In reaching the decision the 'language' of the Regulations was given careful consideration; the obligation under the Regulations is to provide rest which is equivalent to an uninterrupted period of twenty minutes not rest that is identical. Therefore, the rest afforded to Mr Crawford provided it had the same value in terms of contributing to his well-being as a single block of twenty minutes was lawful.

The decision of the Court of Appeal is logical particularly in cases where the requirements of the role are such that the traditional single block of twenty-minute rest cannot be granted. There is no reason why two fifteen-minute breaks, for example, should not be as good as one twenty-minute break. However, it is important when considering cases like this for focus to be on the activities of the worker; consequently, the same decision would likely not have been reached for an office worker for whom an uninterrupted break of twenty minutes is more than achievable. Different kinds of rest may be appropriate in different cases and consideration of the worker's individual role and the impact of rest upon it should always be considered. ■

# EMPLOYMENT LAW



## Annual leave and the law



**Jill Smith MCIPPDip, CIPP policy manager**, brings to your attention the decisions in several recent cases

There have been some recent court cases which you may not be aware of that could impact or affect your employer. These affect the carrying forward of leave, the paying of any leftover leave to beneficiaries after the death of an employee, and accrual of annual leave during parental leave.

### General overview

● **Entitlement** – The law that sets the UK annual leave entitlement is the Working Time Regulations 1998 ('the Regulations'). In simple terms, all workers, except those who are genuinely self-employed, are legally entitled to 5.6 weeks' paid holiday per year. An individual is generally classed as a worker if he or she has a contract of employment. The 5.6 weeks equates to 28 days of leave per year for someone who works a five-day week. Part-time workers are entitled to the same amount of holiday (pro rata) as full-time colleagues.

Workers are entitled to the following types of annual leave:

- a minimum of four weeks of paid annual leave under the Regulations, often referred to as 'regulation-13 leave'
- an additional 1.6 weeks paid annual

leave under the Regulations, generally known as 'additional leave'

- any additional entitlement provided for in the relevant agreement, often known as 'contractual leave'.

### **...entitlement to holiday pay will continue to accrue during sick leave...**

Together, regulation-13 leave and additional leave make up 'statutory leave', which is usually included in the annual leave entitlement and will be set out in an employee's written contract. However, legally 'contractual leave' means any leave in the contract over and above statutory leave.

There is no legal right to paid public holidays, but the worker's contract should state if they are to be paid for these holidays. If paid, they can be counted as part of the statutory 5.6 weeks of holiday, but employers can provide them in addition, if they so choose.

- **Accrual** – As soon as a person starts

working, he or she will begin to accrue leave. The holiday entitlement is not affected by maternity, paternity or adoption leave. The employee still builds up or accrues holiday over these periods.

Gov.uk has a holiday entitlement calculator to help work out what annual leave is due if an employee starts part-way through the year and what leave someone has left if the employment is terminated (<https://bit.ly/1picPiR>).

### Carrying forward annual leave

Case law dictates that a worker's entitlement to holiday pay will continue to accrue during sick leave, regardless of whether this is paid or unpaid. If a worker is unable to take their annual leave in their current leave year because of sickness, they should be allowed to carry that annual leave over until they are able to take it, or they may choose to specify a period where they are sick but still wish to be paid annual leave at their usual annual leave rate. An employer must allow a worker to carry over a maximum of 20 of their 28 days of leave entitlement if the worker couldn't take annual leave because they were off sick.

There have been several high-profile

decisions on the relationship between holiday rights and sickness over the years that have helped to bring us where we are today with these decisions.

In *Plumb v Duncan Print Group Ltd*, Mr Plumb was on sick leave from April 2010 until February 2014 when his employment was terminated. He asked to take his accrued leave in the summer of 2013, but his employer granted him only the 2013–14 entitlement and refused the entitlement for the previous leave years (2010–11, 2011–12 and 2012–13).

Mr Plumb took his claim for payment in lieu of three years' untaken leave to an Employment Tribunal, which rejected his claim on the basis that he had not proved that he was unable to take annual leave because of his medical condition.

On appeal, the Employment Appeal Tribunal, however, ruled that the ET was wrong to require proof that his medical condition prevented him from taking annual leave. The EAT noted that the Working Time Directive did not require leave to be carried over indefinitely and ruled that regulation 13(9) of the Regulation "was to be read as permitting a worker to take annual leave within eighteen months of the end of the leave year in which it was accrued". Accordingly, it allowed Mr Plumb's claim for pay for untaken leave in 2012–13 and did not allow his claim for the previous leave years.

### Accrual during parental leave

Parental leave (which is not to be confused with shared parental leave or paternity leave) is an unpaid right accorded to parents of children who are under the age of eighteen that allows the parent to take up to eighteen weeks, unpaid (although individual contractual arrangements may offer pay during parental leave). Employees who have been employed continuously for twelve months by their employer are entitled to

parental leave.

Importantly, the parental leave provisions offer protection to an employee who takes parental leave, or who seeks to take parental leave. As per guidance (see [www.gov.uk/parental-leave](http://www.gov.uk/parental-leave)) an employee's employment rights (like the right to pay, holidays and returning to a job) are protected during parental leave. However, the European Court of Justice (ECJ) held in *Tribunalul Botosani v Dicu* that annual leave may not accrue during parental leave, when the contract of employment is suspended.

## *...worker's right to paid annual leave does not lapse on his or her death*

Ms Dicu, a judge in the regional court of Botosani, Romania was entitled to 35 days' paid annual leave. Having been absent from work on maternity leave from late 2014 to early 2015, she opted to take parental leave from 4 February 2015 until 16 September 2015. She then extended her period of absence to 17 October by taking thirty days of annual leave.

The ECJ considered the Working Time Directive and Parental Leave Directive. In some areas, the right to annual leave presupposes that the worker was at work, but for others such as sick leave or maternity leave it doesn't.

The Parental Leave Directive enables member states to define the status of the employment contract during periods of parental leave, and in Romania the contract was suspended. The result of this suspension is that absence on parental leave is not considered as a period of 'actual work' for the purpose of determining paid annual leave entitlement.

Therefore, the ECJ held that parental leave was not a period of work for the purposes of the Working Time Directive.

The decision is not one which will change the statutory position in the UK; as the Maternity and Parental Leave Regulations 1999 state that the employment contract will continue during parental leave. This case may, however, be relevant in some situations, such as where an employee is to be absent from work on a career break or sabbatical.

### Untaken annual leave on death of worker

In adjoining cases, *Stadt Wuppertal v Bauer* and *Willmeroth v Broßonn*, the ECJ had to decide whether the widows of the deceased workers were entitled to financial compensation in lieu of paid annual leave not taken by the workers.

The ECJ confirmed that, under European Union (EU) law, a worker's right to paid annual leave does not lapse on his or her death. The reason for which the employment relationship is terminated is not relevant as regards the entitlement to an allowance in lieu. Therefore, the legal heirs of a deceased worker can claim an allowance in lieu of the paid annual leave not taken by the worker. If national law prevents that happening, heirs can rely directly on EU law against both public and private sector employers.

The ECJ stated that the right to paid annual leave is an essential principle of EU social law and is expressly affirmed as a fundamental right in the Charter of Fundamental Rights of the European Union. For any employers who are in doubt, the ECJ decision makes it crystal clear that they must pay accrued holiday pay to the estate of a worker who has died.

### Summary

In October 2018, the Department for Business, Energy and Industrial Strategy confirmed to the CIPP that more detailed technical guidance for calculating holiday pay would shortly be published on GOV.UK. We know that this is currently being drafted.

Most of these cases have come out of the ECJ so it will be interesting to see what happens when the UK leaves the EU, whether we have a deal or not as to whether the ECJ will continue to have an effect on the right to holiday pay. ■





## *Disability, discrimination, comparators*



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

In this case, the Employment Appeal Tribunal (EAT) was tasked with determining whether a disabled lorry driver had been subjected to unreasonable disciplinary action and discrimination after urinating in his employer's delivery yard.

The driver, Mr Raymond, suffered from type 2 diabetes which includes amongst its symptoms the sudden need to urinate. When returning to his employer's premises the employee felt such a sudden need and, fearing that he would be unable to reach the toilet facilities in time, urinated in the delivery yard.

The employee's actions were captured on CCTV and a disciplinary investigation took place, during which the employee admitted to the act and expressed his apologies. Following this, and the realisation that Raymond had urinated near a loading bay which could have potentially contaminated food pallets, Asda proceeded to dismiss him for gross misconduct citing wilful neglect of company property, breach of health and safety regulations and the potential for reputational damage.

Raymond exercised his right to appeal the dismissal with his employer and produced evidence that his medical

condition was the reason for his actions. However, Asda refused to investigate this further and dismissed the appeal. In response, the employee brought claims to Employment Tribunal (ET) for unfair dismissal and discrimination arising from a disability.

Upon reviewing the evidence, the ET upheld Raymond's claims. The tribunal determined that the employer erred in failing to specify which health and safety regulations were breached, as well as failing to conduct a reasonable investigation into the incident. Importantly, it was determined that the CCTV footage used did not clearly show that Raymond had urinated on food pallets, as Asda had supposedly claimed.

The ET went on to add that a reasonable employer would have made appropriate enquiries into the employee's medical condition and considered that his disability may have caused the sudden need to urinate. As Asda failed to take these steps it was held that Raymond had been subject to discrimination arising in consequence of a disability.

Asda appealed but the EAT agreed with the findings of the original ET and dismissed this. The EAT held that the

whole process had been tainted by the employer's unreasonable response to the issue and that the CCTV footage used did not provide sufficient evidence for a gross misconduct dismissal.

The employer's failure to investigate Raymond's medical condition, or consider how this could impact his actions, proved a decisive factor; it was unreasonable to claim that mutual trust and confidence had been breached in a situation where the employee's disability was an operative cause of dismissal.

From an employer's perspective this case offers a useful reminder of the importance of completing a full and reasonable disciplinary investigation before deciding to dismiss an employee, including taking note of any new evidence brought up during an appeal. Extra care should be taken when an employee has a pre-existing medical condition that could qualify as a disability, as dismissing someone for misconduct that occurs as a direct result of their disability is likely to amount to disability discrimination.

### **Jolly v Royal Berkshire NHS Foundation Trust**

Although only a first-instance decision, the ET's ruling in this case resulted in the 88-year old claimant becoming the oldest person in the UK to succeed in bringing an age discrimination case against her employer.

***...a reasonable employer would have made appropriate enquiries into the employee's medical condition... ..***

Having been employed by the National Health Service (NHS) since 2005, at the time in question the claimant was a medical secretary working directly under a medical consultant. Jolly was required to maintain and oversee a list of patients who were awaiting breast cancer and non-urgent surgery. Patients on this list would sometimes have to wait a maximum of 52 weeks before an operation could be arranged, and it was the claimant's responsibility to notify the consultant when this deadline was approaching.

In 2015, the claimant's duties were changed as part of the Trust's decision to upgrade to electronic record keeping, meaning she would require further training. Although a training session was arranged, it had to be cut short as the trainer was unaware of how to use the system and was never rescheduled. During this time, the employee was regularly subjected to comments from colleagues relating to her age, including expressing concern they were worried about finding her 'dead on the floor'.

A short while after this, in 2016, the claimant was told she was to be suspended and was escorted off the premises. During this impromptu meeting she was informed of three serious breaches of the 52-week waiting list deadline that had occurred over a period of two years. The claimant had no knowledge of two of the incidents as these had never been brought up before. It was also revealed that although the third supposed incident had not been her fault her employer used it in subsequent decisions.

Following this, the claimant was invited to a capability meeting which she was unable to make as her union representative was not available; she was also unable to make the rearranged date as this clashed with a pre-existing medical appointment. Despite informing her employer of this they proceeded to hold the meeting without her and informed her that she should have changed the appointment to an earlier date.

The claimant raised a grievance directly with her employer claiming she was being treated unfairly as a direct result of her age. However, following the meeting she was dismissed on the grounds of 'catastrophic failure in performance, where damage had been caused to patients as well as potentially the Trusts' reputation'. Jolly appealed but was incorrectly told

the appeal had been submitted too late. Accordingly, she proceeded to raise claims to the ET for unfair dismissal, breach of contract and both age and disability discrimination.

### ***...employers should take time to consider where appropriate training may offer a more favourable solution***

All of Jolly's claims were upheld by the ET which found the whole disciplinary process had been 'tainted by discrimination'. It was decided that the claimant's lack of training and the hurtful comments made towards her violated her dignity and meant she had been treated differently to other staff due to her age. The Trust was unable to demonstrate any evidence to counter the assertion that they had discriminated against Jolly due to her age and the significant errors in their disciplinary process rendered the decision unfair.

Employers are reminded that staff should not be treated any less favourably due to their age and that any perceived issues with capability should be dealt with in the correct manner. A considered approach is needed when dealing with capability and employers should take time to consider where appropriate training may offer a more favourable solution.

#### **Asda Stores Ltd v Brierley and ors**

In this case, the Court of Appeal ('the Court') was assigned the task of determining whether Asda store workers could use the firm's warehouse staff as comparators in claims for equal pay.

The decision is the latest in a long-running dispute involving thousands of Asda staff, which began as far back as 2002. The case centres around claims that the company's store workers, who are predominantly female, are unfairly paid less than warehouse staff who are predominantly male. If successful, the store workers could be set to receive millions of pounds in back pay.

A key part of any equal pay dispute is the claimant's ability to identify a

comparator, with both the ET and EAT agreeing that the store workers could compare themselves to warehouse staff under existing European law. The ET and EAT cited Article 157 of the Treaty on the Functioning of the European Union which states an equal pay comparison could take place using a comparator from a different workplace where pay terms have been established by one single source. This essentially meant that because both sets of workers were employed by Asda, albeit in different locations, there remained a single source for determining pay and conditions. It was also decided that both sets of workers operated under common terms, which would apply to them regardless of where they worked.

Asda appealed these findings to the Court, which upheld the rulings of the tribunals. The Court confirmed that common terms applied to both sets of workers independently regardless of where they actually worked, meaning that retail workers could compare their pay to warehouse staff. It was also added that Asda could be recognised as a single source responsible for paying both sets of workers, even though these duties were carried out by differing internal bodies.

In rejecting the appeal, the Court confirmed that Asda's store workers are free to use the company's warehouse staff as comparators in their claim for equal pay.

There are, however, still two more stages for the employees to successfully navigate under the Equality Act 2010. They will first be required to show that they were carrying out 'work of equal value' in comparison to the warehouse staff, following which Asda will have the chance to argue that there is another material factor, not relating to gender, for the difference in pay.

The final decision in this case is set to have significant ramifications for employers in similar positions, with Tesco, Sainsbury's and Morrisons also facing equal pay claims from their retail staff. Although equal pay claims can be complicated, employers should note that staff may be able to argue they are being paid unfairly based on their gender, even if their comparator does not work in the same role. To guard against this, employers are encouraged to engage their human resources and payroll departments to regularly review employees' salaries and job roles, making sure that pay rates remain fair and equal wherever work is similar or of a similar value. ■

## Scrapping a bonus scheme



SALARY



**Danny Done, managing director at Portfolio Payroll, sets out the implications of and procedures for removing an employee bonus scheme**

At the end of the tax year some businesses prepare to issue staff with their annual bonus. Providing these bonuses can often be a costly exercise and, although it is unlikely to go down well with staff, scrapping an employee bonus scheme can sometimes be a necessary way to save money during difficult times and avoid having to consider a more unpleasant solution.

Whether or not you can remove your bonus scheme will depend on a number of factors and you first need to consider whether the scheme is contractual or discretionary. This can often be determined by reviewing the wording used in employee contracts or in any existing bonus policy.

If these explicitly state that you reserve the right to withhold bonuses as you see fit, then the scheme is likely to be discretionary. This means you are not legally required to pay staff and should be able to proceed without fear of tribunal proceedings. In this scenario it is advisable to provide staff with sufficient notice that they will no longer be receiving their bonus in order to reduce any potential disappointment.

Having said this, staff may be able to argue that the bonus has become an implied contractual term under certain circumstances which would make withholding payment significantly more difficult. For it to qualify as an implied term, employees will need to show that bonus payments have been made regularly and without fail for some time and therefore have come to be expected. Proceeding to remove the bonus scheme

in these circumstances could lead to claims for breach of contract; however, this will depend on the specific facts of the case.

***...if the bonus scheme is a contractual entitlement you have less freedom to remove it immediately...***

Alternatively, if the bonus scheme is a contractual entitlement you have less freedom to remove it immediately and should first enter into a consultation period with staff with the intention of amending their contractual terms. During this consultation you should explain to staff exactly why you wish to remove the bonus scheme with the aim that they agree to this change.

Perhaps understandably, getting employees to agree to give up their contractual bonus may be difficult. In these situations, you may be faced with no option but to enforce the change by dismissing employees on their current terms and re-engaging them with the change enacted. If you choose to proceed in this way, then you must be able to present a valid business reason for removing the bonus to avoid claims of unfair dismissal.

Once existing employee contracts have been successfully amended you should

ensure continuity by reflecting this change in workplace policies and providing future new starters with updated contracts that outline your new stance on employee bonuses.

Having said this, whilst removing your bonus scheme may save some money in the short-term you may want to think twice before proceeding and consider the additional cost this could have on employee morale. Many firms offer bonus schemes as a part of a competitive benefits package and removing this could cause discontent to spread amongst your workforce, impacting productivity as a result. Although staff are unlikely to leave simply because you choose to revoke their regular bonus it may be a contributing factor for some and impair your ability to recruit and retain top talent.

To counter this, you could choose to replace your employee bonus scheme with less costly alternatives that still provide a benefit to your staff. This could vary from subsidised gym subscriptions and travel passes to extra days of annual leave or a more open approach to flexible working. It would be wise, before making this decision, to hold a discussion with staff to find out which benefits would be more desirable from their point of view.

Ultimately, although staff may argue the contrary, it is possible to make changes to an existing bonus scheme even when this is included in contracts of employment. However, when doing so it is imperative that you proceed with caution, considering the impact this may have on staff, and ensure you follow the correct procedure at all times. ■

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# GDPR compliance failure

**Hiscox UK, the small business insurer,** reveals findings of recent research a year on from when the GDPR came into force, and offers advice and reminders

The research by Hiscox (<http://bit.ly/2WWWXPPH>) suggests it's possible that the information distributed ahead of the General Data Protection Regulation (GDPR) coming into effect in 2018 wasn't as comprehensible as one would have hoped. With the headlines dominated by threats of monumental fines, it might have been that small- to medium-size enterprises (SMEs) disregarded the GDPR as a problem for the 'Googles' and 'Facebooks' of the world.

Unfortunately, the GDPR is just as relevant to small businesses as it is large ones. It's essential to understand how the law affects a business and what to expect for failing to comply. To clear up a few grey areas regarding GDPR breaches and potential fines, here are a few facts.

The fundamental purpose of GDPR is increased data protection. This includes data used for customers, clients, employees, suppliers and prospects; covering their names, addresses, GPS location, bank details, IP addresses, email addresses and more.

In order to maintain better data security across the European Union, businesses are now required to prove they have vigilant processes and measures in place to keep data safe and secure. They are also obliged to offer transparency about how data is being used, including if and when it has been compromised. Failure to demonstrate appropriate actions to comply with GDPR can result in a one-off discretionary caution or can escalate to a fine.

Worryingly, the Hiscox data suggests that nine in ten in SME owners don't know the main new rights that GDPR gives to consumers. But, if a business relies on the internet wholly or as a support to its day-to-day running, it's likely that the GDPR will impact its work.

On a standard day, emails are sent, documents are shared, bills are paid, goods are purchased and external payments are

taken – all things involving an exchange or utilisation of private data. In order to offer consumers their rights under the GDPR, data must be handled with care. Examples of activities that may be affected are newsletter mailing lists, cold emailing prospects, storing of customer data and so on. Consumers must opt in to marketing communications (no more pre-ticked newsletter sign up boxes); prospects cannot be sent automated emails without offering consent for their contact details to be used; and only the essential data must be collected when customers sign up or make a purchase.

***...fines are discretionary rather than mandatory, and each breach is assessed on a case-by-case basis***

In the case of a first and non-intentional non-compliance, a business may be issued a written warning. While this isn't as grave as other potential penalties, it should be taken seriously, as it will be the first and last caution before action is taken. Businesses that have been issued a warning should then expect to undergo regular data protection audits, to ensure the appropriate actions have been taken to adhere to regulations.

If a business is found to be breaching the GDPR, they may be issued a fine by the Information Commissioner's Office (ICO). There are two tiers of administrative fines that can be levied as penalties for non-compliance:

- the first tier is for relatively minor breaches with fines reaching up to EUR10,000,000 (approximately

£7,900,000) or 2% annual global turnover – whichever is higher

- the second tier is reserved for serious breaches where fines can reach a maximum of up to €EUR20,000,000 (approximately £17,000,000 million) or 4% annual global turnover – whichever is higher.

Contrary to popular belief, fines are discretionary rather than mandatory, and each breach is assessed on a case-by-case basis.

The criteria considered when determining any fine, include:

- the nature, gravity, duration and character of the infringement
- infringement history
- the level of co-operation
- the type of data that has been compromised, and
- how the breach came to the ICO's attention.

To avoid falling on the wrong side of the law, organisations should ensure they have adequate procedures in place for identifying and reporting breaches as well as covering all aspects of data protection. Businesses that are seen to be taking the appropriate action to prevent or recover from a data breach will be treated with more leniency by the ICO.

If your organisation does incur a data breach, notify the relevant authorities within 72 hours. Not only will it demonstrate that you are taking the relevant action to resolve the issue as well as put you in a better position to avoid GDPR fines and penalties in the future, but it will also help to maintain trust among stakeholders and your target consumers.

Hopefully this has cleared up a few areas of confusion when it comes to GDPR. With the threat of potentially grave penalties for non-compliance, it's worth being up to speed with all the expectations and requirements for SMEs under the new data protection laws. □

# More than wages, hours

Gretchen Inouye CPP, payroll consultant and the APA's 2015 Payroll Woman of the Year, explains the extent and scope of the USA's DoL

Payroll professionals are generally familiar with the US Department of Labor (DoL) through the Wage and Hour Division's enforcement of the Fair Labor Standards Act (FLSA). However, there are over 180 laws subject to DoL enforcement through the work of its various departments, commissions, boards, and other regulatory bodies.

The common link to most of the major laws is the employment of workers, which may directly affect payroll in the areas of administration and internal and external reporting. Investigations, audits, and assessments are primary enforcement tools. Some of the major agencies and programs are as follows.

- **Wage and Hour Division** – enforces the FLSA and administers the Family and Medical Leave Act, the garnishment of wages under the Consumer Credit Protection Act, government contract acts (the Davis-Bacon Act, the Walsh-Healy Public Contracts Act, the Service Contract Act, etc), and other labor standards provisions. ([www.dol.gov/whd](http://www.dol.gov/whd))
- **Bureau of Labor Statistics** – collects and distributes labor statistics on labor market activity, working conditions, price changes, and other economic information. The precursor to the DoL and served the only function for decades before the DoL was created. The Multiple Worksite Report required or requested by the states is a primary source of information. ([www.bls.gov](http://www.bls.gov))
- **Employee Benefits Security Administration** – administers the Employee Retirement Income Security Act, which regulates employer-provided pension and welfare benefit plans including medical plans. It also covers requirements for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act and health care portability under the Health Insurance Portability and Accountability Act. Funding for retirement plans is made by premium payments to the Pension Benefit Guaranty Corporation (see below). The Benefits Review Board also connects with the EBSA (see below). ([www.dol.gov/agencies/ebsa](http://www.dol.gov/agencies/ebsa))
- **Benefits Review Board** – reviews and issues decisions on appeals of workers' compensation claims arising

under the Longshore and Harbor Workers' Compensation Act and the Black Lung Benefits amendments to the Federal Coal Mine Health and Safety Act of 1969. ([www.dol.gov/appeals](http://www.dol.gov/appeals))

## ...required to post accessible information on many of these laws ...

- **Pension Benefit Guaranty Corporation** – protects the retirement incomes of more than forty million American workers in nearly 24,000 private-sector defined benefit pension plans. ([www.pbgc.gov](http://www.pbgc.gov))
- **Employment and Training Administration** – contributes to job training, employment, income maintenance services, and workforce development programs. Works with state unemployment and workforce agencies to certify that the state programs and regulations meet standards in administration, reporting, and unemployment benefits. It receives annual reports from states certifying which employers have paid their state unemployment contributions in full on a timely basis; these reports impact Federal Unemployment Tax Act tax compliance and credits. ([www.doleta.gov](http://www.doleta.gov))
- **Occupational Safety and Health Administration** – regulates the Occupational Safety and Health Act, which covers safety and health conditions in most private industries, and also covers public sector employers in conjunction with approved state plans. Its enforcement focus is on workplace inspections to help ensure hazard-free workplaces; and it enforces whistleblower protections in most laws. ([www.osha.gov/](http://www.osha.gov/))
- **Office of Labor-Management Standards** – administers and enforces the Labor-Management Reporting and Disclosure Act, promoting labor union and labor-management transparency through reporting and disclosure requirements by both sides of the relationship. ([www.dol.gov/olms](http://www.dol.gov/olms))

- **Veterans' Employment and Training Service** – provides compliance assistance regarding the Uniformed Services Employment and Reemployment Rights Act as well as programs for military veterans. ([www.dol.gov/vets](http://www.dol.gov/vets))
- **Office of Workers' Compensation Programs** – administers four major disability compensation programs. It doesn't have state program jurisdiction. ([www.dol.gov/owcp](http://www.dol.gov/owcp))

Employers are generally required to post accessible information on many of these laws for the benefit of employees.

These agencies and laws are a sample of the broad areas of enforcement and authority of the DOL. Additional information can be found on its website, [www.dol.gov](http://www.dol.gov), and in the APA's The Payroll Source®, (section 2: Federal and State Wage-Hour Laws). □

This article was published in the December 2018 issue of the American Payroll Association's *PayTech* magazine.

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# Re-thinking short- and long-term saving

**Matthew Blakstad, assistant director of the NEST Insight unit** reveals a pilot to address the issues to lead to better financial wellbeing



Thanks to auto-enrolment, millions of people are now building up meaningful pension pots to help them save for a more comfortable later life. However, many of these people, particularly those on lower and moderate earnings, don't have enough in liquid savings to deal with financial shocks, such as the car breaking down. When this happens, they may stop pension contributions, reduce spending on essentials or turn to pay day lenders or credit cards.

## Long-term versus short-term

In general, long-term illiquid savings, such as a pension, and short-term liquid savings products have been offered to savers separately without a clear sense of how, or indeed if, they might interact. This means that people may have to trade-off their short- and long-term financial needs in a zero-sum game, which could have a negative impact on their financial wellbeing.

In the UK, we now have over ten million people newly saving, or saving more, for their retirement thanks to auto-enrolment. By almost any measure, the initiative has so far been a huge success. By contrast, interventions to encourage greater levels of liquid saving have been less comprehensive and the results patchier, especially at lower incomes.

### Financial stress

- Four in ten workers say money worries have made them feel stressed over the last year.
- A quarter say they have lost sleep over money worries.
- One in eight workers report that money worries have affected their ability to concentrate at work.
- One in twenty workers have missed work in the last year due to money worries (Reference 4).

In fact, 26% of working-age adults have no rainy-day savings, and only 44% have £500 or more on hand (see Reference 1). This leaves many people at risk of short-

term financial shocks which can have a severe impact on their lives. High-cost and unpredictable one-off expenses, such as the breakdown of a household appliance, can cause financial hardship for people whose disposable income after essentials is low (Reference 2). In some cases, people may have to resort to high-cost sources of borrowing, which if not managed carefully could lead to debt spirals. Being stuck in debt can cause high levels of stress, which in turn can have a knock-on effect on health, productivity and earning capacity (Reference 3).

## ...a better balance of shorter- and longer-term savings ...

### Addressing the issue

NEST Insight launched a research trial at the end of 2018, which is being rolled out to a number of UK employers. The pilot will explore whether the 'sidecar savings model' can improve workers' financial resilience today and in retirement by helping them to build up some emergency savings whilst also saving more for the future. Rather than having a separate pension pot and emergency savings account, this hybrid approach combines the two. Doing so enables the flow of money to be managed in a smarter way that fits more naturally with people's financial lives and preferences. The idea is that this approach will help to create a better balance of shorter- and longer-term savings for each individual saver.

The payroll mechanism enables a regular flow of contributions to be split between the two pots. This makes the savings tool really simple for employees to use. They just need to sign up and agree to pay an additional amount each month on top of their normal auto-enrolment contributions, such as £25 or £50. The rest is done for

them. Their normal pension contributions will carry on going into their pension pot as usual, and the extra amount they've contributed will go into the emergency account. So, whilst they're busy with work and home life, their emergency savings pot will be steadily building up so it's there ready for them when they need it most. And, if they reach the emergency account's savings cap, additional contributions will start flowing into their pension pot to help them save more for their retirement.

### Measuring the impact

Over the next two years, NEST Insight will be following employees on their savings journey to measure:

- how many sign up to use the savings tool
- how much they save in the emergency account, and
- the impact on their financial wellbeing. ■

### About NEST Insight

NEST Insight is a collaborative research unit, set up to understand and address the challenges facing NEST members and other defined contribution savers. Visit [www.nestinsight.org.uk](http://www.nestinsight.org.uk) to find out more.

### References

1. Money Advice Service: *UK Financial Capability Strategy for working-age people* (<http://bit.ly/2UHeCZu>); Department for Work and Pensions (<http://bit.ly/2OYHmaK>).
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3. Money Advice Service (<http://bit.ly/2UHeCZu>); Chartered Institute of Personnel and Development (2017): *Financial well-being: the employee view* (<http://bit.ly/2G8uoEL>).
4. Social Market Foundation (2016): *Working well: how employers can improve the wellbeing and productivity of their workforce* (<http://bit.ly/2KwFyHN>).



## Work-life balance

**Jerome Smail, freelance journalist,** presents the issues, research findings and possible solutions



It's no secret that dedication, integrity and conscientiousness are key attributes of people working in payroll. Professionals at all levels in the industry pride themselves on a job well done and seeing a task through to the end. But this can cause or exacerbate an all too common problem: poor work-life balance.

Of course, it's an issue not restricted to payroll. According to research by human resources (HR) and payroll technology provider ADP, almost a third (30%) of UK workers feel that they have a poor work-life balance in their current role. What's more, problems at work are bleeding into home life for employees too – with UK workers suffering in particular.

The ADP survey, conducted in April 2018, polled 2,518 employees across France, Germany, Italy, the Netherlands and the UK, and found an average of one third (33%) of European workers felt a bad day at work affected their personal life – but the proportion rises to 38% for the UK alone.

Jeff Phipps, managing director and general manager for ADP UK and Ireland, believes technology is partly to blame. With the ubiquity of mobile phones, tablets and laptops and 24/7 access to work emails, there is a temptation – and sometimes even an expectation – for

employees to check on work matters outside of office hours. He says: "The rise of flexible working, and the widespread usage of workplace technologies to support it, has brought many benefits, yet organisations also risk encouraging an 'always on' working culture. Technology has increasingly blurred the lines between work and personal lives."

### **Technology has increasingly blurred the lines between work and personal lives...**

The figures appear to back up Phipps's opinion. According to research by the Chartered Management Institute (CMI), published in January 2018, 59% of 1,037 managers surveyed consistently check their emails outside of normal working hours, adding an estimated 44 working days to schedules per year.

Sir Cary Cooper, professor of organisational psychology and health at Manchester Business School, says: "Long office hours, combined with the always-on expectation to answer emails, are eating into home life, leaving managers with little

chance of respite and increasing stress levels."

However, it's not just employees who suffer – it's the organisation as a whole. Phipps says: "Employees faced with this working style are likely to become less engaged, and this type of working may even have a negative impact on productivity."

Employees themselves are rarely profiting from such working practices. More than half of UK workers (51%) who work additional hours outside their contract do not get paid overtime by their employer, according to research by job search engine Jobrapido. The study, carried out between November and December 2018, also revealed that 80% of the UK workers who do not get paid overtime admitted "it is just part of my job", or "I could jeopardise my chances of a promotion if I ask for overtime", or "I am too scared to rock the boat by asking for additional money". The remaining 20% stated that despite not being paid, they are given extra holiday instead.

However, the Jobrapido research also provided further evidence of the pernicious 'always on' culture. Six in ten employees admitted that even on holiday they check their mobile phone or emails at least once a day for work, with half of

these respondents admitting they check multiple times a day. Less than a quarter of UK employees (22%) only check their phone or email once over a two-week holiday. Over two-thirds (67%) believed that if they did not check their emails or phone during their holiday then it would change the relationship they have with their line manager or boss.

What's more, some 61% have had to miss an important event (including a family birthday, an important school activity of their child, a wedding or a funeral) because of work, and 38% say they have suffered from work-related stress.

Rob Brouwer, chief executive officer of Jobrapido, comments: "With the majority of the UK regularly working more than the traditional 40-hour week, it is essential they are rewarded in some way for their investment. While some are recognised with time in lieu, it should not be the case that so many in the workforce are just accepting this to be par for the course or fearful they could lose their job or risk a promotion by asking for some type of remuneration. Employers need to consider what message this spells out, particularly if they are keen to retain crucial talent in their company."

Brouwer adds: "With nearly four in ten UK workers suffering from work-related stress, it is essential that employers and senior management look at new ways to manage employees' workloads. Holiday or time outside the workplace should be recognised as a time when employees can recharge and truly rest so they are in position to give their very best when they return to work and crucially mitigate against the risk of work-related stress."

Phipps, meanwhile, believes the answer lies in greater flexibility and trust. He says: "Individuals that want to blend work and life and work more flexibly should be able to, while those that want to keep the two separate should also be able to. The most important thing is for businesses to create a culture of trust so that employees can be open when things are not going well, and work together to fix it."

It seems flexibility is increasingly being seen by employees as an expectation rather than a perk. More than two-fifths (43%) told a Hibob survey that they would like access to flexible working arrangements as part of their employee benefits package.

This, of course, also has implications for recruitment. For example, in a study by Totaljobs, well over half of respondents (59%) specified flexible working as the most important benefit when looking for a job, while a survey by law firm alliance lus Laboris found that flexible working has an influence on 89% of individuals when it comes to deciding whether to join a company.

### **...attitude of employers, with many merely paying lip service to the concept of flexibility**

Helen Livesey, senior business director at Hays Payroll Management, says flexible approaches to working hours are more readily available to payroll professionals than they ever have been. She points to results from the *Hays UK Salary and Recruiting Trends 2019 Guide* that shows 86% of organisations offered flexible working over the last year, compared to 70% the previous year. Also, more employers now appreciate the importance of an appealing work-life balance to attract new staff, as figures rose from 15% last year to 18% this year.

Livesey says: "Our research shows that new entrants to the workplace look set to build a better work-life balance than generations before them. Almost two-thirds of 'generation Z', those born after 1995, rate their work-life balance as being either good or very good, which surpassed all other age groups surveyed. The fulfilment younger workers are experiencing from commitment to their current jobs reflects new expectations of flexible working schedules upon entering the workforce."

However, Livesey also points out that sentiment about work-life balance was lower among older age groups, with baby boomers revealing that they are the most dissatisfied with how much time they spend at work. Almost half (49%) of this age group believe their work-life balance is between average and very poor, and 36% would change their working hours in a bid to improve their work-life balance.

Livesey adds: "Despite the uptake

in flexible working offerings, positive evaluation of work-life balance has remained fairly static from last year at 55%, indicating that employers can still do more."

So, if a greater number of employers are offering flexible working but employees feel their work-life balance isn't improving, what's the problem?

Amrit Sandhar, founder of consultancy The Engagement Coach, believes it's the attitude of employers, with many merely paying lip service to the concept of flexibility. He says: "Many organisations are focused on providing flexible working for their employees but while on paper this might be seen as a great benefit, in our experience, the practical realities can be very different.

"Often leaders and managers are uncomfortable when they can't see people at their desks, and with this lack of visibility, how could you possibly guarantee people were actually working? Then there's the challenge of how much work people really get done. For those of us who struggle with the whole concept of flexible working, we might imagine people sitting in their pyjamas watching daytime TV, waiting for an email to come in that they might need to respond to. If they can't answer their phone within two rings – what were they really up to? Suspicion sets in."

Sandhar insists many employers are missing the point of flexible working and forgetting the overall goals. He explains: "The ultimate goal is for employees to be at their best, thereby applying the talents that they were recruited for, helping make the organisation even better. Would a one-hour commute to the office during busy school drop-off times, make employees more productive? How about tying them into working hours that may not work for them?"

"If employees are concerned about how they are going to pick up their child from an after-school club each week, how focused will they be on their work? With an ageing population, many employees have the added responsibilities of looking after elderly loved ones, as well as children, on top of trying to be brilliant at work. Wouldn't it be great to be able to work for an organisation that would allow you to take care of your personal responsibilities, knowing this would allow you to be your best at work?"

Echoing Phipps, Sandhar says the magic word is 'trust': "Why recruit people we think we would need to 'police' each day?"

But there is a danger that flexibility ends up being to the detriment of the employee. For example, more than a quarter (27%) of flexible workers told a survey on behalf of the Association of Accounting Technicians (ATT) that they put in more hours than when they worked to a traditional schedule.

Also, 18% said they were worried that flexibility gave them less opportunity to engage in workplace social life and events. In addition, 15% said flexible working made them lonelier, 14% admitted to feeling guilty for working more conveniently than their fellow employees, and 13% expressed concerns over being passed over for promotion or other work responsibilities.

There also seems to be a stigma to overcome among the workforce at large. As part of the wider ATT study, 500 employees who do not work flexibly were also surveyed. More than half (53%) said they think they do more work than

colleagues who work flexibly, and more than a third (37%) said they are envious of those working to non-traditional patterns.

### ... flexible working has to become more accepted and commonplace...

Olivia Hill, chief HR officer at the ATT, said: "It's worrying that many flexible workers feel that their colleagues see them as workshy or feel that they may be passed over for promotions. For this to change, flexible working has to become more accepted and commonplace in every work environment."

Flexibility, though, can also improve employee's financial health. For example, Nick Whiteley, managing director of flexible working solutions organisation HFX, says: "An employee on, say, £10 per hour will earn about £19,500 per year gross and spends two hours a day commuting to work during rush hour. By working flexibly,

they could cut their journey time from two hours to one hour a day. That's worth, deducting holiday time, £2,400 per year net. The equivalent in gross salary would result in an 18% increase.

"What's more, an employee commuting by train to work could save between £500 and £1,500 a year by travelling off-peak."

Some employers, meanwhile, are addressing their employees' work-life balance through solutions during office time. One such organisation is digital marketing organisation Add People. Kerry Matthewman, HR manager at Add People, explains: "We're in talks to bring a barber or hairdresser on-site so people can get their hair cut at work, or organisations to come and wash employees' cars in the car park."

She adds: "It may only seem like a few pounds saved here and an hour saved there, but over time those can amount to days and triple figures that employees can instead spend with and on their family and friends."

In a working culture where spare time is precious, it could be said that every little helps. ■

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At Moorepay, we have been supporting businesses with their people processes since 1966. Offering services, software, consultancy and training across various payroll and HR solutions, we will help you manage your people and their needs. Designed for businesses large and small, our managed payroll solution takes care of the whole payroll operation, including data capture, processing, printing, distribution and reporting. We manage it all for you, removing the entire payroll burden.



## SCC PyramidHR

Cole Valley 2, 10 Westwood Avenue, Cole Valley Business Park, Tyseley, Birmingham B11 3RF  
Tel: 01926 485085  
Contact: Sales Email: sales@pyramidhr.co.uk  
Website: www.pyramidhr.co.uk

Since 1976 SCC PyramidHR, part of Europe's largest independent IT business, has been providing Payroll & HR Services. Our PyramidHR application is a fully integrated, real time, single database, modular system which fellow HR and Payroll professionals will instantly recognise as a practical and functionally-rich HR & Payroll solution which addresses all aspects of employee management. An intuitive interface and ease of use, ensures that clients are quickly 'up to speed', whilst the depth & breadth of functionality delivers an effective and powerful solution.



## Zellis UK Limited

Peoplebuildings 2, Maylands Avenue, Hemel Hempstead, HP2 4NW  
Tel: 0800 035 0545  
Email: hrsolutions@zellis.com  
Website: www.zellis.com

Formerly the UK and Ireland division of NGA Human Resources, Zellis is now a standalone business providing Payroll, HR and Managed Services to UK and Ireland based companies with over 500 employees.

With over 50 years' experience and 2000 employees Zellis is the largest business of its nature in the UK. We count over a third of the FTSE 100 as customers, serve 5million customer employees and processes in excess of 60 million payslips a year.

We are also the people behind ResourceLink, the award-winning Payroll and HR software. So, if you're looking for market leading payroll and HR services we'd love to have a conversation.



## Payroll bureaux

### 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 Payroll Outsourcing Services offer traditional 'process and deliver' bureau arrangements through to fully managed service contracts. Your business will enjoy all the accessibility, flexibility and control of processing payroll in-house – without having to allocate staff, equipment, time and resources to manage it. And, when it comes to accuracy, efficiency and flexibility, we can be relied upon to ensure the timely payment of your staff. Payroll data can be provided manually or through access to ichris, our Payroll/HR software suite that enables data to be securely entered from any location using a range of devices.

- You select the service level and method of operation
- Software located at your premises or ours
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- Unlimited helpdesk support from team of software experts
- Employee self service option for payslip delivery



### Payroll Business Solutions Ltd

6 Bourne Court, Southend Road,  
Woodford Green, Essex IG8 8HD  
Tel: 020 8550 7758 Fax: 020 8551 8861  
Contact: Nick Hooper Email: sales@payrollbs.co.uk  
Website: www.payrollbs.co.uk

Our outsourced service portfolio offers fully managed or bureau services as well as hosted payroll software with Bacs approved payment service.

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



## Payroll software

### Cintra HR & Payroll Services

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Gateshead, Tyne and Wear NE8 1ET  
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Contact: Nham Lee Email: sales@cintra.co.uk  
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Tel: 0845 3703210 Contact: Sales Department  
Target Employee Range: 50+  
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Website: www.frontiersoftware.com

ichris payroll software is tested and recognised by HMRC's PAYE Recognition Scheme and is supplied with all the core functionality you would expect from an established provider; including statutory tables and reports that are maintained through upgrades. The software is compliant with legislative requirements in each country of operation and can be used to create both standard reports and statutory output. Payslips can be paper or delivered directly to the individual via email or self service, to meet employee expectations in the digital age. Payroll can be provided with fully integrated HR, Expenses, Vehicle Management and P11D if required.

- All payroll parameters can be user defined according to requirements
- Compliance with payroll rules and regulations including RTI and auto-enrolment
- Automated calculation and payment for holiday, sickness and maternity
- Integration with finance and other systems to save time and avoid duplication of effort



# Useful contacts

## Intelligo

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

Intelligo is a leading provider of corporate Human Resource and Payroll Software and Services in the UK and Ireland with clients ranging in size from 300 to 20,000+ employees. Intelligo's flagship payroll product, Megapay is the Number 1 payroll system for corporate organisations and public sector. Megapay is used throughout all major industry from Manufacturing, Top 5 Accounting Firms, Government Departments, etc. As a Certified Workday Global Cloud 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 Hosted basis.

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## Payroll Business Solutions Ltd

6 Bourne Court, Southend Road,  
Woodford Green, Essex IG8 8HD  
Tel: 020 8550 7758 Fax: 020 8551 8861  
Contact: Nick Hooper Email: sales@payrollbs.co.uk  
Website: www.payrollbs.co.uk

Accord Payroll is a comprehensive, scalable and configurable system with advanced features that include pension processing and auto-enrolment, holiday pay uplift, salary sacrifice, client-specific calculations, and user reporting tools. We offer both hosted (SaaS) and on-premise solutions which can interface with 3rd party HR, T&A, pension and accounting systems.

Specialised functionality includes support for pension payrolls and schools and colleges (TPS, LGPS). Online payslips, P60s and other documents can be delivered by 3rd party HR systems or our own MyPay portal.

Our software is HMRC-recognised & Microsoft tested. PBS is an ISO 9001 & 27001 certified, GDPR compliant company.



## Zellis UK Limited

Peoplebuildings 2, Maylands Avenue, Hemel  
Hempstead, HP2 4NW  
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Email: hrsolutions@zellis.com  
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## Payroll training and qualifications

### Chartered Institute of Payroll Professionals

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

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



## Payslip distribution and archiving

### Datagraphic

Ireland Industrial Estate, Adelphi Way, Staveley,  
Chesterfield S43 3LS  
Tel: +44 (0)1246 543000  
Contact: Joanne Hawxwell  
Email: enquiries@datagraphic.co.uk  
Website: www.datagraphic.co.uk

Join over 800 UK organisations who trust our Epay application to connect their workforce to vital payslips, P60s, P45s, reward statements and more. Epay integrates with existing payroll software, enabling you to distribute time-critical employee documents in 2% of the time and achieve a return-on-investment in as little as three months. Connect employees securely to their data around the clock from any internet enabled device with a GDPR compliant application.



### PayDashboard

4th Floor, 86-90 Paul Street, London EC2A 4NE  
Tel: 020 377 33 277  
Email: info@paydashboard.com  
website: www.paydashboard.com

PayDashboard integrates with your existing payroll software to provide employees with digital payslips and documents via a secure online portal. By providing pay data in a digital format, PayDashboard unlocks a wealth of innovation, such as providing your employee payslips in any language, complete mobile optimisation, employee financial education, benefits and discounts. For payroll bureaux we also offer a secure document portal for you to exchange documents and reports securely with your clients. PayDashboard's award winning portal is perfect for both companies running an outsourced



## Professional bodies

### The Chartered Institute of Payroll Professionals

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

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



## Recruitment agencies

### Frazer Jones

95 Queen Victoria Street, London, EC4V 4HN  
Tel: 020 7415 2815  
Email: f.payroll@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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### Hays Payroll Management

3rd Floor, 1 Colmore Square, Birmingham, B4 6AJ  
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  
in Payroll Management

### 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.

**jga james gray  
associates**

### 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

One Finsbury Square,  
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**.

**30** PORTFOLIO  
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## Time and attendance

### 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

With TA21 Time & Attendance software users benefit from access to working hours for all employees regardless of individual work patterns and can quickly identify issues in particular areas. TA21 provides all the control and information needed to effectively manage employee attendance – with the minimum of administrative overhead. Offering flexibility for data capture through a variety of input readers, e.g. Magnetic Stripe, Barcode, Proximity Card and seamless integration with our payroll software to avoid mistakes from manual time keeping methods.

- Capture employee attendance across multiple sites
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- Fully integrate with our payroll and absence management software

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\*as taken from a recent membership survey.



## Confessions of a payroll manager – A new formation

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.

Recently, I learned a valuable lesson: always listen to the whole sentence before jumping to conclusions and storming off like a seven-year old who's been denied a *Beano*, which I was guilty of a few weeks ago at a meeting called by Mr Crumbitt. I heard him say "We need to recruit additional staff in the payroll team" and suddenly I was scurrying out of the door with my inner critic shouting at me that obviously I wasn't capable anymore. Once I'd taken a breath, had two and half Crumbitt's Crinkles (the optimum amount for full temper control) and returned to the meeting to face up to my failings, I found out the rest of the sentence – and felt rather ridiculous.

Turned out that sales, and therefore numbers of staff, had been increasing steadily over the past year so Mr Crumbitt felt we deserved an extra pair of hands in payroll. Rather red-faced I agreed and began thinking about what kind of role would be most helpful to us now and in the future.

Having learned that, left to my own devices, I can be rather impetuous, I called a huddle with the rest of the team and we mind-mapped our main requirements in a new member of staff. With Jace now working part-time and only able to focus on a couple of major projects a year, we came to the conclusion that many of the other projects we'd had ideas about over the years had taken a back seat to basic payroll functions. The team needed to be more visible in the business now raising awareness – especially

with so many new staff members. So, we decided to look for a payroll projects officer with the remit to focus on the jobs that never get done. In anticipation of this new role (and to help in writing a job description) I found my somewhat ancient to-do list to see what things we'd been putting off and for how long. Shockingly, there were five things that had been on it for four years, including producing an employee new tax year newsletter and procuring more coffee supplies for late-night working (how had that been left so long?!).

List in hand, and a pot of tea keeping warm under a Crumbitt's Cosy, I drafted the job description keeping in mind all the required skills the team had brainstormed earlier: being able to influence (essential for dissuading Mr Crumbitt from one of his many loopy schemes); being a good communicator (again, useful when dealing with Mr Crumbitt); and design work (for the aforementioned 'newsletter') etc. Reflecting on these skills it became obvious why the rest of the team (bar Jace) struggle with project work as payroll recruitment is normally about attention to detail and accuracy.

Job description completed (and three pots of tea down) I contacted the Payroll Agency and was rewarded with a huge swathe of CVs from prospective employees. Despite my caffeine high (which had left me far more excitable about CVs than usual) I was able to spot a couple of potentials with great experience of getting the most out of the payroll systems as well as running communication campaigns for financial education.

As we'd been focused on trying something different with this new role, I changed the way we interview. I asked

both candidates to design a campaign to communicate the importance of understanding your tax code and then to present this to the interview panel – who were blown away by their presentations. The candidates used some clever new technologies that made PowerPoint slides look like something painted on the inside of a cave.

Despite both candidates being impressive, I was finally swayed by one who discussed setting up a Twitter feed for payroll to put out important messages to followers of Crumbitt's payroll department, especially when Jace piped up with ideas about tweeting 'What payroll are watching – film of the week' and 'What's your biscuit twin quizzes'.

As Jace and the candidate got steadily more excited about payroll's social media presence I looked over at the other two panel members and nodded with a smile. We had our new projects officer.

Stacey Clements, the successful candidate, started with us on Monday and is already a hit with the team – which is what happens when you bring a bumper box of tea-bags and a new teapot on your first day. Welcome to the team, Stacey!

With our new addition, the payroll department can truly be the idea hub that I've been dreaming of for the past four years. Turns out that sometimes the real skill is designing the team formation to deliver the plan rather than just expecting the team to do more. ■

**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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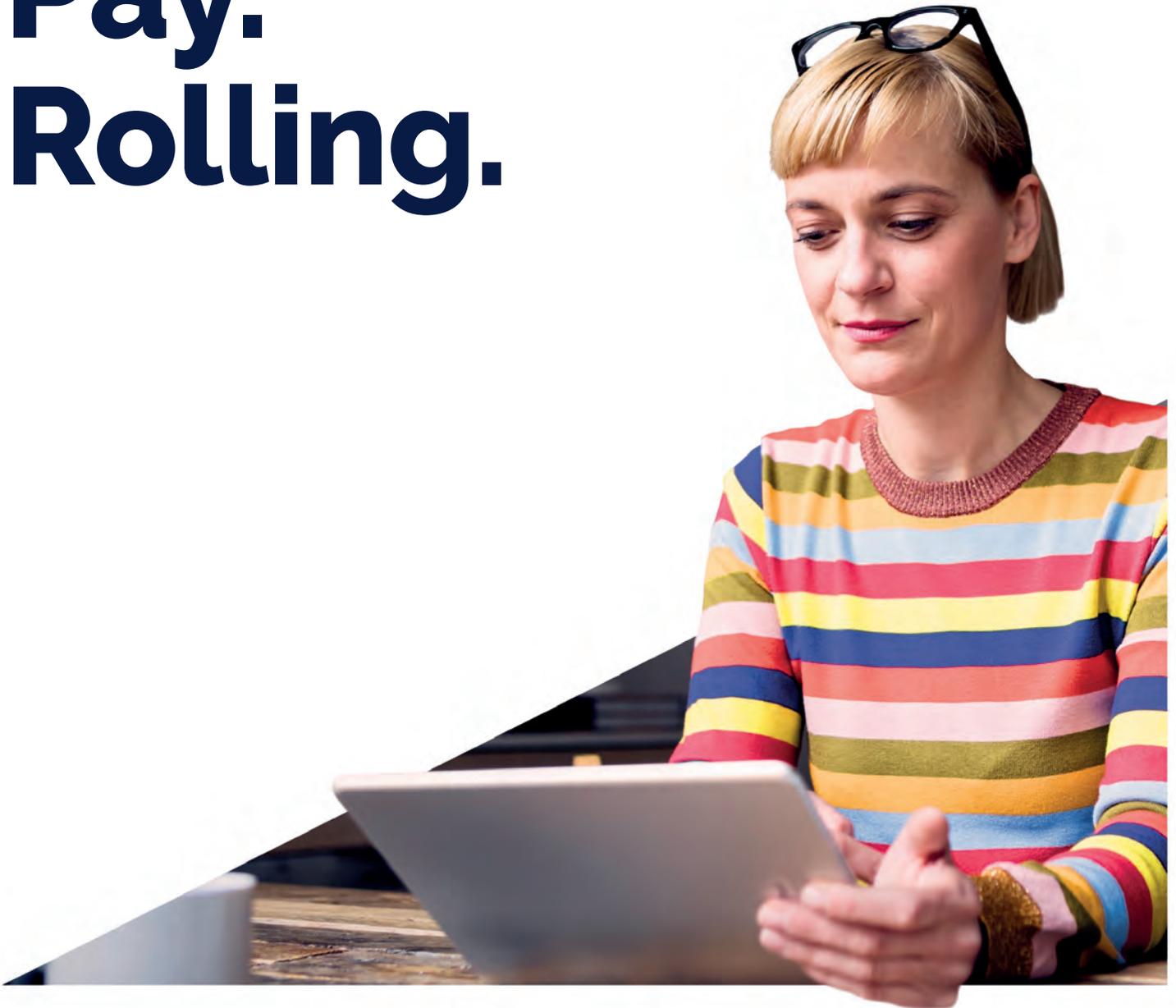
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