JANUARY 2017

PAYROLLWORLD

PW

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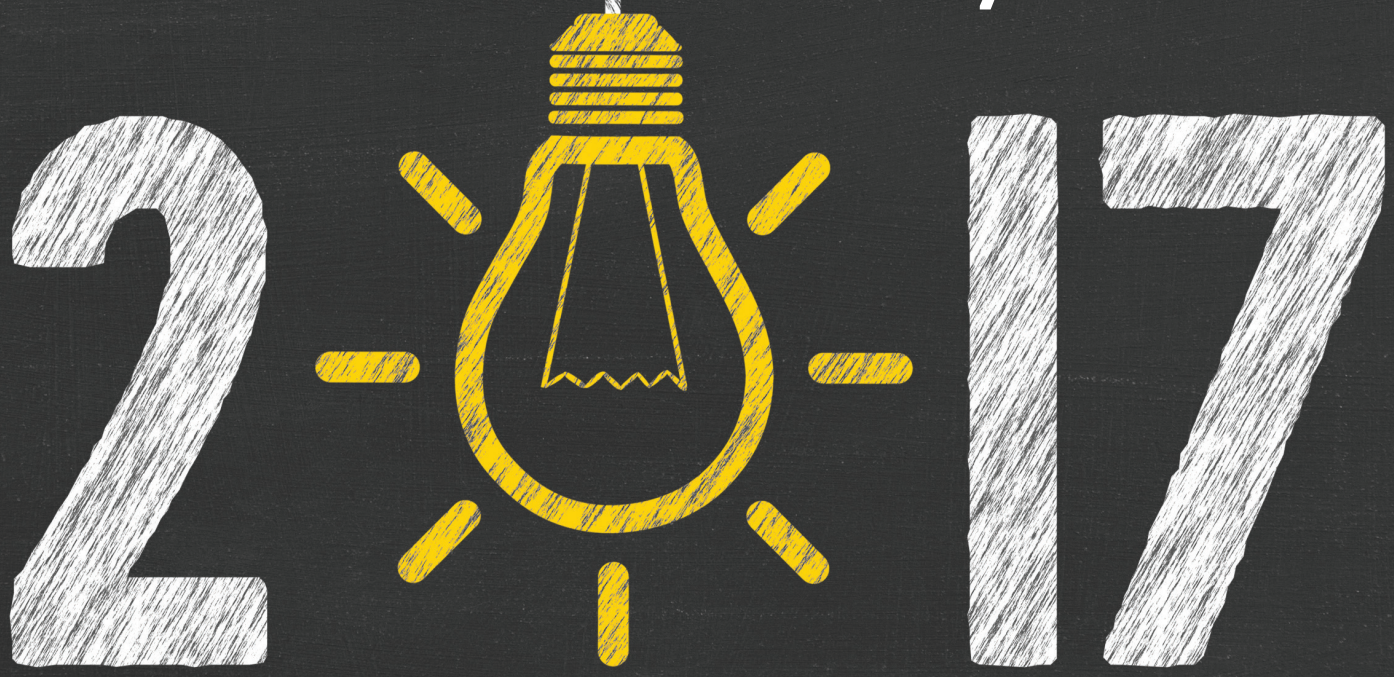
New year, new system?



Payroll is changing
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There will be some exciting changes to Payroll World in spring 2017, including:

- A new website, with brand new structure, content and much more
- A fresh new look, feel and focus for the magazine
- A new brand for all of our events

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FROM THE EDITOR

Big year ahead

2017 is set to be a big year in payroll. I know what you're thinking right now – it's always a big year in payroll. Well, that's true. But it's not surprising, given the increasingly important role professionals in the industry now play in ensuring companies of all sizes remain compliant with an ever-growing list of legislation and regulations. And coming your way in 2017 is gender pay gap reporting, the Apprenticeship Levy, changes to salary sacrifice and much more. The changes you can expect this year are covered throughout this issue.

But in terms of changes we don't yet know about, let's hope the government keeps a cool head. Payroll professionals should not have to bear the brunt of knee-jerk reactions or unnecessary regulations dreamt up to appease the press or secure sensational headlines. I'm thinking of the recently mooted rules about disclosure of foreign workers, which were thankfully ditched in a matter of days. Enjoy the issue.

JEROME SMAIL

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1 Scottish rate deviates from rUK for first time

In the Scottish Budget, Derek Mackay, cabinet secretary for finance and the constitution, confirmed that powers from the Scotland Act 2016 would be used and, for the first time, in tax year 2017-18, the tax payable by Scottish taxpayers will not be aligned with the tax that is payable in the rest of the UK (rUK).

Assuming that the taxpayer is in receipt of the UK-wide personal allowance of £11,500, the following bands will apply:

- Basic rate (20%), rUK taxpayers: £0-45,000.
- Basic rate (20%), Scottish taxpayers: £0-43,430.
- Higher rate (40%), rUK taxpayers: £45,001-150,000.
- Higher rate (40%), Scottish taxpayers: £43,431-150,000.
- Additional rate (45%), rUK taxpayers: over £150,000.
- Additional rate (45%), Scottish taxpayers: over £150,000.

2 Guidance published on Apprenticeship Levy for schools

Employer guidance on the Apprenticeship Levy now includes details for schools and local authorities:

- For maintained schools, the local authority is the employer.
- Each local authority will be given an annual allowance of £15,000.
- For voluntary-aided schools, foundation schools and academies, the governing body is the employer.
- Each governing body will be entitled to an allowance of £15,000.
- Multi-academy trusts will get a single annual allowance of £15,000.
- If a school becomes an academy part way through a tax year, the academy's governing body will be responsible for the Apprenticeship Levy from this point and get a full allowance of £15,000. Full guidance is available on the Gov.uk website.

3 Gender pay gap reporting regulations

Large employers will be required to publish the difference between the average hourly rate of pay for male and female employees, according to gender pay gap regulations, which come into force on 6 April 2017. Such employers in the private and voluntary sectors will need to publish, expressed as a single percentage:

- The difference between the mean average hourly rate of pay for males and females.
- The difference between the median average hourly rate of pay for males and females.
- The difference between the mean average bonus pay for males and females.
- The difference between the median average bonus pay for males and females.
- A bonus eligibility statistic, expressed as a single percentage for men and women (i.e. two figures).
- A quartile representation, showing the proportions of males and females in each of the four pay quartiles.

4 Figures show stagnant wage growth

The latest labour market data published by the Office for National Statistics, show annualised real pay growth has been stuck at 1.7% for the last four months.

TUC general secretary Frances O'Grady commented: "Wages are still struggling to get off the ground with increases in pay offset by rising inflation. After the longest wage squeeze since Victorian times, this isn't the pay boost working people need to get their living standards back on track.

"The government needs to act fast to avoid another living standards crisis. That means a clear plan for Brexit that will protect jobs, pay and rights. And we need a quick end to the unfair public sector pay cap, which will see public sector workers face year-on-year cuts to real pay."

Wages are still struggling to get off the ground with increases in pay offset by rising inflation

Frances O'Grady, TUC general secretary

5 Research: Employees using holidays for bereavement

Nearly one in five employees have had to use their annual holiday entitlement or take unpaid leave to attend funerals of family members or friends, according to research.

19% of workers have been absent to attend funerals or cope with bereavement which was classed as unpaid leave or was deducted from their holidays over the past two years. Around 11% had to use holiday time when it was a family member while 8% had to use their holidays when it was a friend.

Younger workers are the most likely to be made to use annual leave to cope with bereavement, with 23% of those aged 18 to 24 using their holidays compared to just 8% in the 45 to 54 age group.

Nearly a third (32%) of employees say they would consider resigning if their employer was unsympathetic following a bereavement.

2017 events calendar

PAYROLLWORLD SPRING UPDATE

IN-HOUSE PAYROLL CONFERENCE

In-house Payroll Conference | 25.05.17
London
springupdate.payrollworld.com
The In-house Conference offers you a unique opportunity to hear from expert speakers on timely subjects such as the Apprenticeship Levy in the UK and salary sacrifice and benefits changes. Interact with your peers, and ensure you remain compliant and fully up-to-date on payroll legislation for the year ahead.

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CLIENT PAYROLL CONFERENCE

Client Payroll Conference | 25.05.17
London
springupdate.payrollworld.com
Dedicated to those businesses and individuals who run payrolls on behalf of other organisations, the conference is the only one of its kind. Attend and gain insight into the unique issues that affect bureaux and accountants and hear your regulatory update directly from HMRC. Plus the DWP will be discussing auto-enrolment.

PAYROLL TOP 50

Payroll Top 50 | 25.05.17
London
springupdate.payrollworld.com/top_50
The 2017 Payroll Top 50 recognises the leading professionals who have made a positive impact on the payroll industry in the past year. The 2017 list will be announced after the Payroll World Spring Update Conference and the Client Payroll Spring Conference.

PAYROLLWORLD AUTUMN UPDATE

IN-HOUSE PAYROLL CONFERENCE

In-house Payroll Conference | 02.11.17
Hilton London Bankside
autumnupdate.payrollworld.com
The In-house Payroll Conference delivers a comprehensive review of the major issues affecting payroll operations. Providing you with all of the payroll updates you need to make your job easier.

CLIENT PAYROLL CONFERENCE

Client Payroll Conference | 02.11.17
Hilton London Bankside
autumnupdate.payrollworld.com
The Client Payroll Conference focuses specifically on those who run third party payrolls as a service and is the only event of its kind. You'll be able to meet with payroll providers, regulators, pension providers, IFAs, and marketing specialists.

PAYROLL WORLD AWARDS

Payroll World Awards | 02.11.17
Hilton London Bankside
payrollworldawards.co.uk
Launched in 2011 the Payroll World Awards is now firmly established as the leading awards platform for the payroll industry. The glittering evening of celebration is the perfect opportunity to join fellow payroll professionals in celebrating the very best our industry has to offer.

If you would like to be involved in any of the above events please get in touch using the following details:

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Is changing the IR35 rules really the answer?

The government's decision to press ahead with reform to the off-payroll working (IR35) rules in the public sector from April 2017 is going to mean a lot of people are going to be very busy between now and then. But is this the right move?

Under the current IR35 rules individuals employed via their own personal service companies (PSCs) are treated as 'off-payroll', i.e. not direct employees of the public sector body but as third-party contractors. This structure means the public sector body has no responsibility to account for PAYE and National Insurance contributions (NICs) on payments it makes for their services. Rather, it is up to the contractor to decide whether the work via their PSC falls within the IR35 rules and, if so, to account for PAYE and NICs on the payments the PSC receives for that work (as if it was salary paid to the contractor).

Under the new rules, it is the public sector body (or an agency in the supply chain) that will be responsible for determining whether IR35 applies. But determining someone's status for IR35 purposes is not straightforward and, even with the automated tool which HMRC is currently building to assist with this (which they say will be ready for April 2017), the likelihood is that public bodies (and agencies) will be tempted to play it safe and deduct PAYE and NICs in most circumstances. This will then leave the contractor/PSC to pick up the pieces themselves if they disagree that deduction should apply.

Added to this, the resulting employer NICs cost will fall on the public sector body which will likely need to negotiate a reduction in the PSC's rate in order to cover the additional cost. This, coupled with the need to join up the accounting and payroll departments, will all need to be done in time for April 2017… a tall order indeed!

These changes could simply be a pilot for changes across the board to apply to the private sector as well

In fact, the size of the task may lead some public sector bodies to have done with it and simply put everyone on the payroll as a traditional, salaried employee. But this in turn would crystallise additional employer NICs cost across the board for all contractors currently engaged via PSCs and provide far less labour flexibility for the public sector body. As such, contractors for whom the IR35 rules do not apply may decide instead to work in the private sector where they can judge the matter for themselves and so not have PAYE and NICs deducted where it is not due. That is, unless perhaps the public sector was to increase pay rates – something which would seem very unlikely when most are short of cash.

According to HMRC these reforms will bring in an additional £20m to £25m of tax annually, which seems relatively small beer for such a great upheaval, impacting on so many contractors, public sector bodies and agencies. HMRC itself will also be impacted when contractors seek to unwind PAYE and NICs they consider has been deducted in error.

This then prompts the question of whether this change is really proportional to the problem at hand.

Well, the answer is that maybe this isn't all it seems – these changes could simply be a pilot for changes across the board to apply to the private sector as well. Although the government has said that its focus is on the public sector, we would certainly advise all companies to watch this space!

Looking further ahead than April 2017, the government has said that it intends to look at wider issues in relation to the different ways we work and the impact on the tax take. And it's true that these days we may be employed, self-employed, agency workers, contracting via PSCs, setting up micro-businesses or a mixture of one or more of the above! But the choice of incorporation is certainly tempting to many given a corporation tax rate heading towards 17%, as compared to a top rate of income tax of 45%, and NICs to boot.

In a letter to the Office of Tax Simplification the government latches on to this, commenting that "this not only causes complexity but also… is resulting in increased fiscal costs to the Exchequer". And that it wants to look at how it can ensure that the "taxation of different forms of working and different forms of employee remuneration is fair, sustainable and efficient".

CONTRIBUTOR: Colin Ben-Nathan, tax partner, KPMG

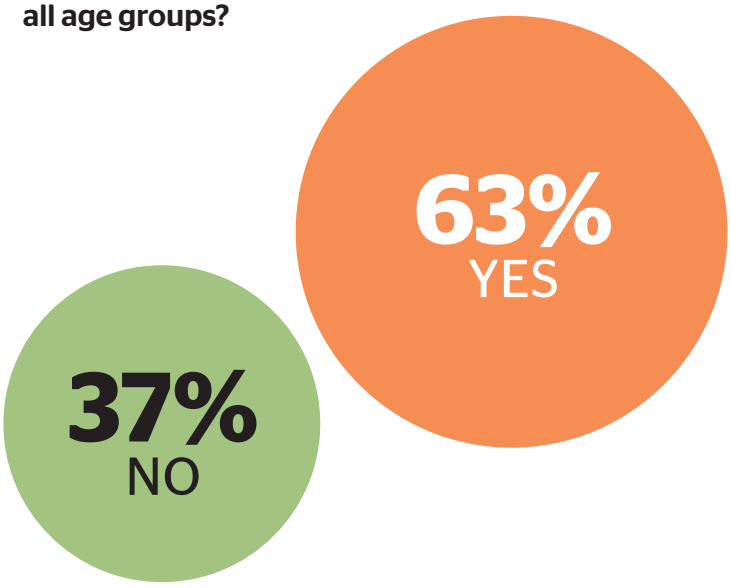
This commitment chimes with the rise of the 'gig economy', the ongoing Business Energy & Industrial Strategy inquiry into "The future world of work and rights of workers", and the anticipated report on employment status from a cross-government working group. Clearly, employment status and workers' rights are going to remain in the spotlight. And, aside from the public sector IR35 changes, this has the potential to trigger something of a perfect storm for many firms.

In this light we surely have to ask whether changing the IR35 rules for the public sector (and then the private sector) is the right policy response. Arguably, it would be better to await the outcome of the government's review of the wider issues at stake, consider the right strategic approach and then implement it – rather than rushing through a tactical, and administratively costly, change in such a very short timeframe. ◆

WEB survey

The TUC recently called for young workers to receive the full adult minimum wage rate. So in our online poll at payrollworld.com, we asked:

Should there be one minimum wage for all age groups?



PAYROLLWORLD WEBINAR

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Time for payroll to take control

You don't need reminding that auto-enrolment has changed payroll – but are you up to date with the latest AE developments? Make sure you are by listening to this webinar which covers the following:

- API technology is changing the modus operandi, but the market is responding at different speeds. How can you get up to date?
- With margins already tight, how can a digital interface with key software providers help with auto-enrolment?
- How can you make savings via new technology?
- How can you and your clients benefit from not only an efficient solution for auto-enrolment, but also a 'one stop shop' for a wide range of insurance needs?

Presented by:
Duncan Singer, business solutions development manager, Aviva
Chris Deeson, chief marketing officer, Pensionsync
Jerome Smail, editor, Payroll World

READ MORE FROM IAN HOLLOWAY
AT WWW.PAYROLLWORLD.COM/BLOG

Gender pay gap reporting – private and voluntary sectors

At the Payroll World conference in November 2016, I spoke about how gender pay gap (GPG) reporting will become a reality with legislation effective 2017.

This was an exciting opportunity to look into this murky world, given that the reality is it has been consultation after consultation followed by draft regulations after draft regulations! Coupled with this is the fact that guidance from government has been sparse (to say the least).

I also spoke how the term 'reporting' was really incorrect, as the duty to be imposed on certain employers was actually a series of figures that needed to be presented rather than reported. At the time, there were five pieces of information that needed to be presented. I was also quite clear that my presentation was based on the information that was available at the time. This was as per the consultation in August 2016 for public sector England which strongly/definitively implied that public sector England would mirror private and voluntary sector Great Britain.

How things change in just over a month!

The publication of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 tells a different story than the one I presented. The factual pieces of pay information that have to be presented have increased to six. This all revolves around the number of people at the snapshot date and the pay and bonuses received in the relevant pay reference periods surrounding it:

1. The difference between the mean average hourly rate of pay for males and females, expressed as a single percentage.
2. The difference between the median average hourly rate of pay for males and females, expressed as a single percentage.
3. The difference between the mean average bonus pay for males and females, expressed as a single percentage.
4. The difference between the median average bonus pay for males and females, expressed as a single percentage.
5. A bonus eligibility statistic, expressed as a single percentage for men and women (i.e. two figures).
6. A quartile representation, showing the proportions of males and females in each of the four pay quartiles.

As for guidance, employers will be comforted by the explanatory notes that say "supporting non-statutory guidance to help employers meet the regulatory requirements will be published after Parliament has approved the Regulations".

So we are not looking at guidance in 2016 then!

I accept that the information does not have to be presented until 2018.

However, this is all based around the people, pay and bonuses in April 2017.

This is a government 'high priority' policy that employers are going to find very hard to conform to through absolutely no fault of their own.


Ian Holloway, head of legislation and compliance at Cintra HR & Payroll Services

Tax and NICs alignment – not now, thanks

One of the crumbs of comfort from the Autumn Statement was the knowledge that UK payroll professionals would not have to go through a massive change – namely, the closer alignment of tax and National Insurance Contributions (NICs). I know that I breathed a sigh of relief.

However, that was very quickly followed by recognising reality – we have a PAYE system that is, to be honest, not fit for purpose in the 21st century.

The concept of closer alignment of the tax and National Insurance systems was first mooted in Summer Budget 2015. A March 2016 report by the Office of Tax Simplification (OTS) suggested a seven-stage programme for bringing the two regimes closer together:

1. Moving to an annual, cumulative and aggregate (ACA) basis for employee NICs.
2. Basing employers' NICs on whole payroll costs and renaming the charge – the Payroll Levy.
3. Aligning the self-employed NICs more closely with employees' NICs.
4. Improving transparency for NICs and the contributory principle.
5. Aligning the definition of both earnings and expenses for income tax and NICs.
6. Bringing taxable benefits in kind into Class 1 NICs.
7. Having a joined-up approach for income tax and NICs laws and practice.

Budget 2016 picked up on the first two points for further

investigation and research and terms of reference were published in May 2016. The OTS was asked to produce a report ahead of Autumn Statement 2016 indicating the financial "gainers and losers" as well as the administrative benefits and challenges.

The OTS reported in November 2016 and made clear that any alignment would be complex, costly and come with winners and losers. Yet, the report indicated almost universal support from the numerous people and organisations that were involved in their research. Given the fact that the current system is not fit for purpose, many were expecting an announcement at Autumn Statement 2016 that would progress their research and lead to reforms. Indeed, the statement itself mentioned that it "welcomes" the report.

However, a letter from chancellor Philip Hammond to Angela Knight and John Whiting of the OTS said that any reform would be a "major upheaval" and, to summarise:

- Regarding ACA, Mr Hammond said that he was pleased the issue had been raised, but, "I do not consider now to be the right time."
- Regarding a Payroll Levy, this is being kept "under review" by the appropriate officials.

To me, this seems as though 15 months of considerable work and research has been dismissed in a two-page letter. We do have a little alignment in the fact that the Primary and Secondary thresholds will be the same going forward, but I can't say that excited me very much. Now was the time to be bold and undertake some radical reforms. Nobody really likes change but sometimes it is necessary. Seems like an opportunity missed.

The EU, EEA, EFTA and your Articles

Oh my goodness. We had just about got used to the fact that it is Article 50 that needs to be triggered to set in motion our 'divorce' from the European Union (EU). Theresa May has said she intends to trigger this by the end of the first quarter in 2017.

Now, a new Article has come into the mix, that being Article 127. This is the one that would trigger an exit from the European Economic Area (EEA).

Confusion seems to exist at the moment as to whether triggering 50 automatically triggers 127 or whether they are two different things.

What is the difference? Quite a lot:

- Article 50 is in the Treaty on European Union, but
- Article 127 is the 1994 European Economic Area (EEA) Agreement.

It is so confusing:

- The EU consists of 28 members (including the UK) and it takes Article 50 to leave.
- The EEA consists of the EU members plus Norway, Iceland and Liechtenstein. Does Article 50 mean that we also leave the EEA or does it take Article 127 as well?
- The European Free Trade Area (EFTA) is something else. This comprises countries from the EU and the EEA and also Switzerland, where a number of bilateral agreements mean they can trade as though they were all part of the single market.

The United Kingdom was once in EFTA before it left and became part of the EU/EEA – but are we heading back towards EFTA membership, I wonder? We can be in EFTA without being in the EU but it does operate in parallel with the EU and we would have to adopt some of their legislation and pay a fee.

That's not what the democratic Brexit vote was about, is it?

Will Lovegrove

CEO, pensionsync

pensionsync

The head of pensionsync talks to Payroll World about his company's plans for 2017, its new pension and software comparison sites and why auto-enrolment is still driving change

Q&A

Payroll World: What is 2017 going to look like for pensionsync?
Will Lovegrove pensionsync is going into 2017 in a very strong position. The number of bureaux, accountants and SMEs that are using pensionsync continues to increase and the feedback on time savings that we are hearing is extremely positive. At the same time, we are adding new payroll software partners every month and have full automation with six major workplace pension providers.

PW: How do you see the payroll market shaping up in 2017?
WL: I think 2017 is going to be a landmark year for the payroll market.

Companies such as Xero will be making a big push into the market and given their reach in the accountancy space, Xero alone could account for a large amount of software switching.

However, I think this will be just a part of an unprecedented scale of payroll software switching in 2017 and beyond.

We know of a number of large accountants who are actively looking at moving from Sage and Iris to products like Star and QTAC and the big driver is auto-enrolment processing.

Alongside this, we have been speaking to hundreds of small accountants and bookkeepers who are seeing auto-enrolment as a business opportunity and who will switch payroll software to give them a competitive advantage.

PW: Is auto-enrolment really such a driver for change?
WL: Ironically, this is one of the unintended consequences of a policy designed to increase retirement saving in the UK. Most of the payroll professionals that we are listening to are not changing software provider because of shortcomings with the traditional payroll functionality, but instead because they are looking for faster and more secure processing of their clients' auto-enrolment data. The amount of time they are currently spending on manual AE processing means it is often cheaper and less hassle to look at changing payroll software than it is to employ and train additional members of staff.

We are starting to see more and more organisations switching payroll software, away from those softwares that are reliant on CSV and manual upload processes.

> *I think there will be an unprecedented scale of payroll software switching in 2017 and beyond*

PW: Is this why you have created a payroll software comparison site?
WL: Yes. The original spur was the pension comparison site, but we were fielding so many queries from bookkeepers and accountants that we realised there was a gap in the market for payroll professionals to compare the different capabilities of well-known brands.

From a timing perspective, we also know that most people change payroll software at the beginning of the tax year, so the timing was perfect.

PW: You mentioned the pension comparison site – why is this important?
WL: There are approximately 750,000 potential stagers in 2017 and no single pension provider is going to be the best solution for all of those employers. Scheme selection should always be a key part of staging and given the unprecedented number of providers offering workplace pensions, this is even more important in 2017.

Many SMEs cannot or will not pay for scheme selection advice, which is a concern as this is the best way of ensuring that the employer's and employees' needs are met.

I know, as the owner of a small company, how difficult it is to review the different offerings as an SME, and many bookkeepers, small accountants and bureaux have a similar lack of resources. As we work closely with the most prominent pension providers in the market, it made sense to collate the information that is freely available on the web and put it in one place. We have then enriched that with some of our opinion and – crucially – with the inclusion of Defaqto's ratings. Having said that, we would strongly recommend that, having visited the site, employers use an adviser to help make their final decision.

PW: Does the site provide any information on the investment strategies of the different providers?
WL: Investment is the one area that we are not trying to address. Comparing the relative merits of the different default funds is extremely complex and beyond our capabilities.

This is definitely an area where employers should be looking to pay for advice, as ultimately this will provide them with the best outcome for them and their employees.

PW: Where can users access the comparison sites?
WL: The pension comparison site is at www.payroll.pensions.market and the payroll comparison site is www.payroll.pensions.market/Payroll.

PW: And how can they access pensionsync?
WL: The easiest way is through the payroll software that have completed their integration (these are highlighted on the comparison sites), but if we are not currently working with your payroll software then there are middleware options such as AEclipse or OptEnrol which can provide good value access to our partner pension providers. ◆

No sacrifice?

Chancellor Philip Hammond recently clarified the changes to salary sacrifice due to come into force in April 2017. **Norman Green** analyses the details from the Autumn Statement

The new chancellor's first and last Autumn Statement gave us the certainty that benefits in kind provided by salary sacrifice are to be removed of their income tax and NICs benefits. The national press have highlighted the typical benefits that may suffer as a consequence and mobile phones are in almost every list, not least as they appear in the Treasury announcement. But the question about the phones, and indeed every other benefit in kind, is one of how they are provided within the law.

This means looking at the benefits code, as it is called, which is part of the Income Tax (Earnings and Pensions) Act 2003 as amended by various Finance Acts since the original was enacted. The law allows for one mobile phone provided by the employer to an employee or director to be free of any charge to tax. Prior to the Finance Act 2006 amendment, the number of mobile phones that could be provided was unlimited. That change could cause a problem for an individual provided with, say, two mobile phones so as to take advantage of different tariffs in the different countries the individual may be required to work. However, there is still an exemption for other mobile phones where the private use is not significant.

If the one mobile phone or several mobile phones are provided without any salary sacrifice arrangement, then they are not caught by the new proposals and thus retain whatever exemption they had before. It is only where a mobile phone is provided by salary sacrifice that the tax (and NICs) exemptions are being removed.

Identification

So what needs to be identified in the arrangements so the taxation of benefits in kind is correct? Hopefully, any benefit provided by way of salary sacrifice will be easy to identify. The sacrifice is a change in an employee's contract of employment, so it has to be properly recorded.

Some benefits are still promoted by the government as in the best interests of both the individual and the state

The benefit received in exchange for the sacrifice, again, should be easy to identify. But there is a slight issue here because the tax and NICs advantages would not be available if the reduced salary and benefit were so closely connected that HMRC would see the two elements as a single transaction. In HMRC's view, this means the employee is buying the benefit out of gross pay. And that is the whole point of the new legislation: individuals must not be advantaged in the provision of benefits just because the individual's employer has certain arrangements in place. To be fair, HMRC has taken a far more relaxed attitude to this in recent years but the clampdown on salary sacrifice (outside the acceptable few) is likely to reverse that.

But has the sacrifice become the norm and does the standard employment contract include part of the remuneration as benefits in kind by default? It is important not to throw the baby out with the bath water as some benefits are still promoted by the government as in the best interests of both the individual and the state, and possibly to the benefit of the employer. The government still wants to promote certain benefits, thus the acceptable items. These are: pension contributions and pensions advice, childcare, cycle to work schemes and ultra-low emission cars (currently those emitting less than 75g of carbon dioxide per kilometre but subject to a consultation that started in August 2016).

The change applies from the start of the next tax year: 6 April 2017. However, all arrangements in place before April 2017 will be protected for one year and for arrangements relating to cars, accommodation and school fees there will be protection until 2021.

As yet, there are no specific details so it is important to note that the Autumn Statement says that the government will take these steps and there will be a further consultation on the valuation of benefits in kind to be published in spring 2017. ◆

Norman Green, payroll consultant

Keypoints

- Benefits in kind given by way of salary sacrifice will cease to have any tax and NICs advantages
- Pension contributions, pensions advice, childcare and ultra-low emission cars will continue to enjoy tax advantages
- Benefits not given as part of salary sacrifice are unaffected. There are transitional arrangements for certain benefits

A job well done

Reward professionals need to collaborate with their HR colleagues to help ensure jobs are well designed and employees receive the training they need to perform, says **Charles Cotton**

January is often seen as a rather depressing month. After the excitement and enjoyment of Christmas, the tinsel comes down, the diet starts and the bills begin to land on the doormats.

However, while most people spend more at this time of year, it doesn't necessarily mean that they get into debt paying for it. A survey of over 1,800 workers commissioned by the CIPD finds that 50% actually set aside money in advance to pay for the Christmas and New Year celebrations.

That doesn't mean the rest don't. The survey finds more than one in four employees don't have any extra costs associated with this time of year, in part a reflection of our secular and multicultural society, but also income. Those earning more than £60,000 a year or more are typically likely to report that they're not faced by any additional costs, because they can pay for the extra costs from their monthly wage.

However, that does leave more than one in five employees who put the seasonal costs on a credit card and plan to pay it back later over the year. These people are more likely to be aged between 45 and 54 years old and earning between £45,000 and £59,999 a year.

One would expect that this group, being relatively affluent, would be more likely to save up for Christmas. Of course, there's nothing wrong with using a credit card to buy things; the issue is finding the money subsequently to pay off the debt.

This age group could have many demands on its money. Some may have childcare commitments, other elder care responsibilities. Some are trying to pay down the mortgage, some trying to clear their debts, while others are trying to find the money to save for their future.

The fact is all employees can face money worries irrespective of how much money they get paid a year. That is why it is important for employers everywhere to adopt a holistic approach to people management – one that focuses on the whole person, irrespective of whether they are at work or not.

●● One third of employees believe they are overqualified for their current role ●●

While finance is an important part of employee wellbeing, it is not the only element. For instance, so too is being happy at work. And it's good news that the CIPD's Employee Outlook from Autumn 2016 found that more employees say work makes them feel positive rather than negative.

Employees are most likely to say that work makes them feel cheerful (just under three in ten) most or all of the time as opposed to any other feeling. This is followed by optimistic (one in five), then stressed (one in six) and relaxed (one in six). As regards health, more than one third of staff believe their organisation supports workers with mental health problems either very or fairly well, and a quarter believe they do so either not very or not at all well.

More employees were either not very or not at all confident (47%) rather than confident (43%) to disclose unmanageable stress or mental health problems to their employer or manager.

When it comes to whether they feel their talents are being utilised by their organisation, one third of employees believe they are overqualified for their current role. This is important because just one quarter of those that believe they are overqualified for their roles are satisfied with their jobs compared with just under seven in ten who believe they have the right level of qualification.

Payroll and reward managers can take heart that overall, many workers enjoy reasonable levels of financial wellbeing, happiness, mental health and feel their skills are being used.

However, there is room for improvement. Boost employee levels of wellbeing and you can raise individual and collective performance. This can then translate into higher revenues and profits for firms and better salaries and benefits for employees.

However, while staff may feel motivated to perform, this will only help the organisation if they have the opportunity to perform and they have the skills and knowledge. Reward and payroll professionals need to collaborate with their HR colleagues to help ensure staff receive the training they need to perform, as well as enjoy well-designed work and jobs that allow them to perform. ◆

Charles Cotton, performance and reward adviser, Chartered Institute of Personnel and Development

Keypoints

- Finance is an important element of employee wellbeing, but other important elements include health and happiness
- Boost employee levels of wellbeing and you can raise individual and collective performance, meaning higher revenue
- For employers to benefit from improved wellbeing, they need to provide the tools and the opportunity for staff to excel

Reviewing the review

Henry Tapper looks at the scope of the government's review of auto-enrolment in 2017 and says it's a case of 'never mind the quality – feel the width'

The government has set out its stall for this year's auto-enrolment review. To the disappointment of providers, an increase in contributions is not on the agenda. But the breadth of coverage of auto-enrolment is – including consideration of the self-employed.

This is in line with the recent behaviour of other government departments. In October the Cabinet Office set in train the Taylor review of the gig economy, focusing on the new ways we work and get paid. In November, the Treasury announced new rules for employers in the public sector using personal service workers for contracts. The Office of Tax Simplification has in December announced further proposals to align National Insurance to the changing needs of the self-employed, abolishing Class 2 contributions.

This is a remarkably consistent set of initiatives which suggest there is a clear strategic direction from the top. Perhaps we have a prime minister who means what she says when focusing on those just getting by.

Along with the ministerial statement on the AE review the DWP is also announcing three important changes to the AE limits: 1. The earnings trigger will remain at £10,000, bringing in a further 70,000 savers (many of whom will be caught in the net pay trap). 2. The lower earnings limit will be in line with 2017-18 NI threshold earnings (£5,876). 3. The upper earnings limit will be in line with 2017-18 NI upper threshold earnings (£45,000). Since the lower earnings threshold rose by CPI rather than average earnings, it has lowered in real earnings terms, and as the NI upper threshold increased by £2,000, it has increased in real terms. The net impact of the contribution thresholds will be a rise of £61m in pension contributions, while the impact of freezing the earnings trigger will drive a further £51m into workplace pensions.

This is further nudging and it looks like in the years ahead, this is as much compulsion as the government has in mind – at least on the existing constituency. It is easy to see why the government is shying away from more radical increases in contributions. The Autumn Statement made it clear that Treasury forecasts expect to see no real rise in earnings before the end of the decade. Clearly, the government has decided that the success of AE is not going to be imperilled by reckless compulsion (even with an opt-out!). So much for the quality – what of the width?

So far, the government's attempts to collar the personal service worker into AE has not been a great success. Little information is available as to the number of off-payroll workers saving into workplace pensions but anecdotal evidence suggests there is little attempt to apply The Pensions Regulator's test of "does he/she look, feel and smell like a worker". Either the PSWs are too fragrant or employers and payroll cannot be bothered. If there is mass employer disobedience, then there is scope for a class action against any boss who has signed his declaration of compliance without enrolling the PSW who can prove he is an eligible job-holder. Employers will no doubt plead that not only was the definition of a PSW obscure, but there was no obvious mechanism for collecting contributions or administering opt-outs.

No doubt, the AE review will be looking at the mechanism as well as the principles. The current system is neither working in principal or in practice. Just how the self-employed can be included in workplace pensions seems unclear, but the DWP is putting itself under no time pressure; it is not aiming to complete its findings in 2017 and there is no deadline for the implementation of the review's proposals in the ministerial statement.

So much for AE, what of workplace pensions? The review will incorporate the DWP's promised review of the workplace pension charge cap. As with the consideration of scope, nothing is expected to be announced as policy in 2017 but it looks as if the promise to consider transaction costs as part of the cap will be fulfilled. Despite harsh words for asset managers in the FCA's recent study of them, it seems unlikely that the government will limit the capacity of providers to maintain their margins; it seems intent on fostering a competitive market among providers.

Rather than inhibit innovation through a cap on revenues, I expect the government to focus on better governance, greater transparency and a responsible attitude to dealing with workers earning in excess of the earnings threshold but unable to claim tax relief in a net pay arrangement. ◆

Henry Tapper, director, First Actuarial

Keypoints

- Little information is available but anecdotal evidence suggests there are few off-payroll workers saving into workplace pensions
- The government's review of auto-enrolment will incorporate the DWP's promised review of the workplace pension charge cap
- The DWP is not aiming to complete its findings in 2017 and there is no deadline for the implementation of proposals

Get ready for change

It's going to be another big year for payroll. A raft of measures will see the function playing a key part in ensuring employer compliance, as **Simon Parsons** explains

This year is going to be both interesting and challenging. With Brexit and changing government leadership, much is to be done and quickly. We have the details from the Autumn Statement, announcements from the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) on pension reform adjustments, confirmation of the removal of salary sacrifice and some detail of the changes for gender pay gap reporting from the Government Equalities Office (GEO).

Now is the time for businesses to come together and plan for change. Software and service providers will be reviewing what software changes are required. However, a significant part of the change is configuration and internal business policy and process, a review of employment, benefits and employee wellness considerations. The high risk is spending time dealing primarily with confusion on impacts.

Payroll managers are key in taking a lead in the business on much of this change – even if that means purely flagging up the impacts on the tax and NICs positions. The payroll department has much of the existing detail of what happens with what and to whom – and this now requires analysis.

So these next few months are key in reviewing the state of play, especially where 'Optional Remuneration Arrangements' (Schedule 2 of the Finance Bill 2017) are in place – this impacts all employers with salary sacrifice or where a benefit can be given up for cash (such as company car schemes with options for cash). The Equality Act 2010 (Gender Pay Gap Information) Regulation 2017 places obligations for employers where there are over 250 employees or in the public sector. This will likely require payroll assistance in providing at least base information for analysis, and maybe some expectation to carry out the analysis as placed on the business by law.

We also have the Apprenticeship Levy and its impacts on business where the pay bill exceeds £3m per annum, and also the rise in minimum rates for pay period starting on or after 1 April 2017. If a businesses pay bill is under £3m, then there is no need to account for the Apprenticeship Levy at all unless the £3m is exceeded mid-year, in which case an ongoing full-year levy assessment is required until the close of the tax year.

Much of this is not a change to payroll software; the capability is likely to be present. The change is in setting the pay element flags to reflect the revision. Items that were marked as impacting tax and NICs may need to be adjusted to reflect an impact on tax only, or vice versa.

Further review is required in 2018 when elements of ORA grandfathering are removed; if the employee continues to receive the item, the tax status will change. Also, announcements have been made on the treatment of termination payments, so the handling of Class 1A liabilities will need to be adjusted. ◆

Simon Parsons, director, tax and compliance strategies, SD Worx UK

Considerations for 2017

Payroll managers need to have sight or obtain the settings for each and every pay element and review their continued validity:

- Which part of the hours and earnings is to be included for gender pay gap reporting? For example, overtime is not included.
- Which part of the hours and earnings is included for minimum pay purposes? For example, overtime premiums are not included, but deductions for payment to the employer impact minimum pay compliance by reducing pay for minimum pay purposes.
- Is the pay element to be used for secondary National Insurance purposes? This impacts the employer tax – i.e. the calculation for the employer of the Apprenticeship Levy.
- Is this pay element representing a benefit covered by the change in rules for ORA or salary sacrifice arrangements? In which case, do the tax and National Insurance settings need to be changed?
- If the pay element is representing a benefit covered by the change in rules for ORA, are two sets with different settings now required to ensure that any grandfathering arrangements can be applied, and until when – is that April 2018 (such as for IT tech purchase schemes) or April 2020 (such as for cash or car, accommodation arrangements or school fees).
- Does the position on payrolling or P11D now change? Is this item now reportable whereas before it was not, or the position changed as to whether there is now a Class 1A liability on the employer?

LEADERSHIP

People management

Payroll and reward management isn't just about numbers, software and systems – it's about people. With that in mind, **Karen Thomson** embarks on a new series on how to get the best out of your staff

Welcome to this first article in the series under the umbrella heading "people management". Oh, and happy new year to you all. Thinking about the new year and what 2017 might bring is all well and good, but how are your employees feeling after the Christmas break? If, like me, you are telling yourself you had a fantastic time and are glad to be going back to work for a rest and of course starting that new diet, then you can bet your bottom dollar your team is desperately trying to convince themselves of that too! I do love my job, don't get me wrong, but there is something about pyjama days, no alarms and finding new cupboard spaces for the lovely gifts received over the festive period.

Thinking of your people, here is a thing: one size doesn't fit all, albeit it would be much easier to manage people if it did. Boring though, too!

So what do you need to consider when looking to get the most out of your people? Here are just a few ideas, which throughout this series we will explore in more detail:

- What motivates your team and you? Don't forget yourself, as if you are not motivated then how you do expect your team to be?
- Ask yourself, if I were that person, what would be the benefit to me? Every human being, whether selfish or not, will always ask, "Why should I do that?" or, "Why should I do it that way?"
- Who are the people you work with? I don't mean their names, but their personalities, their behaviour styles, their work ethics.
- Did you finish the year with a complex and uncomfortable situation? Trust me, it will still be there, but your frame of mind will be in a much better place to look for those solutions. Remember, this is a member of your team.
- Maybe now is the time to re-evaluate your colleagues outside of your immediate team. Reacquaint yourself with valuable people that you can learn from.
- Hold your staff meeting as soon as possible. For me that is the first weeks of January before all the vast amounts of regular payroll data starts flooding in. Meeting at this time will help reaffirm the company objectives and give you a chance to inspire your team again.

Leadership and management

Let me ask you, is a great manager a great leader? When looking at my own team, I like to think I am a good leader, but that doesn't necessarily make me a good manager. I love coming up with lots of new ideas, sharing the vision for the future and motivating the team. My operational manager, Suzanne Gallagher, will joke with me – for every 20 of my ideas, one will be great and doable!

This for me is the difference between a manager and a leader. I am, according to the book *Traction* that I have referred to in my articles before, the Visionary and Suzanne is the Integrator. Both are equally important but the Integrator makes the Visionary's ideas happen. This is the same, I believe, for any good manager and leader working together. The leader directs, the manager delivers and makes it happen. Of course, this doesn't mean a manager won't have ideas and the leader won't have operational solutions, but when looking at managing your people, don't put fingers into pies that are best heated up by someone else!

●● Maybe now is the time to re-evaluate your colleagues outside of your immediate team. Reacquaint yourself with valuable people that you can learn from ●●

I think it is only fair I share with you that over the next few months I will be drawing on some excellent people management training I have been fortunate enough to participate in; more on that next time.

Until next month, remember what Henry Ford said: "If you believe you can't, or you believe you can, you are probably right." ◆

Karen Thomson MSc FCIPP FHEA, director, Armstrong Watson Payroll Services

Under the magnifying glass

HMRC is changing the way it undertakes employer compliance checks, reports **Alastair Kendrick**. And he thinks tax advisers could be in for a busy year in 2017 as a result of the new system

Over many years employers have become familiar with the occasional visit by HMRC to undertake a compliance review, and have been living under the fear of the inspectors finding something wrong, leading to a significant payment in back taxes, interest and penalties. We are now seeing a change in approach from HMRC.

It is clear that, with the introduction of Real Time Information, HMRC can keep a closer eye during the tax year on employers and those contractors operating the Construction Industry Scheme (CIS). Therefore, if we do get an approach from HMRC to discuss payroll or CIS issues, we can be fairly confident that there is something that has been spotted.

In this changing world we are seeing more targeted reviews relating to particular trades or particular aspects of compliance – for example, off-payroll workers. So instead of a full review of the compliance of an employer, there is a review of some aspect of their affairs.

Also, in addition HMRC is trying out a completely different approach to employer compliance reviews. So instead of contacting the employer with a view to arranging to visit them and review their records, they are sending out a detailed questionnaire that asks about all aspects of payroll and considers the expenses and benefits that are provided. Following the receipt of this questionnaire, HMRC arranges a conference call in which it explores the details further, asking more questions in an attempt to discover if there are any potential compliance issues. At the end of this conference call HMRC will decide what additional information it may require to bring its review to a close and write requesting this information. From this, HMRC can determine the scale of any settlement they should be looking for from the employer.

If this new process means HMRC can target more employers, we can expect to see a lot of issues surfacing

With the closure of so many HMRC offices around the country, clearly the above approach does have its merits for them but it is less personal for the employer and does appear to create a significant amount of work for them. One of the worrying aspects of this change in practice is that HMRC appears to have excluded the employer's tax agent from the process. With the previous arrangement, the tax adviser for the employer would be told in writing of the employer compliance visit. Now, the letter appears to only go to the employer. In light of this, employers need to be in touch with their tax advisers and seek their guidance as to whether they need to be involved.

It is the case that with all the reorganisations that have occurred in HMRC over recent years we have not seen it maintain the level of employer compliance reviews that occurred previously. It should be looking at all employers every six years but in my experience many employers I talk with cannot recall the last time they got a visit. If this new process means HMRC can target more employers, we can expect to see a lot of issues surfacing which historically would have been picked up on the HMRC review, and employers facing significant sums in back tax/NICs, interest and penalties.

In light of this change of approach by HMRC, I anticipate a busy 2017 for employment tax advisers like myself. ◆

Alastair Kendrick, tax director, MacIntyre Hudson

Keypoints

- While many employers have not had an HMRC compliance review in recent years, this is likely to change going forward
- HMRC is now trying a new approach by undertaking a review via a questionnaire and then a detailed conference call
- Employers should be aware that getting tax compliance wrong can be costly in terms of back taxes, interest and penalties

Educating and enabling

Neil Esslemont highlights new auto-enrolment tools and guidance that The Pensions Regulator has made available to assist advisers in helping clients over the coming months

Our approach to auto-enrolment has been to make it as simple as possible for employers to comply with their duties. This has meant providing clear, accessible information and tools for employers and their advisers – many with limited or no knowledge of workplace pensions. Hundreds of thousands of small employers need to meet their new duties in 2017, and medium employers need to complete cyclical re-enrolment. So in recent months we have refreshed and updated the information on our website and added a number of animations – these look at the Duties Checker, choosing a pension scheme, assessing the workforce and payroll software.

Seasonal workers

If your clients employ seasonal workers, or are planning to use postponement, we've produced two new animated tutorials and other tools for employers on these more complex areas. There's also a new animation and assessment tool available on our website to help employers who have staff with a variety of working patterns.

The amount an employer needs to contribute to their staff's pension will vary according to how much they earn. Below a certain amount they may not need to pay any contributions at all. These straightforward animations will help you and your client know what to do.

New scheme guidance for employers

We've made choosing a pension scheme for staff easier with the addition of new information and guidance on our website. This includes a list of all schemes available to small employers. It also provides information on how to find an adviser for further help in choosing a scheme, and prompts your clients to consider tax relief, set-up and ongoing costs, as well as payroll compatibility.

> *If an employer ignores their duties, they will face enforcement action, including fines and prosecution*

New essential guide to re-enrolment

We've improved our online guidance and published a new essential guide aimed at employers who are due to begin re-enrolment. It covers everything they need to know, from choosing a re-enrolment date to completing the re-declaration of compliance.

In response to feedback you've given us at our adviser events and webinars we have also added more details about who needs to be put back into a scheme, and by when.

Another request we get frequently is for copies of the letters we send to employers as, understandably, advisers want to stay one step ahead of your clients and know what communications they're getting from us, and when.

We've now put examples of the key letters employers will be receiving during their auto-enrolment journey in one place on the business adviser section of our website – you can have a look at what they can expect.

Non-compliance

Employers need to comply with their duties under auto-enrolment – it's the law.

We recognise that most employers will want to do the right thing for their staff and we will work with you or your clients if they require help to get them compliant. However, if an employer ignores their duties they will face enforcement action, which can include fines and/or prosecution.

We now have more details on our website on what to do if you or your clients are in breach of their duties and what enforcement action you should expect from us.

Broadly, our policy is that employers should take reasonable steps to put the worker back in the position they would have been in if the breach had not occurred and should not be profiting from their mistake.

If an employer is struggling to understand their duties or is unable to rectify their mistake, they should contact us and we'll provide support and work with them to get them compliant.

Looking ahead to 2018

From April 2018, employers will need to make arrangements to ensure that their qualifying pension schemes comply with the increases in the legal minimum contribution rates (known as phasing). We now have content available online to help you understand the requirements.

The first increase required by law is on 6 April 2018 (phase 2), when the minimum total contribution increases to 5% and the minimum employer's contribution increases to 2% (of the member's banded qualifying earnings).

These increase again on 6 April 2019 (phase 3), when the rates go up to 8% and 3% respectively.

The dates for these increases have recently changed (they were previously 1 October 2017 and 1 October 2018). Employers may, of course, choose to adopt the increased rates early if that's what they wish to do. For example, they may have already arranged to do this based on the previous dates (for example, their pension scheme rules and/or terms and conditions may automatically increase the contributions rates on 1 October 2017 and 2018). ◆

Neil Esslemont, head of industry liaison, The Pensions Regulator

Keypoints

- On 6 April 2018 the minimum total AE contribution rises to 5% and the minimum employer's contribution rises to 2%
- These rates increase again on 6 April 2019 (phase 3), when the rates increase to 8% and 3% respectively
- The dates for these increases have recently changed (they were previously 1 October 2017 and 1 October 2018)

PAYROLL SYSTEMS

New year, new system?

Changing or upgrading a payroll system is a big deal for any organisation – literally. And with digital transformation high on the agenda of many boardrooms, leaders are looking at how they can futureproof their organisation for years to come, as **Scott Beagrie** discovers

Payroll must ensure it has the right technology in place to fully support the business. Moreover, it must make sure it has the digital capability required to meet the changing demands of the workforce and the 24/7, always-on world in which they operate.

Payroll is served by a range of software suppliers that are highly attuned to its needs, partly because developers have had to continually meet the legislative and regulatory demands of the industry. To help payroll managers get the right system for the organisation, we spoke to several leading suppliers about the questions they need to ask when embarking on this journey.

Q Is there an optimum time to change?

Timing will largely depend on the organisation and its needs but the onset of a new year or beginning of a financial year often provide the impetus to explore investing in a new system. Legislative demands – such as pensions auto-enrolment – could prove to be a key trigger moment.

David Woodward, chief product and marketing officer for SD Worx UK, reckons, in this day and age, it should be perfectly acceptable to switch over to a new payroll at any time of the year as long as it fits with a company's trading patterns and key staff. "It is never a good idea to plan a payroll switchover when your payroll manager is on vacation," he says.

Many organisations use the end of tax year as a starting point but Neil Lagden, managing director of FMP Payroll Services, suggests if a system is failing and isn't working for the business, it is time to change regardless of the timing. He agrees that the availability of critical personnel is vital and, if using an outsourcing provider, don't make the mistake of fitting in with its scheduling. "[The provider] should have the resource and ability to take on payroll at any time," he says.

Nonetheless, there is something about a new year that sets many people thinking about a new system.

Sue Lingard, marketing director for Cezanne HR, points out that it always receives more enquiries in the run-up to Christmas and just after with a view to making purchasing decisions when budget becomes available in either January or April. The move to cloud computing and software-as-a-service (SaaS) subscription/pricing, however, means there isn't the pressure of finding a large sum of cash all at once.

"That means HR and payroll have the freedom to work to a timeframe that's better suited to the smooth transition of existing business processes, or to support new initiatives," she says. "The optimum time of year is when it works best for the business and the team orchestrating the change."

Q What should I expect from my current supplier during changeover?

There are so many more considerations today than a decade ago and, while this should be regarded as a positive, it demands a far more methodical approach

If an organisation decides not to continue with its existing supplier, the situation must be carefully managed and timed. Any good outgoing supplier knows it is best to preserve its standing in the industry and provide the necessary help and support for the changeover. As Woodward points out, many will see "the long game" knowing that burning bridges by being unresponsive or by charging too much is never good for reputation and/or the possibility of the customer returning at some future point.

Ian Dowd, marketing director at NGA Human Resources, reckons the incumbent provider will usually provide help, support and data within its contractual arrangements to ensure a smooth transition. "This will help a new provider understand the up-to-date business requirements," he says.

Unfortunately, there is anecdotal evidence to suggest that some suppliers don't always behave as honourably as they could and Lingard has heard reports of customer data being held to "ransom". However, she qualifies that it can be difficult to export data from older systems that weren't built with connectivity in mind.

"Vendors may need to write specific code which they'll expect the client to pay for," she says. "The important thing is to start a dialogue with your existing supplier early on and establish what they can do to help you and what you'll need to arrange for yourselves." She also recommends ensuring there is a period when both systems can be accessed to be able to check that data has transferred smoothly.

"Depending on the terms of your contract, you may need to negotiate this – and ideally keep the window open, so that you have more time if you need it. Most modern SaaS vendors have specific clauses in their contracts that cover how you get your data back, and also at what point they purge it, which is important for data protection legislation," she adds.

Q What should be on my list of criteria?

There are so many more considerations today than a decade ago and, while this should be regarded as a positive, it demands a far more methodical approach. The cloud/SaaS versus on-premise debate still continues but the flexibility and agility of the former means many are convinced it is the sensible route for modern businesses. However, Woodward cautions that some vendors new to this world are still learning. "Ensure they actually have real experience of delivering this: how many customers do they still support on premise, how many are in the cloud," he says. "And what

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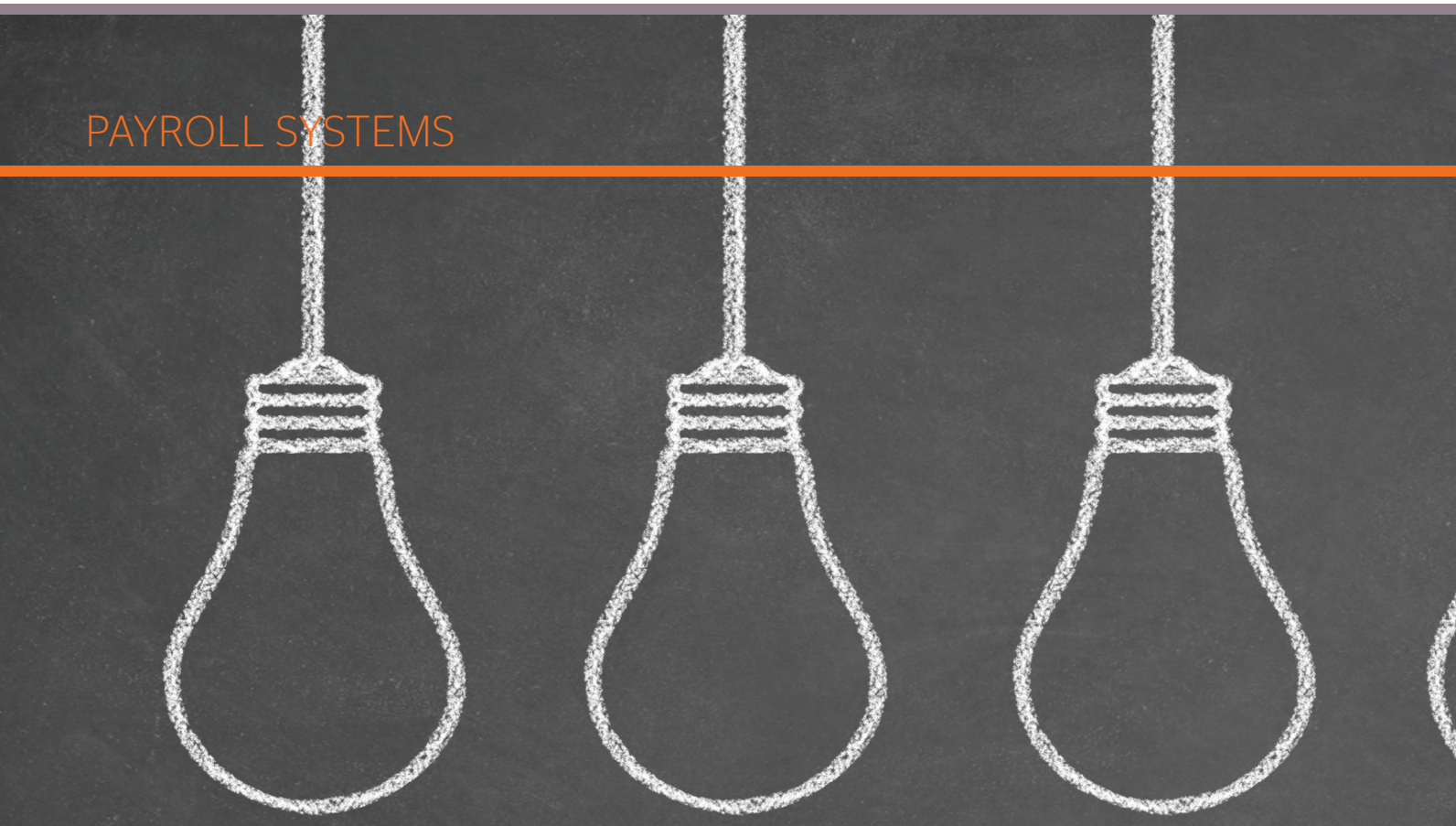


assurances can they give you around data security and system availability."

User experience, of course, is vital and Lagden stresses that those using the system on a day-to-day basis should be involved in putting together the key criteria. "It is important, however, to get all stakeholders involved to some degree, to ensure that any decision and subsequent implementation is smooth," he says.

It is also vital to take a visionary view and ensure the new system is futureproofed for the organisation's needs. "It needs to be fit for purpose not just today but further down the line," says Daniel Docherty, head of product marketing, payroll at Sage. "You need to invest time in how you can move the payroll product on."

When it comes to considering the standalone versus integrated approach, take a holistic view, advises Dowd.

"A thorough understanding of the business needs is crucial in this first step," he says, adding that when it comes to payroll functionality, ensure all the boxes are ticked.

"Compliance is a top priority for any payroll system but there are other functions to be considered: pro rating, absence, date effective changes and much more. In addition, processing speeds are often crucial to a purchase."

He adds that the 'as-a-service' model means some of the system can be preconfigured to best-practice standards and this can save time and money for the organisation compared to starting from scratch. It can also help to drive standardisation, accuracy and compliance."

It is vital to take a visionary view and ensure the new system is futureproofed for the organisation's needs

If HR and payroll are to be integrated, it is important to view the situation from both sides. Lingard warns that the success criteria for payroll and HR systems are very different. "Payroll software is designed to be used by just a few experts and to support a narrow set of activities. To work, it just needs to satisfy the needs of a small set of users," she explains. "HR software not only covers a lot more processes – sickness, holidays, maternity, grievance and disciplinary, T&D, performance, recruitment – it touches everyone in the organisation. For it to work, it has to be used by and useful to everyone."

She adds that if employees "kick-back" because they can't check holiday entitlements from their mobile, or managers find it difficult to see team absences, authorise leave requests or update personal information from their tablet without training, the HR system is never going to deliver the value it can.

Q Who should be involved in the decision-making process?

There should be representatives from all levels involved in the decision-making process of system selection.

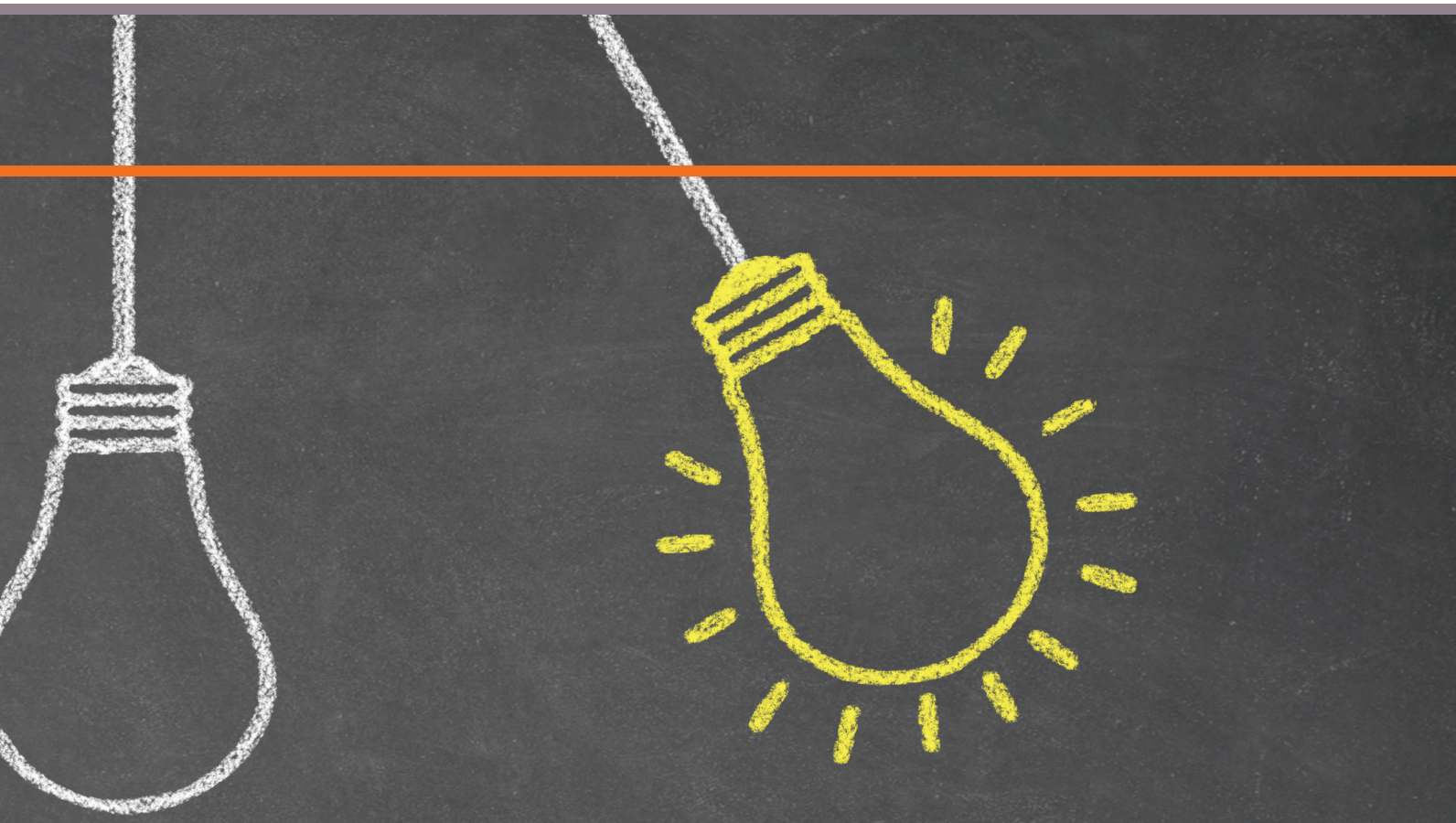
Top-level buy-in must be secured early on and it helps if there is a champion in the senior leadership team. Without this, projects often fail, even before they start. Woodward contends that when things get tough the lack of a senior accountable member can lead to a lack of confidence, which can result in the project getting canned.

When it comes to which functions need to be present, Woodward adds that even if the project is payroll only, it is important to have HR at the table.

"Modern payroll systems are no longer back-office systems; they have self-service capabilities that can involve every employee so HR needs to be involved," he says.

Finance and accounts need to be represented in the project group and consider which third-party systems the organisation may need to link to, such as those from a pensions provider. If an organisation is opting for on-premise rather than a cloud solution, there will be more reliance on the internal IT department.

According to Dowd, the SaaS model has reduced the necessity for IT to play a central role in building the system as it is delivered 'as a service' from the supplier's infrastructure. Those teams which are on the frontline of payroll, including line managers and end self-service users, also have a significant role to play in building out the new system, he says. "What functionality do they need? How can their time be saved? Where



are the efficiencies and inefficiencies in the existing solution?

"These important questions need to be asked to ensure the system is the right fit for all departments in the business."

Q What about legislative requirements?

While the challenges of auto-enrolment and Real Time Information are well known to payroll and their demands already factored into any new system plans, payroll also needs to be mindful of what is coming next and what is on the horizon.

"With gender pay gap reporting coming up it's a good idea to check whether your software provider has got that scheduled in, and if they are able to provide the necessary reports to HR or payroll departments in order to support the business with decisions it may have to make," says Lagden. "Ultimately getting timely accurate data is always key, and good practice whether there are changes on the horizon or not."

Dowd agrees this reporting must be a priority with the first batch of companies releasing their government-mandated gender pay gap reports in 2017. "The gender pay gap isn't just about top-line salary figures though. Looking solely at the salary differential between men and women fails to tell the whole story. Organisations need to analyse their current position and develop longer term solutions to address any issues that they find," he says. "Frequently, the response to equal pay challenges are 'spot fixes', which rarely work in the longer term and often cause other problems."

The Apprenticeship Levy also needs to be factored in and, as well as new legislation, a new system can be used to increase efficiencies in areas such as RTI and auto-enrolment.

"Use these reasons to help drive the agenda for change in your business and replace outdated payrolls that are no longer meeting your business nor legislative needs," says Woodward.

Docherty reminds people of the auto-enrolment changes coming up in the next two years, which will see the employer minimum contribution go up from one per cent to three per cent from April 2019 onwards. "Employers need to be able to accurately forecast what these changes will look like for the employee and for the business," he says.

"And this will be a big part of the engagement policy around auto-enrolment going forward."

Lingard cites Brexit as another "urgent driver", resulting in companies looking to get greater insight into the make-up of their workforce.

"Knowing when visas expire, tracking nationalities, mapping skills and competencies," she explains.

"That's partly to do with legislative compliance but also about being in a better position to respond to any skills shortages that may come about because of Brexit."

Q How to secure the best deal for your new system

Not unexpectedly, software suppliers are unanimous in the view that choosing a new system is about the value it brings, not the cheapest price. But Lingard warns that the most expensive systems aren't necessarily better.

"You could be paying for out-of-date technology that costs more to run," she says, quoting industry analyst Forrester that too many vendors simply rebrand older deployment models as SaaS, on-demand or cloud.

"The reality is that the best deal is what delivers value for your business over the longer term. That's not just about pricing," she says.

Dowd agrees and adds that companies must consider the fact that they are building a partnership with a supplier whose system will operate for "probably the next ten years".

Another area to consider is the time spent in selection and contracting. "Making this long and time-consuming is expensive for you and also your chosen supplier," says Woodward. "Obviously, these steps are important and must be managed diligently, but there are times where they can extend and protract to a point where the 'cost of sale' from the supplier's point of view removes any appetite for offering a 'good deal'. Buying wisely and building a good relationship with your chosen supplier usually results in the best outcome for all." ◆

EMPLOYEE ENGAGEMENT

Rules of engagement

Measuring employee engagement has moved on apace. Sophisticated analyses produce valuable intelligence – and payroll data forms an integral part, reports **Philip Whiteley**

The logic is straightforward enough: engaged employees, motivated by more than just the pay cheque, are likely to be more productive than uninterested staff who are scanning the job ads on LinkedIn for an escape. If the higher productivity outweighs the investment in keeping workers happy, there are handsome returns and everyone wins.

Theory and logic don't always apply directly to management, however – such is the unpredictable nature of human beings. One of the criticisms of employee engagement as a tactic, for example, is that it can be a misleading indicator. In the run-up to the financial crisis, both Lehman Brothers and the Royal Bank of Scotland reported high levels of staff engagement – but the crash revealed that staff had been enthused in operations that turned out to be high risk. To counter this criticism, there have been some moves to align employee engagement initiatives more closely to strategy, and to involve the risk discipline.

All this means, however, is that while engagement is not sufficient for business success, it is still necessary. The costs of weak engagement can be considerable.

Professor Vlatka Hlupic of Said Business School, Oxford University, says: "Global figures for engagement show that only 13% of employees are fully engaged, and it's a huge loss. That's what I call Level 2 or 3 [see text box]: people bring their body to work but their mind and heart stays at home. It's a huge loss of opportunity for organisations. People are not engaged, or passionate, don't unleash their full potential, don't contribute as much as they would normally; they are looking for an exit."

Another weakness is that sometimes managers can view engagement as no more than a set of techniques that the optimal reward programme can deliver. So while the question of engagement won't go away, it has to become smarter. It is inadequate to treat employees like mice in a laboratory experiment. The intrinsic motivation of taking pride in one's work and contributing to a wider sense of purpose can result in the highest levels of performance. The quest for 'purpose', bolstered by storytelling based on organisational mission, has been the subject of many *Harvard Business Review* articles in recent years.

One study indicated that while there was no consistency between a broad definition of purpose and superior performance, when the category was refined to identify firms with a clear sense of focus, there was a correlation.

"Purpose does, in fact, matter. But it only matters if it is implemented in conjunction with clear, concise direction from top management and in such a way that the middle layer within the firm is fully bought in," the authors George Serafeim and Claudine Gartenberg wrote in the *Harvard Business Review* in October last year (entitled The Types of Purpose That Make Companies More Profitable).

> *The payroll data tells you much about what's happening; the opinion survey gives information on why*

Jonny Gifford, organisational behaviour adviser at the Chartered Institute of Personnel & Development (CIPD), agrees: "It's not enough to feel satisfied with your job; want to enjoy it, want to go the extra mile, and also need to be going the extra mile in the right direction, in line with the organisation's strategic priorities. You may love aspects of your job which are becoming redundant, and not part of the organisation's future; or you may love aspects of your job that create long-term risk for the organisation. You need to bring these two things together."

Professor Hlupic adds: "What we've learned is that we need to manage organisations, including the dimension of engagement, from a holistic perspective. Engaged people need an appropriate culture: collaborative, trusting, with transparency and a sense of purpose. That's very important. If people cannot identify their own purpose with that of the organisation, the reason for its existence, they will not be fully engaged."

Best practice nowadays is characterised not so much by levels of engagement, as how such data is used to improve performance. The traditional employee survey often took place just once a year, and if the findings were not acted upon, it could even act to harm engagement by raising hopes and then dashing them.

The modern approach – and this is where payroll really comes into its own – is to harness organisational intelligence continually on engagement, staff turnover, overtime levels, pay and so on. The payroll data tells you much about what's happening; the opinion survey gives information on why. The combination is very powerful. If the intelligence is well gathered and used, it will deal with the criticism of whether or not engagement is helping the strategy, as it will create early-warning systems.

Jonny Gifford of the CIPD says that smarter use of relevant engagement data is essential – both to help employers >>

EMPLOYEE ENGAGEMENT

●● The intrinsic motivation of taking pride in one's work and contributing to a wider sense of purpose can result in the highest levels of performance ●●

Employee engagement: a brief history

Gallup
The opinion survey specialist agency Gallup has been conducting employee surveys since the 1990s. It has a standardised 12-question method, asserting that its research shows these 12 dimensions to be the most significant in gauging the level of engagement at work.

Top-quartile performers, in terms of engagement, score better on indicators such as customer ratings, safety and productivity and enhance the chances of success.
More at www.gallup.com

The Human Equation, Jeffrey Pfeffer, 1998
An influential textbook from the late 1990s was The Human Equation, by Professor Jeffrey Pfeffer.

His statistical analysis confirmed a consistent link between high engagement in the high-performance workplace, which reliably predicted far superior sales, market value and profits than other options for investment.

He lamented that many trends in management at the time were moving away from the evidence base towards a more short-term focus on financial goals.

Social media and gamification 2000-2010s
In the 2000s, technology has offered new options for engaging employees. Gamification refers to the technique of introducing elements of online games – rewards, status, advancement – to contexts such as marketing and employee engagement. Rajat Paharia is founder of Bunchball, a developer of cloud-based gamification software, which combines an understanding of behavioural economics and technology to create effective loyalty programmes. Rahat Paharia is author of Loyalty 3.0: (McGraw Hill 2013).

Vlatka Hlupic: The Management Shift and the Six Box Model 2014
Professor Vlatka Hlupic of the Saïd Business School, University of Oxford, has developed a model called the Management Shift, based on a concept of five 'levels' of enthusiasm and engagement, from apathy at one end to passion at the other. This is complemented by the 'Six Box' Model, which seeks to align such highly engaged teams to strategic goals, and ensure adequate resources and processes. Her seminal work is The Management Shift, Palgrave Macmillan 2014.
www.themanagementshift.com

directly, and to avoid giving 'engagement' a bad name.

"There's lots of good theory and solid research on various aspects like motivation, autonomy, ability to influence aspects of the job, having a voice … [but] what often happens is that it gets over-simplified into a single score, or metric. So people say, 'Engagement is 30%'. The problem with that [when] metrics cobble together a number of different factors, you're not really sure what it is they're telling you."

For example, a good aggregate score could reflect the fact that people are dedicated to the service they are providing and take pride in their skills, but could be hiding the fact that they do not trust management. So an opportunity for improvement is missed.

Ian Hodson, reward manager at the University of Lincoln, describes how his team prioritises employee development and engagement as a central part of business strategy. "One size doesn't fit all. What we're offering to our workforce needs to be tailored to that workforce. You can't just say, "We're a good employer, look at how we value you." You have to think about what the workforce is and how to engage them."

As a benefit, for example, the university arranges financial education for employees, but this needs to be tailored to the individuals, as millennials have very different needs compared with those close to retirement. And they monitor the take-up of benefits and their impact. For the reward, personnel and payroll staff, it's a switch in mindset towards seeing staff as customers.

Hodson says: "We're in a world of being a consumer. For example, Amazon service... it's tailored for you. For employers, with employees who have this kind of expectation, we have to find ways of engaging people."

It could be argued that high engagement linked to a strong sense of purpose is more achievable in a creative enterprise than when staff are on a production line. However, companies in the same sector can record widely varying levels of engagement. So improvement is always possible.

Underlying many of the newer and more effective approaches to employee engagement is a Big Idea gaining ground in economics and management: the extent to which people are emotional, not rational. Human beings are immensely emotional at work, as well as elsewhere. Harnessing that emotion and people's skills to serve the customers is essentially the art of management. We are still in the early phase of understanding how best to do that. The exciting aspect for the payroll professional is that their role is now central. ◆

BLAKE MORGAN

Looking ahead

What's on the horizon for employment law in 2017? **Sarah Peacock** looks at the main issues for the year ahead – which turn out to happen largely in the first six months

Well, first off, we are still awaiting the implementation of draft regulations on the recovery of and cap on public sector exit payments, now expected early this year.

March 2017

The Trade Union Act 2016 received Royal Assent in May 2016 without any indication when it would come into force. The Act was a Conservative priority, despite being controversial (the Welsh Assembly and Scottish Parliament oppose it). It requires a minimum 50% voting turnout of eligible union members in strike ballots, and a further 40% of those entitled to vote supporting industrial action in "important public services". Five draft regulations set out the important public services in each category, coming into force on 1 March 2017 (or within 21 days of being made if later). Draft regulations also specify a 12-month transitional period from 1 March 2017 for opt-in rules concerning new members' contributions to a union's political fund. Unite has said it expects all the act's restrictions on industrial action to take effect on 1 March 2017.

Also in March the Supreme Court will hear UNISON's challenge to the introduction of Employment Tribunals (ET) fees. The government began a review back in July 2015.

April 2017

April brings some hefty changes, particularly for large employers:

1. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 come into force on 6 April (not in Northern Ireland). They require employers with 250 or more employees to report certain information on gender pay and publish on their website for three years. The final draft regulations were published in December with some changes. The "snapshot date" on which the pay period will be based has changed from 30 April to 5 April, and those on nil or reduced pay through absence (sickness, holiday or family friendly leave) are not included in many calculations. Although publication is not compulsory before 4 April 2018, reporting will cover 5 April 2017 (6 April 2016 to 5 April 2017 for bonuses). The detailed calculations go much further than previous draft regulations.

2. The Apprenticeship Levy comes in on 6 April. Employers will be required to pay 0.5% of their wage bill but receive an annual allowance of £15,000 to offset against their levy payment, meaning that only employers with a wage bill of more than £3m will pay it. Details of calculation, payment and reporting of the levy are currently being finalised, as well as how employers in England will access funding under the Digital Apprenticeship Service. Apprenticeships are a devolved policy and different rules on accessing and spending funds will apply to Scotland, Wales and Northern Ireland.

3. From 1 April the National Living Wage increases to £7.50 and the new National Minimum Wage rates will be £7.05 (21- to 24-year-olds); £5.60 (18- to 20-year-olds); £4.05 (16- to 17-year-olds) and £3.50 for apprentices under 19 or in their first year of apprenticeship.

4. On 2 April the prescribed rate of Statutory Maternity, Paternity, Adoption and Shared Parental Pay rises from £139.58 to £140.98. On 6 April Statutory Sick Pay rises from £88.45 to £89.35 and the Lower Earnings Limit rises from £112 to £113.

5. Many benefits via salary sacrifice will no longer receive tax and NICs relief (following a transitional period for existing arrangements).

May 2017

Funding for apprenticeships in England beginning on or after 1 May will be subject to new rules (which align funding for apprenticeship "frameworks" and "standards") regardless of whether or not an employer pays the Apprenticeship Levy. Non-levy paying employers in England will not have access to a digital account initially and will have to pay 10% of apprenticeship training costs to the training provider, with the government paying 90% – subject to maximum funding bands.

June 2017

It's all over by June, when the Court of Appeal will hear Chesterton Global Ltd v Nurmohamed, a whistleblowing case considering whether a disclosure is "in the public interest" if it affects only a small section of the public (100 managers).

However, we're sure to hear a lot more on Brexit, the Great Repeal Bill, and reviews of the gig economy ◆

Sarah Peacock, partner, Blake Morgan

Keypoints

- Employers with 250 or more staff should be ready for the Gender Pay Gap regulations which have changed significantly
- Larger employers will be subject to the Apprenticeship Levy and funding for apprentices in England will change
- Key cases this year will be UNISON's challenge to ET fees and the meaning of 'in the public interest' for whistleblowing cases

CHASE MOULANDE

Time for a change?

With confidence holding out for the economy, 2017 could be the year to find that perfect role. Here, recruitment expert **Richard Ashley** provides guidance on improving your chances

Despite the doom-mongers predicting Brexit Armageddon, the economy is maintaining its robustness – or it is as I write this article! Irrespective, life goes on and the job market is resilient. So rather pondering of what may happen or could have been, think positively and consider now to be an excellent time to review your employment and decide whether your current role is providing job satisfaction, career progression and personal fulfilment.

Job satisfaction is different for everyone. Some are happy to have an unchanging daily routine while others thrive in the unknown of each day being different. Irrespective, we all desire career progression to some extent.

So review your current role and decide what is important to you. Consider what you require of a job and what your career goals are in comparison to your current position. If you are happy in general apart from a few specifics, can you fix any current discontent? Remember, the grass isn't always greener. Saying that, don't let deep dissatisfaction go unresolved. Be honest and ask yourself whether your career is progressing. Are you reaching your full potential? Or do you just want something else?

If you are looking to give your career a boost, it is never the wrong time to prepare for a career change. However, the early months of a new year are an especially good time to start looking for a new position. After December's quiet period, employers are focused on building teams. Companies will have agreed strategy and budgets approved for new hires for a start in Q1.

Job hunters will also be active, looking for new opportunities in their chosen market. Demand for talent may still outweigh the availability of candidates; nevertheless, this doesn't make it easy. So you need to prepare your job search strategy to ensure you are ready to respond quickly to guarantee being shortlisted as that star candidate.

So what should you do to secure a new position? In short, preparation and planning is crucial to finding that perfect role. Understanding the following process will enable you to react quickly as opportunities become available:

• **Review your previous job searching results –** In particular, what worked and what didn't. A good recruiter will encourage clients to give feedback on candidates' interviews and should always communicate positives and negatives. Nobody is perfect and like sports professionals, practice makes perfect – so ask for and review interview feedback and understand where you fell short. This will allow you to make the necessary changes.

• **Update your CV –** Make sure your CV is current, concise and correct. Length should be two to three pages maximum. Where possible tailor the CV to specific positions being applied for. Ensure it emphasises your skillset and demonstrates what you can add to your next role. Highlight your accomplishments.

• **Build your relationship with recruitment consultancies –** Irrespective of whether agencies can help immediately, they need to know who you are. Relationship is everything, especially operating in a niche sector where frequently candidates are also clients and vice versa. A good recruitment consultant will be honest with candidates in respect of their expectations. Recruitment is fast moving so if they don't have an opportunity one week, this could change the next.

• **Prepare for interviews –** Interviews can be daunting. However, there are many factors you can control. Ensure you have read the job and person specification. In particular, focus on key areas. These will be parts where you will be asked to elaborate, so ensure you give examples. Make sure you have researched the company and understand why the vacancy has arisen. Always ask at the end whether you have answered all their questions, and what the process is for next stage. This will demonstrate your commitment.

• **Set realistic expectations –** Finding a new role is sometimes a full-time job. Job-hunting can be physically and mentally exhausting. Keep your confidence high and attitude optimistic, and take rejection positively. Learn from your mistakes or any feedback from unsuccessful interviews. Try and redirect your energy on finding solutions to the areas you can change. However, it is important to distinguish what you can and cannot control. Most times you will have done all you can but remember you can't influence other candidates, in particular with more specific experience or systems knowledge. If things aren't working, re-evaluate your approach. Sounds obvious; however, taking time out and returning to the job market can help. ◆

Richard Ashley, recruitment sales manager, Chase Moulande

Keypoints

- Don't ignore the signs that it's time to move jobs. Review you current employment and job satisfaction
- Preparation and planning is crucial to finding that perfect role. React quickly as opportunities become available
- Irrespective of whether agencies can help immediately, they need to know who you are. Relationship is everything

Building for the future

Holly Aitkenhead, payroll manager for Nationwide Building Society, is committed to keeping payroll modern and moving with the times – in between travelling and attending her team members' weddings

Payroll World: Tell us about the company you work for.
Holly Aitkenhead: Nationwide is the world's largest building society as well as one of the largest savings providers, and the second largest mortgages provider in the UK. It is also a major provider of current accounts, credit cards, ISAs and personal loans. Nationwide has around 14 million customers and members.

PW: Tell us a little about your team.
HA: I have a team of 15. We're different in many ways but a common interest is travel and between us have been to some very interesting places. We've also celebrated three weddings this year.

PW: What was your first ever job?
HA: My first official job was a Saturday job working in Gap in Swindon's Designer Outlet Village.

PW: Tell us about the strangest thing that's ever happened to you at work
HA: Life is pretty normal, luckily!

PW: What do you enjoy most about your job?
HA: Developing my team's knowledge. We're very lucky – Nationwide strongly supports employees' development. In particular, we've introduced an apprenticeship scheme for our newest team member. I do love the variety of payroll too – one day or month is never the same as the next!

PW: What are your main challenges?
HA: Keeping payroll modern and moving with the times! Payroll can be quite paper heavy, so this year we launched all P60s, P11Ds and remuneration documentation online, saving a total of circa 53,000 pieces of paper.

PW: What's been your career highlight so far?
HA: That's easy… securing my current role! I started in payroll at NBS on a temporary contract six years ago – processing P45s and P46s! A few months later I secured a permanent role and since then have been part of many exciting opportunities such as Real Time Information (RTI) and payroll mergers before I started team leading in May last year. Then in April 2016 I was promoted to payroll manager.

PW: Who would you like to have on your payroll and why?
HA: Anyone who is passionate about our members and the service we provide.

PW: What can you see from your window at work?
HA: Our newly refurbished bike and changing facility, which includes the ebikes NBS employees use to travel to different locations in Swindon.

PW: Do you think payroll gets the respect it deserves?
HA: I think if it's quiet then you know we've got it right! Our team was recently recognised and rewarded when we were nominated for Team of the Year at the CIPP annual awards in 2015.

PW: Imagine you were given the power to change one thing about HMRC – what would it be?
HA: A personal niggle of mine is the amount of time you have to wait on the phone to speak to someone – but having said that, I do appreciate that the HMRC phone lines are very busy and receive a number of calls!

PW: Who or what makes you laugh out loud?
HA: Cooper, my two-year-old Cavachon. His cheeky puppy ways always make me and my husband laugh!

PW: What do you think payroll will be like in 50 years' time?
HA: Well, I think it could be different in many ways – more apps available and possibly the use of robotics, but the purpose and importance of payroll will never change. ◆

If you want to take part in 'If I paid the world', contact the editor at Payroll World on 020 7940 4814, or send an email to: editor@payrollworld.com

Paybreak

Take time out and test yourself!

QuickQuiz

1 What does a tax code of 1100L mean?
a. The employee can earn £1,100 a month before paying tax
b. The employee can earn £11,000 a year before paying tax
c. The employee pays no more than £1,100 tax a year

2 Which of these companies CANNOT claim Employment Allowance against employer's National Insurance?
a. A charity
b. A public limited company
c. A company providing services solely for a public authority

3 Who has objected to the new polymer £5 notes?
a. Conservative party
b. Roman Catholics
c. Vegans

4 Which of these employees could qualify for statutory sick pay?
a. Someone convalescing after surgery
b. Mother staying at home to look after a sick child
c. An alcoholic staying away from a drinks party

5 Who was shadow chancellor immediately before John McDonnell?
a. Gordon Brown
b. Ed Balls
c. Chris Leslie

How did you do?

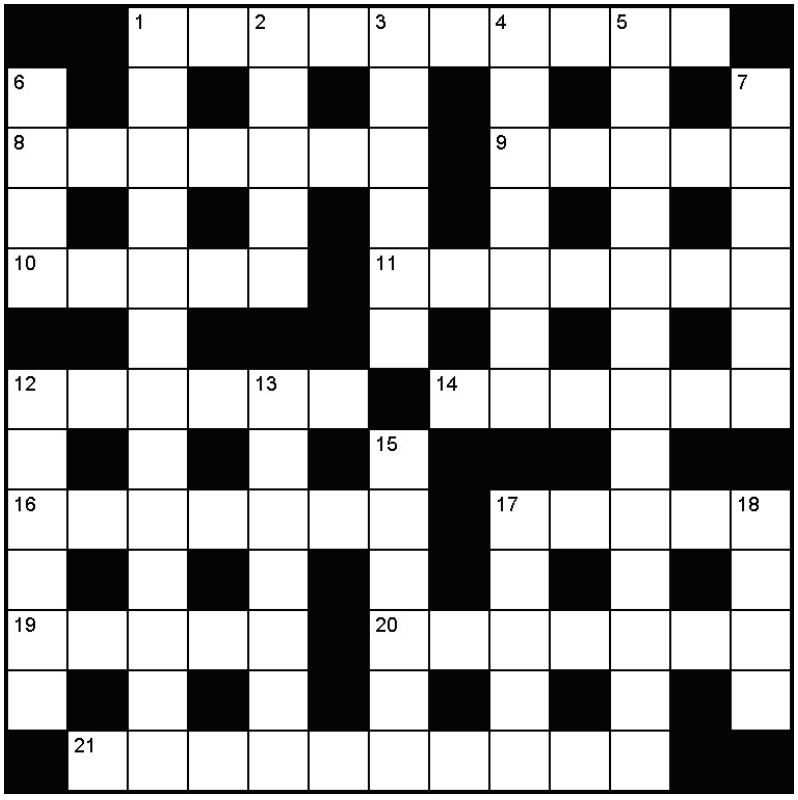
Score: 5. You have clearly benefited from reading *Payroll World* and so you must be sure to renew your subscription

Score: 3-4. A brush-up is needed – we suggest you join a discussion with our LinkedIn group at http://linkd.in/1SC8nfw

Score: 2 or less. You need to learn a lot more! Make sure you have a daily catch-up with the latest news at www.payrollworld.com

1 (b) The employee can earn £11,000 a year before paying tax
2 (c) A company providing services solely for a public authority
3 (c) Because it uses traces of animal fat
4 (a) Someone convalescing after surgery
5 (c) Chris Leslie

Crossword



ACROSS
1 Reduced, of lesser amount (10)
8 Remove; part of a document (7)
9 Someone who works on stage (5))
10 Period of a year; conditions (5)
11 Pensioner (7)
12 Increased; lifted up (6)
14 Agreement between two countries (6)
16 Royal document giving permission (7)
17 Ordinary, not fancy (5)
19 What you did to get 12 across (5)
20 Lack of restriction, being able to do what you want (7)
21 Money held in a way to earn more money (10)

DOWN
1 Commitment to achieve something (13)
2 Food eaten during breaks (5)
3 Character, property; the natural world (6)
4 Someone who just begun working for you (7)
5 Check on the accounts by outside accountants (8,5)
6 Place money in trust; undergarment (4)
7 Sin of wanting too much (6)
12 Information noted for further reference; vinyl disc of music (6)
13 At the very edges; not moderate (7)
15 Gain by selling at above cost (6)
17 Item, coin, unit of manufacture (5)
18 Identification of an individual (4)

Good luck! Last month's answers below.

Last month's crossword solution

ACROSS 1 laser. **4** builder. **8** written. **9** pupil. **10** actor. **11** options. **12** differentials. **16** evening. **18** euros. **20** trone. **21** adoptee. **22** retired. **23** ended.
DOWN 1 low paid. **2** shift. **3** retiree. **4** Bank of England. **5** input. **6** diploma. **7** rules. **13** flew out. **14** the dole. **15** suspend. **16** enter. **17** incur. **19** rated.

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Contact: Nham Lee
Target employee range: Up to 20,000

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 call Cintra, the friendly face of Payroll and HR.

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Contact: Sales Department
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Email: sales@payrollbs.co.uk
Website: payrollbs.co.uk
Contact: Sales
Target employee range: Unlimited

Payroll Business Solutions are a **BACS Approved Bureau** and a leading UK developer of **HMRC-recognised** payroll software. As such we are able to maximise efficiencies and technological innovation for our outsourced services clients. Choose any level of provision, from payslip printing to fully managed payroll service. Friendly and experienced staff, integration with your HR and accounts systems, full compliance for **RTI** and optional services such as **pensions auto-enrolment** assessment and pension provider interface. Contact us today for detailed service information and pricing.

WEALDEN COMPUTING SERVICES LTD

Unit 6 Sovereign Business Centre,
33 Stockingswater Lane,
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Tel: 020 8364 7177
Email: sales@wealden.net
Website: wealden.net
Contact: George Williams
Target employee range: Unlimited

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IMPLEMENTATION SUPPORT

i-REALISE

6-9 The Square, Stockley Park,
Uxbridge UB11 1FW
Tel: 020 3008 6359
E-mail: info@i-realise.co.uk
Website: i-realise.co.uk
Contact: Claudette Lovett

i-Realise bridges the gap between the needs of the business and the payroll system provider to ensure a successful implementation, regardless of whether the payroll system is managed in-house or outsourced. By adding experience, resources and skills in project management, business analysis and change management, i-Realise bolsters your team to provide the right skill sets. i-Realise ensures that any payroll system is implemented smoothly and effectively, delivering real value to the business.

INTEGRATED PAYROLL & HR SOLUTIONS

CAPITA

HR solutions
65 Gresham Street
London EC2V 7NQ
Tel: 020 7960 7769
Email: hrsolutions@capita.co.uk
Website: capitahrsolutions.co.uk
Target employee range: Unlimited

Capita HR Solutions supports the complete employee lifecycle. As a trusted partner with more than 25 years' experience in the delivery of outsourced payroll, HR, HR advisory and HR analytics, Capita has an excellent track record in implementation and delivery. We are the sole touchpoint for payslips, ad-hoc allowances and bonuses - and we commit to delivering a better service year-on-year. Our HR advisory service supports day to day processes as well as redeployment, outplacement, relocation and changes to business structure. Our analytics capabilities enable businesses to make informed data-driven HR decisions. We help organisations make cost savings, reduce risk, operate more efficiently. Find out more about Capita's payroll and HR services: capitahrsolutions.co.uk/our-solutions

CARVAL COMPUTING LIMITED

Interchange Business Centre,
Howard Way, Interchange Park,
Newport Pagnell MK16 9PY
Tel: 01908 787700
Email: sales@carval.co.uk
Website: carval.co.uk
Contact: Emma Clare
Target employee range: Unlimited

Carval provides uniquely integrated HR, Payroll, Time and Attendance systems and outsourced payroll services. Our market-leading HR Unity software, which includes employee self-service technology and mobile apps, is used by over 300 organisations throughout the UK in virtually every sector.

- Improve policy adherence and efficiency with automated processes
- Simple yet detailed reporting and analytics
- Communicate effectively with your employees
- Stay in line with the latest legislation and technologies with our free upgrade programme.

CINTRA HR & PAYROLL SERVICES

Computer House, 353 High Street,
Gateshead, Tyne and Wear NE8 1ET
Tel: +44 (0) 191 4787000
Email: sales@cintra.co.uk
Website: cintra.co.uk
Contact: Nham Lee
Target employee range: Up to 20,000

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.

INTEGRATED PAYROLL & HR SOLUTIONS

FRONTIER SOFTWARE

63 Guildford Road, Lightwater,
Surrey GU18 5SA
Tel: 0845 3703210
Email: sales@frontiersoftware.com
Website: frontiersoftware.com
Contact: Sales Department
Target employee range: Unlimited

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

INTELLIGO

78 York Street, London W1H 1DP
Tel: 0800 0390116
Email: sales@intelligosoftware.co.uk
Website: intelligosoftware.co.uk
Contact: Fiona Cullinane
Target employee range: Unlimited

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. Megapay, Intelligo's owned and developed flagship payroll system integrates seamlessly with MegaHR, a web-based enterprise level Human Resource solution. Built on a shared database this allows for accurate sharing of information such as job history, salary history, holiday leave, etc between Payroll and Personnel, ensuring key employee data is entered only once. Megapay and MegaHR are available to purchase as either an On Premises installed solution or on a Software as a Service (SaaS) basis.

Additional modules include Employee/Line Manager Self Service, Training, Recruitment, Consultancy, plus much more.

PYRAMID HR LTD

Holly Farm Business Park, Honiley,
Kenilworth, Warwickshire CV8 1NP
Tel: 01926 485085
Email: sales@pyramidhr.co.uk
Website: pyramidhr.co.uk
Contact: Mark Franklin
Target employee range: 100 to unlimited

Pyramid is a complete HR and Payroll solution within a single database. Pyramid offers all the functionality to make life easier for even the busiest of HR and/or Payroll departments. Pyramid is best suited to organisations who want professional solutions with flexibility and on-going user friendly support. Our single database solution caters for payroll, personnel, recruitment, absence, training, expenses, time management and vehicle administration; all with built-in report writer for producing letters, reports and emails. Optionally available, employee and manager self service.

SAGE

4 Witan Way, Witney, Oxon, OX28 6FF
Tel: 0800 694 0568
Email: SnowdropKCS@sage.com
Contact: Sales
Target employee range: 100+

Sage HR & Payroll has over 30 years of experience delivering integrated HR and payroll solutions, to many of the UK's successful mid and large organisations. We offer a wide range of solutions, encompassing everything from recruitment, personnel and payroll, through to training & development performance management, self-service and payroll outsourcing.

To find out more about our HR & Payroll software visit sage-snowdropkcs.co.uk

WEALDEN COMPUTING SERVICES LTD

Unit 6 Sovereign Business Centre,
33 Stockingswater Lane,
Enfield, Middlesex EN3 7XJ
Tel: 020 8364 7177
Email: sales@wealden.net
Website: wealden.net
Contact: George Williams
Target employee range: Unlimited

Wealden Computing Services is a leading provider of integrated HR, Payroll and Time and Attendance systems with a long pedigree of creating functionally rich systems to meet organisation and employee requirements now and into the future. Working closely in partnership with our customers Wealden is able to deliver configurable, flexible and reliable solutions that meet the complex requirements of a modern payroll. Delivered as stand alone or an integrated solution that can be in-house, managed or hosted and accessible 24/7. Powerful solutions tailored to meet our customer's needs ensuring they control critical information and business processes. **Payroll: HR: Self-Service: Time and Attendance: Payroll Bureau Services: Hosted Services: Training: Consultancy.**

OUTSOURCED / FULLY MANAGED

CINTRA HR & PAYROLL SERVICES

Computer House, 353 High Street,
Gateshead, Tyne and Wear NE8 1ET
Tel: 0191 4787000
Email: sales@cintra.co.uk
Website: cintra.co.uk
Contact: Nham Lee
Target employee range: Up to 20,000

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FRONTIER SOFTWARE

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

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

- Dedicated experienced payroll team
- Business disaster recovery
- BACS approved bureau
- Accurate, flexible and reliable service
- UK Processing centres
- PAYE Recognition Scheme accredited

INTELLIGO

78 York Street, London W1H 1DP
Tel: 0800 0390116
Email: sales@intelligosoftware.co.uk
Website: intelligosoftware.co.uk
Contact: Frances McDonald
Target employee range: Unlimited

Intelligo's tailored payroll service, Intellipay, encompasses everything from a basic bureau service to a fully managed payroll solution where we become your payroll department. For a fixed monthly fee we process your payroll using our own renowned payroll software, Megapay. Our solution comprises:

- Full payroll processing including all statutory returns
- Extensive Suite of Payroll Reports
- Auto Enrolment and RTI compliant
- Allocated, Highly Experienced, Payroll Specialists
- Branded Employee Helpline
- Employee Self Service web portal

Intelligo is a true Partner for your Payroll needs.

SAGE

4 Witan Way, Witney, Oxon, OX28 6FF
Tel: 0800 694 0568
Email: SnowdropKCS@sage.com
Contact: Sales
Target employee range: 100+

Sage Payroll Outsource Services offers a range of flexible payroll service options that are designed to ease the headache of payroll administration. Whether you want fully managed, part managed or bureau we can offer a service that matches your needs now and in the future. To find out more about our Payroll Outsource solution visit sage-snowdropkcs.co.uk

SCC PAYROLL, HR & DATA SERVICES

Lyndon Place, 2096 Coventry Road,
Sheldon, Birmingham B26 3YU
Tel: 0845 357 0111
Email: tim.markham@scc.com
Website: scsfm.com
Contact: Tim Markham
Target employee range: 250 to 30,000

SCC are a leading provider of Managed Payroll & HR solutions, with over 35 years of experience and a wide range of clients across all sectors. We specialise in offering a tailored service, delivered and hosted in the UK. Optimise Payroll & HR, our integrated cloud-based solution, provides flexible online and on-device access. Optimise is a modular solution that also includes employee and management self-service, recruitment, training, T&A, HR analytics and more.

P11D EXPENSES & BENEFITS

PERSONAL AUDIT SYSTEMS LTD

Unit 5, Enterprise House,
Manchester Science Park,
Manchester M15 6SE
Tel: 0161 820 7113
Email: sales@p11dorganiser.co.uk
Website: p11dorganiser.co.uk
Contact: Graham Whitehouse
Target employee range: 100 to 100,000+

The P11D Organiser is the most powerful, easy to use and comprehensive solution to completing P11D returns. Currently the UK's market-leading P11D software package, acclaimed for it's ability to deal with any number of returns, ease of use and customer support. Offering multiple electronic reporting features as standard, such as P11D e.m ail delivery and Government Gateway facilities, the P11D Organiser is the most advanced and powerful system for managing and reporting benefits and expenses. The package's intelligent data import routines offers power with flexibility. Cutting edge software backed up by a prestigious blue-chip client base makes the P11D Organiser the perfect solution for businesses of all sectors and sizes.

PAYROLL MARKET INTELLIGENCE

NEW PAYROLL WORLD CLUB MEMBERSHIP

1st Floor, Axe & Bottle Court,
70 Newcomen Street, London SE1 1YT
Tel: 020 7940 4801
Email: payrollclub@payrollworld.com
Website: payrollworld.com
Contact: Lauren McWilliams

From software to conference passes, the Payroll World Club covers your every payroll need. Join the club and receive an annual subscription to Payroll World magazine, exclusive subscriber access to payrollworld.com, Qtax Pro calculator, plus conference tickets and save over £250 in the process! Contact us today for more information.

RECRUITMENT

CHASE MOULANDE

Unit 3 Wool House, 74 Back Church Lane,
London E1 1LX
Tel: 0203 861 1222
Email: richardashley@chasemoulande.com
Website: chasemoulande.com
Contact: Richard Ashley
Target employee range: 50 to 100,000

Chase Moulande is one of the UK's leading payroll/HR recruitment specialists. Covering the whole of the UK we provide the market with a wide range of experienced permanent, interim and temporary staff within all of the following areas:

- Payroll professionals (all levels)
- Expatriate
- HRIS Consultant / Project Manager
- Systems developers / Product
- Sales (Pre / Post, Account management)
- Compensation & Benefits
- EMEA
- Shared Services (Payroll/HR)

PAYROLL WORLD

1st Floor, Axe & Bottle Court,
70 Newcomen Street, London SE1 1YT
Tel: 020 7940 4801
Email: sales@payrollworld.com
Website: payrollworld.com
Contact: Sales department
Target employee range: All PAYE employers

Payroll World offers online job advertising at payrollworld.com. The website receives over 8,000 unique visitors and the job section is the most popular area, making this a great opportunity for you to find the perfect candidate for your job. Your entry will include your company logo and a description of the position being advertised. Whatever area of the payroll market you are targeting, there is no better place to advertise. Take advantage – call the sales team now.

SOFTWARE

FRONTIER SOFTWARE

63 Guildford Road, Lightwater,
Surrey GU18 5SA
Tel: 0845 3703210
Email: sales@frontiersoftware.com
Website: frontiersoftware.com
Contact: Sales department
Target employee range: Unlimited

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

INTELLIGO

78 York Street, London W1H 1DP
Tel: 0800 0390116
Email: sales@intelligosoftware.co.uk
Website: intelligosoftware.co.uk
Contact: Fiona Cullinane
Target employee range: Unlimited

Intelligo's flagship payroll product, Megapay is the Number 1 payroll system choice for corporate organisations and public sector. Megapay is used throughout every major industry from Manufacturing, Telecoms, Top 5 Accounting Firms, Government Departments, Retail Sector, etc., with clients ranging in size from 300 to 20,000+ employees. As a Certified Workday Partner, the system fully integrates with Workday. In addition Megapay also interfaces with leading T&A and Financial applications. Megapay is available to purchase as either an On Premises installed solution or on a Software as a Service (SaaS) basis.
RTI • Auto-Enrolment • HMRC Integration • Statutory Payment Processing
• Employee Self Service • HR Integration

SOFTWARE

PAYROLL BUSINESS SOLUTIONS

Unit 6 Bourne Court, Southend Road,
Woodford Green, Essex IG8 8HD
Tel: 020 8550 7758
Email: sales@payrollbs.co.uk
Website: payrollbs.co.uk
Contact: Sales
Target employee range: 25 to unlimited

Accord Payroll simplifies payroll processing through advanced features that include statutory and occupational sickness and maternity schemes, holiday entitlement, salary sacrifice, umbrella company calculations, expenses dispensation and user definable calculations. We offer hosted (SaaS) and in-house software solutions. Our software is HMRC-recognised for EOY and RTI e-filing and basic payroll values. Advanced accounting features with journal export, plus HMRC DPS Interface for outgoing documents and notifications from HMRC.

Optional, fully Integrated modules: Accord MyPay – online payslips and P60s, P11D and reports, pensions auto-enrolment –assessment and pension provider interface, recruitment modules – Accord timesheets, invoicing and credit control, Accord CIS.

PEGASUS SOFTWARE LTD

Address: Orion House,
Orion Way, Kettering,
Northamptonshire NN15 6PE
Tel: 0800 919704
Email: info@pegasus.co.uk
Website: pegasus.co.uk
Contact: Enquiries department
Target employee range: 1 to unlimited

With over 30 years' experience, Pegasus Software is a market leading supplier of payroll & HR software with HMRC PAYE Recognition. Opera 3 Payroll & HR simplifies complicated payroll procedures and caters for RTI, auto enrolment and salary sacrifice as standard. Integration is built to popular pension providers; NEST and NOW: Pensions is built in. It's flexible for your business needs, available as an integrated solution or stand alone. It's functionally rich including e-mail payslips and P60s; Statutory Payments and AEOs; P11 & P32 processing, reporting and consolidation; Directors NI & Retrospective NI Calculations; Detailed history and payslip retention for 999 periods; user-definable payroll view with drilldown; integration with Document Management software, Business Intelligence and web based Payroll Self Service is also available.

SOFTWARE AS A SERVICE

FRONTIER SOFTWARE

63 Guildford Road, Lightwater,
Surrey GU18 5SA
Tel: 0845 3703210
Email: sales@frontiersoftware.com
Website: frontiersoftware.com
Contact: Sales Department
Target employee range: 1 to 50,000

Founded in 1983, Frontier Software PLC is one of the most trusted global suppliers of HR and Payroll software and services to all areas of the public and private sectors.

Implementation of the fast growing technology platform of Software-as-a-Service (SaaS) has allowed Frontier Software PLC to meet their client's needs and produce measurable business benefits both in the UK as well as around the World.

TRAINING

PAYROLL WORLD TRAINING IN ASSOCIATION WITH LEARN PAYROLL

The Learn Centre Ltd
3A Penns Road, Petersfield,
Hampshire GU32 2EW
Tel: 01798 861111
Email: michaels@thelearncentre.co.uk
Website: payrollworld.com/content/training
Contact: Michael Short
Target employee range: All PAYE employers

Payroll World has been well respected by payroll, HR and finance professionals for over 11 years for incisive comment and practical advice. Now in association with Learn Payroll, we offer a select range of CPD **certified short courses** to develop real skills in key areas of payroll and related organisational change. Courses range from the Payroll Introduction course to the Payroll & HR Update. You can find the variety of courses available online and for more information call us today on **01798 861111**.

WORKFORCE MANAGEMENT

FRONTIER SOFTWARE

63 Guildford Road, Lightwater,
Surrey GU18 5SA
Tel: 0845 3703210
Email: sales@frontiersoftware.com
Website: frontiersoftware.com
Contact: Sales department
Target employee range: Unlimited

Frontier Software PLC, a leading provider of integrated HR and Payroll software solutions, offers chris21, a comprehensive HR integrated solution, for effective workforce management. Intuitive and easy to use, chris21 is continually enhanced and updated to keep abreast of business and government legislative changes. Additional modules include Time & Attendance, Employee/Manager self service, Learning and Development, Recruitment, expenses and health & safety. Frontier Software PLC is accredited to PAYE Recognition Scheme, ISO27001 and ISO9001:2000 and BACS approved.

Payback

Smiling in the face of payroll

Robert Leach
Generously remunerated by Payroll World

The Brexit plans

The government has decided not to provide "a running commentary" on its plans for Brexit.

The ostensible reason is that knowledge of plans would compromise negotiations. The real reason is that the government has no plans and does not want us to know that.

So to help the government, Payback offers the following plan as a suggestion:

• Buy lots of clear plastic folders so that details can be photographed by the saddoes camped outside 10 Downing Street. Buy some opaque folders so that the guidance on use of clear folders cannot be photographed.

• Keep talking about whether Britain should stay in the single market. Payback thinks there is no such entity as the single market, as it is simply an aspect of the EU. However, hardly anyone else realises this, so keep talking about this. It will stop people talking about what really matters.

• Get Philip Hammond to make a magisterial statement on the Andrew Marr Show about the need to negotiate an interim arrangement. On the same day send Boris Johnson on to Peston On Sunday to say the exact opposite. The press will feel smug for days and it will lead to a few more acres of newsprint while we think of something else to say to distract people from the government's lack of plans.

• At some point by now, Nicola Sturgeon will be suffering from MWS (media withdrawal syndrome) as she has not appeared on a news bulletin demanding a Scottish referendum for at least three days. Come up with a plan for Scotland, saying that the UK supports an independent Scotland in the EU. That means Scotland will have to rejoin on EU terms, namely euro as the currency, VAT on food and children's clothing, and austerity measures that will make Greece look like a millionaire's party.

• Introduce a tax relief for driverless cars. As there aren't any, this will not cost anything but will make us look forward-thinking and innovative. It will also allow the media to present programmes on driverless cars and keep them too preoccupied to notice that we have still not done anything.

• Produce a report on our plans for Brexit in three versions: printed, electronic, and on rolls of paper perforated every nine inches or so. These rolls can be described as the more useful form and should be provided in two versions: Hard Brexit and Soft Brexit.

Not exactly a laugh a minute

Whatever one may think of George Osborne as chancellor, it would be churlish to deny that his jokes were quite good, and usually at the expense of his Labour opponents.

So "spreadsheet Phil" had his first major speech at the Autumn Statement on 23 November.

He attempted three jokes, as follows:

• "I suspect that I will prove no more adept at pulling rabbits out of hats than my successor as foreign secretary has been at pulling balls from the back of the scrums."

• "The current shadow chancellor has outperformed [his predecessor] in the fiscal incompetence sweepstake, Mr Speaker. What we don't know is whether he can also dance."

• "£450 million to squeeze more capacity out of our existing rail infrastructure, something that I know the leader of the opposition will value."

None of this is likely to win him a spot on the panel show Mock the Week.

The only consolation is that when shadow chancellor John McDonnell spoke in reply, more than a third of Labour MPs were seen looking at their mobile phones.

Awkward!

Payfact

The number of points in an ordinary tax code indicate how much an employee can earn without paying income tax. You multiply the number by ten, and that gives you the amount in pounds that can be earned tax-free that year.

So, for a code of 1100L, the employee may earn £11,000 before paying any tax. So one point equals £10 of tax-free allowance a year. For a basic-rate taxpayer, that means it is worth £2 a year.

So each extra point of tax code is worth 16.7p a month or 19p a week.

More changes will be revealed in the coming months.

Make sure you're kept informed of what's changing with Payroll World by visiting payrollworld.com/changing

All will be revealed Spring 2017