REWARD STRATEGY

INCORPORATING PAYROLLWORLD

OCTOBER 2017

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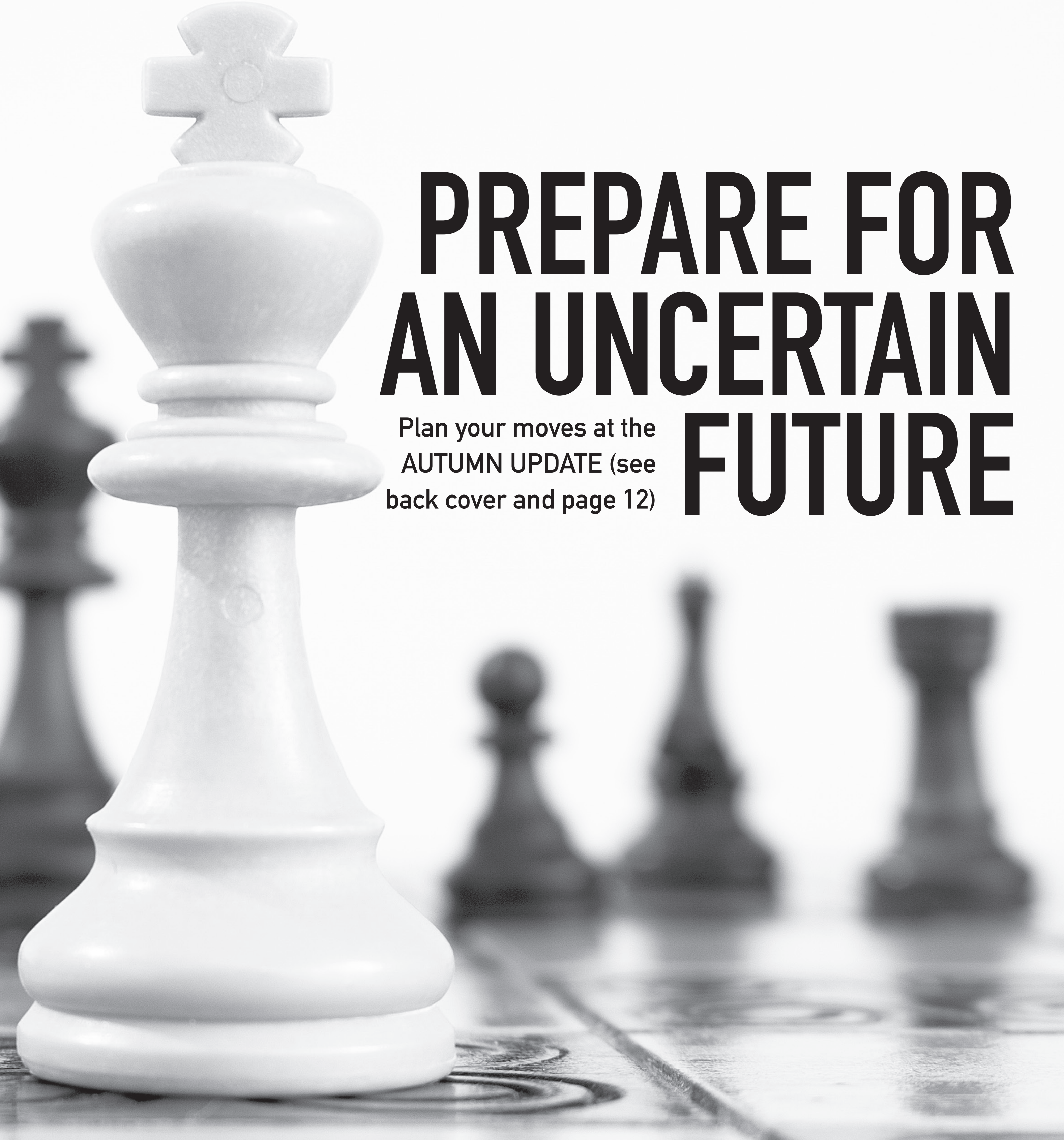
THE REWARDS 2017

See page 14 for details



PREPARE FOR AN UNCERTAIN FUTURE

Plan your moves at the AUTUMN UPDATE (see back cover and page 12)

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PREPARE FOR AN UNCERTAIN FUTURE

SPEAKER AT AUTUMN UPDATE

Jerome Smail

> "This year's events have left the industry unsure of what's coming down the line"

We live in uncertain times and nowhere is this more evident than in the payroll profession. This year's snap election and the ongoing saga of Brexit have disrupted government business and left the industry unsure of what's coming down the line in terms of policy and employment law. Added to that is a plethora of new regulations and government initiatives but a paucity of helpful and accessible guidance.

So the future's uncertain – but here's the good news: *Reward Strategy* can help you prepare, via our Autumn Update 2017 on 2 November 2017, at Hilton London Bankside.

Reflecting the current climate, our Autumn Update event this year has been put together specifically around the theme of 'Preparing for an uncertain future'. Incorporating both the In-House Payroll Conference and the Client Payroll Conference, the Autumn Update addresses the critical issues facing pay and reward. Expert speakers will provide guidance on topics such as salary sacrifice changes, benefits in kind, gender pay gap reporting, off-payroll working rules, the Apprenticeship Levy and changes to pensions. (You will also find these key topics discussed throughout this issue.) Our speakers have been specially selected for their expertise and knowledge, with representatives from the likes of HMRC and DWP.

There are ten free VIP tickets up for grabs – see the back cover for details. Also see page 12 for more on the Autumn Update. And don't forget The Rewards, our glittering awards ceremony for the pay and reward industry on the evening of 2 November at the same venue. See the full shortlist and details on page 14.

I hope to see you at our upcoming events, and I hope you enjoy the issue.

CONTENTS

RTI three-day easement continues

HMRC's three-day penalty easement for late FPS submissions will continue for the 2017-18 tax year, it has been revealed.

The RTI three-day easement was introduced as a temporary measure for tax year 2015-16. It means HMRC will not impose their late filing penalty regime if the Full Payment Submission (FPS) is late but sent within three days of the payment date that is declared. The regime was supposed to be reviewed in 2016-17.

However, late in the 2015-16 tax year, HMRC issued a note to the Taxpayer Data Standards Forum (TDSF) which said:

"Following a review of the three-day easement and risk-assessed approach adopted last tax year which has seen a significant reduction in returns filed late, HMRC has decided to continue this approach for a further tax year. As a result employers will not incur penalties for delays of up to three days in filing PAYE information during the 2016-17 tax year."

However, importantly they pointed to their 'sending an FPS after payday guidance' and emphasised that the filing deadline (on or before the payment date declared on the FPS) will remain unchanged.

On 7 September 2017, it became clear that HMRC had quietly updated their 'What happens if you don't report payroll information on time' page, which now reads:

HM Revenue and Customs (HMRC) won't charge a penalty if:

• Your FPS is late but all reported payments on the FPS are within three days of your employees' payday (this applies from 6 March 2015 to 5 April 2018). However, employers who persistently file after the payment date but within three days may be contacted or considered for a penalty.

It remains to be seen whether this is because HMRC have yet to decide on an appropriate penalty regime or whether their systems are not capable of implementing one, regardless of what they choose.

So, while this appears to be good news, it could point to trouble further down the line.

Ian Holloway

DWP contacting payroll about changes to employee deductions

The Department for Work and Pensions (DWP) has told *Reward Strategy* that it will be contacting payroll departments who are making child maintenance deductions from employees' pay to the Child Support Agency (CSA).

In 2012 the new Child Maintenance Service was established, and gradually cases from the Child Support Agency are being moved to the new service, or closed.

The DWP says payroll departments will be contacted directly about the changes and may be asked to amend, stop or start deductions for child maintenance by either CSA or the Child Maintenance Service.

It is a legal requirement for payroll departments to keep employee records up to date, and prevent unlawful multiple deductions from wages.

The Child Maintenance Service has a dedicated Employer Payment Team which offers advice to payroll departments by telephone or online at:
childmaintenanceservice.direct.gov.uk/public/

The CSA Deduction from Earnings Order (DEO) should remain in place unless a new Child Maintenance Service DEO is received. Payroll departments who receive a new Child Maintenance Service DEO must end the existing CSA DEO for that employee before starting the new DEO.

The Child Maintenance Service recommends the self-service website as the easiest and most efficient way to manage DEOs. You can register now at:
childmaintenanceservice.direct.gov.uk/public/

Jerome Smail

THIS TOPIC IS COVERED AT AUTUMN UPDATE
See page 12

TIME TO MAKE YOUR

Next May, new Europe-wide rules will come into effect that change the way personal information is collected, used and managed. Kavitha Sivasubramaniam highlights ten key facts that payroll and HR professionals need to know about the General Data Protection Regulation

> "The changes are forcing employers to look at the way they collect and manage personal information about employees"

The General Data Protection Regulation (GDPR), which is set to significantly change the way personal data is handled, will be effective in the UK from 25 May 2018. GDPR will affect not only the way in which HR and payroll departments do their jobs, but also how organisations themselves operate.

Together with a new Data Protection Bill introduced by the government, GDPR will replace the current Data Protection Act (DPA) in a bid to improve existing rights for individuals while establishing new obligations for employers that handle personal data.

Here, we outline ten key facts that HR and payroll professionals need to be aware of in light of the new rules.

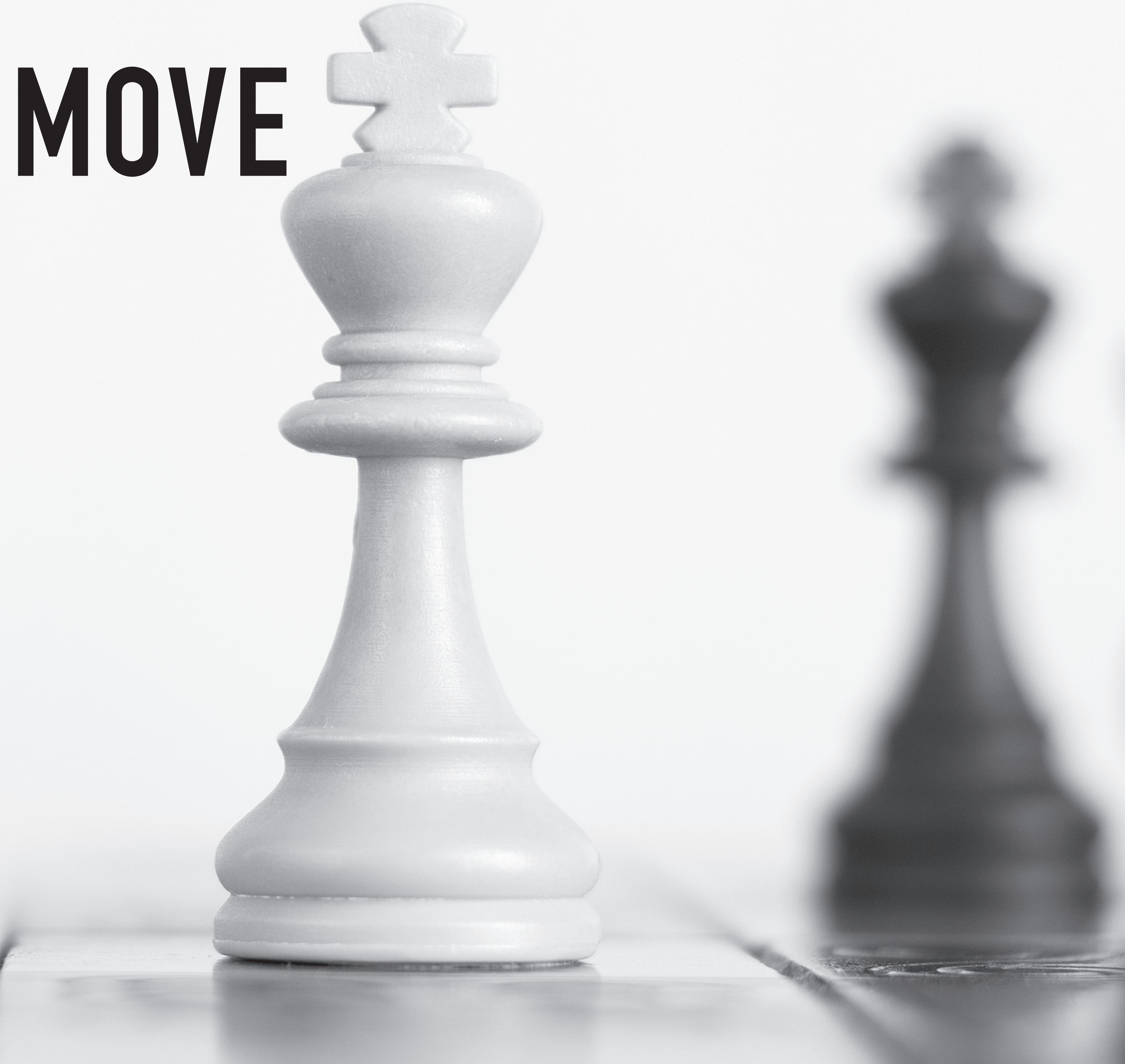
Fact 1: GDPR applies across Europe

Unlike the current DPA, GDPR provides consistent data protection laws throughout European Union (EU) member states. It applies to any organisation outside the EU that has transactions with EU individuals and organisations.

According to the government, the UK's decision to exit the EU will not have an impact on the introduction of the GDPR.

"The data of all European citizens will be covered by the GDPR, therefore any company that processes the

MOVE



data of any European citizen, whether they are based in Europe or not, will have to comply with the GDPR," explains Julie Hodgskin, technical material author at the Chartered Institute of Payroll Professionals.

Fact 2: Individuals will have more rights
GDPR builds on the principles of the DPA and also introduces new rights: the right to erasure and the right not to be subject to an automated decision. Under the right to erasure, individuals will have the right to be forgotten. This includes a right to request deletion of certain types of data if there is no longer any reasonable justification for holding it.

Under the right not to be subject to an automated decision, individuals will be able to opt out of automated decision-making if it is going to legally or significantly affect factors such as automatic triggers for sickness absence, attendance bonuses and performance management thresholds.

However, this right is not applicable in cases where the decision is essential for entering into, or performance of, a contract between the individual and employer, is legally permitted, or where there is explicit consent.

People will also have increased rights to access the information an organisation

"HR should look at how data about bonuses or development needs are recorded and stored"

holds about them. Access requests will be free of charge under GDPR and this may lead to increased workload for HR departments.

The full list of individuals' rights under GDPR includes: the right to be informed, the right of access, the right to rectification, the right to erasure, the right to restrict processing, the right to data portability, the right to object and rights in relation to automated decision-making and profiling.

Fact 3: There will be greater accountability and transparency for employers

The key thing to keep in mind is that the changes are forcing employers to look at the way they collect and manage personal information about employees, according to Elisabeth Bell, senior associate in the commercial services division at law firm Blake Morgan.

"For HR in particular, they also have to look right across the recruitment piece, from the very first time an individual comes across an organisation," she says.

Although HR and payroll teams are usually aware of the need for confidentiality, they need to look again at the lawful basis for which they are collecting and processing information. They must understand how information is being used across the organisation – how it is collected, disposed of and shared are all under review.

"It is essential that decision-makers and key people within an organisation are aware that the law is changing and acknowledge the impact this is likely to have," says Hodgskin. "GDPR places greater emphasis on the documentation and control that data controllers must keep to demonstrate their accountability."

Fact 4: Data breaches must be reported

Under current rules, businesses are not legally obliged to report data protection breaches to the Information Commissioner's Office (ICO), although some choose to do so. Under GDPR, however, employers will have to inform the ICO of data breaches if they are likely to put people's rights and freedoms at risk – for example, if the individuals concerned could be exposed to discrimination or reputational damage.

Organisations will need to provide a 'Breach Notification' to the ICO within 72 hours of becoming aware of the issue, and the people concerned may also need to be informed.

A data breach can be caused by mishandling information in a variety of ways, including:

- 'hackers' breaking into an organisation's intranet;
- 'scam' emails convincing employers to release an individual's information;
- employees downloading an individual's personal information;
- third parties not complying with the regulation.

"An organisation will be fined for any data breaches, so prevention of these should be an organisation's priority," says Hodgskin. "It needs to minimise the chances by using hardware or software security, staff training and service level agreements set up with other internal departments and external organisations."

Fact 5: Education is essential

Data protection training for staff is vital, as is a sound information management regime and ensuring there are adequate security measures in place to protect the personal information held by employers.

"Responsibility for GDPR ultimately rests with the board of directors and those in decision-making positions so, to maximise compliance, particularly with payroll or HR information and avoid a fine, educate staff on the rules, regulation and responsibilities," explains Hodgskin.

Fact 6: The costs of getting it wrong are greater

The financial penalty for not complying with GDPR is up to 4% of an organisation's annual worldwide turnover or €20 million, whichever is the greater, for serious breaches. "Of course, on top of that, there is the negative impact on corporate reputation and competence. This could help some HR or payroll departments make the case for investment in new people systems," says Charles Cotton, senior performance and reward adviser at CIPD.

Bell agrees that the reputational impact on businesses could be significant if they are being seen to handle information insensitively and inappropriately.

"There could also be an impact on staff morale, resulting in increased grievances," she says.

"From a business point of view, nobody wants to have a reputation as being a business that doesn't look after people's personal information. They won't want extra supervision by the regulatory authorities either, particularly where an issue may be avoidable."

Fact 7: The time to prepare is now

Although GDPR will not be effective until next May, preparing for the legislation will take time. Therefore, businesses need to start looking at their processes now.

"The most important thing organisations can do is map out their own data flow. They should look at what information they collect about individuals, where they collect it from, how it is used within the organisation and how it is shared externally – for example, with pension providers, occupational health, and other third parties," says Bell. "If you don't know how your data is being used, you will not be able to give the right information to individuals and meet your accountability requirements."

Among other things that HR can start doing to prepare for the changes now are: working with the business to identify skills requirements so that relevant employees are trained on what they need to know so that they do not cause a GDPR breach; updating policies and procedures and spelling out the implications for employees who don't comply; creating an appropriate workplace culture so GDPR compliance is an unconscious habit, such as getting senior management to lead by example.

"When it comes to their own department, HR and payroll need to assess the implications of GDPR," Cotton says. "For instance, HR should look at how data about bonuses or development needs are recorded and stored. Using pieces of paper or Excel spreadsheets may not be the safest way of protecting sensitive personal information."

Fact 8: The ICO can help

To help prepare for GDPR between now and May 2018, the ICO has created a 12-step guide for organisations, which ranges from raising awareness of the changes within an organisation to implementing new policies or amending existing ones.

"We have also developed a GDPR toolkit to assess how ready you are as an organisation for the new regulations," says ICO's group manager for private and third sector engagement, Garreth Cameron. "Our data protection reform website contains all the guidance we have produced to date on GDPR."

Fact 9: Third parties can help

Depending on the complexity of the business, auditing and adjusting policies and procedures internally and externally could be a drain on existing resources, explains Hodgskin.

To objectively understand what the situation is, what needs to happen and what to prioritise can be a distraction to the day-to-day running of a business.

A third party can help in a number of different ways, such as:

- auditing your process flows, finding out how and why you collect data, what it is used for, scrutinising repositories and a long list of things to watch out for;
- creating a project action plan or plans to meet the regulation;
- completing an audit, creating a comprehensive action plan (or plans), and either managing or completing the whole process.

"Using a third party allows the organisation to keep on top of deadlines and priorities," says Hodgskin.

"A third party is also useful in that it will question existing practices and may also have the independent authority to cut across organisational hierarchy to complete the mission."

Lawyers can help update employment contracts, negotiate contracts with third-party system providers, and strike the right balance of risk and liability under a contract. Training is quite important, and there are many providers that can help with this.

There are also software and tools that offer systems and services that will enable HR to meet the rights of individuals – providing, for example, better ability to search for individual info and collate into a report. Some can enable breach reporting, and it is possible to get systems to help with those processes.

Fact 10: GDPR is a 'step change'

Although GDPR will introduce some important changes, it is important to remember that in the main it will be about developing and improving current rules around personal data.

"There's lots of misconception that it's completely new, but the reality is it is actually building on existing laws and principles we've had for a number of years," says Bell.

The ICO agrees, summarising the new legislation as a 'step change'.

"People will have more say over the collection and use of their data, and will have greater rights to access the information you hold about them. Organisations will have to be more accountable and transparent about why they hold that information and what they use it for," concludes Cameron.

"But in the main, it is a step change, not a leap into the unknown." ■

Kavitha Sivasubramaniam

AUTUMN UPDATE
IN-HOUSE PAYROLL | CLIENT PAYROLL CONFERENCES

2 NOVEMBER 2017
HILTON LONDON BANKSIDE

PREPARING FOR AN UNCERTAIN FUTURE

Define next year's employee benefits, payroll, payments, pensions and compliance solutions

Agenda at a glance

07.45	Reward 100 breakfast, sponsored by Cintra		
08.50	Opening address from Reward Strategy		
09.00	Future of payroll: Why we're reward		
09.30	HMRC update		
10.00	Taylor Review: What it means for payroll and reward		
10.30	*Break*		
	IN-HOUSE PAYROLL CONFERENCE		CLIENT PAYROLL CONFERENCE
10.50	Tax and National Insurance update		Phasing of contribution
11.20	Reward Strategies 2017-style: what are the issues, what should we be doing about them?		GDPR
11.50	Apprenticeships review		How will the technological evolution alter approaches to payroll and workplace benefits
12.20	*Lunch*		
	FOCUS GROUPS	**IN-HOUSE PAYROLL**	**CLIENT PAYROLL**
13.30	Payroll and HR	Careers in payroll: The future of your team	Fraud and disaster planning
14.00	International payroll	Groupon's approach to Brexit and economic uncertainty	Salary sacrifice and benefits in kind
14.30	Reward and employee benefits	Payroll across borders	Termination payments
15.00	*Break*		
15.20	Workplace pensions	What makes a comprehensive benefits and reward scheme	Gender pay gap reporting
15.50	Employment law	Workplace saving schemes: pushing performance and wellbeing	Flexible benefits
16.20	Careers	Changes to pensions	Review of auto-enrolment
16.50	End of conference, followed by The Rewards (pto)		

View the full agenda online

Sponsors:

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Reward Strategy

Taking place in the evening

THE REWARDS 2017

See next page for further details

Featured speakers

Ian Holloway
Head of Legislation and Compliance
Cintra

Ricardo Rehkopf
Director of Global Payroll Shared Services
Groupon

Andy Brown
Operations Director
Equiniti

Martin Keeves
Senior Relationship Manager
Institute for Apprenticeships

Karen Thomson
Director of Payroll
Armstrong Watson

Sandra Mcglade
Group Payroll HR Services Manager
Penguin Random House

Claire Kennedy
Payroll Manager
University of Lincoln

Ian Hodson
Head of Reward
University of Lincoln

Reward Strategy interviewed Ian on the future of the industry

*"GDPR will be a **major** project because of the nature of our work and the volume of personal data that we are responsible for."*

Read Ian's 60 second interview on reward-strategy.com/events

GDPR is covered in the agenda

"Full of very useful legislation and advisory information"
PMS Operational Support Manager
Selima

"Excellent and knowledgeable speaker"
Payroll Manager
G4S

"If you want to meet payroll people and learn from each other, then this is the place to be"
Payroll Senior
ABG

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THE REWARDS 2017

Previously known as PAYROLL WORLD AWARDS

2 November 2017 | Hilton London Bankside

Finalists revealed

Reward Strategy is proud to announce the 2017 finalists for The Rewards.

Formerly known as the Payroll World Awards, The Rewards ceremony is the most distinguished event on the industry's calendar. With payroll still at the heart of the event, the award categories reflect the widening remit of the profession and its close association with HR, reward, pensions and employee benefits.

Taking place on the evening of Reward Strategy's Autumn Update, The Rewards ceremony is the perfect opportunity to celebrate high achievement and excellence in payroll, reward and related sectors.

To find out more about attending, call 020 7940 4801.

Best Business Award
- Benefex
- CE Back Office
- giant
- Intelligo Software
- Mazars
- PayDashboard
- Replicon
- Smart Pension
- The Learn Centre

Best Employer Award
- activpayroll
- Anderson Anderson & Brown
- Bank of England
- Cintra HR & Payroll Services
- East Midlands Shared Services
- FMP Global
- Intelligo Software
- Liaison
- Mazars
- National Assembly for Wales
- SafeGuard World International
- University of Lincoln

Best Leader Award
- Stu Clennell, Sopra Steria (SSCL)
- Justin Cottrell, FMP Global
- Mandy Gardiner, PW Payroll Solutions
- Ian Hodson, University of Lincoln
- Pam Jeffers, Sopra Steria (SSCL)
- Eloise Knapton, KPMG
- Breda O'Kelly, Intelligo Software
- Lakshmi Raj, Replicon
- Halinka Rands, Equiom Scotland
- Alison Sellar, activpayroll
- Sarah Woodwark, Adecco Group UK & Ireland

Best Manager Award - ***sponsored by The Learn Centre***
- Jane Bridger, Bradford NHS Payroll Services
- Michael Dean, Sopra Steria (SSCL)
- Tracy Gill, Whitley Stimpson
- Lou Gray, PwC Payright
- Fiona Hughes, Intelligo Software
- Claire Kennedy, University of Lincoln
- Michelle Tharby, Bank of England
- Sharon Tayfield, BDO
- Michele Whitehead, Adecco Group UK & Ireland
- Lee Willis, Sopra Steria (SSCL)

Customer Service Award
- Anderson Anderson & Brown
- CE Back Office
- Cintra HR & Payroll Services
- East Midlands Shared Services
- Intelligo Software
- Liaison
- Mazars
- National Assembly for Wales
- Payroll Mania
- Replicon

Employee Benefits Provider Award
- Benefex
- Charities Aid Foundation
- giant
- SimplyBiz Workplace Solutions
- Sodexo

In-house Team Award - ***sponsored by Cintra HR & Payroll Services***
- Adecco Group UK & Ireland
- Direct Line Group
- East Coast College
- Royal Mail
- Sunrise Senior Living
- University of Lincoln

International Payments Provider Award
- Cambridge Global Payments
- EQ Global
- Frontierpay
- HiFX Europe
- IFX
- TransferMate Global Payments
- Western Union Business Solutions

International Payroll Award - *sponsored by EQ Global*
- activpayroll
- B&Q
- BDO
- FMP Global
- iiPay
- Immedis
- Mazars
- SafeGuard World International
- SD Worx

Payroll & HR Provider Award
- CE Back Office
- Cintra HR & Payroll Services
- FMP Global
- Intelligo Software
- Liaison
- Liberata
- Mitrefinch
- NGA Human Resources
- SafeGuard World International
- Symatrix

Payroll and HR Software Product Award
- BrightPay
- Expenses by Selenity
- Flexiwage
- Intelligo Software
- MHR
- Mitrefinch
- NGA Human Resources
- Pegasus Software
- The Payroll Site
- Workday Payroll and HCM
- Xero

Pensions Technology Award
- pensionsync
- Smart Pension

Public Sector Team Award
- Cornwall Council Transactional Service
- Liberata
- Lincolnshire Partnership NHS Foundation Trust
- National Assembly for Wales
- Southend-on-Sea Borough Council
- University of Lincoln

Rising Star Award
- Adam Morgan, Cintra HR & Payroll Services
- Hollie Ridgers, Equiom Scotland
- Nicola Stafford, Intelligo Software
- Joe Willey, University of Lincoln
- Tiffany Wise, PW Payroll Solutions

Service Provider Team Award
- Anderson Anderson & Brown
- BDO
- Equiom Scotland Payroll Team
- giant
- Intelligo Software
- Liaison
- Mazars
- PM+M
- PW Payroll Solutions
- PwC payright
- Sopra Steria (SSCL) Government Payroll Team
- Symatrix

Specialist Payroll & HR Provider Team Award
- BDO
- East Midlands Shared Services
- ePayMe
- i-Realise
- Liaison
- SD Worx

Technology Award
- activpayroll
- AFEX
- Benefex
- Flexiwage
- Mitrefinch
- PayDashboard
- Payflow, by NewOrbit
- Peachy Mondays
- Replicon
- Smart Pension
- The Payroll Site

Workplace Pension Provider Award
- AVIVA
- Creative Auto Enrolment
- Smart Pension

THIS TOPIC IS COVERED AT AUTUMN UPDATE
See page 12

TRANSPARENT TIMES

The drive towards pay transparency continues apace. Charles Cotton of the CIPD examines the latest proposals for publishing pay ratios to encourage equality and fair levels of reward and remuneration

Charles Cotton

"Some gaps may be due to outside issues, such as the lack of low-cost quality childcare; other gaps may be due to issues within the workplace, such as the availability of flexible working"

Since my last article on CEO pay, the government has announced proposals requiring publicly listed firms to publish ratios which show the difference in pay between their chief executive and the typical employee in their UK workforce.

In addition, earlier this month the Equality and Human Rights Commission (EHRC) published suggestions that as well as reporting on the size of their gender pay gaps, employers should also publish pay ratios by ethnicity and disability.

What is driving this increased focus on transparency? One argument is that it is in response to the rise of populism and the perception that there is one set of rules for one group of individuals and another set for the rest of us. By having more openness around who gets what and why, the expectation is that pay decisions and outcomes will essentially become 'fairer'.

Recent research by the CIPD has found that unfair executive pay can have a negative impact on employee performance, though we're unable to assess the size of this impact. On the back of this research we called on the government to require firms to publish the pay ratio between the CEO and median employee earnings.

We understand that pay ratios have flaws and can lead to false comparisons. Yet, if we want to shift the needle on how all people's contributions are rewarded and recognised then we first need to construct a dial. Pay ratios will allow us to build one, and helps facilitate a discussion within employers about what is being rewarded, how and why.

For instance, concerning the how, insights from behavioural science suggest that the longer you have to wait for a reward, the less you value it. You also value it less the more complex the package is, the less control you have of meeting the performance objectives and if you're not getting the reward in the

> "It doesn't make sense to focus on a small proportion at the top"

form that you want. This sums up the way that many executive Long Term Incentive Plans (LTIPs) work. They take time to pay out, there can be a significant difference between what you're promised and what you're subsequently given, the pay-out is subject to various performance criteria, some of which may be conflicting while others may be outside the control of the CEO, and the final payment is not in cash but is a mixture of shares and money.

This complexity can reduce the value of the LTIP in the eye of the CEO and as a consequence, they have to be 'compensated' for this by being offered a bigger LTIP. For many CEOs, a smaller, more achievable and more immediate cash bonus could have just the same incentive impact as a large LTIP.

Collective performance

Concerning the what, in our knowledge and innovation-based economy, performance is increasingly a collective endeavour. As a consequence, it doesn't make sense to focus on the achievements of a small proportion of individuals at the top of the organisation at the expense of the contributions of the rest of the workforce. Employers need to review regularly what they're rewarding and ask if this still makes sense as the economic and business contexts change.

Also, while employers should reward their staff in similar ways, it doesn't mean that everyone should get the same amount. Salaries will differ to reflect different job responsibilities, but there needs to be a rationale behind such pay levels. Similarly, we need an evidence-based approach to explain why short-, medium- and long-term incentives are different.

However, giving employees lots of pay data without context is probably going to result in confusion. That is why it is important that reward and payroll professionals help their organisations build narratives around their pay data. They should be able to articulate what is being rewarded, why and how as well as flagging that this may change as the circumstances change.

We should also highlight significant gaps and report on what our organisations are doing to close them and how. Some gaps may be due to issues outside of the workplace, such as the lack of low-cost, high-quality childcare; other gaps may be due to issues within the workplace, such as the availability of flexible working.

Through articulating a narrative as to why your organisation pays people the way that it does, you are more likely to reap the benefits of a workforce that feels connected to your mission and vision. ■

Charles Cotton, performance and reward adviser, CIPD

KEY POINTS

- **There are plans for employers to report more pay data.**
- **Reward and payroll professionals have an important role in collecting and analysing the figures.**
- **The value-add that reward and payroll can demonstrate to the organisation is creating a compelling narrative for employees about around the data.**

THIS TOPIC IS COVERED AT AUTUMN UPDATE
See page 12

CLEAR BENEFITS

Liam Butler discusses the growing popularity of workplace benefits for the Millennial generation and the important role payrolling can play in ensuring that they remain positive

Liam Butler

> "75% of employees reported their benefit programme meant they were more likely to remain with their employer"

The number of companies the average graduate works for in their first five years of employment has doubled over the last two decades. The Millennial generation – those born between 1980 and 1996 – seem happy to move freely from company to company, in contrast to their more deep-rooted predecessors, Generation X (those born between 1965 and 1980).

While there are many reasons for this trend, a recent SumTotal survey found that on average, this increase in job-hopping is seen as a positive thing. It can mean employees have more experience, additional technical skills and knowledge of a variety of environments and cultures. With widespread acceptance of what was previously seen as a negative in the eyes of HR, companies are now focusing on how best to attract and retain talent.

To attract and retain top talent for as long as possible, companies now offer a range of benefits and perks to create a more rewarding workplace. For Millennials, salary is not everything. This is a generation that wants to be valued, be offered great workplace benefits, enjoy a good work-life balance, and have the option to give back to the community.

Some 63% of employers surveyed in the recent *CIPD Absence Management Report* said they wanted their organisation to be a great place to work, and that this was their primary driver for increasing focus on employee wellbeing. This focus seems to be well placed – both employers and employees agree that workplace benefits are a great way to attract and retain great employees. As many as 79% of employers in a recent Burson Marsteller survey agreed that offering benefits to employees is central to attracting talent. In another survey, 75% of employees reported their benefit programme meant they were more likely to remain with their employer. Company cars and private medical cover have traditionally been seen as the pinnacle of workplace benefits, but from physiotherapy and acupuncture to private concierge services and dedicated charity days, company perks now cover a huge range of possibilities.

Keeping benefits kind

Perks can make an organisation stand out to potential employees and make current employees feel valued and fulfilled. But while offering workplace benefits, employers still need to manage issues with tax.

Most workplace perks are classified as 'benefits in kind'. These are benefits received which are not included as part of a salary. This means that some benefits are taxed, while others are not. Sometimes, this can cause confusion. While it is the employer's responsibility to ensure the correct tax is paid on any workplace benefits, if an error does occur, it can be the employee who is faced with an underpayment demand. All of a sudden, the benefit is not so kind.

Which benefits are taxed?

In most cases, benefits in kind that are not taxed include:

- approved pension scheme contributions;
- discounted or free employee canteen meals;
- in-house sporting facilities;
- bicycles and cycling safety equipment;
- non-performance related "trivial" gifts, less than £50 in value;
- office 'away days' and recreational events;
- voluntary charity opportunities.

While some benefits, like a company car or accommodation, have special rules, the tax paid on most taxable benefits is based on their value. Generally, this is the cash equivalent value, or the cost incurred by the employer for providing the benefit. Taxable benefits can include:

- discounted accommodation (including the cost of utilities);
- relocation costs;
- cash allowances for hotels;
- company cars;
- childcare;
- fuel;
- free holidays;
- discounted job-related benefits, such as cheap airline or rail seats, or products;
- interest-free loans, such as those provided for annual rail tickets;
- private medical services;
- share options;
- vouchers.

It is the employer's responsibility to include details of any taxable benefits in kind in returns to HMRC. Traditionally, this involved completing a P11D form with the details of the benefit values for the relevant tax year, as well as working out the Class 1A National Insurance contributions on the benefits.

If any benefits in kind are not included in a tax code for the year they are received, tax may be collected after the end of the tax year. The employee can then receive a P800 form declaring an underpayment of tax.

While benefits have traditionally been reported on the annual P11D return, HMRC is now encouraging benefits in kind to be taxed and reported via payroll. As more organisations adopt this approach it is likely the P11D form will gradually become obsolete.

Including taxable benefits as part of the normal payroll process means the tax is calculated and deducted at source. Information is included on the statutory Real Time Information (RTI) returns, dispelling the need to produce annual P11D forms.

Engagement and retention

More than half of employers surveyed recently plan to use their benefit programme as a retention strategy over the next three to five years. The survey also found that employees who are very satisfied with the benefits they receive are almost four times more likely to be very satisfied with their current position. ■

Liam Butler, VP EMEA, SumTotal

THIS TOPIC IS COVERED AT AUTUMN UPDATE
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ENGAGING WORKERS OFF PAYROLL

Despite the coverage in the press over the 'gig' economy, there is a lack of discussion on those providing work via a personal service company. Alastair Kendrick redresses the balance

Certain cases on the 'gig' economy have led the courts to decide that people are engaged as 'workers' and therefore are not self-employed for employment law purposes. This leaves these workers with various entitlements they would not receive if self-employed, such as the National Living Wage.

Regarding those engaged via a personal service company, we saw a significant tightening of the legislation surrounding work in the public sector from April 2017. This change meant that in cases in which it appeared the worker was really a provider of a personal service to the public sector body, the employer had a requirement to operate PAYE/National Insurance on any payments made.

Extension?

We are seeing suggestions in the press that the rules introduced into the public sector are likely to be extended to the private sector from April 2018. While that may be considered sensible, it has yet to be confirmed, and given the time it would take organisations to prepare for the change if April 2018 is to be the date, we need to see an announcement sooner rather than later.

HMRC attention

There is still a requirement to account for PAYE/National Insurance if the personal service company is not registered in the United Kingdom.

Also, if HMRC believes the contract for the work undertaken sits between the worker a the third-party client, HMRC will say that PAYE and National Insurance should be applied on payments made by the client, regarding the use of a limited company in that particular circumstance as a sham.

Clearly, this is something HMRC may find difficult to prove but it is certainly something it is on the look out for.

In other circumstances the risk sits with the personal service companies. It is their responsibility to consider whether, by virtue of the nature of the particular contract, IR35 applies, and the tax computations of the company should be prepared on this basis.

IR35 considerations

In essence, a company would be caught to IR35 if the nature of the contract is such that the worker concerned would be considered an employee but for the existence of the personal service company. If a personal service company is involved with a number of clients in an accounting period then each contract must be considered in isolation. There is a misunderstanding that if a personal service company holds a number of contracts then, by inference, it cannot be caught under IR35, but that is not how the law is written.

Challenges

We are seeing a number of challenges by HMRC over whether a personal service company has correctly accounted under IR35. Getting this wrong can prove expensive and leave the individual worker possibly worse off than if he or she had been paid on the payroll from the outset.

While writing this article, I see that the *Daily Mail* is carrying a lead article suggesting that a significant number of BBC presenters are still engaged via a personal service company, and it suggests the BBC is therefore underpaying tax. No: the presenters, given the nature of the duties they perform, are likely to be caught to IR35 and should therefore have adjusted their tax computations to reflect this. It is the personal service companies and not the BBC who would be held to account in the instance of an HMRC challenge.

It is, therefore, important for those engaging workers via a personal service company to understand this is a technical area and in many cases it would not be viable for them to be engaged if IR35 was considered to arise. ■

Alastair Kendrick, tax consultant

Alastair Kendrick

"We saw a significant tightening of the legislation surrounding those engaged in the public sector at April 2017"

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ACROSS BORDERS

The Apprenticeship Levy did not meet with favour from the devolved nations due to lack of access. But all that is changing, reports Ian Holloway

It is fair to say that the introduction of the UK-wide Apprenticeship Levy in 2016 did not meet with approval from the devolved nations. It was perceived, quite correctly, as interfering with skills and learning policies, something Westminster had previously devolved to Scotland, Wales and Northern Ireland. While the devolved nations would receive a proportion of the monies raised, the flagship UK government policy of three million apprenticeships by 2020 applies in England only.

Further, it did not meet with favour of employers in the devolved nations. While this is complicated, essentially, levy funds could be accessed and allocated in England through the through the Digital Apprenticeship Service account (DAS), yet no accessibility or access was available in the devolved nations. Until now...

On 7 September 2017, the Flexible Workforce Development Fund (FWDF) was launched by the minister for training and employability, Jamie Hepburn MSP. This has been established as a result of a December 2016 Scottish government responses document that outlined employer views on the Apprenticeship Levy funding that will be attributed. The responses document said, in brief, the Scottish government's intention was to:

- continue the policy that will expand the number of Modern Apprenticeship opportunities to 30,000 new starts each year by 2020;
- increase Graduate Level Apprenticeships in the 2017-18 academic year;
- continue the implementation of the Youth Employment Strategy: 'Developing the Young Workforce'; and
- establish a Flexible Workforce Development Fund that will respond to employers' immediate skills needs.

So to the 7 September launch of the FWDF. The basic details are as follows:

- it can only be used by employers that are paying the Apprenticeship Levy;
- it is a one-year pilot with a total fund pot of £10m;
- employers, in partnership with colleges, will be able to apply for funds up to £10,000 for the purposes of upskilling and reskilling their employees.

Unlocking the fund

It all revolves around colleges working in partnership with employers. Indeed, Colleges Scotland, the collective voice of the college sector in Scotland, issued an announcement to this effect on 7 September. However, the workings of the Fund are contained in guidance that was published by the Scottish Funding Council (SFC). In brief, it says:

- Colleges and assigned colleges in Scotland should develop "a regional suite of training provision available at their institution in support of FWDF";
- the SFC will provide allocated funds to Regional Colleges and Regional Strategic Bodies, as per the 'Allocation Table' on the SFC website;
- employers will have to apply using an application form which may be along the lines of the template document on the SFC website;
- employers must include a copy of the relevant section of the latest Employer Payment Summary (EPS) proving that the employer actually pays the Levy;
- applications are open between 11 September and 15 December on a first-come-first-served basis. Unused allocated funds after 15 December will be redirected to other colleges.

Eligible employers have a limited application window. Have a look at the guidance on the SFC website on their 'Flexible Workforce Development Fund AY 2017-18' page.

As for Wales, the government there is in the process of developing a policy whereby employers can be supported, regardless of the levy paying status. With regards to Northern Ireland, on 29 November 2016, the Department for the Economy launched a consultation on the "potential impacts" of the UK-wide levy. ■

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

SPEAKER AT AUTUMN UPDATE

Ian Holloway

> "The levy was perceived as interfering with skills and learning policies, something Westminster had previously devolved to Scotland, Wales and Northern Ireland"

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LEGAL GENDER

The Equality Act 2010 provides a means for individuals to define elements of their life based on personal preference. But, Simon Parsons asks, does this extend to payroll and HMRC?

Simon Parsons

> "PAYE law requires the employer to report to HMRC the name, date of birth and gender of all employees. Can that gender be anything other than male or female?"

A question recently landed on my desk, not the first time and unlikely to be the last. It asked: "At the moment we currently only record Male or Female on our payroll & HR systems. Do you know if HMRC are likely to want us to include more options for employees that may be transitioning or don't identify themselves with either gender?"

A few months prior we received another request for no gender to be recorded for a client employee who didn't want to identify as either.

With recent public attention on diversity matters, we see gender choice or neutrality being promoted, and gender-related stereotypes (regarding terms, items, toys and activities) being challenged or promotion actively curtailed. We are seeing schools built with removed toilet segregation, and a banning of skirts to make uniform 'gender neutral'.

The application of the Equality Act 2010 provides a means for individuals to define elements of their life based on preference. So does this extend to payroll and HMRC?

PAYE law requires the employer to report to HMRC the name, date of birth and gender of all employees. Can that gender be anything other than male or female? PAYE law and the consequent Real Time Information (RTI) Full Payment Submission (FPS) requires that the employer both records and reports data item 11 'Current Gender', with values that must either be 'M' for male and 'F' for female. For taxation purposes there is no option of gender neutrality (yet), and no immediate plans to change.

Where will an employer get the correct gender to record? Gender is captured from employee documentation that shows right to work, whether that is birth certificate, passport or other documents, or it maybe self-declared by the individual. Either way, for payroll they must presently be male or female and the recorded gender used.

Can an employee now choose to be something different? With regards to some elements of HR – yes. But with PAYE tax and the application of National Insurance reporting and recording, the answer is no, unless this gender change is undertaken legally.

The Gender Recognition Act 2004 enables transsexual people to apply to the Gender Recognition Panel to receive a Gender Recognition Certificate (GRC). If granted a full GRC, the individual is considered in law to be of the acquired gender and entitled to the appropriate rights going forward, including rights to retire and receive state pension.

Going through the process of GRC even enables those whose birth was registered in the UK to obtain a replacement birth certificate with the acquired name change and gender. However, it is not retrospective and does not change history. HMRC is informed automatically. The individual would also need to inform their employer with a copy of the certificate so that the payroll and National Insurance contributions reflect the change. HMRC updates its record with any gender and name change provided, informs the Department for Work and Pensions (DWP), and restricts the individual's records to specialist staff at the HMRC's Public Department 1.

For Gender Pay Gap Reporting (GPGR), in cases where an individual does not self-identify as either gender, an employer may remove that individual from the GPGR calculations, even though for tax purposes a gender type of male or female has been applied.

Employers may need to record legal gender for tax purposes, and gender choice (which could be different) to comply with the Equality Act 2010.

So, yes, legal current gender on payroll must be male or female, but there may be a need for a separate HR gender preference or neutrality different to the payroll record gender. ■

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

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PAYROLLING PROBLEM

Helen Hargreaves of the Chartered Institute of Payroll Professionals (CIPP) reports on a problem employers face when Optional Remuneration Arrangements (OpRA) are combined with voluntary payrolling

Helen Hargreaves

"Benefits provided via an OpRA could not be payrolled from 6 April 2017, even if the employer was registered to do so"

Optional Remuneration Arrangements (OpRA) came into effect from 6 April 2017 and essentially it's the government's way of trying to remove some of the previous tax and National Insurance contribution (NIC) breaks which came about if salary sacrifice was used to pay for benefits in kind (BiK).

Salary sacrifice is very much still with us but we have two new terms. Type A arrangements are what employers have regarded as typical salary sacrifices, where an employee gives up cash earnings in exchange for a BiK. Type B arrangements are where an employee chooses a benefit rather than a cash allowance, such as a car or living accommodation. So for the purposes of the benefits code, a benefit is provided under an OpRA if it is provided under an arrangement of either type A or type B. The benefits code has been revalued and the employee is taxed on the higher of those two values. Where an employee receives a car allowance, for example, but there was no option to receive a company car, the employee is taxed on the car allowance – cash is cash, you process as you would have pre April 2017.

There are four specific exemptions where the rules haven't changed: pensions, childcare, cycle to work and ultra-low emission vehicles; these are the politically astute exceptions so employees get to keep the tax and NIC breaks on those. Transitional provisions (also known as grandfathering) were brought in for arrangements in place before 6 April 2017; so the new rules for these arrangements will take effect from 6 April 2018 for all benefits except cars with CO2 emissions of 76 grams per kilometre and above, employer-provided living accommodation, and school fees. The old rules will continue to apply for these three types of benefit until 6 April 2021.

So what is the issue when combined with voluntary payrolling? This little gem emerged during an HMRC webinar for agents on employee expenses and benefits. The presenter simply stated that benefits provided via an OpRA could not be payrolled from 6 April 2017, even if the employer was registered to do so, and the benefits had been payrolled for the previous year. Research uncovered that this was due to defects in the legislation that introduced payrolling. The law does not refer to the appropriate calculation, introduced from 6 April 2017, for some benefits and some individuals who receive benefits in kind from their employer via Type A or Type B OpRAs. Because of the glitch in the regulations, employers who were payrolling benefits covered by OpRA were still required to submit a P11D, which of course is not what voluntary payrolling is about at all. So HMRC has introduced a concession for those payrolling during 2017-18.

As long as the employer has payrolled the correct cash equivalent value of the benefits (according to 2017-18 rules) the employer won't have to provide a P11D in respect of these benefits in kind in July 2018. This policy will apply by concession, although strictly speaking the employer will not be classed as an authorised employer for payrolling until the PAYE regulations have been amended.

HMRC has provided examples to help employers in their Employment Income Manual (EIM). There is also Booklet 480 – expenses and benefits tax guide. HMRC's guidance *Salary sacrifice for employers* has also recently been updated on Gov.uk.

HMRC has not updated the P46 (Car) for in-year reporting and you should continue to use the existing form. Employees who need to pay more tax can either contact HMRC, or wait for the normal P11D process to pick up any corrections after the end of the tax year. The software specifications for the 2017-18 P11D and P46 (Car) reporting from April 2018 have recently been made available. The P11D will include the "relevant amount" which is the "greater of value" and amount foregone. ■

Helen Hargreaves, associate director of policy and membership, CIPP

ARRIVING ON TIME?

Class 1A NICs in respect of the 2016-17 tax year are due on 19 or 20 October this year. Norman Green explains the considerations and complications

Norman Green

"As the default today is for employers to report benefits in kind to HMRC electronically, this visual check has been lost or at least is fading away"

Class 1A National Insurance contributions (NICs) for the tax year 6 April 2016 to 5 April 2017 are due by 20 October this year (the 22nd is a Sunday) or on 19 October, if not paying electronically. Class 1A, when first introduced, was due on the benefit of a company car and was soon expanded to cover all benefits in kind given to employees and directors. The exception to that rule prevents "double taxation" by excluding any benefit in kind on which Class 1 NICs are due. So the benefit of a company car attracts Class 1A because it is not liable to Class 1, while the benefit of giving an employee a voucher attracts Class 1 NICs as well as being taxable. What is due this October is employer-only National Insurance contributions, at the highest employer rate (13.8%) on all benefits in kind that do not attract Class 1 NICs.

In the days of paper returns for benefits in kind, this distinction between Class 1 and Class 1A was easy because the P11D form had an additional brown box added for items that incurred Class 1A. Items on the P11D that do not attract Class 1A have no such box. In the "Other" section (M), which is a catch-all and thus the nature of any such benefit is a matter for each individual employer, a second line was added to allow for benefits that attract Class 1A NICs. Apart from this one area, the liability to Class 1A was easy to determine simply by the reporting of the benefit on the P11D form. As the default today is for employers to report benefits in kind to HMRC electronically, this visual check has been lost or at least is fading away. Instead, the determination has to be done, albeit only once, when the benefit is set up in the electronic reporting system. Referring to the old P11D forms can be helpful in this.

The challenge has been created by the increasing use of payrolled benefits – again HMRC's default position on benefit in kind reporting. The difficulty arises from the increase in the use of flexible benefit schemes linked with salary sacrifice schemes. Flexible benefits allow employers to provide a wider range of benefits to the workforce and allow employees to pick the benefits they consider most worthwhile without the employer incurring the cost of providing all benefits to all employees. Salary sacrifice fits well with flexible benefits, hence the two often being in an employer's reward strategy.

> "Salary sacrifice fits well with flexible benefits, hence the two often being in an employer's reward strategy"

Another benefit of salary sacrifice was to allow savings in National Insurance contributions and possibly some income tax savings. However, for the Class 1A due in October 2018, the law is different. The changes are to remove the tax and NICs advantages of salary sacrifice schemes. There are some transitional arrangements, with a few benefits having long transitional periods and others applying from April 2017. Generally, the new legislation will apply from 6 April 2018 or when a new arrangement is put in place, whichever is earlier.

Consider a monthly-paid employee on £24,000 a year and in receipt of private medical insurance valued at £600 a year. If the benefit is provided in addition to the salary, then in the paper world, the £600 would have been entered at Section I and as that has a brown 1A box, its value has to be added to the Class 1A calculation. If the benefit was provided by salary sacrifice, then the cash pay each month will be £2,000, less the £50 for the benefit, giving a taxable and NIC'able salary of £1,950. However, it is common for a reference salary, the original £2,000 in this case, to be reported on the payslip because it may be used in calculations such as pension contributions, overtime and shift premiums. But if the benefit is reported on a P11D, then the taxable pay in the month is just the £1,950 as before. Now, if the benefit is payrolled, then its cash equivalent needs to be added back to the £1,950, giving a taxable pay value of £2,000 for the month. Such a payslip will have a reference salary of £2,000, cash salary of £1,950, a benefit of £50, taxable pay of £2,000 and NIC'able pay of £1,950.

Explaining that can be challenging, which highlights the need to ensure that the payroll system supporting payrolled benefits must be correctly set up, ideally from the start of the tax year.

Norman Green, payroll consultant

KEY POINTS

- **Class 1A NICs for the 2016-17 tax year are due on 19 or 20 October this year.**
- **It is 13.8% of the cash equivalent of all benefits in kind attracting Class 1A.**
- **The P11D provides a quick, visual reference for identifying benefits liable to Class 1A.**
- **Any benefit liable to Class 1 NICs must not be included.**
- **The rules have changed and care is needed to ensure systems are set up correctly for 2017-18 and later tax years.**

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GREAT LEAP FORWARD?

When it comes to auto-enrolment, we're learning to walk – but soon we must be up and running, says Henry Tapper

Henry Tapper

"More staff will start asking questions about workplace pensions. It is at this point that we may start having to move a little faster"

There is plenty of crowing in policy circles about the success of auto-enrolment. The headlines are certainly good, with nearly nine million new savers and over one million new employers due to have staged by this month. The public has taken to Workie, with 83% of those surveyed by Ipsos MORI saying workplace saving was the new normal and 79% saying they would benefit from an increase in their contributions.

This is just as well, since the vast majority of the new savers are on the phasing timeline which sees employee contributions increase from 1% to 2% next April and employer contributions triple to 3%!

But government should not gloss over the problems. At a recent meeting, both People's Pension and NEST reported that cessation rates (where people stop paying after the opt-out window has closed) were rather higher than opt-outs. If this is the case, then we should treat the accepted wisdom that 90%-plus of us are "in" with some caution.

Care needed

The increase in contributions in April will need to be carefully managed. If over-communicated, employers risk being accused of a 'nudge too hard' and actually inciting cessations. If under- communicated, employees may well feel mis-sold!

And of course, the marketing departments of the providers are going to be uber-cautious about what they are saying as the communications coincide with the introduction of GDPR.

April 2018 will be a busy month for payroll. Employers also have to consider the impact of their new business rates. There is never a good time to deliver a further payroll deduction, nor a good time to remind the finance director that the employer is on the hook for an extra 1% of band earnings!

Get your bad news in early – last minute shocks never go down well!

So just how much of a financial shock will the April 2018 phasing increase be?

We've done a little modelling looking not just at the contribution shock but also the likely impact of taxation and National Insurance changes.

It looks to us as if the average earner will be losing about £20pm.

The net impact of the forthcoming changes on workers (assuming that relief at source is claimed) is likely to be considerably lower than might be imagined. The hope is that the impact of getting more into workplace pensions will hardly be noticed.

There was more good news for those behind the auto-enrolment project from an Ipsos MORI poll in August. Some 83% of workers surveyed said they saw saving into a workplace pension as "the norm", 80% felt it did them good and 79% claimed they would welcome being nudged into paying more.

So while we should be cautious in our messaging around auto-enrolment, guarding against taking people's ongoing co-operation for granted, we have grounds for optimism that these pension contributions are indeed a benefit of employment for which employers can take some credit.

The value of the workplace pension, in the eyes of our workers, will of course build over time. There is a saying in Australia that people start getting interested in their savings when they become worth more than their car!

As we move towards that point, more staff are going to start asking questions about workplace pensions. It is at this point that we may start having to move a little faster. While we are walking today, in the future we may have to do a little running and that will mean learning where to point staff to get the information they want.

That is tomorrow's problem, but employers should be thinking about their role in helping staff get the most out of their pension saving right now! ■

Henry Tapper, director, First Actuarial

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ONWARDS AND UPWARDS

Darren Ryder of The Pensions Regulator provides a round-up of the latest news in the world of auto-enrolment, some five years since the project started

This month marks the fifth anniversary of the start of auto-enrolment, when the largest UK employers saw the start of their workplace pensions duties. Since then, more than 8.5 million people have been automatically enrolled into a workplace pension by nearly 800,000 employers. The vast majority of these are small and micro employers and around 70% of them will have staff they need to put into a pension.

Over the past five years, auto-enrolment has changed the savings landscape. It is now the new business norm and staff now expect to be enrolled into a workplace pension.

From this month, anyone setting up a new business will have workplace pensions duties as soon as they take on their first member of staff. They will need to check if their staff are eligible and if they are, put them into a scheme and make contributions. Delays in meeting their duties will not save employers money as they will need to make backdated payments to ensure staff do not lose out.

The vast majority of employers have successfully met their duties but there are a small minority who fail.

In most cases a warning notice is enough to get them back on track. However, employers can avoid the risk of non-compliance by taking action in good time.

When employers receive a letter from us, they should not ignore it.

Business advisers

Business advisers with clients who are starting a new enterprise should ensure their clients know about auto-enrolment, so that along with the other usual tasks associated with running a business, they will need to include workplace pensions into their plans.

Both the adviser and the client will need to be clear who is taking on which task so that nothing is missed. Employers and their advisers should also be ready for the increases to minimum contributions starting in April next year. By law on 6 April 2018, all employers are required to increase their contributions into their staff's auto-enrolment pension to at least 2%. Staff contributions will also increase so that their contributions make up the shortfall needed to bring the total minimum contribution up to 5%.

Further rise

Contribution levels will rise again on 6 April 2019, with employers paying a minimum of 3% towards the pension, and the total minimum contribution reaching 8% – with staff making up the 5% difference.

The table below shows the minimum contributions employers who set up a defined contribution scheme for auto-enrolment must pay, and the date when they must increase. This is calculated based on earnings between £5,824 to £43,000 per year (£486 to £3,583 per month, or £112 to £827 per week), and including certain elements of pay.

Employers and their advisers can find more information on what new businesses need to do and about the increase to minimum contributions on our website: www.thepensionsregulator.gov.uk/en/employers ■

Darren Ryder, director of auto-enrolment, The Pensions Regulator

Darren Ryder

"The vast majority of employers have successfully met their duties but there are a small minority who fail"

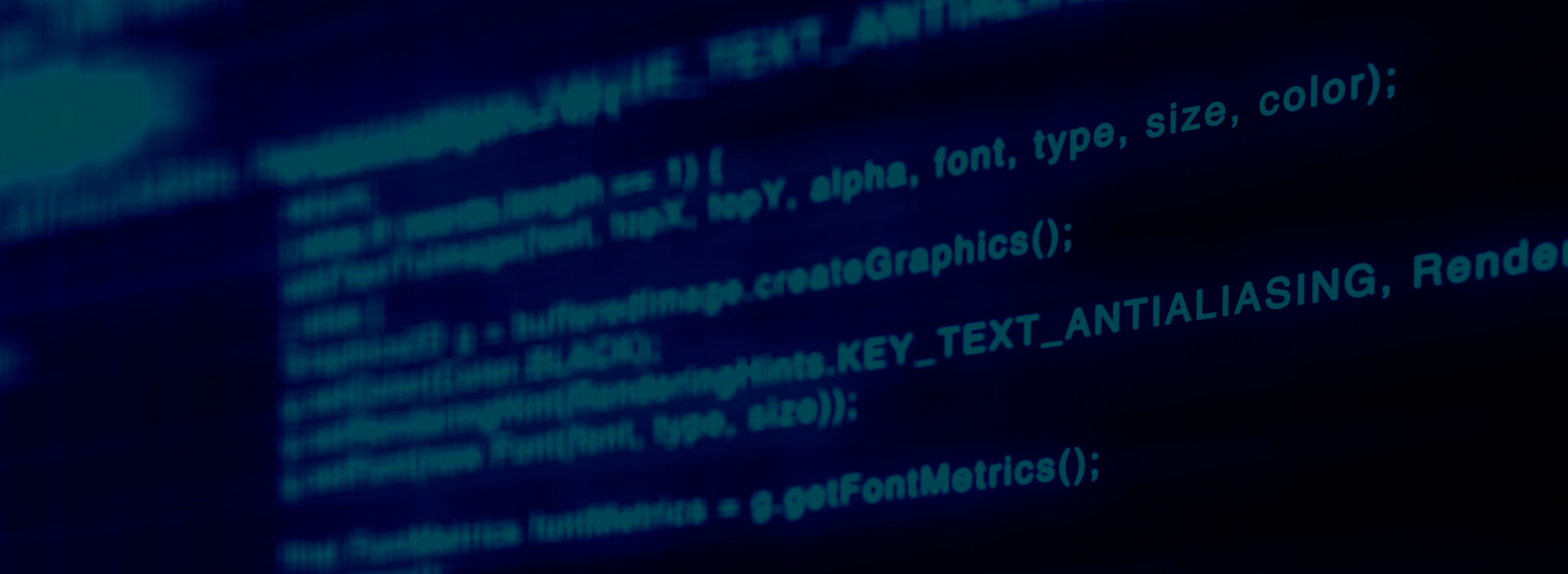
Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
Until 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

MONITORING PRIVATE MESSAGES

The Grand Chamber of the European Court of Human Rights (ECtHR) has reversed its decision that an employer was permitted to read an employee's private communications on a work messenger account. Sarah Peacock investigates

Sarah Peacock

> "The Grand Chamber noted that an employer cannot eliminate private social life through its policies"



In March 2016 we reported on *Barbulescu v Romania,* where dismissal of an employee for using electronic communications for personal purposes was found not to be in breach of Article 8 of the European Convention of Human Rights (respect for private and family life, home and correspondence).

Barbulescu v Romania

Mr Barbulescu was an engineer who was dismissed when his employers found that his electronic accounts had been used for personal purposes, contrary to company rules. A Yahoo Messenger account had been created by Mr Barbulescu at his employer's request, using his employer's systems, to reply to clients' enquiries – but he also used it to send personal messages during work hours. However, the employer had made clear to all staff that they were not allowed to use the IT systems for personal purposes. A colleague had recently been dismissed for using IT systems for personal purposes, and staff had been warned their activity was under surveillance.

When challenged by the employer, Mr Barbulescu said he had used the Yahoo account only for professional purposes. The employer accessed the content of the account and presented him with a transcript of his communications, which included very personal messages. The Romanian courts accepted that this was the only way the employer could challenge Mr Barbulescu's assertion. They found the employer had the right to check how professional tasks were completed and monitor for breaches of company policy.

On appeal the ECtHR ruled that although Article 8 applied, the employer's interference with the right to respect for private life and correspondence was justified.

The courts had struck a fair balance between Mr Barbulescu's rights and the employer's right to act within the context of its disciplinary powers.

Grand Chamber Appeal

Mr Barbulescu successfully appealed to the Grand Chamber of the ECtHR, with six out of 17 judges dissenting. It ruled that Mr Barbulescu's rights had been infringed and that the courts had failed to strike a balance between the competing interests. The terms "private life" and "correspondence" should be construed broadly, including activities taking place in a professional context.

Although prohibiting personal use, and referring to monitoring the employee's work, the employer's policies contained no reference to monitoring or intercepting the content of employee communications. Nor had Mr Barbulescu been informed in advance of the nature and extent of monitoring. The Grand Chamber noted that an employer cannot eliminate private social life through its policies – respect for private life and correspondence continued to exist.

It also ruled that member states should ensure monitoring of correspondence has appropriate safeguards. This means:

- unequivocal notice in advance, including the extent of the monitoring and the degree of intrusion;
- whether monitoring content could actually be justified;
- whether less intrusive methods could be used;
- the possible consequence of monitoring (eg dismissal).

UK law

The UK essentially already has such safeguards under:

- Regulation of Investigatory Powers Act 2000, which prohibits interception of electronic communications without express consent, and subject to the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000. These allow interception of business communications for, eg, investigating/detecting the unauthorised use of a telecommunication system (e.g. breach of company rules) or viruses;
- Data Protection Act 1998 (soon to be replaced by the GDPR and a new act). The Employment Practices Data Protection Code makes clear that it will usually be intrusive to monitor workers, who have a legitimate expectation of privacy. Employers must undertake an impact assessment, identifying clear purposes for monitoring, benefits, alternatives (such as automated blocking), and judging whether monitoring is justified. If it is, staff should be clearly informed of the nature, extent and reason for monitoring (unless, exceptionally, covert monitoring is justified).

Policies should follow these limitations and make crystal clear in advance what employees can expect regarding personal communications on business systems (outside or during work time). ■

Sarah Peacock, partner, Blake Morgan

KEY POINTS

- **In Barbulescu v Romania, the Grand Chamber reversed the ECtHR's decision and ruled the employee's right to private life and correspondence had been infringed.**
- **Monitoring requires an impact assessment to ensure it is justified and goes no further than is necessary; its scope must be clearly explained to staff.**
- **Employers should be aware of forthcoming changes under the General Data Protection Regulation and must clearly communicate any rules regarding personal use of IT systems.**

Bureaux

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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.

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, because 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

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: 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,
Enfield, Middlesex EN3 7XJ
Tel: 020 8364 7177
Email: sales@wealden.net
Website: wealden.net
Contact: George Williams
Target employee range: Unlimited

In this market experience counts. There is no room for mistakes when delivering payroll to numerous prestigious UK companies. Established in 1983, we provide BACS and HMRC accredited fully managed and outsourced Payroll services, week in week out, efficiently, accurately and cost effectively. We are agile and flexible and by listening to our customers we provide a service governed to their needs, now and into the future. But, we don't just stop at the traditional processing services, we often extend and go beyond to provide completely hosted services incorporating all our HR systems, online payslips, and other confidential documents that are easily accesible 24/7 by our customers' employees. A powerful solution tailored to meet the needs of our customers ensuring they are in control of their critical information and business processes.

Global payroll / HR solutions

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

Frontier Software, established in 1983, is a leading provider of HR Solutions with over 16000 customers in 13 countries worldwide. Our payroll solution is available in each country of operation. chris21 is a secure multi language HR database for all organisations around the world.

- Internet/intranet 24/7 access
- Complete audit capabilities
- Employee & manager self service
- End- user customisation

Integrated payroll & HR 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

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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.

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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.

Integrated payroll & HR solutions

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.

SCC PYRAMIDHR

Cole Valley 2, 10 Westwood Avenue
Cole Valley Business ParkTyseley
Birmingham B11 3RF
Tel: 01926 485 085
Email: sales@pyramidhr.co.uk
Website: pyramidhr.co.uk

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

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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Outsourced / fully managed

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

INTELLIGO

78 York Street, London W1H 1DP
Tel: 0800 0390116
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.

SCC PYRAMIDHR

Cole Valley 2, 10 Westwood Avenue
Cole Valley Business Park Tyseley
Birmingham B11 3RF
Tel: 01926 485 085
Email: sales@pyramidhr.co.uk
Website: pyramidhr.co.uk

Since 1976 SCC PyramidHR, part of Europe's largest independent IT business, has
been providing Payroll & HR Services.
Based upon our PyramidHR integrated Payroll & HR system, SCC is almost unique amongst payroll service providers to own and manage all aspects of the delivery of our Payroll & HR solutions; from our UK secure data centres, through our printing and software support, to our UK based managed payroll teams. Our tailored solutions provide flexible online and on-device access including employee and manager self service.

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 REWARD STRATEGY MEMBERSHIP

1st Floor, Axe & Bottle Court,
70 Newcomen Street, London SE1 1YT
Tel: 020 7940 4801
Email: membership@rewardstrategy.com
Website: reward-strategy.com
Contact: Jonathan Simmons

Keeping abreast of the changes in the industry is vital to your role. Reward Strategy membership makes this easy. Membership includes the 'must read' Reward Strategy magazine, accredited payroll software and tickets to the market leading In-house and Client Payroll Conferences covering the payroll, HR, reward and pensions sectors. With three levels to choose from, there's a membership for every budget.

Recruitment

REWARD STRATEGY

1st Floor, Axe & Bottle Court,
70 Newcomen Street, London SE1 1YT
Tel: 020 7940 4801
Email: sales@rewardstrategy.com
Website: reward-strategy.com

The right person for the job is out there and finding them doesn't have to be difficult. Thousands of payroll, reward, pensions, benefits or HR professionals regularly visit reward-strategy.com, giving you access to industry professionals across all areas of the market. Recruit talent and hire fast with Reward Strategy – contact us today.

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 the public sector. Megapay is used throughout every major industry from Manufacturing, Telecoms, Top 5 Accounting Firms, Government Departments, etc., with clients ranging from 500 to 20,000+ employees. As a Certified Workday Global Payroll Cloud Partner, Megapay is certified as interoperating with Workday HCM. In addition, Megapay also interfaces with leading T&A and Financial applications.

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.

Software

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 35 years' experience, Pegasus is a market-leading supplier of payroll & HR software. Pegasus Opera 3 Payroll & HR has HMRC PAYE Recognition and caters for RTI, auto enrolment and salary sacrifice as standard. It also offers integration with NEST and NOW: Pensions, to help streamline submissions to these pension providers. It's flexible for your business needs, as it can integrate with other Opera 3 applications or it can be used stand-alone. It simplifies complicated payroll procedures and its functionality includes e-mail payslips and P60s; the ability to export reports to Excel; Statutory Payments and AEOs; P11 & P32 processing, reporting and consolidation; Directors NI & Retrospective NI Calculations; detailed history and payslip retention for 999 periods, and much, much more.

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

REWARD STRATEGY 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: reward-strategy.com/events
Contact: Michael Short
Target employee range: All PAYE employers

Reward Strategy, formally known as Payroll World, has been well respected by payroll, HR and finance professionals for over a decade 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. 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.

TAX AND THE ENVIRONMENT

These days, all political parties want to be "green", which is surprising as the word means "naïve" or "mouldy". It also describes bananas that are unripe and vegetables that taste horrible…

Robert Leach

> "Having run out of environmentally bad things to tax, the government is now again taxing people for going green"

There is even a political party called Green. It was originally known as Eco, but changed its name. Perhaps voters were puzzled as to why they should vote for the English Chamber Orchestra.

Unfortunately, the government has not always been successful in mandating environmentally friendly products. Remember those funny shaped light bulbs that broke easily, had to warm up and did not last as long as the government said they would? They have now been replaced by LED bulbs that do last much longer, do not break easily and use significantly less electricity.

But the government also wants homes to be properly insulated and so has introduced Energy Performance Certificates. They are not usually referred to as EPC in case people think this is the English Philharmonic Choir, accompanied by Eco.

The tax system has often been used to promote the environment, supposedly. In the 1990s, diesel engines were all the rage as they produce 20% less carbon dioxide than their petrol equivalents. In 1992-93, the taxable fuel benefit for a 2.5 litre car was £940 for a petrol engine but only £590 for a diesel engine. So the car industry moved to diesel, just in time for the government to realise that diesel engines pump out nitrous oxide and carbon particulates, both of which are bad for health. So now we have taxes being imposed on motorists to discourage them from doing what the government wanted them to do.

Other tax changes include increasing the road tax on cars, increasing the tax on company cars, increasing the tax on petrol and diesel, and introducing a new tax called the climate change levy. Observant readers will notice that all these raise taxes while not doing much to save the planet.

Having run out of environmentally bad things to tax, the government is now again taxing people for going green. In recent years, it has increased the VAT on home insulation from 5% to 20%, imposed a new tax on electric company cars, removed environmentally friendly companies from the scope of tax-advantage investment, and, best of all, it has made solar panels subject to the climate change levy — a tax whose sole purpose is to encourage us to use renewable sources of energy.

However, the government did introduce one scheme whereby payrollers can save the planet: the cyclist's breakfast. This was introduced in 2002. If an employee was prepared to don the lycra, risk becoming eight times more liable to a road accident, and have a sweaty cycle to work, the employer could provide a breakfast that would not count as a taxable benefit in kind.

Now, bread, eggs, bacon and cornflakes are not expensive. Just 40p will buy the ingredients for a hearty breakfast. This would mean that the tax benefit was 8p per breakfast. As you could provide this up to six times a year, the maximum saving was 48p a year.

In 2003, the law was changed again. The six-times limit was scrapped. So the employer could now provide tax-free breakfasts every day if it wanted to. Most employers did not want to. In 2004, the scope was widened again and extended to all workers, not just employees. In 2013, the government scrapped the scheme. Employers fell into two groups: those who did not lament its passing and those who never knew about it in the first place.

There are still some cyclist benefits: free showers and hire of bikes and equipment, and a cycle to work scheme that lets employees buy a bike cheap. Employees can also claim 20p a mile for cycling in the course of business (not commuting). Only two miles and you can pay for your own breakfast.

As for the cyclist's breakfast, that is now classed as an EBE. That stands for Extremely Barmy Edicts (in case you thought it stood for English Brass Ensemble). ■

Robert Leach