



Payroll and Auto-Enrolment Services

A guide for clients

Payroll Services

We provide an affordable, efficient & accurate payroll service to clients, handling your weekly or monthly payroll requirements, freeing you from ever-changing complexities and changing legislation to concentrate on running your business and making it grow.

And we won't burden you with extra formalities and form filling because we take your payroll information by:

- Fax
- Phone
- Email
- Handwritten notes

We provide all the completed forms you will ever need for record keeping and accounting purposes to save you time and money later on. We also provide:

- Confidential printed or security pay slips
- Payment printouts to pay wages yourself
- Direct payment of salaries to bank or building society accounts
- Free monthly or year-end reports

Our payroll bureau service uses Sage software to do the following:

- Produce monthly payslips for each employee
- Produce monthly payroll summary
- Produce monthly pay-to-date summary
- Produce Pensions summary
- Calculate statutory sick, maternity, etc. pay
- Complete HM Revenue & Customs employers payment record sheets P32
- Complete HM Revenue & Customs payslips and booklet
- Produce P45's as necessary
- Deal with general payroll matters on your behalf including the HM Revenue & Customs and the Contributions Agency
- We will reconcile, complete and submit for approval the end of the year payroll returns, and prepare employee's P60's, and deal with online filing

We can provide additional discretionary services if required, for example preparation of forms P11D (benefits in kind), for which we would be happy to provide a separate quote.

Direct payment of salaries

In addition to the above, we can also operate a payroll bank account on your behalf at no extra cost to you (except bank charges). We currently operate a large number of such accounts for existing payroll clients on the following basis:

- A bank account is opened in your name
- You set up a monthly standing order from your own current account into this payroll account
- From this account we pay your monthly salaries, income tax and National Insurance contributions due, and, only with your prior written approval, your monthly payroll fee to ourselves. The account is used solely for your payroll matters.

Real Time Information

Almost all employers should now be using real time information (RTI). This generally requires payroll information to be provided to HMRC 'on or before' payment to the employee. Our payroll software does this automatically.

National Insurance

There have been significant changes recently to National Insurance. Our payroll services ensure you are fully compliant and able to take advantage of employer allowance deductions etc.

Outsourcing your payroll to us is easy

1. Our payroll clients vary from just one employee to those employers with over 100 employees and include companies, charities and partnerships.
2. You can call us at any time for help with ad hoc queries such as HR issues, holiday entitlement, sickness, termination payments etc.

Pensions and Auto-Enrolment

An employer's obligations under the Workplace Pension Reforms with regards to Auto-Enrolment will lead to a significant increase in the demand placed on your admin, finance and/or payroll department (To get started download our [Guide to Workplace Pensions and Auto-Enrolment](#) for a useful overview of this topic.

How can BWM help?

As well as offering a full payroll service which is compliant with the on-going requirements of Auto-Enrolment, we can work with you to ensure that you have employee pension's provision in place in good time, working with your financial adviser.

A reminder of why it is so important to get your scheme in place – and early!

The consistent advice is to ensure that you are prepared well in advance of your staging date. As ever increasing numbers of employers reach their staging dates there is the potential for the number of pension product providers to be insufficient to deal with setting up the schemes in time.

BWM can, with your other advisers, also help you consider and plan for:

- Impact on fixed costs and when to start factoring the costs in (employers will be given time to adjust to increased payroll costs, contribution levels will be phased over 6 years).
- Evaluate impact on any fixed term contracts
- Tax implications / protecting your existing pension pots

There are of course a number of Independent Financial Advisers who can assist you with getting your Auto-Enrolment scheme in place. If you don't have an advisor, we will be happy to put you in touch with one of our recommended contacts who we feel can suit your needs. Typically whilst there is an upfront fee for arranging the scheme initially there is an overall benefit from getting the best pension package for your organisation based on its specific circumstances. We also work with an advisory firm who allow clients to spread payments over a 3-year support package.

Similarly if you need legal advice (you might also want to speak to a solicitor with regard to updating employment contracts for example) we would be happy to refer you to our recommended contacts.

How can our payroll team help?

It is important to note that, whoever your pension provider is, they will not have a complete solution for you and all require data extraction from payroll on a run by run basis to provide any support which the BWM team are able to handle on your behalf.

Our Payroll solution can help your pension provider to handle the compliance aspects of Auto-Enrolment.

The core Auto-Enrolment activities

We can work alongside you to assist with:

- Assessment to categorise workers at staging date
- Assessment of subsequent starters
- Re assessment of existing employees where income or age increases
- Reassessment 3 years after staging date
- And will assist in processing Worker Postponement, Opt-Outs, Refunds of Opt-Ins

Pension contribution upload

At the end of each pay cycle, whether weekly or monthly, data is required to be uploaded to the pension provider detailing the contributions and worker status of each member.

Our payroll department can assist you in generating a data file that can be uploaded to your pension provider systems.

Managing employee communication

It is your obligation to inform workers on a timely basis of any postponement, assessment status as and when it changes and to notify workers of their options such as Opt Out or Opt In by either email or letter.

Depending on the level of pension provider support, they may be able to handle worker communication on your behalf, from the regular upload that you complete.

Alternatively, as your payroll provider BWM can assist you with the necessary employee communication, generating standard letters for you to pass to your workers.

Automatic enrolment declaration of compliance (registration)

1. Completing a declaration is the legal requirement to submit information to the regulator about how you've complied with your employer duties.
2. If you don't do it in time (within five months of your staging date), you could be fined
3. You must complete your declaration of compliance even if you don't have anyone to automatically enrol.

Payroll service requirements

The level of Payroll support you require depends on your chosen pension provider.

Can staging dates be moved?

A company's staging date is the day when their auto-enrolment duties begin. Businesses need to prepare for this date by choosing a pension scheme, enrolling relevant employees, calculating the contributions and deductions, and informing your employees.

Staging dates are based on your PAYE reference, but once you have been handed the date is it possible to move it?

Every employer is able to bring their staging date forward to help align it with other important dates for the business such as the start of the new financial year. This can be done by notifying The Pensions Regulator through their website.

In order to move the date forward you will need:

- the unique 10 digit code that is listed on all your correspondence from the regulator regarding auto-enrolment (you will not have a code if your original date is over 12 months away)
- your PAYE reference
- a Government Gateway user ID.

It is also possible to postpone your staging date by up to 3 months for all or some of your staff. This may be useful if you have temporary or short-term staff whose contracts are ending before the 3 months roll round.

Auto-enrolment can be postponed from the original staging date, although employers are required to write to all affected staff to inform them of the delay.

You're still required to provide a qualifying scheme at your staging date. Only active schemes can be postponed and employees can opt in to the scheme from the staging date.

How much is auto-enrolment likely to cost?

Another aspect of the auto-enrolment process that has not been widely discussed is how much implementation and compliance is likely to cost. There are likely to be a number of new costs that emerge from the process.

Costs associated with auto-enrolment are:

- higher rates of employer contributions to match the likely higher numbers of employees belonging to a pension scheme
- current employer contributions may need to be raised in order to meet the legal contribution requirements
- on-going administration of the system as well as the processing of new starters and leavers
- any new software required
- resources and time dedicated to setting the direction, selecting the scheme and ensuring compliance.

Who is responsible for doing the calculations?

The pension scheme that you choose for your auto-enrolment programme will need to meet certain legal requirements. These include:

- enrolling employees from their first working day
- allowing for employer and employee minimum legal requirements
- being UK tax registered.

Note that it is not a legal requirement to seek consent from employees before auto-enrolling them onto the workplace scheme.

Whether you decide to go with the government-backed National Employment Savings Trust (NEST) or a private scheme, the question as to who exactly needs to do what remains.

No matter what scheme you choose, as an employer you are responsible for the following:

- deducting employee contributions and paying these on time (you risk being fined otherwise)
- keeping specific records of staff gross earnings and contributions, any changes to these figures and details of anyone joining or leaving the scheme.

In order to keep on the right side of the regulator and remain free of any fines, companies need to provide them with details of:

- the scheme you have registered with
- the scheme return
- any breaches of the law that have occurred
- any notable events
- any changes to the scheme or the transfer to a new one.

It is an important detail of the auto-enrolment process that the majority of pension-related duties remain with the employer. It is likely that a significant amount of the penalty notices being handed out originate with key misunderstandings of just what an employer needs to do.

What if an employee changes jobs?

Another question that is likely to become more of a concern for both employers and workers as time goes on is the issue of what happens when people change jobs. The idea of having a job for life is becoming increasingly outdated and the average person could have worked for many different employers by the time they retire.

The potential problem comes with the idea that an employer will need to be auto-enrolled in each new job. Unless all of their various pots can be easily consolidated they are likely to be left with a number of smaller pots.

Not only is this harder to manage, but the potential to lose track of details is significant. According to the Department for Work and Pensions, there is currently somewhere in the region of £3 billion gathering dust in 'lost' pension pots. The government estimates that by 2050 there could be 50 million dormant pension pots worth £757billion.

In anticipation of this problem, the government is beginning to implement a system of automatic pension transfers (or pot follows member) that will theoretically allow an individual to consolidate separate pots. The system began in autumn 2016 through initially offering people the option, with a view to introducing automatic transfers at some point in the future.

What Auto-Enrolment exemptions have been introduced?

Employers will no longer need to auto-enrol employees in certain circumstances after regulatory changes were introduced in April 2015.

The following types of employee will not need to be auto-enrolled:

- individuals who are leaving employment
- those who cancel scheme membership before auto-enrolment
- employees whose existing pension savings have tax-protected status.

Employees leaving employment

The auto-enrolment process can be stopped for employees who intend to leave employment and are in their notice period when the employer's auto-enrolment duties begin.

The employee will not be able to opt-in or join the pension scheme unless their notice is withdrawn.

Membership cancellation

Under the old rules, eligible jobholders needed to be auto-enrolled even if they cancelled their scheme membership. The new rules will give employers discretion over whether they enrol an employee who cancels their membership. This must be done within 12 months of their cancellation.

Workers who left a scheme more than 12 months before the auto-enrolment date will have to be enrolled.

Tax-protected savings

Some employees with pension savings above the lifetime allowance are protected against tax charges. Enhanced and fixed protections may be lost if the employee is auto-enrolled, and the way of avoiding this under the old rules was for the employee to opt-out.

The changes will allow employees to become exempt from auto-enrolment if they provide evidence of having tax-protected status. However, the employer will retain the power to auto-enrol workers regardless of tax-protected status if it is more cost-effective to do so.

Do I need to do anything if we have an existing employee pension scheme?

The scheme has to be a qualifying scheme subject to AE criteria. Auto enrolment does not require your workers consent to join, to provide any information, to make a choice to join the scheme or remain a member – it auto enrols the employee from your staging date. You must have a qualifying scheme in place. Your pension provider may not agree to change the terms of the current scheme to allow for Auto Enrolment of all employees.

What on-going requirements are there after my staging date?

There will be continual worker assessments each time the payroll is processed with communications and management of the contributions, opt outs and opt ins, re-enrolment, employee queries and governance.

To opt out, employees have to be part of an active scheme, be provided with an opt out notice by the pension provider who will check the validity of any received opt out notices. As an employer you have to process and pay refunds due and re-enrol opt outs every three years.

My workforce are self-employed so wont need to be Auto-Enrolled

Wrong! A worker can be assessed for AE if they perform services personally and employment law advice is recommended for full assessment in self-employment situations.

An employer's obligations under the Workplace Pension Reforms with regards to Auto-Enrolment will lead to significant increase in the demand placed on your admin, finance and/or payroll department.

For further information on our payroll services please contact [John Elliott](#) or [Sue Stephens](#).

FOR GENERAL INFORMATION ONLY

Please note that this guide is not intended to give specific technical advice and it should not be construed as doing so. It is designed to alert clients to some of the issues. It is not intended to give exhaustive coverage of the topic.

Professional advice should always be sought before action is either taken or refrained from as a result of information contained herein.

About Us**Professional, Personal, Affordable.**

We are one of the leading, independent chartered accountancy practices in Liverpool. At BWM we provide a wide range of accountancy and business support services to organisations and individuals throughout the North West of England and beyond. Our experienced and skilled partners and their teams are ready to support you with high quality, individual yet affordable services however complex your personal or business needs.

For more details of how we can help you transform your business, please visit www.bwm.co.uk or call us on 0151 236 1494.