



A guide to outsourcing your payroll

A step in the right direction

Hawsons Chartered Accountants

www.hawsons.co.uk

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INTRODUCTION

This practical guide will give an overview to the benefits of outsourcing payroll and give thought to the important things a company must consider to ensure they choose the right provider.

Whether you are a small or large business owner, you may have considered outsourcing your payroll matters.

There are various reasons why companies often initially process payroll themselves. Indeed, some companies consider in-house processing to be a more cost-effective and efficient method.

However, for a lot of companies, this is usually not the case. In fact, there are several benefits that can be obtained through outsourcing your payroll.

Dealing with the payroll in-house is often a time consuming and resource demanding job, requiring awareness of constantly changing HMRC requirements and meeting detailed legislation and strict deadlines.

When considering the time spent completing your payroll and taking into account the penalties for mistakes and missed deadlines, in-house processing may become a more costly solution.

Additionally, with the recent onset of auto enrolment and compulsory workplace pension schemes, the compliance obligation on employers has significantly increased. Many businesses are asking our IFAs in Hawsons Wealth Management to deal with the pension obligations and are also asking us to operate their payroll. This enables us to provide an integrated service and helps to ensure the compliance obligations are met.

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THINGS TO CONSIDER WHEN CHOOSING A PROVIDER

How flexible is their service?

Different businesses have different needs, so it is important that your payroll provider can offer a flexible service tailored to the specific needs of your business. Additionally, your needs may alter over time, especially when experiencing growth and change – you don't want to have to look for a new payroll provider, you want to have the option to adjust your agreement and package when necessary.

Are they willing to be flexible on time scale and deadlines? For example, if you provide the information later than normal, will they still manage to process the payroll on time?

Are they willing to fix their prices?

Ensure that the price is a reasonable and affordable solution, which fits within your budget. Find a service that is tailored to your needs. It is also important that you choose a payroll provider who sets a fixed price; to ensure that there are no hidden charges and that the final bill is as you expected.

How responsive are they?

It is crucial that you have a point of contact with the payroll provider who is easily accessible and responsive to your needs. Ideally, your payroll provider should be proactive and constantly looking for ways to manage your payroll matters more effectively.

What experience do they have?

As HMRC requirements are constantly changing with more obligations on the employer, it is crucial you use third party providers who have specialists who are used to these obligations. It is their responsibility to make you aware of the ever-changing legislation so you can feel at ease knowing that your business is compliant with all new legislation, so having a wealth of experience is essential. Without experience, your provider could be prone to making mistakes, which can quickly become expensive.

A consideration that you must take into account is who will be in charge of your account once you have agreed to outsource your payroll. It is a common criticism of payroll providers that they outsource or 'pass down' the payroll matters. Ideally, you should look for a provider where all staff dealing with payroll have years of experience.

Do they have the necessary expertise?

Given the increased compliance and burden of Real Time Information (RTI) and Auto Enrolment, it is crucial that your payroll provider has the necessary expertise to ensure you comply with new legislation.

THE BENEFITS OF HAWSONS

1. COST

It can sometimes be difficult to calculate the cost of servicing payroll in-house, but when you consider wages for employees (full and part-time), software costs, training costs and printing, you may be surprised by how much you actually spend.

If you take into account the penalties for mistakes and missed deadlines then in-house processing may become costly.

Hawsons can offer a fixed-price service, which is tailored to the needs of your business. This makes outsourcing your payroll to Hawsons an affordable and quantifiable solution.



2. FLEXIBILITY

Different businesses have different needs, so it is important that your payroll provider can offer a flexible service tailored to the specific needs of your business.

As your needs are likely to alter over time, especially when experiencing growth and change – you don't want to have to look for a new payroll provider. Instead, you want to have the option to adjust your agreement and package when required.

Additionally, if you provide the information later than normal, will your provider still manage to process the payroll on time?

At Hawsons we pride ourselves on being flexible and able to adapt to our clients' needs. We do not impose rigid deadlines or time slots, and if information is provided by you later than usual we will work hard with you to ensure the payroll is still processed on time.

3. EXPERTISE

HMRC requirements are constantly changing with more obligations on the employer, with Real Time Information (RTI) and Auto-Enrolment as recent examples. Small business owners simply cannot be expected to keep abreast of all of the changes. Instead, using a third party like Hawsons, who have experienced specialists which are used to these obligations and constant changes, can be extremely helpful. We stay well-informed of the changes and provide guidance to help your business comply with all new legislation. This will undoubtedly reduce the number of mistakes made during the payroll process and, as mistakes can quickly become expensive, it is crucial you eliminate these where possible.

Real Time Information (RTI) for PAYE

RTI was introduced in April 2013. It meant that all employers must make an FPS (Full Payment Submission) to HMRC on or before each payday. An employer may also be required to submit an EPS (Employer Payment Summary) on a monthly basis to HMRC. An employer with a weekly and monthly payroll could be required to make as many as 76 online submissions to HMRC each tax year. If the submission is not made on or before the pay day then HMRC will issue penalties and charge interest on late payments.

Why have the burden of meeting the deadlines yourself when Hawsons can deal with the submissions on your behalf. Hawsons have been ensuring that their clients comply with the new legislation since it began.

Auto Enrolment

Auto Enrolment and the requirement for all employers to set up a workplace pension scheme has been phased in for large employers since October 2012 with all employers being required to comply with the legislation by February 2018. It means that from an employer's staging date all employers must assess staff every pay period to determine whether they would be required to make compulsory pension deductions based on their age and earnings. Most employees between the age of 22 and 65 will be required to have deductions made against their pay. An employer will also be required to provide a file to the pension provider each pay period containing various details in a specified format.

Hawsons can liaise directly with you and your pension provider to ensure the process runs as smoothly as possible. We already have a large number of clients who have been complying with the legislation and have had to write numerous bespoke reports for different pension providers. Auto Enrolment is a legal requirement so it is very important that your company complies with the legislation as the penalties can range up to £50,000 and employers can be prosecuted. Hawsons can assist you so that you have peace of mind.

Our IFAs in Hawsons Wealth Management can also assist in setting up and managing a compliant pension scheme. This enables us to offer an integrated service.

4. TIME SAVINGS

Regardless of the size of your business, the payroll process demands a great deal of time and effort – time and effort that could be spent growing the business or relaxing with friends and family.

Ready? Steady? GROW.

Outsourcing your payroll will allow you to have the opportunity to spend your time more effectively; with more time to support your employees and work towards business objectives. Focusing all of your efforts on your core business is crucial as the more time spent on sales, the faster your business will grow.

Work-Life-Balance

Get your work-life-balance right for you.

The payroll process is difficult to manage and can take over your evenings and weekends; time that should be spent relaxing or with family and friends.

5. STRESS RELIEF

As well as having impacts on cost and time, attending to the payroll process in-house can be a heavy burden to carry.

Spending your evenings and weekends worrying about whether the details are right, your business is fully compliant or if you're going to meet the strict deadlines can be extremely stressful.

Outsourcing your payroll services to Hawsons can take away the headaches and stress of doing it in-house and give the owner peace of mind to carry on what they do best – running their business.



6. ACCURACY

It is extremely important that your payroll is processed accurately and free from mistakes.

If you are not experienced with attending to your payroll matters, then it is easy to make mistakes, and these can quickly become expensive.

Submissions to HMRC must be made on time and error free in order to avoid monthly penalties and possible interest charges.

The penalties HMRC impose can range from £100-£400 per month, depending on the size of your organisation.

Outsourcing your payroll services to Hawsons will take away this risk of financial penalties and ensure your payroll is submitted on time and error free.

7. CONFIDENTIALITY

Companies sometimes want to process their payroll in-house because they are protective of wage information. However, from our experience, it is better if someone unconnected with the business is dealing with payroll information rather than an internal employee.

Even with a trusted employee, there is always the risk of identity theft or tampering. Additionally, without the most up-to-date software packages, there is always a risk that information is not completely safe and secure.



8. INFORMATION SECURITY AND DATA PROTECTION

Whilst payroll data has always been treated with the highest level of confidentiality, organisations should also be aware of the risk of significant fines which can be issued by the Information Commissioner's Office. Failure to protect personal data as required by the Data Protection Act 1998 can result in a fine of up to £500,000 for the employer.

Payroll data including national insurance numbers, bank account details, names and addresses, dates of birth etc. are some of the key 'ingredients' for identity theft; hence the stringent fines for failure to comply with the Act.

You can't outsource your data protection responsibilities

When businesses outsource their payroll function they do not also outsource their Data Protection Act responsibilities. Employers have the responsibility to protect the personal data irrespective of who is processing the payroll.

As a result, businesses need to choose their payroll provider carefully to ensure that data is secure at all times whether it is in storage or transmission.

Ensure your data is encrypted

Employers need to select a payroll outsourcer who takes care of their data as if it were their own. As data is moved backwards and forwards between the employer and the payroll processor it should be encrypted during transmission. Data should also be encrypted if it is stored or exchanged on the internet, for example: on an internet portal.

Hawsons uses CESG certified encryption software

Hawsons uses a market leading encryption solution to safeguard client data. The solution is certified by CESG the information security arm of GCHQ.

The solution is:

- Extremely easy to use
- Free for our clients
- Compliant – data is encrypted to the Fips 140-2 standard
- Secure – data is encrypted and can only be accessed by specified users
- Auditable - there is a full audit trail of all attempts to access the data, whether successful or not, including the date and time of the event and the IP address of the user.
- Flexible - access to the data can be set to read only if required and can also be revoked at any time.

OUR EXPERIENCE

Why choose Hawsons?

Hawsons is one of the oldest firms of independent chartered accountants in England.

Formed in the early 1850s, Hawsons has recently celebrated 160 years of providing expert advice.

The firm currently employs nearly 100 members of staff across three offices in Sheffield, Doncaster and Northampton.

Our clients include a broad range of businesses in terms of size, structure and operations; and as a member of HLB International, a world-wide network of independent accounting firms and business advisers in 130 countries, we can provide you with strategic, business and taxation advice relevant to the countries in which you are operating.

For more information please visit www.hawsons.co.uk



**“HAWSONS IS ONE OF THE
OLDEST FIRMS OF INDEPENDENT
CHARTERED ACCOUNTANTS IN
ENGLAND”**

Our payroll specialists

Hawsons Payroll is a dedicated team of experienced Payroll specialists who provide an integrated and fully comprehensive range of services.

The team is headed up by Partners Stephen Charles in Sheffield, Martin Wilmott in Doncaster and David Cairns in Northampton.

They each have extensive experience in all aspects of payroll matters and have worked with a wide range of clients of all types and sizes.



Stephen Charles



Martin Wilmott



David Cairns

For further advice regarding pension requirements in respect of Auto Enrolment, please contact Hawsons Wealth Management.



Nigel Smith



Erica Dietsch

**Full contact
details are set out
on page 11.**

OUR SERVICES

Hawsons payroll can take the ever increasing burden of operating a payroll off your shoulders, allowing you and your work-force to concentrate on building a successful business.

Hawsons payroll offers a fixed price service, tailored to your own needs. We are not a bureau or call centre and aim to replicate the benefits of an in-house payroll function by being flexible and responsive.

Our integrated and fully comprehensive service offers the following:

- Payslip preparation
- Customised management reporting on payroll information
- Year end H M Revenue and Customs returns
- Maintaining statutory sick pay and statutory maternity pay records
- Dealing with H M Revenue and Customs and DWP on your behalf
- Payments of salaries and wages
- Compliance with existing and new legislation
- Sickness and absence recording
- Dealing with employer and employee queries
- Provide statutory forms to staff
- Give guidance on various payroll issues and legislation

Not yet a Hawsons client?

We offer all new customers a free initial, no-obligation consultation.

This consultation will enable you to have a detailed discussion about how we can work with you to provide an excellent payroll service.

**Please contact your local office
for more information.**

Contact details on page 11.



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