Outsourcing payroll considerations

For many small organisations payroll is one of the time consuming tasks which it is simple to outsource. This can take away the burden from management of time consuming processing as well as the requirement to be consistently up to date with employment legislation and have current software.

A payroll bureau will give you access to up to date software and staff who are fully up to date with any legislation affecting the payment of your staff, such as National Minimum Wage requirements and auto enrolment pensions

When selecting a provider:

- Decide what level of service you require – will you provide standing information about staff salaries and only notify changes on an ad-hoc basis, will you summarise staff hours and send this on each week/ month or will staff submit timesheets direct to their bureau.
- Agree in advance the timescales that they will work to – when can you get information to them and when do you need information back to pay your staff on time
- Ensure that they can meet your reporting deadlines
- Decide who will send payslips to staff
- Ensure they will make real time information submissions on your behalf
- Decide who will submit necessary information to pension providers
- Decide whether you or the bureau will take responsibility for auto enrolment pension correspondence with employees
- Ensure that the provider has professional indemnity insurance
- Ensure that an official contract will be put in place clearly setting out the responsibilities of each party

Once appointed you will need to supply the bureau with:

Employer details

- Organisation Name
- Organisation address
- Full name and NI number of trustees/directors (if new to PAYE)
- PAYE and accounts office references
- Government Gateway Identification and Password

Employee details for each employee

- Full name (inclusive title)
- Address
- Date of Birth
- National Insurance number

- Start date
- Bank details
- Salary details (inclusive rate and full time equivalent if required)

If you are already using software for your payroll it should be possible to transfer this information to the new provider.

On-going routine:

- Collate payroll information weekly/monthly and send to bureau by agreed date
- Ensure details of new starters or leavers in the period are communicated on an agreed form by agreed dates
- Check information returned
- Communicate necessary changes or your approval
- Circulate payslips to employees
- Process payments to employees
- Ensure PAYE is paid over to HMRC by due date
- Ensure pension payment is made to provider by due date