CIPP payslip statistics report

2008-2018

THE CIPP HAS BEEN CONDUCTING RESEARCH INTO THE LONG-TERM TRENDS AFFECTING PAYROLL AND PAYSLIPS SINCE 2008

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Executive summary

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The CIPP has been conducting research into the long-term trends affecting payroll and payslips since 2008. The policy and research team would like to thank all those who responded, as we would not be able to undertake this research each year without the support and input from our members and the profession.

Forming part of the CIPP's Future of payroll survey the research was conducted using an electronic survey tool, links to which were circulated to CIPP members through news alerts. The survey was also published on the CIPP's LinkedIn page to obtain views of payroll professionals who may not be members of the Institute. There were 554 responses which is the highest response rate ever.

This annual research looks at the number of people being paid, the frequency with which they are paid, how the payslips are distributed as well as looking at the potential benefits brought about by the use of electronic payslips and the emergence of technology on the payroll profession.

The CIPP payslip statistics research has now been running for ten years, and spans a period of great change both generally within the UK, including the economic recession and the vote to leave the EU; and more specifically within the payroll industry with the introduction of RTI and automatic enrolment into a workplace pension to name but two.

Datagraphic foreword

GLYN KING
GROUP MANAGING DIRECTOR
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It's often difficult to find research that is truly focused on payroll: and not part of a wider study of HR or Finance. That's why, I'm a keen supporter of the work the CIPP does to scope, implement and deliver this Payslip Statistics Report and this year is especially important. Unbelievably, it's a decade since the report started and we now have a wealth of data to reflect on how payslip distribution has evolved.

A good starting point is the frequency of payslip distribution. Although the mix has remained fairly static over the last decade there has been a drop in weekly payrolls (19.5%). It would be interesting to understand if legislation has made a mark here, with the implementation of RTI and automatic enrolment for pensions during the period. One statistic to watch is the daily pay frequency. Over the last ten years, daily payments have only increased by 0.6%, but with increasing dialogue around pay on demand, will we see this impacting daily payrolls in the years ahead?

Undoubtedly, the most noticeable change in the last ten years is the impact of epayslips. Back in 2008 only 12.4% of respondents providing a self-service option for payslips. In contrast by 2018 that figure has risen to 60.2%. And it's fair to assume the rise in epayslips has made a positive contribution to reducing staff workloads: with a marked reduction in printed payslips distributed by the payroll department.

Employee confidence in digital payslips also seems to be improving with concerns around security and identity fraud at an all-time low. The results suggest complaints over confidentiality (in respect of personal information on payslips) dropping by 46.6% and identity fraud concerns by 36.0%.

From these initial observations it would be easy to conclude that epayslips are working effectively for every organisation. But the results present some additional findings that should be explored.

One example is the rise in payroll teams posting payslips: an increase of 8.8% over the last decade to 40%. Although the scope of this year's report doesn't provide reasons for this increase, qualitative data over the last ten years, could provide clues. In previous years, respondents have cited needing to provide print to people who are off sick, work outside the UK, who have no permanent workplace or simply want a choice of print and online. Many of these reasons are removed by epayslips which are accessible at work, home and on-the-go. If any of these barriers remain, it would be worth exploring epayslip providers who can give employees access to information outside the workplace. And where print is still needed, payroll teams should consider automating printing with a secure print partner to streamline residual payslip distribution.

The report also indicates the need to communicate more strongly with employees on the benefits of epayslips (with a 25.4% increase in complaints about the method of distribution: paper to online). We can't identify the reason for this rise, but can all work to make the employee experience of epayslips a positive one, both through improved access to information and by providing more detailed information, so the epayslip is valued by the employee (requested by 32.4% of respondents).

Key findings

❯ Monthly remains the most common pay frequency with more than 96% of respondents reporting they operate a monthly payroll

❯ Friday continues to be the most common pay day for weekly, fortnightly and four weekly payrolls. Unsurprisingly, the last working day of the month remains the most common pay day for monthly payrolls.

❯ Just over one third (36.6%) of respondents reported using the payslip as a means of delivering other information to employees

❯ The number of respondents providing self-service access to payslips has increased from 12.4% in 2008 to 60.2% in 2018

❯ Similarly the number distributing payslips by email has increased from 23.3% in 2015/16 to 35.4% in 2018

❯ In sharp contrast, the number sending paper payslips to the relevant department has dropped from 31.4% to 19.3% and hand delivery has reduced from 20.8% to 12.4%

❯ More than 95% of respondents say that they use some form of electronic method of distributing payslips in 2018

❯ 22% of respondents reported that they had changed their method of distributing payslips as a result of GDPR

Summary of results
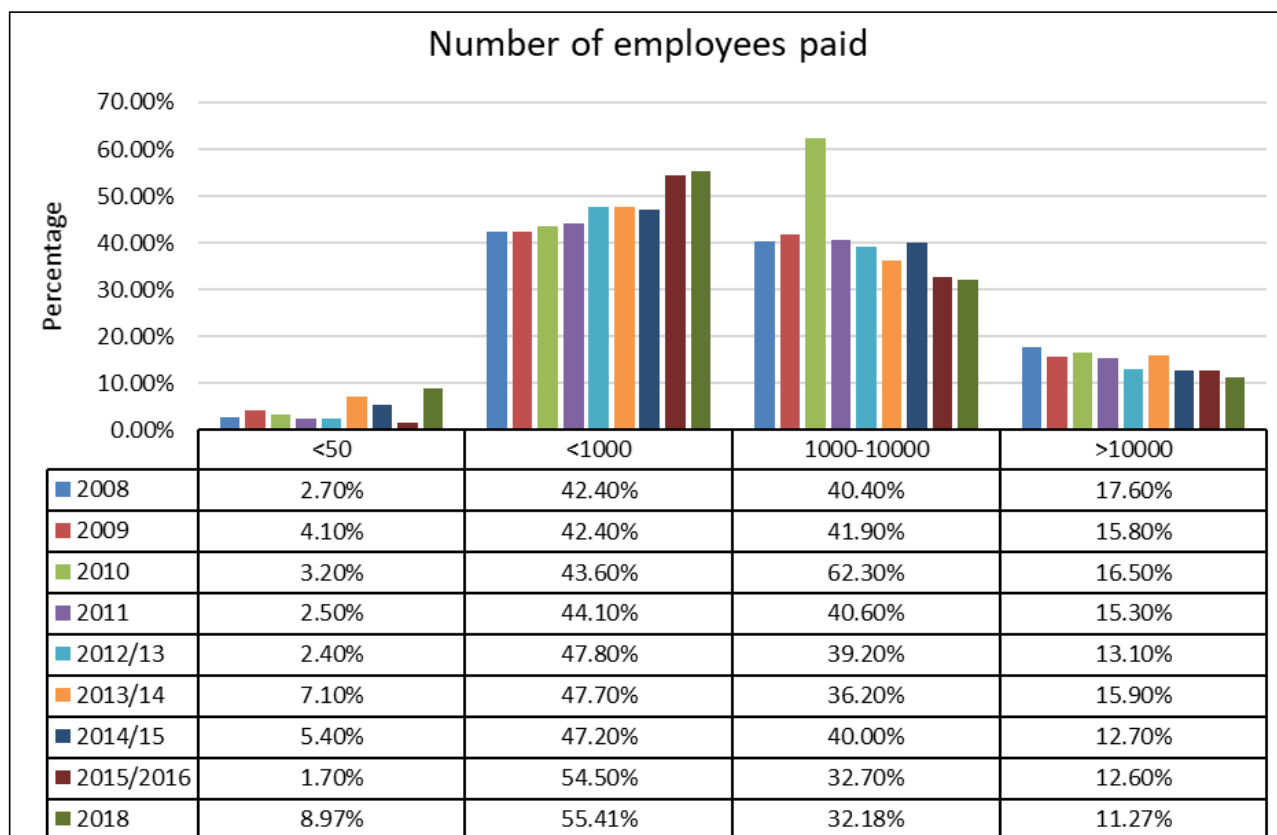
YEAR ON YEAR PAYSLIP TRENDS

Number of employees paid
This question asks payroll bureau respondents to add up the number of employees across all their clients' payrolls and employers to add up the total number of people they pay across all the payrolls they operate, with up to 6,281,050 workers being paid by the respondents to this survey.

Once again the results remain relatively consistent throughout the years of this research; however this year there has been a significant increase in the number of respondents paying fewer than 50 individuals which is up to 8.9% from 1.7% in 2015-16.

What the results do not tell us conclusively is whether this is as a result of larger companies decreasing their workforce, whether there is an increasing number of small businesses, or perhaps whether the increasing complexity and changing requirements of payroll over the last few years have resulted in increasing numbers of small employers, who were not CIPP members, outsourcing their payroll to agents who are members of the CIPP, thereby changing the demographic of employers directly or indirectly covered by this research.

This is an issue which will be explored in future research.

Number of employees paid

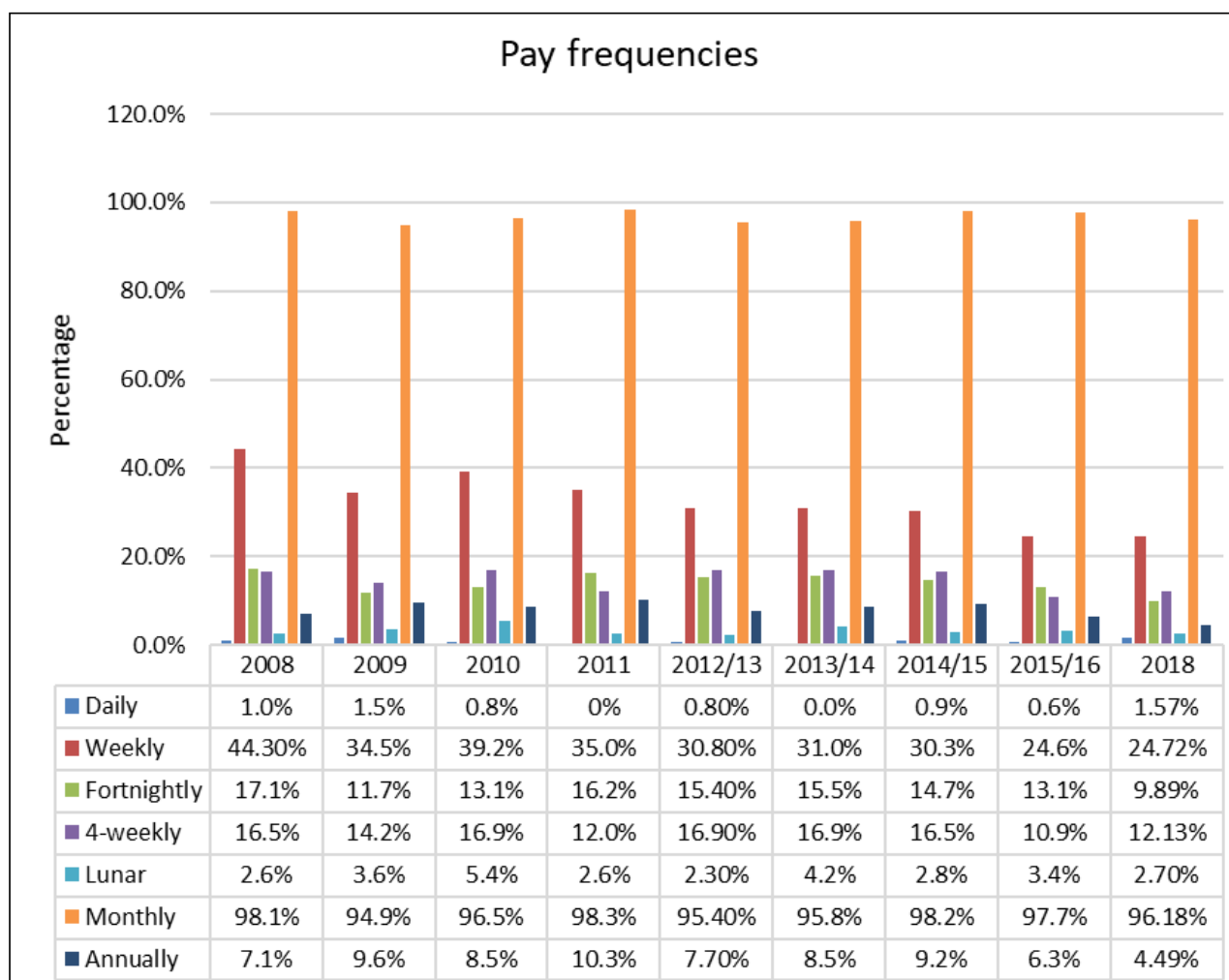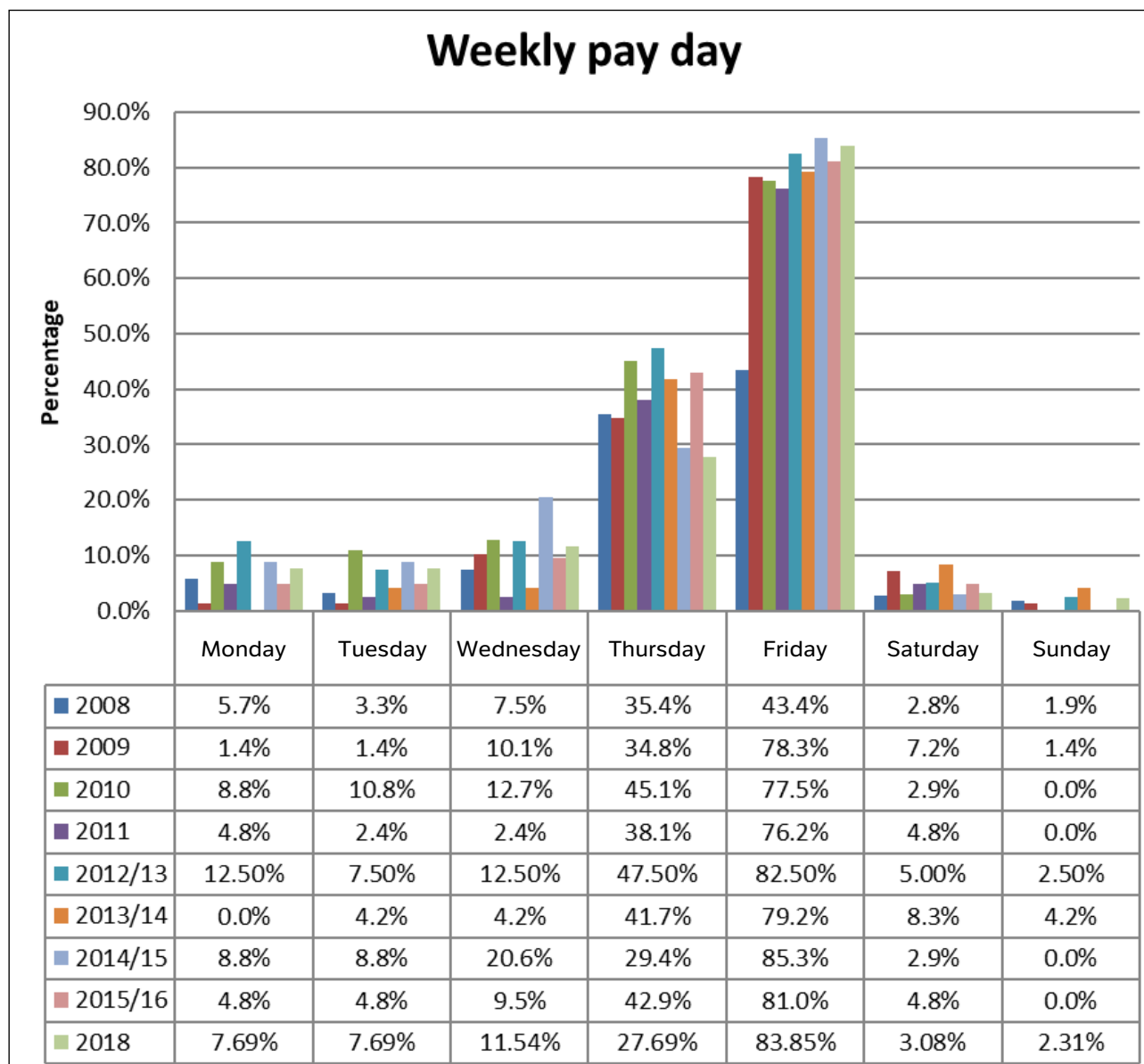|	<50	<1000	1000-10000	>10000
2008	2.70%	42.40%	40.40%	17.60%
2009	4.10%	42.40%	41.90%	15.80%
2010	3.20%	43.60%	62.30%	16.50%
2011	2.50%	44.10%	40.60%	15.30%
2012/13	2.40%	47.80%	39.20%	13.10%
2013/14	7.10%	47.70%	36.20%	15.90%
2014/15	5.40%	47.20%	40.00%	12.70%
2015/2016	1.70%	54.50%	32.70%	12.60%
2018	8.97%	55.41%	32.18%	11.27%

Payroll frequencies operated

With 96.2% paying employees monthly, this remains the most common pay frequency, as it has been every year that this research has been conducted.

In 2008 when this research began almost half of respondents (44.3%) operated a weekly payroll. Since then there has been a steady decline and this downward trend continues in 2018 with less than one quarter (24.7%) of respondents saying that they run a weekly payroll. The number of fortnightly payrolls has also reduced from 13.1% in 2015-16 to 9.9% in 2018. Whilst the introduction of RTI reporting requirements and the complexities of automatic enrolment may be responsible for this reduction it will be interesting to see how this trend for reducing pay frequency interacts with the emergence of pay on demand, of which more detail is provided on page 13 of this report. This is an issue which will be explored further in the 2019 research.

Pay frequencies

	2008	2009	2010	2011	2012/13	2013/14	2014/15	2015/16	2018
■ Daily	1.0%	1.5%	0.8%	0%	0.80%	0.0%	0.9%	0.6%	1.57%
■ Weekly	44.30%	34.5%	39.2%	35.0%	30.80%	31.0%	30.3%	24.6%	24.72%
■ Fortnightly	17.1%	11.7%	13.1%	16.2%	15.40%	15.5%	14.7%	13.1%	9.89%
■ 4-weekly	16.5%	14.2%	16.9%	12.0%	16.90%	16.9%	16.5%	10.9%	12.13%
■ Lunar	2.6%	3.6%	5.4%	2.6%	2.30%	4.2%	2.8%	3.4%	2.70%
■ Monthly	98.1%	94.9%	96.5%	98.3%	95.40%	95.8%	98.2%	97.7%	96.18%
■ Annually	7.1%	9.6%	8.5%	10.3%	7.70%	8.5%	9.2%	6.3%	4.49%

Most popular pay days / dates

At almost 84%, Friday continues to be the most popular pay day for weekly payrolls although the number of respondents paying on a Sunday has increased from 0% in the last couple of years to 2.3% in 2018, perhaps due to companies choosing to pay through internet banking rather than the more common use of Bacs.

Weekly pay day

|	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
■ 2008	5.7%	3.3%	7.5%	35.4%	43.4%	2.8%	1.9%
■ 2009	1.4%	1.4%	10.1%	34.8%	78.3%	7.2%	1.4%
■ 2010	8.8%	10.8%	12.7%	45.1%	77.5%	2.9%	0.0%
■ 2011	4.8%	2.4%	2.4%	38.1%	76.2%	4.8%	0.0%
■ 2012/13	12.50%	7.50%	12.50%	47.50%	82.50%	5.00%	2.50%
■ 2013/14	0.0%	4.2%	4.2%	41.7%	79.2%	8.3%	4.2%
■ 2014/15	8.8%	8.8%	20.6%	29.4%	85.3%	2.9%	0.0%
■ 2015/16	4.8%	4.8%	9.5%	42.9%	81.0%	4.8%	0.0%
■ 2018	7.69%	7.69%	11.54%	27.69%	83.85%	3.08%	2.31%

The last working day of the month continues to be the most popular pay day for monthly payrolls at 34.8% followed by 20.5% who pay on the 25th of the month, 20% on the 28th of the month and 13.4% on the 15th of the month.

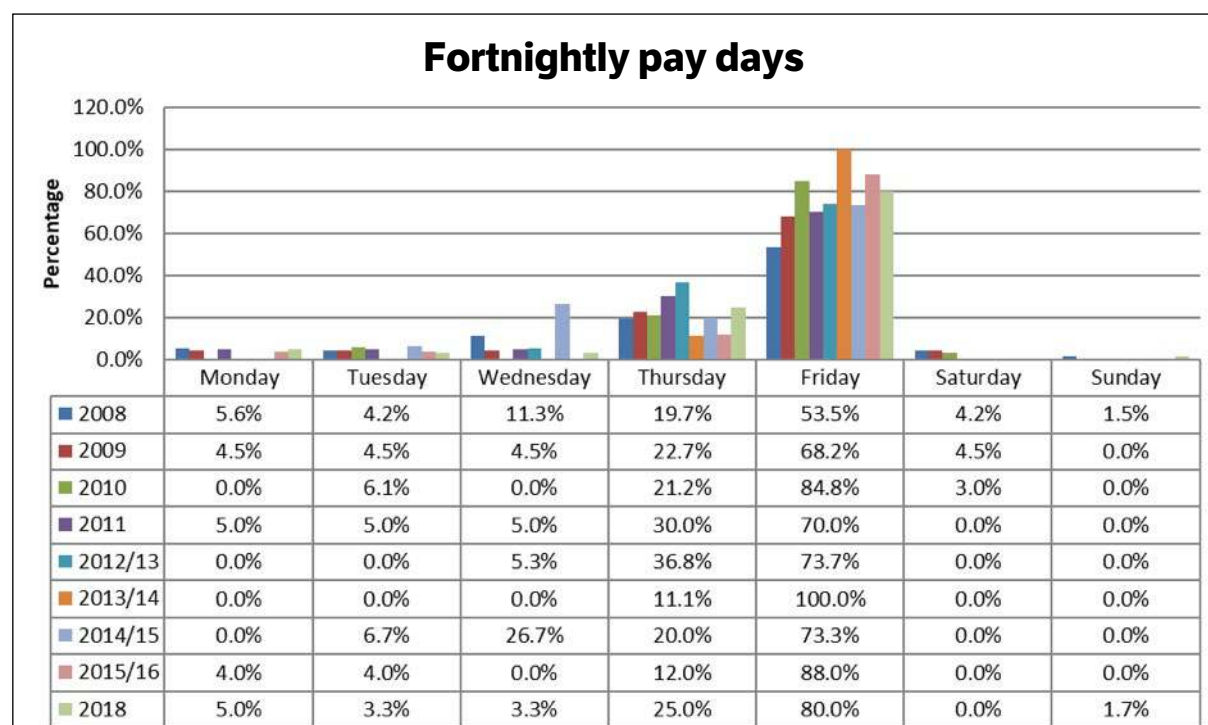The popularity of paying on the last working day of the month has, in some cases, had an impact on Universal Credit payments with the DWP suggesting that employers should change their payment dates when the normal payday falls on a non-banking day, however the outcome of a recent judicial review concluded that instead the DWP should change the way it calculates a claimant's benefits.

1. https://bit.ly/2N6I7xK

Monthly pay days
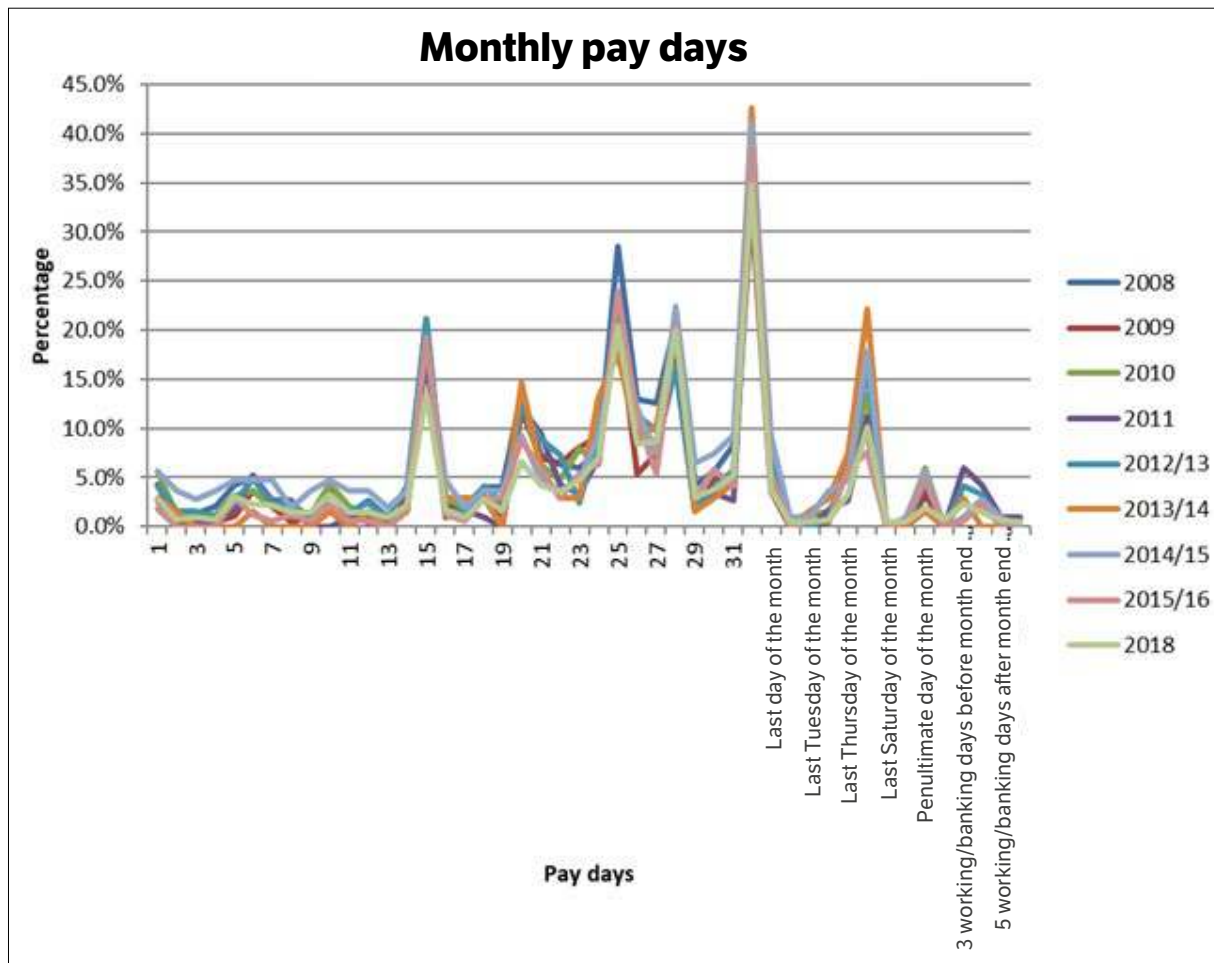
Once again Friday is the most popular day for paying fortnightly and four-weekly payrolls

Fortnightly pay days

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
2008	5.6%	4.2%	11.3%	19.7%	53.5%	4.2%	1.5%
2009	4.5%	4.5%	4.5%	22.7%	68.2%	4.5%	0.0%
2010	0.0%	6.1%	0.0%	21.2%	84.8%	3.0%	0.0%
2011	5.0%	5.0%	5.0%	30.0%	70.0%	0.0%	0.0%
2012/13	0.0%	0.0%	5.3%	36.8%	73.7%	0.0%	0.0%
2013/14	0.0%	0.0%	0.0%	11.1%	100.0%	0.0%	0.0%
2014/15	0.0%	6.7%	26.7%	20.0%	73.3%	0.0%	0.0%
2015/16	4.0%	4.0%	0.0%	12.0%	88.0%	0.0%	0.0%
2018	5.0%	3.3%	3.3%	25.0%	80.0%	0.0%	1.7%

Four weekly pay days

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
■ 2008	8.0%	6.8%	8.0%	18.9%	52.7%	4.1%	1.5%
■ 2009	3.6%	0.0%	3.6%	14.3%	75.0%	3.6%	0.0%
■ 2010	9.1%	2.3%	2.3%	9.1%	84.1%	6.8%	0.0%
■ 2011	21.4%	0.0%	0.0%	14.3%	85.7%	7.1%	0.0%
■ 2012/13	9.5%	14.3%	9.5%	14.3%	85.7%	4.8%	0.0%
■ 2013/14	0.0%	0.0%	7.7%	23.1%	84.6%	0.0%	0.0%
■ 2014/15	0.0%	11.1%	27.8%	33.3%	55.6%	5.6%	0.0%
■ 2015/16	4.3%	8.7%	13.0%	30.4%	69.6%	0.0%	0.0%
■ 2018	6.6%	1.6%	8.2%	18.0%	82.0%	0.0%	1.6%

**Responsibility for processing payroll**

The number of respondents processing payroll in-house has remained relatively consistent since we began asking this question in 2011. However, this year sees a significant reduction in the number of respondents who completely outsource their payroll from around a third in previous years to 5.6% in 2018.

Who processes the payroll?
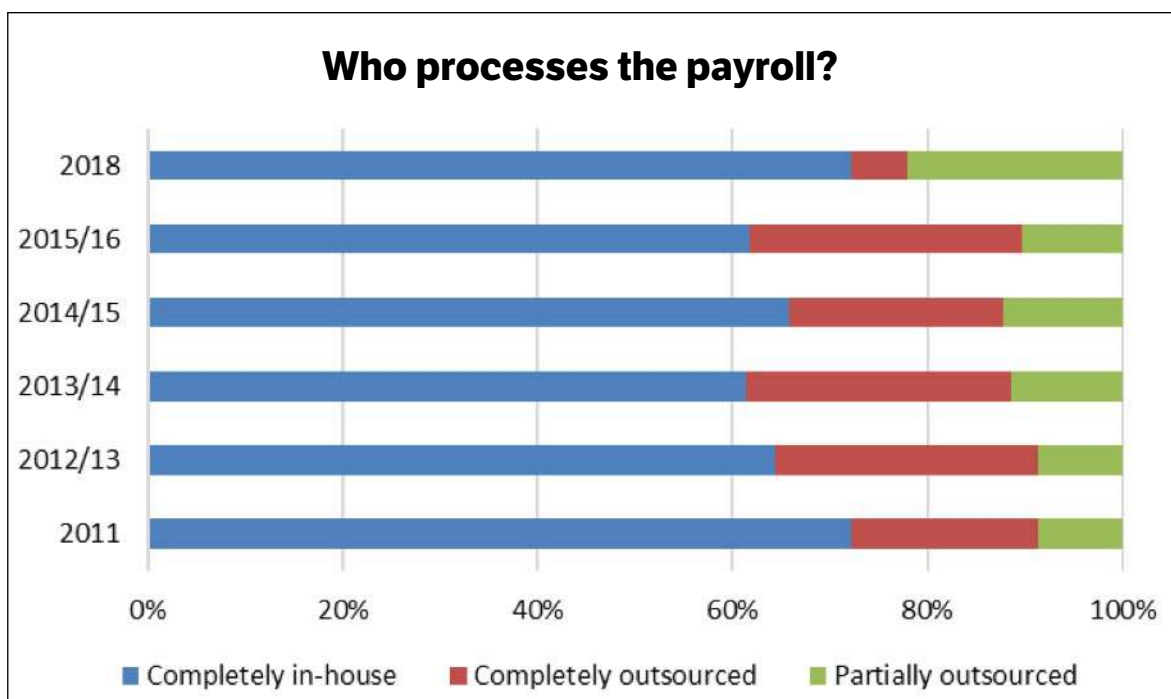
Method of distributing payslips

The emergence of technology and the increasing move to online over the last decade is perhaps best illustrated by examining how payslips are distributed. When the research began in 2008 more than two thirds (67%) of payslips were sent to the relevant department for distribution. The 2018 research sees a significant shift to electronic distribution of payslips rather than manual intervention, with more than 95% of respondents stating that they use an electronic distribution method to some extent. In 2018 the number sending paper payslips to the relevant department has dropped from 31.4% to 19.3% and hand delivery has reduced from 20.8% to 12.4%.

The number of respondents providing self-service access to payslips has increased from 12.4% in 2008 to 60.2% in 2018 and more than a third (35.4%) now distribute payslips by email.

This is perhaps not unexpected given the increasing use of technology in everyday life, perhaps helped by the fact that the last time this research was undertaken in 2016, 83.3% of respondents who issued electronic payslips experienced cost savings as a result, ranging from £1,200 to £6,000 per year. Respondents also reported other benefits of electronic payslips such as time saved in sorting and distribution, more security, and the number of payslip queries and requests for duplicates significantly reduced.

What is surprising is that the number of respondents posting payslips in 2018 has increased from 34.7% to 40%. This issue will be explored further in 2019.
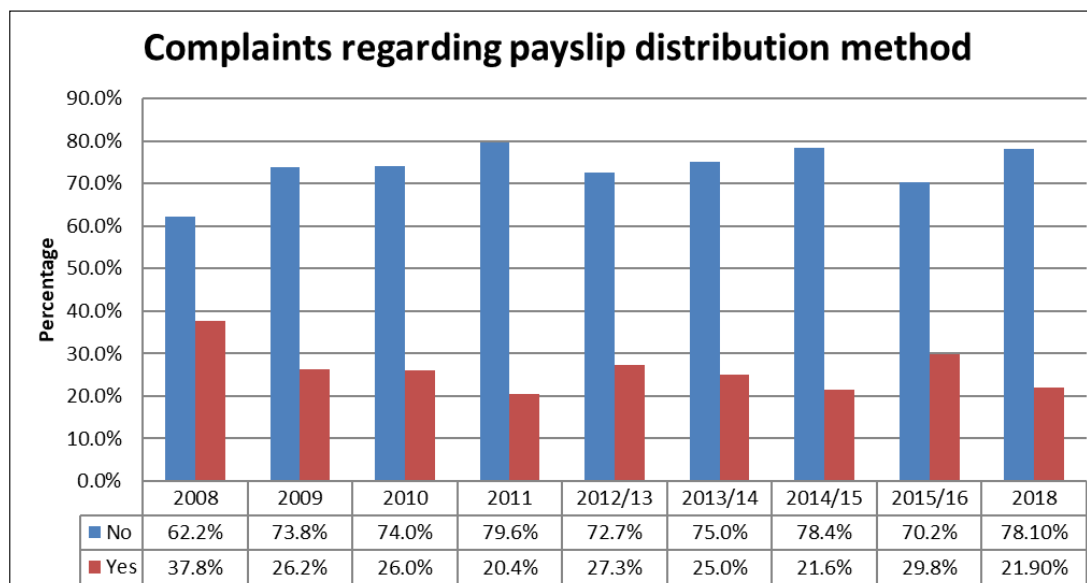
Just over one third (36.6%) of respondents reported using the payslip as a means of delivering other information to employees, down from 46.7% in 2015/16. In previous years payslips have been used as a means of delivering generic, ad hoc messages. Information such as that National Fraud Information is being collected; changes to pension tiers; achievement of bonuses; or changing pay dates due to Christmas were amongst the messages delivered using payslips. This practice will be explored further in future research.

Payslip distribution methods	2008	2009	2010	2011	2012-2013	2013-2014	2014-2015	2015-2016	2018
Posted	31.2%	41.7%	41.8%	40.2%	39.5%	29.8%	43.1%	34.7%	40.06%
Sent to departments for distribution	67.%	51.3%	43.4%	48.2%	45.4%	37.3%	33.7%	31.4%	19.34%
Hand delivered by payroll department	31.2%	25.1%	28.7%	29.5%	26.9%	25.4%	12.9%	20.8%	12.43%
Self-service (employees access via a computer terminal)	12.4%	15%	27.9%	25%	26.9%	38.8%	33.7%	47.2%	60.22%
Email facility		9.6%	12.7%	11.6%	16%	16.4%	21.8%	23.3%	35.36%
Employee collects from payroll department/other designated area		8.6%	7.2%	7.1%	8.4%	4.5%	6.9%	3.8%	6.91%

Complaints regarding the distribution of payslips

Over the last decade complaints regarding the method of distributing payslips have reduced by over a third, down to 21.9% from 37.8%. But when the research began back in 2008, electronic distribution methods, now commonplace, were not widely used. As technology has developed over the last decade and more employees have access to devices at work and home, it may be that where a decade ago they might only have been able to

access their online payslips at work they now find payslips are more accessible, perhaps reducing the number of complaints about the method of distribution.

Complaints regarding payslip distribution method

	2008	2009	2010	2011	2012/13	2013/14	2014/15	2015/16	2018
No	62.2%	73.8%	74.0%	79.6%	72.7%	75.0%	78.4%	70.2%	78.10%
Yes	37.8%	26.2%	26.0%	20.4%	27.3%	25.0%	21.6%	29.8%	21.90%

When exploring the reasons behind the complaints, the number of complaints regarding the concept of moving from paper to online payslips continues to rise (58.7% up to 60.2%) and is by far the most common source of complaint. However, previous concerns regarding the security of self-service have reduced from 19.6% to 13.3% and the shift towards electronic payslips has significantly reduced the number of complaints regarding the ease of identifying a paper payslip.

This was a concern for more than half of complainants when the research began in 2008, but with the removal of paper payslips in many workplaces this issue now accounts for only 10.8% of complaints.

Type of complaint	2008	2009	2010	2011	2012-2013	2013-2014	2014-2015	2015-2016
Concerns over confidentiality in respect of personal information on payslip		67.4%	59.0%	52.2%	60.0%	41.2%	33.3%	19.6%
Costs				8.7%	10.0%	11.8%	14.3%	2.2%
Employee requires more information on the payslip		10.9%	8.2%	26.1%	30.0%	29.4%	23.8%	21.7%
Identity fraud concerns		45.7%	34.4%	39.1%	36.7%	29.4%	23.8%	10.9%
Internal mail system				39.1%	36.7%	52.9%	33.3%	13.0%
Method of distribution e.g. paper to online				34.8%	20.0%	47.1%	52.4%	58.7%
Payslip recognition i.e another person knows it is a payslip		58.7%	50.8%	52.2%	36.7%	17.6%	28.6%	21.7%
Postal system		47.8%	54.1%	60.9%	40.0%	23.5%	14.3%	15.2%
Self service security concerns				21.7%	13.3%	29.4%	14.3%	19.6%
Employee wants payslip sent to home address					43.3%	58.8%	47.6%	28.3%

NEW FOR 2018

The effect of GDPR on payslip production

The introduction of the General Data Protection Regulation on 25 May 2018 caused many businesses to examine the personal data they hold and how they use it. This research explored whether GDPR had any effect on payslip production or distribution.

More than one fifth of respondents (22%) reported that they had changed their method of distributing payslips as a result of GDPR. However GDPR had less of an effect on the information contained in payslips with 95% stating that payslip information had not changed as a result of GDPR.

Payment methods

With Bacs consistently the most common payment method across all pay frequencies for the duration of this research, in 2018 the survey focused on respondent awareness of possible new payment methods.

Blockchain is a new buzzword in technology right now, with the first major application of blockchain technology being bitcoin which was released in 2009. Bitcoin is a cryptocurrency and the blockchain is the technology that underpins it. Although it is likely that a significant number of respondents have heard of bitcoins, only 15.8% have heard of blockchain.

When asked if they could see blockchain being used as a future alternative payment method, respondents were unsure, with 13.7% saying yes, 35.6% saying no and the remainder (50.7%) unsure. The use of new payment technology versus more traditional payment methods will be explored in future research.

Pay on demand

This report has already identified the most common pay frequencies operated in UK payroll. However, pay on demand is another option for employers to consider. As the name suggests, pay on demand is a service which enables workers to ask for payment as and when they ask for it, rather than on their contractual pay day. Although in many cases this takes the form of a loan rather than a genuine payment on demand.

Less than a quarter (23.7%) of respondents had heard of pay on demand. Even fewer (8.8%) have considered introducing pay on demand in their organisation. However, when asked whether pay on demand would be an attractive benefit for employees the responses were less clear cut, with 58% unsure. This is another area which will be explored more fully in future research.

Do you see pay on demand being as attractive benefit for employees

YES 11%
NO 31%
MAYBE 58%
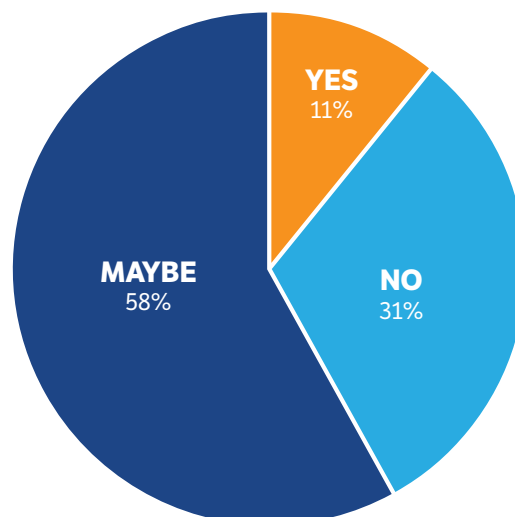
CONCLUSION

This report provides a fascinating insight into the trends affecting payroll and payslips over the last ten years. But it also prompts further questions which will be explored further in forthcoming research; details of which will be published on the CIPP website later this year.

The content of this report is a more in depth look at the results arising from the payslip statistics section of the CIPP's *Future of payroll report 2018*.

Want more?

Read the CIPP's *Future of payroll research survey report 2019* for further insights into a variety of payroll topics such as technology, recruitment and payslip distribution.

Access the report now

cipp.org.uk/FOP19

Future of payroll
Research survey report 2019

The CIPPs future of payroll report has been made possible through the collaboration of a high number of payroll professionals within the United Kingdom, and the support of Datagraphic and Workday.

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