

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.



THANK YOU TO OUR SPONSORS

Datagraphic


workday®

cipp
the **chartered institute**
of **payroll professionals**
leading the profession

Contents

CIPP FOREWORD	3
APPROACH AND CONTEXT	4
ABOUT THE CONTRIBUTING AUTHOR	5
DEMOGRAPHICS AND ADDITIONAL DATA	6
KEY ISSUES FACING YOUR PAYROLL DEPARTMENT NOW	11
What are the key issues?	11
BLOCKCHAIN AND PAY ON DEMAND	14
What is blockchain?	14
What is pay on demand?	14
IS PAYROLL A STRATEGIC OR OPERATIONAL FUNCTION?	17
Is payroll represented at board level within your organisation?	17
Do you think payroll contributes to your organisational goals?	18
CUSTOMER FACING PAYROLL	19
How many enquiries does the payroll team receive on average per month?	19
What are the most common types of enquiry into the payroll department?	20
PAYROLL TEAM RECRUITMENT AND SUCCESSION PLANNING	23
Attributes of payroll professionals	23
Do you have a succession plan within the payroll department?	24
PAYROLL SYSTEMS, SOFTWARE AND ANALYTICS - SPONSORED BY WORKDAY	25
Workday foreword	25
How satisfied are you with your existing payroll software?	26
How does your payroll software integrate with your HR systems?	27
What are the top three issues you face with technology currently?	27
PAYSLIP DISTRIBUTION - SPONSORED BY DATAGRAPHIC	29
Datagraphic foreword	29
Has your payslip distribution method changed as a result of GDPR?	30
How do you normally distribute your payslips?	30
CONCLUSION	32

CIPP foreword



KEN PULLAR
CHIEF
EXECUTIVE
OFFICER,
CIPP

Now in its second year, the future of payroll report has delved further into trends and technology enhancements which could impact on the future of our profession.

Payroll is such a fundamental business function, but typically has had a 'if it ain't broke don't fix it' attitude from outside of the department within business. There are risks associated with updating software and this leads to organisations often using dated legacy systems. However, we are in a time of change.

Technology is advancing quickly and payroll is embracing the advancements. People coming into our businesses have different attitudes towards pay, and that is influencing the way we pay people and the solutions we are looking to in order to automate payments.

Terms such as 'pay on demand' and the 'gig' economy are becoming widely used and accepted, and this is challenging the traditional pay system. Whilst these things won't change things overnight, they are certainly providing payroll with food for thought and ways of making their pay and reward package more attractive to the new employees entering the workforce.

The changes to technology will also lead to changes in the skillset required of payroll professionals. Whilst software will enable more automation, the number of enquiries coming into the payroll department will not decrease, and payroll professionals will need to understand the calculations and legislation behind the software to answer these queries. The future of payroll will become more people focussed, those working in the department will need to be educated, skilled and knowledgeable so that they can answer queries and support their organisations employees in understanding their pay and reward.

As we look to the future it would be remiss not to mention 'Brexit'; but it was interesting that this was not a current concern for the payroll department. Presumably as there is still so much uncertainty so it is not a priority until things have been clarified?

This report will provide some insight into the direction of payroll for the future, and over the coming months we shall delve deeper into some of the topics contained within this report, so make sure that you visit cipp.org.uk and follow us @CIPP_UK on Twitter for further content and updates.

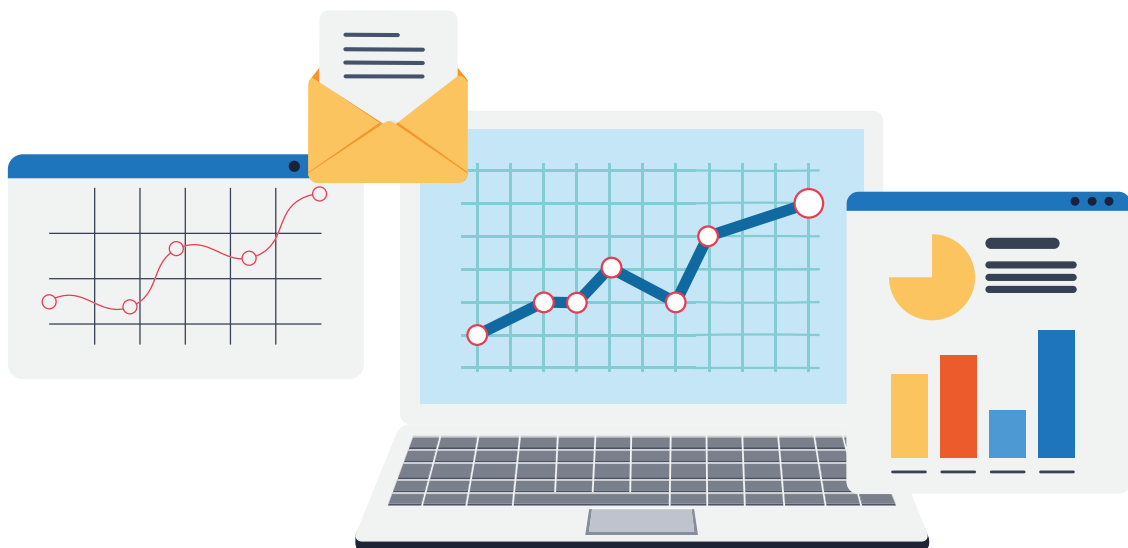
I would like to take this opportunity to thank all of the payroll professionals who took the time to respond to this survey, your feedback and views have helped to shape the report and provide some context around the predictions. I would also like to thank our sponsors, Datagraphic and Workday who have provided their own insights into the future of payroll, specifically aligned with technology and payslip distribution. Finally, I would like to thank Chartered Member Glenn Jones MSc, FCIPD, ChFCIPP, our contributing author who has taken the time to analyse the results and provide insight into the results.

Approach and context

The survey launched during National Payroll Week 2018. Like last year it was distributed to the UK payroll community through the CIPP *News Online*, standalone marketing emails and through social media. The survey was sent to over **5,000** people and it achieved a **10%** response rate which was on par with 2017. The CIPP would like to thank those who did respond as this enables a greater understanding of where payroll is in the 21st Century.

The CIPP is passionate about the future of payroll, and this report will explore the survey results and industry developments to provide payroll professionals with some 'food for thought' regarding what the future may look like, as well as how they can start to think about new developments which may lead to a more strategic role within their organisation.

For the profession to continue to grow it is important to recognise that things will need to change to ensure that payroll takes its rightful place alongside the other business functions. An example of this may be that actually payroll as a function needs to be in the middle of HR and finance departments to ensure that there are the correct controls in place and it is recognised as a strategic function rather than a purely operational one.



About the contributing author

Glenn G Jones MSc, Chartered FCIPD and ChFCIPP

Glenn is a freelance HR consultant (MSc, Chartered Fellow of CIPD and Chartered fellow of CIPP) and has worked with Bank of America, HSBC, Ecolab, Imperial Brands, CIPP and XL-Catlin SE in multi-discipline strategic and operational roles across the world.



Prior to this, he was employed Eversheds LLP, Accenture, Koorb (NZ) and EON as well as numerous other companies. He is working his way to his DBA, becoming a future CEO and evolving his HR consultancy business to ensure that he continually adds value to his clients, now and in the future.

Glenn is passionate about people, coaching, emotional intelligence, making a difference and company evolution.

His new book *'Human Resources Changes The World'* aims to shake-up the HR function via a critical look at where it is today, what needs to change together with real actions for its evolution. It's a real look in the mirror book. In addition, Glenn looks at if people are truly important to companies then why don't HRD's, on the whole, become CEO's.

Demographics and additional data

Gender

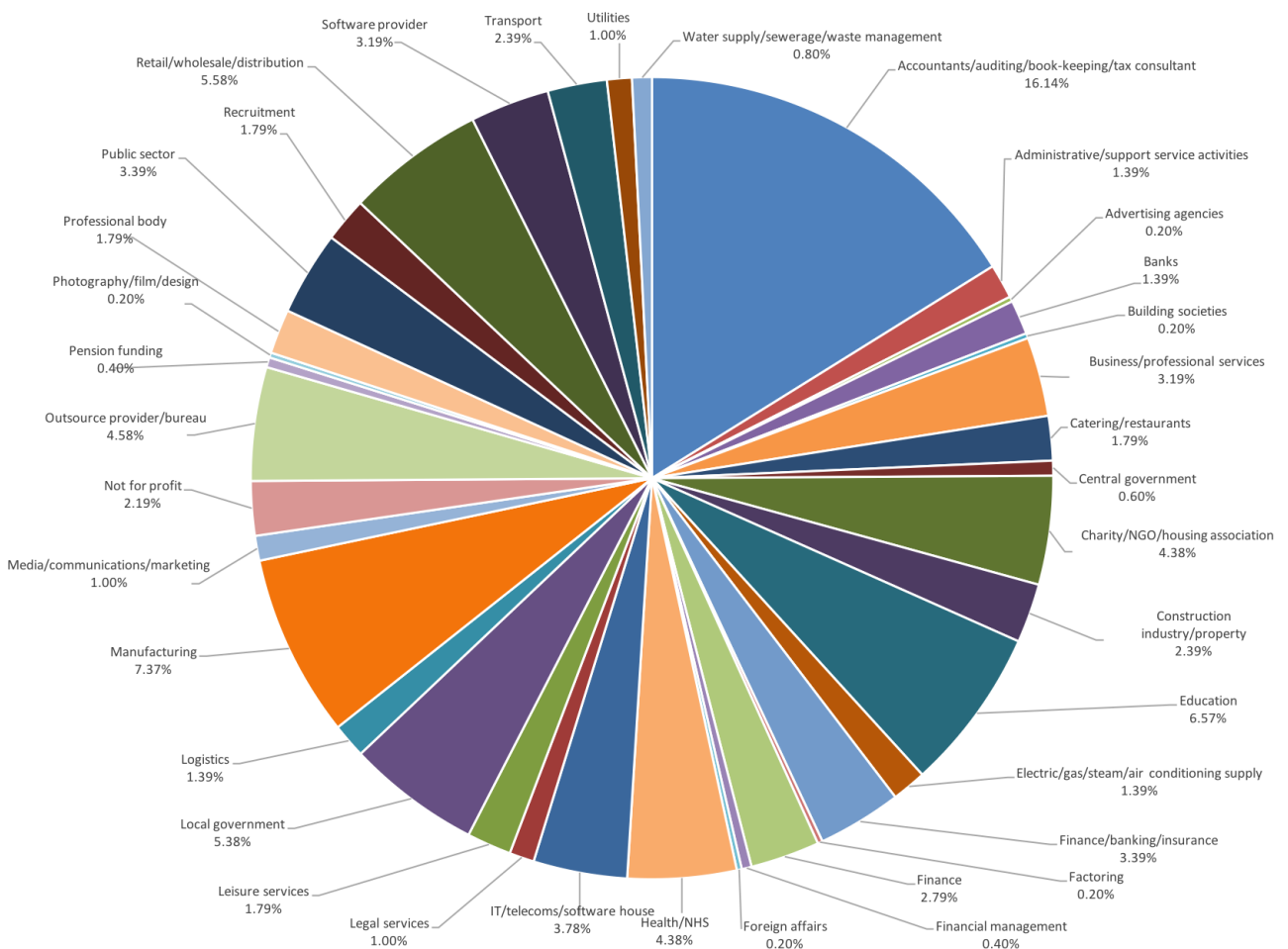
The payroll profession appears to be still dominated by females (71%). This percentage is consistent with the Office for National Statistics which states that 75% of individuals in the profession are female. In an age where diversity and equality are important, it is encouraging to see that 40% of women who responded are in payroll manager positions, versus 38% of men who responded.

Sector

Almost all the sectors were covered in the answers to the survey. The highest percentages (rounded) came from:

- Accountants/auditing/book-keeping/tax consultants (16%)
- Manufacturing (7%)
- Education (6%)
- Retail/wholesale/distribution (6%)
- Local government (5%)

This was cross-referenced against the CIPP membership and industry data and is typical of the demographics overall.



Number of employees paid

Over six million employees receive a payroll service and customer experience from the survey respondents. With the rise of the 'Gig economy' i.e. the movement away from the traditional permanent employment to 'Gig' short-term contracts and freelance workers, it's expected that whilst the way that people are contracted will change, they still need to be paid as per the relevant legislation. This could change how they are paid and by whom, which is touched on later in the report.

Job titles of the respondents

There were 29 different job titles which came out of the survey with the highest number coming from:

- Payroll manager (39%)
- Payroll officer (12%)
- Payroll supervisor (7%)

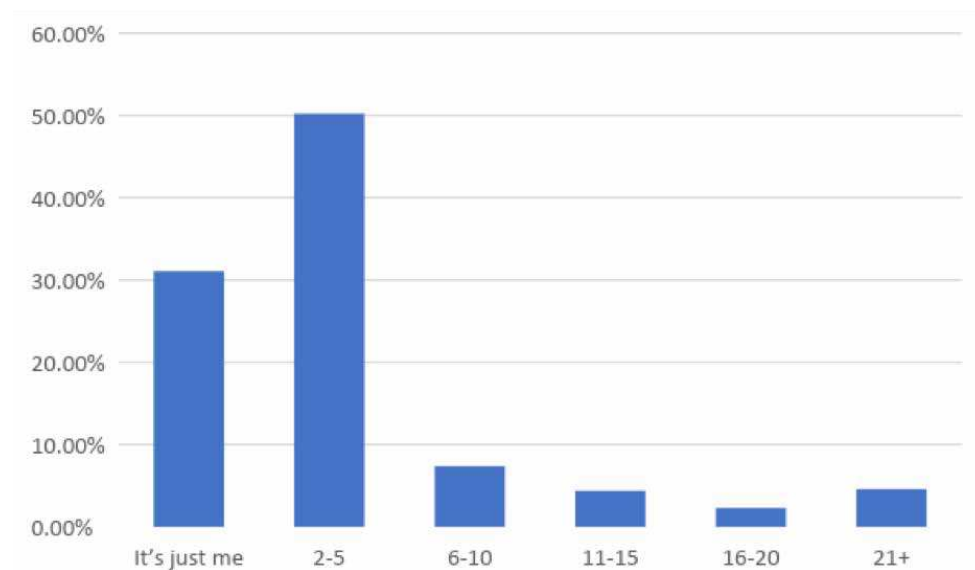
Ratio of payroll staff to employees

The survey looked at the payroll department team size compared to the number of employees serviced by them. As a result, it's clear that for the majority (50%) team size is a maximum of five people, followed by 'it's just me' (31%) and 'six to ten' (7%).

In relation to the 31% of 'it's just me', it would be interesting to understand their contingency plans in case of illness or holidays. Is this something that you would be impacted by? who in your organisation would look after payroll should you be unable to? Do you have colleagues in other departments who would pick this up? Or would you look to work with recruitment agencies to bring in temp staff to accommodate this?

However, when you compare that to the circa 4.5 million employees serviced by in-house payroll teams it was impossible to derive a ratio from this set of data to determine payrolls that were best in class versus below the bar.

Of course, there are many factors to consider when deriving this e.g. the complexity of payroll, number of payroll frequencies etc but there should be a set of criteria that should examine this. The CIPP offers a benchmarking exercise which explores how your payroll performs against others within the industry, the results of the latest benchmarking are being released in January 2019 and the benchmarking exercise for the 2018-19 tax year will commence in the summer of 2019



International payrolls

This year's data reported that the payroll function continues to include international payrolling in its role; this equated to **26%** which was up from **21%** from last year. Amazingly, this covered over **70** countries ranging from Canada to New Zealand, but the assumption is that it's probably a lot more than just **70**. This is a very specialist area and fraught with risks and issues if not executed correctly; are you promoting the fact that you do this with your stakeholders and if not, you should be? Also, how good is your set-up and control around this area; one to consider if you are not already?

Outsourced versus in-house

The survey this year was very similar to the results that were returned last year. The overwhelming majority (**72%**) are still being operated completely in-house. The remaining elements were split by either partially outsourced (partially managed) (**22%**) and completely outsourced (fully managed.)

It appears that even companies around the world who are increasingly cost conscious still value the ability of having their payroll performed by in-house professionals.

Last year the survey stated:

"WITH UK PAYROLL TRAINING BOTH ACCESSIBLE AND FREQUENT, THERE IS MORE CONFIDENCE AND KNOWLEDGE WITHIN THE INDUSTRY TO SUPPORT ORGANISATIONS OPERATING THEIR PAYROLL IN-HOUSE"

Furthermore, the report stated:

"TECHNOLOGICAL ADVANCEMENTS THROUGH CLOUD COMPUTING HAVE ALSO MADE RUNNING PAYROLL IN-HOUSE MORE EFFICIENT."

Is this correct or has payroll become something you just don't touch unless it's broken? Yes, technology has made things more efficient but has it really? We asked respondents how effective technology enables them to be compared with how effective they want to be, **50%** of respondents stated that their technology makes them less effective. This could be for a number of reasons, some of which can be explored within the software and technology section of this report.

Furthermore, we will also look at systems and software as the trends for 2019 and onward will be all about digital transformation i.e. adopting emerging technology faster.

Human resources or finance?

Whilst there is still a divide on the above question, there has been a slight change in the picture from last year's return. Finance (**45%**) still appears to be the main place where payroll resides compared to last year where it was **64%**! However, it appears that there is a new player on the block which is the standalone payroll department (**16%**) with the remainder sitting in HR.

The CIPP is recommending that payroll is a standalone department within a business, which works closely with both HR and finance. Reasons for this include:

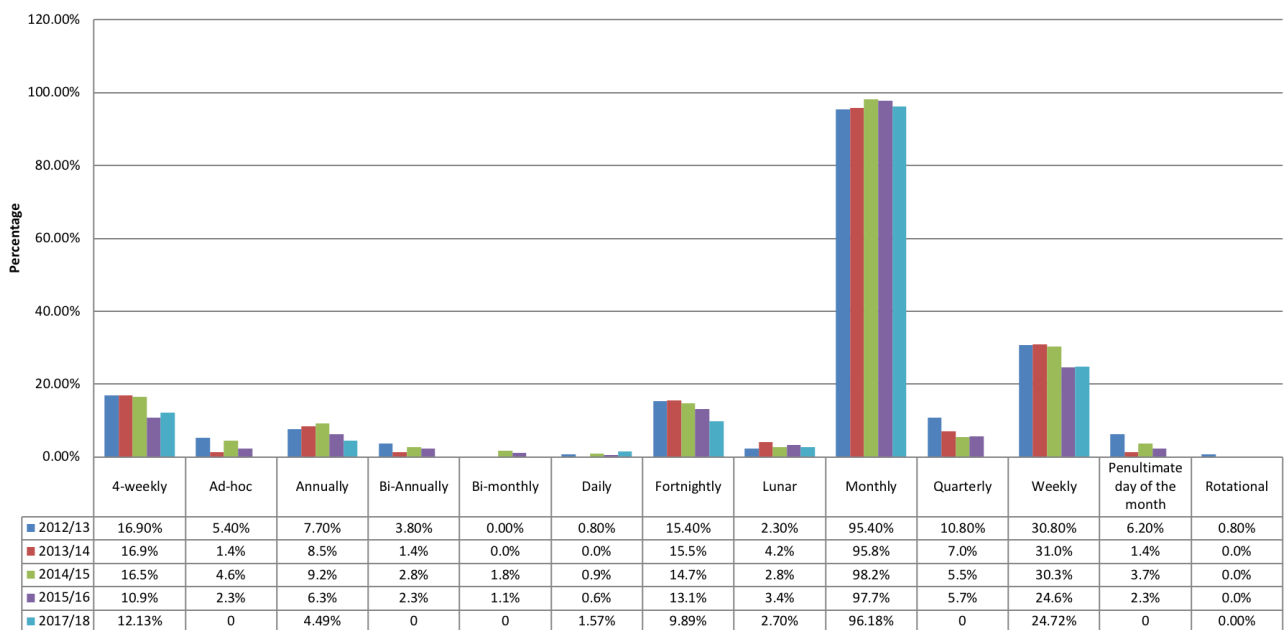
1. **Controls** - inherently today most of the employee data comes from HR and invariably the payment comes from or is sanctioned by finance. It would make absolute sense to ensure that there are control points between the three functions to reduce payroll fraud (UK Fraud Bill for 2017 estimated at £17 Billion with ghost employees being the main point of failure.)

2. **Payroll investment** – to improve payroll’s influence there should be a change of focus so that payroll managers and their teams, actively look for best-in-class technology, processes and automation. All too often the decision makers aren’t payroll professionals and it’s either the HR director or finance director who have the final say.
3. **Role clarity** – to ensure that HR, payroll and finance are clear about their roles when it comes to changing legislation. For example, the focus on working hours for instance.

Payroll frequency

Not much has really changed over the last few years regarding how often employees are being paid; however, with the potential advent of people being paid on demand on the horizon (which we will address later), it’s possible that over the course of the next few years this will change.

Looking at the data from the survey it appears that the primary payroll frequency is still ‘monthly’ (87%), closely followed by ‘weekly’ (7%), ‘four weekly’ (2%) and ‘fortnightly’ (2%). Keep a close eye on the fifth placed item which was ‘daily’ (1%) as the CIPP will keep one eye on the trend and continue to advise and guide you on this

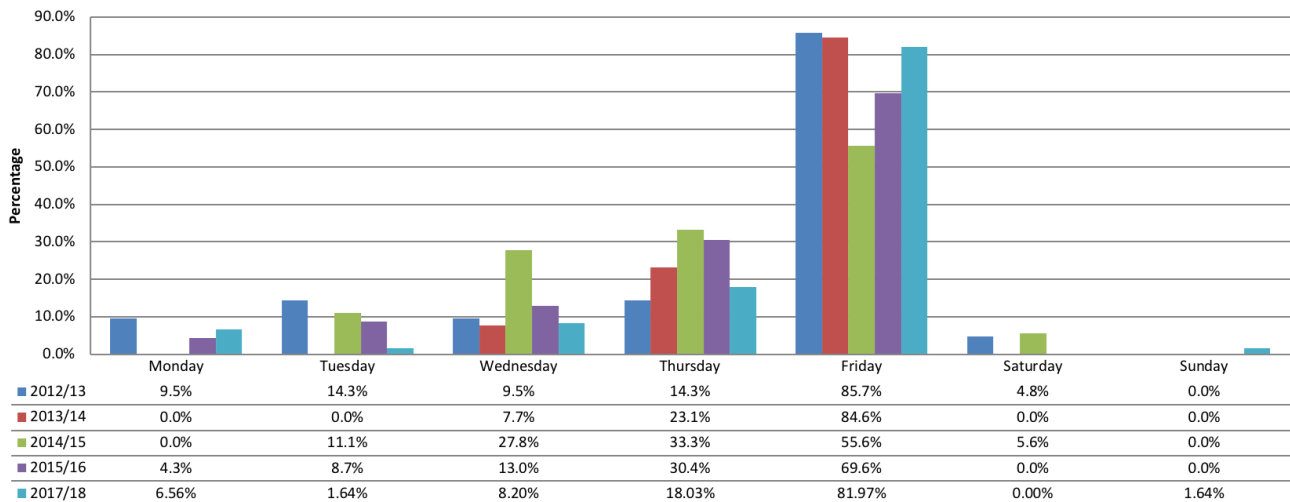


Payroll frequency pay dates

Taking this a stage further it appears that there hasn’t been much change over the years from the traditional pay days:

Frequency	First, second and third top answers
Monthly*	Last working day of the month (35%), 28 of the month (20%) and 25 (20%)
Weekly	Friday (84%), Thursday (28%) and Wednesday (12%)
Fortnightly	Friday (80%), Thursday (25%) and Monday (5%)
Four Weekly	Friday (82%), Thursday (18%) and Monday (7%)

NB - You probably have noticed that the percentages add-up to more than 100% but this is because some employers have multiple payrolls that operate a different frequency in their company and this has never been aligned for whatever reason.



** Over the years the move for the monthly pay date has shifted towards the end of the month to enable the removal of mistakes being made to employees pay and to give payroll greater time to check multiple things before sending the final payroll. As you can see from the data in the table over 75% (last day of the month, 28 and 25) of companies are still following this model, but again how will 'pay on demand change this?' Watch this space.*

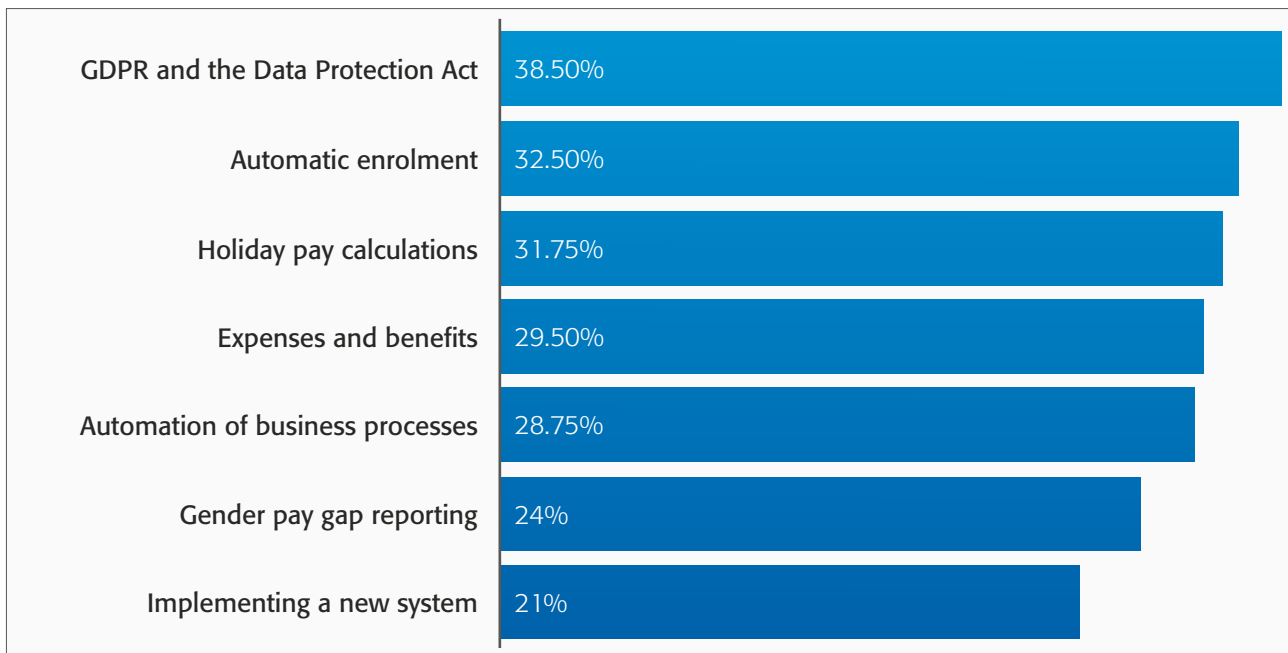
** One point to note was that 38% of the respondents said that they pay before the 16 of the month; is this causing any issues when you look at the time to create the payroll and the accuracy of it etc?*

As the roll out of Universal Credit continues it is possible that the interaction between pay periods and Universal Credits will impact either the pay date or pay frequency or both in future years.

With a recent court case calling for a judicial review, it is of course possible that the DWP may amend its rules but if this does not come to pass, employers may decide to change either the pay frequency or pay date to ease the impact on their workers.

Key issues facing your payroll department now

What are the key issues?



Given the recent excitement around the implementation and go-live of GDPR on 25 May 2018, there was no surprise that GDPR was at the top of the list (38.5%). With the impact of substantial fines (up to €20million or 4% of global turnover, whichever is greater) payable by companies if there is a non-report of data leak/breach e.g. sending an email with personal data which is un-encrypted to a wrong email address, someone receiving the wrong payslip; ensuring that your data is protected and controlled is now more critical than ever to every payroll team.

The second-place issue is 'automatic enrolment'; this is surprising given that this is not a new government initiative. The former Work and Pensions Secretary Esther McVey recently stated in her online article (<https://www.gov.uk/government/news/automatic-enrolment-breathing-new-life-into-britains-retirement-prospects>) that membership of occupational schemes has gone-up by 49% in the last five years with a staggering membership of those schemes being 41.1 million in 2017. Is it the sheer volume of people now having the opportunity of joining the scheme/s or, is it the complexity around the mechanics of understanding if someone is in or out or, is it that the payroll systems aren't helping payrollers by reducing the issues around automatic enrolment? It could be both the phasing of contributions and that employers are not aware of their obligations, especially when outsourcing that has resulted in automatic enrolment still being a key issue for payroll departments. It could also be a key issue for organisations now facing their three year re-enrolment and having to enrol employees who have previously opted out. This will cause additional administration, particularly around communications to assist employees in understanding why they have been put back into a pension scheme which they previously opted out of.

Holiday pay calculations (31.75%) was the next most common cause of concern facing payroll departments, unsurprising given the number of Employment Tribunal cases which have affected the rules for making these

calculations and the lack of clear guidance on how exactly these calculations should be made. We know there are also many employers who are reluctant to make any changes to their processes because they think (or hope!) that subsequent Employment Tribunal cases may change the rules again. We know that the Department for Business, Energy and Industrial Strategy (BEIS) is in the process of producing more detailed guidance, including case studies and scenarios which may help this uncertainty.

Next came Expenses and Benefits (29.5%) and the payrolling of benefits in kind. Again, as with holiday pay calculations this isn't a new topic, so it is interesting to see this as the number four issue. Changes to salary sacrifice and the introduction of optional remuneration may well account for this uncertainty, and again, the lack of clear and timely guidance could well have been a factor in this concern.

Automation of business processes (28.75%) followed; this isn't a big surprise because companies/businesses here in the UK and around the world are looking for lean and streamlined processes with as much automation as possible. This should be seen as a positive, as it should enable payrollers to really look at the strategic element of what they do and to add further value to their organisation. Here's one of the respondents' comments on this issue:

“LIKE MANY OTHER COMPANIES WE ARE LOOKING AT EFFICIENCIES, COST-CUTTING AND HEADCOUNT REDUCTION. UNFORTUNATELY, WE HAVE MOVED AWAY FROM A DEPARTMENT THAT HAD A MISSION STATEMENT THAT INCLUDED EITHER “FIRST CLASS OR WORLD CLASS DELIVERY” BUT NOW ONE THAT IS “FIT FOR PURPOSE” BUT STILL THE FOCUS HAS TO BE ON PAYING STAFF CORRECTLY AND ON TIME BUT IN A MOST ECONOMIC AND EFFICIENT WAY”

Gender pay reporting (legislation that requires large employers to report and publish their overall mean and median gender pay gaps from 2017) continues to be an issue with 24% of the respondents still ranking it high on their list. This was a slight change up on last year's where it was 22.58%. Back in July 2018 Personnel Today published an article (<https://www.personneltoday.com/hr/up-to-one-in-six-organisations-have-misreported-gender-pay-gap/>) which stated 'one in six employers may have misreported gender pay gap' so it's no surprise that this was in the top issues reported by the respondents.

Finally, in this section is Implementing a new system (21%); tied to the comment above, it's no surprise that companies are looking to improve their systems, the correctness of data and to automate as much as possible. Surprisingly given the other issues above you would have assumed that this would have been higher up the list. However, we touch on payroll systems and software later in the report.

Before we move on, two things stood out from the answers which came back, and one was Brexit (0%) and the second was Blockchain (0.5%). Taking Brexit first, in the last survey Brexit was 8.47% (small yes but still there) so given that it is imminent you must question why this isn't an issue for the respondents any longer? To explore this the CIPP put in a new question in the survey this year which asked 'are you concerned about the potential implications Brexit may have on your payroll?' The answers that came back were 'yes' (29.62%) and 'no' (70.38%); here are some of the comments that were received:

“NOT CONCERNED AS WE WILL HAVE TO DEAL WITH CHANGES AS THEY OCCUR LIKE WE DO FOR ALL OTHER CHANGES.”

"MANAGING FOREIGN WORKERS, WORKING TIME REGULATIONS (DESPITE ASSURANCES THAT IT WON'T BE CHANGED I HAVE DOUBTS)."

"EUROPEAN STAFF. CHANGES IN LEGISLATION AWAY FROM EU. NECESSARY TAX RISES TO COVER THE MESS IT WILL LEAVE BEHIND."

"CHANGES IN LEGISLATION THAT WE MAY NOT BE PREPARED FOR."

"NO CONCERNS OVER IN-HOUSE PAYROLL. HOWEVER, WE RUN A PAYROLL BUREAU, THEREFORE, MORE LIKELY TO HAVE AN EFFECT ON CLIENT PAYROLLS. NOT ENOUGH INFORMATION ON HOW BREXIT MAY AFFECT PAYROLL."

Overall, it looks like there is a positive outlook with regards to payroll but clearly there is some nervousness about what will happen next and the lack of real information.

Next, is blockchain (allows digital information to be distributed but not copied, plus by using Bitcoins you essentially deal in crypto-currency rather than sterling, dollars and euros). To do this justice please read the next section where we look more at this in more detail.

Blockchain and pay on demand

What is blockchain?

What is blockchain and how will it start to impact on payroll? The October 2018 edition of the CIPP's magazine *Professional in Payroll, Pensions and Reward* includes an article that lifts the lid on blockchain. Please refer to this to deepen your knowledge of blockchain: <https://online.flippingbook.com/view/351337/49/#zoom=z>

Have you heard of blockchain?

Unsurprisingly, only 15.75% of the respondents have heard about blockchain and the potential impacts on payroll. For those who run international payrolls, the following may be something that you might be looking into (<https://www.balancepointpayroll.com/blockchain-will-impact-hr-industry/>)

"HANDLING PAYROLL OVERSEAS IS EXPENSIVE AND TIME-CONSUMING DUE TO THE CONSTANT CHANGES IN EXCHANGE RATES AND THE NEED FOR MULTIPLE BANKS. THE BLOCKCHAIN-BASED PAYROLL SYSTEM BITWAGE IS CHANGING THAT BY MAKING IT POSSIBLE TO PAY INTERNATIONAL EMPLOYEES WITH BITCOIN. THE FLEXIBILITY AND LOW FEES ASSOCIATED WITH USING CRYPTOCURRENCY REDUCES THE COMPLICATIONS AND COSTS."

For those respondents who haven't heard of blockchain, you may want to investigate it further to understand the impact that it might have on your payroll.

Blockchain being used as an alternative payment method in the future?

Of the people who responded 'yes' to the above, only 13.7% saw this as a possible change whilst 50.68% stated that it might be a 'maybe'. At this point in time this could go either way, but certainly there seems to be more and more evidence that it's probably going to come in sooner rather than later in some shape or form; another one to watch. Certainly, 33.33% of the respondents stated a 'maybe' whilst the other response was a flat 'NO'.

What is pay on demand?

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. Currently more prevalent in the US, it is likely that pay on demand has arisen as a result of the increase in the gig economy where workers are paid as they complete each gig, or short-term contract.

However, there is one important distinction that must be made here, and that is that under the gig economy, the workers are freelance contractors who can demand payment after each contract has been completed, rather than contracted employees, where their contract of employment will most likely include their payday and frequency. Although recent court cases may affect that employment status.

There are several companies now offering this service in the UK, most describing how their services meet the growing change in approach to work amongst some workers, and their changing views on pay; these businesses also claim to offer financial education, awareness and wellbeing to employees.

A true pay on demand arrangement would have a significant impact on payroll, which must meet the obligations placed upon it by legislation which requires a full payment submission to HMRC on or before the date payment is made to the worker. This would render pay on demand unworkable for payroll without a legislation change. Add

to that assessments for automatic enrolment and AEOs / DEOs along with NMW and salary sacrifice arrangements to name but a few and pay on demand brings almost insurmountable challenges for payroll.

But, looking at some of the services in more detail, it appears that many of the organisations are actually offering a type of loan service, either to the employee or to the employer, and then the service becomes more like a benefit in kind rather than actual genuine payment on demand. This puts a different perspective on the subject and may indeed prove to become more common in the future. But as with all loans, they must be paid back and there is always a charge for such services, with some charging the employer to give employees the benefit of being paid on demand, and others charging the employee to withdraw their money early.

With many workers living from payday to payday, this service could indeed become more common, but may not necessarily offer the long-term financial well-being suggested, in fact, it could make matters worse given that loans always need to be repaid. If an individual finds they have a month left once the money has run out, the following month they will run out of money even sooner because they have paid off the amount they received early the previous month.

This is a subject that we need to keep a close eye on in the months to come.

To refresh your memory, the CIPP also wrote the following article back in June 2017 when Deliveroo were offering their riders pay 'payment by delivery': <https://www.cipp.org.uk/news-publications/news/deliveroo-offers-workers-pay-per-trip.html>

Have you heard of pay on demand?

According to the answers only **23.73%** had heard of 'pay on demand' and out of those only **8.82%** have considered it for their employees. As to how many plan to introduce pay on demand in the future, only **3.92%** said 'yes' and **23.53%** stated 'maybe'.

The 'gig' economy may change the way in which people are paid now and in the future. In addition, the flexibility offered by companies will invariably play a big part in talent attraction. Also, as more and more Millennials come out into the work environment they won't want to wait until the end of the month/week to be paid and some could argue that as good corporate citizens that they shouldn't have to.

Consider also the rise of employee financial wellbeing that will eventually make a big statement in the UK i.e. companies taking the lead in helping employees understand their financial implications linked to their available funds/salary/wage. In the US, PWC (<https://www.pwc.com/us/en/industries/private-company-services/library/financial-well-being-retirement-survey.html>) in their 2018 survey stated that:

"EMPLOYEES WANT HELP WITH THEIR FINANCES

*MORE THAN HALF OF ALL EMPLOYEES WANT TO MAKE THEIR OWN FINANCIAL DECISIONS BUT ARE
LOOKING TO HAVE SOMEONE VALIDATE THAT DECISION."*

In addition, they commented:

*"54% OF EMPLOYEES SAY THEY WANT TO MAKE THEIR OWN DECISIONS, BUT WANT SOMEONE TO
VALIDATE THAT DECISION"*

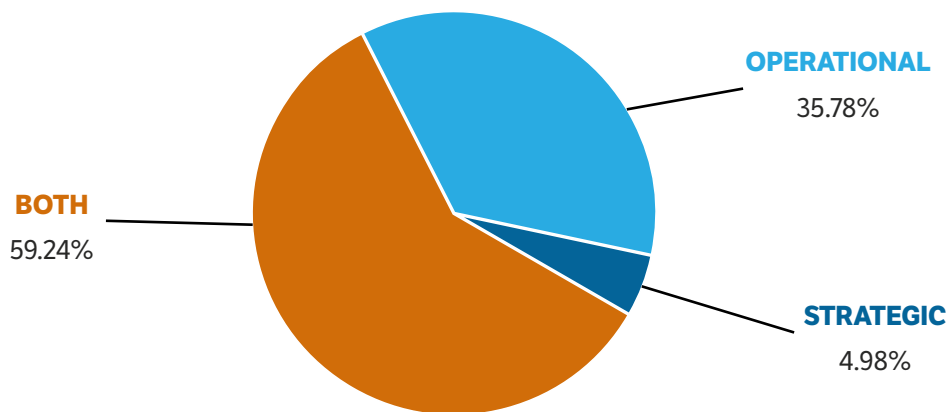
It may be that this will fall to the payroll/HR or finance functions.

Coming back to the survey, a question was asked about 'do you see pay and demand being an attractive benefit for employees?' Only **10.78%** said 'yes' and **57.84%** said 'maybe'.

Can you imagine how HMRC will view this change? It will essentially mean that they get real-time-information even faster than they do today. Whether they could cope with that or not is another thing altogether; food for thought, yes?

Is payroll a strategic or operational function?

Back in 2017 we asked the very same question and the results this year have come back with a slightly different view; in 2017 only 21% responded by saying that they felt payroll was strategic but, in 2018 the response came back with 4.98% saying that payroll was out-and-out strategic whilst, 59.24% said it was both.



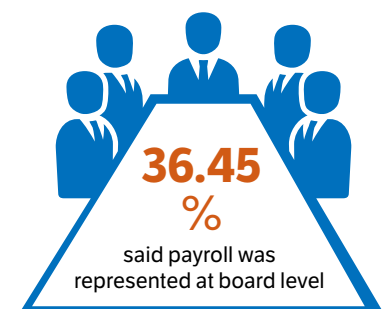
Earlier in the report, we talked about payroll standing as its own function and until it does it cannot really drive strategic thought. Why? Payroll will always be the poor relation to HR and finance and the air-time that will be given in the boardroom will centre around their strategic needs. Contentious, yes, but that is the truth of the matter. There is food for thought here, the more we continue to think/say this, the more it will be believed and will never change, think about what you can do to change this.

CIPP agrees that payroll should be a standalone function, it needs to work with finance and HR but cannot be 'part' of either as it influences both. CIPP is seeing a shift towards pay and reward, which would indicate more focus on HR, as does a lot the legislation, BUT, payroll is still transactional and a large proportion of the budget for most businesses. It can report costs of absence, required by finance, but recommend ways of limiting those costs which impacts HR.

Is payroll represented at board level within your organisation?

Interestingly 36.45% answered by saying 'yes'; however, what does this mean? Is there a specific payroll director who sits alongside the chief people officer and chief finance director or is it the latter roles that were mentioned? it's one to dig into deeper next time around. Controversially, we think it's the latter.

Interestingly 36.45% stated that payroll is represented at board level. When cross referenced with the job titles of those answering the survey, only 5% were payroll director. This suggests that the representation at board level could be through HR and/or finance director roles. The CIPP continues to promote payroll as a strategic function, and therefore will push for a voice at the board table. At a roundtable held during National Payroll Week, and alongside this survey, we committed to working with the industry to identify what this role looks like.



Do you think payroll contributes to your organisational goals?

There is no doubt that payroll plays a massive part in contributing to organisational goals. The fact that on the whole employees are paid as per the relevant legislations around the world by their contracted date, is a huge testament to the people that work in payroll.

We all know that paying people incorrectly and not on time has an intrinsic human impact (motivation, engagement, retention etc) and getting it wrong has huge consequences for employees, pensioners, their families and employers.

Therefore, it wasn't surprising to see that **79.43%** of the respondents said 'yes'.

In addition to paying people, payroll has access to a huge amount of information that should be used to ensure that companies are protected from falling foul of new and existing legislation e.g. National Minimum Wage, gender pay reporting etc.



Customer facing payroll



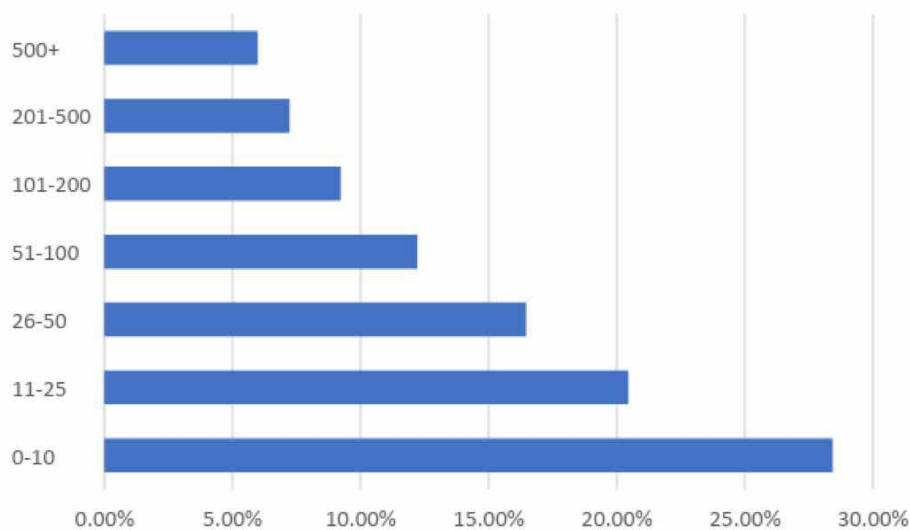
It never ceases to amaze how much interaction payroll has with internal and external customers when compared to other functions. In addition, the range of queries are often across many different areas ranging from simple questions to complex and time-consuming ones. It was great to see that this was reflected in the question set this year. For next year it would be great to see how these questions and answers are tracked i.e. are they on a spreadsheet, are they in emails or are they tracked via case management systems?

Further to this, to examine how much continuous improvement is enacted because of the query and the answer. For now, let's look at the questions and answers received:

How many enquiries does the payroll team receive on average per month?

Of course, there are numerous variables when looking at the following results e.g. the size of payroll, the number of accurate data sources, the frequency of payments and of course our good friends at HMRC.

More than a quarter of respondents (28.43%) reported that they received between 0-10 enquiries per month.

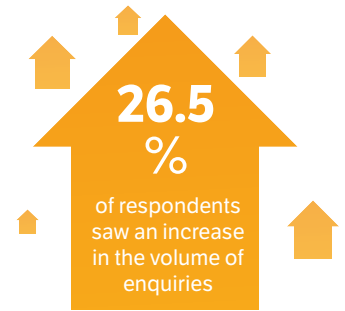


When looking at the number of enquiries in relation to the number of employees, there are hardly any surprises in the results. For organisations with up to 500 employees, most reported 0-10 enquiries, taking the largest numbers here, this indicates 2% of employees query their payslip. For organisations with 501-1,000 employees 31% reported 11-25 queries on their payslip; 1,001-10,000 it was 54% reporting over 501 enquiries, 10,001-50,000 stated that they received 101-500 enquiries (57%) and for organisations with 50,000-100,000 employees 71% reported that they receive more than 500 enquiries on average per month.

What is interesting, is that the percent of enquiries remains consistent. This report, therefore, recognises that typically a payroll department will receive enquiries on between two-five percent of their payslips each month.

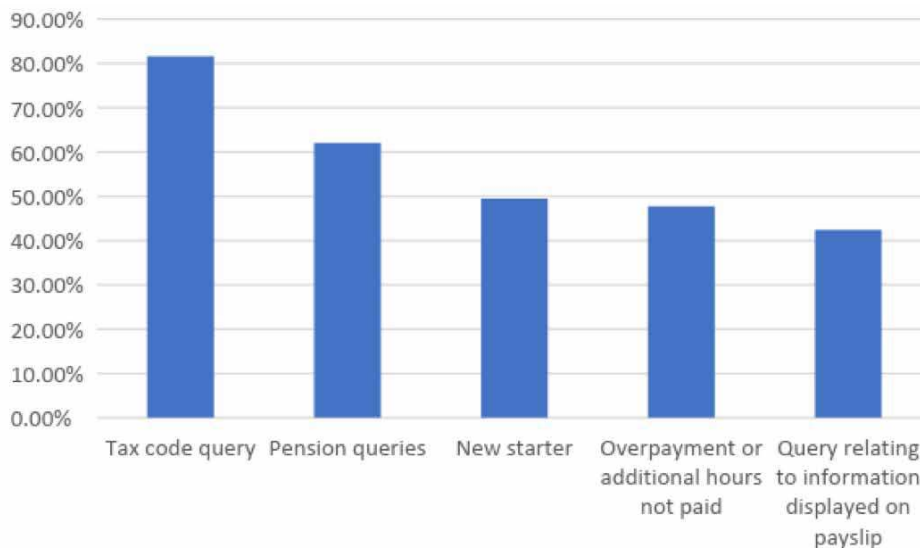
In the last 12 months, has the volume of enquiries increased, decreased or remained the same?

No surprises that **26.5%** of the respondents said that it had increased, **58.25%** stated that it had remained the same. The first assumption that could have come to mind would have been the connection to GDPR and maybe gender pay. However, linking this to another question that was asked in the survey gives a different and historically unchanging view i.e. nothing has really changed and it's just more of the same:



What are the most common types of enquiry into the payroll department?

It's amazing what a great job payrollers do day-in and day-out. They demonstrate their skill in fielding queries and providing the answers to the question across the spectrum of different topics. This is backed by over **99.25%** of the respondents saying that they could either always answer or most of the time answer the questions that came in.



Seeing 'tax code queries' (**81.66%**) as the highest item is no surprise but, what else should be done to tackle this problem? What information is being put out by the payroll teams to employees to help them understand and what is HMRC doing to recognise that this is an reoccurring issue that is not going away? The number of tax code queries could potentially reduce if HMRC enabled employers to intervene on their employees' behalf. Also, how much time is being spent in this area by payroll teams and imagine what you could do with that time if you had it back? By having a case management system, you could track this and see how interventions made would reduce the number of enquiries that payroll teams' field. In addition, think of the other amazing data you can get to influence your strategic plans for x, y and z.

The next choice was 'Pension queries' (**62.06%**). This is interesting, but probably hardly surprising given that respondents stated that automatic enrolment was one of the key issues facing the payroll department currently. The third place choice was 'new starters' (49.5%) and this is probably a combination of multiple queries in relation to new employees being paid for the first time and the impact of receiving information from multiple sources which could be conflicting, or potentially be incorrect. One thing to consider here is what information is given to new employees in their onboarding/induction packs; also, if this doesn't exist then is it time to create one? Is there a frequently asked questions document provided for example and are new employees aware of what they need to do etc?

'Overpayment or additional hours not paid' (**47.74%**); a number of different issues could account for this. It can be that the information provided to payroll is incorrect from the multiple sources it came from, it could be that the payroll systems are not automated and there's still a huge amount of manual calculations that need to be undertaken and of course it could be that the HR system is not fully integrated into the payroll system etc etc etc. Again, as before how much effort is going into a) catching the overpayments or additional hours before? b) how much time and cost is going into sorting out these issues?

Finally, in the top five was 'queries relating to information displayed on payslip' (**42.46%**); the payslip is almost the shop window for payroll and with the advent of having more information in future (touched on later) it is concerning that this is in the top five. What's going wrong? Is it that the payslips are just not clear and understandable by employees, is it that the time and attendance systems are passing over incorrect information, is it that the payroll system narratives are not simple to understand etc?

More likely is that individuals coming into the work place are not exposed to the pay system until they come to work, and without education and awareness training on payroll, they are not going to understand the information provided to them, or the deductions from pay. This is something that the CIPP is tackling. We have an 'understanding your payslip tools available on our website which organisations can share with employees (<https://www.cipp.org.uk/resources/payslip-tool.html>) and we are delivering basic payroll training to students in schools, academies, colleges and universities across the country, with the help of various member volunteers.

21.89% of the respondents stated that they had received complaints/concerns from their workforce on the methods of distribution or the information contained on the payslip. Of those who responded in this way, **60.24%** said many of the complaints were about the 'method of distribution e.g. paper to online'. The second highest number of complaints (**43.37%**) were that 'employees require more information on the payslip' and the third (**38.55%**) stated that 'employees want payslips sent to home address'.

The point above is interesting given that most of the other complaints centred around 'self-service security concerns' (**13.25%**), 'postal system' (**12.05%**), 'payslip recognition i.e. another person knows it is a payslip' (**10.84%**) and 'identity fraud concerns' (**9.64%**).

Incidentally, the last two choices were 'internal mail system' (**6.02%**) and 'costs' (**3.61%**)

If your payroll team is being inundated with queries regarding the payslip then what are you doing about it?

Can you imagine a business case written by you that looks at all the above and how much time, cost and energy might be saved and the impact on employees if you did? Also, imagine the credibility at the top table if you presented this.

For completeness here are the other choices answers:

Payslip not received	28.39%
Reward and benefit questions	28.14%
Other*	20.35%
Student loan payments	18.59%
Bonus or commission	16.08%
Late payment	11.31%

* Other – here are a few of the comments from those who responded 'other':

*"PERSONAL TAX ISSUES,
INCLUDING ASSISTANCE WITH
SELF-ASSESSMENT"*

*"CALLS REGARDING FORECASTING
PAYSLIPS FOR FUTURE CHANGES, CHANGE
OF HOURS, FLEXIBLE RETIREMENT ETC..."*

*"A REAL MIX AND DEPENDANT
ON THE TIME OF YEAR"*

*"QUESTIONS ABOUT RESTRICTED
STOCK UNITS AND EMPLOYEE STOCK
PURCHASE PLAN"*

*"WE PROCESS A LOT OF INTERNATIONAL BANKING PAYMENTS AND
WE GET NUMEROUS QUERIES EACH MONTH AS THE MAJORITY OF
EMPLOYEES ARE PAID IN USD, OMR OR GBP."*

Payroll team recruitment and succession planning

One of the consistent themes in most payroll departments around the world has been the mantra of:

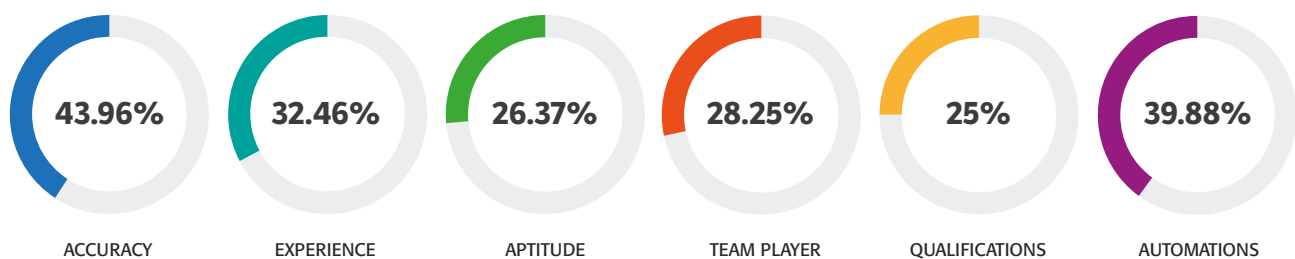
“PAYING EMPLOYEES ACCURATELY AND ON-TIME”

Whilst this is still important perhaps a more accurate mantra of the 21st Century payroll team could be:

“PAYING EMPLOYEES ACCURATELY AS PER THE RELEVANT LEGISLATION, ON-TIME PAYMENT AS PER THEIR CONTRACT, RAISING PAYROLL STANDARDS AND PROVIDING GREAT CUSTOMER-SERVICE”

With this in mind, let's look at the current attributes that most people answered in the survey that are required of a payroll professional.

Attributes of payroll professionals



At the top of the list was 'accuracy' with **43.96%**; it was not entirely surprising to see this. It goes without saying that people must be paid accurately, but what does that mean? Well, it means that it can be as accurate as the existing legislation will allow the payment to be, or it's as accurate as the current payroll system will calculate or is accurate based on the data that is received from the multiple sources. When was the last time you had to manually calculate a payslip or is it all system generated these days? When you hire someone do you still test that they can calculate and generate a manual payslip?

'Autonomous' (**39.88%**) came next; meaning - having the freedom to govern or control one's own affairs. No shock that this was in the list as payroll is quite often left to their own devices as there is a lack of knowledge and understanding from others within the business. Another point in support of the payroll department being standalone within the organisation.

'Experience' came next in the order of results with **32.46%** of the respondents stating that it was the second most important attribute. The assumption here is that someone is joining a team who has been tried and tested, however, how is this determined and what are they experienced in? Also, does experience include the ability to look at the payroll with an eye of continually evolving it so that it is giving the maximum amount of quality possible?

The third attribute was 'aptitude' (**26.37%**) i.e. the natural ability to do something. Payroll is a very logical process and only becomes illogical when things disturb the natural order of it i.e. it goes wrong for whatever reason.

Next came being a 'team player' with **28.25%**. Being able to roll your sleeves up and 'muck-in' is a very important element of any payroll team especially, as things get 'interesting' toward the relevant payroll closing dates, and critical times in the payroll calendar. This is something that most payroll people just do; there aren't very many functions that do this organically every single day, week, month etc. Payroll should celebrate this and be very proud of the team bond that they have.

The **biggest surprise** was the last item, 'qualifications' coming in at number five (**25%**). If payroll people are to be taken seriously by business in general, then this must be further up the list and a differentiator. The ability to demonstrate that a payroll person is credible amongst their peers can only be gained by taking qualifications and of course being part of the CIPP. Coming back to the earlier subject in the survey, being influential in the boardroom and being strategic can only be improved if people who are presenting such items are backed with the necessary qualifications e.g. a finance director would have completed their ACA, ACCA or CIMA. There needs to be more of a push on people being qualified in payroll as the percentage is only circa **3.6%**. This is something which the CIPP is working hard to address. We are continually working with employers, recruitment agencies and government to raise the profile of payroll and change perceptions, moving away from the 'payroll just pushes a button' way of thinking. But, what can you do within your own organisations to support this? Think about your role and how you can add value and raise the profile of payroll with your employer, this will assist the CIPP and the profession in recognising the value of payroll and the importance of having skilled, qualified and experienced payroll professionals.

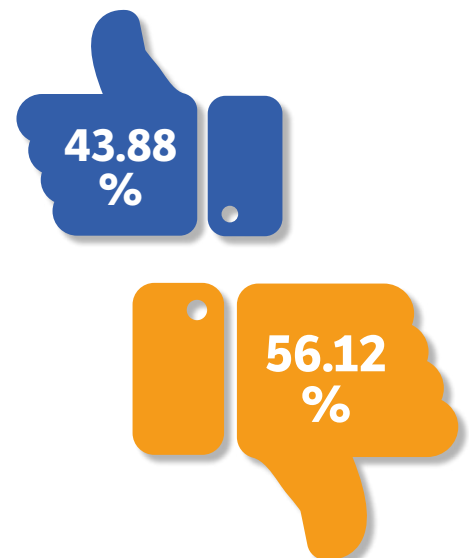
Whilst the above is a good list of attributes, in our research next year we will be hoping to see such attributes as continuous improvement, customer service and tech savvy.

Before moving on one of the questions asked was "which of the following do you see as important factors when recruiting", un-surprisingly the first three were 'salary' (**87.23%**), 'good working environment' (**86.97%**) and 'benefits pension' (**58.24%**). However, the last one which is connected to qualifications mentioned above was 'funding of training' (**52.39%**); once again if the profession and payroll is to be taken seriously the CIPP would like to see a greater emphasis placed on this in future years. It doesn't need to be number one on the list, but it must be given a higher bar to drive payroll's credibility in the boardroom and in business generally.

Do you have a succession plan within the payroll department?

If you had to guess the survey response what would you have said; yes or no

Astonishingly, out of the 376 people who answered the question, only **43.88%** said 'yes', leaving **56.12%** saying 'no'. This is similar to the 2017 survey which reported that **55%** did not have a succession plan in place. Now, this could be because we had a lot of people who responded that are working on their own, however, coming back to one of the main controls that payroll should have in their risk control matrix this should not be the case. If this is correct, those people who answered 'no' should be speaking to their line managers today to get this mapped out ASAP. For any audit (non-statutory) into payroll, this would be a fail.



Payroll systems, software and analytics



CAROLYN HORNE
REGIONAL VICE PRESIDENT,
UK, IRELAND,
NORDICS AND
SOUTH AFRICA,
WORKDAY

WORKDAY FOREWORD

Workday is pleased to partner with the Chartered Institute of Payroll Professionals (CIPP) on this year's future of payroll report. This report explores how, despite the risks involved, new technology can greatly improve efficiencies within payroll by automating manual processes – ultimately saving professionals time and organisations money.

Many businesses have been slow to adopt new payroll innovations, but it's still surprising to discover that 58% of the 500 respondents said their current payroll software was five-years-old or older. While 66% stated they're not looking to replace or upgrade their software in the immediate future.

And when we look at where their software is hosted, only 25% said it was in the cloud, with the remainder hosting their software on site or on a client server. We know payroll professionals want more freedom from their software – they don't want to work to traditional payroll cycles, and don't want to rely on IT or payroll vendors to add certain elements such as new allowances or deductions. But if they are to achieve this, and take advantage of the latest innovations, organisations must use cloud software.

Respondents were also asked about how effective their software enables them to be compared with how effective they'd like to be. 50% said they were 'slightly less effective' or 'a lot less effective.' We know having a single system for HR, payroll and finance would tackle these inefficiencies and provide the insight organisations need for payroll to drive the business. While a strong security model ensures no one has access to data they shouldn't see. But only 21% of respondents have HR and payroll integrated seamlessly, and even fewer (11%) have finance and payroll integrated seamlessly.

When we step back and review the top three challenges respondents face when it comes to their technology – inflexible systems, keeping up to date with the latest technology and a lack of insight into data – it's clear that cloud technology, including Workday, can tackle these head on.

If organisations move away from their traditional software to a solution that allows continuous innovation with new technologies, they'll be able to receive intelligent and personalised experiences with the highest levels of trust and security.

We hope you find the findings in this report useful and we look forward to hearing your thoughts.

Earlier in the report, it was mentioned that the future technology trend will all be about adopting emerging technology faster especially when it comes to the digitalisation of workers. Adopting new technology in payroll always comes with a degree of risk, if something goes wrong people don't get paid! The CIPP recognises that this contributes to organisations keeping payroll systems for a number of years, and ultimately using legacy systems which may not be as effective and efficient as technology can now enable us to be. Another factor could also be the financial outlay and therefore, quite often we save money and stick to a system which works in payroll.

Whilst the CIPP understands this, emerging technologies can reduce the time taken for current manual processes which could be automated, ultimately freeing up payroll professionals time and saving the organisation money, or meaning a better work/life balance for payroll professionals who will work until their employees are paid! System implementation can also be successfully project managed to ensure that employees are paid, even if something goes wrong. This is something that the CIPP can advise on through our consultancy arm, and software companies have significant experience in implementing software and ensuring that employees still get paid.

How satisfied are you with your existing payroll software?

Of the 370 people who responded to this question, a resounding 74.87% stated that they were either 'extremely satisfied' (18.38%) or 'satisfied' (56.49%) with their existing payroll software. The other respondents answered 'dissatisfied' (16.49%) and 'extremely dissatisfied' (8.65%).

How long have you had your current payroll software solution?

You could have concluded from the above that these were fairly brand-new solutions, but actually 57.84% of the respondents stated that their current payroll was five years and older (32.16% between five-ten years and 25.68% being ten+ years). As for the other choices, 14.05% said 'less than two years' and 28.11% 'two-five years'.

When are you looking to replace/upgrade your current payroll software?

66.3% simply answered this with 'not in the immediate future' with the rest stating 16.3% 'within the next year', 8.15% in the next 'one-two years' and 9.24% in 'two-five years'.

You might think that even though there were a lot of people using older solutions, that they were still happy with what they had and there wasn't a desire to make any changes i.e. "if it isn't broken then don't fix it" mentality.

Fortunately, there were some additional questions that follow which shed some light on the fact that they should be.

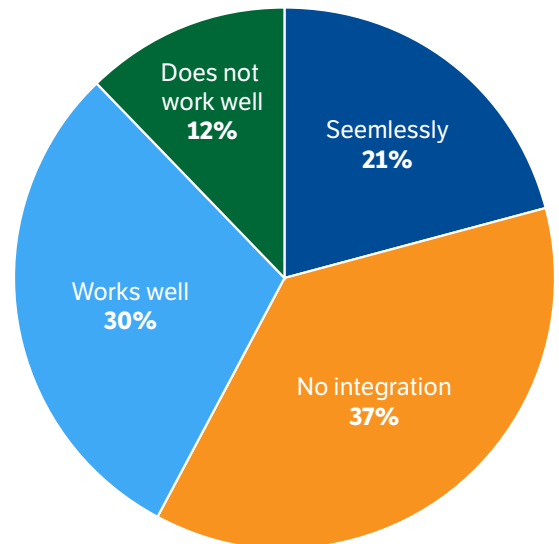
How effective does your software enable you to be compared with how effective you would like to be?

Great question; you would assume that all is right in the world based on the above answers, however, 49.73% stated that they were 'slightly less effective' (29.17%) and 'a lot less effective' (20.56%). It would be interesting to understand how much time and cost is currently against this 49.73%, and why this again isn't being put into a business case to upgrade or change their existing solution/s?

Incidentally, 18.06% responded by saying 'a lot more effective' and 32.22% said 'slightly more effective'. Hopefully, you are starting to draw your own conclusions at this point, but there are more factors to consider, including should payroll be interfaced/integrated with other systems and is there a consistent theme?

How does your payroll software integrate with your HR systems?

One of the biggest concerns that remains un-tackled is should payroll be integrated with the HR system. There are huge benefits to this, but also there are huge concerns too. It all depends on the risk culture and who's making the decision. One of the main benefits to interfacing or integration is the reduction on someone having to rekey information correctly into payroll (benefits are costs, quality and time). However, some people also see that not having the interface or the integration reduces the concern that HR is passing bad data. As a result, instead of addressing the key issue/perception of data quality they prefer the disconnection.



So, what did the answers tell us? Split evenly 50.95%/49.05% it's no surprise to see the result was slightly in favour of integration.

20.7% stated that it was working 'seamlessly' and 30.25% said that it 'works well'. Where it 'does not work well' (11.72%) and 'no integration' (37.33%) there is a golden opportunity to understand this (pros and cons) to see how this could be fixed/improved or simply just understood?

How does your payroll software integrate with your finance systems?

Marginally; the split this time was in favour of not-integrating/not working well i.e. 49.18%/50.82%. Few respondents said it was working 'seamlessly' (11.41%) and a high proportion stated that the integration 'works well' (37.77%). 7.07% said that the integration 'does not work well' and there were a high proportion of respondents who had 'no integration' (43.75%), this is not surprising as systems tend to be payroll and HR as opposed to payroll and finance,

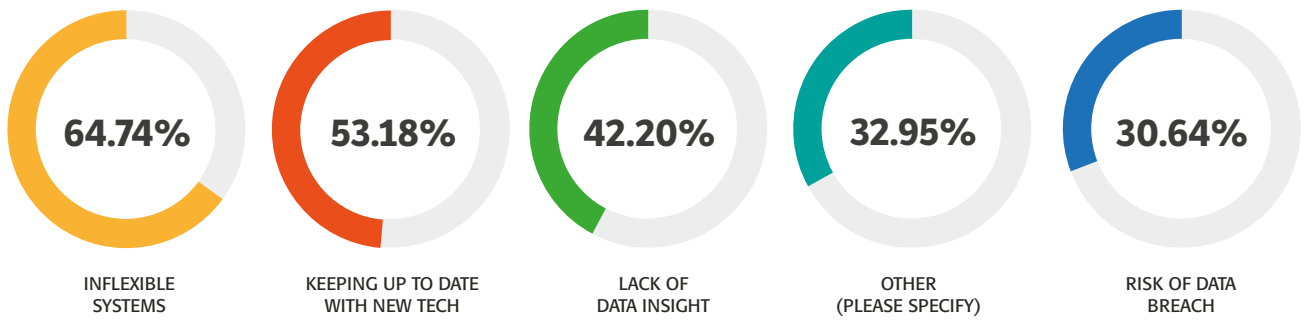
How does your payroll software integrate with your pension software?

Now this one might be a tougher nut to crack as pension software is normally outside of the organisation. Not surprisingly the split this time was 40.65%/59.35% in favour of not-integrating/not working well. Where it was working 'seamlessly' (7.86%) and 'works well' (32.79%) it would be good to understand how they were able to do this so that others in payroll can better understand and learn from those who had been successful. This could be due to the use of PAPDIS which was a tool introduced by the CIPPs friends of automatic enrolment group. PAPDIS, or the Payroll and Pensions Data Interface Standard, is a standard template which payroll departments can use to transfer data to pension providers.

The CIPP, through friends of automatic enrolment, encouraged pension providers and payroll professionals to adopt PAPDIS to streamline the transfer of data between systems. Speak to your pension provider to obtain your PAPDIS template. Where it 'does not work well' (10.30%) and 'no integration' (49.05%) we encourage you to download the PAPDIS template and work with your pension provider to implement this for your data transfer.

What are the top three issues you face with technology currently?

Looping back to the start of this section where we discussed the respondent's answers to their strategy regarding changing the payroll software, the answers to this question seem to suggest that there should be more people looking into this.



As you can see from the above, in an apparently contradictory statement **64.74%** of the respondents stated that their 'systems were inflexible', but they were still happy with it. Is this code for system/software not doing what the payroll team need, which then comes out via work-arounds and additional work?

Next with **53.18%** was 'keeping up to date with the latest tech', but again even though that was the second most common answer, this isn't coming out in the statistics when cross-referenced to the question of software change. In third place came 'lack of insight into data' (**42.20%**). You can't help wondering if part of this is because either the current payroll system doesn't have a good enough reporting capability, or it's because HR/finance/pension systems are not integrated, or is it lack of knowledge on how to present the data?

'Other' was next with **32.95%** and this had a myriad of different comments of which a few can be found below:

LACK OF KNOWLEDGE AND CARE FROM THE PROVIDER

"VERY LIMITED AND NOT A GOOD FIT FOR LOCAL AUTHORITY WITH MANY DIFFERING TERMS AND CONDITIONS OF EMPLOYMENT"

"LACK OF CONSTRUCTION HELP FROM THE PROVIDER OR UNTIMELY HELP AS THIS SYSTEM IS NEW TO US. HAVING TO DO MANUAL CALCS FOR NMW & SALARY SACRIFICE BECAUSE SYSTEM CAN'T"

"COST FOR EVERYTHING. ENGLISH BIAS. IN THAT SCOTTISH LEGISLATION IS NOT ALWAYS BUILT AS QUICKLY OR IS CHARGED FOR EACH COMPANY INDIVIDUALLY. LACK OF ABILITY TO BUILD SOLUTIONS. EACH UPGRADE HAS ISSUES THAT ARE NOT COMMUNICATED GENERATING ERRORS AND ADDITIONAL WORK. LACK OF PRODUCT KNOWLEDGE AND EXPERIENCE. USER EXPERIENCE IS DIFFICULT. INFORMATION DIFFICULT TO VIEW AND REPORT ON."

"HAVING TIME TO GET TO KNOW OUR PAYROLL SOFTWARE - HAVING TIME TO GET TRAINING NEEDED TO BE ABLE TO USE ITS FUNCTIONS GIVES US MORE FLEXIBILITY AND EFFICIENCY."

Finally, and even more concerning given GDPR has substantial penalties if not reported correctly was the 'risk of data breach' (**30.64%**). Respondents who have concerns about a data breach should be raising their concerns with their senior leadership team. You should be providing them with your facts and figures on where your potential data breaches are likely to come, from together with any other data that is applicable.

Where is your payroll software hosted?

The final question in this section was asked to gain a better understanding of where the payroll software is being hosted and where the cloud-based solutions sit today against the traditional in-house or outsourced provisions.

The 'on-site' (**45.68%**) scored the highest followed by 'client server' (**29.73%**) with 'in the cloud' not far behind on **24.59%**.

Payslip distribution

Sponsored by




GLYN KING
GROUP
MANAGING
DIRECTOR,
DATAGRAPHIC

DATAGRAPHIC FOREWORD

Payroll is such a vital function but, as this report confirms, a small team of people or an individual often undertake the work. For the profession to evolve – to deliver more strategic value – the use of technology and automation tools is essential: to free time and ‘mind-space’ from operational tasks.

One area where payroll has made progress with technology and automation is payslip distribution. It’s encouraging to see the majority of respondents to the survey now offer employees a digital view of their payslip.

What is noticeable however is that few organisations are achieving 100% digital with many still printing payslips to post, hand deliver or for employee collection. What should be a priority for payroll is to understand the reasons for this fragmented distribution. For payroll to see productivity gains and automate 100% of distribution, new ways of working may be needed.

The future of payslip distribution and key to successfully automating this operational task is recognising where the barriers are and creating a multi-channel approach to distribution. This could mean securely connecting (bolting on) third-party suppliers to the core finance/HR system. Suppliers, like Datagraphic, can present epayslips on computers and mobile devices for employees who aren’t able to use/access corporate systems. And can securely print and mail documents for employees who don’t have any means to view payslips online.

When it comes to data security, the introduction of the GDPR, seems to have had some impact on payslip distribution with almost 22% changing the method of despatch as a result. A concerning statistic in this report however is that just over a third (35%) of respondents said they use an email facility to distribute payslips. This is surprising given that this report also highlights the GDPR and data protection as a key issue for payroll (38.5%). What conclusion are we to draw from this? Is payroll willing to risk using email with limited security (if password protected/ encrypted) or is there a knowledge gap and need to help teams understand the risks?

Beyond payslip distribution, the report demonstrates there is scope for payroll to add value with the content displayed on (or with) payslips. Only 37% use payslips to deliver other information. In the age of epayslips, this seems a wasted opportunity. Many epayslip solutions are able to add messages for employees or present different documents online. Payroll should explore how it (and other functions in the organisation) can capitalise on this facility to engage with employees.

When considering legislation changes to payslip content from April 2019, it seems payroll is able to respond. Almost 66% of recipients stated they already show the hours on payslips for workers paid by reference to time. The remaining 34% should now take action to ensure they are able to comply.

In the future, if payroll is to align activities to assist with strategic decision making and performance improvement, data analysis skills will be required. Over 60% of those who responded to the survey felt they were behind the industry in terms of using data to drive payroll. To change this statistic, it’s important now that the profession adopts technology and automation tools to release staff from repetitive and manual operational tasks to develop the analytical skills for the future.

To the CIPP and all those who contributed to this report, thank you. I hope you find it thought provoking.

Has your payslip distribution method changed as a result of GDPR?

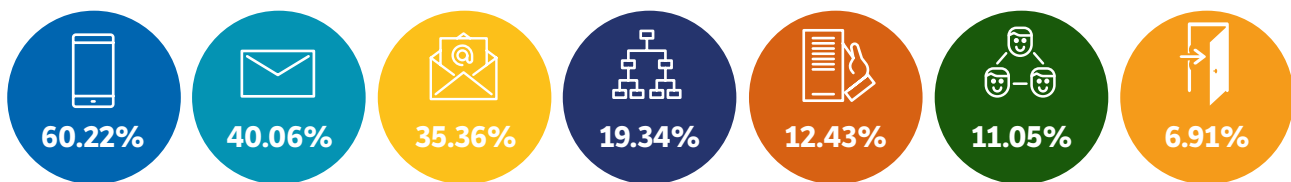
GDPR has had wide-ranging impacts since May 25 2018 so this question was posed to see if the payslip distribution has been changed. Only **21.94%** of respondents stated that it had.

Has the information on your payslip changed as a result of GDPR?

Only five percent answered that it had changed because of GDPR so there appears to be little impact in that respect.

How do you normally distribute your payslips?

Multiple answers were allowed to this question, to reflect the fact organisations can, and it appears they still do, use different ways of delivering payslips to employees.



The most common delivery method today is 'self-service' (employees' access via a computer, laptop or mobile device) (**60.22%**) and with the advent of more and more technological advances, you can really see this increasing. It would be interesting to understand if the GDPR influenced the rise in self-service use this year: as payroll sought a secure way to present information to employees. It may be, that mobile device use is the greatest attraction: Payroll taking advantage of our obsession as adults with mobiles and tablets.

It's no surprise that the second most common method is still 'posted' (**40.06%**); currently there are still employees who need to have their payslip posted. Typically employees need print because a) they aren't licensed users, or have regular access to, the system that hosts epayslips or b) they work in an environment where they can't access the epayslip securely during working hours and it isn't available at home or on the go. c) they still want - or in the case of employees with visual impairments need a physical payslip. For those respondents who are still using this method can you identify the reasons print is still needed and seek ways to reduce it or automate it (asking a secure supplier to help you get more employees online or to print and mail payslips for you? Printing and posting is expensive and time consuming and one area you can automate to free resource for more strategic tasks.

In third place is the use of 'email' (**35.36%**). Given concerns on data protection reflected in this report and the inherent risks associated with email i.e. what if someone's unencrypted and non-password protected payslip goes to the wrong person or the password protected file is intercepted and hacked, this is a concerning statistic. Those using this method should seek assurances from security professionals that the use of email doesn't pose a data risk.

The last four choices which were selected are 'sent to departments for distribution' (**19.34%**), 'hand delivered by payroll department' (**12.43%**), 'sent directly to clients for distribution' (**11.05%**) and 'employee collects from payroll department/other designated area' (**6.91%**).

It's great to see there's still a human element in the last four choices. However, is this really where payroll should be spending their time and how effective is this when you look at the other methods of distribution? Is this something employees still want?

From April 2019, it is a requirement to show hours on payslips for workers paid by reference to time. Do your payslips currently show this information?

Fortunately, it appears that **65.83%** of the respondents do already do this; for the remaining **34.17%** this is something that needs to be addressed asap.

Do you ever use the payslip distribution process as a means of delivering other information to employees?

One of the most powerful ways of passing information to employees is via the payslip, especially now that a great deal of employees can view theirs online (remember the **60.22%** from the previous question).

Unfortunately, only **36.57%** of the respondents are using this functionality which is a great shame. This could be due to software limitations, which we addressed earlier in the report, but if your software enables, why not look at what company communications could go via the payslip as it's another avenue to pass on information to employees and another service that payroll could provide?

Which statement describes how your payroll team most commonly run analytics?

Analytics can be a very powerful tool for payroll, especially when using data to strengthen business case requirements.

The highest choice with **39.89%** was 'organised – the team knows what analytics they report on and which tools can be used to obtain the information.'

The second choice of 'ad-hoc – when analytics are asked for the team will interrogate the data' was **35.73%**; what this means though isn't quite clear. Does it mean that they are using a system to pull reports or is this a manual exercise for someone to pull data together manually?

Next came 'not applicable' (**14.4%**) which is amazing given the wealth of reporting that is necessary now.

'Reliant – we rely on other departments for data and analytics' was next with **5.26%** and, 'Dedicated – there is a dedicated analytics tool embedded into our payroll system that provides information in dashboards which can be easily view and analysed' with **4.71%**.

In terms of using data to drive payroll, do you feel that you are?

Over **60.40%** of respondents said that they were 'slightly behind the industry' (**47.01%**) or 'significantly behind industry' (**13.39%**) which is really worrying. It is strongly recommended that this is an area that should receive some focus from those respondents to highlight areas where this is a potential improvement.

Those who are 'significantly ahead of the industry standard' (**6.27%**) and 'slightly ahead of the industry' (**33.33%**) are in good shape. They should continue to examine what data they can use to ensure that the payroll is continuously improved especially around data quality and 'right first-time results'.

Conclusion

Thank you for taking the time to answer the survey this year and the CIPP greatly appreciates the time and energy that you put into responding to it. We still need to encourage more respondents to engage in providing insights into the current and future position of payroll. However, with your help and partnership, the CIPP will continue to drive and raise standards of the profession here in the UK and around the globe.

During this report, there are items that have been covered which will need to be taken up by the CIPP e.g. the opportunity of discussing with the CIPD (HR) and ACA, ACCA and CIMA (Finance) the future of payroll and it standing as its own function. Look out for updates in future as this progresses forward.

There are though quite a few items in the report that the CIPP would urge you the reader to consider and address where necessary. Payroll does have the opportunity to be seen in a very different light, but it does need to change its mindset to openly look at areas of improvement and development. Throughout the report there are questions that controversially challenge the normal practices which exist today in your companies from a positive point of view of enabling you to raise your profile and that of Payroll too. These range from (but there are more):

- How will 'blockchain' and 'pay on demand' affect your company/business?
- Reviewing the issues that you are facing today in payroll to see if there is a tangible business case to change the status quo i.e. payroll team development, processes and technology.
- If you haven't got payroll integrated, then what benefits are you losing?
- Is Payroll strategic and visible in the boardroom and if not, what are you doing about it?
- Payroll team succession planning and looking at what controls are currently at risk.

If you require support on any of the above why not contact CIPP to see how we can help you via our consultancy team?

Thank you once again for contributing to this year's report and CIPP remains committed to you and the future development of payroll.

Join the family

Join the CIPP to keep up to date on the future of payroll, including legislative and technological developments

With benefits such as regular newsletters, member magazine, attendance at member only events and access to our Advisory Service technical helpline - the CIPP ensure you have all the tools and support you need to thrive in your career.

Visit cippmembership.org.uk and see how we can help you



Watch our 'Join the family' video at cippmembership.org.uk

#JOINTHECIPPFAMILY



For more information visit cipp.org.uk or email info@cipp.org.uk for more information.



cipp.org.uk
[@CIPP_UK](https://twitter.com/CIPP_UK)

*correct at time of publication

cipp

the **chartered institute**
of **payroll professionals**

leading the profession