



Payroll

How to choose a payroll system that's fit for the future



Introduction

Payroll sits at the heart of your business. Paying your people accurately and on time is a demonstration of your commitment to looking after their wellbeing and rewarding them for their hard work, month after month. Since the onset of the coronavirus pandemic, payroll professionals have been viewed somewhat as hidden key workers; after all, without pay, you couldn't get anyone into work in the first place.

Knowledge and expertise to leverage

Payroll as a function is a labyrinthine thing, with numerous legal and legislative concerns that have to be navigated carefully to avoid serious repercussions. Many organisations rely heavily on the knowledge and expertise of their payroll teams to stay on top of the many changes that may impact their pay cycle.

Recent events have placed a great strain on payroll professionals, who find themselves having to adapt to an increasingly disparate and remote working world. Amongst other things, they must contend with the end of the furlough scheme, the national insurance rise and constantly changing working hours. As the organisations they work for now look to make a strong post-pandemic recovery, payroll professionals will find their expertise and agility is needed once more to influence ongoing business strategy.

Overcoming the daily challenges

One of the best ways for organisations to support their payroll teams – and by extension, their entire workforce – is by putting the proper framework in place to make their lives easier. You can effectively achieve this by utilising a system specifically designed to overcome the daily challenges holding back your payroll team and organisation as a whole.

As important as payroll is to your business, we understand that the search for a new solution can often seem daunting. That's why we've put together this brief guide to take you through the world of payroll solutions and highlight some of the key features you should be looking for in a new system.



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Why your payroll system is so important

We're sure your organisation prides itself on being a great place to work. But if you're brutally honest, you know that the main reason your employees turn up is to get paid. Your payroll team performs a vital role, making sure your people are paid the correct amount, on time.

Why should organisations prioritise payroll?

Any discrepancies or delays in wages can seriously impact your employees' financial wellbeing and their level of engagement at work. What's more, inaccuracies could lead to potential legal challenges – something any organisation is keen to avoid.

The way you pay your people is also a reflection of your organisation as a whole. If you fail to pay wages accurately and on time, you run the risk of being painted in a negative light, particularly when it comes to recruitment. A reputation for being unreliable will make your organisation a less attractive prospect for job candidates, hindering your ability to attract new talent to drive your future success.

Why don't organisations upgrade their payroll systems?

Despite the importance of payroll teams, many are still languishing under outdated and outmoded systems [Recent research from The Chartered Institute of Payroll Professionals](#) found a staggering 74% of payroll professionals surveyed said that they were unhappy with inefficiencies in their current solution.





One of the biggest hindrances to an effective payroll is the large amounts of manual input that comes with running the regular pay cycle. Paradoxically, the importance of payroll as a function means that it is often not prioritised in digital transformation. One of the main reasons why organisations stay with outmoded solutions is the nebulous fear of disruption to the working process; for many, it's preferable to stick with something that ultimately does the basics, rather than risking a new system.

Is upgrading a payroll system worth the risk?

With payroll playing such an influential role in your business, the question remains whether you can afford to be complacent with your solution. The past few years have seen a host of changes to both payroll and the legislature of the wider workforce. Your system must be agile and effective enough to be able to meet these changes, as well as easing the burden of manual input for your payroll people.

If payroll innovation seems daunting, it's important to take a step back and look at the wider picture. Your payroll function doesn't exist in a vacuum. Just as failures within payroll can negatively impact your organisation, so too can innovation directly influence its growth and success. When considering payroll transformation, introduce an element of forecasting to your discussions: think about the long-term benefits and how any changes could enhance your overall business function.

The challenges facing payroll

The function of payroll seems fairly straightforward: pay employees accurately and on time. This limited understanding of its scope is one of the many reasons that payroll often falls behind in business transformation. Higher management are rarely troubled by payroll as long as it is accurate and punctual, giving them little incentive to take a deeper dive into its effectiveness.

The challenges facing payroll teams today are universal, regardless of industry or business size. Pay professionals are struggling with masses of manual input, papering over the gaps in inefficient processes. Their hard work and dedication prevents these issues from impacting the wider business – which is one reason why upper management rarely prioritise payroll innovation. Their complacency ringfences payroll teams into a very linear role. With pay people solely performing administration, there's little room for them to leverage their expertise to influence the wider business.

In order to make the case for effective payroll transformation, you first need to be aware of the challenges facing payroll – not only from the perspective of your payroll team on the ground, but also from a higher level. Your business development may be negatively affected by outdated and sluggish processes.

These are the major challenges:

Manual input

Payroll has traditionally been seen as an admin-intensive role, with a large amount of manual input involved in running any pay cycle. However, any degree of manual

input is prone to human error and even with checks, mistakes can and will slip through the cracks. Larger organisations may also have to contend with a variety of different pay grades, introducing another layer of complexity to the payroll process and creating further potential for problems with manual input.

Compliance

Payroll teams don't have the luxury of simply focusing on the task of running a regular pay cycle. One of their biggest responsibilities is staying aware of wider changes in payroll, preparing themselves and their organisations for significant new legislations, policies and procedure. For payroll teams, these changes not only create fundamental disruption to their work life, but also create new challenges that could seriously impact their organisations both financially and legally.

Recently, payroll teams have had to contend with a number of dramatic changes, including the introduction of the Coronavirus Job Retention Scheme and the rise in National Insurance. [The recent IR35 off-payroll changes](#) also added extra legislative pitfalls, representing a significant shift for organisations who have previously relied on third-party contractors.

There's also the ongoing issue of tax and the risks of incorrectly categorising employees. [Research by PWC](#) found that on average, payroll errors cost FTSE 100 companies between £10m and £30m every year. Regardless of an organisation's size and sophistication, errors at a payroll level can have a fundamental impact.

Data integrity

The security of confidential information is of paramount importance for all businesses – especially when taking into account the sensitivity of private financial information. Payroll as a function regularly handles sensitive data such as employee bank details, contact information and home addresses. Any breaches of integrity within payroll can provide cyber criminals with enough personal information to seriously harm a person's financial wellbeing.

Although ensuring high levels of security and data integrity is a priority, the process is often hindered by masses of manual input. Introducing more automation can greatly reduce the potential for errors and data breaches.

Productivity and engagement

If your payroll process has little to no automation, then your payroll people will have time in their working week for few tasks other than manual input and admin. As an influential and vital component of your business, it can be beneficial to free them from the monotony of manual processes so they can leverage their experience elsewhere.

Payroll can also affect the productivity and engagement of your workforce as a whole. Any errors in payroll can lead to delays or inaccuracies in wages, both of which can fundamentally impact your employees' wellbeing. Failing to pay your people consistently and appropriately could lead to them feeling undervalued, less engaged and less incentivised to work.



What to look for in a new payroll system

Going to market for a new payroll solution can feel like a big undertaking.

With such a wide selection of options, all offering different levels of complexity, how do you know what level of functionality you need? We believe that going to market doesn't have to be as scary and complicated as it seems.

When looking for a solution, it's easy to get distracted by various bells and whistles. A certain level of complexity may seem impressive, but ultimately won't help you achieve the goal of futureproofing your payroll. What's most important is to find a system that works from day one. The consequences of a delayed or inaccurate payroll are too great to accept anything other than a solution that gets it right first time.

With that in mind, here is a short list of some of the key requirements you should look for in any potential system:

1. Automation

A payroll solution that's unable to significantly reduce the amount of manual input handled by your payroll team isn't worth much at all. The most effective payroll solutions can easily bear the strain of even the most complex pay calculations, providing gross to net figures in seconds. Automation gives you the peace of mind that the information you feed through to HMRC is accurate, right up to the moment that you run your payroll.

2. Report building

Businesses across all industries run on metrics. The ability to collate data into an easily reconcilable report is vital for any organisation looking to keep a keen eye on its finances. Any potential payroll solutions you consider should allow you to effortlessly pull reports, so you're always well-informed about the state of your outgoing costs. Defining reports by metrics such as gender and race will give you the visibility you need to guarantee fairness across all areas of your business.

3. Pay on demand

Payroll plays a significant role in safeguarding the wellbeing of your employees – especially at a time when many people have recently faced a certain degree of financial strain. Pay on demand allows employees early access to a portion of their wages, helping them meet unexpected or sudden costs. This functionality is an attractive prospect to organisations who want to demonstrate their commitment to financial wellbeing. Beyond acting as a safety net, pay on demand can also incentivise overtime or shift cover with same-day payments for employees who help cover absences.

The looming threat of the [great resignation](#) means that many organisations – particularly within hospitality and leisure – are scrambling to find ways to make themselves more attractive employers. A degree of financial flexibility may be key to attracting new talent and incentivising existing staff to stay.

4. Employee self-service

From banking to booking holidays, many aspects of our lives have become digitised and streamlined – and now this transformation can extend into the working world. Pay teams lose hours every week fielding requests from employees for things as simple as payslips. Employee self-service gives your people ready access to information pertaining to their pay, including payslips, holiday allowances, records of commission and financial reward schemes. When sourcing a new solution, find something that can put power in your employees' hands.

5. Compliance

Matters of compliance, particularly in relation to tax, are a primary concern for all payroll departments. Look for a payroll solution that keeps on top of relevant legislative changes so you don't have to. Instant calculations can help ensure the information you are feeding through to HMRC is accurate and that any PAYE or National Insurance contributions are present and correct.


6. Integration

When sourcing a payroll solution, it can be all too easy to consider the problem in a vacuum. As complex and comprehensive as a potential system may be, it may create more problems than it solves if it can't easily integrate with your existing systems and processes. Payroll is a delicate process that must often work closely with HR and time and attendance functions. Make sure that any payroll system you consider can work seamlessly with your existing processes from day one.

7. Scalability

Change for change's sake is very rarely profitable. Given the potential pitfalls of getting payroll wrong, many businesses want to see the long-term value before making such a fundamental shift to their process. A new payroll system can potentially not only offer the baseline accuracy and functionality that you require, but also futureproof your organisation.

When talking to potential suppliers, ask hard questions about the scalability of their solution and how it will be supported. Try to be [forward thinking](#) about your requirements and look beyond immediate benefits. Some solutions that seem viable now and come with an attractive price point may be nearing the end of their lifecycle, leaving you unsupported in the future.



Advanced Flexipay can provide instantaneous
gross-to-net calculations for up to
10,000 employees in just 20 seconds

How Flexipay can help

[Our payroll system](#), Flexipay, was designed by pay experts to tackle the specific challenges faced by pay professionals across all sectors.

Flexipay gives you:

- **The choice to deploy in the cloud or on-premise** – whichever suits your business more
- **Real-time calculations** – get instantaneous gross-to-net calculations for up to 10,000 employees in just 20 seconds
- **Super speed processing** – calculate BACs in under 20 minutes
- **Pay on demand** – allow employees to draw down earned pay, as they need it
- **Reporting** – simply build your own reports and make decisions fast
- **Employee online access** – put data, documents and payslips at your people's fingertips; we process around 439,000 payslips each month

Flexipay offers you the scalability and flexibility you need to completely transform the way you run payroll. It's capable of working effortlessly across multiple sites and pay grades, whether operating as a standalone system or integrated with our time and attendance, HR and access control solutions to form a comprehensive workforce management suite.

Have peace of mind with comprehensive reporting, GDPR auto-processing, audit trail capability and ongoing support. Our helpful professional service consultants are always on hand to help make sure you're getting the most out of your system. Flexipay is the only solution you'll ever need to source again.

Your next steps

We understand how vital your payroll is to the ongoing success of your business; you need to run your pay cycle accurately and efficiently, every single time. We also appreciate how daunting it is to take the leap and change your payroll system. That's why we're committed to dispelling the mystery around payroll and helping you find a system that truly suits your needs.








We would love to hear from you

If you'd like to discover more about how Flexipay can help transform the way you run your payroll, get in touch today.

[Find out more](#)

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