

The Chartered Institute of Payroll Professionals (CIPP)

Policy research paper

CIPP Payslip Statistics Comparison 2008 – 2016

Helen Hargreaves MSc FCIPPdip
Associate director of policy and research



Contents

Executive summary	3
Key findings	4
Summary of results	5
<i>Core demographics</i>	5
In-house versus payroll bureau	5
Number of employees/pensioners paid	5
Industry sector	5
Main business location	5
Automatic enrolment	6
Staging	6
Additional costs for employers	6
Additional costs for agents	6
Agent support for clients during automatic enrolment	7
Client challenges	7
Agent challenges	8
Additional payroll services	9
Salary sacrifice	9
Payroll Giving	10
Credit unions	11
Year on year payslip trends	14
Number of payrolls processed	14
Number of employees paid	14
Payroll frequencies operated	15
Most popular pay days/dates	15
Personal information included on payslips	17
Additional information shown on the payslip	18
Responsibility for processing and distributing payslips	19
Method of distributing payslips	20
Use of electronic payslips	20
Cost savings and benefits from issuing electronic payslips	21
Complaints regarding the distribution of payslips	21
Payment method	22
Appendix A costs incurred following the introduction of automatic enrolment	23

Executive summary

The CIPP has been conducting research into the long term trends affecting payroll and payslips every year 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.

The research was conducted in July and August 2016 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 216 responses which is the highest response rate for several years.

This annual research looks at the number of people being paid, the frequency with which they are paid, the method of payment, information included on the payslip and how the payslips are distributed as well as looking at the potential benefits and cost savings brought about by the use of electronic payslips.

Once again, the research has included questions to establish whether the continuing roll-out of automatic enrolment has brought about additional financial and resource burdens for employers. In addition, the survey this year explores the popularity of salary sacrifice and Payroll Giving schemes, along with saving with a credit union through payroll.



Key findings

With the largest employers having already staged attention now turns to payroll agents, who will be supporting the smallest employers, those with fewer than 50 employees, as they prepare to undertake their automatic enrolment obligations. Although more agents (59.1%) have incurred costs upgrading their payroll software to include automatic enrolment functionality, those costs have typically been less than for the large employers, with estimates of between £250 and £1,000 for upgrading the payroll software.

- Possibly reflecting the economic situation in the UK, the proportion of responses from both the construction and retail sectors has reduced since 2015
- One quarter of respondents have incurred costs upgrading their payroll software to incorporate automatic enrolment functionality
- Typical costs incurred due to automatic enrolment were several thousand pounds, with one respondent stating they had implemented a new HR and payroll system costing £290,000
- More than nine in ten payroll agents (92%) anticipate that their clients will need some level of advice and help with necessary actions for automatic enrolment
- More than half of agents (52%) believe the biggest challenge facing their clients in regard to automatic enrolment is that clients do not realise that it applies to them
- Three quarters of agents believe that their clients are not prepared to pay the necessary fees for services relating to automatic enrolment
- Salary sacrifice schemes are widespread, operated by 87% of respondents regardless of the number of employees. The most popular benefits offered through salary sacrifice are childcare vouchers (98.73%), pension contributions (68.35%) and cycle to work (68.35%)
- Just over half of respondents (53.76%) offer a Payroll Giving scheme, with half of the remainder saying they do not offer a scheme because there is no interest from the employer
- Saving with a credit union through the payroll is rare with only 15.38% of respondents offering such a scheme.
- The results indicate a direct correlation between the size of the employer and the likelihood of offering access to a credit union with no respondents paying fewer than 250 workers offering this facility
- Results suggest that employers are more likely to offer access to a credit union if they also operate a Payroll Giving scheme with 75% of respondents operating a Payroll Giving scheme also providing access to a credit union
- Local government and public sector employers are the most likely employers to offer one or both schemes to their workers
- Whilst there has been a significant increase in the number of businesses employing between 251-1,000 workers, there has been a slight decrease in the number employing between 1,001 and 10,000 individuals
- Monthly remains the most common pay frequency with almost 98% 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
- Almost half of respondents (46.7%) report that they have, to some extent, used the payslip as a means of communicating messages to workers
- The number of respondents printing payslips in-house has dropped from 41.2% in 2014-15 to 25% this year
- In sharp contrast, the number of respondents using an electronic self-serve system to distribute payslips has increased significantly from 33.7% last year to 47.2%
- In light of these findings it is unsurprising that the number using electronic payslips has increased sharply from 37.2% to 58.1% in 2015-16
- Only 5.2% of respondents report that they do not intend using electronic payslips in the foreseeable future
- 83.3% of respondents using electronic payslips reported cost savings from doing so
- When asked to quantify those savings the answers ranged from £1,200 to £6,000 per annum
- With 158 responses, monthly Bacs payments are the most common payment type and frequency

Summary of results

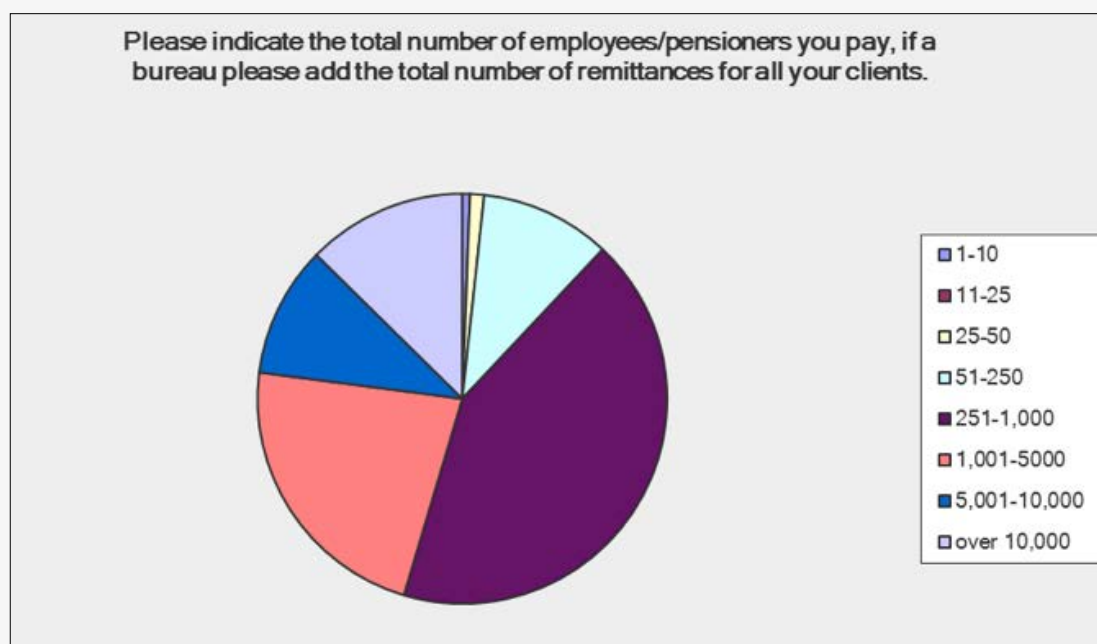
Core demographics

In-house versus payroll bureau

The proportion of respondents reporting that they were a payroll bureau or agent acting on behalf of their client base remains consistent with previous years at 17.3%, with 82.7% responding as an employer with an in-house payroll.

Number of employees/pensioners paid

A total of three respondents (1.7%) paid fewer than 50 employees, with the majority (42.5%) employing between 251 and 1,000. 12.6% of respondents were responsible for paying more than 10,000 employees or pensioners.



Industry sector

In what is possibly a reflection of the economic situation in the UK, the proportion of responses from both the construction and retail sectors significantly reduced this year. In 2014 - 2015 13.5% of respondents were from the retail sector, dropping to 4.6% in 2016. In 2014 - 2015 8.1% of responses came from the construction industry which has reduced to 5.1% this year. At 10.2% the highest number of responses in 2015 - 2016 came from the manufacturing industry, followed by education, local government and accountancy.

Main business location

More than one third of respondents (33.8%) operate their business throughout the UK which is in line with previous years, whilst at 13.9% the number of businesses operating both in the UK and overseas continues to increase steadily, up from 12.5% in 2014 - 15. The South East of England remains strong with 14.8% of respondents saying they operate their business there.

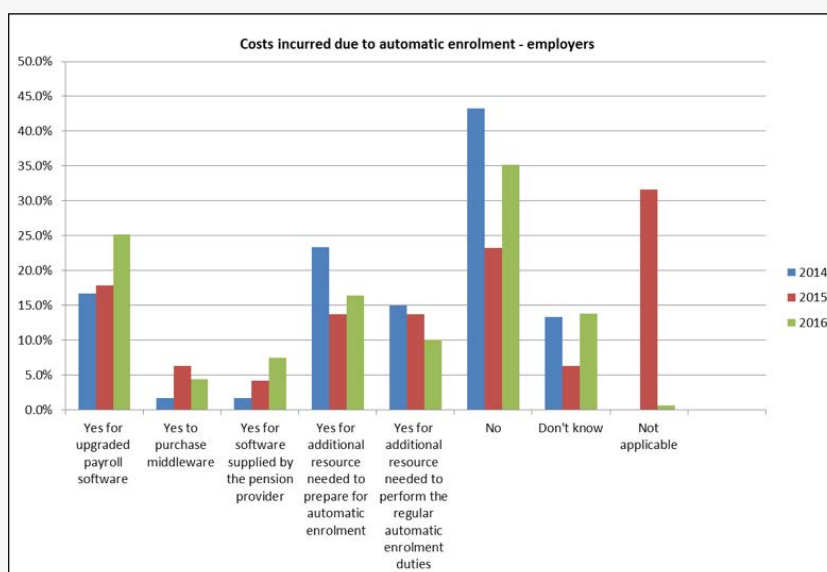
Automatic enrolment

Staging

Almost all respondents (93%) reported that they had already staged for automatic enrolment, with 84.4% staging more than 12 months ago and 8.5% within the last 12 months.

Additional costs for employers

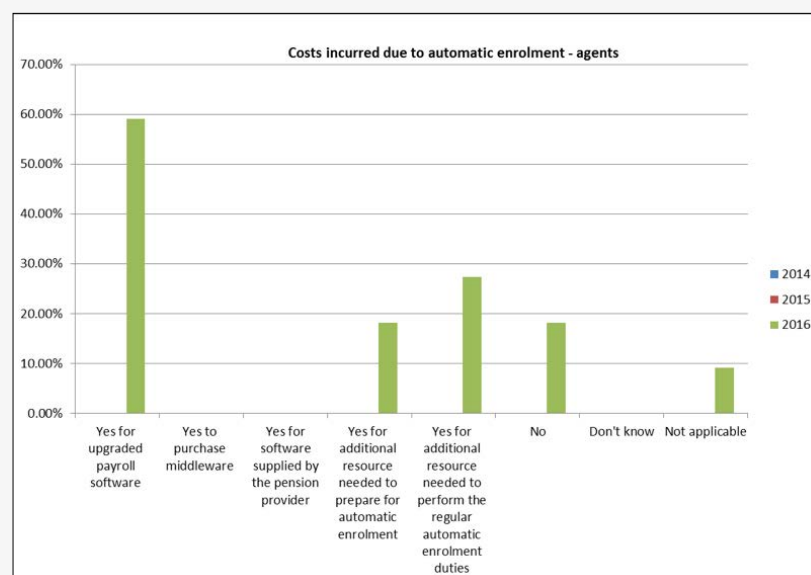
With the majority of respondents staging more than 12 months ago, the number of respondent employers incurring costs as a result of automatic enrolment is perhaps surprising. Especially noticeable is the 25.2% who report that they have incurred costs upgrading their payroll software to incorporate automatic enrolment functionality. When asked to quantify those costs, many respondents reported costs of several thousand pounds with one reporting that they had implemented a new HR and payroll system costing £290,000.



A chart showing quantified costs from all respondents is at appendix A.

Additional costs for agents

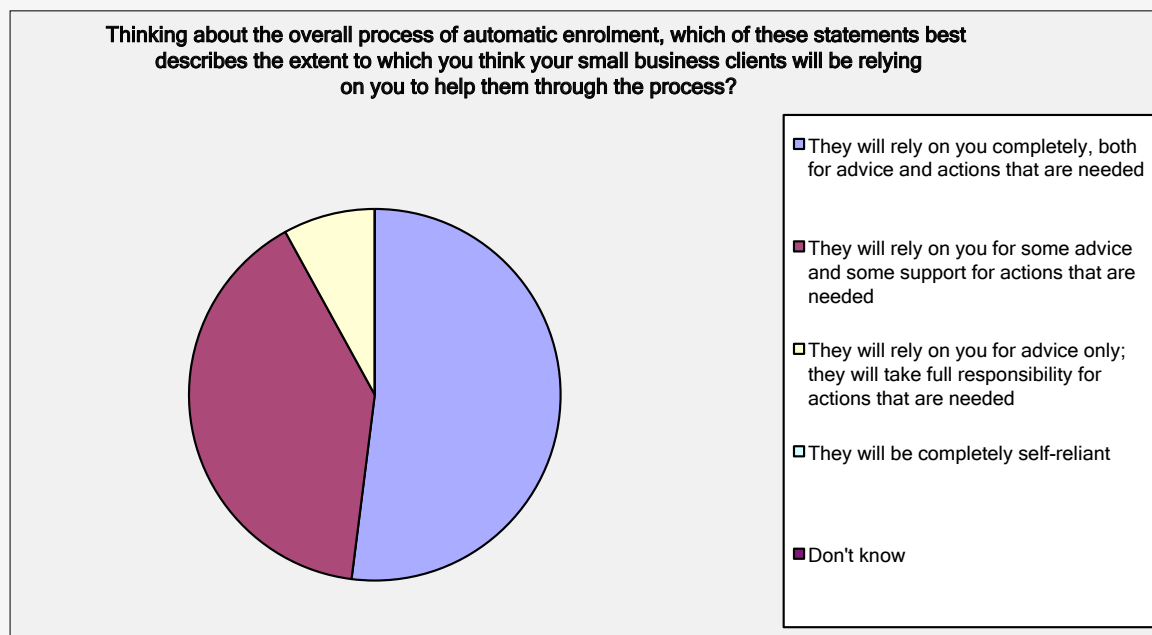
None of the agents who responded previously had at that time begun automatically enrolling their clients' employees into a pension scheme and as a consequence no agent respondents had incurred any additional costs. As might be expected the position is very different in 2015 - 2016, with well over half (59.1%) of agents reporting that they have incurred additional costs upgrading their payroll software to include automatic enrolment, typically spending between £250 and £1,000.



Agent support for clients during automatic enrolment

With the smallest employers now undergoing the staging process, agents were asked about the level of support they expected to give to their clients for automatic enrolment.

No respondents believed that their clients would be completely self-reliant, and 40% believed their clients would need some advice and help with necessary actions. More than half (52%) expected their clients to rely on them completely for both advice and any actions that are needed.



Client challenges

Agents were then asked about the challenges faced by their clients in relation to automatic enrolment. Asked to select all the answers which applied, more than two thirds responded that their clients simply did not know what they were meant to do, and over half said that their clients did not realise that the automatic enrolment obligations applied to them. However, in a more positive vein, no respondents said that their clients' systems could not cope with automatic enrolment.

Answer Choices	Responses	
▼ Clients don't realise it applies to them	52.00%	13
▼ It's too far into the future for clients to think about it	40.00%	10
▼ Clients don't engage with it	28.00%	7
▼ Clients don't know what they are meant to do	68.00%	17
▼ Clients haven't heard of it	8.00%	2
▼ Clients don't have time to engage with it	24.00%	6
▼ Clients say they can't afford it	40.00%	10
▼ Clients say their systems can't cope	0.00%	0
▼ Clients are putting it off	32.00%	8
▼ Clients don't know where to go for help	12.00%	3
▼ Other challenge (please specify in box below)	0.00%	0
▼ None	0.00%	0
▼ Don't know	8.00%	2
Total Respondents: 25		

Agent challenges

By far the largest response came from three quarters of respondents who said their clients were not prepared to pay the charges required for services relating to automatic enrolment. A quarter of respondents said that their clients were putting off thinking about automatic enrolment with one agent commenting that their challenge was...

"Getting clients to respond to our reminders of their duties and to understand that they must be compliant"

Whilst no respondents said that they didn't know where to find help, one commented that...

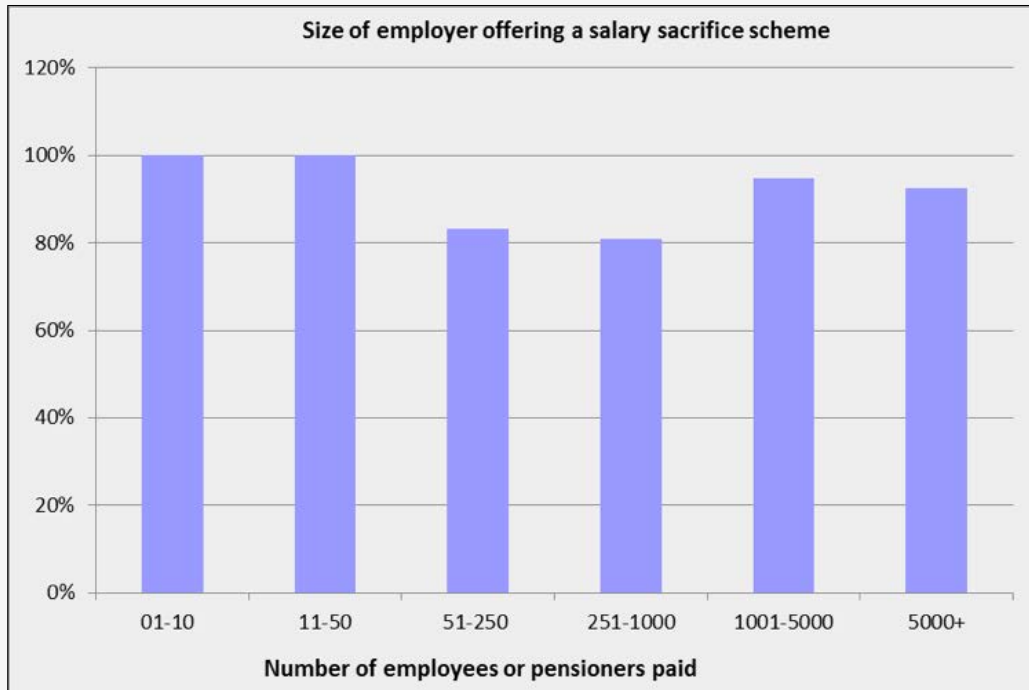
"Whilst the information about the process is available it's time consuming to find. We are a very small community interest company doing essential work serving our local disabled community and have had to employ someone to deal with this part of our work."

Answer Choices	Responses
▼ Clients aren't prepared to pay us what is required for services relating to automatic enrolment	75.00% 18
▼ We think it is too complicated	16.67% 4
▼ Our clients are all putting it off	25.00% 6
▼ We don't have the resource in place to cope with client requirements	0.00% 0
▼ We don't have the expertise in house to answer our clients' queries	4.17% 1
▼ We don't know where to go to for help with more technical queries	0.00% 0
▼ Other challenge (please specify in box below)	4.17% 1
▼ None	12.50% 3
▼ Don't know	4.17% 1
Total Respondents: 24	

Additional payroll services

Salary sacrifice

Salary sacrifice schemes are operated by 87% of respondents with the number of employees having little bearing on whether an employer offers sacrifice or not.

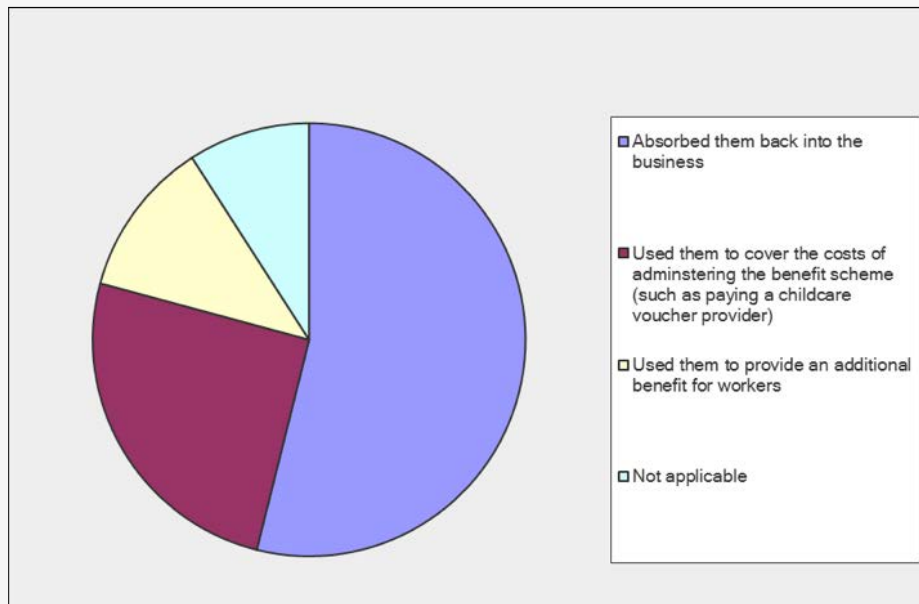


Although the results suggest that the smallest employers are more likely to offer a salary sacrifice scheme, it is important to note that there were only three respondents employing fewer than 50 employees.

The most popular options were for childcare vouchers (98.73%), pension contributions (68.35%) and cycle to work (68.35%). Other popular benefits offered include life insurance, critical illness policies, dental care and cars. These options remained constant for all sizes of employer.

Answer Choices	Responses	
Pension contributions	68.35%	108
Childcare vouchers	98.73%	156
Cycle to work	68.35%	108
Private medical insurance	18.99%	30
Purchasing annual leave	25.32%	40
Workplace car parking	6.96%	11
Mobile phones	4.43%	7
Other benefits, please specify below	16.46%	26
Total Respondents: 158		

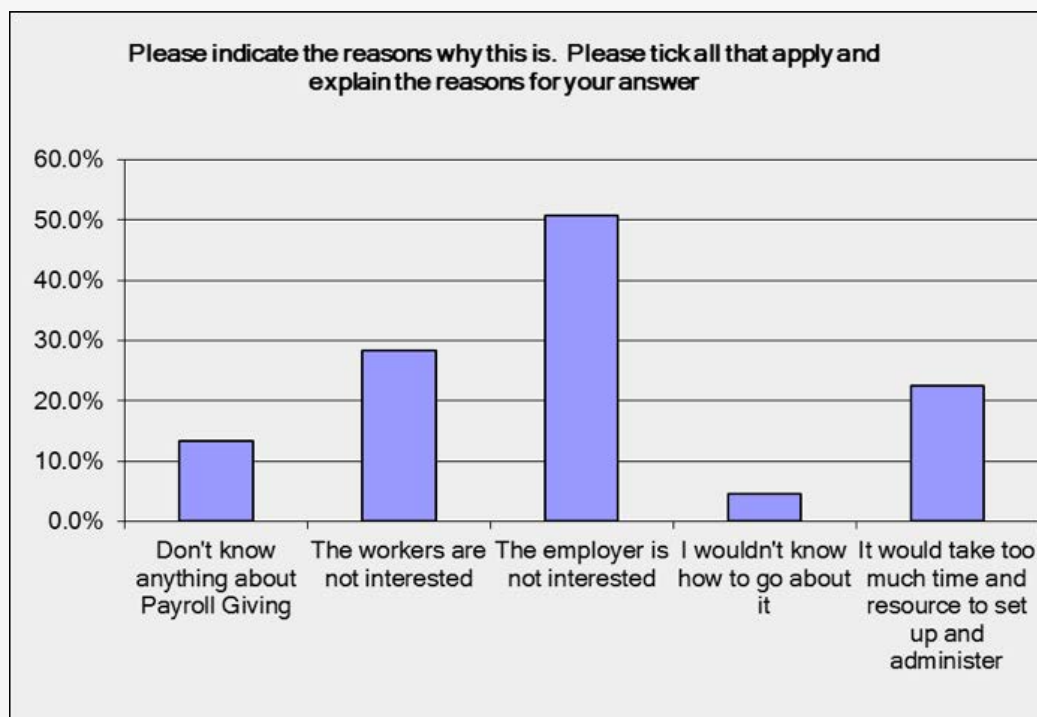
As well as benefiting the employee, providing benefits through salary sacrifice may bring lower employment costs for an employer such as a reduced National Insurance liability. More than half (53.9%) of respondents stated that these savings were absorbed back into the business and a further 25.32% used the savings to cover administration costs such as paying a childcare voucher provider.



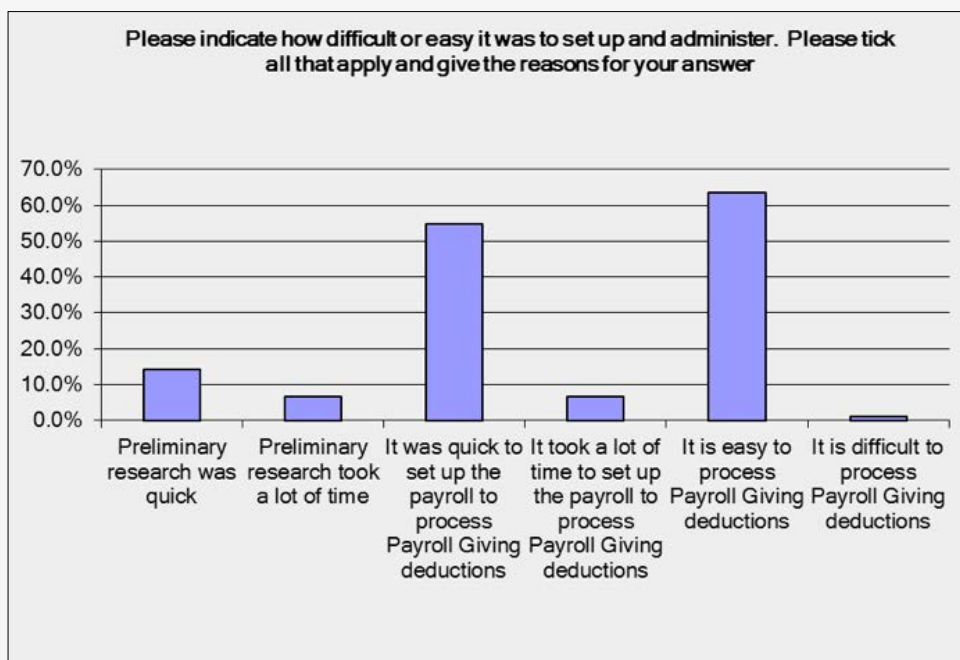
Payroll Giving

Just over half of respondents (53.76%) offer a Payroll Giving scheme giving workers the opportunity to donate to charity through the payroll.

With 50.7% stating that the reason a scheme is not offered is due to a lack of interest from the employer, other reasons given include lack of interest from employees (28.4%) and concerns that a scheme would take too much time and resource to administer (22.4%).

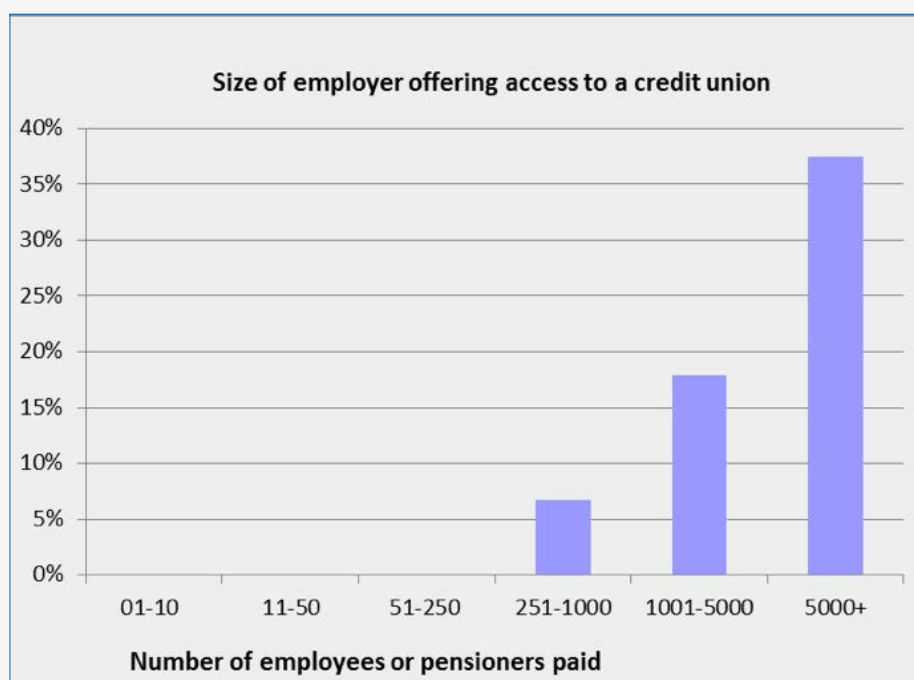


However, of those respondents who do operate a Payroll Giving scheme, more than half (54.9%) said it was quick to set up the scheme and almost two thirds (63.7%) declared that it is easy to process Payroll Giving deductions.



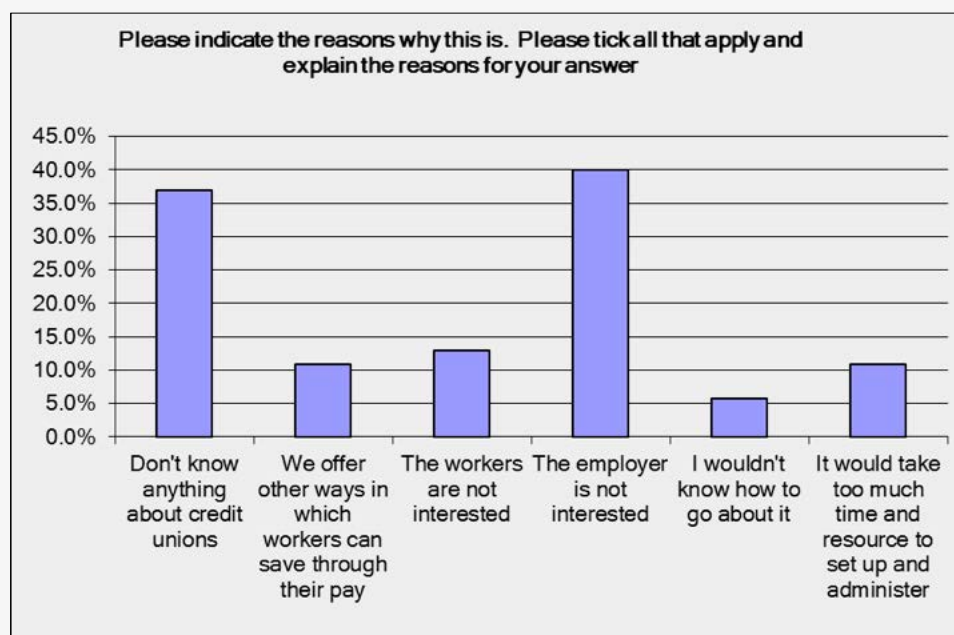
Credit unions

Saving with a credit union through payroll is still rare with the results showing that only 15.38% of all respondents enable their workers to save in this way. Unlike salary sacrifice, which is widespread regardless of the size of employer, the results suggest a direct correlation between the size of employer and the likelihood of offering access to a credit union through payroll. No respondents paying fewer than 250 employees offered the opportunity to save through a credit union.

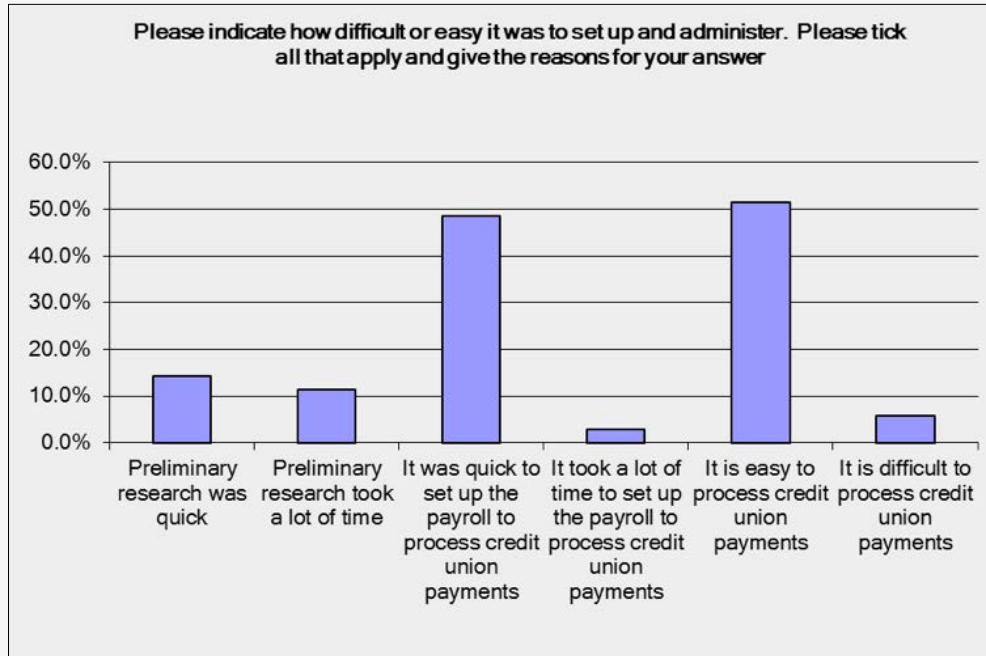


With almost two fifths (39.9%) saying that the employer isn't interested in offering such a scheme, and a further 37% admitting they don't know anything about credit unions, it is unsurprising that saving with a credit union through payroll is not widespread. However several anecdotal responses, a sample of which is shown below, show that there is perhaps more interest in providing such a scheme than the initial results suggest.

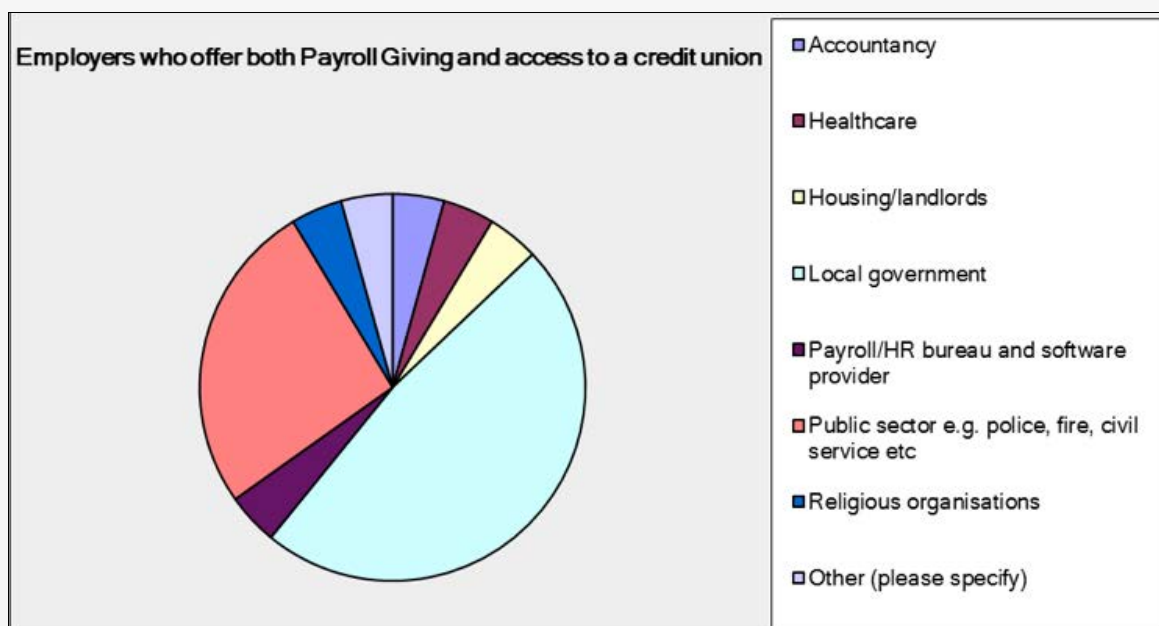
- It's one of the things we have been exploring and may bring in at some time in the future.
- Would need to ask the employees if they are interested. Concentrating on getting them to take up the pension with matching we offer now.
- It is something I would like to have further details on but do not think the majority of our employees would have the resources to use this.
- We contacted a credit union who was supposed to be getting back to us with details but they never did. Our payroll manager then went on maternity leave and it was put on hold. Since then I have had information from our childcare voucher provider to state that they will be running something similar with better APR's than the credit unions so will be looking into this.



10% of respondents who do not currently operate a saving scheme through a credit union believe that it would take up too much time and resource to set up and administer. However, of those respondents who do have such a scheme in place, around half said it was quick to set up (48.6%) and that it was easy to process the payments (51.4%).



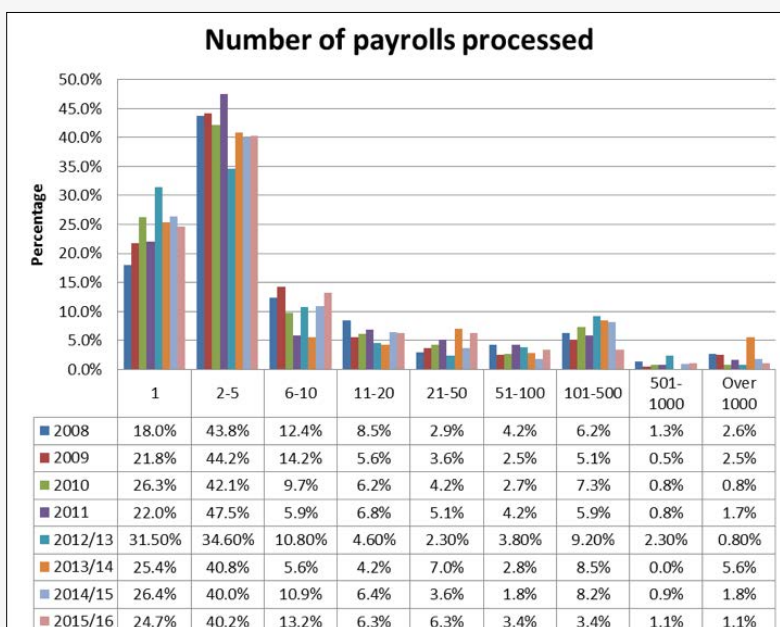
In sharp contrast to the overall response which shows that only 15.38% of all respondents enable their workers to save through a credit union, the results indicate that employers are much more likely to provide access to a credit union if they also operate a Payroll Giving scheme, with 75% of respondents who operate a Payroll Giving scheme stating that they also provided access to a credit union. Local government and public sector employers are most likely to offer one of both schemes to their workers.



Year on year payslip trends

Number of payrolls processed

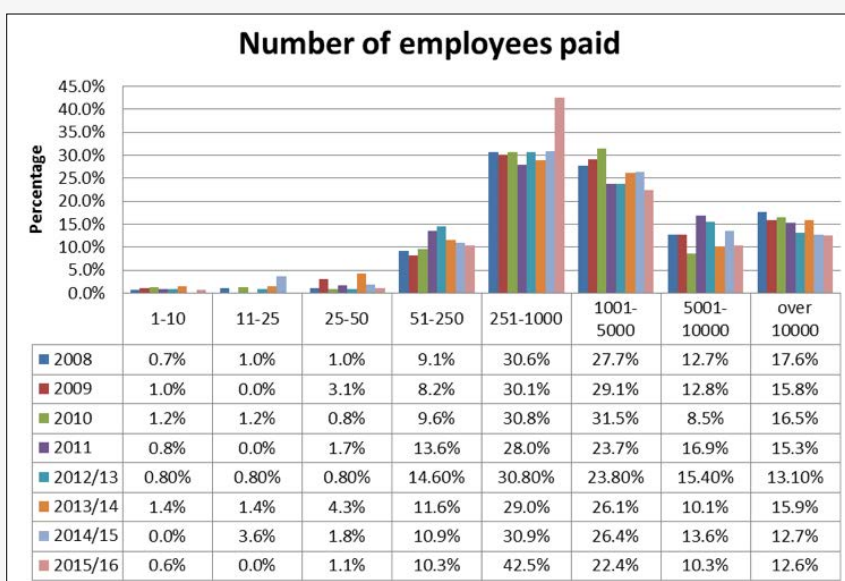
This question asks employers and payroll bureaux to indicate the number of payrolls they process. The results have remained remarkably consistent since this research began with the majority of respondents processing between two and five payrolls.



Number of employees paid

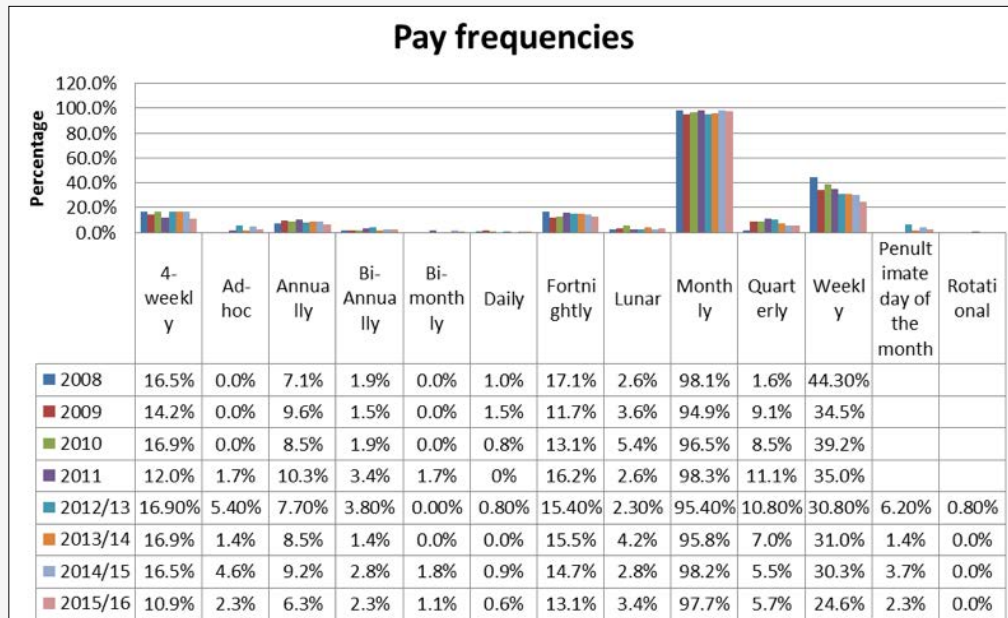
This question asks payroll bureau respondents to add up the number of employees across all their clients' payrolls and employers to add up the total number of people they pay across all the payrolls they operate.

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 between 251-1,000 individuals which is up to 42.5% from 30.9% in 2015-16. What the results do not tell us conclusively is whether this is as a result of smaller companies increasing their workforce or whether it is larger companies reducing the number of workers. The results indicate it may be the latter as the number of respondents employing between 1,001 – 5,000 in 2015-16 has reduced from 26.4% to 22.4% and the number employing between 5,001 and 10,000 workers has reduced from 13.6% to 10.3% however we need to wait for the results in 2016-17 before drawing any definitive conclusions.



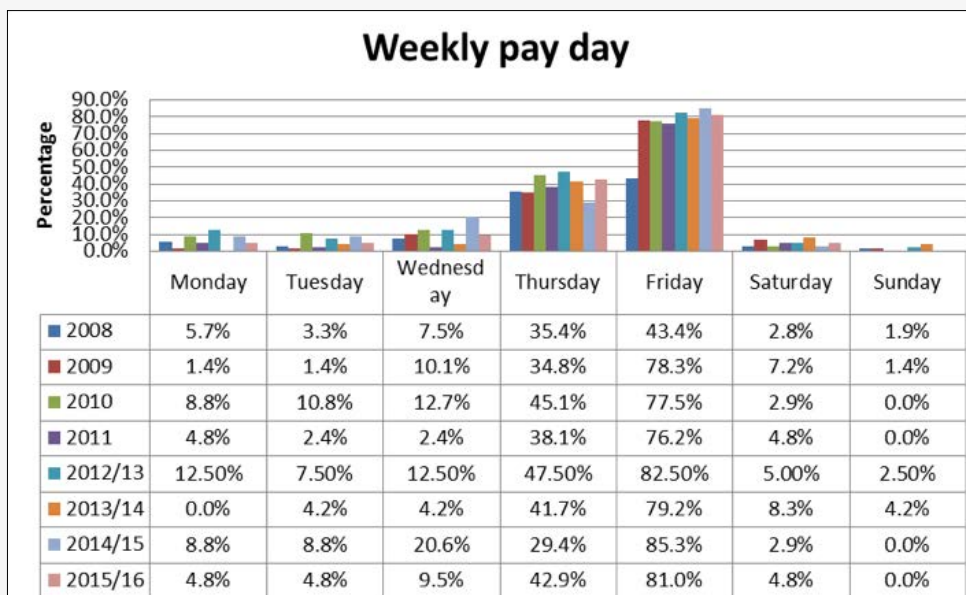
Payroll frequencies operated

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 2015-16 when now less than one quarter (24.6%) of respondents say that they run a weekly payroll. The number of four-weekly payrolls has also reduced from 16.5% in 2014-15 to 10.9% in 2015-16. However monthly pay remains the most common pay frequency, as it has been every year that this research has been conducted.

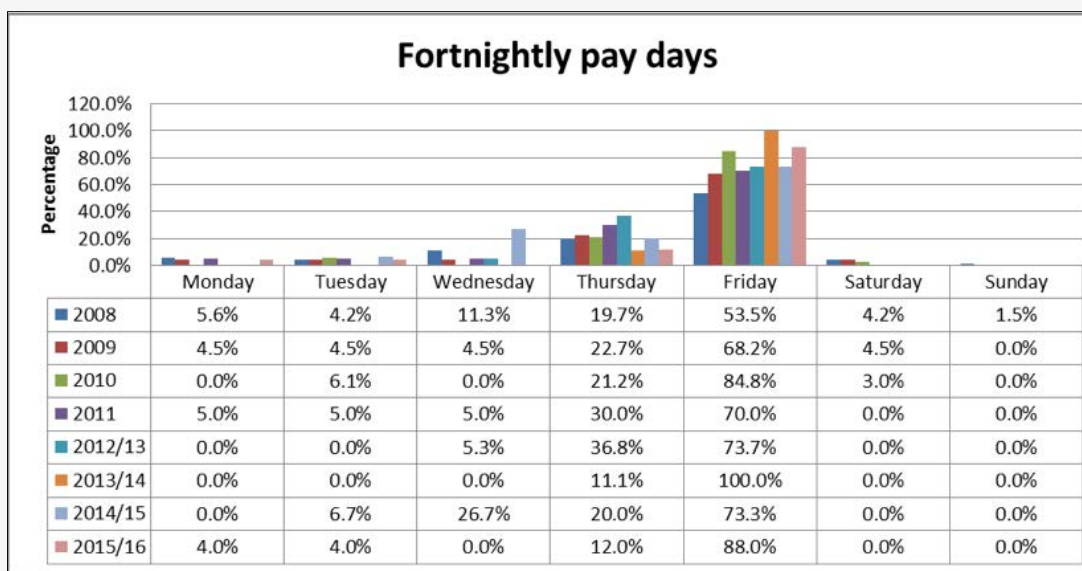
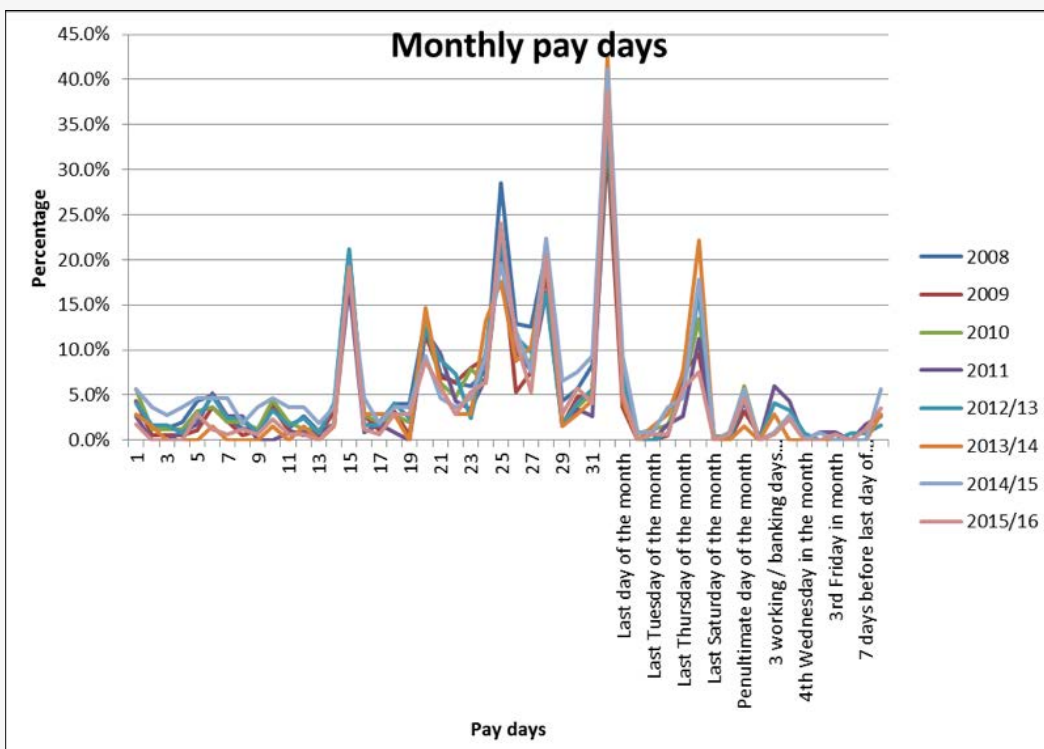


Most popular pay days/dates

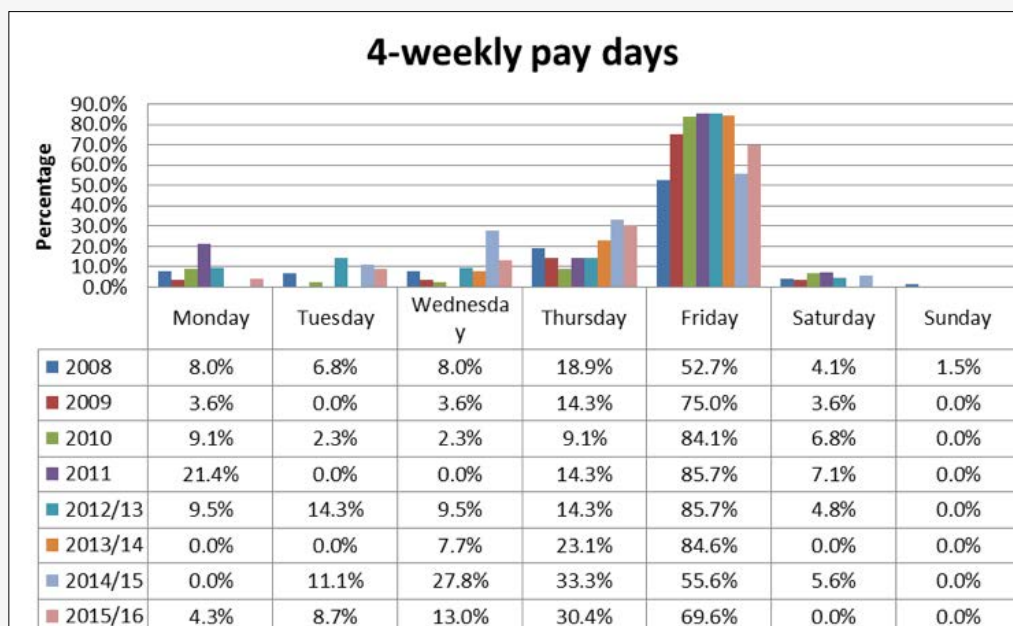
Once again Friday continues to be the most popular pay day for weekly payrolls although the number of respondents paying on a Thursday has increased significantly this year to 42.9% from 29.4% in 2014-15.



The last working day of the month continues to be the most popular pay day for monthly payrolls at 38.6% followed by 24% who pay on the 25th of the month, 20.5% on the 28th of the month and 19.3% on the 15th of the month.

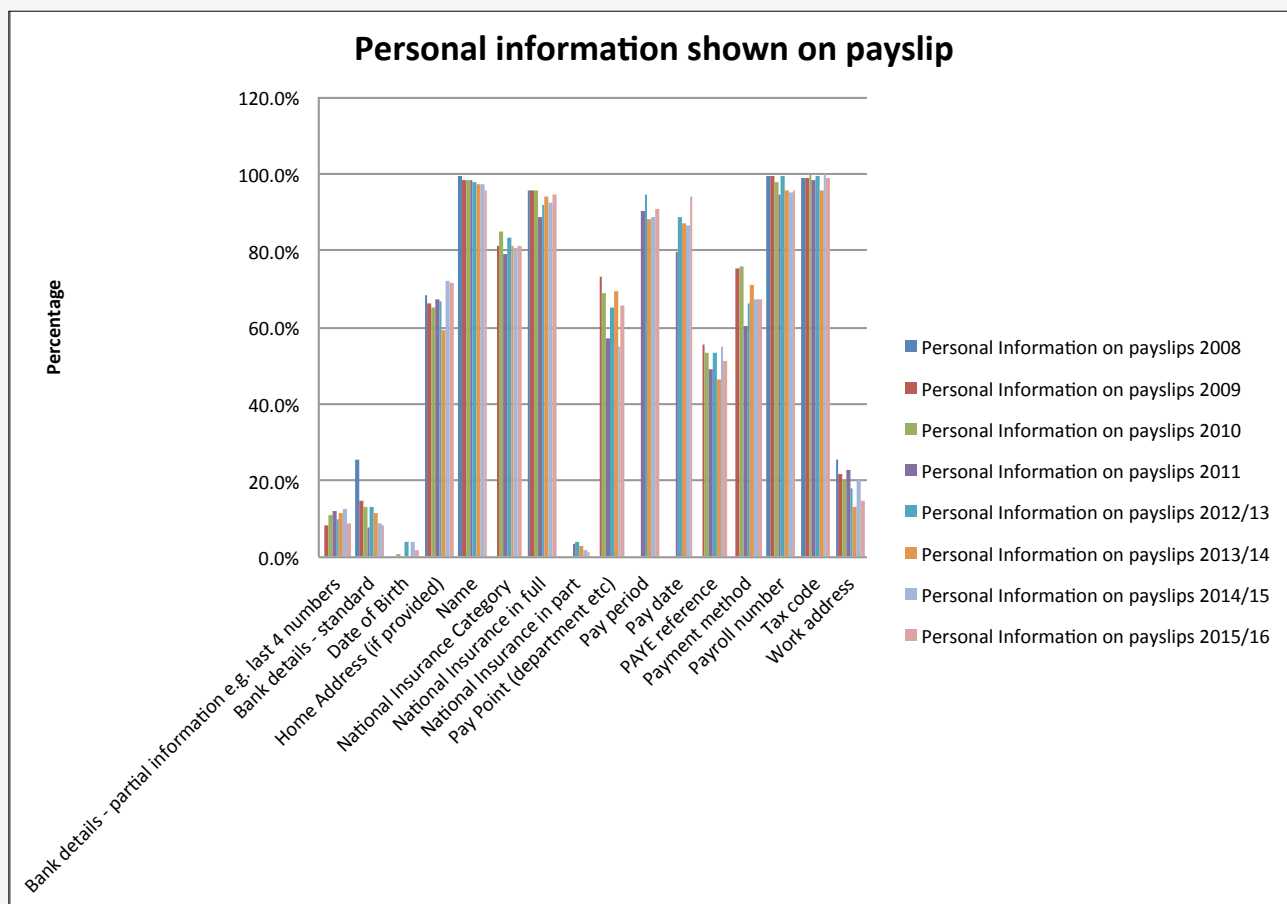


Once again Friday is the most popular day for paying fortnightly and four-weekly payrolls.



Personal information included on payslips

The interesting anomalies from last year continue, with only 95.9% of respondents including the name on the payslip, and whilst 98.8% of employers include the tax code, only 81.2% include the National Insurance category.

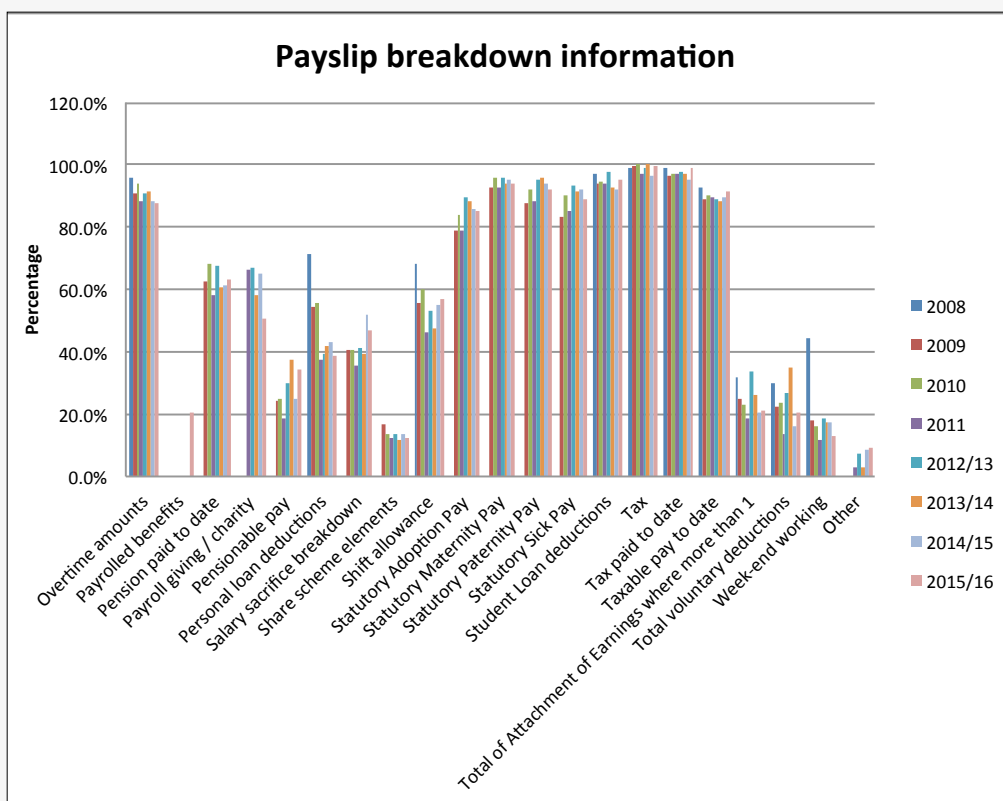
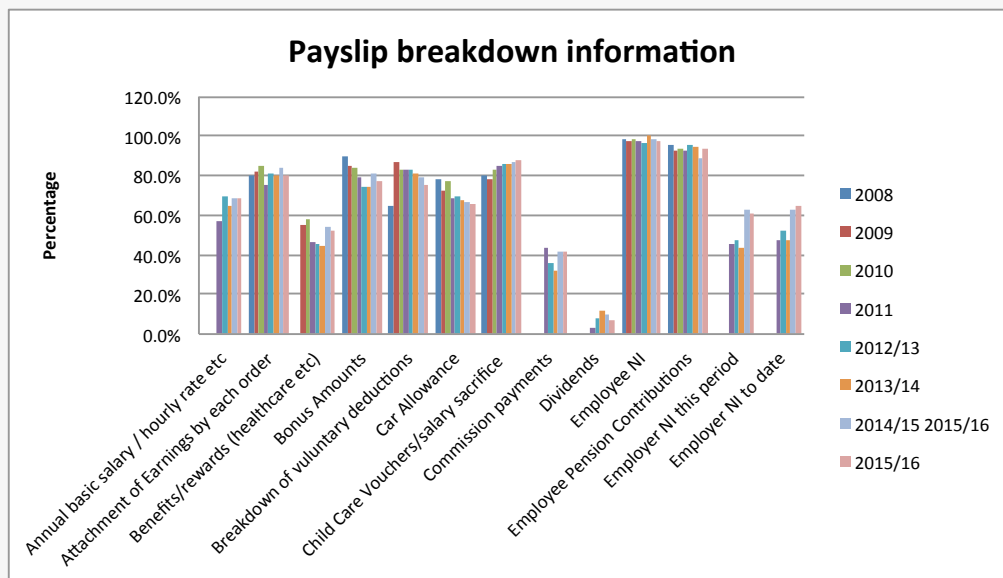


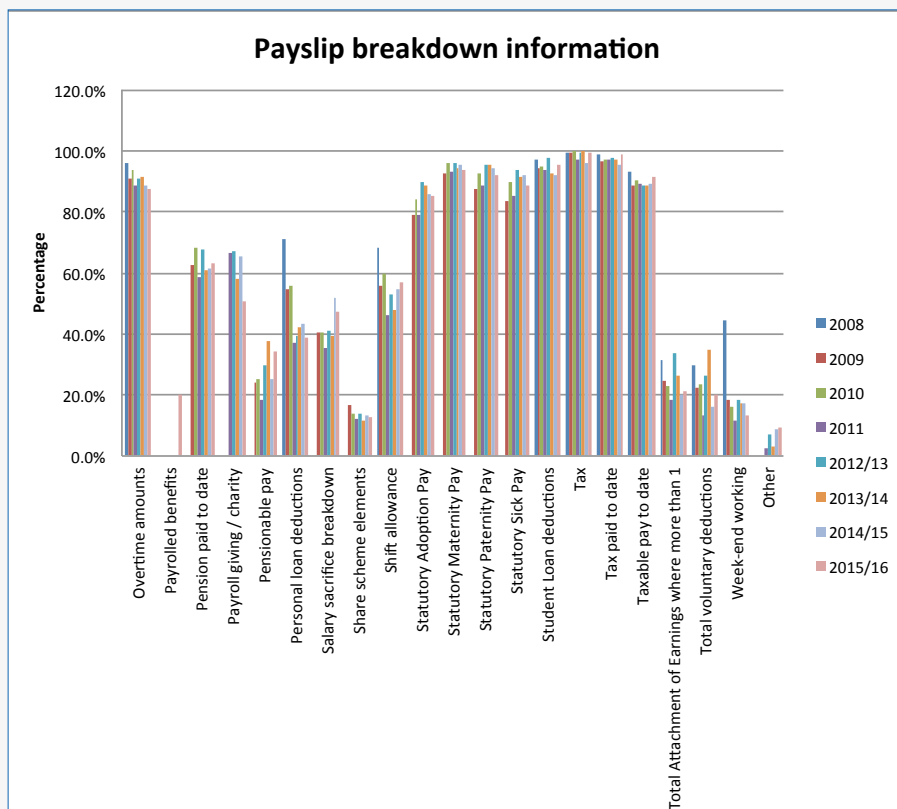
Additional information shown on the payslip

Following the introduction of voluntary payrolling, payrolled benefits was included as a category for the first time, with 20.2% saying that this information is included on payslips.

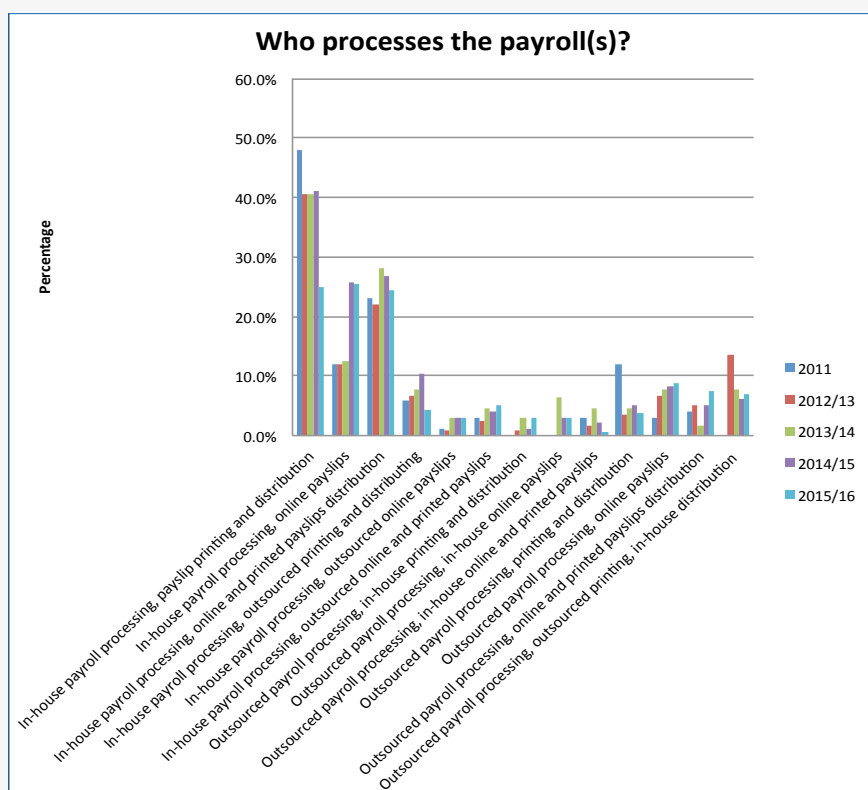
Employers have a legal obligation to provide employees with a payslip on or before their payday which must show gross pay, deductions such as tax and National Insurance and net pay. Less than half of respondents (48.2%) report including gross pay, although the number showing the deductions for tax (99.4%), National Insurance (97.6%) and net pay (98.8%) remains high.

Additionally 46.7% of respondents reported that they have to some extent used the payslip distribution process 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.





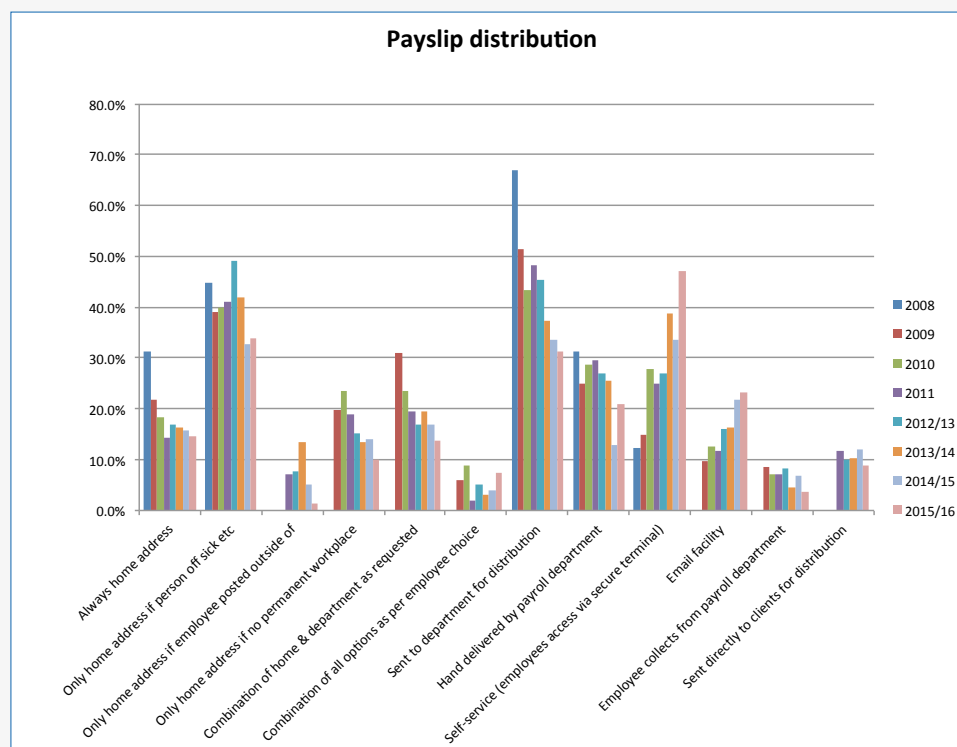
Responsibility for processing and distributing payslips



For the first year since this research began the number of respondents who process payroll in-house and provide only online payslips is higher than the number processing payroll in-house and distributing only paper payslips. In fact the number printing their own payslips has dropped significantly from 41.2% to 25%.

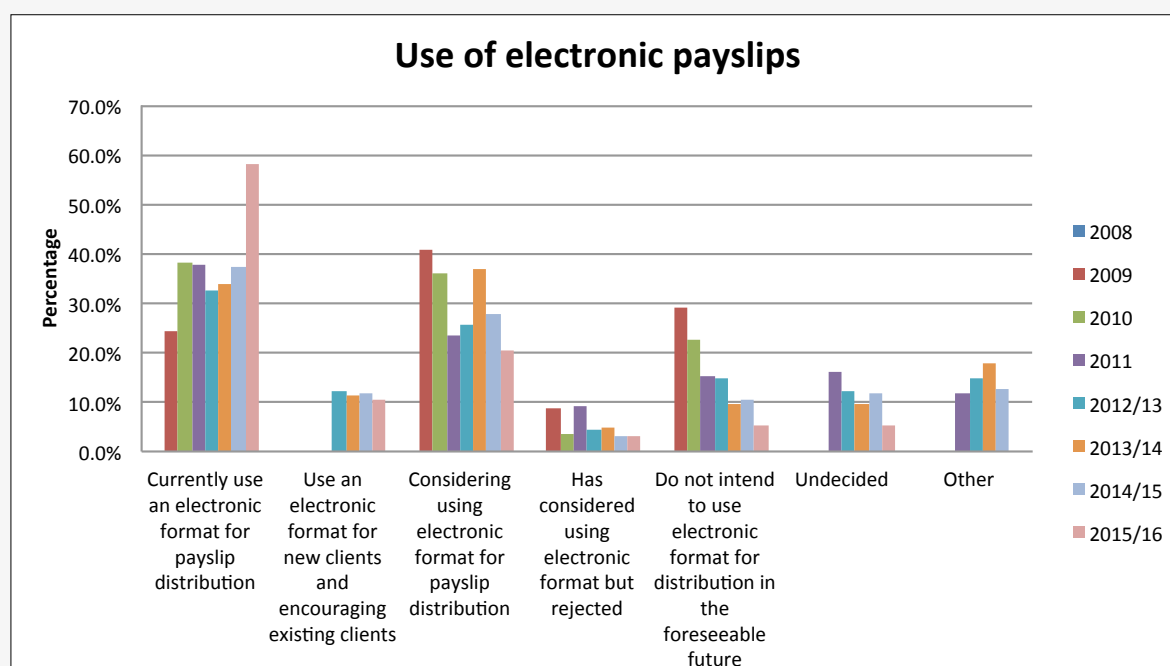
Method of distributing payslips

Continuing this trend, the number of respondents distributing payslips online through an employee self-serve system has also increased significantly in 2015-16, up from 33.7% to 47.2% whilst the number using email to distribute payslips continues to slowly increase up from 21.8% in 2014-15 to 23.3% in 2015-16.



Use of electronic payslips

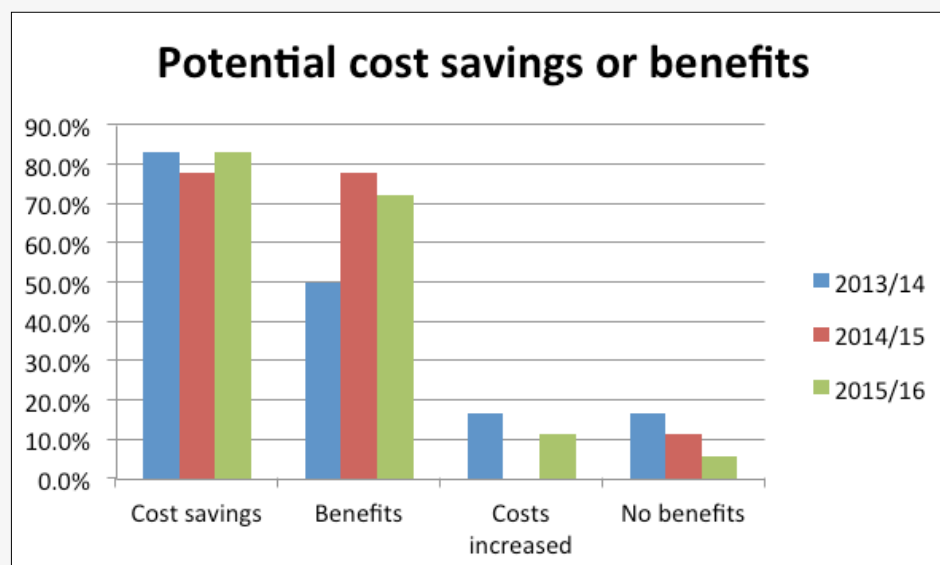
Supporting the responses to the previous questions, the number of respondents reporting that they currently use electronic methods for distributing payslips has increased markedly from 37.2% last year to 58.1% in 2015-16. Results from earlier years indicated that the move towards electronic payslips was slow and uncertain, however the results in 2015-16 suggest that electronic methods are becoming more widely accepted with only 5.2% saying that they do not intend using electronic payslips in the foreseeable future.



Cost savings and benefits from issuing electronic payslips

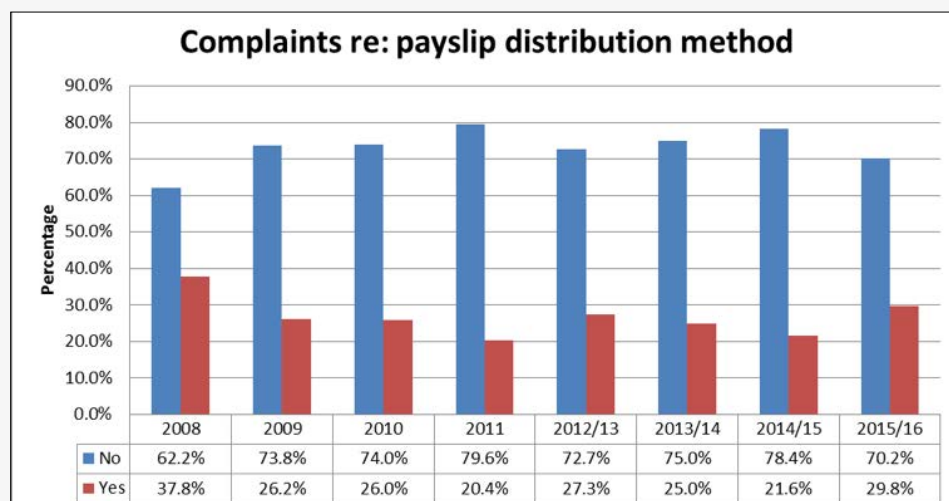
For those payroll professionals who are still undecided as to whether to introduce electronic payslips, the responses to the next question may be of interest as more than four fifths (83.3%) of respondents who currently issue electronic payslips have experienced cost savings as a result. When asked to quantify these savings, answers ranged from £1,200 to £6,000 per year.

Whilst the number saying that they had experienced benefits from issuing payslips electronically reduced slightly on 2014-15, down to 72.2% from 77.8%, a range of benefits emerged from the anecdotal responses such as time saved in sorting and distribution, more security, and the number of payslip queries and requests for duplicates significantly reduced.



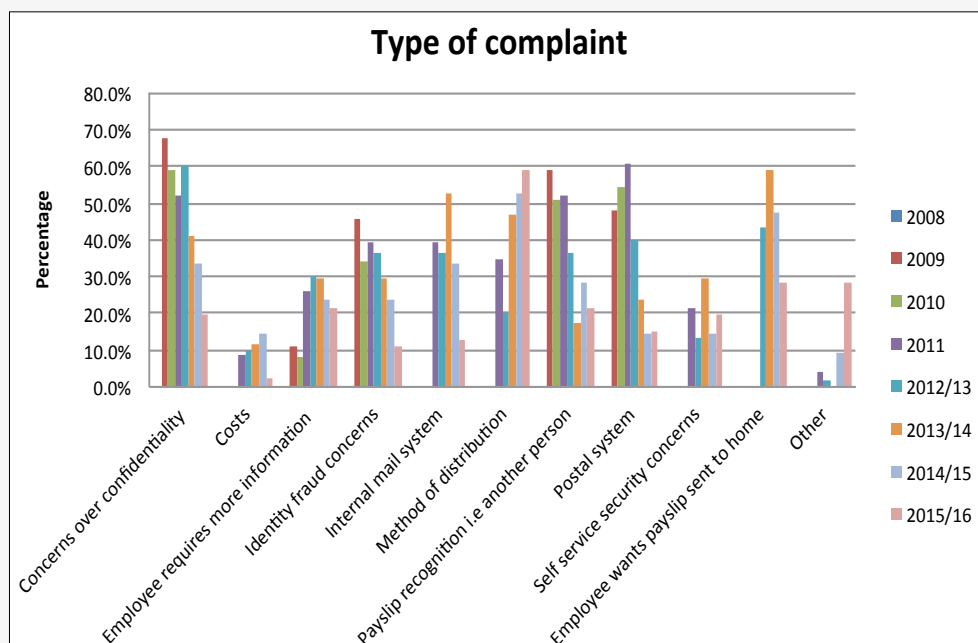
Complaints regarding the distribution of payslips

With the significant increase in the use of electronic payslips in 2015-16 it is perhaps to be expected that the number of complaints regarding the distribution method would also increase, up to 29.8% this year from 21.6% in 2014-15.



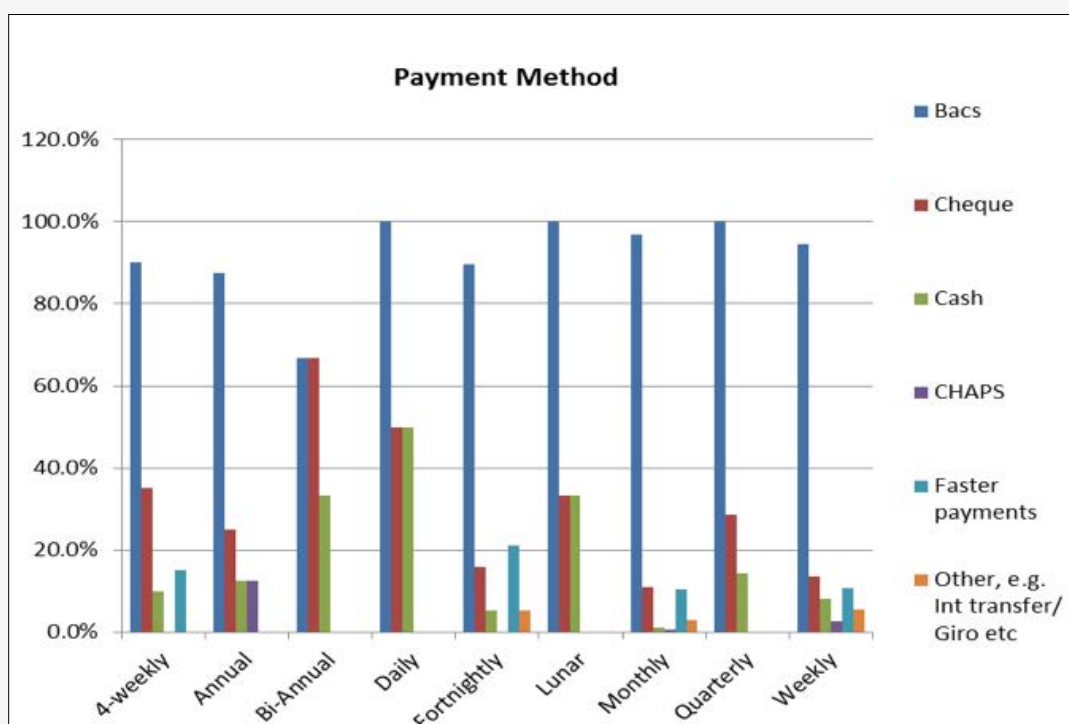
However, when exploring the reasons behind the complaints, several anecdotal responses cited issues with the online portal and employees having problems logging on to the system or forgetting their passwords.

There also were increased numbers of complaints regarding the concept of moving from paper to online payslips (52.4%) up to (58.7%) and increasing concerns over the security of self-service (14.3% up to 19.6%) though the number of complaints regarding confidentiality of information reduced from 33.3% in 2014-15 to 19.6% in 2015-16.



Payment method

Yet again responses indicate that respondents use a range of payment methods depending on circumstances. Bacs remains the most popular method of payment across all pay frequencies with cash and cheque payments still also being used regularly, though by fewer respondents. Monthly Bacs payments are the most common payment type and frequency.



Appendix A: Costs incurred following the introduction of automatic enrolment

Upgraded payroll software	Middleware to perform automatic enrolment functions	Automatic enrolment software supplied by the pension provider	Additional resource to prepare for automatic enrolment	Additional resource to perform routine automatic enrolment tasks	Other
	£13,190				
£1,579					
£1,500					
£3,000					
		£10,000 per year			
	£2,000 one off then £300 annual maintenance				
	£6,000				
£50,000					
£520 per month					
£10,000					
					£290,000 implementing a new HR and payroll system
			£10,000	£15,000	
		£3,000			
			£2,000	£4,000	
			£19,700	£24,400	
£400					
£1,000			£500		£1,332
			£1,500		
			£25,000		
	£15,000				
£15,000				£10,000 pa	
			1 FTE	1 FTE	
£20,000			£8,000		
£250					
£550					
£900					
£8,000 set up plus £8,000 pa	N/A	N/A	Not known	N/A	
				Extension of part time role to full time to cope with the work	
Approx £500					
				£25,000	
	£50,000 pa, currently looking to change this				
£10,000					
£1,700					

				£1,500 pa	
£1,000 pa					
					Absorbed into job
£750 pa					
		£20,000	£150,000		
£300					
		£1,200			
£1,000	£1,000	£1,000	£5,000	£10,000	
£600					
		Sage			
£1,000					
Combined RTI and auto enrolment Costs approx £300+ ongoing rental charges approx £200+			Additional time for payroll officer	Additional time for payroll officer each month	
£5,000 for module and training			£5,000 for communication and resource	£3,000 pa ongoing communication costs	
£600					



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

leading the profession

Main sponsor



PORTFOLIO
PAYROLL LTD

Also sponsoring



the
people's
pension

CIPP

Goldfinger House, 245 Cranmore
Boulevard, Shirley, Solihull, B90 4ZL

☎ 0121 712 1000

☎ 0121 712 1001

@friendsofae@cipp.org.uk

friendsofae.org.uk

[twitter](#) [Linked in](#)

