

Roll with it

FEW ENTER THE TEACHING PROFESSION FOR THE MONEY – BUT ENSURING SALARIES ARE PAID CORRECTLY AND ON TIME SHOULD BE A PRIORITY FOR ALL SCHOOLS, EXPLAINS CAROLE MELLIS...

Whatever the size of your school one of the most critical aspects of running it smoothly is to ensure all employees receive their pay on time and accurately. Payroll is a visible business process because of its effect on employees and is an important element of staff satisfaction, thus having a direct impact upon retention, motivation and ultimately an organisation's reputation as an employer. For academies, in charge of their own budgets, this is a key issue.

When it comes to payroll processing options many academies are unsure whether to keep a payroll in-house or to outsource to a specialist provider – both options have pros and cons.

Costs

Employee headcount and the frequency of payrolls will directly affect the cost of producing the payroll. Generally the higher the headcount and payroll frequencies the higher the cost of outsourcing will be. Payroll outsource providers generally charge per payslip, which usually includes the cost of calculating the payroll, making payments, producing and distributing the payslips and preparing standard reports. The more complex and specialist a payroll is the higher the cost is likely to be. It should be considered whether an in-house team will already possess the skills to deal efficiently with any specialist areas and complexities.

Consideration should be given to any other services the in-house team provides, such as P11d preparation or

assistance to the HR function. How would the organisation fill this gap? Costs of payroll staff, IT equipment and software will need to be factored into the cost of an in-house payroll team while these costs would be borne by the provider where the payroll is outsourced.

In times of ever changing legislation a provider will have fully trained staff – however, investing in payroll training and qualifications for in-house staff will equip the team with the knowledge and skills to operate best practice, whilst membership of a professional payroll body such as the CIPP will ensure your team are up to date with legislation and compliance.

Employees often see the in-house team as 'one of them', and always available. A provider rarely has the opportunity to build relationships with a school's employees and where an urgent payment may be required the resolution from a provider can take much longer than an onsite payroll team.

It is useful to bear in mind providers will normally make a charge for work over and above the service level agreement such as additional reports or additional payments.

Control, Flexibility and Risk

Consider what flexibility is required with your cut off dates. Whilst these can be accommodated in-house, a provider will require strict cut off dates, often much earlier than an in-house team would work to, in order to meet their agreed delivery times.

In-house payroll processing allows an organisation complete control over the process and whilst an outsourced provider will not make any payments without the appropriate authorisation there is less control over the payroll process of the organisation. This may suit a school, allowing it to concentrate on the business of education, whilst letting the provider concentrate on their payroll needs.

An important consideration in an in-house function is staff absence; an organisation needs robust procedures in place to ensure continuity of the payroll in periods of staff absence. Whilst outsourcing removes this burden, it should be remembered that



ABOUT THE AUTHOR



Carole Mellis MCIPPDip is Global Payroll Manager for Sparrows Offshore Service Ltd, and has over 20 years' payroll experience operating in both in-house and outsource environments.

providers also have absence and turnover that can result in a lack of continuity in payroll administrator, which in turn can affect the service provided.

No organisation can afford to be without a robust disaster recovery and continuity plan. This can be costly for a school, whereas a provider should have a documented and tested process already in place – although there is an argument that if a provider suffers a disaster it would likely take much longer for your payroll to be back on line than if it were in-house, as they would have many clients to respond to.

Key questions to ask when considering an outsource provider are:

- What incurs an additional charge?
- Is there a documented and tested disaster recovery and business continuity plan in place?
- Are there testimonials available from a range of their clients?
- Does the provider have experience in your sector?
- Are you able to agree a robust implementation project plan?
- Do the providers cut off dates suit your needs?
- Does the provider meet the regulations of applicable financial bodies and are they regularly audited?

You should also ask about qualifications and training for staff and ensure transparency of service level agreements. It's a good idea to set within this agreement regular review meetings.

In summary there are pros and cons on both sides of the in-house or outsource argument and it is always wise for any organisation, including academy schools, to regularly explore the best solution for its payroll requirements.

