

# **PENDERELS TRUST**

**Opening the Door to Independent Living**

## **Payroll Bureau**

### **A Reference Guide For Employers**

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INVESTOR IN PEOPLE



# PENDERELS TRUST PAYROLL BUREAU

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[www.penderelstrust.org.uk](http://www.penderelstrust.org.uk)

## CONTACT DETAILS: Payroll

My Payroll Officer is:

My payroll department (top RH corner of timesheet) is: (quote in all contact)



Tel: 02476 511375



Fax: 02476 511166



E-mail: [payroll@penderelstrust.org.uk](mailto:payroll@penderelstrust.org.uk) (general)

[timesheets@penderelstrust.org.uk](mailto:timesheets@penderelstrust.org.uk) (timesheets)

## CONTACT DETAILS: ILA (Independent Living Adviser)

My ILA is:



Tel:



Fax:



E-mail:



Mobile:

## ADDITIONAL NOTES

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## INTRODUCTION

### Welcome to Penderels Trust Payroll Bureau.

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By now you should have received a visit from your Independent Living Adviser (referred to as an 'ILA'). Together you will have filled out a New Employer Form giving us all your details as well as Employee Starter Forms containing the details of your new staff. These need to be sent to the Payroll Bureau in Coventry. We would like to take you through, step by step, the process of becoming an employer, what your responsibilities are, what our responsibilities are, and how we can work together.

We hope this guide will help you understand and follow Payroll Bureau processes and be useful when you need to refer to it. If you have any problems or queries, please do not hesitate to contact your local Penderels Trust office or the Payroll Bureau. For payroll issues, you can contact us by phone or fax from 8.30am – 5.00pm, Monday to Friday. We have a rota of staff dedicated to answering queries. Due to the volume of calls, you may be asked to leave a message. We will get back to you as soon as we can. It is essential you leave the details requested to help us contact you as soon as possible.

If you need assistance with issues to do with recruitment or management of staff, your ILA will help. You should record their contact number on the front cover of this booklet. The Payroll Bureau and your ILA will work together with you to ensure managing and paying your staff is a smooth-running process.

In some Local Authorities, Penderels Trust payroll charges are paid directly by the Local Authority but in others, they are paid quarterly by the service user (with an allowance in their Direct Payment). Your ILA will let you know if you have to pay charges for the payroll service. If you do, then Finance will invoice you for these charges quarterly. The invoice should be paid within one month of receipt. Current charges appear in [Appendix 11](#). Finance will advise you of new charge rates each year. If you have a query about your payroll charges, please contact Davyda Southam, Senior Finance Officer on (024) 76511611.

We have included a copy of each form you might need to use. These are referred to throughout as an 'Appendix' and are indicated in [blue print](#). Each one is numbered, e.g. the [Employee Starter Form](#) is [Appendix 1](#).

# 1) STARTING YOUR DIRECT PAYMENT

## What you must do first

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A Penderels Trust ILA will visit you and explain Direct Payments and go through the payroll process. They will have completed an Employer Form with you and supplied you with an [Employee Starter Form \(Appendix 1\)](#) and P46 for each member of staff you intend to employ and will help you to complete these if you need assistance.

You need to have a separate bank account ('care account') into which your Direct Payment monies from the Local Authority (and the Independent Living Fund, if applicable) can be paid regularly (usually every 4 weeks).

Liaise with your social worker about the start date for your Direct Payment.

Arrange for any contribution you have to make towards your care to be paid into your care account regularly, usually every 4 weeks.

Return your completed Employer and Employee Starter Forms to your ILA as soon as possible, at least a week before your staff are due to start. Your ILA will check these and forward them to the Payroll Bureau. (If more staff start later, complete an [Employee Starter Form](#) and P46 as before and send this direct to the Payroll Bureau before the day the new staff member starts. Forms submitted after a new employee starts may delay initial payment of wages.

## **2) PAYING YOUR STAFF**

### **Your payroll cycle**

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You will be allocated a particular payroll letter, e.g. 'payroll B' or 'payroll F'. This will be located in the top right-hand corner of the timesheets sent to you. This indicates your payroll cycle and identifies the dates your payroll and payments are processed. It also identifies the payroll officer who processes your timesheets. It is helpful if you give us your payroll department number/letter (e.g. 213C) so we can quickly identify you if ever you contact us.

### **Timesheets**

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Timesheets cover a 4-week period, commencing on a Monday and ending on a Sunday. We must receive your completed timesheets for all your staff by midday on the Tuesday following the end of the period to be paid.

Due to the high volume of timesheets we process and the tight timescales we work to, we cannot guarantee to get a payslip to you by Thursday if we don't receive your timesheets before midday on Tuesday.

We are happy to receive these via post, fax or by e-mail. If e-mailed, they should be scanned to show a signature).

### **Late timesheets**

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You should be aware that timesheets received too late may have to be processed in your next pay cycle. HM Revenue and Customs would then calculate National Insurance and tax as if this was a single 4-weekly period which may mean a higher tax bill. Whilst this would even out over the tax year, it could have a significant impact on a low-paid employee. For National Insurance contributions, this will mean a higher contribution than two separate 4-weekly payments and HM Revenue and Customs will not refund these extra contributions. This can be even more complicated if the two 4-weekly periods are March and April because two different tax years are involved. It really makes sense to get your timesheets in on time.

If for any reason you are unable to send in your timesheets on time please let the Payroll Bureau know immediately. If there is a problem which means you cannot get timesheets in on time repeatedly, please

discuss this with your ILA to consider possible ways to resolve this problem.

**Early timesheets**

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You may be required to send in timesheets for your PAs earlier than usual for the Christmas/New Year periods. You will be notified of this by a message included with the October/November payslips.

**One-off payments**

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If there are any occasional one-off payments, e.g. extra pay for working on a Bank Holiday, annual leave taken or retainer payments (if you are unexpectedly admitted to hospital and your personal assistants are unable to work), please make sure these are clearly marked on timesheets. This is to ensure the correct payments are made.

For your records, Bank Holidays for 2008 are as follows:

<b>Bank Holidays 2008/09</b>	
Christmas Day	25 <sup>th</sup> December
Boxing Day	26 <sup>th</sup> December
New Years Day	1 <sup>st</sup> January 2009
Good Friday	21 <sup>st</sup> March
Easter Monday	24 <sup>th</sup> March
May Day	5 <sup>th</sup> May
Whitsun	26 <sup>th</sup> May
August Bank Holiday	25 <sup>th</sup> August

**Re-ordering more timesheets**

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If you need more timesheets, just complete the [Stationery Order Form \(Appendix 4\)](#) and post or fax it to us. We will then send you more forms. You can also have an electronic copy which, if you prefer, you can print out as required. Please let us know your preference.

In order to safeguard your interests and ensure that your staff are paid the correct amount, we ask you to make sure you sign every timesheet. If you are unable to sign for any reason e.g. due to a disability, please

discuss alternative arrangements with your ILA or the Payroll Bureau. We will not process unsigned timesheets without talking to you first.

## **Summary timesheets**

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If you have a large number of staff, rather than faxing/sending many individual timesheets, you can choose to collate these onto one summary timesheet. Ask your ILA to talk this through with you if they haven't done so at the outset. An example blank [Summary Timesheet](#) appears as [Appendix 3](#).

If you choose to use summary timesheets, we advise you still continue to use the individual timesheets and keep these for your own records only. Ensure that your staff still sign these (even though they aren't sent to the Payroll Bureau) as this is your record that they agree the timesheet is true and accurate.

## **How to complete a summary timesheet**

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To complete the summary timesheet, you will need to:

- indicate your name,
- indicate your pay group/department number (shown on the top RH corner of your standard timesheet,
- indicate the hours that all staff have worked for you during the previous 4-week period,
- indicate any staff members that have been on annual leave during the previous 4-week period,
- indicate any staff members that have been on sick leave during the previous 4-week period,
- indicate the 'retainer' amount to be paid to staff when you have either been in hospital or in respite care. Retainer rates are determined by the Local Authority. (Please check with your ILA to confirm the retainer rate in your area.)
- attach any required forms e.g. P45, P46, sick note, Leaver's Form, exemption certificate, and then...
- sign it (either yourself or agent/appointee).

As with normal timesheets, we must receive your completed summary timesheet by midday on the Tuesday following the end of the period to be paid.

All the conditions that apply to normal timesheets, e.g. re-ordering, early submission because of Christmas, signatures, etc., apply equally to a summary timesheet.

## **Pay slips**

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We will send payslips to you by first class post for every member of staff you have provided a timesheet for (or included on a summary timesheet). You will receive these by the Thursday following the Sunday your cycle ended. If you have not received your payslips by Thursday morning, please contact the Payroll Bureau (or your local office) and we will be able to give you your staff net pay figures over the telephone.

Each payslip will show the wages owed to your staff after any statutory deductions such as tax (also known as PAYE) and National Insurance (known as NICS) etc. This is shown on the payslip as '**Total Pay**' and this is the figure you pay your staff. See [Example Payslip \(Appendix 5\)](#). How you pay them will be your choice. This might be by cheque or via on-line banking straight into their bank account. Paying staff by cash is never recommended and best avoided.

The statutory deductions for tax and National Insurance will build up in your bank account (care account) and these are paid to HM Revenue and Customs once every three months. See the **Quarterly tax and National Insurance returns** section (p.10) in this guide.

Please note: if you choose to receive payslips by fax it is essential you have your fax switched on to enable this to happen.

## **Staff holidays**

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By law your staff are entitled to 24 days annual leave per year. (On April 1<sup>st</sup> 2009 this will increase to 28 days). This entitlement is inclusive of Bank Holidays. You should have sufficient money costed into your Direct Payment for holiday pay and for care support cover whilst your staff member is on leave. Please check this is the case by looking at your Direct Payment costing or discussing this with your ILA or social worker. (See the one-off payments section).

You should keep a running record of all leave taken by each staff member. We have devised an annual leave record form to assist you with this, see [Appendix 9](#). This will help prevent any dispute about how

much leave is remaining at the end of the leave year and can prevent you from paying out too much in annual leave.

### **Hourly rate changes**

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You will need to complete a **Rate Change Form (Appendix 14)**. Please ensure this increase has been approved by the Local Authority and/or the Independent Living Fund (if you receive this). If you increase your pay rates to staff before you receive any increase in funding, you may not have enough money to pay your staff. Usually a rate increase will mean your care support has been re-costed (re-calculated) and a new costing provided either by your social worker or by a Penderels Trust ILA on the social worker's behalf. The Payroll Bureau will need authorisation from you, in writing, before they can process a change of rate for your staff.

We will then send out a fresh supply of timesheets using the new rates and alter these details on the payroll computer system so that all subsequent payments are made at the new rates.

### **3) REGISTERING WITH HM REVENUE AND CUSTOMS**

#### **If you have not been an employer before...**

When you employ staff, we will register you with HM Revenue and Customs as an employer so that appropriate statutory deductions for tax and National Insurance can be made. We will also inform HM Revenue and Customs we are your Payroll Bureau so that all their correspondence can be sent to us to deal with on your behalf.

#### **If you have been an employer before...**

If you are an existing employer and have been processing your own payroll or you are transferring from another Payroll Bureau, we will request your tax and National Insurance 'to date' figures, together with your tax reference numbers. We will inform HM Revenue and Customs of the transfer to Penderels Trust Payroll Bureau.

You should never pay your staff 'cash in hand', i.e. payments without the required statutory deductions. If you do so and this is discovered by HM Revenue and Customs, you may have to repay monies owed and may also be faced with a fine.

#### **Quarterly tax and National Insurance returns**

Every three months the Payroll Bureau will send you details of your tax and National Insurance bill for the previous three months. This is sometimes referred to as a 'quarterly tax return'.

We will send you a remittance slip and pre-paid envelope addressed to HM Revenue and Customs (see [Appendices 6 & 7](#)). You should complete a cheque for the full amount and send this with the payment slip to HM Revenue and Customs. It is important you return this to them within specified timescales below to avoid fines from HM Revenue and Customs; these fines will increase the longer payment is delayed.

<b>Due dates for Quarterly Returns</b>
19 <sup>th</sup> January
19 <sup>th</sup> April
19 <sup>th</sup> July
19 <sup>th</sup> October

You will also need to return the tear-off slip to Payroll Bureau to notify us you have paid your bill.

If you have not received your bill from us by the specified date in any quarter it is essential you tell us immediately in case it has gone astray in the post. We will then send you a copy.

### **What to do when staff leave your employment**

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If an employee tells you they intend to leave you will need to complete an [Employee Leaver Form \(Appendix 10\)](#) and return this promptly with the PA's final timesheet to the Payroll Bureau. They will then produce a P45 for the employee leaving. Can you please also clearly state on your timesheet or summary timesheet any holiday pay owing or any holidays you have over paid to that employee that you wish to be deducted. Also please clearly state that it is their final payment.

Payroll will make final calculations and send you a payslip for the leaver and will send the P45 directly to the leaver.

Please remember to include all payments and deductions as once we have issued a P45 and it is sent to HM Revenue and Customs it cannot be reissued. Leavers will then be finished on our system.

#### **4) WHAT TO DO IF YOUR DIRECT PAYMENT CEASES**

If your Direct Payment ceases (or you know it is due to cease), you need to inform the Payroll Bureau and your ILA immediately.

This will enable your ILA to advise you about any statutory requirements e.g. holiday payments, redundancy payments, etc. Payroll will then be able to make all the calculations and send out final payslips and P45s to your staff. They will also calculate your final quarterly tax return and send this to you for payment. You will need to pay your final invoice from Penderels Trust for payroll service (if applicable). Until you have met all your outstanding bills, you should not attempt to return any monies to either the Local Authority or (if applicable) the Independent Living Fund.

For redundancy payment information please contact your ILA/Local Authority. Guidelines around redundancy payments can be found on the ACAS website at [www.acas.org.uk](http://www.acas.org.uk) or call the ACAS helpline on 0845 7474747.

## 5) ADDITIONAL PAYROLL/EMPLOYMENT ISSUES

### Submission of tax and National Insurance returns by computer

By 2010, HM Revenue and Customs will require that all tax and National Insurance end of year returns are sent via computer. This is called electronic filing or 'e-filing'. Penderels Trust will undertake e-filing on your behalf. Please ask your ILA for details.

In order to encourage employers to e-file, HM Revenue and Customs have offered tax incentives to small employers with fewer than 50 employees. These are:

End of Year Return	2005-2006	2006-2007	2007-2008	2008-2009
Incentive	£250	£150	£100	£75

The way HM Revenue and Customs has paid these incentives has varied greatly and has led to considerable confusion. Some service users have been paid by cheque directly. Others have received a notification and we have applied on your behalf. In other cases we have been advised by the HM Revenue and Customs to offset payments against this year's tax bill. At present, we automatically deduct the value of any incentive payment off your most recent bill. Whichever way the HM Revenue and Customs chooses to pay you, we will help you to receive your entitlement. The HM Revenue and Customs website has information about this on [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### Rules for women over 60 and men over 65

When a female carer reaches 60 or a male carer reaches 65 years of age, they become exempt from paying Employee's National Insurance Contributions. They will receive an exemption certificate from the Department of Work and Pensions. A brief explanation and sample exemption certificate appears as [Appendix 8](#).

Your PA will need to send this certificate to the Payroll Bureau who will retain the certificate until that employee leaves your employment when the Payroll Bureau will return the certificate to the leaver with their P45. Please note as an employer you will still have to pay Employer's National Insurance Contribution even though your employee does not.

## **Statutory Sick Pay (SSP)**

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Statutory Sick Pay or SSP is paid to any employee who earns between £90.00 and £770.00 per week (2008-09 figures) in any one job. The first three days of any period of sickness are classed as 'qualifying days' and are unpaid. Subsequent days are paid at a rate of £14.51 per day. As a small employer you will be able to recoup some of the SSP you have paid out to your member of staff. Your payroll officer will be able to advise you about this.

When an employee has had several short periods of sickness over a short time or has had (or will have) a long period of sickness, please contact the Payroll Bureau for advice on claiming back SSP payments in these circumstances.

## **Statutory Maternity Pay (SMP)**

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Statutory Maternity Pay or SMP is paid to anyone who earns over £90.00 per week (2008-2009 figures) in any one job and who has worked for you for 26 weeks prior to 15 weeks before the expected date the baby is due. Your employee must provide you with a MATB1 form (available from her midwife or doctor) before any payments can be made. Please send this to payroll as soon as you receive it. Payments are 90% of average earnings for the first 6 weeks, followed by 33 weeks at £117.18.

Similar payments may apply to expectant fathers (Statutory Paternity Pay or SPP) and those who adopt children (Adoption Leave/Pay). As there are strict conditions that must be met before payments can be considered, contact the Payroll Bureau for advice.

The Payroll Bureau will make all of the above calculations for you and can write to HM Revenue and Customs and request the funding for you up front to pay your staff. You will then receive a cheque from HM Revenue and Customs to pay your staff their SMP. Can you please ensure when you complete your Local Authority quarterly financial returns you inform them there is money in the account to pay your staff SMP – otherwise they may regard this as an 'excess' and try to recoup this from you. If you have difficulty with managing this process please contact your local Penderels Trust office and speak to your ILA.

## **Attachment of Earnings**

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In the event that your employee has received a court order to make payments, these payments, known as Attachment of Earnings, will be deducted from their wages and you must send the monies direct to the courts. A small charge is made for this which is deducted from the employee's wage by the Payroll Bureau.

## **Working tax credits**

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These are now paid directly to your employee and the Payroll Bureau has no involvement at all in these payments.

## **Tax codes**

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The tax code given to your employee determines how much tax they pay. The Payroll Bureau has no control over which tax code is used as HM Revenue and Customs make this decision.

## **P45**

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A P45 is a form that an employer gives to an employee at the end of their employment. It gives details of their National Insurance number, date of birth, tax code and year to date figures of any earnings as well as any tax paid to date.

If a new employee starts with you and they give you their P45 it should be forwarded to the Payroll Bureau as soon as possible. The code that was used by the previous employer will be used by the Payroll Bureau.

If your employee does not have a P45 please ask your ILA for a P46 for your employee to complete.

## **P46**

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If your employee does not have a P45 from their previous employer, ask them to complete a P46. Your new employee will complete Section 1 and as the employer, you should complete Section 2. It is essential the form is completed in full and if you are faxing/e-mailing the forms to the Payroll Bureau both sides must be sent. When we receive the correctly completed form, we will then send your employee's P46 to the HM Revenue and Customs office who will advise us of the correct tax code

to be used. Please note this can sometimes be a long process and it could take several weeks before HM Revenue and Customs sends this information to the Payroll Bureau.

If your employee has only one job (i.e., only working for you) the Payroll Bureau is allowed to use a standard tax code which is currently 543L (as of 2008-09). This means your employee will get a standard tax allowance each week but will not be repaid any tax owed to them from their previous employment.

If your employee has either more than one job or is in receipt of certain benefits, they will be taxed at base rate, which means they will pay 20% tax on all their earnings.

## **P60**

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A P60 is the form that is given to an employee at the end of each tax year. This indicates their total earnings, total tax paid and total National Insurance contributions for that year. This is an important document and employees should ensure they keep their P60 safe.

Note that to qualify for a P60 you must have been in employment with your current employer on April 5<sup>th</sup>.

## **6) PENDERELS TRUST**

### **Annual Service Quality Review**

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Each year Penderels Trust will send you a feedback form about all of our payroll services. We need your feedback as this is very valuable in assisting us to continually improving our service. We thank you for your time completing this document.

### **Comments, compliments and complaints**

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If you have a comment, compliment or complaint we would like to hear from you. Please ask your local office/your ILA for the appropriate form.

## **APPENDICES**

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<b>Appendix 1</b>	<b>Employee Starter Form</b>
<b>Appendix 2</b>	<b>Example Timesheet</b>
<b>Appendix 3</b>	<b>How to complete a Summary Timesheet</b>
<b>Appendix 4</b>	<b>Stationery Order Form</b>
<b>Appendix 5</b>	<b>Example Payslip</b>
<b>Appendix 6</b>	<b>Tax and National Insurance slip</b>
<b>Appendix 7</b>	<b>Example Tax and NI Return Letter</b>
<b>Appendix 8</b>	<b>Age Exemption Certificate</b>
<b>Appendix 9</b>	<b>Holiday Accrual Sheet</b>
<b>Appendix 10</b>	<b>Employee Leaver Form</b>
<b>Appendix 11</b>	<b>Service Charges</b>
<b>Appendix 12</b>	<b>Change of Details Form</b>
<b>Appendix 13</b>	<b>P46</b>
<b>Appendix 14</b>	<b>Rate Change Form</b>