



# Payroll and Pensions Service Specification

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# Payroll and Pensions Service Specification

## 1. General

- 1.1. Except where specifically agreed that the School (or the Authority by which a School is maintained) shall perform a task, EPM shall, for the contract fee, provide a comprehensive, timely and efficient Payroll Service, and all appropriate reports to the School and other bodies, to meet all the School's needs in relation to the payment of employees and deductions from employee payment and ensure that the School (and the Authority by which a School is maintained) meet their legal and good practice obligations in relation to employee payment, including, without limitation, meeting the requirements set out in this specification.
- 1.2. Supply of the service will be completed in accordance with the applicable employment terms and conditions of service and with the instructions and information given by the School.
- 1.3. EPM will provide adequate supervision of its employees, segregation of duties and internal checks to ensure the completeness, accuracy and timeliness of all inputs, processing and outputs in order to meet the following control objectives and thereby prevent errors and fraud:
  - 1.3.1. The processing of payroll is for bona fide employees and in accordance with the employment terms for each employee
  - 1.3.2. The payroll is processed in accordance with this specification
  - 1.3.3. The payroll is processed accurately and in accordance with current statutory requirements
  - 1.3.4. Employee payments are made to the correct employees and correctly accounted for
  - 1.3.5. Payroll deductions are correctly made and accounted for
- 1.4. The responsibilities on EPM under this specification are dependent on the School providing the necessary information in a timely fashion to enable EPM to discharge their responsibilities.

## 2. Contract Fee, Payment Date and Price Review Mechanism

- 2.1. The contract fee, payment date and price review mechanism are as set out in the General Conditions.

### 3. Authorised Officer and Designated Signatories

- 3.1. The School shall designate authorised contacts to have restricted portal access to authorise all items relating to payroll transactions, with appropriate financial limits and separation of function. EPM will only process properly approved items and accept authorisation from a duly designated person. The names and signatures of these duly designated users shall be confirmed to EPM in writing upon completion of the portal terms and conditions of use and application for portal users.

### 4. Payment of Employees' Salaries

#### 4.1. Input Deadlines

All notifications to EPM for payroll inputs and the authorisation criteria must be entered via the portal for the purpose of making any permanent or temporary alterations to employee records, for establishing new records and for deleting employee records. The School will ensure that all input is received by EPM by the latest date notified in advance to the School by which input shall be received for processing for each payroll for each pay period.

#### 4.2. Pay Dates

All employees shall be paid by reference to the same date sequence determined for each type of employee by the School (or as required by the Maintaining Authority of the School) from time to time.

#### 4.3. Payment of Salaries by Use of BACS

The cost of paying salaries paid using a BACS facility will be debited to the School (or Maintaining Authority) bank account and the School provided with advance notice of the individual payments to be made together with the overall total.

#### 4.4. Overpayments

In the event that an employee is overpaid, EPM shall observe the following procedures:

4.4.1. Where the overpayment is discovered by EPM, the School shall be notified of the overpayment no later than one working day after the discovery.

4.4.2. Any necessary negotiations with employees regarding matters of recovery will, on request by the School, be conducted by EPM. There will be no charge for this service if EPM caused the error.

#### 4.5. Underpayments and Non-payment:

In the event that an employee is underpaid or not paid, EPM shall observe the following procedure:

4.5.1. Where the error is discovered by EPM, we shall notify the School of the underpayment no later than one working day after its discovery.

- 4.5.2. The arrangements to be made to rectify the underpayment will be subject to authorisation by the School.
- 4.5.3. The School may require EPM either to calculate the underpaid amount as a matter of urgency or to process the underpaid amount for the next applicable pay period. An emergency calculation will be subject to a charge of £25.00 where the error or omission is caused by the School.

## 5. Number and Categories of Employees Covered

- 5.1. EPM shall obtain from the School, the number of employees covered under the contract and current terms and conditions and negotiating bodies. This number may go up or down.

## 6. HM Revenue & Customs

- 6.1. Income Tax and National Insurance will be paid to HM Revenue & Customs by the 19th of each month following deduction from employees' pay. EPM shall provide information to HM Revenue & Customs concerning tax, employees' and employers' national insurance, statutory sick pay, and statutory maternity/paternity and adoption pay each month in accordance with operating PAYE in real time under Real Time Information.
- 6.2. Any penalty charges incurred due to late submission of information will be met by EPM except to the extent that it occurs through the fault of the School, in which case the School shall bear the cost.
- 6.3. HM Revenue & Customs (HMRC) Pay as You Earn (PAYE) Authority will be obtained to access the Schools account via form FBI2 to enable us to download tax code and student loan notification as well as file monthly and year-end returns.
- 6.4. Real Time Information (RTI)

Since April 2013, the information previously required by HMRC for the annual return has been submitted monthly under RTI.

- 6.4.1. Since April 2013, the information previously required on the annual submission of form P35 has been submitted monthly under Real Time Information (RTI).
- 6.4.2. EPM will submit a Full Payment Submission (FPS) on or before the relevant payday to notify HMRC) about [payments](#) and [deductions](#) made. EPM will submit an Employer Payment Submission by the 19th of the following tax month for HMRC to apply any reduction on what is owed from the FPS including statutory maternity, paternity, adoption or shared parental leave and the Employment Allowance if applicable.

6.5. P60

P60's will be available by 31 May following the end of the tax year via ePayslips and on the EPM portal.

6.6. Forms P11d/ P9d/ P11d (b) Expenses and Benefits

6.6.1. It is the School's responsibility as the employer for the completion of these forms.

6.6.2. Schools that did not need to submit forms for a previous year should not normally need to complete one for the current one unless anything has changed. Where EPM are aware of items requiring reporting, we will notify the School of the data held.

6.6.3. Guidance will be given on possible additional information including a schedule of examples to help the School make the decision.

Once completed, authorised by the designated signatory, and returned to EPM, the forms will be submitted online to HMRC before 6 July following the end of the tax year.

## 7. HM Revenue & Customs, and Department of Social Security

7.1. Enquiries are the responsibility of the School. EPM shall provide information promptly for completion of forms in respect of requests for financial information relating to pay so that the School can comply with its timescales for a response. The School shall give details of its timescales for a response to correspondence and complaints to EPM at the start of the contract.

## 8. Other Payments/Deductions and Third Party Payments and Deductions

8.1. EPM will provide the facility for dealing with the full range of additions/deductions which are available to employees under the law or as detailed in their contracts of employment. These include court orders, attachments of earnings, local government pension scheme deductions, teachers' pension scheme deductions, AVC deductions, deductions for trade union subscriptions, car loan deductions, car leasing deductions, mileage payments, mileage payments for trade union representatives, protection/safeguarding arrangements, rent and other items which are deducted directly from or added directly to employees' pay.

8.2. The School shall instruct EPM to begin and end payments and deductions and ensure that these are correctly processed. Changes in respect of any additions or deductions will be effected by EPM immediately.

- 8.3. EPM will provide a facility to process employee expense claims, employee benefits, requests for information from other organisations such as financial agencies' requests for mortgage referee in accordance with the reasonable timescales set by the School for a response to correspondence and complaints and shall act always in accordance with the Data Protection Acts.
- 8.4. Application of Conditions of Service, Pay Awards and Reports.
- 8.5. EPM will adjust the Payroll Service promptly to take account of changes to nationally and locally agreed terms and conditions of service, including rent reviews, pension scheme arrangements, changes to employment terms and of additional employment terms and deleted employment terms to take effect from such date, past or future, that may be specified.
- 8.6. EPM will be responsible for the correct interpretation and application of such awards, increases and changes, taking into account any recommendations of the School (or Maintaining Authority).
- 8.7. EPM shall provide a pre-payroll run costings report and previous pay comparison report for the School. The School will check the report and notify EPM immediately of any inaccuracies. This report is a key management report, and its accuracy should be reviewed as follows:
  - 8.7.1. All employees appearing on the report are bona fide and still employed.
  - 8.7.2. New starters have been included.
  - 8.7.3. Contractual variations are verified against notification advised to HR.
  - 8.7.4. Payments for non-standard hours, e.g., overtime, are verified against portal variances.
  - 8.7.5. Any significant variances in employee total cost or net pay are queried and investigated, as necessary.
  - 8.7.6. Data is recorded against correct budget codes.
  - 8.7.7. Any long-term sickness absence or maternity leave has been recorded through the portal and changes in pay implemented where necessary.
- 8.8. Sick Pay Schemes

EPM will apply regulations in the prescribed manner. EPM shall keep themselves informed of the most up to date policy and procedures. Mistakes shall be investigated and corrected by EPM.

#### 8.9. Maternity Pay Scheme

EPM will apply regulations in the prescribed manner. EPM shall keep themselves informed of the most up to date policy and procedures. Mistakes shall be investigated and corrected by EPM.

#### 8.10. Statutory Audit/Audit by a Maintaining Authority

EPM and the School shall cooperate with audit requirements laid down by a Maintaining Authority or requirements appertaining to statutory regulations.

8.11. It is an audit requirement that payroll reports are checked and authorised by a person in authority who has not previously entered data and who was authorised under the EPM Ltd Portal Terms & Conditions, section 3.

8.12. It is the responsibility of the designated authorising officer to ensure that all payroll transactions are reviewed and authorised in the specified time.

8.13. In the unlikely event that no authorisation is received, EPM reserve the right to run the payroll to ensure employees are paid on time.

### 9. Local Government Pension Scheme

9.1. EPM will provide information to allow the School to fulfil the obligations in this paragraph.

9.2. EPM will notify the appropriate Pensions Section of all starters, leavers, and revisions of grade, hours, or weeks of employees eligible to join the LGPS.

9.3. EPM will provide pay and other details for pension/redundancy payment calculations.

9.4. EPM will send LGPS employee and employer contributions to the Pension fund in accordance with relevant LGPS guidelines.

#### 9.5. End of Year Reporting

EPM shall provide a financial year-end return of pensionable pay, contributions deducted, and any additional contributions paid to the Pensions Section of the Maintaining Authority to enable employee pension records to be maintained.

### 10. Teachers' Pension Scheme

10.1. EPM shall provide the necessary information and comply with requirements to enable the Maintaining Authority to comply with the regulations for the collection of contributions to Teachers' Pensions.

10.2. EPM shall deduct contributions from salary every pay period and the remittance for the value of those contributions will be forwarded in time to be received by the Teachers' Pensions on the 7th of the month following deduction from salary. Additional

information concerning the amount of employee and employer contributions and the refunds taken by the Authority for payment of short-term pension payments will be included with the payment.

10.3. Statutory duties of the employer:

10.3.1. EPM shall provide the School (or Local Authority on behalf of the School as appropriate) of all relevant information relating to salary levels and pension deductions to meet the statutory requirements and in compliance with any templates/requirements issued by the Teachers' Pensions Agency.

10.3.2. Death in Service

Provision of the appropriate form and certificates to Teachers' Pensions who will confirm for how long a payment should be made. EPM will comply with Teachers' Pensions' deadline for the receipt of the monthly remittance of 7th of the month following deduction from salary.

10.3.3. Reconciliation of Contributions to Pensionable Pay

EPM will co-operate with any enquiries which arise as a result of this exercise.

10.3.4. Estimated Retirement Benefits

EPM will provide the information necessary to the School (or Local Authority on behalf of the School as appropriate) for the calculation of estimates of retirement and redundancy benefits, Teacher' Pension Forms.

10.3.5. Teachers Moving to a Different School

When Teachers move to another School, EPM shall co-operate in providing information to the new employer as requested by the School.

10.4. Where authorised to do so, EPM shall provide information to Teachers' Pensions using their Employer Portal on behalf of the School for:

10.4.1. All new teaching appointments on a monthly basis

10.4.2. All leavers with the exception of retirements on a monthly basis

10.4.3. Amendments to historic service details at the request of the School

10.5. EPM shall provide information to the School to assist with the completion of employee web authorisation forms for those who are re-employed, retiring, or purchasing additional pension.

10.6. EPM shall provide a financial year-end return of service and salary details to Teachers' Pensions, using their Employer Portal, to enable them to maintain accurate employee details.



- 10.7. EPM shall provide the information to the School (or Local Authority as directed) to assist with the completion of the End of Year Certificate.

## 11. Automatic Enrolment

- 11.1. EPM will carry out an assessment of the workforce at the staging date of the employer. Based on the results of the assessment, at the staging date, eligible employees will be automatically enrolled. Written notification will be sent to all employees using our standard letter templates.
- 11.2. The School will ensure EPM is notified of their staging date. If the staging date is to be postponed or the transitional period applied, we will need to be informed in order to advise and update our system accordingly.
- 11.3. Employees not in the pension scheme will continue to be monitored by their age and earnings, and should they become eligible they will be enrolled into the relevant scheme and a letter will be created.
- 11.4. The School will ensure EPM is notified of their re-enrolment date.
- 11.5. Based on the results of the assessment on the re-enrolment date, EPM will automatically re-enrol all eligible employees. Written notification will be sent to all employees using our standard letter templates.

## 12. Employment Statistics

- 12.1. On behalf of the School, EPM shall co-operate with reasonable requests by the Maintaining Authority for completion of employment statistics.
- 12.2. On behalf of the School, EPM shall co-operate with the Maintaining Authority to enable it to comply with statutory and regulatory requirements to produce employment statistics and returns. EPM shall comply with these requests having been given at least one month's notice.

## 13. Data Security and Ownership

- 13.1. The ownership of all data will be vested in the School. The responsibility for security of the data will rest with EPM in the first instance and EPM is accountable for the security of the data held in the systems. The software employed under the contract will protect data and software from unauthorised access and attempts to breach security protection will be investigated immediately and reported to the School.
- 13.2. EPM will provide a facility to archive data for long term storage and possible retrieval. Any access to the archived data will be effected by EPM who will ensure that suitable procedures are in place to meet the operational needs of the School for archive access.

- 13.3. EPM is responsible for the physical security of the data in all databases and systems. EPM will maintain adequate arrangements to rebuild all data in the event of a system failure or disaster, including (but not limited to) regular security backups and archives of data.
- 13.4. In the event that the School decides to terminate the contract, at least three months before the end of the contract, arrangements shall be made between the School and EPM to ensure the safe transfer of all data back to the School, or to a new contractor, at the direction of the School. EPM shall cooperate fully with any reasonable requests for data.

## 14. Changes to the Service

- 14.1. The parties recognise the innovative nature of this service and accept the need to adjust and refine the specification in the light of experience in order to meet the School's needs.

## 15. Payroll Charges

- 15.1. In the first year of the contract, there will be an annual fee charged on the basis of a monthly figure for all employees on the payroll, including temporary and casual employees. This will be estimated prior to the commencement of the contract on the anticipated average monthly numbers on the payroll. Thereafter, the following year's annual fee will be an average monthly figure based on the actual number of payslips issued in the previous year.