How will BREXIT affect your payroll bureau in 2017?

For the majority of businesses in Britain, BREXIT is a major cause for concern. In January, Theresa May said Britain would leave the European single market. Worryingly, the value of the pound declined dramatically after the referendum, dropping even further when Theresa May announced that Britain would begin BREXIT negotiations by March. Recently there were calls from Immigration Minister, Robert Goodwill, for British firms to pay a fee of £1,000 per EU skilled worker they employ after BREXIT. The Labour Party has warned that 'enormous dangers' lay ahead under the Prime Minister's plans. Foreign secretary Boris Johnson raised concerns about the EU penalising the UK for the BREXIT decision.

The weakening pound has led to some businesses who are dependent on imports to raise their prices. Several companies have discussed job cuts. Other global companies whose head offices are based in the UK are taking steps to possibly relocate to somewhere else in Europe. Some businesses are holding off on future investment and growth until they know for certain how BREXIT will affect their business and profits. This could be bad for your clients' businesses which would have knock on effects for any bureau service.

Worryingly, Barclays has already set in motion the process of moving its main EU headquarters after BREXIT. Barclays said they are moving forward with their contingency plans and will relocate in order to continue to service their EU clients if Theresa May fails to agree a deal. In a statement from Barclays, they are quoted saying:

> "We have repeatedly made clear that we will plan for a range of BREXIT contingencies, including building greater capacity into our existing operations in Dublin."

The break from the EU has significant consequences associated with it. The outcome of BREXIT will be felt globally, but the biggest impact will certainly be

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in the UK. One thing is for sure, the outcomes of BREXIT are still very vague and daunting for UK businesses. All of the above is going to damage customer and business confidence. This could mean that if your client's business suffers, then this will have a domino effect on your bureau services.

The Effects on your Client's Business

Nobody is sure what the exact and long term implications of BREXIT will be. The weakening pound means that British companies are already paying more for goods and services. It is likely to affect the businesses that operate and trade across the EU, which will have financial consequences for the rest of Britain. The concern for export and import businesses is that there will be an introduction of trade barriers and tariffs.

Mike Cherry, Chairman at the Federation of Small Businesses (FSB), stresses:

> "Access to the single market means access to 500 million potential consumers, more than 26 million businesses and is worth €11 trillion."

According to the Financial Times, the impact was beginning to be felt by small and medium size businesses just two months after BREXIT. However, only about 11% of smaller businesses export. We can surmise that the businesses that do operate across the EU, will certainly be financially affected by BREXIT. The big question is: **How will BREXIT affect your bureau and your payroll clients?**

Many bureaus are wondering what direct impact this will have on their bureau service offering. The reality is, BREXIT will have financial implications for everyone, even for those businesses who don't deal directly with

the EU. Therefore, it might be even harder to make a profit from your payroll clients once BREXIT comes into force.

Clients will react and look to save money where they can and potentially bring some of their outsourced services in-house, such as payroll. Due to financial constraints, clients may ask for a reduction of your payroll fees. Others may have to cease trading. Whilst these client scenarios are difficult to control or to plan for, bureaus can look at other areas where they can save money.

There is little doubt that payroll bureaus will need to take strategic steps to survive. It would be advisable to try and increase your competitive advantage to remain sustainable and profitable. Bureaus will need to make smarter decisions when it comes to staffing, cost of overheads, productivity levels and profits. It's not all doom and gloom though. Payroll bureaus that decide to be innovative will not only survive but thrive.

Payroll Less Profitable for Bureaus?

Payroll does not have to be less profitable as a result of BREXIT. There are a number of steps you can take to reduce the risk for your bureau, including reducing costs, automating your payroll processes and increasing efficiencies. With 750,000 employers staging in 2017, auto enrolment (AE) offers the perfect opportunity for bureaus to increase profits. Before BREXIT comes into force, bureaus will need to strive to sharpen their competitive advantage. Let's focus on the positives and examine key methods to maximising profits and surviving the impact of BREXIT.

It will be significantly beneficial to examine your clients and their business needs to determine what services you want to offer and which services would be most lucrative for your BREXIT survival strategy.

Auto Enrolment

[Auto enrolment](#) (AE) has been an important growth area for the payroll industry in the last few years. For your clients, processing auto enrolment can be time consuming, frustrating and costly. With the tsunami of employers staging this year, bureaus will see a real spike in potential clients. These small employers will certainly want help from their bureau to comply with their AE duties. This is the perfect platform to help clients and offer a new service that clients will pay for.

Work Faster and Smarter

The administrative time it takes to process [payroll and auto enrolment](#) is an area bureaus can look to improve. Increasing your productivity allows you to process more clients in less time. Certain payroll providers have made real head way in terms of automation. Others have done little to change or update the functionality of their payroll programme. Good quality payroll software technology will automate the repetitive and time consuming payroll tasks.

There will be significant time savings using an automated system and it will allow bureaus to make their payroll clients more profitable. While adopting or switching payroll software can be a daunting prospect, it can be worth it for the long term survival of your bureau. Take some time to find software that will improve efficiencies for your bureau. Once you make a short list of a couple of potential providers, compare the automation functionality of each one and the decision making process will be a lot easier. You should embrace automated payroll software to improve productivity and profits.

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Cost of Software

Recently the escalating cost of software systems has been very topical in the accounting and financial industry. Alarmingly, many software providers are increasing the cost of their software packages dramatically each year with little reason or consideration for their bureau clients. These out of control overheads can be financially crippling for your bureau. Some bureaus continue to use the same tired payroll systems despite increasing costs, additional charges for payroll or auto enrolment features (such as payslips, AE letters, etc.) and poor support.

These ongoing price hikes, along with the aftermath of BREXIT, could put a real strain on your bureau. Reducing your software overheads will be one of the major components to remaining profitable. The cost of payroll software has become very competitive and there are good solutions on the market that are less than £250 per tax year. If your operating costs can be minimised, then of course it will leave you with more profits in your pocket. Be clever and ensure your chosen payroll software does not charge more for additional clients or employees. Furthermore, auto enrolment should definitely be included in your bureau package free of charge.

Integration with Pension Schemes

API technology allows payroll software and various pension providers to communicate or talk directly to each other. It's a similar concept to RTI. Both NEST and Smart Pension have released API functionality to link in with payroll software providers. Other leading pension providers are due to release similar API tools in 2017 in order to speed up the data submission

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process for their customers. Integration between payroll systems and pension schemes is a crucial part of saving time for each client, each pay period. Bureaus who harness API technology will reduce errors and reduce the time spent submitting their clients files to the pension provider.

Pricing your Services

The price you charge for your payroll services is one of the most important business decisions you will make. Setting a price too high or too low could impact on your bureau's growth. Especially when we look at auto enrolment, we need to get our pricing strategy right. It is important that you utilise a good pricing model that makes it feasible for bureaus to offer AE service that clients will be willing to pay for. Ahead of the new tax year, you may wish to re-evaluate your current pricing strategy to ensure you are profitable. Read: Three simple but effective Auto Enrolment pricing plans.

BrightPay Payroll for your Bureau

Payroll and auto enrolment software does not have to be as costly, or as time consuming as you think. BrightPay is a straightforward to use and cost effective payroll software solution that allows bureaus to be profitable. We are working closely with the Pensions Regulator and the major automatic enrolment pension providers to ensure BrightPay provides you with a user-friendly and automated payroll solution.

It is ideal for bureaus who are running payroll for a number of clients as BrightPay includes unlimited employers plus unlimited employees.

- **Auto Enrolment:** BrightPay offers full and completely free auto enrolment functionality to take the work out of the AE process, including

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assessment, communications, enrolment, opt in & opt out requests, postponement, AE reporting and re-enrolment.

- **Automation:** BrightPay is an automated payroll system which will increase your bureaus payroll processing efficiencies, providing you with everything you need to manage your client's payroll. Our software has been designed to meet the unique demands of multi-client payrolls to make your life easier.

- **Cost Effective:** BrightPay is one of the most competitively priced payroll solutions on the market for bureaus. BrightPay is just £229 + VAT per tax year which includes unlimited employers, unlimited employees, auto enrolment functionality, CIS, P11d's plus free phone and email support.

- **API Integration:** BrightPay offers API integration with NEST that allows bureaus to submit their pension files, approve payments and validate information set up in NEST against information that is entered in BrightPay. There is also API integration with Smart Pension which allows users to submit payroll data files directly to Smart Pension. We are currently working with four other main pension providers to offer this API functionality.

Download our AE guides today to find out how your bureau can benefit from AE:
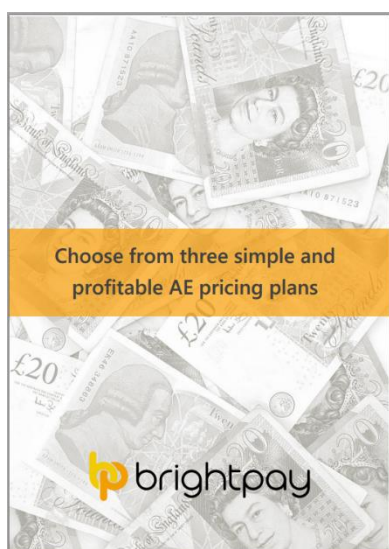
How can BrightPay help?

BrightPay have embraced auto enrolment and are providing a number of online resources to bureaus across the UK, including free auto enrolment webinars and guides.

Book a demo with our sales team today to find out how BrightPay handles auto enrolment and how it can increase the efficiency of your bureau. You can also try out the software with a 60 day free trial.

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About BrightPay

BrightPay is created by a company with over twenty years of industry experience in the UK and Ireland. We have grown to a team of twenty two talented individuals.

As a team, our collective goal is to intelligently create, successfully deliver and professionally support the best payroll and HR software and services for SMEs in the UK and Ireland.

Our products are currently used by over 80,000 employers across the UK and Ireland. As a customer-focused company, we strive to look after each and every one of them.

BrightPay are highly commended for their level of customer support, their simple pricing structures and their user-friendly software.

Read customer testimonials here.

99.4%
customer satisfaction rate

98.8%
recommend BrightPay

98.5%
satisfied with customer support

Get in touch today to see how BrightPay can help you prepare for auto enrolment.

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