The Dos and Don'ts of Offering

Auto Enrolment as a Service

Auto Enrolment - Introduction

The payroll landscape has changed forever; employers with at least one employee now have new duties to perform by law. Employers will need to enrol certain employees into a workplace pension scheme and also make a contribution towards the scheme. By 2018, every UK employer must undertake to enrol their employees into a suitable pension scheme.

The auto enrolment (AE) legislation can be complex and hard to understand, so ensuring that you avoid the pitfalls is key to a streamlined, successful and profitable strategy. In 2014 and 2015, The Pensions Regulator (TPR) issued 787,000 letters informing employers of their forthcoming automatic enrolment duties, thus ensuring awareness amongst your clients of the need to act on these instructions.

This guide will examine practical tips to ensure AE will be a smooth and profitable process. Be ready to offer auto enrolment as a service your clients will pay for.

1. Planning

Auto Enrolment can play an integral part of your business growth plan by providing it as an additional chargeable service to your clients. In 2017 there will be unprecedented demand from employers looking for help with their AE duties. There are a lot of tasks to get through from checking your clients' staging date to submitting the declaration of compliance, as well as the AE work that is required on an ongoing basis. By setting out a clear action plan with an accompanying schedule, you can accomplish your business goals and increase revenue from your clients with relative ease.

The Pensions Regulator urges payroll bureaus to get ready, with 7 out of 10 employers saying they will ask a payroll adviser for help with automatic enrolment. If you have payroll clients, the new changes to the law mean that these clients may ask you for help. While TPR does advise employers to start planning for automatic enrolment 12 months before their staging date, this may not be necessary if you have the correct tools and procedures in place.

2. Communicating with Payroll Clients

Your clients may have begun to ask questions about what is involved with AE for them. By being proactive and actively looking up your clients' staging date, you have an opportunity to touch base with your clients before they are due to stage.

The Pensions Regulator recently launched a staging date API. This staging date tool can be found in some [payroll software](#). Users can link directly to the Pensions Regulator's website to retrieve your staging date, which will then automatically pre-populate the staging date field back into the payroll software.

Savvy bureaus are now offering AE consultations with all of their clients, where they are outlining the AE duties that need to be performed. By explaining the new AE obligations, your client can begin to understand the level of work that is required to set up and process AE on an ongoing basis.

These consultations can help you to develop solid relationships with your clients. Keep these consultations short (approx. 30 minutes) and if the client wishes to avail of further advice, this could be charged on an hourly basis.

Communicating with your clients that you are now offering auto enrolment as a chargeable service can be a key part of your growth strategy. Six months in advance, it will be useful to send your clients a report or overview of what AE will look like at the time of staging. This report should include details of each employee, their age, their predicted worker category, estimated qualifying earnings plus the total estimated value for the employee and employer contributions. Good payroll software systems will generate this report as standard.

[PDF Example: Pre-assessment Report](#)

3. Opportunity or Threat?

Bureaus might be tired of hearing about the opportunity that auto enrolment presents but it is something that is not going to go away. Some bureaus still haven't fully decided if they will help their clients with their AE duties.

Firstly payroll clients will seek professional advice elsewhere. You will potentially lose clients, and not just on the payroll side of your business. Employers will typically want to combine all of their outsourced services to one professional. If you want to drive your business forward, you will recognise this as an opportunity and not a threat.

4. Auto Enrolment as a Service

If you decide offer AE to clients, you will need to determine what level of AE services you will provide to them. By taking the burden of auto enrolment off your clients, they can focus more on the core activities of their business. Whilst your client will be paying you for this service, they will ultimately be saving on staff resources, software investment and increasing efficiencies.

5. Charging for AE

This is another issue that payroll bureaus are struggling to get their head around. The fact is, these auto enrolment tasks are something that your client needs help with. There is a clear platform to offer auto enrolment services for a chargeable fee. You can charge for AE services in a number of ways.

An ideal option is to charge based on a fixed fee for setup and charge on a monthly retainer basis thereafter. The ongoing AE duties could be charged on a 'per employee, per month' basis, or simply as a monthly fee per payroll client.

Some payroll bureaus are offering a tiered pricing system where you charge for the number of AE tasks the client wants you to handle for them. A tiered service will allow clients to select from a set of packages that will be based on progressively increasing price points as the number of AE tasks increase. This will allow your clients to receive the level of service that best suits their individual needs.

Read: Three simple but effective Automatic Enrolment pricing plans.

6. Payroll Software

If you don't have payroll software that is compatible with automatic enrolment, then profiting from AE will be very difficult. Do your homework, as there are a number of free or low cost payroll solutions that are available on the market. What's more, some of these systems, such as BrightPay, have auto enrolment functionality included for free and there are no additional charges for processing any number of employees or employers.

You will save a lot of time and money if you have a payroll tool that can automate AE tasks, including assessment, communications, postponement, opt ins, opt outs & refunds, ongoing monitoring, AE reporting and can also produce contribution files for the various AE pension provider. Direct integration between payroll and pension provider will additionally save time each pay period. Check if your payroll provider offers the NEST web services / API facility.

Read: The Benefits of NEST's API / Integration Tool.

Be aware, some payroll providers are charging extra for auto enrolment functionality which will increase costs and reduce profit margins. If you have the correct payroll tools in place, the ongoing monthly duties can be automated and will not take too much time.

Make sure to do your research, as you may need to factor in additional costs for auto enrolment software if you choose expensive payroll software. You will, at the very least, need to recoup these expenses for your business, which again affects your bottom line. It will be important to note if you or your clients are using HMRC's Basic PAYE Tools, it will not handle employee assessment or create the contribution file for the chosen pension provider.

7. Hidden Charges

It is simply not necessary to spend more money on auto enrolment software. In fact, you could even save money by switching to a [payroll software provider](#) that has AE functionality included at no extra cost. Some payroll products are advertising that their system has AE functionality. However, some employers and bureaus are finding the AE features basic and manual or they have to hand over more money for an AE module or add-on.

The bottom line is that AE has become an integral part of payroll and should be included free of charge as part of your annual or monthly package. If your chosen payroll software has support included, make sure they can help you with the AE process. Support might be an additional charge that is not included in your payroll licence fee.

AE does not need to be a complex or costly process. More employers, accountants and payroll bureaus are moving away from their existing payroll software that have either increased their prices year on year or have charged extra for AE functionality or price based on a per employee basis.

The Solution

There is a realisation that it is possible to increase profits by investing in payroll and AE tools that don't cost the earth.

Ultimately, this is a new service that you can offer to your clients and you should feel confident charging the appropriate amount for it. This does require some effort on your part but it can create competitive advantages, boost sales and profits, whilst saving money, time and stress.

With a [payroll and auto enrolment](#) solution like BrightPay, the road to profit and success is easy. Payroll bureaus who switched to BrightPay are reaping the benefits. With a 99% customer satisfaction rate and with 99% of customers describing the interface as user-friendly, BrightPay makes perfect sense.

With AE capabilities, unlimited employees, unlimited employers and support all free features, bureaus have increased profits. 92% of customers report cost saving benefits and 97% report time saving benefits. A further 98% of customers would recommend BrightPay.

[Book a demo](#) of BrightPay today to find out more.

BrightPay Payroll & Auto Enrolment

BrightPay's bureau licence includes unlimited employers, unlimited employees, phone and email support, and full auto enrolment functionality for just £229 + VAT per tax year.

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

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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.