HR Connect

9 Payroll Challenges

Facing Employers Across Local Government and Education

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Payroll continues to sit at the heart of every organisation, ensuring employees are paid accurately, compliantly and on time.
For employers across local government and education, the payroll landscape is becoming increasingly complex, with legislative change, workforce movement, pension requirements, data quality and technology all creating new challenges.

For National Payroll Week, we are highlighting nine key payroll challenges facing employers across local government and education, and how HR Connect supports customers through a managed payroll service that combines specialist expertise, practical guidance, robust controls and technology-enabled processes.

Contents

1 Implementing Pay Awards Accurately 3

2 Managing Workforce Changes 4

3 Keeping Pace with Legislative Change 6

4 Supporting New Family Leave Rights 7

5 Strengthening Compliance and Audit Readiness 8

6 Navigating Pension Complexities 9

7 Preparing for Mandatory Payrolling of Benefits 11

8 Improving Payroll Data Quality 12

9 Using Technology to Reduce Payroll Risk 13

1 Implementing Pay Awards Accurately

National and locally negotiated pay awards remain a significant priority across local government and education.

Whether implementing teacher pay awards, local authority pay settlements or NJC increases, payroll teams play a crucial role in ensuring changes are reflected accurately, efficiently and with the right supporting controls.

Key considerations include:	Pay scale updates
Back-pay calculations	Allowance changes
Pension implications	Budget forecasting

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Whether implementing teacher pay awards, local authority pay settlements or NJC increases, payroll teams play a crucial role in ensuring changes are reflected accurately, efficiently and with the right supporting controls.

The portal helps customers by:	Providing pre-populated employee salary and contract data
Supporting locally determined pay arrangements	Generating employee salary statements and letters
Reducing manual administration and spreadsheet-based processing	Providing a clear audit trail for approval and submission

For many schools, annual salary assessments have become increasingly complex. Factors such as Work Anniversary Dates, performance assessments, progression rules and pay points all need to be considered before salary changes are approved.

By combining technology, guidance and payroll expertise, HR Connect helps customers navigate these changes confidently and ensures approved pay awards are reflected accurately within payroll and pension records.

With approximately 2,256 payroll runs completed each year, our teams understand the importance of getting pay awards right first time.

2 Managing Workforce Changes

PG. 1

Across local authorities, schools and academies, workforce changes are a constant.

Payroll teams regularly process:	New starters and leavers
Contract amendments	Incremental progression
Acting-up and secondment arrangements and much more	

Accurately reflecting these changes within payroll systems is vital to maintaining compliance, ensuring employees receive the correct pay and benefits, and helping maintain a positive employment relationship by ensuring changes are managed fairly, consistently and on time.

At HR Connect, we continually look for practical ways to improve the service our customers receive. My Checklists is one example of this approach, helping managers submit, approve and track common workforce changes in a clearer and more consistent way. By capturing the right information at the right point, it reduces duplication, supports quicker processing and gives customers greater confidence in the accuracy of payroll changes.

Customers also need clear, accessible workforce information to manage change effectively. By making better use of workforce data, HR Connect helps customers see key areas such as vacancies, sickness absence, headcount, contract changes and workforce trends more easily, reducing reliance on separate reports, manual requests and locally held spreadsheets. The value is not another system feature, but better insight, less administration and more confident decision-making.

Alongside this, iTrent Finance Manager provides a wealth of workforce reporting, including:

Headcount analysis	Absence monitoring and trends
Organisation leavers and new starters	Staffing and structure reports

2 Managing Workforce Changes

PG. 2

For customers, the real value is the managed payroll service that sits around the tools and reports. HR Connect brings together workforce information, practical reporting, payroll expertise and customer guidance to help employers respond to payroll challenges with confidence and reduce the risk that issues reach employees' pay.

Before payroll is finalised, our teams complete validation and assurance checks to identify anomalies, missing information and potential issues. This gives customers confidence that payroll is not only processed on their behalf, but reviewed, challenged and controlled by people who understand the complexity behind it.

Together, our self-service tools, reporting, payroll controls and specialist teams provide a joined-up service that helps customers reduce administration, strengthen audit trails and maintain a payroll accuracy rate of over 99%, while ensuring employees are paid accurately, compliantly and on time.

3 Keeping Pace with Legislative Change

Recent changes to Statutory Sick Pay, family leave entitlements and wider employment legislation have added further complexity for employers across local government and education, particularly where workforces include part-time, casual or lower-paid employees.

Keeping pace with these changes requires more than applying new rates once they come into force. It relies on early planning, clear communication, system readiness, accurate employee records and strong payroll controls.

At HR Connect, we support customers before, during and after legislative change through regular updates, Knowledge Base guidance, Customer Portal communications, newsletters, Company News and customer briefings. This helps customers understand what is changing, when it is happening and any action they may need to take.

Behind the scenes, our Payroll Compliance Operations Manager leads an annual legislative readiness programme, ensuring payroll teams are briefed throughout the year on employment law, statutory updates and HMRC requirements. Our Systems teams then update and test payroll configuration, statutory rates and calculations before changes are released into the live environment.

Once implemented, our Payroll Assistants and Payroll Leadership Teams complete monthly validation and assurance checks to confirm changes have been applied correctly and employees are paid accurately, compliantly and on time. This same expertise also supports employees and managers when legislative changes generate questions about pay or entitlements, with HR Connect resolving approximately 60,000 payroll-related queries every year.

This combination of proactive communication, compliance expertise, system readiness and payroll assurance helps customers remain informed, prepared and confident in an increasingly complex legislative environment.

4 Supporting New Family Leave Rights

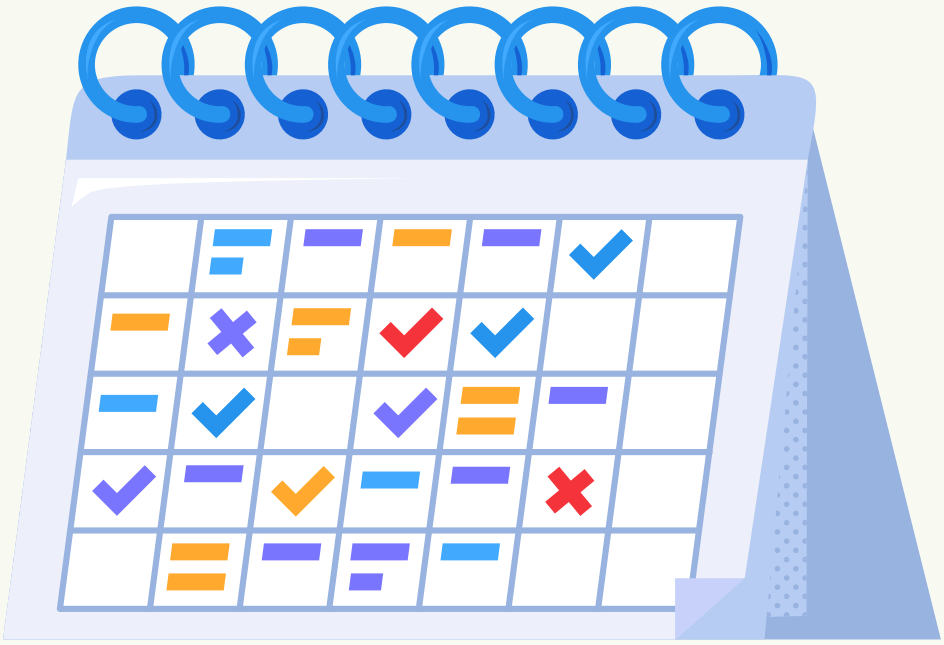
Family leave legislation continues to create payroll and HR complexity for employers across the public sector. Entitlements such as maternity, adoption, shared parental leave, maternity support leave and bereavement-related leave can depend on qualifying service, earnings thresholds, notice requirements, contractual terms and case-specific circumstances.

Because these arrangements can be sensitive as well as complex, the partnership between payroll and HR is essential. HR Connect Payroll Operations works closely with our HR Advisory Team to support customers from both a payroll and employment law perspective, ensuring payments are calculated accurately while customers receive guidance on eligibility, policy application, employee rights, notification requirements and other case-specific considerations.

Customers are supported with practical guidance, information packs, calculators, templates and advice covering statutory and contractual entitlements, shared parental leave planning, notice deadlines, evidence requirements, pension implications and return-to-work arrangements.

Behind the scenes, Payroll Operations, Advisory, Compliance and Systems teams work together to ensure statutory rates, qualifying earnings thresholds, policy requirements and payroll calculations are updated correctly and applied consistently.

By combining payroll expertise with professional HR advice, HR Connect helps customers manage family leave confidently and compliantly, while supporting employees through what can be one of the most important and sensitive periods in their working life.



5 Strengthening Compliance and Audit Readiness

Payroll compliance is increasingly under scrutiny, making accurate records, clear governance and effective controls essential for employers.

This includes maintaining reliable information on holiday entitlement, statutory payments, employment changes, payroll adjustments and audit trails, particularly in highly regulated environments where assurance is critical.

At HR Connect, compliance starts well before payroll is finalised. Our managed payroll service combines practical customer guidance, system support, data validation and robust payroll controls to help customers make informed decisions and maintain a payroll accuracy rate of over 99%.

Term Time Only employees are a good example of where specialist knowledge and clear information are essential. Annual leave entitlement, service-related increases and working weeks can all affect salary calculations, payroll costs and employee pay.

Through our Customer Portal and Knowledge Base, we provide annually updated TTO guidance, matrices, quick calculation tools and supporting articles to help schools understand entitlement, verify changes and submit accurate information.

When changes need to be implemented, our teams support the communication, calculation, system and reporting activity required to make those changes accurately and consistently. The April 2026 Kent Scheme annual leave increase is one example, where HR Connect provided guidance, updated resources, applied revised paid weeks calculations, made system changes, supported reporting and supplied template communications for schools.

By managing both the customer communication and payroll implementation aspects, HR Connect helps customers remain compliant while reducing administrative burden on schools and academies.

Alongside customer guidance, our Payroll Operations, Systems and Compliance teams work together to ensure legislative and contractual changes are accurately reflected in payroll systems. Before each payroll is released, validation checks, control reports and quality assurance processes help identify anomalies, missing information and potential errors before employees are paid.

Combined with customer access to reporting, Manager Self-Service workflows, Salary Assessment processes and comprehensive audit trails, these controls give organisations confidence that payroll remains accurate, transparent and compliant.

6 Navigating Pension Complexities

PG. 1

Pensions remain one of the most technically demanding areas of payroll administration, particularly across local government and education where scheme rules, contractual arrangements and workforce structures can be highly complex.

Understanding pensions in this environment means more than knowing which scheme applies. It requires detailed knowledge of how pay, contracts, working patterns, backdated changes, multiple employments and statutory duties interact with pension records, contributions and reporting requirements.

For education settings, this may include the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), while local authority employers often manage LGPS responsibilities across large and varied workforces.

Common areas requiring careful management include:	Pensionable pay calculations
Multiple employments	Salary sacrifice arrangements
Overtime treatment	Backdated payments
Contractual changes	Auto-enrolment and re-enrolment requirements
Pension year-end reporting	Regulatory compliance and data submissions

Payroll professionals play a critical role in ensuring contributions are calculated correctly and pension records remain accurate, helping to avoid costly corrections for both employers and employees.

At HR Connect, pensions are treated as a specialist part of the payroll service, not an administrative afterthought. We understand how important accurate pension administration is to employees' long-term financial wellbeing and to employers' financial planning, from protecting employee benefits to helping organisations budget correctly for contribution costs and meet scheme requirements.

6 Navigating Pension Complexities

PG. 2

Our Payroll Operations Team works closely with more than 25 pension administrators and providers across the country, maintaining strong relationships and attending training, webinars, briefings and provider-led updates. This helps our teams stay informed of regulatory changes, submission requirements and scheme-specific developments.

HR Connect has dedicated specialist resources supporting pension administration activities, including:

- i-Connect submissions and monitoring
- Pension-related new starter processing
- Pension leaver notifications
- Opt in and opt out requests
- Auto-enrolment compliance
- Three-year re-enrolment exercises
- Pension contribution reconciliations
- End-of-year pension reporting requirements

For Teachers' Pensions, our dedicated specialist team supports Monthly Contribution Reconciliations, Monthly Data Collections and accurate service histories, helping member records remain up to date throughout the year.

Our pension responsibilities extend beyond monthly processing. Teams monitor contribution accuracy, resolve data queries and support pension-related changes linked to salary assessments, contractual variations, acting-up arrangements and workforce restructures.

We also undertake automatic enrolment activities every month, ensuring eligible employees are enrolled in the correct pension arrangements and that statutory communications are issued where required. In addition, we support customers through cyclical re-enrolment exercises, helping organisations meet their legal duties under workplace pension regulations.

Year-end pension activity is another significant area of focus, involving contribution reconciliations, employee record validation and accurate year-end submissions that help reduce the risk of future benefit corrections for employees.

As pension schemes become increasingly complex, employers need confidence that contributions are calculated correctly, employee records are accurate and statutory obligations are met. Through specialist expertise, strong relationships with pension administrators, dedicated pension resources and robust governance processes, HR Connect helps customers manage pensions with the level of care, accuracy and understanding this area demands, protecting both employee benefits and organisational compliance.

7 Preparing for Mandatory Payrolling of Benefits

Mandatory payrolling of Benefits in Kind is being introduced in phases by April 2027 and April 2028, and remains one of the most significant payroll changes on the horizon. It will change how many taxable benefits are reported and processed, requiring closer collaboration between payroll, finance, HR and benefit providers.

Payroll teams are already beginning to review:

- Existing benefits arrangements
- Payroll system capabilities
- Reporting processes
- Internal controls and responsibilities
- Employee communications
- Data quality and benefit reporting accuracy

The transition to mandatory payrolling will mean many taxable benefits currently reported through end-of-year P11D processes will instead be reported and taxed through payroll during the year. Whilst this should simplify reporting in the long term, it will require organisations to ensure benefit data is accurate, timely and integrated into payroll processes.

At HR Connect, we are preparing well in advance. Our Payroll Operations, Compliance and Systems teams are monitoring HMRC developments, attending supplier updates, reviewing system capabilities and considering how benefit data will need to flow between HR, payroll and finance.

Just as importantly, we recognise many customers may not currently hold all benefit information within their payroll processes. Preparing for mandatory payrolling will therefore require organisations to review their existing arrangements and ensure ownership and accountability for benefit data is clearly defined.

As further information becomes available, HR Connect will support customers through the Customer Portal, Knowledge Base, payroll briefings, newsletters and customer events, providing practical guidance and clear implementation support to help them prepare.

For payroll providers, mandatory payrolling represents more than a system change. It is a fundamental shift in how benefits are managed and reported. Early preparation, robust governance and strong communication will be key to ensuring a smooth transition for both employers and employees.

8 Improving Payroll Data Quality

Accurate payroll starts with accurate data. When information is incomplete, late or inaccurate, the risk to payroll accuracy increases before processing even begins.

For employers, this means having clear processes for timely submissions, effective approvals, manager accountability, employee self-service and regular data validation.

At HR Connect, we help customers get the right information into payroll at the right time. Practical tools such as My Checklists, workforce reporting and manager self-service support a more structured and consistent way to submit, approve and monitor changes, reducing duplication and strengthening audit trails.

Regular guidance through our Customer Portal, Knowledge Base, Company News, newsletters and briefings also helps managers understand what information is needed and how key decisions can affect payroll.

Behind the scenes, our Payroll Operations, Systems and Compliance teams provide assurance through validation checks, control reports and quality reviews, helping identify anomalies, missing information and potential errors before employees are paid.

By combining clear guidance, structured processes, workforce reporting and robust payroll controls, HR Connect helps customers improve data quality, reduce risk and ensure employees are paid accurately, compliantly and on time.

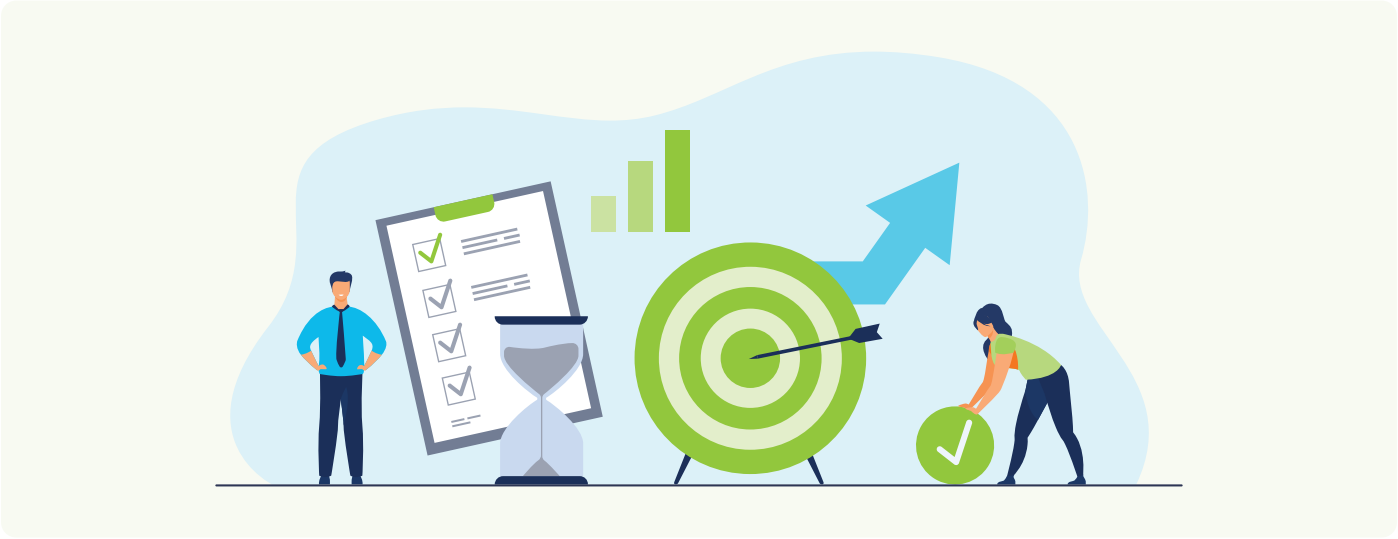
9 Using Technology to Reduce Payroll Risk

Technology continues to play an important role in helping organisations manage payroll complexity, improve data quality and strengthen compliance.

At HR Connect, technology is a practical enabler of payroll accuracy and efficiency. Tools such as Finance Manager, Manager Self-Service, My Checklists, the Salary Assessment Portal, automated workflows and workforce reporting help customers submit information more consistently, monitor workforce changes and improve visibility of the data that feeds into payroll.

We are also investing in automation and exploring opportunities to use Artificial Intelligence to improve the customer experience, reduce manual administration and support better service delivery. However, technology does not replace payroll expertise.

Payroll remains a highly regulated and complex profession where judgement, experience, controls and attention to detail are essential. Our approach is to use technology to support our payroll professionals, giving them more time to focus on complex payroll administration, customer support and assurance.



Behind every payroll run sits a team of experienced payroll professionals, including CIPP-qualified colleagues, supported by comprehensive induction programmes, ongoing training, legislative briefings and continuous professional development. This ensures our teams remain up to date with evolving payroll, pension and employment legislation.

Technology also supports our payroll governance framework, with validation checks, exception reporting and control reports helping identify anomalies, missing information and potential errors before employees are paid.

By combining technology, automation, professional expertise and robust controls, HR Connect helps customers reduce payroll risk, improve efficiency and ensure employees are paid accurately, compliantly and on time.

Summary

Across each of these challenges, the common thread is the need for accuracy, preparation and specialist understanding. Payroll is no longer simply a transactional process; it is a critical service that relies on a detailed understanding of payroll and employment legislation, supports organisational compliance, builds employee confidence and underpins effective workforce management.

HR Connect's strength lies in the way our people, processes, technology and controls work together to support customers through this complexity. By combining practical guidance with careful implementation and robust assurance, we help customers manage payroll with confidence and keep employees at the centre of every payroll decision.

HR Connect in numbers:

Approx.
1,120,000 payslips
processed annually

433
schools and academies payrolls

16
Local Authority payrolls

Approx.
£1.779 billion value
of gross pay processed in payroll annually

2,256
payroll runs completed each year

120
number of employees in HR & Payroll Operations Team

Over 99%
payroll accuracy rate

Approx.
60,000
payroll queries resolved annually

HR, Payroll and Pensions Administration

At HR Connect, we know that getting payroll, pensions, and HR administration right is essential because your staff deserve to be paid accurately and on time, every time. That's why we specialise in delivering reliable, compliant, and efficient services tailored to the needs of schools, academies, and trusts. By taking care of the detail, we free up your time and reduce your admin burden, so you can stay focused on delivering exceptional learning and supporting your school community.

Whether you need Payroll or HR Administration only, or a fully integrated HR and payroll service, HR Connect offers flexible support tailored to your needs. We understand how important it is to get payroll and HR processes right. That's why we provide a seamless, compliant service, covering everything from Real Time Information (RTI) submissions to year-end tasks like P60s and pension reporting. And with one dedicated point of contact, you'll always know who to turn to for expert advice and responsive support. With HR Connect, you get simplicity, reliability, and peace of mind, all under one roof.

Our Accreditations

HR Connect are certified by the Chartered Institute of Payroll Professionals.

PAYROLL ASSURANCE SCHEME cipp ACCREDITED

Contact us today! HRConnect

We don't just deliver a service, we work in partnership with you.

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