

ONS response: Pressure on payroll will continue to grow but are they missing a trick?

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February's figures from the Office for National Statistics (ONS) has revealed that the UK employment rate has continued to grow (0.2% points higher than the previous three month period) – with the increase in employment over the latest three-month period was driven by part-time workers. Leading global employee pay provider, CloudPay, warns that employers could be missing the perfect opportunity to streamline their payroll processes.

CloudPay SVP of Global Payroll Operations, John Pearce explained:

“Today's figures reported by the ONS showcasing UK employment growth is certainly a win for the economy but definitely presents challenges that employers will have to face in this environment.

“Firstly, with salaries and employee numbers constantly changing – particularly with the data showing that part time staff are being increasingly utilised – payroll changes and supplemental runs are likely becoming more frequent. But few systems are set up to handle high levels of change on this scale. Out-dated tech stacks that can't be amended easily and quickly aren't valuable during times of continued uncertainty meaning that pay errors could be possible, which will only lead to dissatisfied workers. Payroll teams need systems that can pivot and evolve to accommodate sudden changes in requirements without the need for manual calculations, additional manpower or overtime hours - all of which have the potential to lead to payslip errors.

“This leads me to the second challenge businesses are facing. With UK still feeling the full effects of the rising costs of living, organisations are clearly looking at wage inflation to help support workers in this environment, but this isn't necessarily enough for everyone. While constant pay rises aren't sustainable on the level that many staff feel they need, more can be done to help the workforce manage its finances.

“By shifting their mindset to focus on flexibility, employers will realise the workforce are working hours that they haven't yet been paid for. Where people are struggling and resorting to using loans and credit cards to get them through to the end of the month, companies should be considering how they can offer more flexible pay arrangements to keep staff out of debt. Aside from the fact that this is morally the right thing to do, it also helps with employee retention. If people can't get the pay access they need in their current role, they'll move. And with a labour shortage still prevalent across the UK, the longer-term impact this will have on firms is significant.

“If there was ever an indication for companies to review their financial and payroll processes to save time, costs, ensure greater accuracy and meet changing business needs – it's now.”

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