

# Guide to Achieving Accurate Payroll

Author  
Job Title  
Fourth Ltd.

# Contents

<b>Introduction</b>	<b>3</b>
<b>The unique challenges of hospitality payroll</b>	<b>4</b>
<b>Common payroll mistakes</b>	<b>4</b>
→ National minimum wage	4
→ Statutory payments	4
→ Starters and termination	5
→ Keep up to date	5
<b>Best practice tips</b>	<b>6</b>
<b>Summary</b>	<b>6</b>
<b>About Fourth</b>	<b>7</b>
→ The Fourth payroll system	7
→ Fourth Payroll Bureau	7
→ Auto-enrolment	8
→ Expenses	8

# Introduction

**If there's one thing that's guaranteed to demotivate staff, it's not being paid accurately or having to wait longer than they should for the money they've worked hard for. The knock-on effects on customer service, upselling, staff retention, brand reputation and more are obvious.**

When things go badly, fixing mistakes takes up valuable time that managers don't have to spare. What's more, employers who get it wrong can be named, shamed and fined by official bodies such as HMRC or The Pensions Regulator.

---

## The unique challenges of hospitality payroll

Payroll in any industry can be hard to get right, but hospitality provides a particularly challenging environment. For example:

- Employees regularly have more than one job, work in different locations and are allocated to different cost centres.
- National minimum wage complications.
- High staff turnover.
- Hourly and monthly paid staff work alongside each other.
- You need to operate both weekly and monthly pay runs.
- Employees have variable hours to fit family commitments and accommodate changes in demand.
- Temporary staff are commonly used to allow for seasonal peaks and troughs.
- Staff receive additional payments, such as tips, service charge and tronc – and you need to know whether they are subject to National Insurance or not.
- Pension auto-enrolment.

---

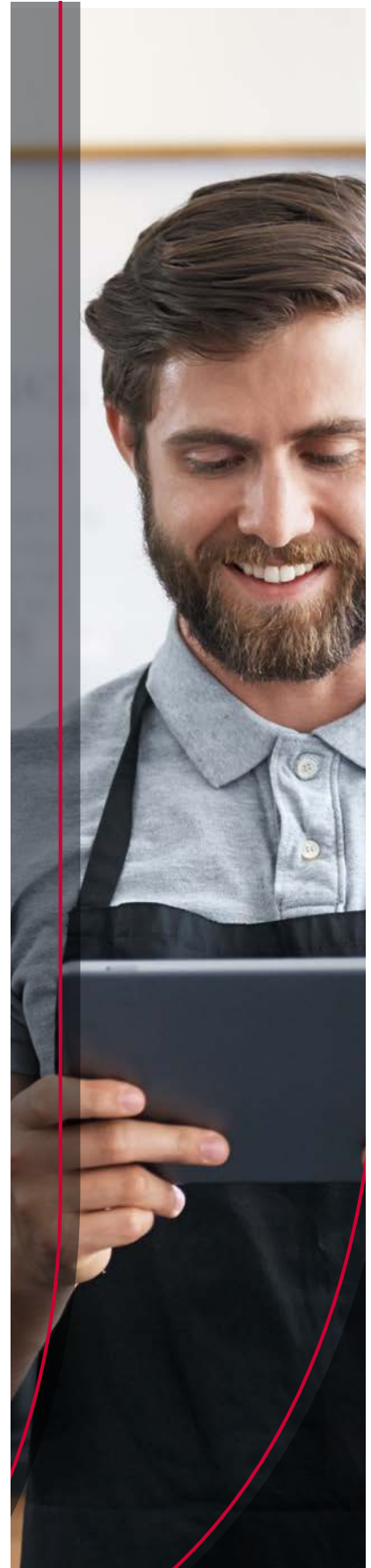
## Common payroll mistakes

### National minimum wage

- Make sure employees are paid for the time they actually work (including the time it takes to change into a work uniform or take part in a debrief).
- If employees are contracted for a specified number of hours, but work longer, do their adjusted salaries meet national minimum wage requirements?
- If you don't comply with legislation you risk being named and shamed by HMRC and fined up to £20K per employee.

### Statutory payments

- These include sick pay, maternity/paternity pay and adoption pay.
- Failing to manage them correctly could result in a civil penalty of up to £3K.
- They are a legislative requirement – you can't choose to ignore them.
- Never put statutory payments through as standard payments – you can claim back 92% of parental payments and small businesses can sometimes claim compensation for all statutory payments from HMRC.



- The risk of applying a tax code incorrectly when sent through from HMRC in the form of P6 – this can lead to employees being overtaxed or having to pay a big tax bill at the end of the year.
- The same applies to student loan notifications. Not applying a stop notice could mean your employee is overpaying their student loan and they will have to recover this money from the Student Loan Company.

### Starters and termination

- Not entering starter information in line with department deadlines, risks them not getting paid when expected – and having to wait a whole month.
- Not terminating employees in time can lead to salary overpayments that can be difficult to recover.

### Keep up to date

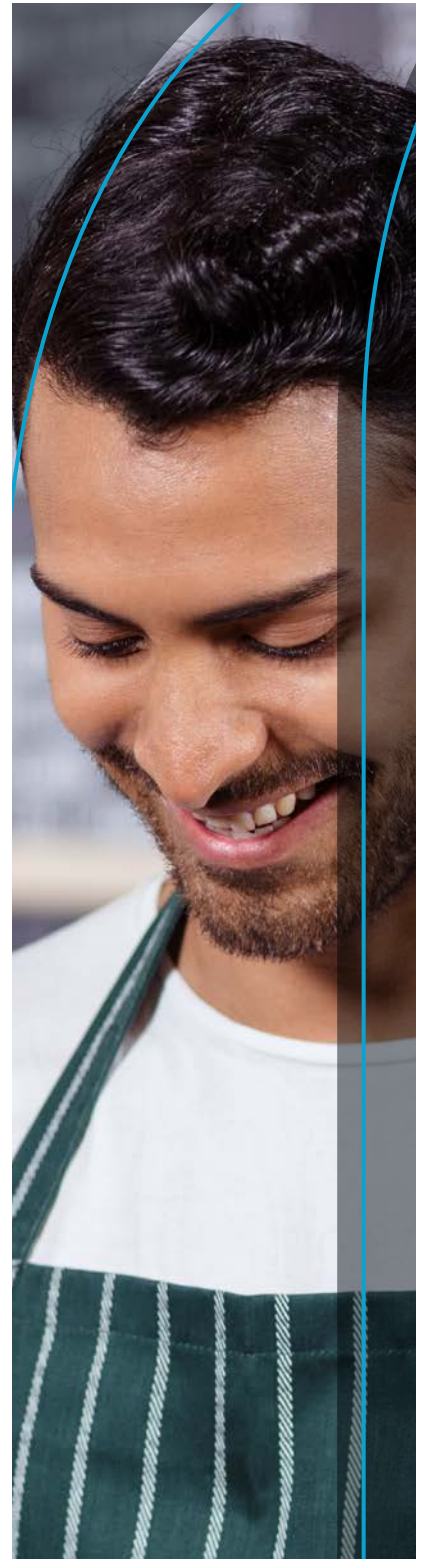
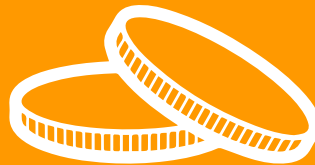
- Payroll professionals need to keep up to date with legislation changes to avoid breaking the law by accident, for example in pension auto-enrolment.
- The risks of non-compliance include a range of penalties, from fines to a jail sentence.

### Employers named, shamed – and fined

In March 2018, 179 employers were named and shamed for underpaying 9,200 minimum wage workers by £1.1 million. They were also fined a record £1.3 million in total.

Business Minister Andrew Griffiths said: "There are no excuses for short-changing workers. This is an absolute red line for this government and employers who cross it will get caught - not only are they forced to pay back every penny but they are also fined up to 200% of wages owed."

The government recently announced that all workers will have a right to payslips stating the hours they have worked. For those paid by the hour, payslips will also have to include how many hours the worker is paid for, making pay easier to understand and challenge if it is wrong.



---

## Best practice tips

Your top priority should be to have systems in place to ensure that you and your employees are complying with bodies such as HMRC and The Pension Regulator. They will also help you process data accurately and on time. This way, you reduce the risk of falling foul of the complex and changing regulations – and you'll pay your people promptly.

As we discussed earlier, payroll management in the hospitality industry isn't easy. Most employees are paid flexibly and often work in several locations within the same pay period, which makes it hard to align payments. There is also usually a high turnover of staff, which means you constantly have to update your payroll. What's more, many of your staff are likely to be student workers, who have limited availability for work during term time.

For these reasons you can't expect a general manager, who needs to focus on their customers, to be a payroll expert. You need fully-qualified, experienced payroll staff with the necessary knowledge and focus. They also need to have the right tools and systems to work efficiently and accurately.

You also need to make sure that the systems you put in place (or the systems your chosen Payroll Bureau are using) are built to specifically handle the complexities of payroll in hospitality.

Finally, you need a detailed contingency plan in case things go wrong.

---

## Summary

Managing your payroll effectively and efficiently isn't just good practice. It's a fundamental part of compliance with regulation and the law. So you have to get it right. Because of the unique complexities of payroll in the hospitality sector, it's vital to tap into software solutions and professional expertise that can reduce your administration while ensuring accuracy and timeliness. An integrated payroll system, such as Fourth's can transform payroll from a burden to a business asset.



---

## About Fourth

Fourth is the world's leading hospitality cost control solutions provider, helping over 1,100 customers in 60 countries optimise profitability, improve customer service and scale confidently.

Our cloud-based, proprietary technology platform and fully mobile applications power the world's leading brands, including wagamama,

TGI Fridays, The Restaurant Group, Five Guys, PizzaExpress, Maybourne Hotels, Hilton, Ritz-Carlton, Travelodge, Legoland, SSP, Stonegate Pub Company, Carluccio's and David Lloyd Leisure.

Fourth was founded in 1999 in London and is still run by the original founding management team. A major investment in 2015 by the leading US private equity firm Insight Venture Partners is testament to the power of our software and its potential for further global expansion.

### The Fourth payroll system

Fourth provides a payroll management solution that enables you to meet all these challenges head on:

- Pay your employees accurately, from their first paycheck to their last.
- Calculate pension payments correctly.
- Keep sensitive pay information secure.
- Easily manage every aspect of your payroll in one place.

Our HMRC-accredited cloud-based service is a fully integrated part of our Workforce Management solution. This means a single record for each employee across HR, scheduling and payroll. Customisable timesheets, importing capabilities and self-service for employees and managers reduces everyone's administrative burden. And its integration with BACS and finance systems provides ease of payment and serves multiple PAYE companies.

### Fourth Payroll Bureau

Alongside our payroll system, we also offer a specialised hospitality payroll bureau. You outsource your payroll to us and we take complete care of paying your employees, with no hidden costs. There's no need to cover holidays or absences – or to recruit extra staff as your business grows.



The risk of penalties is greatly reduced as we handle all aspects of compliance with payroll legislation, and you have on-demand access to a qualified payroll hospitality specialist. You reduce or eliminate the need for in-house payroll – and it's all fully HMRC-compliant.

- Through our payroll bureau we pay £3bn to hospitality sector workers every year.
- We process 25,000 payrolls.
- We pay 3.8m employees.
- Our clients have anything from 1 to 15,000 employees.
- We have more than 50 payroll specialists on hand.
- We are UK-based.
- All our payroll specialists are CIPP qualified.
- Our payroll bureau is staffed by Fourth employees, not outsourced to a third party.

### Pensions

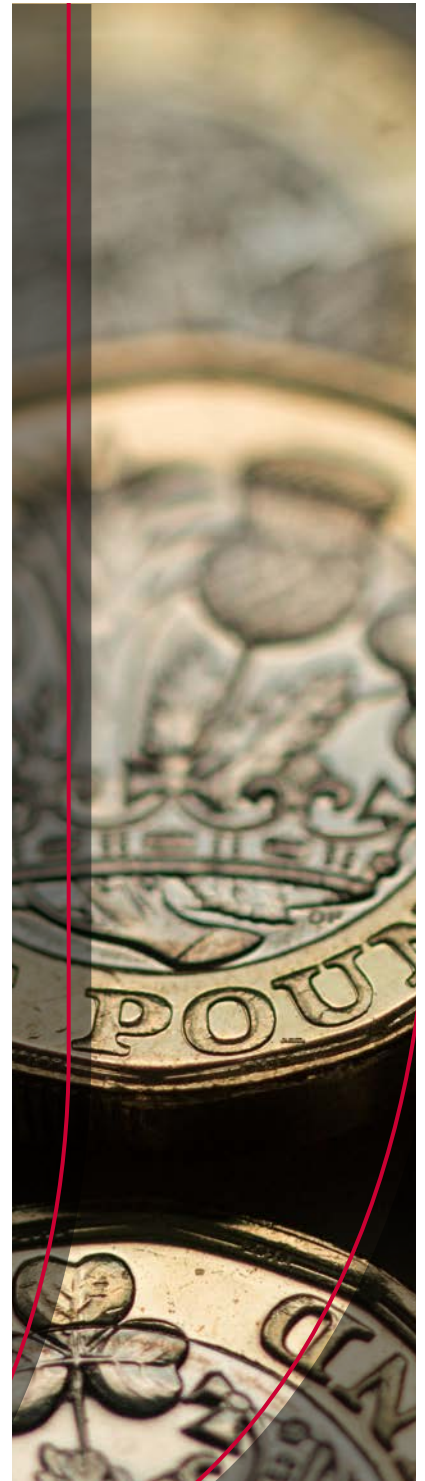
Our CIPP award-winning auto-enrolment service is a fully integrated part of our payroll management solution. It streamlines and automates the checks and calculations required each pay period – and produces quick, accurate numbers, eliminating any errors from data duplication. As a result, the risk of non-compliance, and the burden on employees, is significantly reduced.

### Auto-enrolment

When you outsource to us, our pension specialists manage the auto enrolment administration process for you. Every payroll, a dedicated legislation expert reconciles all pension contributions against payroll and pension providers' reports. They manage employee opt-ins and joiners, opt-outs and contribution refunds, and employee transfers between schemes, as well as managing all communications. And each month, you receive reconciliations with the totals to pay to each provider.

### Expenses

Fourth's fully integrated expense solution allows employees to log their expenses as they happen. Each expense type is categorised automatically for VAT purposes. Complex mileage schemes can be set up with workflow management for quick and accurate authorisation.



### Fourth facts


- Fourth has achieved HMRC recognition and is accredited by the Payroll Assurance Scheme (PAS)
- 60+ industry standard payroll and risk mitigation checks on every payroll
- CIPP award-winning software offers faster processing times and reduced admin with no data imports or exports
- The UK's only pension solution linking direct to payroll for a complete auto enrolment assessment cycle
- All Fourth payroll specialists are Chartered Institute of Payroll Professionals (CIPP) qualified
- Powerful analytics tell the story behind the data and enable better, faster decision making



## About Fourth



Fourth provides end-to-end, best-in-class technology and services for the restaurant and hospitality industries. Their procurement, inventory and workforce management solutions, coupled with the industry's most complete data and analytics suite, give operators the actionable insights they need to control costs, scale profitability, improve employee engagement, and maintain compliance. Since its merger with US-based HotSchedules, Fourth serves more than 7,000 customers across 120,000 locations globally.

A close-up photograph of a chef's hands in a kitchen. The chef is wearing a white chef's hat and a white apron with black vertical stripes. The chef's hands are positioned over a wooden cutting board, with one hand holding a knife. The background is slightly blurred, showing a kitchen setting with a wooden surface and a metal container.

**Call us** on +44 (0) 8450 571 234  
[www.fourth.com](http://www.fourth.com)