



Phase 3 Managed Payroll Services

Service Specification – Brain Payroll

Delivered to *Company Name [to be inserted]*

Date Agreed: *[to be inserted]*

Agreed by: *[to be inserted]*

On behalf of the Client: *[Name to be inserted]*

On behalf of Phase 3: *[Name to be inserted]*

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Phase 3 Service Delivery

The purpose of this Service Level Agreement (SLA) is to define the service provided by Phase 3 Consulting (Phase 3) under our agreement with **[company name]** to provide payroll services from **[date to be inserted]**.

This document clarifies exactly how Phase 3 will provide the service described as Fully Managed Payroll Services. It forms the Specification of that contract.

The objective of the Service is to deliver a timely, accurate and complete provision to the client. This SLA supports such an objective and aims to be clear and practical.

This document will be populated and signed during the implementation process. During the first QBR this document will be reviewed and adjusted where required.

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The Payroll Process and Services in Detail

Payroll Maintenance and Processing

Item	Phase 3	Client
The Client will provide full details of all new starters by appropriate electronic means		X
Attachment of employees to Payroll	X	
Input P45 details for new employees and inform HMRC of the commencement of employment	X	
Maintain statutory deductions based on communications from HMRC	X	
If no P45 is available Client will supply P46 / New Starter Declaration		X
The Client will provide full details of all leavers by appropriate electronic means. This could include outstanding leave, variation to pay, outstanding loans or any other special payment instructions		X
Calculate the final payment due to last day of service	X	
Pay or recover outstanding leave	X	
Recover any outstanding loans and action any other special requests	X	
Complete and return SSP1(L) to employee's home address	X	
Death in Service - Liaise with Client HR to arrange payment of any outstanding payments		X
If any leaver information becomes known after the agreed deadline a telephone call or email will be acceptable to prevent an overpayment		X
Request any payments outside of the normal Payroll Processing schedule		X
Request any payments outside of the normal Payroll Processing schedule		X
Run Costing Process.	X	
The Client will provide full details of all temporary and permanent variations to pay by appropriate		X

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Item	Phase 3	Client
electronic means using the Payroll input spreadsheet or relevant claim forms/import from EPOS system		
Update the Payroll with all temporary and permanent variations to pay	X	
The Client will provide full details of all absence details by appropriate documentation or electronic means by the agreed schedule. Including SSP, SMP, Jury Service, Adoption Pay, Paternity pay		X
Provide details or changes to any Occupational Sickness, Maternity, Adoption or Paternity schemes		X
Process all absences and all sickness to calculate SSP, Occupational sick pay, SMP, Jury Service, Maternity pay and Adoption pay	X	
Where SSP or SMP is not due issue form SSP1 and SMP1	X	
Calculate, record and make necessary reductions to salary for periods of half day and unpaid sickness, SSP, SMP, Maternity pay, Paternity pay, leave without pay and Jury Service	X	
Run the Payroll Calculation process to: - Calculate payments and allowances - Calculate gross pay - Calculate deductions Calculate net pay	X	
Run Error and Warning reports, check and take appropriate action	X	
Check Payroll results against Client parameters and highlight any issues	X	
Create Client Report Packs and Issue to client	X	
Amendments due to Phase 3 errors will be corrected and individuals or the full payroll will be processed, and new reports sent for authorisation.	X	

Payroll Checking and Approval

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Item	Phase 3	Client
Run standard control and exception reports (In line with the Payroll Processing Checklist).	X	
Using the control reports, exception reports and spot checks, check that the payroll balances and that the results within agreed parameters.	X	
Conduct a full assessment of the payroll by making the following checks: Input checks (Phase 3) Check that all data, in paper or electronic form, has been received from an authorised source. Check that manual and electronic input has been correctly applied and that data has not been entered more than once. Check that all manually calculated values have been input and processed correctly. Check that any advances have been recovered correctly. Check that payments to starters and leavers have been correctly entered and processed. Check calculation of maternity pay. Check that all half-pay and no-pay absences have been correctly administered and processed. Check all statutory deductions are made correctly.	X	
Control Checks (Client) Check exceptions report and take appropriate action. Check brought forward values equal previous carried forward values (taking account of any cumulative value adjustments) Check gross pay values that exceed agreed limits. Check individual net pay values that exceed agreed limits. Check that values balance on deduction reports. Check number of employees paid and leavers.		X

Item	Phase 3	Client
Check reasonableness of total gross pay, tax, NI and superannuation by reference to previous values.	X	
Deliver to the Client agreed control and exception reports.	X	
Ensure that relevant contacts are available to authorise the Payroll as per agreed schedule. A signature from the authorised signatories for net pay is considered by Phase 3 to be acceptance by the Client of the Payroll that is submitted to the Finance Team for processing.		X
Check to confirm accuracy and authorise Payroll in order to make payment. Normally this authorisation given by completion of the BACS authorisation form.		X
Receive authorisation as per agreed schedule.		X
Prepare, check, distribute listings of third-party payments.	X	
Reconcile payments made via BACS to source bank account		X

Manual Calculations (Emergency Payments/Overpayment Calculations)

- Manual payments relating to non-payments or under payments to be calculated within 2 working days of the request being received by the Payroll Office.
- All requests for emergency payments should be made in writing.
- Calculations of overpayments to be made within 7 working days of the request. (A list of Overpayments should be supplied to Client on a monthly basis).

Please note these timescales may need to be amended (in agreement with the client) depending on the time of the month and the monthly processing schedule as Payroll input will always take precedence.

Payslips

Item	Phase 3	Client
------	---------	--------

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Generate the payslip process to send all payslips to employees via agreed format	X	
Email payslips for employees who are leaving (along with their P45) or for employees on parental leave - If Applicable. All emailed payslips & P45's <u>must</u> be password protected	X	

P45s

Item	Phase 3	Client
Run the P45 process, send via agreed format (Email/Employee Portal) All emailed payslips & P45's <u>must</u> be password protected	X	

P60s

Item	Phase 3	Client
Run the End of Year Process	X	
Create individual Electronic P60 files send Via agreed format (Email/Employee Portal) All emailed P60's <u>must</u> be password protected	X	
Inform Client that P60s are available for viewing online	X	

P11Ds (Extra Chargeable Service)

Item	Phase 3	Client
Extract and validate the data from system to produce the P11D submission	X	
Provide any additional data held outside of Payroll for benefits to be aggregated to data held in Payroll		X

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Submit file P11D to HMRC within the statutory timescales	X	
Produce P11D statements and upload to employee's portal	X	
Inform Client that P11Ds are available for viewing online	X	

Payment Processing (Extra Chargeable Service)

Payments to be made via BACS are made via the Clients online banking platform. These payments will be made on the dates shown. Phase 3 guarantee to produce the Payroll prior to submission to the Finance Team.

Item	Phase 3	Client
Generate the banking file	X	
Ensure the Banking file is transmitted in accordance with agreed schedule	X	
Ensure sufficient funds are available in the source bank account to fund the Bank transmission. Phase 3 will not, under any circumstances, be liable for funding the payment or any other costs incurred as a result of the subsequent late availability of funds.		X
Authorised Signatories Names Provided Signatories 1: XXXXXX Signatories 2: XXXXXX		X

Outward Interfaces

Item	Phase 3	Client
Extract the costing file and prepare the upload spreadsheet for Finance, ensuring the files balance	X	
Provide a file in the agreed format for each outward interface	X	

End-of-Year Processing

Item	Phase 3	Client
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Balance year-end figures with payments made to HMRC	X	
Produce final FPS trial	X	
Confirm accuracy and authorise production of final FPS	X	
Submit final EPS Return to HMRC as per agreed schedule and before due date	X	
Send and receive agreed forms for end-of-year to and from HMRC using electronic communications	X	

Overpayment Process

Item	Phase 3	Client
Calculate all instances of overpayments	X	
All staff still employed will have the monies deducted from subsequent salary payments (where the Client agrees this should be the case)	X	
All staff who have left will have a sundry debtor account raised		X
Advise Phase 3 of any special circumstances whereby recovery is to be delayed / stopped		X
Send letters to the employee notifying them of the overpayment and the recovery options		X
Phase 3 to notify the Client of any outstanding balances that are unrecoverable from the employee	X	
All outstanding debts at the end of the Tax year will be netted to ensure correct Tax & NI position	X	

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Pensions Deductions

Item	Phase 3	Client
Maintain Payroll such that it will calculate pension contributions in accordance with legislation and regulations	X	
Supply definitions of Rules, Elements, User Defined Calculations and other items that determine an employee's and employer's pension contributions		X
Provide the information to the Client to allow the Client to meet its obligations to the Pension Administrator according to timelines set in the Client and the Pension Administrator's SLA	X	
Collect pension data from all sources	X	
Deduct the pension contributions in accordance with the agreed rules	X	

Pension Auto Enrolment Administration Service

Item	Phase 3	Client
Confirm elements of pay which form Pensionable Pay and Gross Qualifying Earnings		X
Maintain the parameters within the Payroll system	X	
Monitor the workforce and assess eligibility to pension scheme membership for each Payroll period	X	
Auto enrol all eligible job holders into a qualifying pension	X	
Produce and upload the letters to all eligible job holders advising them that they have been auto enrolled into a qualifying pension scheme and the effective date		X
Each pay period provide the Company with a list of employees who have been auto enrolled	X	

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Item	Phase 3	Client
Inform Phase 3 of any eligible job holders who, as a result of auto enrolment, wish to 'opt out' of a qualifying scheme, by the way of an 'opt out' form		X
Action 'opt out' requests in the first available pay period	X	
Refund contributions to employee if opt out is within 3 months of auto enrolment	X	
If 'opt out' request is more than three months after enrolment, provide pension provider with leaver information	X	

Pension Uploads

Item	Phase 3	Client
Create pension upload for contributions, new starters, leavers and status change	X	
Upload to pension provider & reconcile values to payroll reports	X	
Pay pension provider via Direct Debit		X
Complete annual pension returns - contributions/service - If applicable	X	

Reporting

Item	Phase 3	Client
Produce and dispatch standard reports contained in the Payroll suite of reports	X	
Produce ad hoc reports on request	X	

Customer Specific Actions

Item	Phase 3	Client

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Bulk Changes

Bulk Changes to payroll items (such as Restructuring/reorganisation within the Client, changes to pay e.g., such as introduction of a new Pay & Rewards scheme, Transfer of Groups of employees to a different payroll), are not included, but can be provided at an additional cost.

Item	Phase 3	Client
Determine, maintain and interpret all Client policies, procedures and financial regulations that effect bulk changes to the application. To include but not limited to: - Pay Awards - Increments - Pension Rate changes	X	
Investigate and clarify requirements where necessary, and then provide an estimate for the cost, timing and impact (if any) of the change	X	
Approve amendments required prior to work commencing	X	
Configure the application (test environment) in line with specification and conduct appropriate testing	X	
Implement configuration amendment in Live environment	X	
Sign off amendments as complete	X	

Extra Charges (See Appendix 1)

Item	Item	Item
Extra Pay Runs (above 2)	Re-Running of Payslip after BACS Sign off	Custom Reports
New Element build	New Pension Scheme Build	Historic Backdate Change
New Absence Scheme	Additional 3 rd Party Submission	Late Input Charge
Missed BACS/Faster Payments Deadline		

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Enquiry Service

Item	Phase 3	Client
Respond to written enquiries from third parties such as HMRC, DWP, Courts, Child Support Agency etc in accordance with timescales specified	X	
Respond to requests for copy payslips, P60s and statement of earnings letters	X	
Respond to Payroll queries from Employees. They must quote their company name and payroll reference number and be prepared to give other information for security purposes, for example date of birth or NI number	X	
Respond to written enquiries from Client representatives or employees (Letters, emails) sent to the payroll mailbox	X	
Inform authorities in writing that Phase 3 is acting as Agent on behalf of Client		X
Refer any enquiries from other parties to the Client's Nominated Contact	X	

All emails regarding payroll queries or enquiries must be sent to the payroll email address.

Requests in writing by email for emergency payments should also be sent to payrollsupport@phase3.co.uk

Failure to follow the above protocol may result in a delay in completing your request.

Service Review Meeting

Meetings between Phase 3 and the Client will take place on a regular basis on a mutually agreed date. At these meetings, the Client and Phase 3 will review service and support levels. The meetings will also provide a forum for the identification of service enhancement, improvement, cost savings and verification of payslip volumes.

In the event that the invitation is missed, a gentle reminder will be extended to ensure that there is the opportunity to engage. If no response is received, we will consider your preference for semi-annual business reviews. In the rare case of continued non-response, you will then be extended an invitation to our annual reviews.

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Item	Phase 3	Client
Phase 3 will meet with the HR representative on a Quarterly basis.	X	

Phase 3 will attend other meetings as required however, we reserve the right to charge for the time and expense of attendance if considered applicable.

Service Standards and Reporting

To provide an effective monitoring benchmark for the service the following list details Phase 3 service standards. The performance of the service against these benchmarks will form part of the service review meeting.

Activity	Achievement Target	Comments
Produce payroll on schedule	100%	As per agreed payroll (Payflow) calendar https://client.payflow.phase3.co.uk
Achieve BACS deadlines to schedule	100%	As per agreed payroll (Payflow) calendar https://client.payflow.phase3.co.uk
Payroll output reports to schedule	99%	As per agreed payroll (Payflow) calendar https://client.payflow.phase3.co.uk
Production of interfaces on schedule	99%	As per agreed payroll (Payflow) calendar https://client.payflow.phase3.co.uk
Accuracy of payroll processing content	98%	
Payroll queries outside of normal payroll processing period (Current Tax Year)	100%	Within 2 working days from receipt

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Activity	Achievement Target	Comments
Payroll queries (Previous Tax Years)	60%	Within 5 working days from receipt
Calculation of net pay to enable manual payments	100%	Within 2 working day from receipt.
HMRC / DWP queries	100%	Within 10 working days from receipt
Mortgage / grant enquiries	100%	Within 5 working days from receipt
Other queries / questionnaires	100%	Within 10 working days from receipt
Distribution of Payroll Correspondence	100%	By scheduled date (in accordance with statutory requirements)
Reconcile Tax Year End to schedule	100%	
Prepare end of year reporting, obtain authorisation from the Client and issue to the HMRC to schedule.	100%	By scheduled date (in accordance with statutory requirements). Subject to the Client supplying the relevant authorities

Service Availability

Payroll Support

The Payroll Teams will deal with Payroll, operational and scheduled enquiries.

The Payroll teams will be contactable between the following hours excluding weekends and English bank and public holidays:

9:00 to 17:00

Phase 3 Contacts

The following table lists the names, titles, telephone numbers and email addresses of Phase 3 contacts.

Name	Telephone	Email
------	-----------	-------

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Caroline Wright - Payroll Principal Consultant	0800 321 3032	Caroline.Wright@phase3.co.uk
Rachel Percival - Customer Success Manager	0800 321 3032	Rachel.Percival@phase3.co.uk
Payroll Services Team	0800 321 3032	payrollsupport@phase3.co.uk
Accounts Team	0800 321 3032	accounts@phase3.co.uk

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Appendix 1

[Phase 3 Rate Card.docx](#)

PPP - Price Per Payslip

PPPPP - Price Per Payslip Per Period

Extra re-run costs related to client liability only

Late input charge relates to initial submission of data

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