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# THE ELECTRONIC STAFF RECORD PROGRAMME



NATIONAL HEALTH SERVICE

## ESR-NHS0320 ESR GUIDE TO PAYROLL SET UP

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## 1.3. DISTRIBUTION

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### 3. INTRODUCTION

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The purpose of this guide is to advise on key areas relating to Payroll that need to be considered when a new employing organisation is set up. It also provides guidance on tasks required to set up a new payroll whether this is for a new Virtual Private Database (VPD) or an existing one just requiring a new payroll.

It is not intended as a step-by-step guide for a Project Implementation, as requirements will vary depending on the organisation. Where a Merge or Mass Organisation Change Process (MOCP) is being used for a new VPD, documentation relating to these should be read in conjunction with this guide, as some items will automatically be created as part of those processes.

## **4. PAYROLL INFORMATION REQUIRED TO BE SET UP ON ESR**

There are many things that need to be done when a new VPD is set up on ESR. The following information concentrates on key Payroll considerations.

When first requesting a VPD to be set up on ESR, the following information must be provided:

### **4.1. PAYE REFERENCE AND PAYE OFFICE DETAILS**

This information must be provided for the details to be registered on ESR. It is also required to set up the communication between ESR and HMRC to enable the P6, P9, Student Loans etc. files to be downloaded for the organisation as well the submission of the related RTI files.

If an existing PAYE reference is to be used when starting the new VPD, a process will need to be run to advise HMRC and prevent incorrect tax codes issued. The RTI PID Migration Configuration process will report the new Payroll Identification Number (PID) to HMRC, details of the steps that need to be taken for this process can be found in the ESR User Manual under the End-to-End Payroll Cycle Management menu item.

If a new PAYE reference is going to be required for the organisation, the timing of when the PAYE Reference is applied for and used is very important. A PAYE reference is valid for up to 2 months, after that time if there have not been any returns made to HMRC it will be deemed as inactive. Therefore, an organisation setting up a new VPD will need to consider whether this is going to be done at the beginning of the tax year or part way through the year.

If it is at the start of the new tax year, then it will be possible to use the new PAYE Reference from the start. It would be advisable to request the new PAYE Reference towards the end of February/early March of the preceding tax year that the new VPD will be created.

If the new VPD is to be created part way through a tax year, the new PAYE reference can only be used if all the records are notified to HMRC as terminated, and then set up as new starters against the new PAYE Reference. This is to prevent incorrect tax codes being issued.

### **4.2. BANK ACCOUNT DETAILS INCLUDING SUN REFERENCE**

The Bank Account, Sort Code and Service User Number (SUN) reference details need to be provided when a VPD is to be set up on ESR. This will allow the BACS team to add the details to the BACS Server to ensure a trouble-free submission. Files sent from ESR to the BACS server have to reconcile for basic information such as the SUN, Bank Account and Sort Code. If any of these do not match on the BACS file arriving on the BACS server, the submission cannot take place.

An email address is also required to allow confirmation of the BACS file being received. An out of hours contact will also be required, should there be any issues with the file being processed.

### **4.3. STATUTORY NAME AND ADDRESS**

The Statutory Name and Address of the organisation requiring the new VPD must be provided along with the relevant documentation confirming the details.

#### **4.4. PAYROLL PROCESSING DATES**

Details of when the payrolls are expected to run, BACS dates, request for printed payslips and any retro arrears processes need to be submitted for the new VPD. This will assist with scheduling to ensure that processing time is available to meet the needs of the organisation. It also helps with planning for when system downtime is required, to make sure that the system is available when needed for key processing times during the month.

#### **4.5. PAYSLEIPS**

Paper payslip/P45 delivery details will need to be provided as part of the information to be provided for the VPD to be set up. P45s and ad-hoc payslips can be printed locally if required, where the option for online payslip and P60 has been chosen.

#### **4.6. INTERFACES**

Any interface requirements such as production of the GL or Pensions Interface file should be raised as part the information provided for the VPD to be set up.

# 5. SETTING UP A NEW PAYROLL

The steps that are required to set up a new payroll are taken using the Payroll Super Admin URP. In the Payroll menu item, each of the following forms below will need to be selected and completed.

## 5.1. CONSOLIDATION SET

This is where the Payroll Name (Consolidation Set) is created, it must start with the VPD number followed by the name:

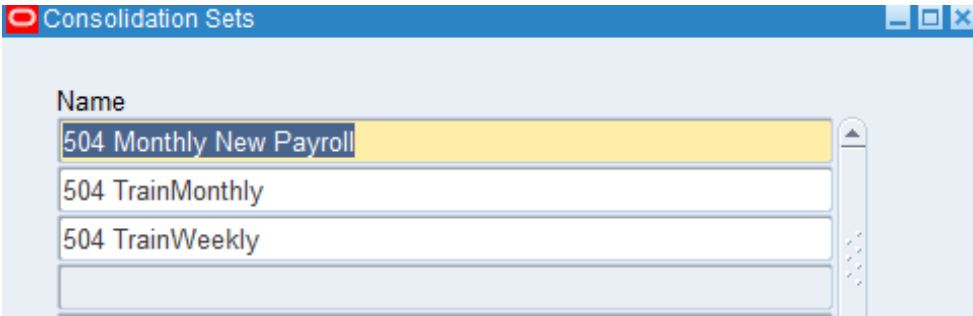


Image 1 – Consolidation Sets

## 5.2. PAYMENT METHODS

The payment method(s) used to pay the organisation’s employees would be set up in this form. It is advisable to have at least one BACS payment and an alternative payment method such as the ability to pay by cheque, if an employee’s bank details have not been provided.

The naming convention that should be followed is:  
VPD Frequency Payment Method (Payment Method will be BACS or Cheque)

Example details for BACS payments:

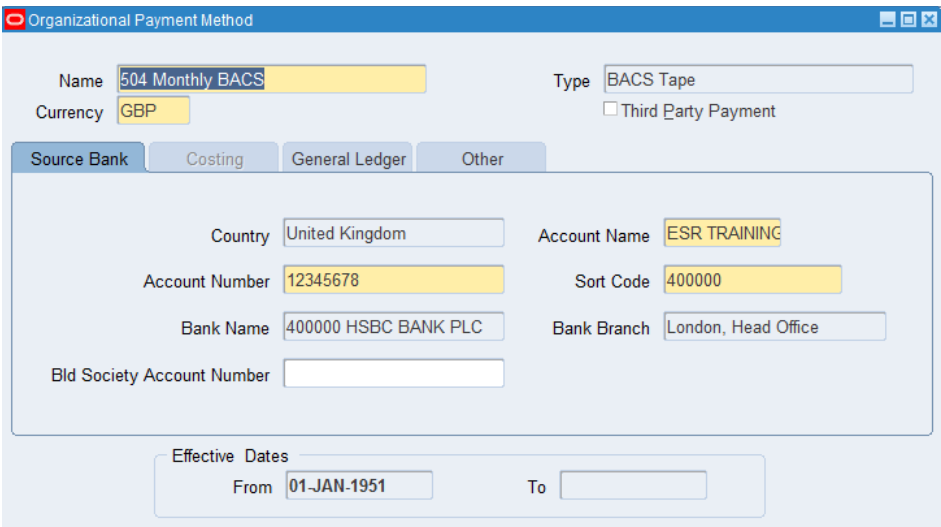


Image 2 – Organisational Payment Method - BACS

Example details for alternative (cheque) payment:

The screenshot shows the 'Organizational Payment Method' window with the following details:

- Name: 504 Cheque
- Type: Cheque
- Currency: GBP
- Third Party Payment:
- Source Bank tab is selected.
- Country: United Kingdom
- Account Name: ESR TRAINING
- Account Number: 12345678
- Sort Code: 400000
- Bank Name: 400000 HSBC BANK PLC
- Bank Branch: London, Head Office
- Bld Society Account Number: (empty)
- Effective Dates: From 01-JAN-1951, To (empty)

Image 3 – Organisational Payment Method - Cheque

The Other tab will also need to be completed with the BACS User Number (SUN), BACS Limit, Bureau Number (B60928), and Transaction Limit (if required), for example:

The screenshot shows the 'Organizational Payment Method' window with the 'Other' tab selected, and a 'Further Payment Method Info' dialog box open. The dialog box contains the following details:

- BACS User Number: 623456
- BACS Limit: 35000000.00
- Bureau Number: B60928
- Bureau Name: (empty)
- Source Bank Contact: (empty)
- Source Contact Telephone: (empty)
- Transaction Limit: 35000.00
- Contra Narrative: (empty)

The 'Organizational Payment Method' window in the background shows:

- Name: 504 Monthly New Payroll BACS
- Type: BACS Tape
- Currency: GBP
- Third Party Payment:
- Other tab is selected.
- Further Information: 623456.35000000\00.B60928....35000\00.
- Effective Dates: From 01-APR-2020, To (empty)

Image 4 – Organisational Payment Method – Further Payment Method Infos

### 5.3. PAYROLL DESCRIPTION

This form holds all the remaining key information required for the new payroll. Details contained within this form are as follows:



Image 5 – Payroll Description

**Name** - the name of the new Payroll, this would usually be the name set up in the Consolidated Set

**Period type** - the appropriate frequency would be selected from the List of Values (LOV)

**First Period End Date** - the first period end date to be recorded for the payroll

**Number of years** - the date should be at least 3 years in arrears to the first period for which payroll processing is to occur. This is to allow absence records to be created and retro pay to be calculated prior to the actual start date of the payroll

#### **Date Offset**

Monthly payroll dates require a negative number as the period dates work backwards from the end of the period. Weekly payroll dates require a positive number as it works forward

#### **Normal Payment**

This date would be the number of days before the period end that pay day occurs. For example, if the monthly payday is the 24<sup>th</sup> of the month on a 30 day month, -6 would be fed in to indicate payday is the sixth day before the period ends

#### **BACS Processing**

As BACS works on a 3 working day turnaround, the BACS processing date is the day before the Normal Payment date

#### **Pay Advice**

This field is not required

#### **Cut Off**

This date is used to determine which pay period statutory absence elements will be applied to

#### **Payslip**

This field should be completed if online payslips are being used. It determines how many days before pay day the online payslip will be viewable to the employee. If the field is left blank, payslips will be viewable on the Normal Payment date, entering -1 will enable them the day before for example.

## Default

### Payment Method

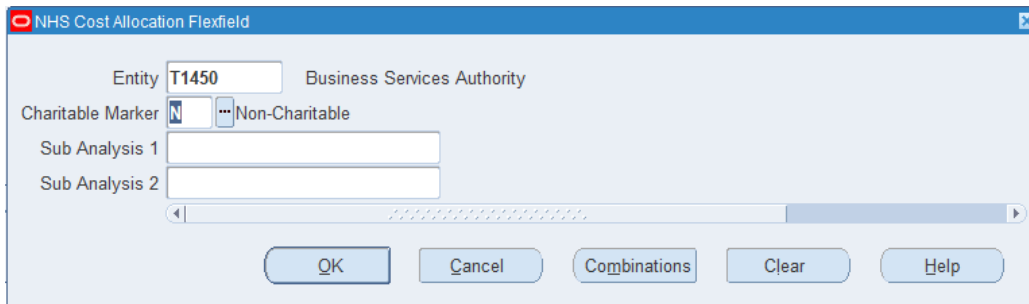
The chosen payment method for the payroll would be selected

### Consolidation Set

The appropriate Consolidation Set would be selected for this field

## Costing

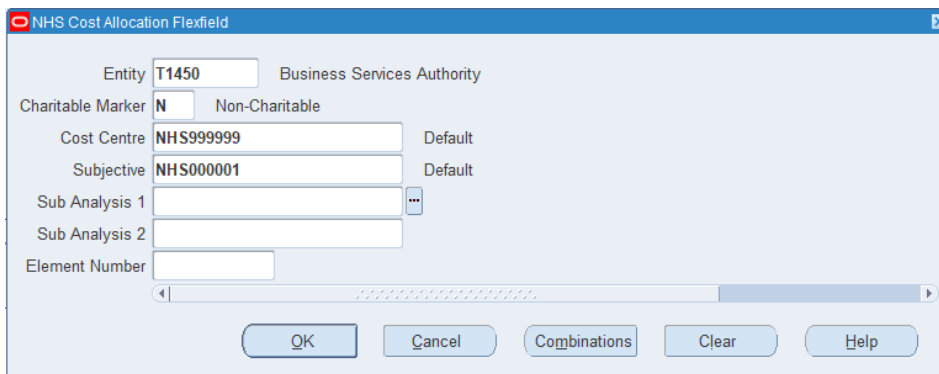
The Costing Flexfield allows Cost Allocation to be maintained at Payroll level



The screenshot shows the 'NHS Cost Allocation Flexfield' dialog box. The 'Entity' field is set to 'T1450' with the text 'Business Services Authority' to its right. The 'Charitable Marker' is 'N' with a dropdown arrow and the text 'Non-Charitable' to its right. Below these are two empty text boxes for 'Sub Analysis 1' and 'Sub Analysis 2'. At the bottom, there are five buttons: 'OK', 'Cancel', 'Combinations', 'Clear', and 'Help'.

Image 6 – NHS Cost Allocation Flexfield

The Suspense Account Flexfield allows for entries without a Cost Allocation to be allocated to a default finance code



The screenshot shows the 'NHS Cost Allocation Flexfield' dialog box. The 'Entity' is 'T1450' (Business Services Authority). 'Charitable Marker' is 'N' (Non-Charitable). 'Cost Centre' is 'NHS999999' with 'Default' to its right. 'Subjective' is 'NHS000001' with 'Default' to its right. Below are empty text boxes for 'Sub Analysis 1', 'Sub Analysis 2', and 'Element Number'. At the bottom are buttons for 'OK', 'Cancel', 'Combinations', 'Clear', and 'Help'.

Image 7 – NHS Cost Allocation Flexfield – Default Finance Code

### Arrears Payroll checkbox

This field is not required

### Negative Payment Allowed checkbox

This field is not required

## Additional Details DFF

Arrears Payroll  
 Negative Payment Allowed [ No ]

Valid Dates Valid Payment Methods

**Additional Payroll Details**

Timesheet Required   
End Date of Period Prior to NHSPA Periodic Update   
Migrated Payroll Date or Previous Period End Date   
NHS Pensions EA Code   
Inactive Payroll   
Assignment Level Balancing   
Return Address   
Run Copy Pay Advice   
PSA Members Miles   
AfC Average Pay Period   
AfC Ave No of Pay Periods   
AfC Ave Pay Periods AL Regular   
AfC Ave Pay Periods AL Irregular   
AfC Ave Absence Type   
OSP on Non-Primary Assignments   
Self Service Pay Method

OK Cancel Clear Help

Image 8 – Additional Payroll Details

### Timesheet Required

This determines if a positive or negative input system is required, further guidance can be found in the Payroll Set Up section of the ESR User Manual for which method may be most appropriate

### End Date of Period Prior to NHSPA Periodic

This field is not required

### Migrated Payroll Date or Previous Period End Date

The date entered in this field would be the date before live payroll processing begins. It will ensure that any migrated absence up to this date will not be processed for payment

### NHS Pensions Employing Authority Code

This field should be populated with the NHS Pensions EA Code

### Inactive Payroll

This field should only be populated if the payroll is to cease being included in any processing

### Assignment Level Balancing

The Generic GL File can generate the CR balancing rows by assignment rather than summarised for the whole file. If this option is chosen for a payroll, then the balancing lines for each assignment will appear in the file immediately after the costing rows for the assignment

### Return Address

This would be populated if a return address was required to be shown on a printed payslip

### Run Copy Pay Advice

The NHS Copy Pay Advice process will be automatically submitted on successful completion of the NHS Payroll Run process if this field is checked

### PSA Members Miles

This field no longer applies and should be left blank

### AfC Average Pay Period

If the AFC Average payment elements are required, this field can be used to determine if the average is to be paid current or in arrears. Guidance on how AFC Average pay works can be found in the Absence section of the ESR User Manual

### AfC Ave No of Pay Periods

This field is used to set the reference period for Sickness and from 1st October 2021, for English Organisations, will have a default of 13 weeks/3 months. It can also be set at the locally agreed number of periods required for the AFC Average payment to be calculated over.

### AfC Ave Pay Periods AL Regular

This field is used to set the reference period for Annual Leave and from 1st October 2021, for English Organisations, will have a default of 13 weeks/3 months.

### AfC Ave Pay Periods AL Irregular

This field is used to set the reference period for Annual Leave where irregular working applies for English Organisations, the default is 52 weeks/12 months.

### AfC Ave Absence Type

The AFC Average payment can be set for sickness, annual leave or both

### OSP on Non-Primary Assignments

If 'Yes' is selected OSP elements will be created for non-primary assignments

### Self Service Payment Method

This will limit Self Service users to a selected payment method

### Statutory Information

GB Statutory Info.

Employers PAYE Reference 123/K123

Unique ID 123456B12345

ECON E390000M

Maximum Holiday Period Advance 1

BACS Payment Rule Previous banking day

Default Pension Scheme Name

Pensions Staging Date

Pensions Re-enrolment Date

Left Scheme within 12 months

Notice Given

Apprenticeship Levy

OK Cancel Clear Help

Image 9 – GB Statutory Info

### Employers PAYE Reference

The relevant PAYE Reference would be entered in this field

### Unique ID

Although this information is no longer used, the field is mandatory and requires the PAYE Unique ID number to be entered

### ECON

The national value is shown in the example above, however if the organisation has a different ECON number it can be entered in this field

### Maximum Holiday Period Advance

If advanced holiday pay is used, entry can be made in this field to restrict the number of periods paid

### BACS Payment Rule

This should be set to Previous banking day as it is used to determine the alternative payment day when BACS payments fall due on a weekend or public holiday

### Default Pension Scheme

This would normally be the NHS Pension Scheme

### Pensions Staging Date

Date provided to the organisation by the Pension Regulator

### Pensions Re-enrolment Date

The re-enrolment date should be entered, this will be 3 years on from the Staging Date or the last re-enrolment date

### Left Scheme within 12 months

A decision will need to be made as to whether employees who opted out of the pension scheme in the last 12 months should be included or excluded from re-enrolment

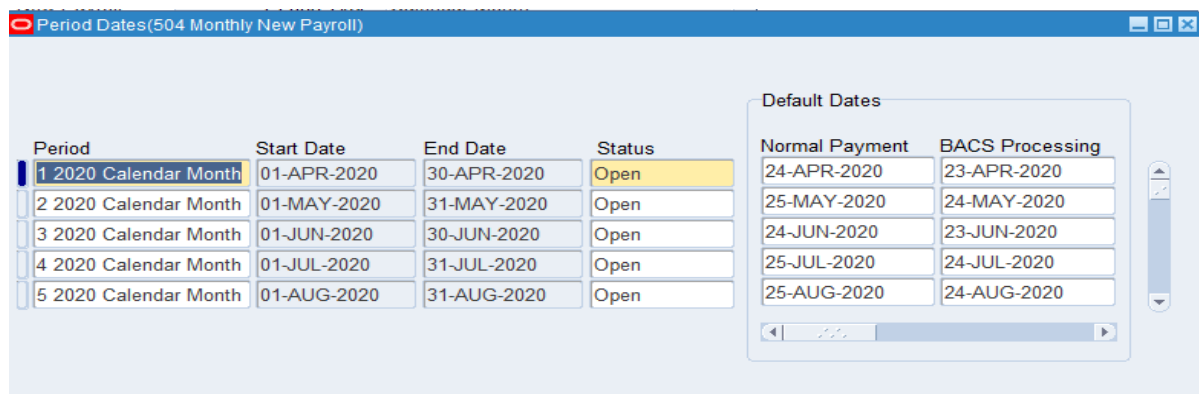
### Notice Given

If employees have given notice within 6 weeks of the re-enrolment process, they can be either included or excluded from the re-enrolment process

### Apprenticeship Levy

This field allows the choice of whether the Apprenticeship Levy allowance should be included or not

### Period Dates



Period	Start Date	End Date	Status
1 2020 Calendar Month	01-APR-2020	30-APR-2020	Open
2 2020 Calendar Month	01-MAY-2020	31-MAY-2020	Open
3 2020 Calendar Month	01-JUN-2020	30-JUN-2020	Open
4 2020 Calendar Month	01-JUL-2020	31-JUL-2020	Open
5 2020 Calendar Month	01-AUG-2020	31-AUG-2020	Open

Default Dates	
Normal Payment	BACS Processing
24-APR-2020	23-APR-2020
25-MAY-2020	24-MAY-2020
24-JUN-2020	23-JUN-2020
25-JUL-2020	24-JUL-2020
25-AUG-2020	24-AUG-2020

Image 10 – Period Dates

The dates in this screen will have been automatically populated from the information completed in the Date Offset section of the main form. These need to be checked and updated where required to align with the payroll processing schedule dates that have been provided as part of the VPD set up or the normal annual return

## Valid Payment Method

Name	Type	Default	Effective Dates	
			From	To
504 Cheque	Cheque	<input checked="" type="checkbox"/>	01-JAN-2010	
504 Monthly BACS	BACS Tape	<input type="checkbox"/>	01-JAN-2010	
		<input type="checkbox"/>		
		<input type="checkbox"/>		
		<input type="checkbox"/>		

Image 11 – Valid Payment Methods

The valid payment methods for the payroll would be entered in this form

Once the payroll has been set up it can then be attached to the required assignments and used for processing.

## **6. MIGRATION OF BALANCES**

All balance migration will need to be completed before any live payroll processing commences.

### **6.1. ABSENCE**

It is recommended that at least 2 years historical absence data is migrated to the new VPD. To enable this to happen, the Migrated Payroll Date or Previous Period End Date field mentioned earlier would need to be populated with the day before the earliest absence to be recorded. The absence data should then be entered before any payroll processing commences, details on entering absence can be found in the Absence section of the ESR User Manual.

Once the migrated absence has been entered, the Migrated Payroll Date or Previous Period End Date will need to be reset to the day before live payroll processing is due to begin. This will prevent any migrated absence from being paid.

### **6.2. MILEAGE**

Mileage balances for AfC staff run from July to June and April to March for other staff groups. Depending when the new VPD commences will dictate if previous mileage balances need to be migrated.

### **6.3. APPRENTICESHIP LEVY**

If the VPD is created after the start of the tax year, the Apprenticeship Levy balance will need to be migrated across.

### **6.4. OTHER PAYROLL RELATED BALANCES**

Again, depending when in the tax year the VPD is created, will depend on what balances need to be migrated. If it is set up at the beginning of the tax year, then only items such as court orders, overpayments etc. would need to be considered. If the VPD starts after the start of the tax year, then all balances will need to be migrated. Details on the relevant balances and how to add them can be found in the Types of Pay and Deductions and End to End Payroll Cycle Management sections of the ESR User Manual.

### **6.5. LOCAL DATA**

Where the organisation has local elements, payscales, absence schemes etc. these will need to be set up as part of the migration on to the new VPD. Information on how to go about adding these to the system can be found in the relevant sections in the ESR User Manual.

### **6.6. TIME AND ATTENDANCE/EXPENSES SYSTEMS**

If these are used they will need to be configured to map to the new VPD, this will need to be discussed with the relevant 3rd party supplier.

## **6.7. PENSIONS**

All relevant pension schemes and auto enrolment will need to be set up before processing begins, the Pensions section of the ESR User Manual provides detailed information on what needs to be entered into ESR. NHS Pensions should be contacted if changes are required for Pensions Online.

## **6.8. RTI**

A new VPD should familiarise themselves with how RTI works in ESR and the associated reconciliation work that is required each period. The End to End Payroll Cycle Management section in the ESR User Manual provides guidance on this particular topic.

## **6.9. EXPENSES**

If an expenses system is not being used, maintaining vehicle data within ESR may be required, particularly if the organisation has a Lease Car Scheme. The Expenses and Vehicle Management section of the ESR User Manual can help with this.

Consideration will also need to be given to Payrolling Benefits and P11d's, there are specific sections relating to these topics in the ESR User Manual.

## **6.10. OTHER CONSIDERATIONS**

Consideration to payroll payovers will need to be given - ESR provides a wealth of reports that can assist with this.



## 7. SUMMARY

The information provided above is intended as a guide for key payroll information that needs to be considered to enable the set up for successful processing of payrolls in ESR. As mentioned throughout the document, the ESR User Manual provides details on how the relevant data can be entered into ESR. The specific sections that will assist are listed in **Annex A** under the Useful Information section.

## **8. ANNEX A**

### **8.1. USEFUL INFORMATION**

Full guidance on the information required to be held in ESR can be found in the ESR User Manual under the following headings:

- Workstructures - Local grades, payscales and paypoints
- Local System Admin - Local List of Values (LOV)
- Assignments
- Payroll Set Up
- Types of Pay and Deductions
- Payment
- Pensions
- Expenses and Vehicle Management
- End to End Payroll Cycle Management
- Web ADI
- Statutory Deductions
- Costing
- Start of Year
- P11D
- HMRC
- Absence