

LANCASHIRE SCHOOLS FORUM

Date of meeting: 20 October

Item No 15

Title: Forum Correspondence

Appendix A refers

Executive Summary

This report provides an update on Forum related correspondence since the last meeting.

Recommendations

The Forum is asked to:

- a) Note the report;
- b) Express any views on the correspondence received.

Background

This report provides an update on Forum related correspondence received since the last meeting.

Other Forum related correspondence has been considered at relevant working group.

a) Correspondence from HMRC

At the last Forum meeting an item was raised that stemmed from a query discussed at the BTLS focus group. It was reported that many aided schools with under 250 staff were unable to access the government scheme providing up to two weeks Statutory Sick Pay for employees who are off sick with Covid-19 symptoms. This was because aided and foundation schools that buy BTLS payroll all appear under one HMRC code.

Members recalled that this issue had also impacted on the operation of the apprenticeship levy.

On receipt of a notification about the intention to raise this matter officers had been in touch with Apprenticeship Levy colleagues, as a possible workaround had been mentioned. However, it was confirmed, by the apprenticeship levy team, that no solution to this issue had been implemented. The team continued to press central government to find a workable option.

Members expressed concern that aided and foundation schools were being excluded from accessing some funding streams to which they could otherwise be entitled due to payroll administrative constraints and agreed that the Forum should write in support of changes being initiated that would allow relevant claims to be submitted as appropriate.

Subsequent to the meeting, the Forum Chair wrote to HMRC about pooled payroll arrangements.

The response notes that the pooling of schemes potentially alleviates the administrative burden of multiple returns and payments and indicates that HMRC originally took a relaxed view of these arrangements. However, the introduction of the Apprenticeship Levy and the Department for Education (DfE) funding rules have resulted in additional complications with pooled PAYE schemes. As such HMRC published guidance in February 2017 which, HMRC say, resulted in many public sector organisations separating their PAYE schemes.

The Forum is asked to consider this correspondence and express any views.



HM Revenue
& Customs

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Dear Mr Jukes

Thank you for your letter of 14 July 2020 to the Chief Executive. I have been asked to reply and I apologise for the delay in doing so.

In accordance with PAYE legislation all employers are required to have a PAYE scheme under which they are required to make payments and returns to HMRC to meet their PAYE obligations.

Some large public sector entities and group companies are made up of separate employers with a number of PAYE references. PAYE Pooling would allow such employers to be treated as a single entity for PAYE purposes however the PAYE Regulations place PAYE obligations on the actual employer and in the event of any enforcement issues there is currently no legislation that would allow for a PAYE debt to be enforced on an entity which only exists for PAYE purposes as a pooled scheme.

Allowing PAYE pooling would allow organisations that operate multiple PAYE schemes to consolidate them all under a single PAYE reference, so that the consolidated group scheme would only submit returns and make payments under that single reference. This potentially alleviates the administrative burden of multiple returns and payments

There is currently no legislative cover for pooling but we have until recently taken a relaxed view about PAYE pooling in the public sector. However, the introduction of the Apprenticeship Levy and the Department for Education (DfE) funding rules have resulted in additional complications with pooled PAYE schemes. As such we published guidance in February 2017 which resulted in many public sector organisations separating their PAYE schemes

I hope you find this reply helpful. If you need to contact us again, please quote our reference number above.

Yours sincerely

Mr M Muluka
Policy Correspondence Unit