

Report to	Audit Committee
Date	27 March 2025
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer
Contact Officer	Mark Morgan, Payroll Manager
Subject	Payrolling Benefits 2025-26



Gwasanaeth Tân ac Achub
Fire and Rescue Service

PURPOSE OF REPORT

1. To provide members of Audit Committee with an update on the requirement to implement all Employee Benefits, that require a P11D form at the end of each Tax Year, through the Payroll System. In 2024, the Government announced that from 6 April 2026, employers will be required to report and pay Income Tax and Class 1A NICs (National Insurance Contributions) on most Benefit in Kind (BiKs) in real-time on the Full Payment Submission (FPS).

EXECUTIVE SUMMARY

2. Legislation dictates that from April 2026, Employers must process most BiKs through monthly payroll. North Wales Fire and Rescue Service (the Service) currently operates four benefits that require the production of end of year form P11D: -
 - a) Blue Light Personal Use Vehicles
 - b) Non-Blue Light Personal Use Vehicles
 - c) Physiotherapy
 - d) Tusker Car Scheme (salary sacrifice)
3. The proposal is to incrementally trial payroll benefits for the Service starting in April 2025, beginning with the Tusker Car Scheme, to ensure that current systems are adequate and capable.

RECOMMENDATION

4. Members are asked to:
 - I. Note the legislation changes; and
 - II. Support incremental trialling of payrolling benefits over the 2025/26 financial year to prepare for full implementation from April 2026 in line with the legislative requirement.

BACKGROUND

5. Annually after the end of the tax year, the Payroll Team process BiK calculations for some 60+ employees and subsequently provides each with a P11D benefit statement.
6. The current process requires the Service to purchase a software licence, currently with P11D Organiser, annually at a cost of approximately £700 inclusive of VAT.

INFORMATION

7. Payrolling Benefits from April 2025, which is a year before the required legislation, will allow the Service to incrementally introduce the new process while testing the system on a small number of employees to ensure accuracy and compliance before rolling out all the BiKs.
8. Payrolling Benefits will remove the requirement to generate annual forms P11D and provide accurate and real-time tax calculations for employees, removing the complications of BiKs being processed by HMRC in arrears.
9. The real-time calculation of an employee's benefits will produce more accurate results, as the commencement and cessation of a benefit will be actioned at the point in time.
10. The implementation of Payrolling Benefits will reduce the correspondence produced by the Finance and Procurement Department, as there will no longer be a requirement to collate and process the data annually or produce individual benefit statements.
11. There will, however, be a requirement for a monthly feed associated with the different schemes to provide information to the Payroll Team for entry into the iTrent Payroll System.
12. New simplified reporting requirements would be created to confirm the benefits payrolled at year-end to HMRC.
13. The implementation will be led by the Payroll Team and will include communication directly with those within scope and through the weekly brief.

IMPLICATIONS

Well-being Objectives	None
Budget	Recurrent cost saving achieved
Legal	It is a legal requirement that all the current BiK calculations currently completed by the Service are to be benefitted through Payroll by April 2026.
Staffing	Improved real time information that will support staff with personal financial management.
Equalities/Human Rights/Welsh Language	None
Risks	Coding notices, received from HMRC would be monitored to ensure individuals are not 'double taxed' for the period.