



**Fred
Dures**



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What Exactly Is PayePass?

Fred Dures from PayePass Software Solutions discusses why he believes their umbrella payroll auditing is a game changer for the sector.

PayePass immediately piqued the interest of IWORK when the two founders, Fred Dures and Julia Kermode, were chatting about the need for an umbrella payroll audit with 'nowhere to hide' to give true peace of mind that no tax avoidance is taking place. Since then, *PayePass Verify* has been released with Julia being so impressed that she just had to get involved as a non-executive director. Here Julia asks Fred to explain more about PayePass, its payroll auditing, and his vision for the future of compliance in the sector.

First, can you tell me a little about your professional background?

As a solicitor in private practice for many years and more recently as an independent legal and compliance consultant, I have been engaged by numerous umbrella and recruitment clients to help them with legal and compliance issues. Many of those issues apply to all types of businesses in general, but most of them relate to the specific nuances of the temporary workforce sector. After so many years specialising in the sector, I can't think of an issue that I have not come across and resolved for my clients.

What was your route to the PayePass concept?

Issues with payroll software have been a bug bear for many clients over the years, ranging from lack of support and functionality to cost and miscalculations, and everything in between. So, I decided a couple of years ago that I would tackle all the issues head-on by creating a unique and market leading payroll software offering.

Why move from legal work to software development?

I haven't abandoned the legal work as that it is my blood and I don't profess for a moment to be the genius software developer behind PayePass, but I have over many years been

heavily involved in the development of numerous software offerings both for myself when in private practice and more recently as a consultant for clients.

I have always had a clear vision of what I need a piece of software to do to achieve a commercial goal. Much to the annoyance of many specialist developers, I'm used to confronting them with very tall orders to fulfil with an expectation of perfect delivery.

Umbrella payroll is quite niche, so why focus on that?

To be totally honest, initially my interest was based upon fixing software issues my clients have had. There was a clear need for a system that worked end to end, so I set about looking at what that would mean. More recently though, with the uproar in the sector (unpaid holiday to contractors and increased tax avoidance schemes) I became more committed to providing software solutions that unequivocally demonstrate that umbrella companies are doing everything properly, and not putting their commercial interests before the rights of the contractors.

With ongoing speculation about centralised regulation just around the corner but never actually arriving, the sector needs something now that provides confidence to the entire supply chain. We need to ensure that the vast sums of money passing through it is being compliantly calculated and actually paid to who it is intended for.

How was the PayePass brand conceived?

The brand name has been through countless iterations before deciding upon PayePass, with most of the early names having "Payroll" in them as offering just payroll software was the original concept. However, as concepts change and develop, so must brand names.

In the latter stages of the PAYE payroll software development, I decided to add the *PayePass Verify* auditing model that makes an award available to umbrellas that pass the audit. I think that gives the game away as to how the brand name was settled upon.

Okay, so how did the PayePass Verify auditing come about?

The simple answer to that is that I listened to the BBC Radio 4 Moneybox programme in March 2021 over the withholding of holiday pay. I read the backlash, had many detailed discussions about it and accepted that the rumours I had heard over many years were true; holiday pay withholding from contractors is commonplace.

It is abhorrent to me that any business would intentionally withhold holiday pay, as it is a salary payment that all umbrella employees are legally entitled to. I quickly realised that with some further development the software could be taken to the next level so that payroll auditing could be performed, identifying quickly and easily if holiday pay was being correctly paid.

Developing the auditing model took me deeper into the many other rumours I had heard over the years about other, what I will call out of politeness, 'financial irregularities' in the calculation of contractors' salaries. So now *PayePass Verify* auditing means that any irregularities will be identified, questioned, and reported to the appropriate authorities if established as unlawful.

But this isn't about exposing wrongdoing (though PayePass will do this). It's about legitimate, compliant, professional umbrellas being able to prove they're getting it right.

So, can you explain why you believe the PayePass Verify auditing is such a game changer?

The intention is first and foremost to confirm that everything is being done correctly, giving confidence to the umbrellas themselves, but also to contractors, agencies, and end-clients. It's not about catching people out; it's about proving they're doing everything correctly.

Basically, with an audit there is literally nowhere to hide so any miscalculations, intentional or otherwise, can be identified and discussed with the umbrella in the first instance. The primary audit commences through the bespoke software that immediately identifies any anomalies that need to be reviewed. The secondary eyes-on auditing then commences with a combination of accountants, bookkeepers, and payroll professionals.

It literally is a game changer for the entire supply chain. On the scale that PayePass can perform, there is no other provider in the sector that tracks an individual contractor's assignment fee from when it arrives in an umbrella's bank account, through the entire payroll calculation process and up till payments are made from it.

Put simply, tax avoidance, mini umbrellas, cloned umbrellas, salary withholding and financial irregularities along with all the negative financial consequences to contractors, agencies, end-clients and HMRC will be consigned to the murky past.

Are there any barriers to applying for a Verify Award?

Not at all as it's open to everyone. Applicants must always comply with the simple and transparent *Verify Award Criteria* and provide the necessary information and documentation for the audit to be performed.

PayePass Verify is intended to be inclusive so no matter how small an umbrella is, they can demonstrate by a completely independent audit that their payroll functions are fully compliant. Umbrellas may use it to secure new business, agencies may request it before working with a new umbrella, or during the relationship. It's also helpful to framework operators as they can request audits from a single source too. It's real proof, not assumed compliance by association.

It's worth adding that there is no requirement for umbrellas to use the *PayePass Payroll software* as they can simply use the *PayePass Verify* on a pay as you go basis.

What's your take on the intention to formally regulate the umbrella sector?

Firstly, it's been talked about for years and it can't come soon enough as the sector is crying out for it. Secondly and unfortunately, we must be realistic, it is unlikely to come any sooner than two years from now. However, waiting so long is not fair on the hundreds of thousands of contractors whose services generate billions of pounds each year, nor on the other parts of the supply chain at risk without regulation.

The focus of your question is, understandably, on umbrellas. It's perhaps worth noting that as and when regulation for umbrellas does arrive, that doesn't mean it will work first time round. Agency regulation has been in place for years, but its impact just isn't there and it

[Read the article on IWORk here](#)

needs updating. However, the non-compliant umbrellas are in the minority, and they are not the only part of the supply chain that needs to be scrutinised and castigated for wrongdoing. Many employment businesses have a lot to answer for too and significantly profit from wrongdoing when conspiring with some umbrellas.

Perhaps the topic for another discussion, but I believe that the BEIS with EASI enforcement can quickly fix much of the wrongdoing that they are aware of, as they regulate the employment businesses with an expectation that they protect their candidates. Unfortunately, the silence from both is rather deafening.

Where do you envision that PayePass will fit into a regulated umbrella world?

I wholeheartedly believe that PayePass will be an integral part of the new world. Its current offerings along with future capabilities will ensure that it stands out from all other compliance providers in the sector, and I look forward to the PayePass seat at the table.

Julia Kermode

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