



# The new frontier of payroll services

Rethinking payroll: moving from a low-margin  
business to a source of strategic advantage



# Introduction

**According to the 2023 Intuit QuickBooks Small Business Index Annual Report, small businesses are the lifeblood of the UK economy, making up 99% of the business sector. Despite their significant presence, these businesses are not immune to challenges.**

In the wake of a slow post-pandemic recovery and economists warning that growth might slow in the second half of 2024, many small businesses have increasingly relied on accountants for support with tax relief (32%) and cash flow management (31%).

Traditionally, payroll has often been seen as a low-margin service that accountants and bookkeepers offer to maintain client relationships, but what if we view payroll services through a different lens?

Rather than a service reluctantly offered through client demand, payroll can become a strategic service that positions accountants and bookkeepers as the go-to providers in the UK market. By taking ownership of payroll services, accountants, bookkeepers and firms can enhance their value proposition and transform this function into a profitable offering.

The UK market for payroll services represents a significant opportunity. While global spending on outsourcing soared to an estimated £553 billion in 2023, according to Exploding Topics with 92% of Forbes® Global 2000 (G2000) list of companies engaging in IT outsourcing, there's an untapped potential closer to home.

For accountants and bookkeepers, this is an opportunity to redefine their roles and increase their revenue streams.

**In this report, we explore the outsourcing market, make a case for onshore services, demonstrate how payroll insights and technology can elevate accountants from service providers to indispensable business partners, and showcase the technology needed to get there.**





# Why payroll is big business

**The 2024 Intuit QuickBooks Accountant Technology Survey\* reported that almost all (98%) respondents have outsourced at least part of their work over the last 12 months. Financial statement preparation and reporting (56%), general ledger and transaction management (55%), accounts payable and receivable processing (50%), and payroll processing and related HR functions (41%) were among the most commonly outsourced tasks.**

In a recent interview with [AccountingWEB](#), Nick Williams, UK Product Director at Intuit QuickBooks, revealed a significant shift in small business operations. **According to the research, one in six small businesses are now looking to outsource their payroll to accountants or bookkeepers.**

Additionally, the research also found that 27% of small businesses outsource payroll to gain access to specialised knowledge, and 24% seek compliance expertise. Other reasons include better accuracy and efficiency (24%), cost savings (22%), and improved data security and confidentiality (20%). A smaller portion of businesses (9%) value the scalability and flexibility outsourcing offers, while 3% noted improved employee experience as a benefit.

**This trend aligns with the global growth of the payroll outsourcing industry, currently valued at £7.23 billion. Business Research Insights projects this figure to reach a staggering £12.55 billion by 2032, with North America leading the market share.**

Many bookkeepers and accountants cite the tedious and time-consuming nature of payroll processes as the primary reason for outsourcing. These tasks include gathering employee information, automation and integration.

When outsourcing payroll, firms often turn to specialists or third-party providers, sometimes looking to offshore for cost savings. In some cases, businesses may be unaware that their accountancy firm is outsourcing to a third party overseas.

**While cost-cutting might seem attractive, there's undeniable value in having local experts with boots on the ground. These professionals possess a deep understanding of the complex and ever-changing UK regulations and can spot valuable advisory opportunities that offshore providers might miss.**

The case for onshore, high-value payroll services:

- 1** Quality control and cultural alignment
- 2** Regulatory compliance
- 3** Data security
- 4** Seamless communication
- 5** Economic benefits

An emerging concept in this space is "payroll co-sourcing," described by [Forbes Advisor](#) as a hybrid model. This approach allows companies to outsource certain elements of payroll while retaining control over others, offering a balance between efficiency and data security.

As the sector continues to transform, UK accountants and bookkeepers have a unique opportunity to tap into this growing market, potentially transforming a traditionally low-margin service into a profitable venture. The key is to find the ideal tech-driven solution that enables accountants and bookkeepers to make payroll effortless.



# Transforming payroll to a strategic asset



**Nhlaka Mncube,**  
ACMA, CGMA at CFO360

**Drawing from his experience, Nhlaka shares insights into how to integrate payroll services with core business functions, demonstrating how accountants can leverage payroll data to provide strategic advice, deepen client relationships, and become indispensable financial partners to their clients.**



Historically, many businesses have avoided dealing with payroll because it's generally considered a loss leader and doesn't directly add value. However, with the right approach, payroll can be much more than just processing payments and open more revenue streams. For us, we integrate payroll services with other core functions and can offer a more holistic solution that makes our clients' lives easier and adds significant value to their businesses.

Payroll visibility lets us offer insights that go beyond just the basics—like spotting trends in workforce costs or giving strategic advice on workforce planning based on payroll data.

Another added benefit is that we have payroll insight when we prepare management accounts so that we can provide a comprehensive commentary on the business. This leads to the preparation of the annual accounts as we have the payroll information and know what happened and why. Whereas if you've got a third party, you've got to get the information which at times may prove difficult and may lack context.

# Strategic business insights from payroll

Stepping into an advisory role using payroll data is not only possible but actually really beneficial. One thing we've noticed is that changes in payroll can be key indicators of broader business trends.

**For example, if we see an increase in bonuses, it opens up a conversation about why those bonuses are happening. Are they tied to revenue growth? Is there an opportunity to plan for similar growth in the future? By analysing payroll data, we can offer clients strategic advice that helps them make better decisions about their business.**

Payroll fluctuations—whether it's an increase or decrease in the number of employees—can signal important shifts in the business. If payroll numbers drop, it might indicate more efficient operations. If they're going up, it could point to growth.

These insights allow us to provide more frequent and relevant management accounts during critical periods, ensuring clients always have the most up-to-date information they need.

Another often overlooked part of payroll is how it reflects business efficiency. Many businesses are so focused on increasing revenue that they need to pay more attention to growing payroll costs, which can lead to unprofitable practices. By closely monitoring these expenses, we can help clients avoid these pitfalls and ensure their growth is sustainable. In this way, payroll becomes a cost centre and a critical tool for business planning and decision-making.

When we handle payroll in-house, we can also offer clients a level of personalisation and attention to detail that's hard to get with an outsourced service. We know the ins and outs of their business, and because we're managing their payroll, we can spot trends and potential issues early on. This proactive approach helps us build stronger relationships with our clients and positions us as their go-to adviser.





## Deepening and building long-term client relationships



**One of the best things about offering payroll services is how it helps build and strengthen client relationships. Integrating payroll with other services creates a seamless experience that builds trust and loyalty. Clients like the simplicity of dealing with just one provider for all their financial needs, which makes it less likely they'll look elsewhere for services.**

We've found that handling payroll in-house has specific advantages that strengthen our relationships with clients. You want to avoid bringing in third parties for bookkeeping, accounts, and payroll. The risk is that the third party might also offer bookkeeping and accounting services, leading the client to consolidate all their services with them, which leaves us out. By keeping payroll in-house, we ensure clients don't need to look elsewhere for their financial services, which keeps the relationship strong and makes us their go-to provider for everything.

We also get the benefit of knowing our clients' financial situations inside and out, which lets us offer more personalised advice.

When we do payroll in-house, we have immediate access to all the relevant information and don't have to rely on third parties for data or updates. This direct control improves efficiency and makes our advice more accurate and relevant."

# Leveraging technology to capitalise on payroll outsourcing

## Use payroll to boost growth

**Historically, payroll has been plagued by a perception among accountants and bookkeepers that it's a low-margin business. Many believe that automation and efficiency would be crucial to any viable solution.**

According to the 2024 Intuit QuickBooks Accountant Technology Survey\* advancements in cloud accounting have been the biggest game changer over the last 5 years. Accountants are doubling down on their readiness and willingness to invest in technology to stay ahead of the curve.

Earlier this year, Intuit QuickBooks received an enthusiastic response when it launched its standalone Bureau Payroll solution. Bureau Payroll is purpose-built to streamline payroll processes and free up time for strategic work.

The cloud solution delivers flexible automations and multiple accounting software integrations to meet diverse client needs, all underpinned by a scalable, transparent fixed fee structure. With its unified dashboard able to bring clients using different accounting software under one roof, the solution is perfectly suited for managing multiple clients with ease.

## An affordable solution

**QuickBooks' Bureau Payroll is available with a cost-effective fixed-fee structure. Users can expect predictable pricing that scales in line with their business and the number of payroll clients.**

Nick says the reasoning behind the fee structure is simple. "Accountants don't like the variability of having to manage an employer hiring someone and then removing that person," he explains.

"It's challenging for them to manage their fee structure. So we did a fixed restructure, which the accountants and bookkeepers are excited about." Bureau Payroll starts at £42 per month for up to 10 clients/employers. This price scales as users take on the next set of 10 clients/employers.

With QuickBooks' payroll solutions, accountants and bookkeepers can have more time, and more insights, to turn payroll from a manual, low-margin business into a strategic opportunity - and capitalise on the growing market demand for onshore payroll services.





**Automation:** Streamlined workflows with automated payruns, pension and RTI submissions, tax code updates and more.



**Integration with clients' accounting software:** Post journals to any integrated software (such as Xero, Sage, FreshBooks and more) while running payroll from a single, consolidated dashboard.



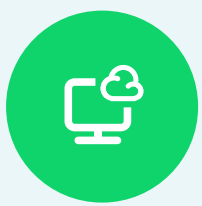
**Fixed fee structure:** Predictable pricing that scales in line with their business, with fixed, transparent fees based on the number of payroll clients, regardless of how many employees they have on payroll.



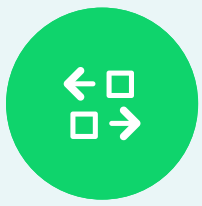
**Efficient employee data management:** Employees can update their own records and access professional payslips.



**Up to date compliance:** Automatic software updates in line with latest government rules and regulations.



**Cloud-native:** Access data or adjust payruns on the go, from any device with the full-cloud software.



**Multi-user access:** Manage team and client access with flexible permissions.

## Spotlight

Fiona McIlwaine at DNT Chartered Accountants, says: "Payroll is hugely emotive. It's people's livelihoods, and if it's not accurate or late, it can have a big impact.



QuickBooks Bureau Payroll has helped us significantly improve our practice's operations. Managing payroll for over 120 clients, we've found its automated features and cloud-based system a major upgrade from traditional desktop solutions. The intuitive dashboard and time-tracking for payroll tasks have been absolutely crucial in enhancing efficiency.

"The whole transition, which has been supported excellently by QuickBooks, has saved us significant time within the business, allowing us to build stronger client relationships and focus more on our advisory services. This platform is more than just a tool, it's a vital part of our strategy to deliver superior service to our clients and grow our practice."

# Conclusion

By embracing the opportunities payroll services can deliver, UK accountants and bookkeepers can elevate their practices, provide more value to clients, and capitalise on the growing demand for high-quality, local payroll services.

## Key takeaways:

**1**

### **Growing demand**

With the growing demand for onshore services, there is a significant opportunity for UK professionals to capitalise on this trend and create new revenue streams. By positioning your practice as a reliable onshore provider, you can offer clients enhanced control, compliance, and better service quality than offshore competitors.

**2**

### **Onshore advantages**

Onshore payroll services offer several advantages for accountants and bookkeepers including enhanced control, compliance and service quality compared to offshore alternatives. These distinct benefits can set them apart from onshore alternatives, making them an attractive option for UK businesses.

**3**

### **Strategic potential**

Payroll can be transformed from a routine task into a strategic business asset that drives growth and client satisfaction. Accountants who integrate payroll data into their broader advisory offerings can deliver insights that inform workforce planning, cost control, and financial forecasting. For example, spotting trends in payroll fluctuations can provide critical insights into business health, helping clients make proactive decisions.

**4**

### **Technology as an enabler**

Using cloud-based solutions such as QuickBooks Bureau Payroll allows accountants and bookkeepers to streamline processes, reduce workload, and free up time. With a transparent fixed fee structure, integrations and unified dashboard, it is designed to manage multiple clients with ease.

**5**

### **Economic impact**

By keeping payroll services onshore, accountants not only improve service quality but also contribute to the UK's economy by supporting local jobs and businesses. This local focus can be a powerful marketing tool for attracting clients who prioritise UK-based services.

**Our intuitive payroll software for accountants makes it easy for you to be your clients' payroll manager.**



Internal market research in 2023 by Intuit QuickBooks and Context Consulting

#### Methodology:

\* QuickBooks surveyed ~1500\* Accountants/Bookkeepers and SMBs to understand the top Payroll needs and pain points.

Sample:

397 Accountants/Bookkeepers

1088 SMBs

0 - 99 employees

\* The 2024 Intuit QuickBooks Accountant Technology Survey

Intuit QuickBooks commissioned an online survey in March and April 2024 of 1,046 accounting professionals (all adults aged 18+) throughout the UK. Two in 5 (41%) respondents own an accounting or bookkeeping business. Nearly 6 in 10 (59%) are employed by an accounting/bookkeeping firm as an accountant/bookkeeper. Almost half (47%) work for firms with more than 100 employees. One in 2 (52%) respondents work for firms with 1-99 employees and none work as solopreneurs. Seven in 10 (70%) respondents are male and 3 in 10 (30%) are female. Eight in 10 (82%) respondents are white. Percentages have been rounded to the nearest decimal place so values shown in data report charts and graphics may not add up to 100%. Responses were collected using Pollfish audience pools and partner networks with double opt-ins, random device engagement sampling, and post-stratification based on census data to ensure accurate targeting and results. Respondents received remuneration.

\*Note: The 2024 survey sample excludes accountants/bookkeepers who work in-house at non-accounting firms – whereas the 2023 survey sample included these respondents. Response comparisons year-over-year have been estimated comparing 2024's sample to the 2023 respondents who did not work in-house at non-accounting firms.

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