

ARK HOUSING ASSOCIATION LIMITED (ARK)

POLICY REF: F09

Version 1.0 – April 2018

PAYROLL POLICY

1. ARK'S VALUES

1.1 Our organisational values are the basis for everything that we do from providing housing, care and support to tenants and service users to safeguarding our employees. ARK believes that everyone should have the opportunity to lead a happy, healthy and safe life. We value:

- The worth of each person
- Trusting relationships
- Understanding difference
- Challenging oppression
- Personal and organisational accountability
- Caring for our physical environment
- Enjoyment

1.2 All ARK policies and procedures are underpinned by our values and we will ensure that our employees are treated fairly, consistently and in line with our values.

2. PURPOSE

2.1 The purpose of the policy is to clearly set out the procedures for processing payments to staff via ARK's payroll department.

3. PRINCIPLES

3.1 All ARK staff will be appointed to the salary scales approved by ARK and in accordance with appropriate conditions of employment. All contracts of employment shall be concluded in accordance with ARK's approved HR policies and procedures.

4. NEW EMPLOYEES

4.1 Payroll is not involved in the recruitment process. The process from placing of advertisements to issue of contracts of employment is an HR function.

4.2 The Payroll department first becomes involved when HR enter the details of the new employee onto the Resourcelink HR system. Details include the employees' bank account details, tax, national insurance and pension data. The employee record is then considered to be "live" in the system and payment will be made at the appropriate date.

Payroll is notified of this information when a copy of the appointment form is sent to payroll and the person is also added onto the HR Excel spreadsheet with all of the other monthly salary changes. It is payroll's responsibility to ensure the correct employee payments are made as per the HR Excel spreadsheet and to ensure that these are made to staff on the last working day of the month, as per 5.7 below.

5. PAYMENT OF SALARIES

- 5.1 Salaries are paid in equal instalments equivalent to 1/12 of annual salary, with the exception of Relief staff. All payments are subject to tax, national insurance and deduction of pension contribution, if appropriate.
- 5.2 Part month payments are calculated on the basis of 1/12 of annual salary divided by the number of days in the month multiplied by the number of days left in the month from/to start date/leave date, as appropriate.
- 5.3 Relief staff are paid on an hourly rate basis, based on the hours input into Resourcelink by the individual's line manager. The hours for the month have to be entered onto Resourcelink within two working days of month end. All payment made via this payroll are subject to tax, national insurance and deduction of pension contribution, if appropriate.
- 5.4 Salary slips are posted on Myview by working day 3 of the start of the month and it is the responsibility of each employee to check their payslip to make sure it is correct. Any errors should be notified to the employees Line Manager as soon as possible to be corrected. If the Line Manager is in agreement with the error made he/she should e-mail payroll as soon as possible. Any staff member not checking their payslip who subsequently finds an error when their salary is received on pay day will not receive any additional monies due until the following month. Any overpayment of salary should be notified to Payroll immediately and they will inform HR who will start the process of recovering the debt, in line with HR policy 41. In the event that overpayments are not recoverable these should be referred to the Director of Finance who will review in line with the policy F05 'Write off of bad debts' to determine whether the amount should be written off.
- 5.5 Salaries of permanent staff are paid monthly via Banks Automated Clearing System (BACS). This allows us to pay salary by direct transfer to the bank or building society account of each individual employee.
- 5.6 Relief staff salaries, overtime and sleepover payments are paid monthly in arrears via BACS. This allows us to pay salary by direct transfer to the bank or building society account of each individual employee.
- 5.7 Salary payments are normally made on the last day of the month unless this falls on a Saturday, Sunday or Bank Holiday, in which case payment will be made on the last working day prior to the weekend or bank holiday. In December and January, salaries are paid earlier; this is usually one week earlier. The actual date will be notified prior to payment.

- 5.8 Only the Director of People and Organisational Development, the Head of Organisational Development and the Finance Business Partner for Head Office have authority to send the payroll BACS. The Head of Finance should only send the payroll BACS in an emergency due to the fact that they are responsible for checking the payroll.

Overtime

- 5.9 Head Office staff are generally not paid for overtime unless prior approval has been given by their Head of Department. Instead any overtime worked should be taken back as time off in lieu at a time mutually agreed between the employee and their line manager.
- 5.10 All other staff are eligible to be compensated for properly authorised overtime by either:
- Time off in lieu.
 - Payment at the appropriate rate as set out in the employees Contract of Employment.

Sleepover payments

- 5.11 Sleepover payments are paid one month in arrears at a standard rate, depending on which Local Authority area the employee works in.

Termination of Employment

- 5.12 Procedures for termination are set out in the employees Contract of Employment; these include the period of notice to be given. HR is notified by the individual or their line manager. HR then enters this information into Resourcelink. Payroll is notified of this information when a copy of the leavers form is sent to payroll and the person is also added onto the HR Excel spreadsheet with all of the other monthly salary changes. After final salary is processed for the employee, then the Payroll Department produce and issue the form P45 at the end of the month.

Authorisation of Payroll Payments

- 5.13 All forms sent to the Payroll Department authorising the payment of new employees or subsequent changes to their salary or temporary payments e.g. overtime, must be authorised by the appropriate line manager and HR.

6. STATUTORY REQUIREMENTS

PAYE

- 6.1 PAYE rules place an obligation on an employer to account for tax on emoluments paid to employees. Taxation of salaries and other allowances at source under the PAYE rules is the responsibility of the Payroll Department

which should be contacted in any cases of doubt or difficulty.

National Insurance (NI)

- 6.2 Three classes of NI are payable by or in respect of employees:

Class 1: Earnings related contributions paid by employees and employers

Class 1A: payable annually by employers for car and fuel benefits. Class 1A is payable on all benefits in kind;

Class 1B: paid by employers

As with PAYE the responsibility for accounting for Class 1 and 1B NIC lies with the Payroll Department. They should be consulted in cases of doubt or difficulty.

HR is responsible for any Class 1A liability.

Payslips and P60's

- 6.3 Printed payslips and P60's are no longer provided in hard copy to staff. Payslips and P60's are available on line via Myview.
- 6.4 If leaving ARK your final payslip will be a paper copy and any staff on a prolonged absence e.g. Maternity leave can request to receive a paper payslip.

Year end payroll routine

- 6.5 The Payroll Department will close Period 12 on Resourcelink and ensure the payroll balances with payments made to HMRC prior to the start of period 1 for the new tax year.
- 6.6 The P35 report is run and checked to ensure the balance totals to the HMRC Spreadsheet.
- 6.7 The Payroll Department run the Year End Process on Resourcelink. This clears down all employee year to date figures.
- 6.8 The 'Tax Calendar' on Resourcelink is created. (You should always have three calendars: the current tax year calendar and two future calendars) for example: 2018/19, being the current tax calendar, 2019/20 and 2020/21. This is required for any parental leave payments.
- 6.9 The suffix tax codes on Resourcelink should be increased by the appropriate amount for the New Year and Tax Codes uplifted.
- 6.10 It is important to import any P9's (HMRC will send a P9 if an employee's tax code is due to change from the start of the following tax year) before P6's (HMRC will send this form if the tax code of one of your employees changes at any time during the tax year) otherwise the employee may end up on the wrong tax code.

- 6.11 Update all Statutory Parameters (NIC, Student Loans, SSP, SMP, Auto Enrolment, Arrestment etc.) as per the information received from Resourcelink. Double check rates to HMRC web-site.
- 6.12 Release P60's onto My View and advise staff these are available to view.

7 Other

- 7.1 Please note for guidance on absence due to sickness and payment of sick pay refer to HR policy HR17 Sickness Absence Management. For guidance on payment of expenses refer to HR policy HR32 Expenses and Allowances.

8. MONITORING AND REVIEW OF POLICY

- 8.1 Responsibility for monitoring the application of this Policy will rest with the Senior Leadership Team of ARK Housing Association Ltd.

Agreed:	Approved by Senior Leadership Team	Apr 2018
	Approved by Finance Committee	Aug 2018
	Next Review	Apr 2021