

Payroll

Policy Reference Number: P01

Effective Date:	August 2025	Review Date:	August 2028
P&P Review Group Approval Date:	August 2025	Board Approval Date:	N/A
Owner:	Head of People & Organisational Development	Department:	People & Organisational Development
Issued To:	☐ Board of Management ☒ All Staff ☐ ET/LT ☐ Head Office Managers ☐ C&S Managers ☐ Department/Other:	Method of Delivery:	☒ Annual Declaration ☐ Learn Pro Individual Sign Off ☐ Line Manager to Share
Stakeholder Consultation	☐ All Staff ☐ Customer Engagement ☐ Union ☐ Employee Voices Group ☐ Head Office Managers ☐ C&S Managers ☒ Department/Other: SLT	This Policy will be reviewed every 3 years from the date of implementation or earlier if deemed appropriate for any legislation or regulatory changes. If this Policy is not reviewed within the above timescale, the latest approved Policy will continue to apply.	
Equality Impact Assessment		No	N/A
Data Protection Impact Assessment		No	N/A

Version Control

Date	Owner	Version	Reason for Change
Aug 2025	Head of People & Organisational Development	2.0	Cyclical Review & amalgamating several payroll related policies into one arching policy with multiple procedures.

Summary of Changes

Section	Change
All	New Policy template.
All	Integrated framework to link directly with related policies and procedures (car allowance, expenses, over/underpayments, leave, sickness).
3.0	Clearer responsibilities with roles of Payroll, Line Managers, and Employees now explicitly defined.
5.0	Clearer payroll rules regarding salary calculation, pay dates, overtime, sleepovers, on-call, and termination processes.

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1.0 Policy Statement

Ark is committed to ensuring that all aspects of payroll are managed with accuracy, transparency, and fairness. Timely and correct payment of salaries and allowances is fundamental to building trust with our employees, and this Policy establishes the framework by which payroll is administered consistently and in compliance with statutory and regulatory requirements.

This overarching Payroll Policy brings together the principles that guide the administration of pay and provides a single point of reference for the associated procedures: Car Allowance, Expenses and Allowances, and Overpayments and Underpayments. Together, these documents ensure that employees are supported with clear guidance on how payments are made, how entitlements are claimed, and how any discrepancies are managed and resolved.

Ark's approach to payroll is underpinned by our values of Trust, Respect, Understanding, Equality, and Integrity. We aim to embody these values by:

- Processing pay accurately and on contractual time;
- Providing accurate and transparent information on pay, deductions, and allowances;
- Complying fully with employment and HMRC legislation;
- Responding quickly, professionally and effectively to any issues raised.

By embedding these principles, Ark ensures that our people are confident in the reliability of their pay, enabling them to focus on delivering excellent customer outcomes, maintaining high-quality affordable homes, and providing exceptional care. Payroll is therefore not only an administrative process, but also a vital enabler of engagement, well-being, and organisational excellence.

1.1 Legal & Regulatory Framework

Ark's payroll framework is designed to align with relevant UK employment, tax and regulatory requirements, ensuring that all pay-related processes are fair, transparent, and compliant. This Policy complies with:

- Employment Rights Act 1996 – Governs employees' entitlement to pay, detailed payslips, and protection from unlawful deductions.
- National Minimum Wage Act 1998 & National Minimum / Living Wage Regulations – Ensures employees are paid at or above the statutory minimum rates.
- Working Time Regulations 1998 – Provides for statutory holiday pay and related entitlements.

- Income Tax (Earnings and Pensions) Act 2003 & HMRC PAYE Regulations – Requires Ark to deduct and account for tax, National Insurance, and other statutory contributions correctly.
- Equality Act 2010 – Ensures payroll practices are free from discrimination and promote equal pay for equal work.
- Pensions Act 2008 – Governs automatic enrolment and employer duties in relation to workplace pensions.
- Data Use and Access Act 2025, Data Protection Act 2018 & UK GDPR – Regulates the collection, use, and safeguarding of personal data in payroll records, ensuring confidentiality and lawful processing.
- HMRC Authorised Mileage and Allowance Payments Guidance – Ensures that expenses and allowances are processed in line with approved rates and tax rules.

Ark will ensure that all payroll activities are conducted in line with these statutory and regulatory requirements and embed best practice to protect employees, maintain compliance, and uphold organisational standards.

2.0 Scope

This Policy applies to all employees who receive payment through Ark's payroll system. It sets out the overarching principles governing salary, allowances, and related payments, and should be read in conjunction with the supporting procedures on:

- Car Allowance Procedure – covering eligibility, entitlements, and administration of car allowances.
- Expenses and Allowances Procedure – covering the reimbursement of expenses and payment of allowances in line with HMRC rules.
- Overpayments and Underpayments Procedure – covering the prevention, identification, and resolution of payroll discrepancies.

This Policy applies to all forms of pay and allowances processed through Ark's payroll, including:

- Basic salary and contractual pay;
- Overtime and additional hours;
- Statutory payments (e.g. maternity, paternity, sick pay);
- Approved allowances and expenses;
- Deductions, both statutory and contractual.

3.0 Roles & Responsibilities

There is a range of standard expectations which underpin all policies. Read more about standard [role and responsibilities](#). In addition, the following specific responsibilities apply to this Policy.

Employees are responsible for ensuring that their personal and banking details are accurate and up to date, submitting expense claims and allowance requests promptly and in line with procedure, and raising any concerns about their pay without delay. All staff are expected to familiarise themselves with this Policy and associated procedures, comply with its terms, and uphold Ark's values of Trust, Respect, Understanding, Equality, and Integrity in relation to payroll matters. Employees must check payslips for accuracy and notify their line manager immediately of any errors.

Line Managers are responsible for ensuring that members of their team are aware of this Policy and understand the processes for claiming allowances and expenses. They must check, authorise, and submit payroll-related information in a timely manner, ensure that claims are complete and accurate, and provide guidance and support to employees on the correct application of procedures. Managers are also expected to escalate any identified payroll errors or irregularities immediately to the relevant team.

The Payroll Team supports governance by maintaining up-to-date policy frameworks, advising managers and employees on interpretation of this Policy, and ensuring compliance with employment law, tax rules, and best practice. They oversee the development and communication of payroll processes and provide advice and guidance to managers to support consistency and fairness. The Payroll Team is responsible for the accurate and timely processing of all payroll transactions, including salaries, expenses, allowances, and deductions. They ensure compliance with statutory and regulatory obligations, maintain accurate records, safeguard employee data in line with data protection requirements, and act promptly to resolve any underpayments, overpayments, or queries.

By clearly defining these roles and responsibilities, Ark ensures that payroll is managed effectively, transparently, and in a way that protects both employees and the organisation.

4.0 Related Policies, Procedures & Documentation

- HR04 - Staff Code of Conduct Policy;
- HR11 - Maternity Policy;
- HR12 - Parental Leave Policy;
- HR17 - Sickness Absence Management Policy;
- HR23 - Adoption Policy;
- HR24 - Paternity Policy;
- HR37 - Shared Parental Leave Policy & Procedure;

- HR38 - Sleepover Policy;
- HR39 - On-Call Policy;
- HR42 - Working Time Directive Policy;
- P01a - Car Allowance Procedure;
- P01b - Expenses & Allowances Procedure;
- P01c - Overpayments & Underpayments Procedure;
- G24 - Data Protection Policy;
- G25 - Records Management Policy;
- [Ark's Vision, Mission & Values](#).

5.0 Payroll

All employees are entitled to receive accurate and timely pay in accordance with their contractual terms and conditions of employment, statutory requirements, and Ark's policies. Payroll has overall responsibility for ensuring that correct payments are made to staff on the notified pay date. Salaries, allowances, and deductions will be processed through Ark's payroll system and itemised on payslips. Employees are expected to check their payslip promptly and raise any concerns so that any errors can be addressed in line with the Overpayments and Underpayments Procedure.

5.1 Payment of Salaries

- Salary Calculation (Established Staff) – Permanent staff are paid in equal monthly instalments, equivalent to one-twelfth (1/12) of their annual salary, unless otherwise stated in their contract of employment. All salary payments are subject to deductions for tax, National Insurance, and pension contributions where applicable.
 - Salary is paid for the current month (e.g. 1–31 August is paid on 31 August).
 - Overtime is paid one month in arrears.
 - Sleepover and on-call payments are also paid one month in arrears (e.g. 1–31 July is paid on 31 August).
- Salary Calculation (Relief Staff) – Relief staff are paid on an hourly basis, according to hours authorised and submitted by their line manager. Payments are made monthly in arrears and include overtime and sleepover entitlements. All salary payments are subject to deductions for tax, National Insurance, and pension contributions where applicable.
- Part-Month Pay – Where employment begins or ends partway through a month, pay will be calculated on a pro-rata basis.
- Payslips – Electronic payslips are published before pay date. Employees must check payslips for accuracy and notify their line manager immediately of any errors.
- Payment Method – Payments are paid monthly via Banks Automated Clearing System (BACS) transfer into the employee's nominated bank or building society account.

- Pay Date – Salary is normally paid on the last working day of the month. Where this falls on a weekend or bank holiday, pay will be made on the preceding working day. Any adjusted pay dates will be communicated to you with as much notice as possible.
- Authorisation – Only the Director of Workforce Strategy and Business Transformation, Head of People & Organisational Development, Director of Finance & Digital Improvement, Head of Finance and Finance Business Partner have authority to release payroll BACS. The HR Business Partner will run a payroll check prior to the Payroll lead sending the relevant BACS information to authoriser.

5.2 Overtime

- Head Office staff are not ordinarily eligible for overtime payments. In exceptional circumstances, where business needs require additional hours to be worked, prior approval must be obtained from the relevant Head of Department with approval from the Executive Team. In most cases, compensation will normally be provided through time off in lieu (TOIL) at a time agreed between the employee and their line manager.
- Other staff will be compensated for properly authorised overtime either by TOIL or by payment at the contractual rate.

5.3 Sleepover & On-call Payments

- Sleepover & On-call payments are made one month in arrears at the standard rate applicable in the relevant Local Authority area. Please see HR38 Sleepover Policy & HR39 On-Call Policy for more information.

5.4 Authorisation of Payroll Changes

- Any change to an employee's pay (e.g. new starter, pay change, role change, overtime, allowance) must be authorised by the line manager and HR before being processed by Payroll.

5.5 Termination of Employment

- When employment ends, line managers will notify HR & Payroll via leavers form immediately.
- Payroll will calculate final salary in line with contractual notice and outstanding entitlements and issue a P45 at the end of the month.

5.6 Pay As You Earn (PAYE) and Tax

The Payroll Team is responsible for ensuring that all Pay As You Earn (PAYE) rules are applied correctly. This means that tax must be deducted at source from employees' pay in line with HMRC requirements. Payroll will:

- Calculate and deduct income tax from all taxable earnings, allowances, and benefits;
- Ensure that the correct tax codes are applied and updated in accordance with HMRC notifications;
- Pay over the deducted amounts to HMRC in full and on time;
- Maintain accurate records of all deductions and submissions.

Any queries about tax deductions or coding notices should be directed to the Payroll Team, who will liaise with HMRC where necessary to ensure compliance and accuracy.

5.7 National Insurance (NI)

It is the responsibility of the Payroll Team to ensure that all National Insurance (NI) contributions are calculated and paid correctly in line with HMRC requirements. NI contributions are a statutory deduction and form part of every employee's pay. The main classes of NI relevant to Ark are:

- Class 1 – Regular earnings-related contributions, deducted from employees' pay and matched by employer contributions.
- Class 1A – Annual employer contributions on certain benefits in kind.
- Class 1B – Employer contributions payable under a PAYE Settlement Agreement for agreed benefits and expenses.

Payroll is responsible for ensuring Class 1 and Class 1B contributions are processed and reported accurately. Class 1A liabilities will be calculated by Payroll and confirmed in coordination with HR to ensure all taxable benefits are captured.

Any questions or uncertainties relating to NI should be directed to the Payroll Team, who will ensure the correct guidance is applied and compliance with HMRC rules is maintained.

5.8 Payslips and P60s

All employees can securely access their payslips and annual P60s online through the payroll system. This ensures that pay information is available quickly, conveniently, and in a secure format.

- A paper copy of the final payslip will be issued to employees when they leave Ark.
- Employees on extended absence (e.g. maternity leave) may request paper copies of payslips if they are unable to access the payroll system.
- Employees are responsible for checking their payslips promptly and reporting any discrepancies to their line manager, who will liaise with Payroll to resolve the issue.

This approach supports accuracy, accessibility, and environmental sustainability by reducing unnecessary printing.

5.9 Year-End Processes

The Payroll Team is responsible for completing all statutory year-end routines to ensure compliance with HMRC requirements and accuracy of employee records. This includes:

- Closing the final payroll period of the tax year in payroll system and reconciling all payments to HMRC;
- Running year-end reports and processes, including the production of P60s for all employees;
- Updating statutory rates and thresholds (e.g. National Insurance, tax, statutory payments, pensions, and student loans) in line with HMRC guidance;
- Applying new or revised HMRC tax codes and ensuring all coding notices are actioned promptly;
- Communicating to staff when P60s are available to view.

These year-end processes ensure that Ark remains fully compliant with tax legislation, that employee records are accurate, and that staff receive the correct statutory documentation.

5.10 Expenses and Allowances

Claims for expenses and allowances must be submitted in line with Ark's Expenses and Allowances Procedure. Claims must be accurate, supported by valid receipts where required, and authorised by the appropriate line manager before being processed by Payroll.

Payroll will ensure that approved claims are reimbursed through the twice monthly cycle and that all payments comply with HMRC rules. Please see P01b Expenses & Allowances Procedure for more information.

5.11 Overpayments and Underpayments

Payroll discrepancies will be managed in line with Ark's Overpayments and Underpayments Procedure. Underpayments will be corrected at the earliest opportunity, and overpayments will be recovered fairly and transparently in accordance with policy and statutory requirements. Please see P01c Overpayments & Underpayments Procedure for more information.

5.12 Statutory Payments

Payroll is responsible for administering all statutory payments (and occupational payments where necessary) in line with employment law and HMRC requirements, including but not limited to:

- Statutory Sick Pay;
- Statutory Maternity Pay;
- Statutory Paternity Pay;
- Statutory Adoption Pay;
- Shared Parental Pay.

These payments will be made in accordance with Ark's Family Leave and Sickness Policies, and employees will be notified of their entitlements in writing.

5.13 Earnings Assessment

When an earnings assessment is received, Payroll will review the employee's gross earnings to determine the appropriate deductions as required by law or court order. Payroll will ensure that any mandatory deductions are applied correctly, within the legal limits, and in the order of priority specified by legislation. Payroll will remit the deducted amounts to the relevant authority or agency in a timely manner.

5.14 Holiday Pay Top-Up

Ark provides holiday pay top-up to ensure employees receive pay that reflects their normal earnings and complies with statutory requirements. For Relief employees, top-up is calculated monthly in arrears as a proportion of total pay for that period. For Established employees, top-up is calculated quarterly and is based on the relevant additional earnings such as overtime, enhanced overtime, and sleep-in shifts over the reference period. All calculations are carried out by Payroll in line with legislation with payments itemised on employee payslips.

5.15 Confidentiality and Data Protection

Access to payroll records will be restricted to authorised staff only and payroll information will be handled securely and confidentially at all times. All personal data processed through payroll will be managed in accordance with the Data Protection Act 2018, UK GDPR, Data Use and Access Act 2025 and Ark's Data Protection Policy.

6.16 Audit and Compliance

Payroll processes are subject to regular internal review and external audit to ensure accuracy, compliance, and accountability. Findings from these reviews will be used to improve systems, strengthen controls, and ensure that payroll continues to meet statutory obligations and organisational standards.

6.0 Training & Monitoring Requirements

6.1 Training

Staff involved in delivering and supporting payroll will receive training appropriate to their role and responsibilities. Ark will ensure that members of the Payroll Team, HR, Finance, and managers who authorise pay-related changes have a clear understanding of this Policy and the associated procedures. Ark will ensure that relevant employees have an awareness of this Policy and receive adequate coaching from the Payroll Team to enable them to effectively fulfil their roles and contribute to the continuous development of staff, the quality of services delivered, and the overall success of the organisation.

6.2 Monitoring

To ensure the effectiveness and continuous improvement of the Payroll Policy, regular monitoring and review processes will be carried out. This includes:

- Cyclical Review: The Policy will be formally reviewed every 3 years, or sooner if required, to ensure it remains aligned with legal requirements, regulatory expectations, and best practice.
- Ongoing Monitoring: The implementation and application of the Policy will be continuously monitored by the Payroll team to ensure it is being applied fairly, consistently, and effectively across Ark.
- Audit and Assurance: Payroll records and processes will be subject to internal checks and external audits, with outcomes used to identify improvements, strengthen controls, and reduce risk.

The outcomes of these monitoring activities will inform updates to the Policy and strengthen Ark's commitment to building a culture of continuous learning, fairness, and high performance.