# FLEXY HEALTH CARE LTD

## EWA OPERATIONAL GUIDANCE & STATUTORY COMPLIANCE CHARTER

**Standard:** UK Payroll & ERA 1996
**Governance:** HMRC, FCA & NMW Alignment
**Issued By:** Operations & Payroll Directorate

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|---|---|---|---|
| **Facility Scope:** | Earned Wage Access (Accrued Salary Advance) | **Eligible Workforce:** | Active HCAs, Support Workers & Agency Nurses |
| **Maximum Advance Cap:** | Up to 50% of verified accrued gross pay unless agreed by consultant | **Fee / Interest Structure:** | 0% Interest • Zero percentage transaction fees<br>Withdrawal can be charged upto 5 pounds maximum per withdrawal |

## 1. PURPOSE & REGULATORY ALIGNMENT

This operational policy sets out the principles under which Flexy Health Care Ltd ("the Company") provides an Earned Wage Access (EWA) facility to active employees and agency temporary staff. EWA allows healthcare workers early liquidity against shifts already worked and verified, preventing financial distress while maintaining statutory payroll compliance.

## 2. TRIPARTITE REGULATORY SAFEGUARDS

| Regulatory Area | Statutory Requirement | Flexy Health Compliance Mechanism |
|---|---|---|
| **Section 27 ERA 1996** *(Deduction from Wages)* | Deductions from wages are unlawful unless authorised by statute or explicit prior written consent. | Every worker executes the signed EWA Deduction Authorisation before requesting any disbursement, granting explicit written deduction consent. |
| **HMRC / PAYE Rules** *(Income Tax & NI)* | Tax liabilities must be reported and calculated through Real Time Information (RTI) on contractual paydays. | Advances are treated as net payments on account. PAYE Income Tax and Class 1 NI are calculated on the full gross earnings on monthly payroll. |
| **FCA Regulatory Perimeter** *(Consumer Credit)* | Advances must not constitute a consumer credit agreement, loan, or wage-sale scheme. | EWA advances only accrued, earned earnings. No interest, credit charges, or fee escalators apply; advances fall outside FCA credit regulation. |
| **National Minimum Wage (NMW)** *(Department for DBT)* | Statutory deductions and wage recovery must not reduce legal wage entitlements beneath the NMW. | Advances are payments of wages already earned; recovery of salary advances does not reduce NMW reference pay under Regulation 12 NMWR. |

**Statutory Protection Confirmation:** By structuring EWA as an advance of earned pay backed by prior written consent under Section 27 of the Employment Rights Act 1996, Flexy Health Care Ltd safeguards its business against HMRC audits, FCA scrutiny, and unlawful wage deduction claims.

## 3. STANDARD OPERATING PROCEDURE (WORKFLOW)

| Stage | Action Required | Operational Standard & Controls |
|---|---|---|
| **1. Accrual** | Timesheet Verification | Shifts completed at client facilities (e.g.) must be confirmed via signed timesheet or digital time log. Unverified hours cannot be advanced. |
| **2. Request** | Employee Application | Worker submits advance request (maximum 50% of verified gross wages accrued for the active pay cycle). Disbursement is processed directly into the certified employee bank account unless agreed otherwise. |
| **3. Payroll** | Gross-to-Net Calculation | On standard payroll, software calculates total gross wages, deducts statutory PAYE Tax and Employee NI, and nets off the EWA advance amount. |
| **4. Settlement** | Payslip Reconciliation | The payslip reflects total gross pay, statutory PAYE deductions, the specific "EWA Advance Deduction" line, and the remaining net balance paid to the worker. |

**Insufficient Net Pay Protocol:** If an employee experiences unforeseen mid-week sickness or reduced hours resulting in net pay insufficient to recover the full advance, the outstanding balance automatically rolls forward to subsequent pay cycles until fully cleared, without penalties or interest.