

Salary Overpayments/ Underpayments Policy

Date	Version	
November 2015	3	
Purpose		
The purpose of this policy is to ensure that all staff understand the process for dealing with salary under or overpayments, in an efficient manner.		
Who should read this document?		
This Policy applies to all employees and former employees of Plymouth Hospitals NHS Trust.		
Key messages		
The Trust is required to ensure that employees are paid correctly at all times. Applying this policy will ensure that any errors whether they be an overpayment or an underpayment, are corrected.		
Accountabilities		
Production	Deputy Director of HR	
Review and approval	Director of Human Resources and Organisational Development	
Ratification	Director of Human Resources and Organisational Development	
Dissemination	Deputy Director of HR	
Compliance	Director of Human Resources and Organisational Development	
Links to other policies and procedures		
None.		
Version History		
V1	2001	Draft
V1.1	September 2009	Implementation of automatic recovery of undisputed items
V2	October 2012	Amendment to title and contents, transferred to new format
V2.1	October 2014	Letters updated
V3	November 2015	Minor amendments
Last Approval		Due for Review
November 2015		November 2020

PHNT is committed to creating a fully inclusive and accessible service.

Making equality and diversity an integral part of the business will enable us to enhance the services we deliver and better meet the needs of patients and staff.

We will treat people with dignity and respect, actively promote equality and diversity, and eliminate all forms of discrimination regardless of (but not limited to) age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage/civil partnership and pregnancy/ maternity.

**An electronic version of this document is available in Trust Documents.
Larger text, Braille and Audio versions can be made available upon request.**

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1 Introduction

The purpose of this policy is to ensure that employees of Plymouth Hospitals NHS Trust understand the process for dealing with salary under or overpayments and that these are managed in a transparent manner. This policy relates to both salary under and over payments, and applies to all staff.

2 Purpose, including legal or regulatory background

The Trust is required to ensure that employees are paid correctly at all times. If an overpayment of salary or any other payment of public funds occurs for any reason, the Trust will recover the overpayment from the employee in full. Similarly, the Trust will take steps to correct any underpayment of salary or any other payment to which an employee is entitled.

All employees have a responsibility for checking each payslip they receive and should they believe their pay is incorrect, they must advise their Line Manager, and Payroll in writing.

3 Definitions

Salary - Remuneration that is paid on a regular basis, which flows out of the contractual relationship between the employer and employee.

Overpayment – a payment that is over and above the remuneration that is paid on a regular basis, which flows out of the contractual relationship between the employer and employee.

Underpayment - a payment that should have been paid but has not been, which forms part of the remuneration that is paid on a regular basis, which flows out of the contractual relationship between the employer and employee.

4 Responsibilities

Director of HR and OD is responsible for:

- Ensuring that appropriate systems exist which enables the Trust to deal with all Payroll discrepancies in a fair and equitable manner.
- Ensuring discrepancies are managed in accordance with current employment legislation and good practice, as these may be amended from time to time.

Payroll are responsible for:

- Ensuring that the overpayments and underpayments are communicated to the relevant employee(s) in a timely, consistent and equitable manner, to include a copy of the notification to Directorate management, Finance and HR Business Partners.

- Arranging deductions from future salary payments to recover overpayments made to current staff.
- Notifying the budget holders helpdesk of invoices required to be raised to staff who have left the Trust.
- Notifying HR of any disputes.

Finance are responsible for:

- Raising invoices on instruction from Payroll.
- Recording all salary overpayments in the Trust's ledger and monitoring the collection of these amounts in line with the parameters as created in this policy.

Cost centre managers/ budget holders are responsible for:

- Ensuring they review all salaries and wages charged to their cost centre, on a monthly basis to ensure they are correct, and query any unusual items or unexplained variances with Payroll and the management accountants promptly after being identified.

The HR Team are responsible for:

- Providing documentary evidence to the Finance Department for all cases where an overpayment occurs and the reason why such overpayment occurred, i.e. no documentation, late reporting or capturing errors.

The Trust's Local Counter Fraud Specialist is responsible for:

- Investigating all overpayments that may be considered fraudulent.

All employees or NHS employees whose payroll services are performed by the Trust are responsible for:

- Remaining aware of their own position and obligations under this policy, including checking the payslip each month.
- Ensuring that where they believe there are issues in relation to their pay, due to either under or over-payments, where advice is obtained, they should keep a written record of this, including details of the individuals they have spoken to.

5 Discrepancies on the payroll, overpayment of salary or any other payment discrepancy

If an employee identifies a salary overpayment, they must inform their Line Manager **and** payroll in writing without delay at the earliest opportunity. Failure to do so, may result in disciplinary action and referral to the Local Counter Fraud Specialist (LCFS). The LCFS will decide whether to carry out an investigation that may culminate in

criminal proceedings and/or disciplinary action being commenced/taken against an employee in the event of a failure to disclose an overpayment. It should be noted that under Section 5 (4) of the Theft Act (1968), where property (money) is paid through an error (overpayment), an intention not to make such restoration is regarded under this Act as theft.

Payroll will then confirm the overpayment by communication to the relevant employee in line with the responsibilities outlined above.

After an overpayment of salary or any other payment has occurred, the employee will be provided with written confirmation of the overpayment, the amount, a brief description of the reason for the overpayment, how payment can be made and the planned recovery. (Please refer to copy letters at Appendices 4 - 6). The employee's address used will be the last known home address held on the Electronic Staff Record System and it is the employee's responsibility to ensure that the Workforce Team has been notified of any changes of address (by using a change of circumstances form available on Healthnet or via the HR Department).

All overpayments are to be advised to the Financial Accountant who will check that overpayments in respect of employees who have left the Trust have been raised in the Trust's debtor ledger. 5.4 Once the letter has been sent to the employee advising them of the salary overpayment, they have 15 working days to dispute any aspect including the reason for the overpayment, the amount of the overpayment or the recovery terms. An employee can also request a meeting to discuss the overpayment. If any aspect is challenged or a meeting requested this must be done in writing.

Payroll will advise HR who will provide details of a location, date and time for a meeting to take place with the employee providing no less than 10 days notice allowing the employee the opportunity to be represented, if so desired. It is confirmed that any employee has a right to be accompanied by a representative, who may be a fellow Trust employee; an official employed by a trade union or a lay trade union official, (accredited representative) as long as they are certified by the trade union as having experience of or trained in acting in this role. A representative from Human Resources (and Payroll / Finance where appropriate) will also attend the meeting.

Finance, HR (including Payroll staff) have the right to discuss the overpayment confidentially, with the employee's Line Manager and/or any other person within the Trust as appropriate.

If no written response to the Trust's letter, addressed to the employee referred to in the paragraphs above, is received by the 16th working day, then Payroll will start recovery on the next available pay day. Where an employee is away during the 15 day period referred to at para 5.4 above and has not had sight of the letter, (during annual leave for example), the Line Manager will notify Payroll of this fact, so that an appropriate extension to the 15 day period can be agreed.

Recovery will be based on the period in which the overpayment occurred. Repayment will be calculated using two different criteria:

- Criteria one: If the overpayment occurred and only affected one salary payment then this amount will be recovered in full on the next available pay day. E.g. if you were overpaid £300 the previous payday then the full amount will be taken from your next available salary payment. (Appendix 5).

- Criteria two: If the overpayment occurs over more than one payday then the overpayment will be recovered over the next three pay days. For example, a £1200 overpayment will be recovered at £400 a month over 3 months (Appendix 4).

A copy of the repayment schedule will be held on the Staff Personal File. In accordance with the Employment Rights Act 1996, no consent is deemed required to recover overpayments of Payroll payments.

The Trust will endeavour to recover all salary overpayments within three months subject to the value of basic pay. In all circumstances where recovery is to extend beyond 3 months, for example in cases of financial hardship, authorisation needs to be obtained from the Director of HR and OD and the Director of Finance. If extended payment terms are granted then any permanent change in salary (promotion, increase hours etc) will lead to an increase in the terms pro rata. All overpayments must be recorded and reported on a monthly basis.

6 Overpayment of salary or any other payments for employees who have left the Trust

Once Payroll have advised Finance that an overpayment has been identified, the amount will be recorded in the Trust's debtor's ledger. The ex-employee will be provided with written notice of the background of the overpayment, the amount, and immediate settlement of the overpayment will be required (Appendix 6).

Correspondence between the Trust and the ex-employee will be to the last known home address held on the Electronic Staff Record System. This process also applies to any other outstanding obligations that arise for example, study leave, salary sacrifice etc.

7 Overpayment of salary or any other payments for employees who have left the Trust during the recovery of the overpayment

All existing overpayment arrangements are terminated for employees who subsequently leave the Trust for any reason. Any outstanding balance will be recovered in full from any final pay. Should the final salary payment (or the amount of any arrears subsequently due) not be sufficient to cover any remaining balance outstanding, an immediate settlement will be required prior to departure.

If employees are unable to pay, an invoice will be raised for the balance. As a Trust debtor, employees will need to pay the full amount immediately. Failure to repay the overpayment will be referred to the Trust's debt collecting agency which will attract additional costs that the employee will be responsible for. Employees should note such action could affect subsequent credit applications.

8 Underpayment of salary or any other payments

The principle after an underpayment of salary is that the position will be corrected in full, in the next available salary payment. The employee can request that Payroll consider an interim payment which will not be unreasonably refused.

9 Wilful misrepresentation by the employee

If an overpayment of salary is caused because the employee has wilfully misrepresented facts or relevant data, the LCFS will decide whether to carry out an investigation. This may culminate in criminal proceedings and/or disciplinary action being commenced/taken against an employee in the event of a failure to disclose an overpayment.

10 Overall Responsibility for the document

The Director of Human Resources and Organisational Development has overall responsibility for this document.

11 Consultation and ratification

The design and process of review and revision of this policy will comply with The Development and Management of Trust Wide Documents.

The review period for this document is set as default of five years from the date it was last ratified, or earlier if developments within or external to the Trust indicate the need for a significant revision to the procedures described.

This document will be approved by the HR & OD Committee and ratified by the HR Director. Non-significant amendments to this document may be made, under delegated authority from the HR Director, by the nominated author. These must be ratified by the HR Director and should be reported, retrospectively, to the HR & OD Committee.

Significant reviews and revisions to this document will include a consultation with named groups, or grades across the Trust. For non-significant amendments, informal consultation will be restricted to named groups, or grades who are directly affected by the proposed changes

12 Dissemination and Implementation

Following approval and ratification, this policy will be published in the Trust's formal documents library and all staff will be notified through the Trust's normal notification process, currently the 'Vital Signs' electronic newsletter.

Document control arrangements will be in accordance with The Development and Management of Trust Wide Documents.

The document author(s) will be responsible for agreeing the training requirements associated with the newly ratified document with the HR Director and for working with the Trust's training function, if required, to arrange for the required training to be delivered.

13 | Monitoring compliance and effectiveness

Monitoring of the policy and procedure will be undertaken by the Deputy Director of Human Resources. This Policy will be reviewed regularly by the HR Directorate, management and staff side through the JSNC and MSP mechanism.

The standards and Key Performance Indicators identified with the implementation of this policy are the NHSLA and Standards as determined by the Care Quality Commission.

The Trust will undertake a regular review of this policy. It should be noted that the responsibilities in this policy are legally enforceable and that managers (and employees where applicable) failing to uphold their responsibilities may find themselves in breach of internal disciplinary policies and legislation.

Information for equality monitoring will be recorded as required to ensure equality regulations are met in respect of any formal process commenced under this policy.

14 | References and associated documentation

None.

Core Information				
Document Title	Salary Overpayment/ Underpayments Policy			
Date Finalised	November 2015			
Dissemination Lead	Martin Bamber, Deputy Director of HR			
Previous Documents				
Previous document in use?	Yes			
Action to retrieve old copies.	Still current, will be replaced by this one.			
Dissemination Plan				
Recipient(s)	When	How	Responsibility	Progress update
All Trust Staff	November 2015	Vital Signs	HR & OD Directorate	

Review		
Title	Is the title clear and unambiguous?	Yes
	Is it clear whether the document is a policy, procedure, protocol, framework, APN or SOP?	Yes
	Does the style & format comply?	Yes
Rationale	Are reasons for development of the document stated?	Yes
Development Process	Is the method described in brief?	Yes
	Are people involved in the development identified?	Yes
	Has a reasonable attempt has been made to ensure relevant expertise has been used?	Yes
	Is there evidence of consultation with stakeholders and users?	Yes
Content	Is the objective of the document clear?	Yes
	Is the target population clear and unambiguous?	Yes
	Are the intended outcomes described?	Yes
	Are the statements clear and unambiguous?	Yes
Evidence Base	Is the type of evidence to support the document identified explicitly?	Yes
	Are key references cited and in full?	Yes
	Are supporting documents referenced?	Yes
Approval	Does the document identify which committee/group will review it?	Yes
	If appropriate have the joint Human Resources/staff side committee (or equivalent) approved the document?	Yes
	Does the document identify which Executive Director will ratify it?	Yes
Dissemination & Implementation	Is there an outline/plan to identify how this will be done?	Yes
	Does the plan include the necessary training/support to ensure compliance?	Yes
Document Control	Does the document identify where it will be held?	Yes
	Have archiving arrangements for superseded documents been addressed?	Yes
Monitoring Compliance & Effectiveness	Are there measurable standards or KPIs to support the monitoring of compliance with and effectiveness of the document?	Yes
	Is there a plan to review or audit compliance with the document?	Yes
Review Date	Is the review date identified?	Yes
	Is the frequency of review identified? If so is it acceptable?	Yes
Overall Responsibility	Is it clear who will be responsible for co-ordinating the dissemination, implementation and review of the document?	Yes

Core Information	
Manager	Richard Maguire
Directorate	Directorate of Human Resources & Organisation Development
Date	November 2015
Title	Salary Overpayments/ Underpayments Policy
What are the aims, objectives & projected outcomes?	To ensure that employees are paid correctly and that any errors are corrected.
Scope of the assessment	
Collecting data	
Race	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Religion	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Disability	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Sex	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Gender Identity	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Sexual Orientation	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Age	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.
Socio-Economic	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.

Human Rights	There is currently no data collected to show whether there will be an impact in this area. However data will be monitored through workforce data reporting and analysis.			
What are the overall trends/patterns in the above data?	No trends or patterns identified at this stage. However, workforce data will be identified and appropriate action plans put in place.			
Specific issues and data gaps that may need to be addressed through consultation or further research	There is currently no data to monitor the impact on gender identity, socio-economic and human rights			
Involving and consulting stakeholders				
Internal involvement and consultation	HR Business Partners, Trust Senior Management Team, JSNC			
External involvement and consultation				
Impact Assessment				
Overall assessment and analysis of the evidence	At present there is no anticipated negative impact. However, the workforce data that can be collected will be monitored to assess the impact.			
Action Plan				
Action	Owner	Risks	Completion Date	Progress update



Payroll & Benefits Service Centre
Ground Floor Bircham House
William Prance Road
Derriford
Plymouth
PL6 5WR

Tel: 0845 155 8088
www.plymouthhospitals.nhs.uk

Dear

Notification of Salary Overpayment

I am writing to confirm that a salary overpayment of £ has been identified, which has led to a net overpayment of £.

If you were instrumental in advising the Trust about the overpayment may I take this opportunity to thank you for this information.

The net overpayment is after adjustments for income tax, national insurance and pension contributions where appropriately apportioned.

The overpayment is due to the incorrect payment of salary for This occurred due to

In accordance with the Trust's Salary Over/Underpayments Policy, we are required to correct this overpayment.

Repayment can be made by cheque payable to Plymouth Hospitals NHS Trust or via your salary.

If you do not agree with any aspect of this overpayment or the proposed recovery, I would ask that you please contact me in writing within 15 working days from the date of this letter. You can email your response to pfss.payroll@nhs.net. Where possible, please provide written evidence to support any dispute.

Please note that if no written contact is received, or if we do not receive payment in full via cheque, we will deduct the amount of £..... from your next salary. We will continue to deduct £.... from each salary until the overpayment has been recovered in full.

Where written contact is received a meeting will be arranged as soon as possible to discuss the overpayment and the necessary recovery.

Should you leave the Trust, for any reason, the Trust is required to recover any outstanding balance in full from any final salary. Should the final salary not be sufficient to cover any remaining balance outstanding, a settlement will be required prior to departure.

If you wish to pay by cheque please send your remittance to the address at the head of this letter marked for the attention of the Payroll & Benefits Manager enclosing the tear off slip below

Yours Sincerely,

Jenny Petherick
Payroll & Benefits Manager

cc Finance,
Personnel File
Line Manager,
HR Business Partner

✂-----

NAME:

PAY REFERENCE:

I enclose a cheque for £..... made payable to Plymouth Hospitals NHS Trust in respect of the payroll overpayment notified to me.

Signed Date



Payroll & Benefits Service Centre
Ground Floor Bircham House
William Prance Road
Derriford
Plymouth
PL6 5WR

Tel: 0845 155 8088
www.plymouthhospitals.nhs.uk

Dear

Notification of Salary Overpayment

I am writing to confirm that a salary overpayment of £ has been discovered which has led to a net overpayment of £

If you were instrumental in advising the Trust about the overpayment may I take this opportunity to thank you for this information.

The net overpayment is after adjustments for income tax, national insurance and pension contributions where appropriately apportioned.

The overpayment is due to the incorrect payment of salary for This occurred due to

In accordance with the Trust's Salary Over/Underpayments Policy, we are required to correct this overpayment.

Repayments can be made by cheque payable to Plymouth Hospitals NHS Trust or via your salary.

If you do not agree with any aspect of this overpayment or the proposed recovery, I would ask that you please contact me in writing within 15 working days from the date of this letter. You can email your response to pfss.payroll@nhs.net. Where possible, please provide written evidence to support any disagreement.

Please note that if no written contact is received, or if we do not receive payment in full via cheque, we are obliged to recover the overpayment, to the value of £.... from your next salary.

Where written contact is received a meeting will be arranged as soon as possible to discuss the overpayment and the necessary recovery.

Should you leave the Trust, for any reason, the Trust is required to recover any outstanding balance in full from any final salary. Should the final salary not be sufficient to recover any remaining balance outstanding, a settlement will be required prior to departure.

If you wish to pay by cheque please send your remittance to the address at the head of this letter marked for the attention of the Payroll & Benefits Manager enclosing the tear off slip below.

Yours Sincerely,

Jenny Petherick
Payroll & Benefits Manager

cc Finance, Personnel File
Line Manager
HR Business Partner

NAME:

PAY REFERENCE:

I enclose a cheque for £..... made payable to Plymouth Hospitals NHS Trust in respect of the payroll overpayment notified to me.

Signed Date



Payroll & Benefits Service Centre

Ground Floor Bircham House
William Prance Road
Derriford
Plymouth
PL6 5WR

Tel: 0845 155 8088
www.plymouthhospitals.nhs.uk

Dear

Notification of Salary Overpayment

I am writing to confirm that a salary overpayment of £ has recently been discovered which has led to a net overpayment of £ .

If you were instrumental in advising the Trust about the overpayment may I take this opportunity to thank you for this information.

The net overpayment is after adjustments for income tax, national insurance and pension contributions where appropriately apportioned.

This overpayment is due to the incorrect payment of salary for . This occurred due to you being in receipt of .

In accordance with the Trust's Salary Over and Underpayments Policy, we are required to correct this overpayment.

As required under the Trust's Salary Over and Underpayments Policy, I will request that the Finance Department raise an invoice for the full amount of the outstanding overpayment.

Please note you will then need to pay the full amount of the invoice within 15 days, in line with the guidance provided with the invoice.

Repayment may be made by cheque payable to Plymouth Hospitals NHS Trust or by Credit or Debit card. Full payment instructions will be provided on the invoice.

Yours Sincerely

Jenny Petherick

Payroll & Benefits Manager

cc Finance,

Personnel File

Manager

HR Business Partner