


TRUST POLICY FOR RECOVERY OF OVERPAYMENT/ UNDERPAYMENT OF SALARY, ALLOWANCES AND/OR EXPENSES

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Version / Amendment History	Version	Date	Author	Reason
	2.1	Nov 2009	Deputy Director of HR	Original Policy
	2.2	July 2010	Deputy Director of HR	Major Amendments
	3.0	August 13	Deputy Director of Workforce	Updating to improve controls
	3.2	Nov 2014	Deputy Director of Workforce	Minor Amendment
	3.3	July 2018	Deputy Director of Workforce	Derby Policy Unified for UHDB
	3.4	April 2019	Director of Operational HR and Workforce Integration	Review - Minor amendments
	3.5	October 2021	Workforce Systems Manager	Minor amendments
	3.6	June 2023	Workforce Systems Manager	Minor amendments
Intended Recipients: This policy applies to all employees of the Trust, including Medical and Dental staff. It does not, however, apply to agency workers.				
Training and Dissemination: Policy is launched and available through the Trusts Intranet Sites, Comms Briefing and People Services Advisory Note				
Linked Policies: Trust Debt Collection Policy (Finance)				
EIRA completed: Policy checklist followed and evidence with due regard to protected characteristics				
Approving Body and Date			Trust Delivery Group - 26 June 2023	
Issue Date			June 2023	
Review Date and Frequency			June 2026 and then every 3 years	
Contact for Review			Director of People Services	

Approving Executive	 Amanda Rawlings, Executive Chief People Officer
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RECOVERY OF OVERPAYMENT / UNDERPAYMENT OF SALARY, ALLOWANCES AND/OR EXPENSES POLICY

1. Introduction

University Hospitals of Derby and Burton NHS Foundation Trust is committed to ensuring all colleagues are paid in a correct and timely fashion.

However on occasion, colleagues may be overpaid or underpaid in terms of salary, honorarium, allowances, benefits and expenses. In these circumstances the Trust has a responsibility to put steps in place to correct, learn and manage the error and recover or repay monies as appropriate.

2. Purpose and Outcomes

The purpose of this policy is to ensure that colleagues affected by payment anomalies are informed directly and ensure that colleagues know the processes that take place when these events occur and can discuss their personal circumstances when required to recover or repay monies. In accordance with the Employment Rights Act 1996 and the Trust Statement of Conditions of Employment, a deduction of an over-payment can be made and any recovery will be made in accordance with the legislation.

3. Mutual Responsibilities

3.1 Director of Finance and Information

The Audit Committee will be informed of losses up to £5,000 as part of the Trust's reporting of Bad Debts. Write off of debts greater than £5,000 requires approval by the Finance Committee. Write off of salary overpayments is subject to approval in line with the authorisation limits as defined in the Trust Scheme of Delegation (SoD).

3.2 Chief People Officer

The Chief People Officer has responsibility for ensuring implementation and monitoring of the Workforce Policies and Procedures as well as ensuring that systems are in place.

3.3 Pay and Pensions Manager

The Pay and Pensions Manager has responsibility for ensuring that appropriate systems are in place to monitor and assure compliance with policy and legislation.

3.4. Pay Services

Pay Services has the responsibility for ensuring that prompt action is taken as soon as an over or underpayment is discovered. The line manager should be made aware, and they in turn will be responsible for ensuring that the colleague affected is spoken to and made aware of the error occurring. Pay Services and the Line Manager have responsibility for the recovery and repayment of monies. Where necessary, the Director of Finance and Information or Chief People Officer may be informed as appropriate.

3.5 Trust Treasurer

The Trust Treasurer is responsible for recording all salary overpayments in the Trust's ledger and administering collection of these amounts.

3.6 Anti-Crime Specialist

The Local Anti-Crime Specialist will investigate all overpayments that may be suspected of being fraudulent.

3.7 Line Managers

Line Managers are responsible for the accuracy of all information related to payments they send to the Pay Services and that processes are in place to avoid errors which lead to overpayments or underpayments and can cause unnecessary stress to all concerned in reaching a satisfactory resolution.

Pay Services notification (via ESR Self Service for changes and terminations) must be completed in advance by the advised monthly cut off dates on Neti. Pay Services must be made aware of any late terminations via an email or phone call in order to avoid an overpayment, where possible.

Line Managers are responsible for managing any concerns relating to repayment plans taking advice as required.

3.8 People Services.

The People Services Advisory Team and or the Divisional Human Resource Business Partners or appropriate members of the Directorate will provide Line Managers with the advice and support to manage concerns relating to repayment plans.

3.9 Colleagues

Colleagues are responsible for regularly checking their payslip and must bring any apparent errors to the attention of their Manager and Pay Services as matter of priority so that a resolution can be found.

4. Definitions

4.1 Colleagues and Workers

This term refers to colleagues who are in receipt of a salary, honorarium, allowances or expenses, by virtue of a substantive, (FTC), annualised hours, voluntary or other contract such as honorary, that gives them some form of financial remuneration from the Trust.

4.2. Ex-employees

This term refers to former colleagues who have left the Trust and were in receipt of a salary, honorarium, allowances or expenses either in a substantive, (FTC), Annualised Hours, Voluntary or other contract such as Honorary, that gave them some form of financial remuneration from the Trust.

4.3. Overpayments

This term refers to any additional payment of salary / honorarium, allowances or expenses that a colleague would not normally receive by way of payment.

4.4. Underpayments

This term refers to an insufficient payment of salary / honorarium, allowances or expenses that a colleague would normally be in receipt of.

5. Monitoring Compliance and Effectiveness

5.1 Review & Approval Process

The recognised Trust formal committees are responsible for the review, approval and monitoring of this policy, which will be monitored in a composite report presented by pay services to the

Trust Treasurer and HR Business Partner on a monthly basis, with updates to be provided via People Policy Review Group (PPRG).

Monitoring Requirement

- Process for ensuring payment errors are corrected promptly and colleagues informed
- Process to be followed once concern has been raised with manager/colleague.
- Monitoring trends / incidents of overpayments and underpayments and resolution.

Monitoring Method

- Records of overpayments will be maintained by Pay Services.
- Overpayments are reported to HR BP'S and to Business Units as part of routine Workforce reporting and Performance Management Meetings.
- Matters of concern will be escalated to the People and Culture Improvement Group.
- Underpayments to be reported and monitored.

6. References

Office of Public Section Information

Employment Rights Act 1996 Section 13 and Section 14

http://www.opsi.gov.uk/acts/acts1996/ukpga_19960018_en_1

Theft Act 1968 & 1978 & 1996

<http://www.opsi.gov.uk>

RECOVERY OF OVERPAYMENT / UNDERPAYMENT OF SALARY, ALLOWANCES AND/OR EXPENSES GUIDANCE

1. Mutual Responsibilities

Whilst every effort should be made to avoid errors which result in an over or underpayment, mistakes can occur, and are regrettable for all affected, and support will be given to colleagues by line managers, and the pay services team to reach a mutually satisfactory resolution.

2. Colleagues

Colleagues should notify the pay services team who will take steps to rectify overpayments / underpayments as soon as they are made aware. At the same time, the line manager should be informed and a one-to-one conversation should then take place to talk over the situation.

Where the colleague needs further support and advice, they may want to talk to a trade union or professional organisation. ~~The~~ aim is to find a solution to the error and avoid any unnecessary distress or recourse to formal procedures such as the conflict resolution procedure.

3. Pay Services Team

The team will contact the colleague affected by an overpayment/underpayment to discuss and confirm the arrangements for recovery, considering individual circumstances. Where repayment may cause further financial hardship, the period of repayment ~~can~~ be extended, or the repayment schedule varied with the agreement of the Deputy Director of People Services.

In circumstances when the colleague does not agree with the repayment plan established. The matter is referred to the individual's line manager for resolution. Advice can be sought from Trade Union and/or People Services.

4. Correction of mistakes

Where an underpayment has occurred, the repayment will take place at the next pay date. In the event that the employee will experience hardship an interim payment may be requested via Payroll.

In the case of an overpayment being made, wherever possible they are recovered in a timescale that matches the length of the original error. However, it is recognised that all circumstances are different, and managers and colleagues are asked work together to reach an agreement on a manageable repayment schedule depending on the individual circumstances of the colleague.

Where agreements cannot be reached and informal Trade Union and People Services involvement has not resolved the concern, the Concerns Resolution Policy may be applied.

5. Contractual considerations

If during the period of repayment, the colleague's salary is affected by maternity leave, half pay due to absence or no pay for any other reason, the repayment schedule may be reviewed and adjusted. See Appendix 1 flow chart.

Where overpayments occur, the Electronic Staff Record (ESR) will be updated with the correct Tax and National Insurance contributions.

Where an error occurs in the contract of employment, the employees' contract will be amended by the manager via ESR Self Service, and the colleague will receive an email notification that an ESR update has been completed and a revised contract issued to the employee.

In cases of proven and wilful misrepresentation all possible steps will be taken to effect recovery, legal and disciplinary action may also be considered.

Where a colleague's employment contract with the Trust is terminated then the remaining balance of the overpayment will be deducted from their final payment/s. The Trust reserves the right not to pursue recovery where the cost of doing so would be greater than the amount to be recovered.

6. Submission of claims over 3 months old

Claims, (Timesheets/Expenses/Extra Payments), received by Pay Services later than 3 months will be referred to Line Managers in the first instance who must seek General Manager approval to pay. Line Managers should discuss with Employees to ensure timely claims moving forward.

7. Support to deal with DWP claims and/or benefits

Where an overpayment or/and underpayment has an effect on a colleague's claim or payment of benefits from the Department for Work and Pensions (DWP) (e.g. child benefit, tax credits). Pay Services will ensure correct information is provided to assist the employee with contacting DWP. Any detrimental effect on benefit payment should be taken into account when agreeing any repayment schedule.

8. Recovery of payments - former employees (including bank)

Where colleagues have already left the Trust or have moved to a bank contract, the responsibility for the recovery of the overpayment will rest with the Finance Department.

The process for recovery of an **overpayment relating to** former colleagues is set out in Appendix 1, and the process for reimbursement of an **underpayment relating to** a former colleague is set out in Appendix 2.

Overpayments will be calculated by Pay Services and notified in writing to the Trust Treasury Accountant who will assume overall responsibility for the negotiation and recovery of monies.

Former colleagues will receive an initial letter attaching a proposed repayment schedule, which will be the net amount of the overpayment. Any outstanding payment will automatically be used to offset or repay the outstanding overpayment. This process will not cause any delays to receiving a P45, and amendments are updated electronically by Pay Services to the HMRC.

Former colleagues should liaise directly with HMRC regarding refunds of PAYE.

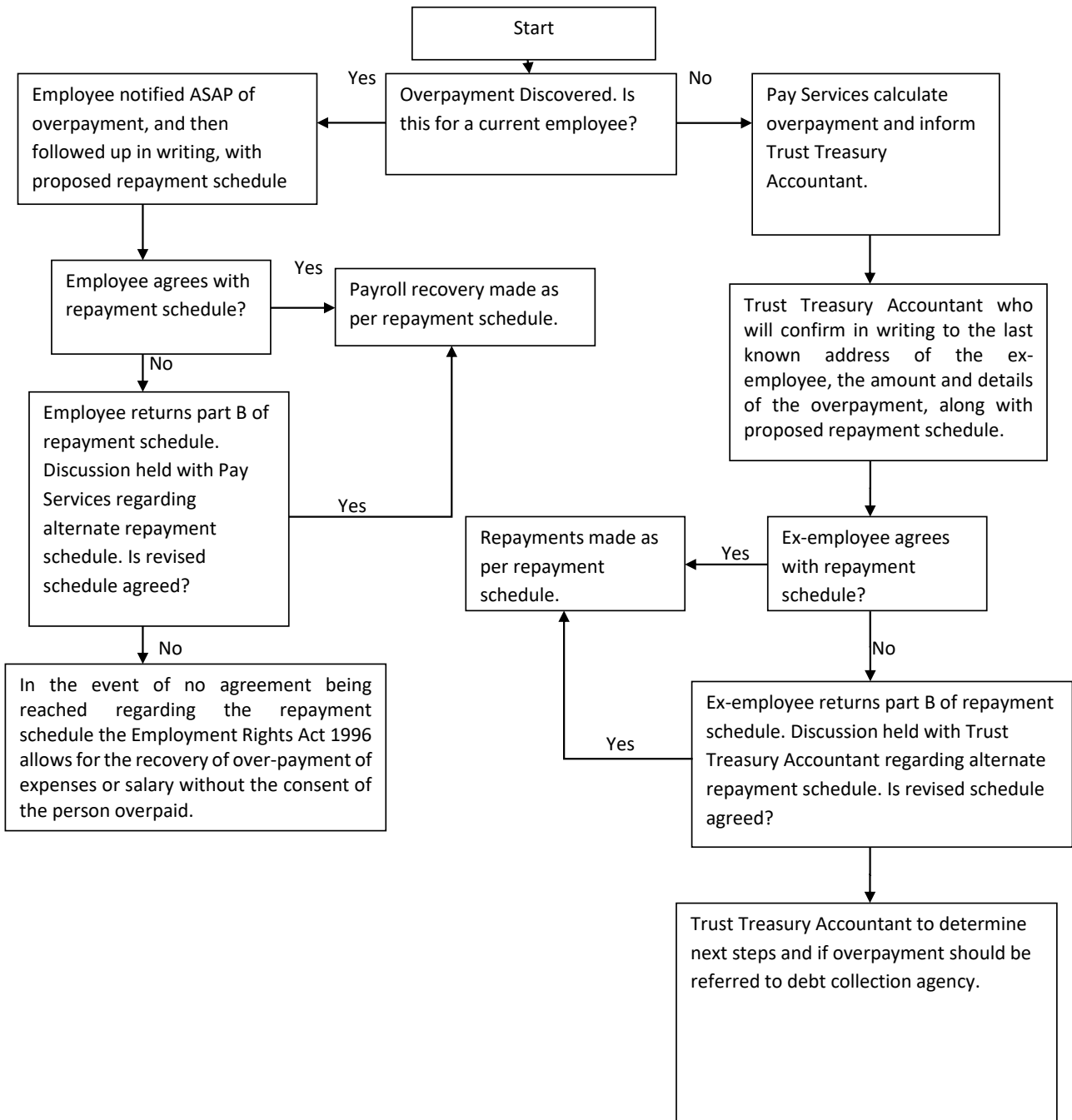
The Trust reserves the right to recall a BACS payment to recover or reduce an overpayment, if this leaves an outstanding amount owing to the employee this will be processed once the Trust account is re-credited with the recalled BACS.

Where a colleague has left the Trust and they either fail to respond to requests for repayment or fail to reach agreement, the Trust's Treasury Accountant may refer to the Trust Debt Collection policy.

In all cases, the Trust will make a decision as to whether or not to recover any overpayment, where the cost to recover is greater than the overpayment.

Appendix 1

Procedure for Recovery of Overpayment



Procedure for Reimbursement of Underpayment

