



**Please Note: This policy is currently under review and is still fit for purpose.**

# Over and underpayments

This procedural document supersedes: CORP/EMP 34 v.2 - Overpayment Recoveries, Salary Advances, and Payment of Hardship Loans Policy



## Did you print this document yourself?

The Trust discourages the retention of hard copies of policies and can only guarantee that the policy on the Trust website is the most up-to-date version. **If, for exceptional reasons, you need to print a policy off, it is only valid for 24 hours.**

Author/reviewer: (this version)	John Scott People & OD
Date written/revised:	February 2017
Approved by:	Workforce and Education Committee
Date of approval:	6 February 2017
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Next review date:	February 2020 – <b>extended to February 2023</b>
Target audience:	All Trust employees

## Amendment Form

Please record brief details of the changes made alongside the next version number. If the procedural document has been reviewed **without change**, this information will still need to be recorded although the version number will remain the same.

Version	Date Issued	Brief Summary of Changes	Author
Version 3	24 Feb 2017	<ul style="list-style-type: none"> <li>• Change of title. Policy altered to reflect move to shared service agreement with NHS SBS.</li> </ul>	John Scott
Version 2	16 Jan 2013	<ul style="list-style-type: none"> <li>• Policy name change from “Policy for Salary Advances, Payment of Hardship Loans and Overpayment Recoveries” to “Overpayment Recoveries, Salary Advances, and Payment of Hardship Loans Policy.</li> <li>• Order amended from 34 v.1 due to policy name change.</li> <li>• All references to Pay Services amended to Employee Services.</li> <li>• Section 1.2 Responsibilities moved to section 3.</li> <li>• “Purpose” sections 2.1; 3.1 and 4.1 moved to section 2.</li> <li>• Salary advances moved to section 6.</li> <li>• Para 3.3 in 34 v.1 - removed – exceptions to hardship loan repayment period.</li> <li>• Hardship Loans moved to section 7.</li> <li>• Section 8 - Monitoring Compliance added.</li> <li>• Section 9 - Definitions added.</li> <li>• Section 10 - Equality Impact Assessment added.</li> <li>• Section 11 – Associated Trust Procedural Documents.</li> <li>• Section 2.3 - paragraph added stating that employee must exhaust other opportunities to fund the hardship before requesting money from the Trust.</li> <li>• Appendix A – Request for an advance form moved to Appendix E and updated.</li> <li>• All other Appendix letters updated.</li> <li>• Added Appendix F request for a hardship loan application form.</li> </ul>	Mark Brookes

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## 1. INTRODUCTION

- 1.1 Our staff are key to the continuing and future success of DBH. Our aim is to become an employer of choice and our approach to people management is clearly summarised in the phrase Develop. Belong. Here. DBH aims to ensure that all employees are paid correctly. As it is funded by public money, it has an added responsibility to have robust mechanisms in place so that it can recover any money overpaid.
- 1.2 Similarly, DBH employees are expected to be truthful and honest in respect of issues relating to salary overpayments. They should check their payslip every month and, if they find themselves in receipt of monies for which they are not entitled, they should seek to report the error and repay any overpayments immediately.
- 1.3 This policy and processes have been designed to ensure incorrect payments are corrected and recovered as efficiently as possible but without unnecessarily disadvantaging or causing undue hardship to either the Trust or the employee.

## 2. PURPOSE

- 2.1 Although we try to ensure that all our staff are paid correctly at all times, there may be occasions where staff can be underpaid or overpaid. This is typically where line managers have not fully completed the necessary paperwork or e-forms or if it is not received by our payroll provider in time. It is important to always check your payslip and, where you think there might be an error, you should immediately contact your line manager and our pay service provider, NHS SBS. Please ensure you receive an SR number from SBS as a record that you have notified them.
- 2.2 If someone is overpaid, we will usually recover the money from their next month's pay. This approach is in accordance with the legislation and Department Of Health guidelines.
- 2.3 If an overpayment is considered to have been received fraudulently, (e.g. knowingly and without bringing it to the Trust's attention), the matter will be reported to our NHS Counter Fraud Specialist for investigation.
- 2.4 Similarly, where an underpayment is identified and validated, we will seek to resolve the underpayment in the following pay period.

## 3. DUTIES AND RESPONSIBILITIES

Duties and responsibilities are listed in the table at Appendix 1 ([here](#)).

## 4. PROCEDURE

### 4.1 Identifying and correcting an overpayment for current staff

- You must check your payslip every month and contact SBS if you have received a payment to which they are not entitled. If you fail to report an overpayment, then the Trust reserves the right to involve the Local Counter Fraud Specialist for further action, which may include disciplinary action and if appropriate, dismissal.
- Care Groups and Directorates should also notify SBS when they identify an error in an employees pay which will result in an overpayment.
- If SBS are notified quickly, it should be possible for the full amount to be repaid via a salary deduction from the next available pay period.
- If the overpayment is made over a number of pay periods before it is discovered, it will still be requested as a one-off repayment. However, following discussion with SBS, it will be recovered over the same period as the error up to a limit of 12 months. A longer repayment period will only be considered if the normal repayment plan would cause undue hardship.
- If you do not agree to the suggested repayment plan, we will discuss options to resolve this. This may include a formal meeting with your HR Business Partner and DBH Financial Services Supervisor. You may be accompanied by a Trade Union representative or work colleague. The agreement will take account of the amount owing and your current earnings, though each repayment should usually not be less than 20% of the total overpayment.
- If an agreement cannot be achieved, the Trust reserves the right to deduct what it considers to be a fair and reasonable amount from their monthly pay as appropriate. In these circumstances, The Deputy Director of P & OD, in consultation with the Deputy Director of Finance, or his/her nominee, will make a binding decision on recovery of the money.
- Copies of template letters can be found at Appendix 2 ([here](#)).

### 4.2 Correcting an underpayment for a leaver, ex-employee or non-contract employee

- If an employee terminates employment before the completion of any repayment plan, the balance will be recovered in full from the employee's final pay or any subsequent payments made to them after leaving the Trust.

- Where an overpayment to an ex-employee remains unrecovered or an overpayment is made to someone who is not regularly engaged by the Trust, an invoice will be raised and sent with an explanatory letter detailing the reason for the overpayment, a breakdown by month and element, and copy payslips for the period.
- If a leaver fails respond to requests for repayment, the debt recovery process will be followed.

#### 4.3 Correcting an underpayment

- If you find that you have been underpaid, you should speak first to your line manager to check if there has been any delay in sending notifications to our payroll provider. You should also contact SBS to discuss any reason for the shortfall. Ensure you get an SR number from SBS as confirmation.
- Underpayments will usually be resolved in the next pay period.

#### 4.4 Advances of salary

- When an employee has been underpaid part, or all of their salary through no fault of their own, they can request a salary advance to cover the shortfall. An advance would normally only be approved in exceptional circumstances and where, not to do so, would cause the employee undue financial distress. The application form is at Appendix 3 ([here](#)).
- All advances will be routed through SBS for financial audit purposes.

### 5. TRAINING/ SUPPORT

This policy does not have a statutory or essential training requirement or any other training needs. If you need advice on your pay you should talk to your line manager or contact our payroll provider, SBS.

### 6. MONITORING COMPLIANCE WITH THE PROCEDURAL DOCUMENT

What is being Monitored	Who will carry out the Monitoring	How often	How Reviewed/ Where Reported to
Consistent application of this policy.	Deputy Director of P&OD	Quarterly	Review monthly reports from payroll provider

Appropriateness of policy	Director of People & OD and Director of Finance	Annually	Review in context of annual budget settlement
Financial integrity of policy and processes	Internal Audit Tea	Ad hoc	As part of their programme of review.

## 7. DEFINITIONS

7.1 For the purposes of this policy, the term “**overpayment**” refers to any overpayment of wages or expenses or any overpayment in respect of a financial benefit (whether contractual or otherwise) to an employee or member of bank staff.

7.2 For the purposes of this policy, the term “**underpayment**” refers to any underpayment of wages or expenses or any underpayment in respect of a financial benefit (whether contractual or otherwise) to an employee or member of bank staff.

7.3 For the purpose of the policy, the term “**Payroll Provider**” refers to the organisation/ company with whom the Trust contracts to provide a payroll service. From June 2016, this is NHS SBS.

## 8. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment (EIA) has been conducted on this procedural document in line with the principles of the Equality Analysis Policy (CORP/EMP 27) and the Fair Treatment For All Policy (CORP/EMP 4).

The purpose of the EIA is to minimise and if possible remove any disproportionate impact on employees on the grounds of race, sex, disability, age, sexual orientation or religious belief. No detriment was identified. (See Appendix 4).

## 9. ASSOCIATED TRUST PROCEDURAL DOCUMENTS

**CORP/FIN 1 (B) - Standing Financial Instructions**  
**CORP/FIN 1 (D) – Fraud, Bribery and Corruption Policy and Response Plan**  
**CORP/EMP 2 - Disciplinary Procedure**

## 10. REFERENCES

‘**Managing Public Money**’ (HM Treasury)  
<https://www.gov.uk/government/publications/managing-public-money>  
**Employment Rights Act 1996,**  
<http://www.legislation.gov.uk/ukpga/1996/18>

## APPENDIX 1 - DUTIES & RESPONSIBILITIES

<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>Formal overall responsibility for ensuring that all appointments within the Trust are consistent with policies, procedures and legislation.</li> </ul>
<b>Director of People &amp; OD</b>	<ul style="list-style-type: none"> <li>Responsible for ensuring that there are robust processes and procedures in place to support swift and appropriate corrective action and that these actions are in line with current legislation and best practice.</li> </ul>
<b>Care Group/ Directorate line management</b>	<ul style="list-style-type: none"> <li>Ensure they and their teams fully understand the contents of this policy</li> <li>Notification of changes/amendments to employees' contracts of employment, are submitted via the correct change form in a timely manner, with appropriate authorisation.</li> <li>Ensure termination forms are completed in a timely manner prior to the employee leaving the Trust.</li> <li>Ensuing e-roster is kept up-to-date and accurate with hours worked, especially on a bank or public holiday.</li> <li>Confirm in writing to the employee any amendments to salary.</li> <li>Issues related to fraudulent claims are escalated to the Local Counter Fraud Specialist.</li> <li>Take responsibility for learning any lesson that arise from own practices and procedures that result in an overpayment or underpayment of an employee.</li> </ul>
<b>Payroll provider (currently NHS SBS)</b>	<ul style="list-style-type: none"> <li>Ensure that information is entered into Electronic Staff Record (ESR) in an accurate and timely manner</li> <li>Ensure that any overpayment errors are resolved in a timely manner;</li> <li>Ensure that any overpayments are identified and the employee is advised in a timely manner as set out in this Policy;</li> <li>Implement repayment plans for overpayments as set out in this Policy and ensure that correct details and end dates for such plans are input into the payroll systems;</li> <li>Maintain a monthly Overpayment and Debt spreadsheet and provide this to the Trust on a monthly basis;</li> <li>Investigate and respond in a timely manner to any queries raised by employees or managers regarding the calculation of overpayments or repayment plans</li> <li>Ensure that any underpayment errors are resolved in a timely manner as set out in this Policy</li> </ul>
<b>Finance Directorate</b>	<ul style="list-style-type: none"> <li>Authorise and instigate debt recovery action (where attempts by the payroll supplier have failed)</li> <li>Consider and authorise any salary write-off action.</li> <li>Agree, alongside P&amp;OD, any repayment plans outside normal agreements managed by SBS</li> </ul>



<b>People &amp; OD</b>	<ul style="list-style-type: none"> <li>• Liaise with and assist the Payroll Provider to investigate overpayment issues where appropriate</li> <li>• Liaise with the Payroll Provider with regards to consultations on repayment plans in cases involving repayments worth more than the employee's normal monthly salary and/or on occasions where there are associated employee relations issues</li> <li>• Identify reasons for underpayment e.g. data inputting error, manager has not completed correct contract documentation, employee has not recorded claims correctly on Health Roster/E-Expenses and make recommendations to enable the employee to be paid as soon as possible.</li> <li>• Liaise with Payroll Provider to ensure that any underpayment due to a member of staff is paid to them in a timely manner.</li> <li>• Report to the Financial Oversight Committee any trends in under and over payments.</li> <li>• In cases involving employee relations issues, P&amp;OD may wish to make representations to Finance Department for advice with regards to the recovery period (in exceptional circumstances). P&amp;OD may request the temporary suspension of recovery action in exceptional circumstances pending enquiries with Counter Fraud.</li> <li>• Ensure the Trust and relevant line managers are briefed on the overpayment process.</li> <li>• Communicate payroll cut off dates via Buzz and on the DBH Intranet</li> <li>• Inform the overpayments team of any updates to the re-payment status of leavers for Her Majesty's Revenue and Customs (HMRC) reporting.</li> </ul>
<b>NHS Counter Fraud Specialist</b>	<ul style="list-style-type: none"> <li>• The local Counter Fraud Specialist will investigate all cases of suspected fraud or theft. This will include where an overpayment is considered to have been intentionally kept or where fraud is suspected or is a possibility.</li> </ul>
<b>DBH employees</b>	<ul style="list-style-type: none"> <li>• Ensure that they understand their salary entitlement and if not, seeking further guidance from their line manager in the first instance, who may liaise with P&amp;OD and the payroll supplier.</li> <li>• Read and understand their payslip each payday and ask with their line manager if they do not understand anything on it.</li> <li>• Contact the Payroll Provider helpdesk if there are apparent anomalies within their payslip.</li> <li>• Make a note of the Call Log reference number (the SR number)</li> <li>• Comply with instructions to repay any overpayment as specified by SBS or the Trust.</li> </ul>

**APPENDIX 2 - OVERPAYMENT LETTER TEMPLATES****1 NOTIFICATION OF OVERPAYMENT**

Fax:

Email: an.other@dbh.nhs.uk

Our Ref:

Date:

Private & Confidential

NAME

ADDRESS

Dear

I am writing to notify you that unfortunately an overpayment in your salary has occurred. The gross amount you have been overpaid is £XXXX.XX. The overpayment occurred due to *INSERT REASON*.

On behalf of the Trust, I would like to take this opportunity to apologise for overpayment and any inconvenience this may cause you. However, this money does now need to be repaid and in accordance with the Trusts overpayments policy, I propose to recover the overpayment over a period of XX months at a rate of £XXXX per month.

If you have any concerns regarding this the content of this letter, please contact me on the above telephone number as soon as possible.

If I do not hear from you by *INSERT DAY MONTH YEAR*, the first deduction will take effect from your *INSERT DATE* salary payment and will continue to be recovered until overpayment has been repaid in full.

Yours sincerely

NAME

NHS SBS job title

c.c. Line Manager

**2 MEETING OUTCOME LETTER**

Email: address

Our Ref:

Date:

Private & Confidential

NAME

ADDRESS

Dear

**RE: OVERPAYMENT OF SALARY**

Further to our meeting on *INSERT DAY, MONTH, YEAR* I am writing to you with regards to the overpayment of salary for £XXX.XX

As discussed with you, the Trust has the legal right to make repayments of this sum direct from your salary. This can be paid back to the Trust by monthly instalments, or a lump sum. We agreed that the overpayment would be recovered:

\*In XX monthly instalments of £XX.XX per month, with the first deduction from salary commencing in *INSERT MONTH YEAR*.

\*The total value of the overpayment will to be deducted from your *INSERT MONTH YEAR* salary.

I would like to apologise for the inconvenience this may have caused you. I would also like to thank you for your co-operation in this matter.

Yours sincerely

NAME

SBS Job Title

c.c. Line Manager

**\*delete as appropriate**

**3 NON-PAYMENT FOLLOW UP LETTER**

Email: address

Our Ref:

Date:

**Private & Confidential**

NAME

ADDRESS

Dear

**OVERPAYMENT OF SALARY**

Further to my letter dated *INSERT DATE* (copy attached) which details an overpayment in your salary payments of XXXX.XX. As I do not appear to have had a response to this letter, the matter of your overpayment has been referred to the Trusts Finance Department. You will receive an invoice requesting settlement for the full amount of the overpayment.

Unfortunately, non-payment of the invoice will result in the matter being referred to the Trust's Debt Recovery Agency who will contact you directly to recover the amount due.

Please note that this matter may also be referred to the Counter Fraud department. \*(who may consider prosecution as an option if they feel it is appropriate).

However, if are now in a position to agree a repayment plan for the recovery of the overpayment you must contact me immediately on receipt of this letter.

Yours sincerely

NAME

SBS Job Title

**\*Optional text depending on severity of the overpayment and the circumstance in which it occurred**

**4 OVERPAYMENT LETTER – NO LONGER WORKING AT DBH**

Email: address

Our Ref:

Date:

**Private & Confidential**

NAME

ADDRESS

Dear

**OVERPAYMENT OF SALARY**

I am writing to notify you that you incorrectly received a salary/wage payment after you left the Doncaster & Bassetlaw Hospitals NHS Foundation Trust.

This has resulted in a net overpayment of XXXXX.

I would therefore be grateful if you could send e a cheque to the DBH Finance Department for this amount, made payable to Doncaster & Bassetlaw Hospitals NHS Foundation Trust.

If you are unable to comply with this request, you must contact me as a matter of urgency to discuss.

Please note that it is normal Trust policy to refer the issue to the Trust's Debt Agency should you fail to respond to this letter within one calendar month.

Failure to respond to this letter may also lead to this being referred to the Counter Fraud department. \*(who may consider prosecution as an option if they feel it is appropriate).

Please accept my apologies for any inconvenience this may cause you. If you have any queries in relation to the amount owed please contact your *insert SBS Team member Name* on (phone number).

Yours sincerely

NAME

SBS Job Title

**\*Optional text depending on severity of the overpayment and the circumstance in which it occurred**

### APPENDIX 3 – REQUEST FOR AN ADVANCE OF SALARY

**PART A – FOR COMPLETION BY CARE GROUP or DIRECTORATE MANAGER**

The following member of staff has requested an advance of salary:

Name: \_\_\_\_\_ Department: \_\_\_\_\_

Designation: \_\_\_\_\_ ESR ID Number: \_\_\_\_\_

**Please note** that the advance must be a minimum of 20% of the normal take home pay subject to a minimum net pay value of £50. Advances for less than £50 will not be considered

Please state the reason for requesting an advance of salary and sum proposed:-

Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Designation: \_\_\_\_\_ Date: \_\_\_\_\_

**PART B – TO BE COMPLETED BY EMPLOYEE**

I understand that if approved, the advance will be paid direct by bank transfer can take up to six days to credit my account

Employee's signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PART C – TO BE COMPLETED BY AUTHORISING MANAGER**

**(Deputy Director of P&OD or nominated senior manager in P&OD)**

Received by NHS SBS on (date) \_\_\_\_\_ at (time) \_\_\_\_\_

Approved: YES / NO (*please circle*)      Date: \_\_\_\_\_

Signature of Authorising Manager:

\_\_\_\_\_

Name of Authorising Manager:

\_\_\_\_\_

Reason for non-approval (if applicable – SBS to inform Care Group/Directorate manager):

\_\_\_\_\_

Processed by SBS on (date) \_\_\_\_\_ at \_\_\_\_\_

Due to credit employees bank account on (date) \_\_\_\_\_

## APPENDIX 4 - EQUALITY IMPACT ASSESSMENT PART 1 INITIAL SCREENING

APPENDIX 4 - EQUALITY IMPACT ASSESSMENT PART 1 INITIAL SCREENING				
Service/Function/Policy/Project/ Strategy	Care Group/Executive Directorate and Department	Assessor (s)	New or Existing Service or Policy?	Date of Assessment
Over and underpayments Policy	People & OD	John Scott	Existing	7 February 2017
<b>1) Who is responsible for this policy?</b> Name of CSU/Directorate People & OD				
<b>2) Describe the purpose of the service / function / policy / project/ strategy?</b> To ensure robust processes are in place to correct any errors.				
<b>3) Are there any associated objectives?</b> Legislation, targets national expectation, standards Yes, as noted in the policy				
<b>4) What factors contribute or detract from achieving intended outcomes?</b> – Accuracy in completing notifications and e-forms; checking of payslips				
<b>5) Does the policy have an impact in terms of age, race, disability, gender, gender reassignment, sexual orientation, marriage/civil partnership, maternity/pregnancy and religion/belief?</b> No, it seeks to manage the processes in a consistent manner and does not take account of any particular group in reaching decisions or managing over- and under-payments.				
<b>• If yes, please describe current or planned activities to address the impact</b> [e.g. Monitoring, consultation] –				
<b>6) Is there any scope for new measures which would promote equality?</b> None identified.				
<b>7) Are any of the following groups adversely affected by the policy?</b>				
<b>Protected Characteristics</b>	<b>Affected?</b>	<b>Impact</b>		
a) Age	No			
b) Disability	No			
c) Gender	No			
d) Gender Reassignment	No			
e) Marriage/Civil Partnership	No			
f) Maternity/Pregnancy	No			
g) Race	No			
h) Religion/Belief	No			
i) Sexual Orientation	No			
<b>8) Provide the Equality Rating of the service / function /policy / project / strategy – tick (✓) outcome box</b>				
Outcome 1 ✓	Outcome 2	Outcome 3	Outcome 4	
<i>*If you have rated the policy as having an outcome of 2, 3 or 4, it is necessary to carry out a detailed assessment and complete a Detailed Equality Analysis form in Appendix 4</i>				
<b>Date for next review: February 2020</b>				
<b>Checked by: John Scott</b>		<b>Date: 17 February 2017</b>		