

## Overpayments/Money Owed Policy

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<b>Governance or Assurance Committee</b>	<b>Staff Governance Committee</b>
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<b>CONSULTATION AND DISTRIBUTION RECORD</b>	
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<b>Distribution:</b>	<ul style="list-style-type: none"> <li>• Joint Policy Forum</li> <li>• Area Partnership Forum</li> <li>• NHS Lanarkshire’s public website</li> </ul>

<b>CHANGE RECORD</b>			
<b>Date</b>	<b>Author</b>	<b>Change</b>	<b>Version No.</b>
June 2012	Ann Marie Campbell, Elaine Anderson	Implementation of Policy	1
	Ann Marie Campbell, Elaine Anderson	Review of Policy. Some minor changes to wording for clarity. Minor changes to standard letters. Inclusion of “Lets Connect” Computer Scheme.	2
April 2018	Elaine Anderson	Review of Policy. Changes based on recommendations from Finance audit. Minor changes to improve clarity.	3
May’18	Deputy HRD	General Data Protection Regulations statement added into section 3 and updated name of Data Protection Act	3

May 2020	K. Torrance	Extended until May 2022 (COVID-19)	3
Jan 22	AM Campbell	Review of Policy. Some minor changes to wording for clarity. Minor changes to standard letters.	4
Oct 23	A Bevan	Additional example of reasons for overpayment. Clarity around Net Payment period. Changes to process for initiating deductions from salary. Corresponding changes to standard letters.	5

**1. INTRODUCTION**

The Payroll Department will make every effort to ensure that salary and wages payments are processed accurately. There are however occasions when overpayments are made mainly due to circumstances out with their control.

If an overpayment occurs for any reason, NHS Lanarkshire has a duty to recover the overpayment from the employee. Similarly, NHS Lanarkshire will take steps to correct any underpayment of salary to which an employee is entitled.

Where an employee owes money to NHS Lanarkshire for benefits such as, but not limited to, leased cars, Let’s Connect, unpaid library expenses, it shall also seek to reclaim these by means of instigating this policy.

**2. AIM, PURPOSE AND OUTCOMES**

The purpose of this procedure is to ensure that the action taken when dealing with such matters is consistent throughout NHS Lanarkshire.

NHS Lanarkshire will take into account the fact that individual circumstances differ and that these will be considered when deciding on which course of action to take.

This policy’s primary aim is to focus on what happens following an overpayment rather than why it occurred in the first place. However, systems and processes should be reviewed and amended where appropriate to try and prevent a recurrence. Reference should also be made to the Standing Financial Instructions where appropriate to ensure compliance and corrective action taken where appropriate.

Any matters of theft/fraud should be dealt with in accordance with the Fraud Standards Fraud Theft Bribery and Corruption Policy and Response Plan.

**3. SCOPE**

**3.1 Who is the Policy intended to Benefit or Affect?**

This Policy applies to all directly employed staff, including bank/temporary staff, anyone paid via NHS Lanarkshire’s payroll and NHS Lanarkshire staff on secondment, irrespective

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of age, sex, disability, ethnicity/race, marital or civil partnership status, sexual orientation, religion or belief, pregnancy or maternity, gender re-assignment.

### 3.2 Who are the Stakeholders?

- Employees
- Line Managers
- Trade Union Representatives
- Human Resources Department
- NHSL Staff Bank
- Payroll Department

NHS Lanarkshire takes care to ensure your personal information is only accessible to authorised people. Our staff have a legal and contractual duty to keep personal health information secure, and confidential. In order to find out more about current data protection legislation and how we process your information, please visit the Data Protection Notice on our website at [www.nhslanarkshire.scot.nhs.uk](http://www.nhslanarkshire.scot.nhs.uk) or ask a member of staff for a copy of our Data Protection Notice.

## 4. PRINCIPAL CONTENT

Under this policy it is recognised that there are two ways in which an overpayment can be discovered, either through the employee highlighting this to their manager or Payroll or through a discovery by the Payroll Department.

In addition, it is also recognised that overpayments can vary greatly in relation to the time period over which an overpayment has occurred and the amount of the overpayment.

Monies owed to NHS Lanarkshire can result in various ways such as:

- Delays in processing employee changes via SSTS/eESS (e.g. reduction in hours, delays in processing terminations, not updating absence details correctly/timely)
- The employee under estimating private or over estimating business mileages for leased cars.
- Damages occurring to lease cars, either during the lease or damages/repairs required to the car billed to NHS Lanarkshire at the end of the lease.
- Parking/speeding fines for members of the car leasing scheme.
- Non payment of library fees.
- Computers/Smart Phones leased under Lets Connect
- Incorrect application of Terms and Conditions

### **Short Term and/or Small Overpayments**

Where the monies owed is of a small amount e.g. fines, library fees, or where an employee has erroneously been paid for a shift or enhancements for one month, this will

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be deducted in full from the next week/month's salary. A Payroll representative will, where possible, make the line manager aware of this, and it is the line manager's responsibility to inform the employee that this will be deducted in the following week/month's salary. Where the salary has not been transmitted via BACS to the employee's account, payroll will stop the transaction, recalculate and process correct salary to employee's account.

### **Long Term and/or Larger Overpayments**

A calculation will be made by the Payroll Officer to identify the Gross amount overpaid/due, and this will be communicated to the individual in writing (Appendix 1). In cases of overpayments, an adjustment will be made immediately so that the correct salary is paid the following week/month.

Individuals who wish to make a lump sum repayment should contact the Payroll Department to agree this and where necessary obtain the NET amount overpaid. Further details can be obtained from the Payroll Department.

Any overpayment recovery will require to reflect and necessary adjustments to Superannuation, Income Tax and National Insurance. There is no impact on an individual's pension, as correct figures are provided to Scottish Public Pensions Agency via standard returns.

Overpayments should not normally be recovered over a period greater than 12 months and ideally within the current financial year; however, individual circumstances will always be considered and full account will be taken of financial hardship. Normally, the rate of recovery should not exceed the rate of overpayments. For example, if the overpayments covered 10 weeks, then the recovery period should be 10 weeks unless the employee agrees to a quicker rate of recovery.

The letter will be sent to the individual's home address with a copy sent to the line manager. By copy of the letter, the line manager will be asked to remind the staff member to respond. A suggested repayment timescale will be identified within the letter. The employee will be asked to sign and return a mandate confirming they agree to this. Should the employee wish to discuss the timeframe further, they must contact the Payroll Department. Alternatively, the staff member can repay the overpayment by cheque for the full NET amount after this figure has been requested from the Payroll Department. Arrangements can also be provided to allow for this amount to be submitted via BACS transfer.

If the employee fails to contact the Payroll Department to initiate a repayment schedule within two weeks of the letter being issued, Payroll will write to the staff member to confirm that deductions will be made from the first available pay period in line with the schedule set out in the letter issued to them. This course of action is detailed in the initial letter issued to the staff member and will be followed up with a confirmation letter (Appendix 2).

While NHS Lanarkshire would see this approach as a last resort, this will be initiated in line with the Employment Rights Act 1996.

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In the event that an employee has left or is leaving the service before deductions from salary can be completed, or even initiated, then the debt, if not cleared by a one-off payment, will be recovered in full from their last salary.

Where the full amount cannot be recovered before the individual leaves the debt will be passed to NHS Lanarkshire's debtors who will invoice the (ex) employee requesting repayment. If payment is not made, or no contact made, NHS Lanarkshire debtors will pass the debt to a recovery agency as appropriate. Employees should note that where an overpayment is not repaid and this is passed to a debt recovery agency, this may have an affect of their future credit rating. Any equipment leased under Lets Connect may be returned/uplifted if employee breaks agreement.

### **Individual Circumstances**

NHS Lanarkshire recognises that individual circumstances differ and does not wish to impose unnecessary financial hardship on an employee. However, NHS Lanarkshire must manage public monies in a legal, transparent and responsible manner and as such must take this into account when considering individual circumstances..

Where an employee can demonstrate financial hardship, NHS Lanarkshire will consider extending repayment periods (i.e. beyond 12 months) to assist the employee, however, no reduction in the overpayment/money owed amount will be made, regardless of fault. NHS Lanarkshire will seek to recover 100% of any overpayment/money owed at all times.

### **Employment in More Than One Post**

If an employee holds more than one post with NHS Lanarkshire and the employee has been overpaid/owes money from a post now ceased, repayment shall take place from primary post. The repayment instalments shall be based on salary from main post.

If employee has been overpaid/owes money from a bank post/relief post/secondary post, repayment shall be taken from primary post. The repayment instalments shall be based on salary from their main post.

The primary post is the post in which the employee earns highest salary as this will reduce length of repayment.

### **The Employment Rights Act 1996**

Employees and workers are protected from unlawful deductions of wages by Section 13 of the Employment Rights Act 1996. However, Section 14 of the Act permits deductions where there has been an overpayment of wages. This therefore enables NHS Lanarkshire to correct any overpayment through the payroll process.

Any such deduction is lawful provided that this is done reasonably over a period of time and not done in such a way as to amount to a breach of trust and confidence in the employment relationship.

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NHS Lanarkshire will always make every attempt to agree a reasonable repayment schedule with an employee, however, where the employee does not participate in such discussions, a repayment schedule will commence and details of this will be sent to the employee.

### 5. ROLES AND RESPONSIBILITIES

#### **Employees will:**

- Understand the policy and their responsibilities
- Collect and check their payslips to ensure being paid correctly.
- Highlight any overpayments to their manager and the Payroll Department.
- Participate in the process of agreeing a repayment schedule.
- Where the employee has a Car Lease, Lets Connect arrangement, or any other standing deduction they will notify their Manager and Payroll Department as early as possible prior to leaving NHS Lanarkshire

#### **Managers will:**

- Understand the policy and their responsibilities
- Engage with their staff where an overpayment has been made in order to initiate a repayment plan.
- Ensure that robust processes are in place for the reporting of hours worked and grades.
- Ensure that changes to terms and conditions are completed in a timeous manner.
- Ensure that SSTS/eESS is updated and approved timeously.
- Understand that due to personal circumstances repayment of monies owed may be difficult for some some members of staff, however meaningful discussions with the member of staff should take place to ensure a payment plan is initiated.

#### **Trade Union Representatives will:**

- Understand the policy and their responsibilities
- Make sure their members are aware of their rights and responsibilities



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- Advise their members on the relevant policies
  - Engage with their members where an overpayment has been made in order to initiate a repayment plan.

### **Human Resources will:**

- Advise managers on the correct implementation of the policy
- Provide advice in relation to implementation and monitoring of the policy
- Support employees and managers by providing advice on policy and process

### **NHSL Staff Bank will:**

- Ensure that robust processes are in place for the reporting of hours worked
- Ensure that changes to terms and conditions are completed in a timeous manner.

### **Payroll will:**

- Understand the policy and their responsibilities
- Facilitate the identification and recovery of overpayments/money owed
- Communicate with line managers and staff regarding overpayments in a timeous manner.
- Will keep a record of all overpayments/money owed and their status
- Keep copies of all correspondence issued and received from employees and managers in relation to overpayments.
- Ensure that eESS transactions for change of contract and termination of contract are processed in a timeous manner.

## **6. RESOURCE IMPLICATIONS**

There are no additional resource implications associated with this policy.

## **7. COMMUNICATION PLAN**

- Communication on the policy will be made in weekly staff briefing, the Pulse and it will be available on NHS Lanarkshire's public facing website.

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- This policy will also be discussed at the appropriate management team meetings and local partnership fora.
  - Staff within HR and Payroll will be briefed on the content of the policy.

### 8. **QUALITY IMPROVEMENT – Monitoring and Review**

This policy will be reviewed in line with any changes to legislation which change the scope or process within NHS Lanarkshire.

HR/Partnership Staff will observe and pass back any issues that they see or are asked about, particularly when users have issues or concerns about the policy.

### 9. **EQUALITY AND DIVERSITY IMPACT ASSESSMENT**

This policy meets NHS Lanarkshire's EDIA

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### 10. **SUMMARY OF POLICY**

This policy provides support and guidance to staff where they have been overpaid. It outlines the process followed and steps taken in order to facilitate an appropriate repayment arrangement.

### 11. **REFERENCES**

The Employment Rights Act 1996  
General Data Protection Regulations 2018

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APPENDIX 1

Payroll Department  
NHS Lanarkshire HQ  
Kirklands  
Fallside Road  
Bothwell  
G71 8BB

Date: DD/MM/YYYY

Contact Name:  
Contact No:  
01698 752975  
Ref:

NAME  
ADDRESS

Dear TITLE NAME

**Overpayment of Salary/Money Owed**

I am sorry to inform you that you have been overpaid due to XXXX.

This has resulted in a gross overpayment of £XXX for the period from XXX to YYY.

Please accept my apologies for any inconvenience this has caused.

Please note that with effect from your next pay, your salary has been rectified to ensure that you are being paid appropriately.

*A proposed repayment plan is set out on the mandate attached. Please sign the mandate and return it to me at the above address no later than XXX(2 weeks from the date of the letter.*

If you wish to make a lump sum repayment or suggest alternative timescales to repay, please contact the Officer named above.

If we do not receive a response by DD/MM/YYYY then deductions will be setup at a rate of £\_\_\_\_ Per Period for \_\_\_\_ Weeks/Months.

This is in line with the Employment Rights Act 1996.

If you require any further information, please do not hesitate to contact me.

**OVERPAYMENTS/MONEY OWED POLICY**



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Yours Sincerely

**Caroline Tunmore**  
**Deputy Payroll Manager**

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I agree to repay £XXXX Gross/Net over.....Weeks/months commencing from.....

In the event that I leave NHS Lanarkshire before deductions from my salary can be completed I understand that that the debt will be recovered in full from my last salary.

Payroll Number: [to be input by Payroll Department]

Signature.....

Date.....

PRINT NAME .....

c.c. Line Manager\_\_\_\_\_ (Enter Manager Name)

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APPENDIX 2

Payroll Department  
NHS Lanarkshire HQ  
Kirklands  
Fallside Road  
Bothwell  
G71 8BB

Date: DD/MM/YYYY

Contact Name:  
C Tunmore  
Contact No:  
01698 752976  
Ref:

NAME  
ADDRESS

Dear TITLE NAME

**Overpayment of salary/Money Owed**

I write to you further to my previous correspondence dated XX. You were advised that you have been overpaid due to XXXX and that you owed £xxx Gross/Net as a result of this. A repayment mandate was attached to the letter, which you have not returned, nor have you made contact with the Payroll Department.

As set out in my previous letter, £XX Gross/Net will be deducted from your salary per Week/Month for a period of XX Weeks/months. This will commence from your MONTH/WEEK salary. This deduction is being made in line with the Employment Rights Act 1996.

If you require any further information, please do not hesitate to contact me.

Yours Sincerely

Caroline Tunmore  
**Deputy Payroll Manager**

c.c. Line Manager \_\_\_\_\_ (Enter Manager Name)