## Overpayments/Money Owed Policy

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**Responsible Lead Executive Director:** Director of HR

**Endorsing Body:** Human Resources Forum

**Governance or Assurance Committee:** Staff Governance Committee

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**Responsible Person:** Head of HR – Employee Relations
CONTENTS

i) Consultation and Distribution Record
ii) Change Record

1. INTRODUCTION

2. AIM, PURPOSE AND OUTCOMES

3. SCOPE
   3.1 Who is the Policy Intended to Benefit or Affect
   3.2 Who are the Stakeholders

4. PRINCIPAL CONTENT

5. ROLES AND RESPONSIBILITIES

6. RESOURCE IMPLICATIONS

7. COMMUNICATION PLAN

8. QUALITY IMPROVEMENT – MONITORING AND REVIEW

9. EQUALITY AND DIVERSITY IMPACT ASSESSMENT

10. SUMMARY OF POLICY

11. REFERENCES
# OVERPAYMENTS/MONEY OWED POLICY

## CONSULTATION AND DISTRIBUTION RECORD

<table>
<thead>
<tr>
<th>Contributing Author / Authors</th>
<th>Consultation Process / Stakeholders:</th>
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</thead>
<tbody>
<tr>
<td>• Ann Marie Campbell, Head of HR</td>
<td>• Joint Policy Forum</td>
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<tr>
<td>• Elaine Anderson, HR Manager</td>
<td>• HR Forum</td>
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<td>• HR Directorate</td>
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<td>• Liz Aims – GMB</td>
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<td>• Tom Bryce – General Manager</td>
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<td>• Margo Cranmer – Unison</td>
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<td>• Sharon Hannah – RCM</td>
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<td>• Ruth Hibbert – Head of HR – Policy &amp; Governance</td>
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<td></td>
<td>• Christine Jack – Operational Manager</td>
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<td>• Cathy McGinty – Unison</td>
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<td></td>
<td>• Gwen Macintyre – Senior Nurse</td>
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<td>• Annette Shorts – Senior OH Nurse Advisor</td>
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<td>• Sylvia Stewart – Unite</td>
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<td>• Tom Wilson - RCN</td>
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<thead>
<tr>
<th>Distribution:</th>
<th></th>
</tr>
</thead>
<tbody>
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<td>• Joint Policy Forum</td>
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<td>• HR Forum</td>
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</tbody>
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## CHANGE RECORD

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

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 or ask a member of staff for a copy of our Data Protection Notice.

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 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
- NHS Lanarkshire Staff Bank
- Payroll Department

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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:

- 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

**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 be deducted in full from the next week/month’s salary. A Payroll Representative will 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 obtain the NET amount overpaid. Further details can be obtained from the Payroll department.

If the overpayment amount is superannuable, then overpayment figures provided will be the superannuable amount and conversely if the amount in non-superannuable then the overpayment figures are provided as such. There is no impact on an individual’s pension, as correct figures are provided to Scottish Public Pensions Agency via standard returns.

The letter will be sent to the individual’s home address with a copy sent to the line manager. The employee will be asked to sign and return a mandate confirming the number of months they wish the overpayment/money owed to be recovered from their pay or attaching a cheque for the full NET amount after this figure has been requested from the Payroll Department.

Overpayments should not normally be recovered over a period greater than 12 months and ideally within the current financial year; however, individual circumstances will be taken into account. 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.

If the employee fails to contact the Payroll Department to initiate a repayment schedule a further letter will be sent to the individual asking them to provide a response within 2 weeks (Appendix 2). If the employee does not provide a response or suggests a repayment period which does not appear reasonable, the Payroll Department will inform the Line Manager and HR Representative and a meeting will be arranged with the employee to discuss the overpayment/money owed (Appendix 3).

If the employee fails to agree a repayment schedule at this meeting or unreasonably fails to attend a meeting, a repayment schedule will be initiated and the details confirmed to the employee in writing (Appendix 4). While NHS Lanarkshire would see this approach as a last resort, this will be initiated in line with the Employment Rights Act 1996.

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 cheque 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
OVERPAYMENTS/MONEY OWED POLICY

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. NHS Lanarkshire does not wish to impose unnecessary financial hardship on an employee, however, recognition must be taken into account that NHS Lanarkshire operates with public monies and as such must make arrangements that take both of these factors into account.

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.

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.
- Ensure that changes to terms and conditions are completed in a timeous manner.
- Ensure that SSTS is updated and approved timeously.
- Understand that due to personal circumstances repayment of monies owed may be difficult for 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
- 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 Notice of Change Forms and Termination Forms 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 Firstport.
- 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

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
Dear 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 XXX.

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.

No further action is required at this time

or

Please sign the mandate below and return it to me at the above address no later than XXX(2 weeks from the date of the letter) indicating the period over which you intend to repay the overpayment/money owed.

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

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

Yours Sincerely

XXX
Payroll Services Manager

I agree to repay £XXXX Gross over……..months commencing from……………

In the event that I leave NHS Lanarkshire before deductions from 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
Dear NAME

**Overpayment of Salary/Money Owed**

I write to you further to my previous letter dated xxx. I advised you that you have been overpaid due to XXXX/owed £xx as a result of xxx.

[This has resulted in a gross overpayment of £XXX for the period from XXX to XXX, a NET overpayment of £xxx] remove as appropriate

To date, no contact has been made, nor have you returned the completed mandate.

Unless we receive the completed mandate below no later than XXXX (2 weeks from the date of the letter) the matter shall be passed to your Line Manager to progress formally.

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

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

Yours Sincerely

XXX
Payroll Services Manager

I XXXX agree to repay £XXXX Gross over………months commencing from……………..

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

Payroll Number: L

Signature_________________________________________ Date______________

PRINT NAME ............................................................

c.c.  Line Manager
CONFIDENTIAL

NAME
ADDRESS

Dear NAME

**Overpayment of Salary/Money Owed**

I write to you further to the correspondence sent to you from payroll dated XX and XX advising you that you have been overpaid £XXX Gross that you owed £xxx as a result of xxx

According to Payroll records you have failed to agree a repayment schedule and as such I am writing to invite you to meet XXX, HR Representative and I on XXXX at XX in XXXX.

You have the right to be accompanied by a Trade Union Representative, colleague or friend.

If you are not in a position to attend this meeting I would ask that you contact me on the above number to re-arrange as soon as possible.

Please note that failure to attend this meeting, without informing me or rearranging may result in a repayment schedule being initiated in your absence.

This letter is being hand delivered to ensure receipt.

Yours sincerely

NAME
LINE MANAGER TITLE

c.c. Payroll Department
HR Contact
Dear NAME

Overpayment of salary/Money Owed

I write to you further to my previous correspondence dated XX and XXX. You have been advised you that you have been overpaid due to XXXX/that you owed £xxx as a result of xxxx. You were invited to attend a meeting with XX and XX on XX but failed to attend/Failed to agree a repayment schedule.

We believe that you have been given ample opportunity to agree a repayment reschedule. As a result £XX will be deducted from your salary per month for a period of XX months. i.e. from XX to XX. 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

NAME
LINE MANAGER TITLE

c.c. Payroll Department
HR Contact