

# OVERPAYMENT AND UNDERPAYMENT OF SALARY POLICY

<b>UNIQUE REFERENCE NUMBER:</b>	<b>RC/XX/040/V2</b>
<b>DOCUMENT STATUS:</b>	<b>Approved by Committee 7 February 2018</b>
<b>DATE ISSUED:</b>	<b>March 2018</b>
<b>DATE TO BE REVIEWED:</b>	<b>March 2021</b>

**Implementation Date: February 2018**  
**Review Date: February 2021**

## AMENDMENT HISTORY

VERSION	DATE	AMENDMENT HISTORY
D1	Jan 14	Addition of branding and formatting changes in line with Policy for Development of Policies.
V1	Feb 14	Approved by Rem Comm.
RC/XX/040/V1	Dec 14	Unique reference number added prior to publication
RC/XX/040/V1.1	Feb 18	Three yearly review - No changes proposed

## REVIEWERS

This document has been reviewed by:

NAME	DATE	TITLE/RESPONSIBILITY	VERSION
Steph Cartwright	Jan 14	HR Lead	V1
Julia Dixon	Jan 14	Staff Side Lead	V1
Alice McGee	Feb 18	HR Lead	V1.1
Remuneration Committee	Feb 18	Approval committee	V1.1

## APPROVALS

This document has been approved by:

NAME	DATE	VERSION
Remuneration Committee	28 February 2014	V1
Remuneration & HR Committee	7 February 2018	V1.1

N.B: the version of this policy posted on the intranet must be a PDF copy of the approved version.

## DOCUMENT STATUS

This is a controlled document. Whilst this document may be printed, the electronic version posted on the intranet is the controlled copy. Any printed copies of the document are not controlled.

## RELATED DOCUMENTS

These documents will provide additional information.

## Contents

1.0	POLICY OVERVIEW .....	4
1.1	Purpose.....	4
1.2	Who this Policy Applies to.....	4
1.3	Key Principles .....	4
1.4	Legal Consideration .....	4
2.0	OVERPAYMENT .....	5
3.0	UNDERPAYMENT .....	5
4.0	EQUALITY STATEMENT.....	6

## **1.0 POLICY OVERVIEW**

### **1.1 Purpose**

From time to time errors occur which may result in an employee being overpaid or underpaid their salary. These errors may occur due to management, employee or payroll error.

This policy is intended to promote equality and fairness in the domain of possible over/underpayment of salary, allowances and benefits. To ensure that the error is corrected and any under or overpayments are recovered to be repaid appropriately.

### **1.2 Who this Policy Applies to**

The policy applies to all staff that are paid through the CCG payroll system. This may include permanent or fixed term contract employees or Governing Body members or Clinical Executives paid through payroll.

### **1.3 Key Principles**

The CCG will contact the individual as soon as an overpayment or underpayment has been identified to discuss the situation and aim to agree a mutually agreed resolution, using the principles set out in this policy.

All cases of overpayment will be considered on an individual basis in consultation with the employee to ensure minimum hardship.

Within the CCG contract it states:

*If an overpayment is made in your salary, due to a mistake, whether by reason of any default on your part or otherwise, the overpayment will be recouped by the CCG. It is a condition of your employment that you consent to the appropriate deductions being made from your salary at source and repaid to the CCG. The CCG will endeavour to agree individual terms by which payment is made.*

### **1.4 Legal Consideration**

Where an overpayment is made and subsequently recovered over an extended period of time consideration must be given to the HRMC regulations in regard to tax implications. Details on specific implications can be obtained by payroll.

## **2.0 OVERPAYMENT**

- 2.1 The payroll provider will notify the CCG of any overpayment as soon as they become aware of it. The employee also has the responsibility to promptly inform their line manager and the HR team as soon as they realise they have been overpaid.
- 2.2 Any overpayment plan must be agreed with the CCG HR Lead on behalf of the CCG with the individual. The overpayment would normally be recovered over the same period that the overpayment occurred except in the following circumstances:
- The overpayment is more than 50% of the normal monthly salary
  - The employee would be at severe financial detriment
- 2.3 When considering any overpayment repayment plan the CCG will consider the following general principles:
- The repayment is completed within the same financial year
  - An agreed repayment over equal monthly payments (normally over the period that the error has occurred)
  - The repayment is completed before the termination of employment (where this is known)
- 2.4 If the employee has ceased employment with the CCG prior to funds being repaid the outstanding balance owed will be deducted from their final salary. If the employee has ceased employment with the CCG when an overpayment comes to light, a member of the finance team will contact the individual by raising an invoice for full payment.
- 2.6 Any payment plan that is agreed for an overpayment must be agreed in writing with the CCG and payroll notified of the outcome. Where an agreement cannot be reached the CCG reserves the right to notify the individual of a repayment plan as they see reasonable. Where agreement cannot be reached HR advice must be sought and the Chief Finance and Operating Officer will have the final decision on what the CCG considers as a reasonable repayment period.

## **3.0 UNDERPAYMENT**

- 3.1 The payroll provider will notify the CCG of any underpayment as soon as they become aware of it. Alternatively the employee must promptly inform their line manager as soon as they realise they have been underpaid.
- 3.2 Underpayments will normally be repaid to the employee through the next available payroll run. However, if the underpayment is of a significant value that will cause the employee hardship the CCG have a mechanism to make a fast BACS payment. This should be discussed with CCG HR Lead for authority to make this payment. Due to the need to calculate any normal deductions the BACS payment would normally only be 60% of the estimated net amount owed. There may be exceptional circumstances where the CCG agrees to pay 100% of the estimated net amount owed, this will be authorised by the Chief Finance and Operating Officer in conjunction with the Director of Transformation and HR.

- 3.3 If the employee incurs a bank charge as a direct result of the underpayment the CCG may reimburse the employee subject to proof being received. This is at the discretion of the CCG.

#### **4.0 EQUALITY STATEMENT**

- 4.1 In applying this policy, the organisation will have a due regard for the need to eliminate unlawful discrimination, promote equality of opportunity and provide for good relations between people of diverse groups. In particular on the grounds of the following characteristics protected by the Equality Act (2010); age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sexual orientation, in addition to offending background, trade union membership or any other personal characteristic.