

Overpayments Policy and Procedure

1 INTRODUCTION

Whilst the University expects its employees and staff to comply with this policy, it does not confer contractual rights or form part of any contract of employment and may be amended by the University or replaced at any time following appropriate consultation and negotiation with recognised trade unions. Breach of this policy may be addressed via the University's Disciplinary Policy and Procedure and Code of Conduct.

This policy will be reviewed by the Human Resources department on a 3-year basis or amended in response to changes in future legislation and/or case law.

2 OWNERSHIP

The Human Resources department owns and manages this policy on behalf of the University of Northampton.

3 ORGANISATIONAL SCOPE

This Overpayment policy is a corporate policy and applies to all employees (and workers, as applicable) of the University of Northampton including any wholly owned subsidiaries, unless an alternative policy exists, subject to any qualifying conditions.

4 POLICY STATEMENT

- 4.1 The Wages Act 1986 and the Employment Rights Act 1996 allows an employer to deduct an overpayment from an employee's salary/pay (without the consent of the employee) where the purpose of the deduction is the reimbursement of overpayment of salary.

- 4.2 To minimise the impact of possible overpayments, staff are reminded that they have a responsibility to check payslips and advise the Payroll Team of any anomalies, regardless of fault, as soon as possible.
- 4.3 Whilst every effort is made to ensure that all payments made are accurate, there may be occasions when errors are made.
- 4.4 The University will act fairly and reasonably in fulfilling the provisions of the legislation.

5 DEFINITIONS

- 5.1 Salary overpayment – where an employee or worker has been paid more than they should have received under their contract of employment, including variable payments e.g. overtime, honoraria etc. It also includes where an underpayment by the employee or worker of pension contributions, income tax, national insurance or other statutory or voluntary deduction occurs.
- 5.2 Staff development reclaim and course fee costs – where an employee leaves the university and the university has paid for all or part of an employee’s staff training or course fees before completion (see SD1 procedure).

6 KEY PRINCIPLES

- 6.1 If an employee considers there has been an error in their pay which has resulted in an overpayment of salary or other element of their pay, eg overtime, honoraria etc., or an underpayment of pension contributions, income tax, national insurance or other statutory or voluntary deduction, they should contact the Payroll team at the earliest opportunity.
- 6.2 Normally the University will seek to correct all overpayments or underpayments, however small.

- 6.3 Wherever possible, any overpayment which remains unrecovered at the time the employment ends will be deducted from the employee's final salary payment.
- 6.4 Unauthorised audio recording of conversations is prohibited. Anyone in breach of this may be subject to disciplinary action.

7 PROCEDURE

7.1 Recovery of overpayments from current staff

- 7.1.1 Where an overpayment has been made which is 10% or less of gross pay in the period concerned, Payroll will automatically make the recovery the following month. In advance of the recovery being made, the member of staff will be advised that an overpayment has occurred and that recovery will be made as part of the next available payroll run.

Where an overpayment over 10% of gross pay in a period has been made or an overpayment has occurred over several months, the member of staff concerned will be written to and advised of the details of overpayment and a proposed repayment plan. It may be necessary to have a meeting to discuss the repayment options, which may include a lump sum repayment or a monthly repayment plan where an overpayment has occurred over several months. Any plan agreed will not normally exceed 12 months. In exceptional cases, where an employee is able to produce evidence of hardship, a longer repayment period may be agreed.

- 7.1.2 If a repayment plan has been agreed, Human Resources will write to the employee confirming the agreed repayment terms.

The University reserves the right to review any agreed repayment terms should circumstances change although any proposed changes to the terms will be discussed with the employee.

Payroll will commence salary deductions as agreed and HR/Payroll will make

appropriate adjustment to the member of staff's record if necessary.

- 7.1.3 If the individual fails to respond to the initial correspondence or fails to agree to a recovery plan within the general principles above, then a letter with details of a proposed repayment plan will be issued and the individual will be given 21 working days to respond. If there is no response from the member of staff, then salary deductions will commence.
- 7.1.4 Should any overpayment (including any reclaim of staff development fees) still be outstanding when an employment ends, it will be automatically deducted from any monies owed to the individual at that time. If the final salary/wage payment is insufficient to cover the costs of any monies owed, the procedure in 7.2 will be followed.

7.2 Recovery of overpayments from former staff

- 7.2.1 Where an overpayment comes to light after an employment has ended, Human Resources will write to the individual requesting that the sum be repaid in a single payment, normally within one month of receipt of the letter.
- 7.2.2 If repayment is not made within this timeframe, the issue will be referred to the Credit Control Team in Finance, under the terms and conditions of the University Debt Management Policy and our policy and procedures on debt recovery will then apply. This normally involves the University raising a formal invoice which gives the employee 28 days from the date of invoice to settle the overpayment before debt recovery proceedings are initiated. The University reserves the right to pass any outstanding debts to an external debt collecting Agency.

8 ASSOCIATED DOCUMENTS

- 8.1 The Wages Act 1986
Employment Rights Act 1996
University Debt Management Policy
Additional payroll run/reversal process (payroll internal document)
SD1 process

9 EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment must accompany this document.

10 VERSION CONTROL

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