

# Salary Advances and Overpayment Statement

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# Statement

## Introduction

1.0 This statement sets out the University's approach to salary advances and overpayments:

- **Salary advances** are where the University agrees to pay an employee a proportion of their pay in advance of their normal pay day. These payments are normally only permitted in very limited circumstances.
- **Salary overpayments** are where the University has paid an employee too much. Overpayments for whatever reason will be recovered by the University.

## Scope

1.1 This statement applies to colleagues employed by the University on the terms and conditions for Academic, Academic Related, Associate Lecturer, Research, and Support Staff.

## Salary advances

1.2 These are normally only permitted where a mistake (for example a salary underpayment) has been made to an employee's salary and the University is at fault.

1.3 For salary advances to be made outside of this situation there would have to be very exceptional emergency circumstances, which would need to be agreed by a Head of Unit/Faculty in conjunction with the People Hub [People-hub@open.ac.uk](mailto:People-hub@open.ac.uk) and Staff Payments Office, Payroll Services.

- 1.4 Exceptional and emergency circumstances are defined as circumstances that could not be reasonably foreseen and for which there is insufficient time to take the necessary action to resolve the situation arising from those circumstances. This could also include or be a situation that is urgent, unexpected and dangerous that poses an immediate risk to health, life or property.
- 1.5 Examples of such exceptional circumstances in which assistance might be given include death of a close family member and unexpected loss resulting from some unforeseen circumstance such as a robbery or serious incident.
- 1.6 This payment will not exceed the net monthly salary.
- 1.7 There are 2 types of salary advance which can be applied for:
  - **Payroll correction advance** – paid at 60% of the amount outstanding. 60% of gross is to consider anticipated deductions of income tax, National Insurance and Pension contribution (if applicable) as the payment is being processed outside of the normal payroll run. The adjustments will be processed in the next available payroll run.
  - **Salary advance** – An agreed net amount (refer to 1.5 above) (100% no reductions to account for Tax, National Insurance or Pension deductions) is paid to the employee and recovered over an agreed period.
- 1.8 The university does not operate a hardship payment or loan scheme, but colleagues may want to explore the University's Credit Union, Open Saver, which may be a suitable alternative. Details of the OU's Credit Union can be found here [Open Saver \(sharepoint.com\)](#).

- 1.9 If there is a salary underpayment or an employee feels that they have an eligible case to request an advance, an application can be made to the People Services Hub by either the individual concerned or their Head of Unit (or nominee). If, after careful consideration of the individual circumstances, an OU payment error is confirmed or the case meets the criteria of an exceptional emergency, a request form will be provided which will then need to be completed and returned to the People Services Hub.
- 1.10 To discuss either a payroll deduction advance, or a salary advance, university staff should contact the [People-hub@open.ac.uk](mailto:People-hub@open.ac.uk).
- 1.11 The employee will be required to pay back the salary advance through monthly deductions from their salary. The period over which deductions will be made must be agreed in advance with the People Hub who will consult the Head of Unit as necessary.
- 1.12 Any outstanding salary advance will be recovered immediately from salary payments on leaving the University.

## **Salary overpayments**

- 1.13 If an individual receives or notices an overpayment in their salary, they should contact the People Services Hub.
- 1.14 Where an overpayment has occurred, the People Services Hub will write to the individual concerned to authorise the recovery of the repayment over an acceptable timescale.
- 1.15 In the event of employment ending, any outstanding overpayment will be deducted from final pay.

# Version control

- **Version Number: 7.0**, effective from 21/02/2024.

Summary of revisions made: Point 1.13 added in Salary overpayments section.