



Salary Overpayments Benchmarking Integrated Care Boards

Introduction

Employers have a duty to determine employees' pay correctly. Controls are therefore needed to ensure payments made to employees are accurate and overpayments are avoided. However, sometimes errors occur resulting in incorrect salary payments to employees. Where overpayments do occur, controls should be in place to identify and recover them promptly.

This benchmarking will assist ICBs in assessing their level of overpayments and arrangements by comparison to others. Benchmarking often indicates the questions that should be asked rather than providing all the answers. For example, a low level of overpayments could mean either:

- preventative controls are highly effective and that overpayments are not happening, or
- detective controls are weak, and overpayments are not being identified.

The number of overpayments can be an indication of issues with financial management. Audit findings have identified previously that overpayments occur due to a lack of prompt management action, and our benchmarking over the years has consistently identified this as the main cause for overpayments.

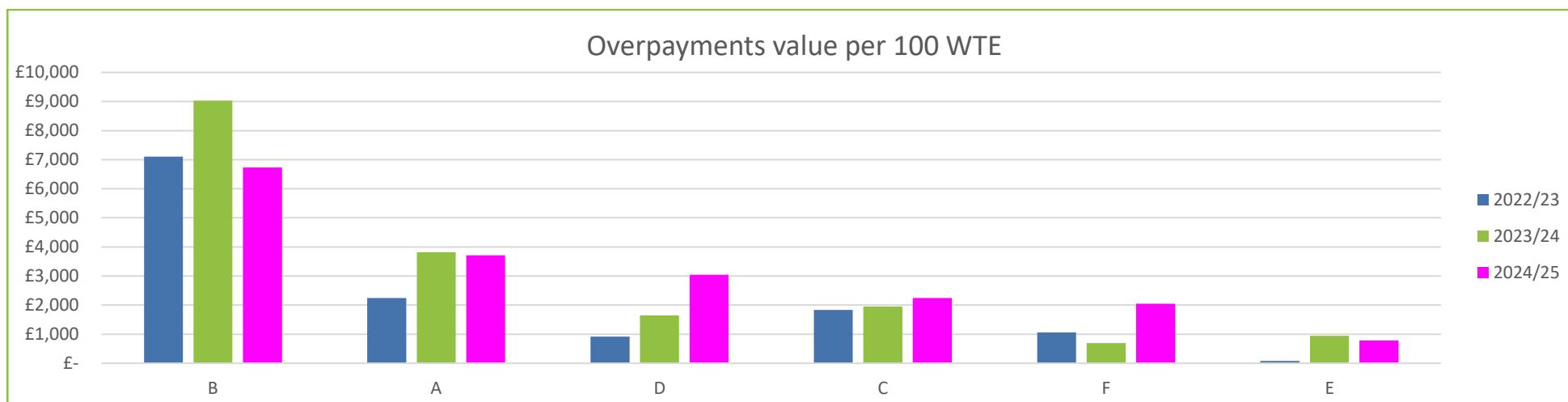
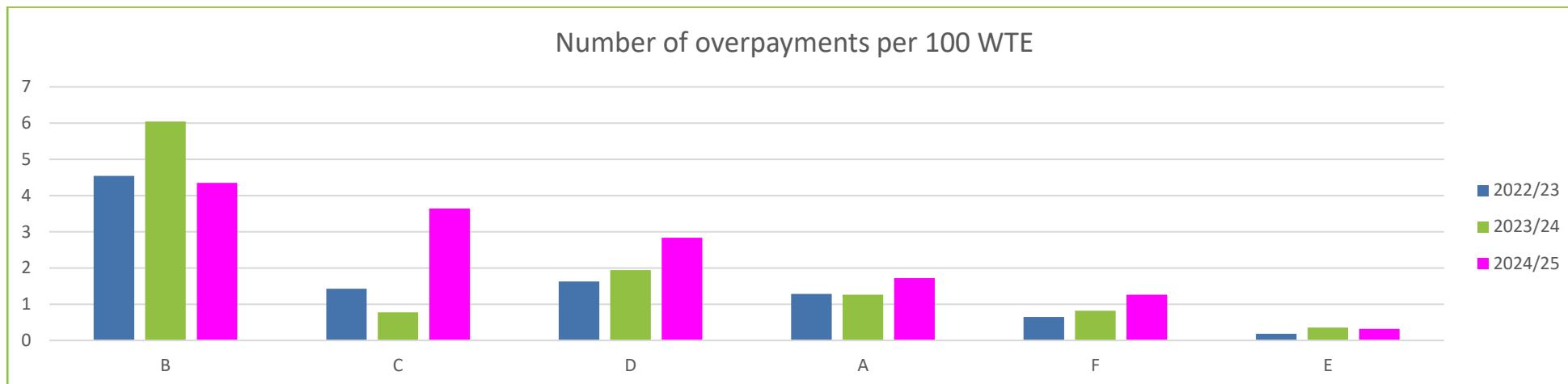
360 Assurance, Audit Yorkshire and MIAA are three NHS Internal Audit consortia and we have worked collaboratively to review a broad range of providers across our constituent regions covering the Midlands, Yorkshire and the North-West. For this exercise we reviewed six ICBs' gross salary overpayments data, for the financial years 2022/23, 2023/24 and 2024/25. The combined total of overpayments in 2024/25 was £90,000.

Key Findings

- Four ICBs reported an increase in the number of overpayments during the past year, one reported a decrease and one reported no change.
- The most common reason for overpayment is late notification of departing staff.
- ICBs appear to be good at recovering overpayments with the value recovered over the three years nearly equalling the amount overpaid (although the two values cannot be directly linked to potential time delays in receiving repayments).

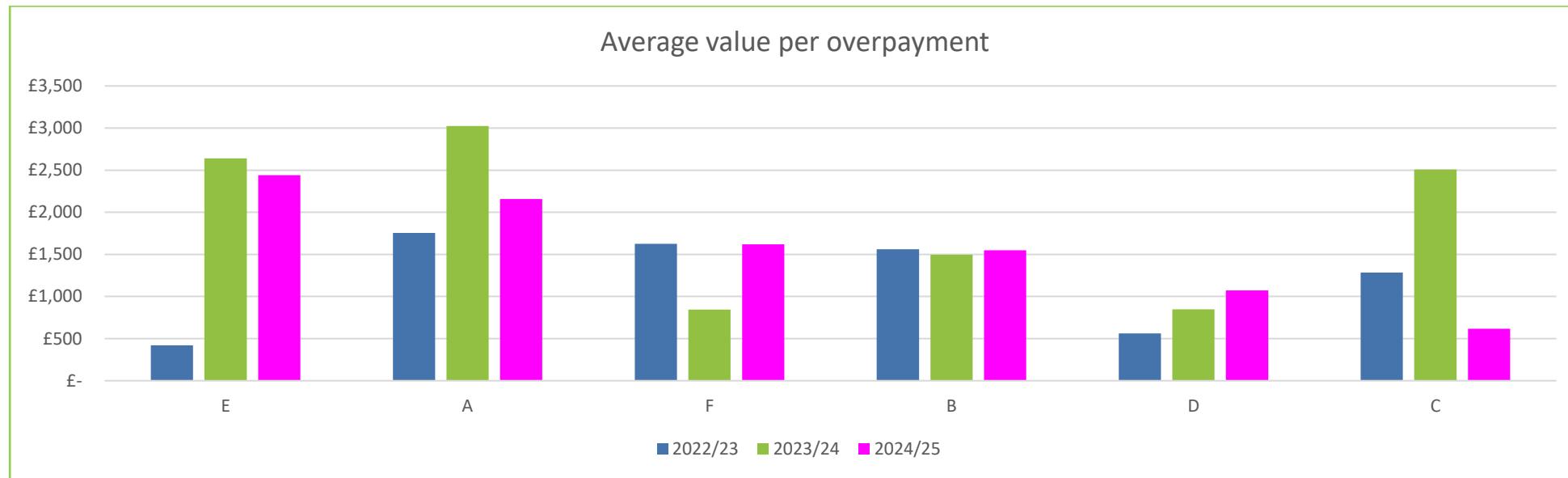
Overpayments per 100 Whole Time Equivalent (WTE)

The charts below present the total number of overpayments and the total value per 100 WTE for each ICB, sorted from the highest to lowest amounts in 2024/25, with equivalent values for 2022/23 and 2023/24 to see the trend.

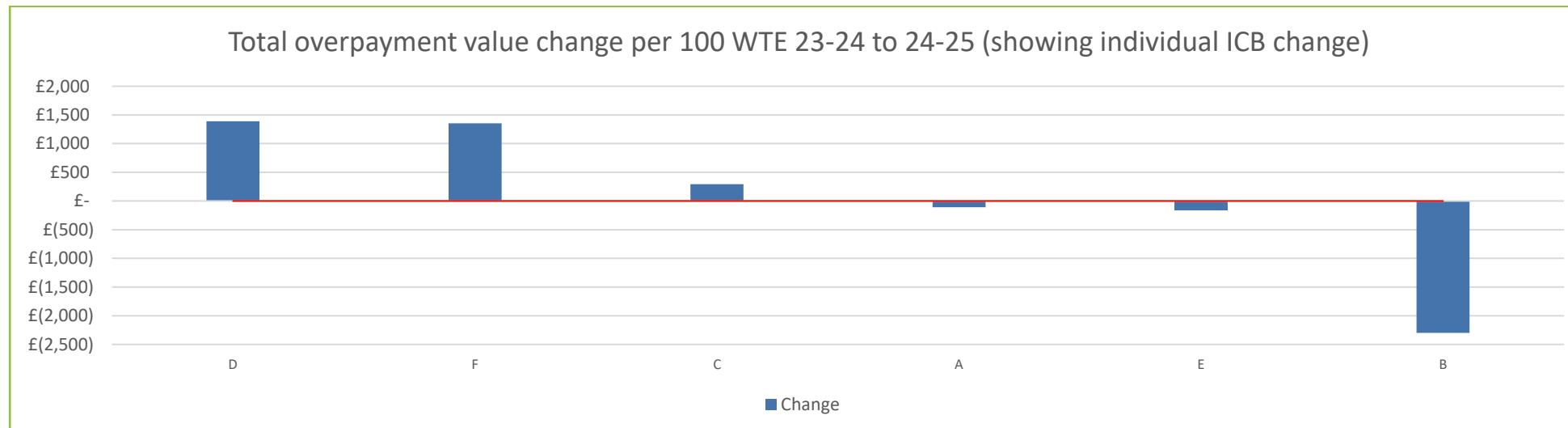


(Note: Not all organisations provided WTE workforce figures for each year. For consistency and simplicity we have calculated the overpayments per 100 WTE staff using the latest WTE figure provided. For those organisations that have provided WTE figures for all three years, this may mean there is a marginal difference between overpayments divided by the actual WTE figure in any given year and the figure used in this report.)

The chart below shows the average overpayment value, ordered from highest to lowest based on the 2024/25 value.



Where an organisation has a low value of overpayment per individual this could indicate a process error that affected a large number of employees in a particular month and/or that overpayments are detected swiftly after the error has occurred.



Financial Year	Organisation Type	Average value of OP per 100 WTE	Average number of OP per 100 WTE
2022/23	ICB	1,775	1.3
2023/24	ICB	2,340	1.4
2024/25	ICB	2,399	1.9

The table on the left shows that there has been a steady increase in the number and value of overpayments since 2022. Two ICB's have a reduced level of overpayments in 2024/25 when compared to 2023/24, and only one ICB has reduced overpayments when comparing 2024/25 to 2022/23.

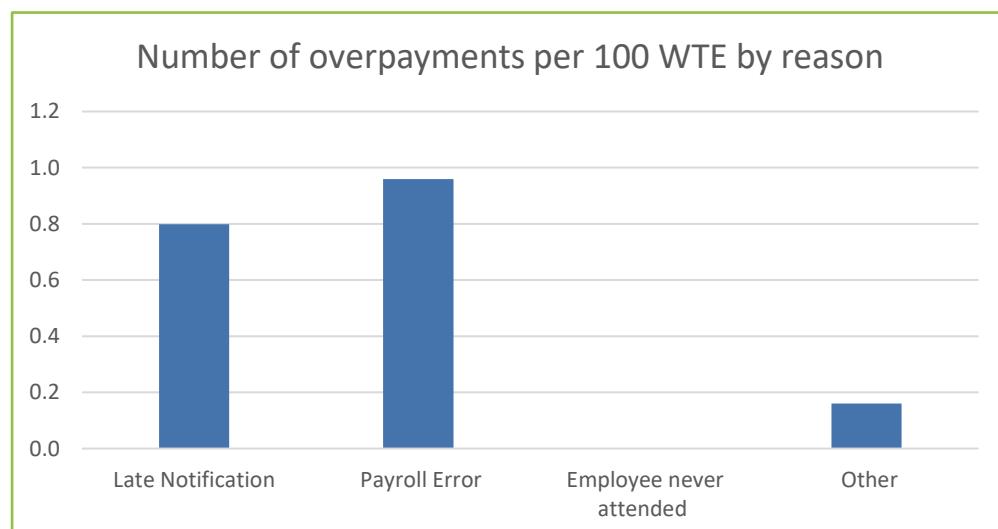
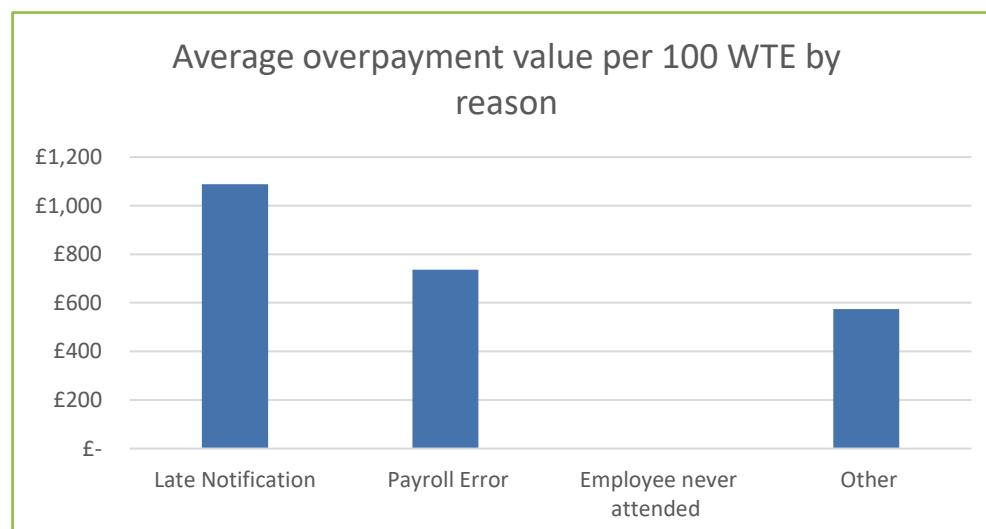
Points for consideration

Organisations should have controls to prevent and detect overpayments, for example:

- Preventative controls might include a time-limit on any salary increase or enhancement, with enhancements revoked automatically unless reviewed and confirmed by management. Confirmation required that an employee commenced work prior to any payment being made.
- Detective controls might include budget holder reviews and validation of staff establishment lists including salary points and any enhancements being paid.

Reasons for overpayments

Our analysis of the data indicates the most common reason for overpayment is late notification of staff changes affecting pay (such as employee terminations). This has been the case in previous years' benchmarking reports and shows that despite a focus on this area it continues to be a seemingly intractable issue. One ICB made two overpayments to employees that never started work (ICB E), and this is too low to register on the chart.



We asked ICBs how payroll changes are actioned. The responses are summarised in the table. ICB A uses Manager Self-Service.

Manual/ electronic forms	ESR Manager Self-Service
5	1

Points for consideration

To avoid unnecessary overpayments due to late notifications, how does your ICB hold managers to account?

How easy is it for managers to notify payroll swiftly that an employee has resigned?

Is there a requirement for managers to confirm to HR/payroll that new employees have commenced in employment prior to any payment?

Overpayments recovered

Please note that we present the information as 'percentage of overpayments recovered'. ICBs reported the total value of overpayments in 2022/23, 2023/24 and 2024/25 and also the value of overpayments recovered in each of those three years. The two values are unlikely to correlate (ie some of the value reported as recovered during 2022/23 may relate to overpayments that happened in an earlier year). Despite this, we consider this to be the most meaningful way to present this information.

The rate of repayment across all ICBs has varied marginally from 99% in 2022/23 to 101% in 2024/25 (one ICB recovering more than they overpaid during 2024/25). This shows a positive position for ICBs that a significant proportion of salary overpayments are being recovered. This compares to the position in NHS Trusts where our benchmarking identified approximately 60% recovery rate.

Reporting and recharging to teams

We asked ICBs if they had individuals that owed in excess of £2,000 that have failed to engage to repay after 2 letters had been issued. None of the ICBs responded that this was the case.

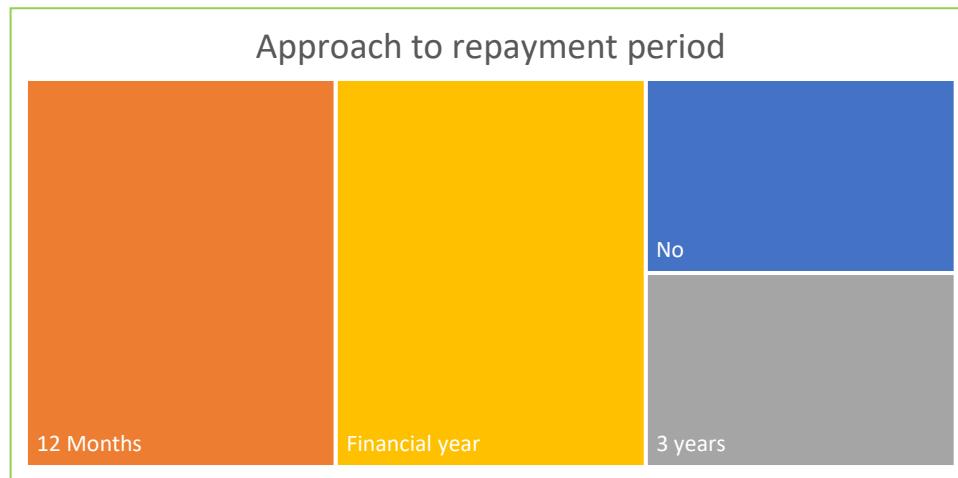
	Yes	No
Overpayments reported to teams	0 (0%)	6 (100%)
Overpayments recharged to teams	4 (67%)	2 (33%)

Comparison of repayment periods

In the data collection we asked about repayment periods across ICBs. The chart indicates the responses provided.

Two ICBs stated that their maximum repayment is the financial year and two stated 12 months.

When asked about initiatives to keep overpayments to a minimum this is mainly reminders to managers reiterating the importance of timely completion of notification to payroll.



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