

Reward

Guide for employees

This guide provides further information on the various aspects of the reward offering and provides links to finding out pay rates and allowances

Main topic areas

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Getting help

Contact your manager if you have any queries about this guide.

Managers can obtain advice by:

Calling the HR Services Advice Centre on 0845 6060603 / 5456 7100

Managers working for Parcelforce Worldwide should call 0845 6042787 / 5456 4747

For web access please go to:
<https://www.psp.royalmailgroup.com>



Reward

Guide for employees

Overview

This is the guide to Reward in Royal Mail Group for employees below the level of the Senior Leadership Population, (SLP). Employees graded at SLP or higher should contact the HR Services Senior Manager Team for further information.

Royal Mail Group aims to reward employees fairly, be open and honest in its reward offering and provide a reward package which attracts and retains high quality employees. There are three separate elements to the reward offering. The first element is pay and allowances which are covered in this guide and the other two elements are benefits and recognition.

This should be read in conjunction with the *Reward Policy*.

Basic pay

An employee's basic rate of pay, or salary, is the main part of the Royal Mail Group total reward package and initial basic rates of pay are detailed in employee's contracts of employment.

An employee's basic pay is based on a pay rate which is specific both to grade and the business area of Royal Mail Group. Pay rates are the subject of collective bargaining with our recognised trade unions.

An exception is senior management grades, where pay is on a personal contract basis and is determined based upon employee skills and competency, the area in which the role operates and external market factors.

For managers, below the Senior Leadership Population, working in some specialist areas, basic pay is based upon Broadbanding, which is a pay framework made up of pay bands rather than grades and employee pay is determined using the same factors as for senior managers on personal contract terms.

The collectively agreed rates for CWU represented employees and Unite CMA represented managers can be found in the *Pay Rates* information. The glossary at the end of this guide contains some common pay terms.

Allowances

Royal Mail has many varied roles working in many different areas across the UK around the clock to ensure the smooth running of its operation and its supporting functions, in order to supply a great service to its customers. Depending upon which roles employees have and the hours they work, some attract allowance payments.

Authorised allowances

There are many authorised allowances covering Royal Mail and some of these allowances are:

- paid during paid absence, except that payment will cease after any single spell of eight weeks continuous paid absence from work and during any absence on less than full pay. There are exceptions to this for certain grades and if these employees are on sick leave, allowances may be

continued at full or half rate or discontinued in accordance with whatever sick pay is due.

- reckonable for pension purposes (where applicable). All employees joining Royal Mail on or after 1st April 2008 receive non-pensionable allowances
- assigned allowances, which are paid as long as the relevant job is held; with payment ceasing on temporary or permanent transfer to another job

All allowances for part-time employees are paid pro-rata to contractual hours, and also pro-rated for single-rate overtime up to normal full-time hours, by being included within the Single Standard Pay Rate.

However, some allowances are paid hourly, tied to a span of time, or are based on the employee's previous earnings and these allowances are marked with a "T" in the *authorised allowances table*.

Reserved Rights Allowances

In addition to the 'live' allowances above, there are a small number of reserved rights payments which are payable only to certain people who were eligible for a prior allowance or previous grade and have continuously met the old criteria for payment subsequently. Such payments may no longer be paid to new recipients, nor may the amount be increased for existing recipients who are part-time.

Depending upon the employee reserved rights allowance that is paid; some of these allowances also have other conditions as detailed in the bullets above in the Authorised Allowances section.

Variable pay – bonus schemes

Some employees may be entitled to a bonus depending upon their grade and/or business area.

For managers in Royal Mail Group, there is one main bonus plan based on a Corporate Scorecard which supports business performance. There are some variations to the main plan in Parcelforce Worldwide and Sales.

For other grades in Royal Mail Group, there are different bonus schemes that employees may be able to participate in, depending upon which business area they work in.

If employees are unsure which bonus scheme may apply to them, they should check the *Bonus plan* pages on the intranet, see *Getting help* or speak to their manager.

Compensating employees for extra work

Principles

Royal Mail is responsible for protecting the health and safety of its people, and managers will not authorise additional hours to be worked where health or safety would be at risk due to either the excessive nature of the attendance or the personal health and circumstances of the employee.

All additional hours worked must conform to the Working Time Regulations and the relevant agreements with Communication Workers Union (CWU) and Unite CMA. A full-time employee may only be asked to work more than 48 hours (contractual and overtime hours added together) per week, on average, with their

consent and having signed the appropriate opt-out declaration.

A Professional Driver is a person who drives a tachographed vehicle on more than 15 occasions in a 26 week reference period. Professional drivers cannot opt-out of the Working Time Directive as their hours are governed by the Road Transport (Working Time) Regulations 2005. Further information can be found by accessing the *Working Time Directive and Working Time Guide*.

Overtime working beyond an employee's normal contracted hours should only be authorised by managers where required.

Weekly paid employees should receive payment for their overtime at the end of the week following the overtime being performed. The cut-off for monthly paid employees is usually the third Sunday in a month, where this leaves a minimum of ten days before the salary pay date.

Overtime is paid for at the rate appropriate to the work being performed, irrespective of the grade of employee (for example, mails work performed by an ML4 manager or an LA1 administrative employee is nevertheless claimed at the rates appropriate to the Postal Grade). Overtime must only be claimed and authorised when it has actually been worked, and is paid to the actual hours and minutes worked and not rounded up or down.

There are various ways which an employee can be compensated for additional work and the method of compensation depends upon their grade. For further information please refer to *Getting help* or check the *Pay Rates* information.

Types of compensation

Time off in lieu

Any employee may opt for the equivalent time off in lieu (TOIL) if they have been required to work beyond their conditioned hours. For small amounts of hours the recording and taking of the compensatory time off should be managed through the manager. Where larger amounts of TOIL are built up, these should be managed through adjustment to holiday records, with the time off then taken through the normal holiday selection process for the unit and business concerned. Certain grades are only entitled to time off in lieu and the *Pay Rates* information contains further details of the grades that this is applicable to.

Overtime

Those grades that may claim overtime are as set out in the *PSP Pay Rates section* which gives the current rates to be paid. All overtime must be authorised via Manage My Team. For some grades there are different rates depending upon how many hours are worked (for example, postal employees are paid a higher rate for the first 10 hours of overtime worked in any week), as set out in the *Pay Rates* Information.

Scheduled attendance

In Royal Mail scheduled attendance (SA) is an arrangement where employees are compensated for completing pre agreed hours in excess of their usual duty. Before scheduled attendance can commence, the employee needs to sign an annual undertaking which explains the full terms and conditions of the SA

arrangement.

Those grades eligible for Scheduled Attendance (SA) claim in the same way as for overtime, except that (for SA worked between Monday and Saturday) the duration of any breaks taken during (including immediately before or after) the Scheduled Attendance must be deducted from the total hours claimed for payment. In Parcelforce Worldwide pre-scheduled overtime does not attract any paid breaks.

Bank holiday overtime

Some overtime grades have a single cash rate for Bank Holiday overtime, whereas others have a choice between a higher rate or (provided that the attendance is of a minimum length) a lower rate plus a whole or half day off in lieu. Details are set out in the *Pay Rates Information*. If attending more than once on the same Bank Holiday, the same option must be chosen and (if the lower option) no more than one day in lieu claimed in total. An additional premium payment is made for attendances required on Christmas Day (which is always treated as being 25 December irrespective of when the associated public holiday falls).

Travelling time

Excess travel time is the excess time spent traveling to other than the normal place of work, where this is at least 30 minutes greater than the normal journey to work time. Only those grades eligible to claim overtime may claim payment for traveling time. Some grades have a specified travelling time rate; otherwise payment is at the basic single hourly rate for the employee involved.

Expenses

Travel and meal expenses may not be claimed for attendances that are paid as overtime, or Scheduled Attendance, since the attendance itself attracts additional payment, and employees are responsible for their own travel to work and for meal costs whilst at work.

Allowances

Generally overtime and SA are paid at standard cash rates, and do not attract payment of additional allowances, regardless of the type of work performed or the time of day. Those few exceptions where an additional allowance may sometimes be claimed are set out in the *Pay Rates* information on PSP. The authorised allowance section contains further detail as well as some information on reserved rights allowances.

Part-time employees

Part-time employees working additional hours, up to the normal full-time working week for their grade, are paid at Standard Single Pay Rate, (SSPR). This ensures equal treatment between full and part-time employees doing the same work. SSPR is pensionable and includes pro-rata payment at the appropriate hourly rate of any allowances or regional supplements to which the employee is entitled. Such employees who go on to work additional hours within any week above the normal full-time total are paid at the appropriate overtime rate.

How to claim

Claims should be authorised via Managing My Team in PSP.

Overtime cut-off dates

If the request is not authorised by these times the payment will be made in the following wage cycle:

- Weekly: By close of play Monday (Bank holidays by close of play Saturday)
- Monthly: The 3rd Sunday of the month for a four week month and the 4th Sunday of the month for a five week month.

Paying employees when they are promoted

Pay on promotion principles

Royal Mail will ensure that when employees are promoted, their new pay or salary rate is calculated correctly and that they are advised of their new rate within a reasonable timescale. Cases are also dealt with in confidence between the employee and Royal Mail.

What is substantive promotion?

A promotion is the transfer of an employee to a new grade with a separate distinct salary scale and a higher maximum salary. Substantive promotion is when this transfer is permanent.

What is temporary promotion?

Temporary promotion applies when an employee's promotion is not substantive. For starting pay (and progression) purposes, the general principle is that the terms and conditions for temporary promotion are identical to a substantive promotion. However, there is no ongoing contractual entitlement to retain the pay and benefits into the future.

For senior temporary promotions the temporarily promoted employee does not adopt the benefit arrangements for the role they are covering on a temporary basis.

Temporary promotion should only be considered if an employee is expected to cover the role for a minimum of 13 weeks. If it is less than 13 weeks *substitution* should be considered.

Once promoted (either substantively or during a period of temporary promotion) the general principle is that pay changes at the old/lower grade have no relevance to the promotee, (unless they return to their old grade), who is paid according to the terms that apply to the new/higher grade.

If employees are unsure whether temporary promotion is appropriate they should contact the HR Services Advice Centre.

Promotional increases

Promotion within CWU represented roles

- The promotion increase is calculated as the average of the new national grade minimum and grade maximum, multiplied by 7%
- The promotion increase is added to the basic pay or salary (excluding all allowances and any mark-time pay) before promotion, capped at the maximum salary for the new grade
- London pay adjustments (where applicable) are made after the promotional increase has been calculated

If the promotion involves a move between differing pay areas and the promotional increase is less than the loss of regional pay, the balance is retained on a mark time basis.

Incremental dates

- The incremental date is then calculated by working out the gap between the new level of salary and the next higher incremental point, and dividing this gap by the difference between the next higher incremental point and the next lower incremental point
- If the result is 0.25 or less, then the promotee moves immediately to the next higher point, and the incremental date is 12 months from the date of promotion
- If the result is between 0.25 and 0.375, the promotion pay is as above and the incremental date is 3 months after the date of promotion
- If the result is between 0.375 and 0.625 it is 6 months after
- and if above 0.625 it is 9 months after the date of promotion

If this new level of pay does not reach the minimum of the new grade then the minimum is paid instead, and the incremental date then becomes 12 months after the date of promotion.

Where the new pay is lower than the old pay or salary plus old assigned (but not shift) allowances, this higher total may be retained on a mark-time basis until the proper level of promotion pay catches up.

However for employees below age 18, the employee is simply paid at the appropriate age 16 or age 17 step for the new grade.

Promotions to and from CMA represented grades (except senior manager roles)

The promotion increase is calculated as 5% of the national midpoint of the old grade, as set out in the *Pay Rates* information.

The actual salary following promotion is the highest of:

- The new grade minimum
- The old grade maximum
- The old salary (less all allowances), plus the promotion increase, capped at the midpoint for the new grade
- The old salary (less all allowances) plus the Guaranteed Minimum Promotion Increase as set out in the relevant Pay Directive

except that in no circumstances can the new salary be higher than the maximum for the new grade.

Where the new salary is lower than the old salary plus old assigned (but not shift) allowances, this higher total may be retained on a mark-time basis until the proper level of promotion pay catches up.

Where managers are promoted to a role in a different pay area, their current pay should be adjusted to the national equivalent rate and the regional addition for the new pay area then added before the promotional increase is applied.

If the resultant starting salary on promotion is less than their previous salary (i.e. the reduction from moving to another lower pay area exceeds the increase from the promotion calculation) then the difference is retained on a mark time basis.

In special circumstances managers will sometimes need to adjust salaries on an employee basis outside of the standard framework, for example to recruit or transfer someone with special skills or experience, or when a job has been advertised but proved difficult to fill, or to reward very exceptional performance.

The following opportunities for managers to flex salaries are agreed, so that in these exceptional circumstances a manager may:

- recruit to a salary above the minimum, up to the mid-point
- promote to a salary above the standard promotion increase, up to the mid-point

Where a promotion also involves a move to a different pay area, the regional element of current salary should be identified, from the appropriate pay scale. This should then be deducted from current salary, and the appropriate regional element for the new pay area added, before the pay on promotion calculation is started. If the resultant starting salary on promotion, calculated as above, is then less than the actual existing salary (i.e. the reduction from moving to another region exceeds the increase from the promotion calculation) then the difference is retained on a mark-time basis.

Promotions into a senior manager role

Substantive promotions will be to a personal contract, and the appropriate salary level will be identified for the employee through this process.

For temporary promotions, additional payment will only be made for a continuous period of 22 days or more. The minimum temporary promotional increase is 5% of salary before the promotion, subject to the appropriate minimum level for the job involved. For further details employees should contact the appropriate Senior HR Manager for the promotee's Business Area.

How do I arrange payment for promotion?

An Employee Change Request (ECR), accessed via Managing My Team needs to be completed, to ensure the promoted employee is paid the correct amount.

For details of the amount the employee should be paid managers should refer to the *Pay rates* information; for Senior Managers, contact the Senior HR Manager for the relevant business area.

Working in a higher grade (substitution)

Substitution represents an agreement between the Business and an employee for them to assume the full duties and responsibilities of an employee of a higher grade who is absent for any reason and all substitutions must be authorised by the manager.

Background

Before substitution is arranged, managers should consider whether the job needs to be covered at all as many jobs can be lapsed for short periods, without any adverse impact on the operation.

Training and development needs should be identified before the period of substitution and any substitute must have the Health & Safety competence required to enable them to meet their legal responsibilities at the higher level.

The regular jobholder should provide feedback to the Manager about any issues arising from how the job was covered, after any period of substitution. Counselling is then completed by the Manager immediately following the period of Substitution, and any further training and development needs of the substitute identified.

Payments

- Substitution payments are generally calculated as the difference between the minimum **national** basic pay or salary for the higher grade and the employee's current basic pay or salary (excluding any London or Defined Area differential, mark-time element and all allowances)
- For substitution from a managerial grade, where this does not provide at least 5% of the old grade national midpoint, a higher amount is calculated based either on the 5%, or if lower on the difference up to the national midpoint for the new grade (subject to a minimum of the appropriate guaranteed minimum promotion increase)
- Substitution payments are always non-pensionable and only payable for a minimum period of one working day
- For all substitution into or within senior management roles, payment is only made for continuous periods of 22 days or more
- For substitution into DOM roles the DOM allowance is only paid for continuous periods of substitution of at least one month)
- Allowances and overtime where applicable may then be claimed in addition, at the rate for the higher grade, but with no other entitlements of the higher grade (for example annual holiday, incremental progression)
- Substitution is not paid whilst the substitute is on holiday, sick or other absence (the only exception is where a Bank Holiday falls within a period of substitution that starts before and ends after the Holiday, in which case the Holiday is included in the period of payment)
- At the outset, if the period of Substitution is expected to last longer than 13 weeks, treat it as temporary promotion and normal resourcing arrangements should apply. Additionally if the job being covered is vacant then temporary promotion is generally appropriate in any event.

How do I arrange a substitution payment for an employee?

Managers can complete substitution claims in PSP via Managing My Team by

choosing the Substitution option listed under Variable Pay. Training Course TMWT009 – Substitution Claims provides a step by step guide to completing a claim. This can be accessed through the Learning and Development section of Me at Work on PSP.

When to claim

- Substitution claims cannot be entered for future dates. Substitution must be completed by the employee before a claim can be entered in the system. This is to prevent overpayment occurring.
- Substitution claims must continue to be entered on a weekly basis and claims should not span separate weeks.

Completing the claim

- Select the person or position being covered as this will derive the rate to be paid
- Personnel Numbers should be entered wherever possible to ensure that correct pay rates will be selected
- When selecting an employee who is being substituted, payment will be based on the employee's contracted grade
- Only one person can substitute one employee / position per day. Vacant positions can also be selected
- If a part-time employee is substituting to a full-time position this should be specified this using the 'Substitution Type' field in the entry screen. Overtime must not be claimed
- Where an employee is substituting to a part-time duty, the number of hours they have substituted during the period specified must be entered in the 'substituted hours' field

Allowances

- Select the Assistant Delivery Office Manager (ADOM) allowance from the Allowance 1 drop-down list for any employees substituting as an ADOM, otherwise this allowance will not be paid.
- Only one shift allowance can be selected. If more than one shift allowance is due during the period of substitution you will need to split the claim and input separate Substitution Entries.
- Ad-hoc allowances as a result of substitution must be entered on the Substitution Entry screen.
- If an ad-hoc allowance payment has not been entered for a Substitution claim which has already been submitted, users must contact the HR Services Advice Centre or HRSC Substitution immediately.

Claims for employees outside your area of responsibility

- Claims for employees outside of the manager's area of responsibility can be entered via PSP if they are substituting for an employee / position within the managers team.
- It is the 'gaining' team / area's responsibility to enter the details.
- Select the employee by entering the employee's personnel number or alternatively use the search facility.

Advances of pay An Advance of Pay is available where an employee has not been paid or has been underpaid due to an error by Royal Mail HR Services, either in processing or system application. It is also available for employees who have made the transition from weekly to monthly pay.

In all cases where an underpayment has been made, employees need to raise the issue via their manager. The first means of correction would be an amendment in the next available pay period and the employee will be asked if this is suitable.

Where the underpayment is such that payment is needed prior to the next available pay period, a request for an advance can be made.

When can an advance be requested?

There are two occasions where an advance of pay may be made:

- Where an error has occurred in a process and the value owing as a result of the error is £25 (net) / £40 (gross) or more.
- Transition from weekly to monthly pay.

Advances of pay are not available as an interest free loan facility for distress and welfare purposes.

All advances must be recovered in full, and in the next available pay period.

How do you apply for an advance?

There are two ways to apply for an advance depending upon whether the advance is due to a pay processing error or due to the transition from weekly to monthly pay.

Advances following a pay processing error

If a pay processing error has occurred, the employee's manager should contact the HR Services Advice Centre, see *Getting help*, and they will be advised of the correct contact to e-mail to organise an advance for their employee.

Advances following the transition from weekly to monthly pay

An advance following the transition from weekly to monthly pay can be requested by the employee's manager by e-mail to HRSC ECR & Template. The e-mail should include the employee's pay number, a request for an advance due to the transition from weekly to monthly pay and how many months they would like the advance to be over; the maximum number of months for an advance is six.

Types of advance payments

There are currently three types of advance payments:

- **BACS** – this is the cheapest form of advance and is a bank transfer that takes 3 working days to credit the recipient's account after submission on

Tuesdays and Thursdays. The minimum limit for a BACS advance is £25.00.

- **Next day payment** – after BACS this is the next cheapest form of advance and is a next-day bank transfer that will credit the recipient's account by 17:00 hours. The minimum limit for a Next Day advance is £25.00.
- **Same day payment** - this is the most expensive form of advance and is a same-day bank transfer that will credit the recipient's account by 17:00 hours. This type of advance must only be used in exceptional circumstances.

Cut-offs and timing of requests

- **BACS** - Requests received by 09:30 on a Tuesday will be paid the following Thursday and requests received by 14:30 on a Thursday will be paid the following Monday (subject to change in Bank Holiday periods). It is important to note that this method of payment will be used for normal advances and specifically for employees who request an advance due to a change from weekly to monthly pay.
- **Next day payment** – Requests received by 14:30 will be paid the following day with the exception of Tuesdays where requests will need to be received by 13:30. It is important to note that if the request is for next-day pay and is submitted after the cut-off, payment will not be issued until the following day again i.e. if a request is submitted Monday at 15:00 then payment will be made Wednesday.
- **Same day payment** - Requests received by 09:30 will be paid the same day. It is important to note that if the request is for same-day pay and is submitted after the cut-off, payment will not be issued until the following day i.e. if a request is submitted Monday at 10:00 then payment will be made Tuesday.

Transition from weekly to monthly pay

An employee who transfers from being weekly paid to monthly paid may request to use this facility in order to reduce the impact of the change. The initial request should be made by *Employee Change Request (ECR)* via Managing My Team where possible or alternatively by e-mailing their requirements to HRSC ECR & Template.

Mid-month advance payments will be made on a gradually diminishing scale with the first advance being no more than 50 per cent of the net monthly salary.

- **Month 1** -Net advance of 50% of one month's basic pay. Paid mid month.

One month's salary & assigned allowances, paid as normal at the end of the month plus recovery of the 50% advance.

- **Month 2** - Net advance of 45% of one month's basic pay. Paid mid month.

One month's salary & assigned allowances, paid as normal at the end of the month plus recovery of the 45% advance.

- **Month 3** - Net advance of 40% of one month's basic pay. Paid mid

month.

One month's salary & assigned allowances, paid as normal at the end of the month plus recovery of the 40% advance.

- **Month 4** - Net advance of 30% of one month's basic pay. Paid mid month.

One month's salary & assigned allowances, paid as normal at the end of the month plus recovery of the 30% advance.

- **Month 5** - Net advance of 20% of one month's basic pay. Paid mid month.

One month's salary & assigned allowances, paid as normal at the end of the month plus recovery of the 20% advance.

- **Month 6** - Net advance of 10% of one month's basic pay. Paid mid month.

One month's salary & assigned allowances, paid as normal at the end of the month plus recovery of the 10% advance.

- **Final Month** –Normal monthly paid arrangements.

Employees may at any time opt out of transitional arrangements by e-mailing their request to "HRSC ECR & Template", including their pay number and the date they want to move onto the standard monthly pay cycle.

Welfare and distress payments

Advances of pay are not available for this purpose. All requests as a result of current welfare or financial problems should be dealt with by First Class Support, Royal Mail's employee assistance helpline.

First Class Support offers independent advice and assistance for all Royal Mail Group Ltd employees on a number of issues including managing their finances.

Employees will be asked to contact First Class Support on freephone 0800 6888 777, which will enable them to obtain professional advice and support from a confidential and independent source. If an employee's financial problems are adversely affecting their attendance, concentration or performance at work managers may wish to consider making a business referral to the *Occupational Health Service*.

In extreme cases e.g. to meet an unexpected funeral bill, employees facing financial hardship can apply to the Rowland Hill Fund by again contacting First Class Support, or by writing to Rowland Hill Fund, Royal Mail House, 148 Old Street, London, EC1Y 9HQ or by e-mail to Rowland_hill_fund@royalmail.com or by visiting www.rowlandhillfund.org.

Correcting overpayments

It is Royal Mail's policy to pay wages, salaries and expenses on time and correctly. However, it is the duty of every employee to notify Royal Mail immediately if they become aware of an overpayment in their pay by contacting

the HR Services Advice Centre.

This guidance covers arrangements for the recovery of overpayments to both Royal Mail Group employees and ex-employees and covers both overpayments of pay and expenses. Separate arrangements apply to the recovery of Voluntary Redundancy, absence, ill health retirement reinstatements and Accident Management Unit (AMU) compensation overpayments.

Royal Mail commits to dealing with overpayments in a reasonable and sensitive manner and with due regard for employee circumstances throughout the period of the overpayment.

The process

Whenever an overpayment has been identified an employee's pay record/arrangements will be amended so as to rectify the overpayment at the earliest opportunity.

After making the change the line manager should notify the employee that there has been an overpayment and in the case of overpayments of less than £25 net (weekly paid employees) or less than £100 net (monthly paid employees) (pro-rated for part time employees), the deduction will be recovered automatically from the next pay date. In cases of above £25/£100 an Overpayment Adjustment will be given by the Overpayments Team and Repayment Plan sent to the line manager.

Where HR Services have triggered the change, they will notify the line manager, who should ensure that they inform their employee.

In cases of bulk overpayments, i.e., where there are two or more employees, and they have been overpaid as a result of an error arising from the same source, these may be treated as individual cases.

If the Line Manager has discussed the overpayment with the employee in advance of making the change and the employee has stated they would like the full deduction to be taken from their next pay/salary, this can be arranged. The Line Manager must e-mail HRSC Overpayments as soon as they have made the change on PSP, giving the employee's name and number, reason/dates of overpayment and requesting no adjustment is made. This will then result in the full deduction being made from the employee's next pay/salary with no intervention from the Overpayments Team.

All underpayments of pay will be paid in full. Where there is an overpayment and an underpayment one will be offset against the other as appropriate.

Where an overpaid employee receives a lump sum payment (e.g. Bonus), Royal Mail retains the right to recover against that payment.

Recovery of overpayments and the arrangements associated with the process will be applied in a timely way in order to ensure that the Royal Mail Group recovers the monies quickly and efficiently, and to minimize any anxiety caused to the employee.

Recovery after death or leaving Royal Mail Group

Recovery of overpayments will not normally take place in cases where an employee has died. Where recovery is pursued from an ex-employee who has died, this will be authorised by HR Services, in conjunction with a Senior HR Manager.

In instances where an employee has left the business, Royal Mail will seek to recover any overpayment. As soon as an overpayment has been established HR Services will notify the ex-employee concerned. Debt recovery will be used in instances where reasonable efforts have been made and failed to reach agreement on repayment.

Where an employee has given advance notification of leaving the business, Royal Mail will normally recover all outstanding monies owed from the employee's final payments to repay the overpayment.

Fraud or Negligence

Overpayments identified as suspected fraud or contributory negligence will be dealt with under the terms of the appropriate national procedures.

Recovering overpayments

Once an overpayment is identified, HR Services will inform the employee's manager that they need to meet with and discuss this issue with the employee concerned. The employee should be given prior notice of the interview and informed that, should they wish, their local Union Representative may accompany them to the interview. A record of this interview should be kept by the manager and copied to the employee.

The purpose of the interview is to establish all additional relevant facts and any mitigating/personal issues that need to be taken into account. Normally, the outcome of this meeting will be an agreement to repay the overpayment in full, over an appropriate and agreed timeframe. The recovery cannot commence until confirmation of the meeting taken place has been e-mailed to *HRSC Overpayments*. The confirmation must be sent within the agreed timescales even if no agreement has been reached.

In very limited circumstances, this interview may lead to agreement that some of the overpayment is waived and in extreme cases that the whole overpayment is waived. Please note the overpayment being no fault of the employee is not reason to waive the overpayment.

The manager / budget holder will be responsible for making any final decision on waiving some or all of the overpayment, after seeking advice from their Senior HR Manager.

The following issues should be considered:

- whether the employee notified the Business of the overpayment and, if so, what management action was taken at that time
- whether the overpayment continued for a substantial period of time
- the value of the overpayment in question

- the employee's personal circumstances

Where agreement cannot be reached, it is Royal Mail's policy to reclaim overpayments in these situations by deducting 10% of the employee's net pay per pay period until the overpayment is fully recovered. This will be a last resort and only applied after all reasonable efforts have been made to reach an agreement with the employee concerned.

Where a manager has exceptionally authorised a recovery plan of less than 10% this will be reviewed regularly by HR Services and could be increased.

Where to go for further information

The Getting help box on the front page tells you where to find further information.

Please also refer to the *Policy and Information Site* on PSP or HR pages of the intranet (non-PSP users) for further guidance relating to this guide.

Pay glossary

The pay week or month

Weekly paid employees are paid the weekly rate for their grade / role. Weekly paid employees accrue pay at the rate of one-fifth of a full weeks' pay for each day of service.

Monthly paid employees are paid an annual salary, with a twelfth of the annual salary paid each month. Pay accrues daily, a day's pay being one-twelfth of the annual salary divided by the number of days in the month concerned.

Location related payments

London Areas

Inner London	offices within a 4 mile radius from Charing Cross (King Charles statue)
Outer London	the area outside the 4 mile radius from Charing Cross but within the boundary of the London Letter Territory as it was constituted on 31 March 1991

For some grades London Weighting is no longer paid as a separate allowance as it has previously been incorporated into differing London Pay Ranges which vary with grade.

Recruitment & Retention Incentive Scheme

Royal Mail supplements the pay of employees in a number of different ways to recognise the recruitment & retention needs of differing local labour markets. Full details are contained in the relevant National Agreements. Separate agreements have been concluded for:

Operational and Operational Support grades

Administrative grades

Engineering and Fleet & Maintenance Services technical grades

Secretarial grades

Mark time pay

Mark time pay is eroded by subsequent pay increases or by including guaranteed elements such as Recruitment and Retention Incentive Scheme (RRIS) or progression.