

# Overpayments Recovery



## Introduction

The purpose of this policy is to ensure there is a consistent approach to dealing with overpayments.

Where employees have received public money to which they are not entitled, they will be asked to repay it in full. This policy outlines the process for the recovery of overpayments made to staff, when they have received payments in excess of their entitlement.

## Legal Position

The Council has a legal right to recover an overpayment of wages or expenses paid to an employee, as per Section 14 of the Employment Rights Act 1996, and is committed to recovery of the money when an employee has been overpaid as these are public funds.

The Council will continuously keep its systems and controls under review to prevent overpayments from arising in the first instance.

## Managers Responsibility

It is the responsibility of Managers to ensure that they:

- Make changes to employee contracts, including terminations and submit them in a timely manner.
- Review monthly budget reports for any pay errors or anomalies and alert the IBC if anything is identified.
- Speak to the employee about any overpayment and the reason it has occurred.
- Agree the amount proposed for deduction and the date(s) for the monthly instalments which will be deducted over the same number of months as the overpayment occurred.

If the employee does not agree that an overpayment has occurred you should contact your HR Advisor who can investigate the incident and provide further details where necessary.

Following your discussion with the employee, you will need to instruct the IBC via 'My Enquiry' to make the recovery. They will write to the employee confirming:

- the reasons for recovery of overpayment
- the amount to be deducted and the date(s) for the monthly instalments which will be deducted over the same number of months as the overpayment occurred  
or
- in the case of one single overpayment that one lump sum re-payment will be deducted and the date for the deduction

## Employees Responsibility

It is the responsibility of each employee to:

- Ensure that they understand their salary entitlement.
- Check their payslip every pay period to ensure that it is accurate.
- Raise pay anomalies with the IBC and their line manager.
- Contact IBC immediately in any circumstances where they are unsure of their entitlement to any payment received.
- Make sure that they do not spend any monies they suspect or know they have incorrectly received.
- Repay the overpayment in line with the Council's policy
- Co-operate with any request to meet with their manager to discuss any overpayments, in line with this policy.

It goes without saying that any suspected abuse of the policy, or where it is found that an employee knowingly received any payments you are not entitled to will be treated very seriously and may lead to disciplinary action.

A leaver is also responsible for checking that their final salary payment is correct and that they do not continue to receive payments after they have left.

## **Role of the IBC**

Where an overpayment occurs, IBC will calculate the overpayment and will write to the employee with the recommended recovery plan in line with this policy. Following an instruction to go ahead with the overpayment recovery, IBC will start deductions.

## **Process for the recovery of overpayments**

The Council applies the following rules when recovering all overpayments:

- Recovery in full of overpayment (dating back to the previous 6 years)
- One lump sum re-payment for one single occurrence
- Monthly instalments over the same number of months as the overpayment occurred
- Fair and reasonable practice.

The Council will advise employees of any overpayment as soon as possible and will consult employees before any deductions are made from their salary. As soon as the employee has been informed of the amount of the overpayment, the reason for the overpayment and the method of deduction and recovery, the Council will deduct the money from salary. Any PAYE and National Insurance Contributions that have been overpaid will be adjusted once the overpayment has been made.

## **Overpayments to leavers**

The Council will recover in full any overpayment, or amount owed to the Council, from the final salary payment.

Where the employee has already left the Council before recovery of any overpayment has been collected, action to recover overpayment will be taken in line with the Council's sundry debtors policy.

All reasonable steps, up to and including legal action, will be taken in the pursuit of monies owed by ex-employees.

# Exceptional circumstances

Exceptionally, where the employee is able to produce evidence of hardship, the Director of People Services may agree to a longer period of recovery.

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