

OVERPAYMENT POLICY

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SECTION 1: GENERAL GUIDING PRINCIPLES

POLICY STATEMENT

1. This policy outlines the procedures for the recovery of overpayments made to staff when they have received, or suspect that they have received, payments in excess of their entitlement.
2. If members of staff have received public money to which they are not entitled, they will be asked to repay it in full.
3. The Council reserves the right to reclaim any overpayment of salary, wages, or any other form of expense via a deduction from salary, or otherwise, at a reasonable rate of deduction as agreed with the employee
4. The purpose of this policy is to ensure there is a consistent approach to overpayments and to ensure that errors are promptly identified and repaid appropriately.

SCOPE

5. This policy applies to all employees and ex- employees of Chesterfield Borough Council.

PRINCIPLES

6. The Council has a duty to ensure there are procedures and controls in place to pay employees correctly and in a timely manner.
7. Employees are expected to behave with honesty and integrity and with specific regards to overpayments of wages, salaries or expenses with a view to prevent occurrences of overpayment.
8. It is the responsibility of employees to check their pay slip on receipt for accuracy where possible. The Council will ensure as much clarity in the data as possible in order to aid employees.
9. It is expected that the employee will report promptly to the Payroll Section or their Service Manager any unexpected payment knowingly received, or any payment received to which the individual is not entitled.

10. The Service Manager should meet the employee to agree a repayment plan with support from HR and the payroll section.
11. The Payroll Section will endeavour to recover any overpayments promptly and in full once identified in accordance with an agreed repayment plan.
12. Authorised signatories (i.e. Officers or managers) must fulfil their responsibilities with regard to completion and submission of forms as soon as an individual leaves their post, changes their contracted hours, submits expenses or any other forms which could result in an error in regards to salary, pay and expenses.
13. This policy is issued by way of guidance on the council's policy and practice. It does not form part of an employee's contract of employment or otherwise have any contractual effect.

SECTION 2: PROCEDURE

LEGAL POSITION

14. Section 13 of the Employment Rights Act 1996 provides specific statutory protection for workers against unauthorised deductions from their wages. However, section.14(1)(a) states that the protection from deductions from wages does not apply to an overpayment of wages or employment-related expenses. Thus, where an employer has made an accidental overpayment of wages, the statutory position is that the employer is not prevented from recovering the overpayment by deducting it from the employee's future salary.
15. The Council reserves the right to make deductions from salary and/ or Local Government Pension Scheme funds where there has been, for whatever reason, an overpayment to salary, expenses or other emoluments in excess of the employee's contractual entitlement at a reasonable rate as agreed with the employee. Overpayments will be recovered in accordance with the principles outlined in this document which apply to all staff in line with Section 14 of the Employment Rights Act 1996, taking into account the Terms and Conditions of Employment.

RECOVERY OF OVERPAYMENTS

16. Any small or medium overpayment of salary is recoverable over a reasonable period agreed with the Council and the individual concerned,

and would ordinarily be recovered in no less than the period in which the overpayment occurred. Subject to this general principle, any overpayment will ordinarily be recovered over the number of months to which the overpayment relates.

17. In cases of hardship, difficulty or medium to large overpayment individual circumstances will be taken into the account and it will be the responsibility of the employee and the Service Manager with support from HR and the Payroll Section, or ultimately the Debt Recovery Section of Revenues to assist in arriving at a compromise arrangement. Employees may also wish to seek the advice of their trade union or own independent advice.
18. Future additional payments to the employee should be considered for the repayment plan to offset the overpayment eg extra hours worked, holiday pay.
19. Where an overpayment occurs relating to an individual remaining in employment, generally a recovery plan will be suggested based on gross deductions from future earnings in the same tax year. Where the overpayment is excessive and affects previous completed tax years, it may be necessary to recalculate net pay of previous completed tax years.
20. If the overpayment is in respect of an ex-employee the Payroll Section will recalculate final pay, and write to the individual concerned with the net recovery amount. If no response is gained a total of 2 further reminder letters will be issued by the Payroll Section. If no response is gained to all 3 letters issued, the overpayment details will be passed to the Credit Income Section within Revenues to pursue the debt. When the information is passed to credit income an invoice is raised and sent out. This invoice then follows the normal escalation process i.e. three red reminders, one letter, refer to chosen collection Agency and then it is passed to Legal litigation to pursue. A payment arrangement can be made at any point throughout this recovery process.
21. In the event that the Council agrees to write-off an overpayment this must be done only in accordance with the Councils Financial Regulations and delegation scheme approved by an Executive Director.