

## Wiltshire Council Human Resources

### Recovery of overpayments policy and procedure

This policy can be made available in other languages and formats such as large print and audio on [request](#).

#### What is it?

This policy outlines the council's approach to recovering payments made in error to current or past employees.

#### Go straight to the section about:

Current employees:

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Past employees

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#### Who is covered by this policy?

All Wiltshire Council employees.

#### What are the main points?

Current employees

1. Wiltshire Council's approach is to recover any overpayment made to an employee or ex-employee.
2. Overpayments may be identified by:
  - the employee;

- the HR payroll administration team;
  - the employing department.
3. In all cases the overpayment should immediately be reported to the HR payroll administration team leader. The matter will be investigated and, where it is confirmed that an overpayment has occurred, a calculation made of the gross overpayment and net amount to be repaid.
  4. In most cases recovery will be over the same period that the overpayment was made.

How will I be notified if I have been overpaid?

5. The HR payroll administration team will email your line manager, detailing the amount of the overpayment and the proposed method of recovery to enable your manager to discuss the matter with you.
6. At the same time you will be sent a letter confirming the amount you have been overpaid and the proposed method for recovering this payment.

What does this mean for me?

7. If you have been overpaid no action will be taken to recover the money until you have been notified of the overpayment in writing and the dispute period has elapsed.
8. Normally any overpayment will be recovered by a deduction from the first salary payment which is made 4 weeks after you have been notified of the error.
9. The amount deducted will normally be equal to the monthly amount overpaid.
10. If you have been overpaid over several months the recovery will usually take place over the same number of months, unless the total amount to be recovered is minimal or you agree to a shorter repayment period.
11. If you wish to pay the money back over a shorter period this can be arranged directly with the HR payroll administration team.

Extending the repayment period

12. Where the overpayment amount is significant (usually in excess of 15% of your gross annual salary) the recovery period may be extended by agreement with your head of service – see [guidance notes](#) and [extension to repayment form](#).

### Disputes regarding overpayments

13. If you disagree with the requirement to repay the amount owed, and/or you believe that there are exceptional circumstances which mean that the amount should not be repaid, you may make a written submission to the [section 151 officer](#) (chief finance officer) on the [overpayment dispute form](#) within 10 working days of receiving written notification of the overpayment.
14. The written submission will be considered by the [section 151 officer](#), in conjunction with the monitoring officer and the service director of HR and organisational development, within 10 working days and the outcome will be confirmed to you, and your line manager, in writing by the [section 151 officer](#).
15. The outcome may be:
  - not to accept your submission and to commence recovery of the overpayments through salary deduction(s);
  - to agree an alternative repayment schedule;
  - to agree that there are exceptional circumstances why the overpayment should not be recovered
16. It is your responsibility to ensure the HR Payroll administration team receive a copy of the overpayment dispute form so that recovery of overpayments is postponed until the written submission has been considered and the outcome confirmed in writing.
17. There is no right of appeal against the decision of the [section 151 officer](#).

### Leaving the council during the repayment period

18. If you leave the council before the full amount of the overpayment has been recovered, the outstanding balance will be deducted in full from your final salary.
19. If your final salary is not sufficient to recover the outstanding balance you will be invoiced for the outstanding amount in line with the [corporate debt recovery policy](#).

### Past employees

20. Where the employee no longer works at the council the HR payroll administration team will inform the employee's former line manager that an overpayment has been made.

21. The HR payroll administration team will write to the ex-employee giving details of the gross overpayment, the net amount to be repaid and enclosing an invoice for the net amount.
22. The HR payroll administration team will issue a P45 showing the correct pay and tax figures and amend the ex-employee's payroll record.
23. If the invoice is not paid within the settlement period the shared services finance team will process the matter in line with the [corporate debt recovery policy](#).
24. Legal action will be pursued in all cases, unless the employing department, in consultation with the [section 151 officer](#), in conjunction with the monitoring officer, considers that it is not appropriate to do so – see [managers guidance – debt recovery from ex-employees](#).
25. The decision to write off the overpayment and not pursue legal action must be confirmed by the [section 151 officer](#) in writing.

### **Roles and responsibilities**

#### Line manager responsibilities

26. To notify the HR payroll administration team in good time of any changes to employee's status to prevent overpayments from being made.
27. To notify the HR payroll administration team if an overpayment is suspected.
28. Where an overpayment is confirmed, to meet with the employee to explain why the overpayment occurred, the proposed method of recovering the overpayment and make them aware that the HR payroll administration team will be contacting them in writing.
29. To ensure the HR payroll administration team are kept informed of any agreement to extend the recovery period.
30. To ensure the HR payroll administration team are kept informed of any dispute and outcome, including any requirement to stop, amend or recommence recovery of overpayments.
31. To comply with the [corporate debt recovery policy](#) where an employee has left the council.

#### Head of service responsibilities

32. To consider any requests for an extension to the recovery period in line with [guidance on extending repayment periods](#).
33. To confirm the decision to the employee and their line manager in writing.
34. To manage debt recovery from ex-employees in line with the corporate debt recovery policy and the [managers guidance – debt recovery from ex-employees](#).

#### Section 151 officer

35. To arrange a meeting with the monitoring officer and service director of HR and OD to consider overpayment disputes and confirm the decision in writing within the timescales outlined in this policy.
36. To confirm any decision to write off overpayment to ex-employees and not pursue legal action in line with the corporate debt policy.

#### Frequently asked questions – current employees

37. **Can I make a repayment by cheque or credit card, rather than have money deducted from my next salary?**

The council's preferred method of recovery of overpayments is via a salary deduction. You may also pay by cheque (for example if you wish to clear the whole overpayment prior to the next payroll run) and you should contact the HR payroll administration team to arrange this.

38. **Under what circumstances could I ask for the repayment period to be extended?**

It would be unusual for the repayment period to be extended unless the amount to be recovered was in excess of 25% of your normal salary. However individual circumstances would be taken into account when agreeing the repayment period.

39. **Under what circumstances might it be agreed to write off an overpayment?**

The general approach of the council is to recover any overpayments made to employees or ex-employees.

It would be very rare for any overpayment to be written off but each case will be considered on its own merits.

Circumstances which may lead to a decision to write off the debt include:

- Where the employee can prove that there was no overpayment and that they were entitled to receive the money;
- Where the employee has made the HR payroll administration team aware of the overpayment but has continued to be overpaid, any amount paid after the matter was flagged to the HR payroll administration team may be written off;
- Where it can be proven that the overpayment was due to misconduct by another employee;
- where the employee can demonstrate that it would be inequitable for them to repay either part or the full amount.

**40. I was overpaid but did not realise it at the time, I spent the money and it would cause me hardship to have to repay it. Can the overpayment be written off?**

Wiltshire Council's approach is to recover any overpayment made to an employee or ex-employee. You may make a written submission to the [section 151 officer](#) on the [overpayment dispute form](#) within 10 working days of receiving written notification of the overpayment.

However, if the decision of the [section 151 officer](#) is to continue with recovery, consideration will be given to the repayment schedule in order to lessen any hardship. For example by extending the period over which you are asked to repay the monies.

Frequently asked questions – past employees

**41. I was overpaid in my final salary payment – I can't afford to pay it all back at once. What can I do?**

You will receive an invoice for the full amount and will have the standard settlement period (30 days, plus an additional 14 days after a reminder is sent) to pay it.

If it will cause you hardship to repay the full amount you should contact accounts receivable, via the enquiries line number detailed on the invoice, to negotiate payment by instalments over a reasonable period of time.

## Definitions

- **Overpayment**  
The council considers an overpayment to have been made where an employee was paid an amount to which they have no genuine claim and which, had they not been paid it, they would have had no claim to.

- **Section 151 officer**  
Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. In Wiltshire Council the Chief Finance Officer is nominated as the section 151 officer.

### **Further advice**

For further information please speak to your supervisor, manager, service director or contact a member of your [HR advisory team](#).

Policy author	HR Policy and Reward Team – (PM)
Policy last updated/implemented	22-12-2010

### Overpayment dispute form

Wiltshire Council's approach is to recover any overpayment made to an employee unless there are exceptional circumstances.

If you disagree with the requirement to repay the amount owed, and you believe that there are exceptional circumstances which mean the amount should not be repaid, you should submit this form within 10 working days of receiving written notification of the overpayment

This form must be submitted to Michael Hudson, Section 151 officer by [email](#) or post.

It is your responsibility to send a copy of this form to the HR Payroll administration team by [email](#) or post (HR and Payroll Administration Team- Business Services, PO Box 4385, East Wing County Hall Trowbridge BA14 8JN) to ensure they postpone recovery of overpayments until a decision is confirmed.

Your written submission will be considered within 10 working days and you will be informed of the decision in writing.

Name		
Job title		
SAP Number		
Amount of overpayment due to be recovered	£	
I believe I should not be required to repay:		
the whole amount	<input type="checkbox"/>	some of the amount <input type="checkbox"/> because:
• I was entitled to receive this money	<input type="checkbox"/>	
• I informed payroll of the overpayment but continued to be overpaid	<input type="checkbox"/>	
• The overpayment was a result of misconduct by another employee	<input type="checkbox"/>	
• Other reason	<input type="checkbox"/>	
Please give further details below:		
Employee signature:		
Date:		



**For use by Section 151 officer**

Date form received							
Submission considered by	Section 151 officer <input type="checkbox"/> Monitoring officer <input type="checkbox"/> Service director HR & OD <input type="checkbox"/>						
Summary of issues considered:							
Outcome:	<table border="1"> <tr> <td>Full amount written off</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Part of amount written off (£      )</td> <td><input type="checkbox"/></td> </tr> <tr> <td>No write off</td> <td><input type="checkbox"/></td> </tr> </table>	Full amount written off	<input type="checkbox"/>	Part of amount written off (£      )	<input type="checkbox"/>	No write off	<input type="checkbox"/>
Full amount written off	<input type="checkbox"/>						
Part of amount written off (£      )	<input type="checkbox"/>						
No write off	<input type="checkbox"/>						
Date employee informed (within 10 working days of receipt of form)							
HR Payroll administration informed	<input type="checkbox"/>						

### **Guidance notes - extending the repayment period**

If you want your head of service to consider extending the recovery period you should complete the "[extension to repayment form](#)" within 10 working days of receiving written notification of the overpayment.

It is your responsibility to ensure that you send a copy of the form to the HR payroll administration team to ensure they do not commence recovery until the outcome is confirmed.

Your head of service (or their nominated representative) will meet with you within 10 working days of receiving your request.

The outcome of the meeting will be confirmed to you in writing within 10 working days of the meeting.

It is your responsibility to ensure that the HR payroll administration team have been notified of the outcome.

There is no internal right of appeal against any decision not to extend the repayment schedule.

**Request for extension to repayment period**

Where an overpayment is made the HR payroll administration team will send you a letter confirming the amount you have been overpaid and the proposed method for recovering this payment.

You may apply for an extension to the repayment period to your head of service if:

- the overpayment amount is significant (usually in excess of 15% of your gross annual salary), or
- if you believe there are exceptional circumstances which mean that repaying in line with the proposed recovery period will cause you hardship;

This form must be received by your head of service within 10 working days of your receiving written notification of the overpayment.

If you are disputing the requirement to repay you should use the [overpayment dispute form](#).

It is your responsibility to send a copy of this form to the HR Payroll administration team by [email](#) or post (HR and Payroll Administration Team- Business Services, PO Box 4385, East Wing County Hall Trowbridge BA14 8JN) to ensure they postpone recovery of overpayments until a decision is confirmed.

Your head of service will consider your request within 10 working days. You may be invited to a meeting to discuss the matter. You will be informed of the decision in writing.

Name of head of service	
Your Name	
Your Job title	
Your SAP Number	
Amount of overpayment due to be recovered	£
Recovery method and timescale proposed by HR payroll administration team	
Why do you feel this is unreasonable:	
Your proposed recovery method and timescale (give details of how much and over what period you propose to repay):	

**For use by head of service**

Date form received	
Summary of issues considered:	
Meeting held with employee	<input type="checkbox"/> Yes - on      /      /20 <input type="checkbox"/> No meeting required
Outcome:	Alternative repayment period agreed (give full details below) <input type="checkbox"/>
	Original repayment period stands as outlined in original letter <input type="checkbox"/>
Date employee informed (within 10 working days of receipt of form)	
Form returned to HR Payroll administration	<input type="checkbox"/>

### **Managers guidance – debt recovery from ex-employees**

Where an employee has left the council and is issued with an invoice the following debt recovery process will be followed:

- The first reminder will be issued 30 days after the invoice.
- A final notice warning of court action will be issued after a further 14 days have elapsed.
- An attempt to contact the employee by telephone may be made where details are available

Where the employee has difficulty in repaying the full amount accounts receivable may negotiate repayment in installments over a reasonable period as outlined in the [corporate debt recovery policy](#).

Should the invoice still not have been paid, and no arrangement can be made to receive payment by installments, accounts receivable will contact the ex-employee's line manager.

The manager (or the head of service for their department) must let accounts receivable know within 14 days whether:

- to write off the outstanding debt (costs met from the departmental budget);
- or
- to initiate legal action (the costs of which will be met by the department)

### **Costs of legal action**

The initial step in taking legal action is to send a letter before action to the ex-employee – the costs of sending this letter vary from £30 to £50.

If legal action is then pursued costs will depend upon the complexity of the case, whether it gets to court and other factors. Accounts Receivable will provide a table of legal costs when requested.

If the courts decide in favour of the council costs will be awarded – however it should be remembered that these will remain a debt to the department until such time as they are re-paid – this is usually by installment over a period of time.

### **Debt write-off**

The council will only write-off debts as a last resort, and only when all reasonable avenues of recovery have been explored and it has become clear that further attempts to settle amounts outstanding have become impracticable, or uneconomic.

Circumstances which may warrant write off of overpayments to past employees are:

Prior to letter before action:	Where debt is less than £30. Or Where debt is less than £50 and no contact details for employee are available.
After letter before action:	Where, in conjunction with the Section 151 officer (and the solicitor for the council) it is agreed that the costs of legal action are likely to exceed costs of the debt.

If the department believes that a debt should be written off they must contact accounts receivable who will complete the necessary paperwork and forward to the department.

It is the department's responsibility to obtain the approval of the Section 151 officer prior to write off.

The signed paperwork should then be returned to accounts receivable so the write off can be actioned.