



Recovering Salary Overpayments Procedure

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Rationale

Salary overpayments are distressing for employees and generate a cost to the organisation.

The purpose of this procedure, which applies to all current and former employees of Aberdeenshire Council, is to provide a fair and consistent method for dealing with the recovery of overpayments in salary.

It also highlights the responsibilities of managers and employees in terms of checking that the correct payments have been made, and where an overpayment is identified that the appropriate action is taken to initiate its recovery.

Introduction

Aberdeenshire Council aims to ensure that all salary payments are processed accurately and timeously. However, it is recognised that occasionally overpayments in salary may occur, for example, due to the late submission of paperwork.

The Employment Rights Act 1996 provides that protection from deduction of wages does not apply to an overpayment of wages or employment related expenses. Under the Act, Aberdeenshire Council is entitled to recover any sums due because of an overpayment in salary or any other allowances or payments. This entitlement is confirmed in the Contract of Employment issued to every employee.

The Council will endeavour to reach agreement with any employee on the method and timing of recovery.

What is an overpayment?

An overpayment is monies paid to an employee over and above their entitlement in terms of their conditions of employment relating to salary/wages or related expenses/allowances.

The most common reasons for an overpayment arising include:

- Late submission of paperwork by a service advising of an employee's change of circumstances, such as leaving a job, reducing hours of work, or commencing a period of absence.
- Errors or omissions when completing the above paperwork.
- Incorrect completion of timesheets and claim forms for travel & subsistence, and monthly allowances.

Identifying an overpayment

Employees have a responsibility to check their monthly payslip and if they suspect any error in payment, they must immediately inform askHR@aberdeenshire.gov.uk and their line manager.

Managers should regularly review the payroll cost data on their direct subordinates, which is available via the [Managers Portal](#) as this will help to identify any matters that may need further investigation or correction. For example, an employee who is in receipt of an unexpectedly high payment or has left employment and continues to be paid. Where a discrepancy is identified, the line manager should report this immediately by logging a case via the [askHR portal](#).

Managers must also ensure that all paperwork associated with leavers, change of circumstances (e.g. reduction to hours of work or change of grade), or periods of absence including sickness and maternity leave is submitted in accordance with [agreed deadlines](#) in order to avoid overpayments arising.

Recovering an Overpayment

Current members of staff

All overpayments will cease immediately when they are discovered, and the employee will be paid at the correct level in subsequent payments. If the mistake is incorporated into the individual's contract of employment, the contract must be amended – preferably by mutual agreement after consultation.

In cases where the amount overpaid is small, the recovery will be made automatically, and the employee will be advised as a matter of courtesy. For the purposes of this procedure, a small amount would normally be defined as **5% or less of gross pay** in the period concerned.

Where an overpayment **exceeding 5% of gross pay** in the period concerned has been identified, the member of staff will be written to by the Payroll Team and advised of the details of the overpayment. The reporting manager will receive a copy of this correspondence. Payroll will commence salary deductions in accordance with the repayment plan agreed with the employee

If the individual fails to respond to this correspondence or fails to agree to a recovery plan within the general principles above, then a further letter including a proposed repayment plan will be issued and the individual will be given 10 working days to respond. If there is no response from the member of staff, then salary deductions will commence in line with the proposed repayment plan.

Where an employee has submitted their resignation, action will be taken to ensure, as far as possible, that any outstanding overpayments will be repaid before they cease employment.

Former members of staff

Where an employee has been in receipt of an overpayment but:

- left the employment of the Council before the overpayment was identified
- left the employment of the Council before the overpayment has been repaid in full, or
- the value of any overpayment is more than any final pay due

Payroll will write to the former employee detailing the background to the overpayment and advising that an invoice will be issued by the Council's Income Recovery Team to recover the overpayment. The reporting manager will receive a copy of this correspondence.

If the former employee fails to contact the Income Recovery Team to agree a repayment plan and commence payment, this will result in a reminder notice being issued to the individual for the outstanding amount. If they do not pay the amount requested on the reminder notice, nor make an acceptable payment arrangement with the Team, the Council may initiate enforcement action to recover the total amount due.

Document Revision History

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Rev No.	Rev Date	Summary of Changes	Reviewing Team	Reviewers	Next Review Year
001	01/10/2024	Creation of procedure	Payroll	S Daun, E Proudfoot	2025