

Appendix 2

Recovery of Overpayment of Salary Policy



Walsall Council

Version Control

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Owner	Human Resources	Status	Draft
Version	2.0	Approved on	TBC
Effective from	TBC	Review date	TBC
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Purpose	This document sets out the arrangements for the recovery of overpayment of salary.		

This policy links to:

- Corporate Plan
- Walsall Proud Programme
- Code of Conduct for Employees
- Workforce Strategy
- Behaviour & Standards Framework

This list is not exhaustive.

For further advice or guidance on this policy, or if you would like this information in another language or format please contact:

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1.0 Introduction

- 1.1 Walsall Council is PROUD. We are proud of our past, our present and for our future. The council is committed to reducing inequalities and ensuring all potential is maximised and its employment policies, procedures and guidelines are designed to support this vision and deliver the council's priorities.
- 1.2 The council is committed to creating an environment that provides opportunities for all individuals and communities to fulfil their potential. This policy provides a framework in which employees will be supported to deliver the council's priorities in line with the council's expected behaviours and values; professionalism; leadership; accountability; transparency and ethical.
- 1.3 The council's values and behaviours will be at the core of everything the council deliver and through a culture of continuous improvement the council will increase performance, efficiency and champion the design of services to meet the needs of customers. As a digital by design council, employees will be empowered to deliver new ways of thinking and new ways of working, encouraging innovation and creativity in a learning environment. The council is committed to technological investment to deliver transformation in order to improve the efficiency and effectiveness of its services, both internally and externally.
- 1.4 This policy framework promotes the council's strategic priority of internal focus ensuring all council services are effective and efficient and helps embed the behaviours and values expected of all employees as part of the Behaviour and Standards Framework.
- 1.5 The council has procedures, systems and controls in place, which are audit compliant to avoid overpayments occurring, however on occasions, it is accepted that overpayments do unfortunately happen. The purpose of this policy is to set out the process that should be followed in the event that an overpayment of salary occurs and how the overpayment is repaid to the council.

2.0 Scope

- 2.1 This policy applies to all council employees (including Chief Officers);
- 2.2 With the exception of;
 - 2.2.1 School-based employees/workers where the Governing Body has delegated authority and for whom separate arrangements apply.
- 2.3 This policy also applies to casual workers.

3.0 Principles

- 3.1 Where the council has made an accidental overpayment of salary or expenses to an employee, the council can legally recover this overpayment.
- 3.2 Whilst it is accepted that certain overpayments may not have been the direct result of any individual's fault, the council has a responsibility to seek to recover the overpayment and therefore the following paragraph is contained within all employee's statement of particulars.

All overpayment of salary, wages and expenses will be recovered. You [the employee] agree that the Council is entitled to make deductions from your salary in accordance with this clause and the Recovery of Overpayment of Salary Procedure.

You [the employee] must review your pay slips and you must notify the Council immediately of any potential overpayment or underpayment.

- 3.3 There are a variety of reasons in which an overpayment can occur however it is often caused by payroll information not being received in sufficient time to amend the payroll. If information is received too late for the payroll deadline for the month in question, however it can be implemented the month afterwards, it is accepted that this would constitute a payroll amendment not an overpayment for the purposes of this procedure.
- 3.4 The council procedure is to recover overpayments in all cases unless there are agreed exceptional circumstances not to do so.
- 3.5 Overpayments of salary usually have to be recovered within the same financial year, where possible.
- 3.6 Throughout the process of recovery it is essential that the employee is not placed under any undue financial hardship.
- 3.7 There are three stages in the overpayment recovery procedure (see section 5.0 for further details of the process);
- Stage 1 - Payroll discuss the overpayment with the employee and agree an instalment plan for repayment.
 - Stage 2 - Where no instalment plan is agreed at stage 1– a review is undertaken by the Payroll Manager having due regard to the amount of overpayment and employees actual net salary and an instalment plan agreed with (where possible) or set out for, the employee.
 - Stage 3 - Appeal - Where the employee feels that they should not repay the overpayment they may appeal.
- 3.8 Employees are entitled to be accompanied by their recognised trade union representative or a Walsall Council work colleague at any meetings required to discuss the overpayment.

- 3.9 The financial regulations of the council do not give managers, Human Resources or Payroll the delegations to write off overpayments, this delegation rests solely with the Authorities Section 151 Officer. However, the Section 151 Officer only has authority to consider appeals for monetary amounts up to and including £10,000. Any successful appeal to write off overpayments which are in excess of £10,000 will require the Section 151 Officer to seek formal approval from Cabinet.
- 3.10 If an employee leaves before the recovery can be made in full, a sundry debtor's invoice will be issued in all cases, following the normal finance process for the recovery of money owed to the council.

4.0 Accountabilities

4.1 Managers are accountable for the following;

- Applying this policy and procedure consistently, fairly and objectively in accordance with the council's vision and purpose and clearly demonstrate the council's management behaviours and values, seeking further advice and guidance from HR where necessary;
- Ensuring that overpayments are minimised by providing information to the Payroll and Pensions team and updating the HR information system in a timely manner;
- To raise any issues related to employee overpayments with Payroll as soon as they are aware so that the overpayment can be rectified at the earliest opportunity.

4.2 Employees are accountable for the following;

- All employees should support the delivery of the council's vision and purpose, clearly demonstrating the council's behaviours and values;
- Actively engage in employment practices and processes in which they are involved and ensure they understand this procedure, seeking further advice and guidance from managers where necessary;
- To check their pay slips on a monthly basis to ensure payments and deductions have been processed correctly;
- To raise any issues relating to their pay with their manager at the earliest opportunity, including highlighting any overpayments;
- Comply with the requirements of this policy and procedure.

5.0 Procedure

5.1 Stage 1 – Employee discussion to agree instalment plan

- 5.1.1 In the first instance a representative from Payroll will contact the employee to notify them of the overpayment and the reason for the overpayment.
- 5.1.2 As part of this contact Payroll will advise the employee of details of a proposed repayment instalment plan, which will have due regard to the amount of the overpayment and will consider the employees ability to repay.
- 5.1.3 The employee is able to request a meeting with a payroll colleague to discuss the overpayment should they wish.
- 5.1.4 Once an instalment plan has been agreed between Payroll and the employee, Payroll will confirm this agreement in writing to the employee.
- 5.1.5 It is hoped in the majority of cases that an agreement can be reached with the employee regarding the overpayment, however where this is not possible the matter will progress to stage 2.

5.2 Stage 2 – Review by Payroll Manager

- 5.2.1 If the initial instalment plan is not agreed by the employee within 10 working days following the date of the notification letter, then the overpayment will be referred to the Payroll Manager for further consideration and discussion with the employee, with a view to agreeing an instalment plan.
- 5.2.2 The employee is able to request a meeting with the Payroll Manager to discuss the overpayment should they wish.
- 5.2.3 Where no agreement can be reached then the overpayment will be recovered in instalments giving due regard to the amount of the overpayment and the employee's actual net salary. This will be confirmed in writing to the employee confirming the instalment amounts to be deducted and the dates of the deductions.

5.3 Stage 3 – Appeal

- 5.3.1 If an employee feels that they should not be repaying the overpayment they have the right of appeal within 10 working days of the date of the notification letter under stage 2.
- 5.3.2 All appeals should be in writing to the Authorities Section 151 Officer and clearly state the ground for the appeal (i.e. why the employee believes they should not be required to pay back the overpayment). A copy of the appeal should also

be sent to the Payroll Manager to ensure no deductions are taken until the appeals process has been exhausted.

5.3.3 There is no further right of appeal after this stage.