

Recovery of Overpaid Salary



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REVIEW DATE:	March 2029
CHAIR OF TRUSTEES:	
CEO:	

Procedure for the recovery of overpaid salary

Introduction

This procedure has been adopted by the Directing Board of the EPA Trust for use in its schools and the central team. It applies to all staff working in schools and the central team.

Advice and support on the application of this procedure is available from EPA Payroll payroll@epatrust.org

Purpose and scope

1. Difficulties and concerns are occasionally experienced by employees as a result of salaries being overpaid and then subsequently recovered. These procedure sets out a standard approach to resolve these occasional problems.
2. 'Salary' is a term used here to include salary, wages, overtime payments, allowances or other payments.
3. Although the EPA does its best to ensure that payments to staff are accurate, over or under payments may be made from time to time, particularly as the calculation of salary sometimes has to take into account a variety of factors such as the number of hours worked, qualifications held, temporary responsibilities, etc.
4. The EPA recognises that it has a duty as an employer to 'get it right' and, if errors are made, to correct them without delay in a responsive manner. The following guidelines should be followed where things have gone wrong and need to be put right.

The legal position

5. The Employment Rights Act 1996 makes it clear that an employer is entitled to make deductions from an employee's salary to recoup an overpayment.
6. The EPA has a statutory duty to recover debts legally due to it and is therefore bound by law to seek recovery of overpayments.

Overpayments

7. If employees are in any doubt as to what their rights are they are advised to take independent advice about their position through their trade union, or to consult their own solicitor or accountant.
8. In order to avoid salary errors and delays in payment, it is important for head teachers and employees to take all reasonable steps to follow the correct procedures and promptly action any changes affecting pay and submit payment claims, providing accurate information by the relevant payroll deadline.
9. Where an employee dies in service and an overpayment occurs due to the late notification to payroll, no recovery of overpayment will be made.
10. Employees should report overpayments immediately by contacting their head teacher or the EPA Payroll team Payroll@epatrust.org who will often be able to resolve the error.
11. If an employee knowingly receives a payment they are not entitled to and fails to report it disciplinary action could be taken.

Procedure

12. The procedure for dealing with overpayments differs depending on the circumstances of the case. The objective for the EPA will be to achieve the recovery of the overpayment in a way that is fair and reasonable for both parties.
13. Payment errors arising as a result of changes to an employee's pay entitlement, such as a change of grade or hours of work, that it has not been possible to action before the payroll deadline for that pay period, will normally be corrected automatically in the next salary payment. In these circumstances, the employee will not normally be specifically notified in writing of these adjustments.
14. Where an over or underpayment is as a result of an error by the EPA or the payroll provider, the employee will be informed in writing.
15. If, for any reason, it is not possible to make this correction in the next salary payment the employee will be informed.
16. For overpayments, other than those resulting from adjustments specified in section 13, the following steps will be followed as soon as the overpayment is identified:
 - the overpayment amount will be established in liaison with the EPA's payroll provider;

- the head teacher will discuss this with the employee and agree a repayment plan;
- the head teacher will confirm the agreed repayment plan in writing to the employee and to the payroll officer in the EPA;
- the letter will explain the circumstances of the overpayment and provide details of the amount to be recovered; the repayment plan will take into account the size and circumstances of the overpayment and the length of time over which it has occurred, and will normally be recovered through the employee's salary payment;
- as a general rule the repayment period will normally be the same length as the period during which the overpayment has occurred;
- the letter will offer the opportunity for the employee to propose an alternative repayment period. In some cases the employee will wish to clear the overpayment in a shorter period of time. In other cases the suggested recovery period may cause hardship and the head teacher will consider the employee's case before agreeing the repayment plan.

Employees leaving or who have left employment

17. Where an employee is about to leave the EPA's employment, any overpayment outstanding will, where possible, be deducted from any final payment of salary due, unless any other arrangement has been agreed. If the salary is insufficient to meet the outstanding amount then the individual will be sent an invoice for any outstanding overpayment, together with a letter of explanation. Recovery is then subject to the normal debtor procedures.
18. Where the overpayment is for £50 or less and the employee has already left the EPA's employment, the payment will not normally be pursued due the administrative cost of recovery.

Underpayments

19. In circumstances where an employee has been underpaid, the head teacher must arrange for a payment to be made on the next available salary date.