

Date 23/12/2025
 Your Ref
 Our Ref 10872

Enquiries to Richard Mutch
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 Direct Line 0131 465 5687
loth.freedomofinformation@nhs.scot
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Dear

FREEDOM OF INFORMATION – OVERPAYMENTS OR PAY ERRORS

I write in response to your request for information in relation to overpayments or pay errors.

Question:

1. The total financial amount (in GBP) lost due to overpayments or pay errors in each of the last five financial years (2020/21 to 2024/25).
2. Please break this down by year.2. A breakdown of the types of overpayments or pay errors contributing to these totals (e.g., incorrect salary grading, overtime miscalculations, duplicate payments, or other categories), including the financial value for each type where possible.
3. The total amount recovered from these overpayments or pay errors in each of the last five financial years (2020/21 to 2024/25), broken down by year.
4. Any internal reports, audits, or policies related to preventing or addressing payroll overpayments/pay errors, published or completed in the last five years

Answer:

	Qty	2020/21		2021/22		2022/23			
		Value £	%	Qty	Value £	%	Qty	Value £	%
Invoices Issued	503	817,374.27		459	926,945.23		466	798,781.85	
Credited/Cancelled		52,095.87			49,131.92			48,343.41	
Adjusted Issue		765,278.40			877,813.31			750,438.44	
Paid		711,535.27	93		711,582.91	81.1		515,627.43	68.7
Written Off		8,791.48	1.1		2,295.05	0.4		3,657.70	0.5
Outstanding		44,951.65			162,935.35			231,153.31	

	Qty	2023/24		2024/25		
		Value £	%	Qty	Value £	%
Invoices Issued	471	826,816.26		325	739,200.51	
Credited/Cancelled		30,982.03			97,101.17	
Adjusted Issue		795,834.23			702,099.34	
Paid		528,246.85	66.4		410,246.46	58.4
Written Off		9,315.59	1.2		4,931.62	0.7
Outstanding		258,271.79			286,921.26	

A further breakdown is not possible.

We have enclosed NHS Lothian Policy on Over and Under Payment of Salary.

In terms of the internal audits, there was not one specifically on salary overpayments but there was one that linked to it. It was discussed at the ARC meeting and the relevant minutes have been enclosed below.

I hope the information provided helps with your request.

If you are unhappy with our response to your request, you do have the right to request us to review it. Your request should be made within 40 working days of receipt of this letter, and we will reply within 20 working days of receipt. If our decision is unchanged following a review and you remain dissatisfied with this, you then have the right to make a formal complaint to the Scottish Information Commissioner within 6 months of receipt of our review response. You can do this by using the Scottish Information Commissioner's Office online appeals service at www.itspublicknowledge.info/Appeal. If you remain dissatisfied with the Commissioner's response you then have the option to appeal to the Court of Session on a point of law.

If you require a review of our decision to be carried out, please write to the FOI Reviewer at the email address at the head of this letter. The review will be undertaken by a Reviewer who was not involved in the original decision-making process.

FOI responses (subject to redaction of personal information) may appear on NHS Lothian's Freedom of Information website at: <https://org.nhslothian.scot/FOI/Pages/default.aspx>

Yours sincerely

ALISON MACDONALD
Executive Director, Nursing
Cc: Chief Executive
Enc.

49.6 Internal Audit Updating HR and Payroll – The internal audit updating HR and Payroll had been assigned an overall rating of significant assurance.

49.6.1 It was noted that when internal audit had considered overpayments, comparing current year to date to the previous year and had shown a slight reduction in the frequency and number of payments. Given the scale of the payments in comparison to the overall budget of the organisation the risk to the organisation had not been significant enough that immediate action was required to correct it. Therefore, a risk rating of significant had been assigned.

49.6.2 It was noted that one of the key issues related to the onboarding of staff and the manual nature of the system. National work to address these issues was ongoing. In the interim the organisation would continue to work with managers to process forms in the timely manner.

49.6.3 The Committee accepted the report.



Employment Policies and Procedures

Over/Under Payment of Salary

Author: HR Policy Group
Authorised by: LPF
Review Date: July 2027

Version: 5.0
Date of Authorisation: July 2024

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1 INTRODUCTION

Despite all best efforts, on occasions errors occur in salaries/wages. These can be in the form of an overpayment or underpayment.

An overpayment or underpayment of salary can occur for a range of reasons including (but not restricted to) the following:

- An employee of NHS Lothian leaves employment but there is a delay in processing the termination through eESS, the employee support system. This results in wages/salary continuing to be paid into the person's bank account for periods after termination of service.
- Incorrect details are entered in eESS resulting in a new employee being paid at incorrect a banding/grade.
- A clerical error causing the processing of incorrect enhancements, basic hours etc from eRoster or SSTS input and Payroll input error.

The Payroll Department will make every effort to ensure that salary and wages payments are processed accurately. There are however occasions when overpayments are made mainly due to circumstances out with their control. If an overpayment occurs for any reason, NHS Lothian has a duty to recover the overpayment from the employee. Similarly, NHS Lothian will take steps to correct any underpayment of salary to which an employee is entitled.

This policy will address resolving such matters fairly and equitably and avoiding hardship to staff.

2 AIM AND PURPOSE

The purpose of this policy is to ensure that the action taken when dealing with such matters is consistent throughout NHS Lothian. NHS Lothian will consider the fact that individual circumstances differ and that these will be considered when deciding on which course of action to take.

Any matters of theft/fraud will be investigated by the NHS Counter Fraud team and appropriate action taken.

3 SCOPE

This policy applies to all directly employed by NHS Lothian including Bank and temporary staff and anyone paid via NHS Lothian payroll

4 ROLES AND RESPONSIBILITIES

The employer will:

- Pay staff correctly and timeously
- Provide wage slips either hard copy or electronically
- Maintain appropriate local and Lothian wide Payroll systems
- Correct errors as soon as possible
- Rectify underpayment

- Recover any overpayments
- Ensure data and information are timeously forwarded to Payroll wherever practicable
- Inform relevant staff of cut-off dates for submission of travel claims via the intranet and calendars

The employee will:

- Ensure collection and review of pay slip to ensure being paid correctly.
- Ensure personal details in eESS are accurate and up to date.
- Understand the policy and their responsibilities.
- Check amounts both paid and deducted.
- Seek clarification if unsure of any amounts.
- Immediately report any discrepancy to their line manager and the payroll department.
- Have the right to resolve any over/underpayment without hardship.
- Participate in the process of agreeing a repayment schedule.
- Be aware of and work to known cut-off dates to guarantee payment of travel and subsistence claims in the next pay period.
- Upon leaving NHS Lothian employment will contact their former line manager in the first instance if they have any queries regarding amount of overpayment.

(Where the employee has a Car Lease or any other standing deduction, they will notify their Manager and Payroll Department as early as possible prior to leaving NHS Lothian)

The Payroll Department will:

For current staff

- contact the individual and their line manager if over/underpayment occurs as soon as possible.
- Seek to agree terms to resolve the matter.
- Provide a detailed breakdown of the overpayment where appropriate
- Understand the policy and their responsibilities.
- Facilitate the identification and recovery of overpayments/money owed.
- Communicate with line managers and staff regarding overpayments in a timeous manner.
- Keep a record of all overpayments/money owed and their status.
- Keep copies of all correspondence issued and received from employees and managers in relation to overpayments.

For ex-employees

- raise the necessary paperwork for an official invoice to be raised to the Accounts Receivable Department

The Line manager will:

- Ensure that any information that would affect pay are notified to Payroll timeously to avoid any over/underpayment.
- Provide support to their staff member.
- Understand the policy and their responsibilities.
- Engage with their staff / ex-member of staff where an overpayment has been made to initiate a repayment plan.

- Ensure any communication with an ex-member of staff is forward to Accounts Receivable Team to ensure efficient recovery.
- Ensure that robust processes are in place for the reporting of hours worked and grades.
- Ensure that changes to terms and conditions are completed in a timeous manner.
- Ensure that SSTS/eESS is updated and approved timeously.
- Understand that due to personal circumstances repayment of monies owed may be difficult for some members of staff, however meaningful discussions with the member of staff should take place to ensure a payment plan is initiated.

Trade Union Representatives will:

- Understand the policy and their responsibilities.
- Make sure their members are aware of their rights and responsibilities.
- Advise their members on the relevant policies.
- Engage with their members where an overpayment has been made to initiate and agree a repayment plan.

The HR Department will:

- Advise managers on the correct implementation of the policy.
- Provide advice in relation to implementation and monitoring of the policy.
- Support employees and managers by providing advice on policy and process.

The Staff Bank will:

- Ensure that robust processes are in place for the reporting of hours worked.
- Ensure that changes to terms and conditions are completed in a timeous manner.

The Accounts Receivable Department will: (where there is outstanding debt for ex employees):

- Issue an invoice for the overpayment, normally within 3 days of receipt of notification from Payroll, along with a supporting letter from Payroll.
- Allocate any monies received against the outstanding debt as timeously as possible.
- Issue reminder letters as per the normal debt recovery process.
- Forward to previous line manager any communication querying overpayment.

5 OVERPAYMENT

The majority of overpayments are caused when information that would impact on pay is not notified to the payroll department timely. Line managers must ensure that payroll are notified in good time of all such information via the relevant system e.g. eESS or via the Payroll helpdesk [Payroll Portal - NHS \(service-now.com\)](http://Payroll%20Portal%20-%20NHS%20(service-now.com))

The majority of overpayments are related to the following issues.

- a) terminated employees.
- b) employees who have failed to report for duty without proper notification.
- c) employee whose hours of work have changed to a lower level than previously .
- d) employees for whom certain allowances, e.g. acting up or medical bandings have ceased to be payable.

5.1 Overpayment Procedure for Current Staff

5.1.1 Overpayments identified prior to payment

Most overpayments will be identified by Payroll prior to payment and can be corrected in advance of payday. Depending at which point of processing an error is discovered it may involve, by agreement with the member of staff, a different method of payment (e.g. electronic faster payment), or in exceptional circumstances payment may be subject to a minor delay. In such circumstances Payroll will contact the individual (or, in their absence, the line manager) to discuss the situation.

5.1.2 Overpayment identified after payment

If an employee becomes aware of an overpayment they must contact their line manager as soon as possible. The line manager will then liaise with Payroll and the individual to resolve the matter.

Where an overpayment is identified by Payroll, they will first contact the employee's line manager to advise them of the overpayment and proposed repayment plan. Payroll will provide a detailed breakdown of the overpayment when required.

The line manager will speak with their staff member to advise them of the overpayment and that Payroll will be in contact to agree a repayment plan. The line manager will provide the employee with any support they may require.

Payroll will seek to agree repayment terms with the individual staff member. The repayment terms should not cause the staff member any financial hardship and will be confirmed with the staff member in writing.

As a general rule a maximum time limit will apply to the period in which repayments are made, restricted to the period in which the overpayment was originally made (e.g. an overpayment made over a 3 month period should be recovered within a 3 month period).

There may be occasions where this is not possible; in these cases, the overpayment will be recovered over the shortest number of instalments possible without causing financial hardship.

An employee may choose to repay the overpaid sum in fewer instalments than was originally proposed and may also repay the (net) overpayment by cheque as a single repayment rather than via salary deduction (lump sum overpayment recovery).

Agreements for repayment plans can be made through email between employee and payroll.

Where it has not been possible to agree a repayment with the staff member, Payroll will escalate the issue to the staff members line manager. If repayment is not agreed the line manager will inform the member of staff that the employer may resort to the formal procedure for recovery detailed in Appendix B. At all points in the process the staff member has the right to be supported/represented by their Staff Side representative.

Where there has been a dispute regarding an overpayment, a Consent Form will be completed (see Appendix C).

5.2 Overpayment identified after Termination of Employment

On discovery of an overpayment in respect of a former employee, following receipt by Payroll of the associated paperwork through eESS, a Debtors Request Form and supporting letter will be sent directly to the Accounts Receivable team by Payroll to raise the appropriate invoice. The invoice and supporting documentation will include:

- the period(s) in which the overpayment/under deduction occurred;
- a request for the sum to be paid in full immediately;
- contact details to raise any queries, or arrangements of repayments

Appendix A outlines the process for seeking repayment.

5.3 Group Overpayment (one-off/repeated)

Payroll will contact the line manager, who will alert the HR Department and any relevant staff representatives. A collective meeting of all involved will be arranged as soon as possible to inform staff of the situation and how it arose.

Subsequently individual meetings will be arranged with a view to agreeing the terms of repayment. Once agreed, the terms will be confirmed in writing by Payroll.

5.4 All Overpayments

If the agreed terms are not met and there is a risk of loss to NHS Lothian, the situation will be dealt with in accordance with the guidance as detailed in the [Scottish Public Finance Manual](#).

6 APPEALS

If the staff member disagrees with the overpayment, they should raise their concerns via the NHSScotland Grievance Policy. Any requests for the overpayment to be written off will be dealt with in accordance with the NHS Lothian Standing Financial Instructions and Scheme of Delegation.

Individual Circumstances

NHS Lothian recognises that individual circumstances differ and do not wish to impose unnecessary financial hardship on an employee. However, NHS Lothian must manage public monies in a legal, transparent and responsible manner and as such must take this into account when considering individual circumstances.

The Employment Rights Act 1996

Employees and workers are protected from unlawful deductions of wages by Section 13 of the Employment Rights Act 1996. However, Section 14 of the Act permits deductions where there has been an overpayment of wages. This therefore enables NHS Lothian to correct any overpayment through the payroll process. Any such deduction is lawful provided that this is done reasonably over a period of time and not done in such a way as to amount to a breach of trust and confidence in the employment relationship.

NHS Lothian will always make every attempt to agree a reasonable repayment schedule with an employee, however, where the employee does not participate in such discussions, a repayment schedule will commence and details of this will be sent to the employee.

7 STAFF WHO LEAVE NHS LOTHIAN

During repayment period:

If an employee leaves employment whilst part way through a recovery plan via payroll, staff in process of repaying an overpayment of salary will have the outstanding amount deducted from their final salary/wage.

In exceptional circumstances repayment may be continued via a Standing Order, in which case Payroll will:

- convert the remaining gross overpaid sum into a net sum;
- Request Accounts Receivable Department that an invoice is raised and sent to the former employee.

Prior to an overpayment being discovered:

Section 5.2 outlines the former employee overpayment process which will be managed in accordance with the steps in Appendix A.

8 UNDERPAYMENT

If noticed prior to payday this should be rectified if requested by the member of staff but may necessitate a different payment method or a minor delay in transfer to the bank.

Where a staff member identified as underpayment they should inform their line manager immediately.

In normal circumstances underpayments of up to 5% of gross salary will be rectified in the following pay. Should this be likely to cause hardship, staff maybe reimbursed by one of the options listed below, in advance of the next payday.

Additionally, an underpayment in excess of 5% of gross salary will be reimbursed by one of the following methods:

- by transfer to bank in two working days
- by cheque
- by electronic transfer Faster Payment (same day).

In exceptional circumstances, where the above options cannot be realised, cash payments, subject to a limit of £100, will be made available as a last resort. Payroll will assume responsibility for any necessary tax deductions. Agreement must be sought from a senior Financial Services Manager prior to any cash payment being made.

9 BANK CHARGES

If NHS Lothian is responsible for an underpayment situation arising and/or a delay in payment which results in a member of staff incurring bank charges, these will be reimbursed on confirmation and evidence that the underpayment was the cause of the bank charges being incurred.

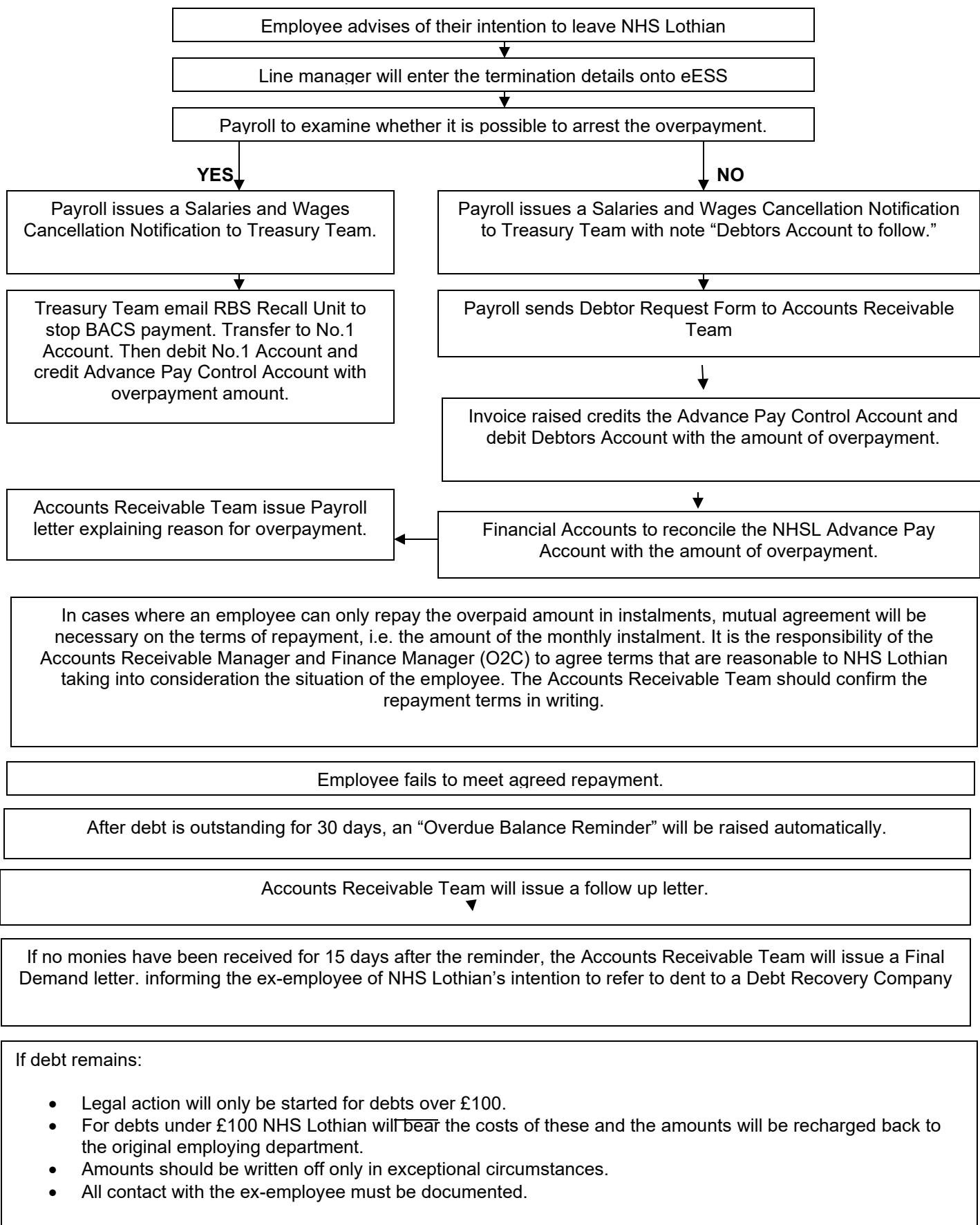
10 DATA PROTECTION

In line with Data Protection Legislation and NHS Lothian's Record Management Policy any documentation generated in accordance with this policy will be held on one personal file by your manager and the relevant Human Resource function may also keep a paper and/or electronic file

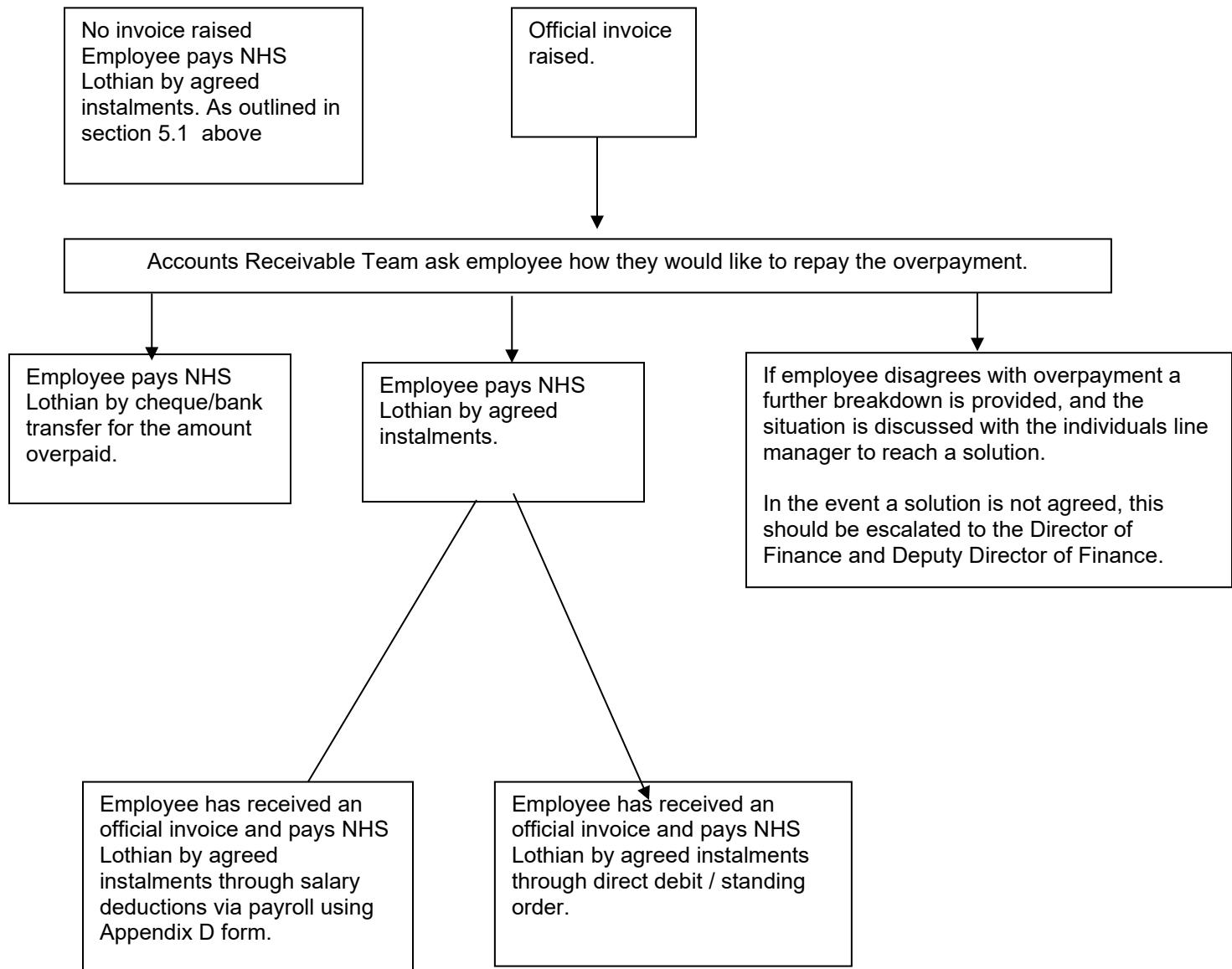
11 MONITORING AND REVIEW OF POLICY

This policy will be monitored and reviewed after a period of three years by Lothian Partnership Forum.

APPENDIX A: RECOVERY OF OVERPAID MONIES - TERMINATED EMPLOYMENT



APPENDIX B: RECOVERY OF OVERPAID MONIES – CONTINUING EMPLOYMENT



APPENDIX C: CONSENT FORM FOR SALARY DEDUCTIONS

Please complete this form to authorise deductions from salary

Name of Employee:					
Payroll No:		Group Code:		Pay Point:	
Total Overpaid Amount:		£			
To be paid in one lump sum:					
Or					
Instalments as agreed:			Over Number of Months:		
Month deductions to start:					
If you terminate your employment with NHS Lothian we reserve the right to make a deduction from your final salary of the balance of the overpayment.					
EMPLOYEE					
Signed:		Date:			
Name: (block capitals)					
Job Title:					
Please return completed form to :		Payroll Administration & Information Services NHS Lothian Finance Department 2 nd Floor, Waverley Gate EDINBURGH, EH1 3EG			

APPENDIX D: Current Employee with Debtor Raised

Recovery of Salary Overpayment Mandate

Section 1 – Details of overpayment

Account No / Reference

Account No / Reference
Amount due

Section 2 – to be completed by employee. PLEASE USE BLOCK CAPITALS

Weekly / Monthly Paid	Staff Pay Number								Pay Group	Pay Point
Monthly	S									

I (full name) of, (home address) Postcode

hereby authorise NHS Lothian to deduct direct from my salary the amount per week / month* until full repayment has been made.

Or

Hereby authorise NHS Lothian to deduct direct from my salary the full amount

Signed Date

*delete as appropriate

**Once completed, the form should be sent by email to
accountsreceivable@nhslothian.scot.nhs.uk or by post to Accounts Receivable, 2nd Floor, Waverley Gate, 2 – 4 Waterloo Place, Edinburgh, EH1 3EG**

Official Use Only

	Finance	Payroll
Received		
Processed		
Allow Code 2131		