

From:

Sent: 21 October 2015 16:54

To:

Cc:

Subject: 20151021-AAC RRP(F) Overpayments_RAO Direction_OS

THE RECOVERY OF OVERPAYMENTS OF RECRUITING AND RETENTION PAY (FLYING) TO ARMY PILOTS

Please find below a copy of the direction that has been staffed to RAOs with AAC personnel affected by the RRP(F) overpayment issue. As previously disseminated, the AAC have now formally notified that recoveries are to commence wef Jan 16. All units (incl those with other services / tri-service units) with administrative responsibility for affected personnel have now been contacted and have received detailed Briefing Aides for each individual. RAOs (or equivalent) have been instructed to retain a copy of the Brief signed by the SP in the individual's P File once the brief has been given.

I have not included all of the Briefing Aides and nominal rolls in this email due to DPA considerations and the size of the documents. Should formations wish to have sight of the units within their AOR who have affected personnel they are to contact the undersigned.

Regards,

[D Pers Admin] Army Headquarters, Ramillies
Building, IDL 412, Marlborough Lines, Monxton Road, ANDOVER, SP11 8HJ Mil:
[Civilian: [DII(F):

- THE RECOVERY OF OVERPAYMENTS OF RECRUITING AND RETENTION PAY (FLYING) TO ARMY PILOTS

ISSUE

Recovery of the erroneous overpayments of Recruiting and Retention Pay (Flying) (RRP(F)) ^[1]

BACKGROUND

Prior to the joint harmonisation of RRP(F) in April 2008, Army pilots had their flying pay differentiated between P2 Pilot and P1 Aircraft Commander. The rules for transition between the associated rates of flying pay were complicated and contradictory, resulting in inconsistent interpretation of RRP(F) policy.

Before the transition of HR Administration to JPA, work was undertaken to baseline the extent of the errors and individuals were transitioned on to JPA at accepted inflated Specialist Pay levels with the proviso that they would be placed on mark time rates of pay until their pay reflected their actual entitlement. However it later became apparent that this proviso was not enforced and these individuals continued to move early to the next Specialist Pay level causing further overpayment

Investigative action commenced in 2012 focusing on the original cohort of the 167 personnel identified in 2007. Sample checks uncovered evidence that inconsistencies had continued post JPA and in Feb 13 a 100% audit was ordered of all 606 serving pilots and 315 pilots who had retired since 2007.

This audit established that around 92 serving helicopter pilots and about 31 retired pilots (current figures) had received overpayments amounting to £829K. Individual debts range from a few thousand to thirty thousand pounds.

Several individuals queried their pay and were reassured that their pay was correct.

Following the submission of a case to CDP/DG Fin by the Army in late 2013 asking for bulk write off of the RRP(F) overpayments, it was directed that there was no justification to do so. Overpayments would therefore be recovered - but if there were particular circumstances whereby individuals believed they had a tangible case in accordance with the Managing Public Money Defences against Recovery, then their circumstances would be considered accordingly.

The decision to commence recovery has now been made. Affected personnel will be notified by their chain of command on 19 Oct 15. The first instalment will be recovered from their pay at the end of Jan 16.

Personnel with RRP(F) overpayments who are serving in the Army

If the affected Service Person does nothing, the debt will start to appear on their Statement of Earnings from Jan 16 at a rate of 4 days pay per month until the debt is fully recovered.

If the Service Person elects to repay the debt at a higher rate, or in full, an i-Support should be raised (either by the individual or by their Unit HR Administrator) and sent to the JPAC Enquiry Centre.

Personnel with RRP(F) overpayments who have given Notice to Terminate from the Army

Recovery action will commence in Jan 16. If they wish, affected personnel may apply for the debt to be suspended and for it to be recovered on discharge from their terminal benefits. To do so, the SP should in the first instance make the request in writing (email) to DBS Debt Management, DBS MilPers-MilOps-DM-RWO-Group (MULTIUSER). They will then be contacted by a member of the team.

Personnel with RRP(F) overpayments who have discharged from the Army

Affected personnel with an outstanding public debt have already been contacted by DBS and advised on rates and methods of repayment.

ACTION

RAOs and Pers Admin staff are to ensure that all affected personnel are personally briefed and given the following information:

- The detail contained within their personal DBS Debt Briefing Aid.
- The fact that their debt, as per their detailed breakdown, will be start to be recovered from their salary in Jan 16, in line with current Regulations, unless
 - They elect to repay it in full sooner.
 - They have given NTT and make arrangements to have it repaid from their terminal benefits on discharge.
 - They object to the recovery. In the case of objections the debt will be suspended until a decision is made.

Objections to Recovery

Although the bulk write-off action was denied, individual objections will be dealt with on a case by case basis. The SP may disagree with the calculations in the detailed breakdown, or may be able to demonstrate that they have previously queried their pay and been told it was correct. Objections

based on tangible^[2] additional information pertaining to individual circumstances should be directed to DBS Debt Management Section, DBS MilPers-MilOps-DM-RWO-Group (MULTIUSER). RAOs are to direct affected SP to JSP 754 Chap 2 Sect 6 highlighting that completed Appendix 1's to Annex A should reach DBS within 6 weeks of the notification on 19 Oct 15. RAOs/Pers Admin staff are to offer advice and guidance on the process and deliver the necessary support to affected personnel.

Cases of Hardship

In cases of hardship the SP may apply for the debt to be recovered at a reduced rate over an agreed period of time rather than at the standard recovery rate. These applications will again be judged by DBS Debt Management on a case-by-case basis in accordance with HM Treasury guidance (Managing Public Money Annex 4.11 refers). RAOs are to direct affected SP to JSP 754 Chap 2 Sect 6 highlighting that completed Appendix 1's to Annex A should reach DBS within 6 weeks of the notification on 19 Oct 15.

Service Complaints cannot be submitted until such time as the DBS Objection to Recovery process has been exhausted. If their initial objection is rejected the SP retains the right to appeal against this initial decision. Appeals should be sent in writing to DBS Mil Pers (G), SO1 DM (R&WO), Mail Point 600 Kentigern House, 65 Brown Street, Glasgow, G2 8EX. Appeals should be received within 28 days from the date of the notification of decision given in the Appendix 2.

Tax Implications (P11D) – Benefit in Kind (effective from Apr 16)

Public debt arising from overpayment will attract an individual liability to tax (because such an advance is classed by HM Revenue and Customs (HMRC) as being a beneficial loan) if the average amount outstanding on this plus any other beneficial loans (eg FHTB, advances) during a tax-year exceeds £10,000. The amount liable to tax equates to the notional interest that would have been paid by the recipient had they taken the loan from a commercial lender (a rate set by HM Treasury). Where applicable, tax is normally collected by adjusting the individual's PAYE tax code.

This issue has been highlighted recently by FHTB. RAOs/Pers Admin staff are not responsible for briefing or advising SP on tax, nor will HMRC deal with anyone but the individual. However, in the interests of assisting the SP, D Pers Admin have been working with DBS to develop a tool that will allow the affected SP to calculate this tax liability. It is still under development. At this stage, affected SP with a debt in excess of £10k should be forewarned that there will be tax implications of retaining the debt against their salary in excess of one month from 6 Apr 16. In order to mitigate against this additional liability, SP should be advised to consider one of the following options in advance of their debt being taken out of suspense on their pay account:

- Repay the debt in full.
- Repay part of the debt in order to reduce their aggregated public debt to below £10k by 5 Apr 16.

POC -

^{1]} Formerly Specialist Pay (Flying) (SP(F)), renamed in Apr 13 to Recruitment and Retention Pay (Flying) (RRP(F)).

^{2]} Email correspondence, Phone call records, letters etc.

Regards,

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