

Service Policy: PODPOL21 Overpayment Recovery and Underpayment Policy
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Amendment History:

Version	Date	Author	Reasons for Change
New	October 2021	[REDACTED]	External Audit required a written policy
1.0	March 2023	[REDACTED]	Review
1.1	March 2025	[REDACTED]	Annual Review and update to team names
1.2	March 2026	[REDACTED]	Annual Review

Equalities Impact Assessment:

Initial	Full	Date	Reviewed by	Comments
	x			

Civil Contingencies Impact Assessment:

Date	Reviewed by	Comments

Related Documents:

Doc. Type	Ref No.	Title	Location
SI	0109	Expense Claims	Portal Intranet
SI	0110	Mess Clubs	Portal Intranet
SI	0781	Car Mileage Allowances	Portal Intranet
SI	0901	Detached Duty Related Expenses	Portal Intranet

Distribution List:

Name	Position	Department
SLT		

Sign-Off List:

Name	Position
SLT	

Target Audience:

All MFRS	Principal Officers	Senior Officers	Operational Crews	Fire Safety	Community Fire Safety	Support Staff
x						

Ownership:

No	Reason

Legislation:

Title
Employment Rights Act 1996 section 14

Contact:

Department	Email	Telephone ext.
Payroll	[REDACTED]	

PODPOL21: Overpayment Recovery and Under Payment Policy

1. Policy Introduction and Background:

Merseyside Fire and Rescue Authority (MFRA) has a responsibility to ensure full recovery of any over or incorrect payments made to employees. This policy primarily focuses on the Employer - Employee relationship in terms of payments, however the principles outlined will be applied to any other individuals who may receive payments from MFRA such as Volunteers and Elected members. When processing recoveries MFRA will act to ensure that recovery of the payment does not undermine the relationship between the employer and the employee or breach trust and confidence. This policy takes into account the Employment Rights Act 1996, Section 14 which provides that protection from deductions from wages does not apply where the purpose of the deduction is the reimbursement of the employer in respect of:

- (a) an overpayment of wages, or
- (b) an overpayment in respect of expenses incurred by the worker in carrying out employment, made (for any reason) by the employer to the worker.

This policy aims to provide instructions to staff engaged within the recovery of overpayments, relating to pay and expenses, made to employees and ex-employees of MFRA and the settling of overpayments. For the purpose of this policy, overpayments can be defined as a payment of salary or allowance which is paid to an individual in excess of their contractual entitlement.

This policy also covers the incorrect application of deductions which could have the effect of detrimentally affecting the employee and would need swift correction

Non exhaustive examples of where incorrect payments can arise include:

- Incorrect completion of overtime or other time recording sheets and/or expense claims submitted via Myview resulting in an under or overpayment
- Post pay deadline notification of an employee commencing sickness, maternity or unpaid leave who continues to be paid at full pay rather than reduced or does not have the absence closed and the employee returned to contractual pay.
- Post pay deadline notification of an employee leaving MFRS who may have already been paid for a complete month prior to notifying the Authority of their intention to leave
- Post pay deadline notification of a change in an employee's circumstances, e.g. reduction from full time to part time hours and continues to be paid full time.
- Employees who leave the Authority and need to repay training costs in accordance with contractual provisions.

- Excess of holidays taken over entitlement.

2. Responsibilities:

It is the duty of all parties engaged in receiving, monitoring and administering staff payments to ensure incorrect payments are avoided wherever possible. This includes employees, managers, as well as support departments including Finance, Payroll, and HR Services team. It is important that all those involved in the process comply with existing policies, service instructions and controls to prevent incorrect payments.

Responsibilities of Employees:

Employees are rarely at fault when incorrect payments occur. However, this is not a reason for disputing an overpayment and recovery will proceed as outlined below.

All employees agree as part their written statement of particulars that:

- Any overpayments made, or monies received in error will be repaid.
- The Authority reserves the right, following consultation with the employee, to deduct appropriate amounts from subsequent payments or to require the employee to repay the amount owed.
- Sums can be deducted from salary either as a lump sum, over a reasonable period of time or deducted from final payments on termination of employment. This will be discussed with the employee before any deduction is made.

All employees are responsible for giving correct and complete information on any timesheets or expense claim forms they complete and other employees/ line managers will only authorise timesheets or expense claim forms if they are authorised by their role to do so and believe the information to be correct.

All employees are responsible for ensuring they understand their salary entitlement and check their payslips every pay period to ensure that it appears accurate; and matches the payment received within their bank/building society account to ensure that they are receiving the correct pay and benefits.

Employees must bring any anomalies to the attention of their line manager and the Payroll department as a matter of urgency. The availability of electronic payslips can often allow for any corrections to be made prior to actual salary payments being made.

All employees of MFRA have a duty to report to their line manager and the payroll department any overpayment made to them since it is a payment to which they are not entitled. For their part, employees have a responsibility to adhere to the policy and procedures as outlined.

Employees should note that being unaware of an overpayment and subsequently spending the monies will not be considered as a valid reason for non-repayment.

Responsibilities of Line Managers

All line managers have a responsibility to ensure that all documentation relating to any changes with regards to employment terms and conditions is submitted to the HR Services team before the agreed pay deadlines. After this date please contact the HR Services team to see if any other remedial actions are available.

Line managers are also responsible for ensuring expenses are checked for accuracy against the current policies as set out in the relevant service instructions prior to forwarding to Payroll / Exchequer before the relevant deadline. Budget managers are responsible for ensuring monthly Position Statements are checked for accuracy and any errors are notified to Payroll and the Accounting Team within Finance as soon as possible.

Where an employee fails to report for work in circumstances that suggest they have left without notice, line managers have a duty to inform the Professional Standards team immediately.

All line managers have a responsibility in the fair and consistent application of this policy by;

- Communicating and explaining this policy to staff
- Applying policy where overpayment of salary occurs
- Adopting a culture of open and honest communication
- Contacting Payroll and/or the HR Services team for advice and assistance where needed
- Ensuring the relevant notifications of changes that affect employees' pay are fully completed and sent to the HR Services team in a timely manner.

Responsibilities of the Director of POD

The Director of POD (or a nominated Deputy) will have ultimate responsibility for determining how to recoup any incorrect or over payments. This includes the discretion to recoup payments in instalments over an agreed period or in 1 lump sum depending on the specific circumstances of the overpayment. Please see below for further details of potential options available.

Responsibilities of the HR Services team

The HR Services team will:

- Ensure any relevant changes that affect pay in line with published payroll deadlines assuming the information has been submitted in sufficient time to meet internal deadlines.
- Ensure changes are processed accurately to ensure correct pay amendments within Resourcelink.
- Notify Payroll of the requirement to recover any overpayments confirming agreed repayment timescales.

Responsibilities of Payroll/ Finance

Payroll/Finance will:

- Verify that information is put into Resourcelink for payment processing in an accurate and timely manner.
- Ensure any payment errors that are identified are notified to the employee and HR Services as soon as possible to allow for correction to be applied.
- Recover overpayments in accordance with the agreed recovery plans.

The Finance Department will be responsible for monitoring overpayments and monitoring recovery in accordance with agreed plans.

3. Policy Implementation:

For the purposes of recovery, overpayments have been categorised into three areas. Any adjustments may include recalculation of tax, national insurance and pension payments

Single Month Adjustment:

This is an adjustment to pay that recovers monies that have been overpaid in a single amount in the current or previous month only following a grade, role or hours change notified and/or processed after deadline. These will be recovered in full from the employee's salary in the next available month. Individuals will be notified of the adjustment by the WFP&PS team in writing or by email and the correction resulting in a full recovery will take place in the current pay period.

Multiple Month Overpayments:

This is an adjustment to pay that requires monies to be recovered from an individual and relates to periods prior to the current and previous month that has not been immediately corrected. Employees will be contacted by the HR Services who will consult over agreeing a suitable repayment plan.

The usual period for recovery is to mirror repayment schedules with the length of time that the overpayment has been made i.e. an overpayment for 2 months would be recovered over 2 months. Variations to schedules must be agreed by the Director of People and Organisational Development (or his designated deputy) taking into account the implications of payments made within different tax years.

Overpayment to Ex-Employees:

This covers an unexpected overpayment to an ex-employee who may have left at short notice or the necessity to deduct paid training costs to an employee who has left before their agreed terms.

The HR Services team will provide a covering letter to the ex-employee, breaking down the overpayment and if required will agree a suitable repayment period. The Finance department will be asked to raise an invoice as appropriate.

Repayment Schedules

A repayment schedule with the employee should be underpinned by the following principles:

Option 1: One lump sum payment recovery for an overpayment which occurred in a single month.

Option 2: Monthly instalments no more than the same number of months as the overpayment occurred.

Variations to schedules must be agreed by the Director of People and Organisational Development (or his designated deputy) taking into account the implications of payments made within different tax years. Consideration will be given where repayments have the potential to cause hardship in individual cases.

Underpayment

Where an error has occurred which has resulted in an underpayment. Payroll will contact the employee and explain the underpayment has occurred and the underpayment will usually be corrected in the following months payroll. Immediate payment of the underpayment will only be considered where the underpayment causes immediate financial difficulties.

National Fraud Initiative / Audit

Please note, key data and personal identifiers such as contact details may be provided to bodies responsible for auditing and administering public funds for the purposes of preventing and detecting fraud. These bodies include Internal Audit, External Audit and National Fraud Initiative (NFI).

All Policies can be found on the [Website](#)