

Appendix 1

# **Relocation and Temporary Accommodation Expenses Policy**



**Walsall Council**

## Version Control

Document title	<b>Relocation and Temporary Accommodation Expenses Policy</b>		
Owner	Human Resources	Status	Draft
Version	5	Approved on	TBC
Effective from	TBC	Review date	TBC
Last updated	23/09/20	Last updated by	HR Strategy and Planning
Purpose	This policy sets out the criteria and process for the application and payment of relocation expenses.		

This policy links to:

- Corporate Plan
- Walsall Proud Programme
- Recruitment & Selection Policy
- Code of Conduct for Employees
- Equality & Diversity Protocol
- Workforce Strategy
- Behaviour & Standards Framework
- Reimbursement of Personal Expenses Policy

This list is not exhaustive.

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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 Relocation assistance may be given by the council to help with out-of-pocket expenses incurred when a newly appointed employee relocates as a result of their employment with the Council. This policy sets out the council's provisions regarding relocation expenses and helps to supports the council to attract, recruit and retain high calibre candidates, encourages them to apply for particular roles and assists them to quickly move more closely to their work base (particularly where there are skills shortages or hard to fill roles).

## **2.0 Scope**

- 2.1 This procedure applies to all council employees, including Directors, Executive Directors and the Chief Executive;
- 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 does not apply to contractors, consultants, agency workers, casual workers or any self-employed individuals working for the council.

### **3.0 Principles**

- 3.1 Relocation assistance must be approved by an Executive Director or the Chief Executive before being offered/discussed with the appointee.
- 3.2 Where any approvals stated in this policy are required to authorise any payments for the Chief Executive, the Chief Executive approval stated should be substituted for Personnel Committee approval. Personnel Committee may delegate such approval to the Director of HR, in consultation with the Chair of Personnel Committee, and the s151 Officer.
- 3.3 To qualify for relocation assistance, the employee must be a new employee to Walsall Council and be moving to a new base (this can be either purchased or rented) because of accepting an offer of employment with the council.
- 3.4 To be eligible for relocation assistance, the employee must be living more than 40 miles away from their new work base and must be moving to a residence that is located within a 15 mile radius of their new work base. (As determined by the council's radius measuring tool / taking the most direct route).
- 3.5 Employees are required to mitigate all expenses involved in their relocation and expenses will be reimbursed only if they are deemed to be reasonable. This policy provides for a contribution to the cost of relocation only and is not intended to meet fully all costs associated with relocation, although it may do so in some circumstances.
- 3.6 The maximum level of relocation assistance provided by the council will not exceed a total value equivalent to 20% of the employees starting salary and will not exceed a maximum amount of £15,000. This amount is not a lump sum but can be reimbursed for eligible expenditure (as set out in section 5 of this policy) against valid receipts and invoices where these are approved. No discretion is allowed on this element of the policy.
- 3.7 All claims for relocation expenses must be submitted on the relevant claim form and approved by an Executive Director or Chief Executive. A claim submitted by the Chief Executive must be approved as set out in para 3.2 above.
- 3.8 To be eligible for any aspect of the relocation allowance you must live in the property you rent or buy.
- 3.9 Where a spouse, partner or colleague is also taking up employment with the council either jointly or separately (or is already employed), the allowance will only be paid in respect of one appointment (i.e. only one individual in the household will be eligible to receive payment of these allowances).
- 3.10 Relocation expenses are considered and approved on a case by case basis as each employee situation and circumstance will be unique, therefore the council

retains discretion to pay an amount as deemed appropriate for relocation expenses up to the maximums specified in this policy.

- 3.11 Where in exceptional circumstances there is a need to deviate from this policy, a business case detailing the rationale must be documented with approval from an Executive Director or Chief Executive and the Directors of HR and Finance and included on the employees personnel file. Where this applies to the Chief Executive approval must be sought as set out in 3.2 above.
- 3.12 Relocation assistance is discretionary. It is not a contractual entitlement and the Council reserves the right to withdraw it at any time.
- 3.13 Relocation costs will be met through individual service areas budgets.
- 3.14 Acting outside of the policy may amount to a breach of the Employee Code of Conduct.

## **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 employees who are eligible for relocation are aware of the policy and where to find more information regarding tax exemption (as detailed in the policy);
- Approving relocation expenses where supported by valid evidence in line with this policy and maintaining a record of these to ensure the maximum allowance is not exceeded;
- In approving relocation expense claims managers should be mindful that relocation expenses are public monies and therefore all claims should be reasonable, evidenced and justified;
- Obtaining all the required authorisations in accordance with this policy before passing for payment.

### **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;
- Ensuring they are familiar with the relocation policy and the tax exemptions where these apply;
- Ensuring that all relocation expense claims are submitted in good faith, evidenced, and in line with the eligibility criteria outlined in this policy;

- Ensuring that the total value of relocation expenses claimed do not collectively exceed the maximum allowance that can be claimed;
- In submitting relocation expense claims employees should be mindful that relocation expenses are public monies and therefore all claims should be reasonable, evidenced and justified;
- Complying with the requirements of this policy and procedure.

## **5.0 Procedure**

### **5.1 Eligible expenditure**

5.1.1 Depending on the employees personal circumstances they can be authorised to claim for any of the following (where considered reasonable, evidenced by valid receipts/invoices and up to a total of their maximum relocation allowance);

- House Hunting and investigatory visits (5.1.2)
- Buying and selling property (5.1.3)
- Rented to rented accommodation (5.1.4)
- Temporary accommodation (5.1.5)
- Late purchase of accommodation (5.1.6)
- Interim travel (5.1.7)

#### **5.1.2 House hunting and investigatory visits**

The Council will reimburse reasonable travelling, accommodation and meal costs incurred by the employee, their partner and/or direct dependents in respect of a maximum of four visits to the area to select accommodation and, where necessary, schools. Details of travel rates are given in section 5.1.7 Interim Travel.

#### **5.1.3 Buying and selling property**

- The estate agency, auctioneer and advertising fees associated with selling the employee's existing property.
- The legal and conveyancing fees associated with selling the employee's existing property.
- Mortgage redemption penalty payable as a result of early redemption of the mortgage loan in relation to the employee's existing property.
- Any charges for disconnection/connection of public utilities and white goods (such as washing machines) serving the employee's existing property/new property.
- The legal and conveyancing fees (including survey, Land Registry, search and mortgage arrangement fees) associated with the purchase of a new property.

- The stamp duty incurred in connection with the purchase of a new property (up to 1% based on a maximum property value of £250,000).
- The costs of moving the employee's furniture, domestic goods and personal possessions from their existing property to the new property, including insurance taken out to cover goods in transit.
- The costs of temporary storage and associated insurance of the employee's furniture, domestic goods and personal possessions if not moving directly from the existing property to the new property, for a maximum of 12 months.
- A contribution towards the costs of carpets and curtains required for the new property where those used in the old property are not suitable for the new home.

Relevant relocation expenses in accordance with the above can also be claimed where there is a 'late purchase of accommodation' in accordance with section 5.1.6, however, the value of total claims must not exceed the total relocation allowance.

Relevant relocation expenses in accordance with the above can also be claimed where an employee is moving from their family home into rented accommodation, however the value of total claims must not exceed the total relocation allowance.

Where the employee is living in rented accommodation but intends to purchase a property in the new work location, relocation allowance is limited to the costs reasonably incurred in moving from the rented accommodation as set out above and no contribution will be made towards the purchase of the new property. Property purchase expenses will be paid only where an existing property has been sold. (This is because employees should not gain financially as a result of the relocation). The same applies where the employee did not substantially maintain a household (e.g. if living with parents or in student accommodation) prior to appointment but needs to move home on taking up the post.

#### 5.1.4 Rented to rented accommodation

- Any charges for disconnection of public utilities and white goods serving the existing rented property.
- Any associated administration costs from the letting agent or agents (including check-out fees, penalty clauses and lease arrangement fees).
- Any charges for connection of public utilities and white goods serving the new rented property.
- The costs of moving the employee's furniture, domestic goods and personal possessions from their existing property to the new property, including insurance taken out to cover goods in transit.



- The costs of temporary storage and associated insurance of the employee's furniture, domestic goods and personal possessions if not moving directly from the existing property to the new property, for a maximum of 12 months.
- The deposit payable to the landlord for the new rented property may be advanced to the employee; however this must be reimbursed to the Council within three months of the employee moving to the new rented property.

#### 5.1.5 Temporary accommodation

In circumstances where the employee has not been able to move to a new permanent property (whether purchased or rented) by the time of commencing work in the new work location, the Council will give consideration to the reimbursement of the costs of temporary hotel, bed and breakfast or rental accommodation. Temporary hotel, or bed and breakfast or temporary rental accommodation will be allowed up to a maximum of 12 months and will not exceed 30% of the total relocation allowance. To extend beyond these limits, a business case detailing the rationale must be documented with approval from an Executive Director or Chief Executive and the Directors of HR and Finance and included on the employees personnel file. Where this applies to the Chief Executive approval must be sought as set out in 3.2 above.

If the employee is renting out their existing property before or while trying to sell it, any rent received on the rented out property must be offset against the cost of temporary accommodation. The difference only will be covered by the relocation allowance.

Where employees sublet rooms in their new property for which they are receiving relocation allowance, they must offset any rent received against the relocation allowance claimed.

A return journey home at weekends as set out in section 5.1.7 interim travel may also be claimed.

Relevant relocation expenses in accordance with buying and selling a property (as set out in section 5.1.3. of this policy) can also be claimed where there is a 'late purchase of accommodation' (section 5.1.6) following temporary accommodation expense claims in accordance with the above, however, the value of total claims must not exceed the total relocation allowance.

#### 5.1.6 Late purchase of accommodation

If the employee decides to buy a property subsequent to their appointment, they may qualify for reimbursement of the relevant costs provided that they have made a firm commitment to buy within twelve months of their date of appointment. This means that they may make a temporary move into rented accommodation, and then claim towards the cost of moving into a purchased property at a later date (as set out in section 5.1.3 of this policy), however, the value of total claims must not exceed the total relocation allowance.

In order to qualify for tax exemption the relocation expenses must be incurred or the benefits provided before the end of the tax year (5 April) after the one in which the employee takes up their new position. It does not matter when the employee moved to the new home.

#### 5.1.7 Interim travel

If the post attracts a relocation allowance and the employee wishes to claim interim travel instead of a temporary accommodation allowance, they may do so if the journey enables them to get to work reasonably and effectively. The total claims made must not exceed the total relocation allowance and will be allowed up to a maximum of 12 months.

You may claim travel as follows:

- If you travel by car, subject to the prevailing HMRC approved car mileage rate.
- If you use public transport, subject to the prevailing standard rate of travel (i.e. 2nd class), the actual cost will be reimbursed.

Mileage from temporary accommodation to the new work location is not eligible for reimbursement.

## 5.2 **Taxation**

- 5.2.1 Relocation expenses that meet certain qualifying criteria may be exempt from tax in accordance with the HMRC regulations up to a maximum amount which at the time of writing is £8,000. Relocation expenses above £8,000 and/or that are provided outside of the HMRC qualifying criteria are a taxable benefit.
- 5.2.2 To qualify for tax exemption the relocation expenses must be incurred or the benefits provided before the end of the tax year (5 April) after the one in which the employee takes up their new position.
- 5.2.3 Employees are responsible for ensuring they understand the tax implications and are aware of the qualifying criteria for tax exemption; further information on expenses that may qualify for tax exemption can found at <https://www.gov.uk/> alternatively employees can contact Payroll for further information on tax exemption.

## 5.3 **Payment of relocation expenses**

- 5.3.1 Before expenses can be claimed employees are required to sign their acceptance of the terms of the relocation procedure.
- 5.3.2. The employee must submit all claims for expenses using the relocation and temporary accommodation expenses claim form as soon as possible and within twelve months of taking up appointment. However, if there are any difficulties

in relation to this (e.g. because of abnormal delays in selling a home) any extension to this timeframe must be supported with a business case detailing the rationale which must be documented with approval from an Executive Director or Chief Executive and the Directors of HR and Finance and included on the employees personnel file. Where this applies to the Chief Executive approval must be sought as set out in 3.2 above.

- 5.3.3 In order to qualify for tax exemption the relocation expenses must be incurred or the benefits provided before the end of the tax year (5 April) after the one in which the employee takes up their new position.
- 5.3.4 Claim forms need to be signed by the budget holder (authorised signatory) and counter signed by either an Executive Director or Chief Executive. In the case of claims submitted by the Chief Executive they need to be signed off as set out in 3.2. above.
- 5.3.5 All claims need to be in accordance with this policy, the total amount claimed must not exceed the maximum relocation allowance and the individual expenditure must be deemed reasonable by the budget holder. Employees are advised to obtain written confirmation of budget holder agreement before committing any spend where they would be reliant on claiming the expenses as part of this policy.

#### 5.4 Re-payment of relocation expenses

- 5.4.1 Employees will be offered relocation assistance only if they agree to repay some, or all, of the amount given by the Council in the event that their employment terminates for whatever reason (certain exclusions apply, refer to section 5.4.2 of this policy) within two years from the date their employment commences. Those offered relocation assistance will be required to sign an agreement to this effect when submitting any claim forms. The amount payable is reduced proportionally and is as follows:

Period of service (from date of commencement in post)	Amount to be repaid (as % of total expenses)
Leaving between 0-6 months	100%
Leaving between 7-12 months	75%
Leaving between 13-18 months	50%
Leaving 19-24 months	25%

- 5.4.2 Repayment will not, however, be required if the reason for termination of the employee's contract of employment is due to compulsory redundancy or ill health capability.
- 5.4.3 If the employee subsequently moves home again (having been eligible and received a payment for relocation) within the two-year period to an address outside of the 15 mile radius, it is the employees responsibility to inform their line manager. Managers may request employees to repay any relocation allowances previously paid in line with 5.4.1 above.
- 5.4.4 In the event that the employee does not relocate, they may be asked to repay all or part of any relocation assistance given. In exceptional circumstances there may be instances where employees are not required to repay relocation assistance, e.g. where an employee has been prevented from relocating due to unforeseen circumstances, such as legal issues/ill health, they may not be asked to repay expenses covering visits to the area for the purpose of house hunting. Authorisation for repayments not to be made must be sought as set out in 3.11 above.