

Relocation and Temporary Accommodation Expenses Procedure

Service: Human Resources

Wards: All

1. Purpose of the report

To seek approval for the revised Relocation and Temporary Accommodation Expenses Procedure (appendix 1).

2. Recommendations

Personnel Committee is recommended to agree replacing the three existing Relocation procedures with a new Relocation and Temporary Accommodation Expenses Procedure with effect from 1st November 2014.

3. Background

The Council has in place three procedures that cover relocation expenses. The Council has relocation schemes to help ensure the Council can recruit and retain the best possible staff to work for Walsall MBC, from the widest pool possible. Recent experience has shown that even in a more challenging economic climate, the Council has struggled to fill certain posts within the Council.

The three current procedures are:-

- A scheme for Chief Officers where the maximum allowance that can be claimed is £12,000 and covers claims associated with the disposal of former residence, purchase of new residence, transporting belongings and bridging loan expenses.
- A scheme for certain hard to recruit to posts where the maximum allowance that can be claimed is £4,600 and is broken down as follows;
 - Removal of household effects – up to £300
 - Storage costs – up to £300
 - Legal, Estate Agents, Surveyor costs – up to £2,000
 - Incidental costs, disturbance allowance – up to £2,000

A lodging allowance for a maximum of 6 months is also payable under this scheme at a rate of £46.55 for five days and £62.08 for seven days. Travel home once every two weeks for a maximum of 6 months can also be claimed.

- A scheme for overseas employees where the maximum allowance that can be claimed is £4,600 and covers claims associated with, flights to the U.K., initial accommodation on arrival into the U.K., disposal of former residence, transporting belongings, appliances and basic furniture.

A fundamental review of relocation procedures has taken place. As part of this review, views were sought from across the Council on the merits of having a procedure, and for what purpose. In addition 'lessons learnt' from recent disciplinary investigations into relocation expenses were sought and applied to the review. It concluded that the Council needed to continue to have a relocation scheme, and a revised procedure was needed to replace the three procedures above.

The new Relocation and Temporary Accommodation Expenses Procedure (Appendix 1) includes the following key points:-

- Provides a flexible approach to setting the amount for relocation, allowing managers to address any particular employment market issues;
- Makes it clear what can and cannot be claimed for by staff relocating to Walsall MBC;
- Provides the option for managers to select from a basic (15% of starting salary) or enhanced scheme (16-25% of starting salary) depended on need;
- Covers costs up to the maximum allowance (as predefined) associated with buying and selling property, transporting belongings and storage;
- Covers costs up to 30% of the maximum allowance (as predefined); associated with temporary accommodation for up to 12 months or interim travel costs;
- Covers house hunting and investigatory visits (travel and meal allowance) up to a maximum of 4 times;
- Includes an agreement that expenses will be repaid proportionately in line with each completed months service if the employment terminates within 2 years (excluding by reason of redundancy).

In practice it is anticipated that managers will mostly apply the basic scheme. A worked example of the options available to managers is shown below:-

- Qualified Social Workers earn between £30,311 and £34,894. The manager could:-
 - choose to not use the relocation scheme as they feel they can recruit locally. This would obviously incur no relocation expenses.
 - choose the Basic scheme. Relocation expenses based on recruiting at the bottom salary point, would be £4,546 (funded from their existing budgets).
 - If they felt this was a particularly difficult post to fill they could apply the Enhanced scheme. Relocation expenses would then be between £4,849 and £7,577 depending on what percentage is set (again this would be funded from existing budgets).

4. Financial

During 2012/13 and 2013/14 the current relocation processes were used to support 6 individuals. The maximum that these individuals could have claimed was £72k,

however the actual total amount claimed was £28k (circa 39% of the total that could be claimed).

Under the proposed basic scheme, if these 6 individuals had been offered support at 15% of their basic pay, the maximum that could have been claimed would be £74k, however if individuals claimed in line with their actual submissions this would have led to a cost of £29k (based on 39% of the total amount).

Under the proposed enhanced scheme, if these 6 individuals had been offered support at 25% of their basic pay, the maximum that could have been claimed would be £126k, however if individuals claimed in line with their actual submissions this would have led to a cost of £49k (based on 39% of the total amount).

As set out in the draft procedure, relocation costs will need to be met from the individual directorate budget, and a funding source will need to be identified prior to commencing the recruitment.

5. Legal

The Council must ensure that the exercise of the discretion to tailor the relocation policy to each employee's circumstances is undertaken consistently and the decisions are made fairly and objectively and not in contravention of the Equality Act 2010.

6. Risk Management

No risk management implications arising out of this report.

7. People

Contained within the report.

An Equality Impact Assessment (EqIA) has been completed on the policy and actions will be incorporated into the launch once approved.

8. Consultation

The revised Relocation Procedure was consulted upon with senior managers across the Council and approved by CMT.

Following consultation, the Trades Unions have no issues or comments they wish to raise and do not oppose it.

Author

Steve McGowan

Head of HR

☎ 655600

✉ Mcgowans@walsall.gov.uk

Relocation and Temporary Accommodation Expenses Procedure

Document information

Document title	Relocation and Temporary Accommodation Expenses Procedure		
Owner	Human Resources		
Status	Draft	Version	3.11
Effective from	TBC	Approved on	TBC
Last updated	Feb 2014	Last updated by	HR Strategy & Planning
Purpose	This procedure sets out the criteria and process for the application and payment of relocation expenses.		

Relocation Expenses Procedure Links to:

Recruitment & Selection Process
Reimbursement of Personal Expenses Procedure

If you would like this information in another language or format contact Human Resources Directorate Support Team.

Telephone 01922 65 5671
Text phone: 0845 111 2910
Secure fax: 01922 655622
Email hrdirectoratesupportteam@walsall.gov.uk



Contents	Page
1.0 Introduction	3
2.0 Scope of the procedure	3
3.0 Responsibilities	3
4.0 Principles	4
5.0 How much can be claimed?	4
6.0 Taxation	5
7.0 What can be claim for?	5
8.0 Payment of relocation expenses	8
9.0 Repayment of relocation assistance	9



1. Introduction

- 1.1 The purpose of this procedure is to;
- Attract the best candidates and encourage them to apply for particular posts.
 - Assist newly appointed employees to move close to their new work base quickly.
- 1.2 This procedure sets out the Council's provisions regarding relocation expenses. Relocation assistance may be given by the Council to help with out-of-pocket expenses incurred when an employee relocates as a result of his/her employment with the Council.
- 1.3 To qualify for relocation assistance, the employee must be moving to a new base (this can be either purchased or rented) because of accepting an offer of employment with the Council.
- 1.4 Relocation expenses are judged on a case-by-case basis and each employee's situation and circumstances will be unique. The Council therefore retains discretion to tailor the relocation package to suit the particular circumstances and needs of each employee. However, the Council will always act fairly and in a non-discriminatory manner, mindful of the principles of working in public life.
- 1.5 Relocation assistance is discretionary and the Council reserves the right to withdraw it at any time.

2. Scope of the procedure

- 2.1 This procedure applies to all NJC employees and JNC Chief Officers and the Chief Executive.

3. Responsibilities

- 3.1 Elected Members, Chief Executive, Executive Directors and Assistant Directors
- Management and application of the procedure within their Directorates;
 - Ensuring that payments are made to employees within scope;
 - Chief Executive and Executive Directors can use discretion to consider individual circumstances; this may result in changes in how this procedure is applied.
- 3.2 Head of Human Resources
- Reviewing and updating the procedure.



4. Principles

- 4.1 Relocation and temporary accommodation expenses will only be paid:-
- For appointment made into posts that have been identified and approved by Chief Executive or Executive Directors as attracting relocation assistance;
 - To employees who will relocate to a residence that is located within a 15 mile radius of the new work base and who currently reside more than 40 miles from the new work base, as determined by the Council's consistent radius measurement tool;
 - To allow employees to take up appointment and move into a suitable residential area for the appointment to commence as quickly as possible;
- 4.2 The job advertisement must state if relocation expenses apply to the position and provide further details on the relocation expenses procedure.
- 4.3 The contract of employment must include references to the relocation expenses procedure and its conditions.
- 4.4 Consideration will be given to individual circumstances. Should this be the case the relevant Executive Director may use their discretion in consultation with the Head of Human Resources to determine whether payment will be made. Any decisions made which vary from this procedure in exceptional circumstances must to be clearly documented, approved by the Chief Executive or Executive Director and retained on the personnel file.

5. How much can be claimed?

- 5.1 The relocation allowance will vary from post to post and be dependent upon a number of factors including;
- Difficulty to recruit to the post
 - Current market availability
 - Assessment of any particular skills shortages
 - Overseas recruitment
- 5.2 The Council has two schemes that managers can select from, the 'Basic Scheme' or the 'Enhanced Scheme', depending on the post and the justification for offering relocation assistance.
- 5.3 The Basic Scheme
This will apply where managers wish to offer relocation as recruitment incentive. The basic scheme will apply to the majority of posts that attract relocation assistance and the total allowance that can be claimed will be the equivalent of 15% of the employees' annual starting salary.



5.4 The Enhanced Scheme

This will apply where managers wish to offer relocation to improve the attractiveness of a post where there are particular recruitment challenges. The enhanced scheme provides a total relocation allowance of between 16 – 25% of the employees' annual starting salary.

- 5.5 The decision regarding which scheme to be offered together with the relocation allowance percentage being offered must be outlined prior to the recruitment process commencing.

6. **Taxation**

- 6.1 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.

- 6.2 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 his/her new position.

- 6.3 Expenses and benefits that may qualify for tax exemption include;
- Costs of disposing of an existing home
 - Costs of acquiring a new home
 - Costs of moving household furniture
 - Costs of replacing domestic goods
 - Temporary travel and accommodation pending permanent relocation taking place, where the employees' new residence is their main property

- 6.4 Employees are responsible for ensuring they understand the tax implications and are aware of the qualifying criteria for tax exemption; employees' should consult with the Council's payroll section for further advice and information on tax exemption.

7. **What can be claimed for?**

The amount an employee may claim will vary according to their personal circumstances, as follows:

7.1 House hunting and investigatory visits

The Council will reimburse reasonable travelling and meal costs incurred by the employee, their spouse, civil 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 7.7 interim travel.

7.2 Buying and selling property

If they are approved, the Council will reimburse the following costs reasonably incurred by the employee in the selling and buying of property to relocate, with adequate documentary proof of expenses i.e. receipts :-

- 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 £350,000).
- The costs of moving the employee's furniture, domestic goods and personal possessions from his/her 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 costs of carpets and curtains required for the new property.

(NB: See also paragraph below on 'Late Purchase of Property')

Relocation expenses in accordance with the above can also be claimed where an employee is moving from their family home into rented accommodation.

7.3 Rented to rented accommodation

If they are approved, the Council will reimburse the following costs reasonably incurred in moving from rented to rented accommodation, with adequate documentary proof of expenses i.e. receipts:-



- 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 his/her 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.

7.5 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, the Council will give consideration to the reimbursement of the costs of temporary hotel, bed and breakfast or rental accommodation. Temporary hotel, 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, the employee must obtain prior agreement from his/her line manager and authorisation from the Executive Director.

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 7.7 interim travel may also be claimed.

(NB: See also paragraph below on 'Late Purchase of Property')



7.6 Late purchase of property

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, 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 his/her new position. It does not matter when the employee moved to the new home.

7.7 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 HRMC approved car mileage rate
- if you use public transport (2nd class), the actual cost will be reimbursed

8.0 **Payment of relocation expenses**

8.1 Before expenses can be claimed employees are required to sign their acceptance of the terms of the relocation procedure.

8.2 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.

8.3 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 by prior agreement and formal authorisation in writing from the Chief Executive or Executive Director and a copy of this must be placed on the employees' personnel file.

8.4 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 his/her new position.



9.0 Repayment of relocation assistance

- 9.1 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 within two years from the date their employment commences. Those offered relocation assistance will be required to sign an agreement to this effect.
- 9.2 Repayment will not, however, be required if the reason for termination of the employee's contract of employment is due to redundancy.
- 9.3 The amount payable is reduced proportionately in line with each completed months service (i.e. by 1/24 for each completed month of service up to 2 years)
- 9.4 Relocation costs will be met from individual Directorate budgets.

