

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	1 December 2016
INTERIM DIRECTOR	Richard Ellis
TITLE OF REPORT	Relocation Policy
REPORT NUMBER	CG/16/135
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to seek approval for the implementation of a revised Relocation Policy.

2. RECOMMENDATION(S)

The Committee is requested to:

- a) Approve the revised Relocation Policy, as attached, to replace the existing policy (i.e. the Relocation Scheme) to be implemented from 1 January 2017.

3. FINANCIAL IMPLICATIONS

The revised policy provides that the maximum relocation amount claimable is £8000, excluding VAT. This is in accordance with the current maximum allowed in respect of a relocation package under HMRC rules for exemption from the payment of tax and National Insurance. This compares to £7500 including VAT (or 10% of salary whichever is greater) under the existing policy. The maximum amount an employee can claim under the new package therefore increases by £500, excluding VAT. This may have a financial implication for the Council with any additional cost being case dependent. However, any additional cost could be offset through a change made to the 'scope' of the policy, whereby going forward it is intended that the policy will be applied in a more targeted way. It is intended that the package will be granted to employees appointed to specific posts, to be pre-determined by the Directorate in conjunction with the HR Service, rather than to all employees who relocate.

In addition, the scope of the policy has been slightly widened to include eligible fixed term appointments of 2 years or more (rather than 3 years or more under the existing scheme). Again this may result in more employees qualifying with any additional cost being case dependent.

The change to the repayment condition which reduces from 3 years' continuous service to 2 years could potentially result in the Council recouping less if there was high turnover of new starts (i.e. those with more than 2 years but less than 3 years' service) who had qualified for the policy.

Future relocation costs cannot therefore be quantified but there is an expectation that these expenditures will be contained within existing staffing budgets.

4. OTHER IMPLICATIONS

No other implications identified.

5. BACKGROUND/MAIN ISSUES

The Relocation Scheme was due a review under the rolling HR programme of policy reviews. The policy enables the Council to offer financial assistance, up to a certain limit, to eligible appointees who may need to relocate their home to the Aberdeen area to take up employment.

Appropriate benchmarking was undertaken with other organisations as part of the review as well as a check on any legal issues affecting relocation expenses.

From the review the following changes to the policy were identified:-

- The revised policy has a maximum amount claimable of £8000, excluding VAT. This is the current maximum allowed in respect of a relocation package under HMRC rules for exemption from the payment of tax and National Insurance. This compares to £7500 including VAT (or 10% of salary whichever is greater) under the existing policy. The maximum amount an employee can claim under the package therefore increases by £500, excluding VAT.
- Under 'scope' a paragraph has been added indicating that the policy is designed to help ensure that the Council has an adequate supply of employees at all levels of the organisation and that it only applies to specific posts as pre-determined by the appropriate Directorate in conjunction with the HR Service. This change may mean that the policy is applied in fewer instances going forward, with the policy being used in a more targeted way to attract prospective employees to posts which, in the main, are harder to fill.

- Also under 'scope' a change has been made in relation to fixed term appointments. The policy has been slightly widened in relation to eligible fixed term appointments. The current policy states that it applies where the appointment is permanent or is for a non-permanent period of 3 years or more. The revised policy indicates that it applies to eligible permanent appointments or to eligible fixed term appointments of 2 years or more. It also mentions that in the case of fixed term appointments of more than 12 months but less than 2 years a proportion of the total allowances covered by the policy may be paid in exceptional circumstances, to be determined by the appropriate Head of Service in consultation with the Head of HR. This provision was carried over from the existing policy but with 3 years changing to 2.
- The format of the policy document has changed to mirror that of other Council HR related policies. It also includes a list of qualifying relocation expenses, a section on the repayment condition and a new section detailing non-qualifying expenses to make it clear what cannot be claimed.
- The administrative process (including standard letters and forms), which had been contained in the existing policy, has been moved to a guidance document which will also contain full details of each of the qualifying expenses. The policy document itself will only contain headings of the expenses claimable. The policy document has therefore been streamlined.
- The repayment condition has been changed from the employee having to complete 3 years' service from the date of appointment to 2 years. The current policy states that if an employee receives a relocation allowance and leaves within 3 years of their appointment they are required to reimburse the allowance. The purpose of this change is to make the arrangements in relation to the package fairer and more attractive to potential employees. The current 3 year repayment period was considered to be too long. The percentages to be repaid and the periods of service over the new 2 year period have also required a change to fit in with the revised repayment condition (for both permanent and appropriate fixed term appointments).
- Under the existing policy the Settling in Allowance is stated as a payment not exceeding £500 including VAT. The ceiling on this particular expense has been removed with the employee now able to spend whatever proportion of the overall package on any of the relocation expense headings. This should provide employees with more flexibility in how they choose to spend the package to meet their own needs when relocating under the 6 expense headings in the policy. The 6 headings are: Pre-employment visit to the city and surrounding area, lodging/commuting expenses, legal/estate agents and mortgage fees, removal expenses, bridging loan interest and settling-in allowance.
- A core principle has been added indicating that relocation expenses are normally only payable from the port of entry to the UK.

- Any queries regarding eligibility for any part of the policy are now referred to the Head of Service rather than the Corporate Director. This should help to speed up decision making in respect of any queries that arise. Also, the authorisation of relocation expense claims will now be undertaken by the Head of Service rather than by the Director. This will be reflected in the policy as well as the accompanying guidance notes.

6. IMPACT

Improving Customer Experience –

The revisions to the policy should help ensure that the content of the policy is suitable for the organisation going forward, with the size of the package payable having been slightly increased. This should help with the recruitment of employees especially to the harder to fill posts. Consequently it is anticipated that the overall customer experience will improve as there will be more suitably qualified and experienced employees in specific targeted posts to deliver services.

Improving Staff Experience –

The revisions to the policy, including the slight increase in the size of the package, should help to improve the staff experience. It is well known that the Council are short staffed in some service areas and it is not always possible to fill these posts locally. This can have an impact on existing staff in terms of their workload, working hours and possible stress. By offering a more attractive relocation package to prospective employees this may help the Council to attract and recruit suitably qualified persons to available positions making the process of relocating financially easier. Some of the other changes to the policy should also assist employees by giving them greater flexibility in how they spend the package and a less restrictive repayment condition if they were to leave the Council within a certain period.

Improving our use of Resources –

The revisions to the policy should help to make better use of Council resources as a better and more targeted package will be offered, with additional flexibility in terms of how the allowance is spent and the timescales for repayment. It is anticipated that this should help to attract suitable candidates from further afield to apply for Council vacancies. This in turn may help to reduce the number of instances where a post has to be re-advertised due to a poor response to a job advert.

Corporate -

This policy review links to the HR service plan which contains a rolling programme of HR policy reviews.

Public –

It is not expected that this report will be of interest to the public as it concerns a specific HR policy that solely affects employees and managers in the organisation. An Equality and Human Rights Impact Assessment has been compiled and has not identified any negative equality or human rights implications.

7. MANAGEMENT OF RISK

A risk identified is in relation to the change to the repayment condition which reduces from 3 years' continuous service to 2 years. Although it is considered fairer to employees to shorten the length of service they require to give, if they were to leave, before repayment applies, this could potentially result in the Council recouping less if there was high turnover of new starts (i.e. those with more than 2 years but less than 3 years' service) who had qualified for the policy.

As the scope of the policy has been slightly widened to include fixed term appointments of 2 years or more (rather than 3 years or more), this could result in more employees qualifying, although this may be offset through a different change to the 'scope' of the policy, whereby going forward it will be applied in a more targeted way and offered to prospective employees who agree to take up positions, in the main, to the harder to fill posts, rather than to appointees in general.

8. BACKGROUND PAPERS

HM Revenue and Customs - <https://www.gov.uk/expenses-and-benefits-relocation/overview>

9. REPORT AUTHOR DETAILS

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ABERDEEN
CITY COUNCIL

RELOCATION POLICY

POLICY

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SECTION 1: INTRODUCTION

Policy statement

The Council recognises that relocation can be a difficult, unsettling and costly experience affecting new employees and their families. This policy is intended to provide financial assistance to help a new employee and their family to relocate to the Aberdeen area and in doing so help improve the staff experience.

This policy also serves as a recruitment tool as it is acknowledged that it can be more costly where there are hard to fill posts to continually re-advertise than to offer a relocation package to candidates, which should help improve the use of resources. By having employees with the right skills and behaviours in post this should help improve the customer experience through the provision of higher quality levels of service.

SECTION 2: SCOPE

Scope

This policy applies to eligible new employees who have to relocate to the Aberdeen area to take up their appointment.

The policy is designed to help ensure that the Council has an adequate supply of employees at all levels of the organisation. It only applies to specific posts as pre-determined by the appropriate Directorate in conjunction with the HR Service.

This policy only applies to eligible permanent appointments, or (where it is clearly determined at the outset) for eligible fixed term appointments of 2 years or more. In the case of fixed term appointments of more than 12 months but less than 2 years, a proportion of the total allowances covered by the policy may be paid in exceptional circumstances (e.g. for highly specialised posts or for specific projects where the likely source of appropriate applicants is further afield). This will be determined by the appropriate Head of Service in consultation with their HR Business Partner. It should be noted that no further payments would be made if the fixed term appointment is then extended or made permanent.

SECTION 3: CORE PRINCIPLES AND OTHER CONSIDERATIONS

Core Principles

- The total relocation package cannot exceed the overall limit detailed under Section 4 and employees are expected to exercise reasonableness when making claims.
- The new place of residence is required to be in a location which will enable the employee to fulfil their contractual obligations and responsibilities.
- Employees appointed on a part-time basis are subject to the same allowances and conditions as those appointed to full-time posts.
- The Council will not pay any relocation expenses which have already been paid or are to be paid by another employer or organisation, and employees are therefore required to inform the Council if particular relocation expenses have been met from another source (e.g. from the employer of another member of the household).
- All expenditure must be actually and necessarily incurred and supported by detailed original invoices/receipts and forwarded together

with a relocation expenses claim form for authorisation by the appropriate Head of Service before reimbursement is made.

- Relocation expenses are normally only payable from the port of entry to the UK.
- The Council will not be liable for any losses an employee incurs in connection with their relocation.
- Relocation expense claims normally must be made no later than 12 months after the employee's start date.
- If an employee is found to have abused the provisions of this policy then the matter will be dealt with under the Council's Managing Discipline Procedure.

Other Considerations

- As an overall limit of expenditure applies to the policy, employees are required to undertake a competitive assessment of each element of expenditure they incur to achieve best value for money.
- Any queries regarding eligibility for any parts of the policy should be referred, in writing, to the appropriate Head of Service before any commitment is undertaken by the employee.
- If it is considered inappropriate to approve payment (or part of a payment) in respect of an employee's claim and the employee feels aggrieved, they may raise a complaint through the Managing Grievances procedure.
- Employees who qualify for relocation expenses are encouraged to relocate, if possible, to an area, or near to an area, served by a public transport link i.e. a bus or rail service.

SECTION 4: EXPENSES THAT CAN BE CLAIMED

Qualifying Expenses

The following expenses may be claimed, exempt of tax and National Insurance, within defined HM Revenue and Customs (HMRC) limits up to a maximum overall value of £8000, excluding VAT:-

- Pre-employment Visit To The City and Surrounding Area

- Lodging/Commuting Expenses
- Legal/Estate Agents' and Mortgage Fees
- Removal Expenses and Storage Costs
- Bridging Loan Interest
- Settling-in Allowance

A detailed explanation of what can be claimed under the above headings can be found in the accompanying Guidance.

Non-qualifying expenses

It should be noted that monies are paid for the expenses of relocation. This DOES NOT include any rental deposit that may be required in advance by an employee's landlord and also does not include the payment of Council Tax or utility bills.

Home entertainment products such as televisions, games consoles, audio equipment and information technology products such as tablets, pc's, laptops and mobile phones are not domestic goods and therefore are also non qualifying expenses. Please note that this list is not exhaustive.

SECTION 5: REPAYMENT

The purpose of this policy is to assist the Council in recruiting employees. Consequently an employee must sign in advance an undertaking that, in the event that they do not complete two years' service with the Council, they will be required to refund to the Council the following sums:-

Period of service (from date of commencement of employment)	Amount to be repaid (as a percentage of total expenses claimed)
Leaving 0-6 months from date of commencement of employment	100%
Leaving 7-12 months from date of	50%

commencement of employment	
Leaving 13-18 months from date of commencement of employment	25%
Leaving 19-24 months from date of commencement of employment	12.5%

The requirement to repay the assistance granted will not be enforced where the contract of employment is terminated by the Council for reasons other than serious/gross misconduct, for example due to retirement on medical grounds or redundancy.

With regard to employees on non-permanent contracts of more than 12 months but less than 2 years, who have been eligible and have claimed relocation expenses, such staff will also be required to refund the Council a proportion of the monies received, based on the duration of the contract, should they decide to leave the Council prior to the end of their appointment. The exact amount of repayment will be determined by the appropriate Head of Service in consultation with the appropriate Director and Head of HR.

SECTION 6: REVIEW OF THE POLICY

The HR Service will review this policy every 3 years. It will, nevertheless, be subject to continual review and amendment in light of experience of its operation, employment best practice and statutory requirements. Changes will only be made following normal consultation arrangements.