

PERSONNEL COMMITTEE

22 January 2007

RELOCATION ASSISTANCE POLICY

REPORT OF DIRECTOR OF HUMAN RESOURCES

Contact Officer: Vicki Finlay Tel No: 01962 848437

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The Council has a policy on Relocation Assistance which last had a major review in 1991. The package has traditionally been offered to all posts advertised in the national press and professional journals. However, with the increased use of the internet offering national and international access to job advertisements, this criteria has become impossible to manage leading to doubt regarding which posts are eligible for relocation. In addition, the existing criteria do not take account of the need to target such recruitment incentives to those posts for which it is more difficult to recruit and retain high calibre staff.

The existing policy has been revised to allow more financial control of the relocation package and to allow managers the discretion to target the offer of relocation assistance to those posts where it will have most effect.

RECOMMENDATIONS:

- 1 That the revised Relocation Assistance Policy as set out in appendix 3 be agreed.
- 2 That the Director of Human Resources be authorised to implement the changes to the policy subject to no material changes arising from final consultation with Unison.

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RELOCATION ASSISTANCE POLICY

Report of Director of Human Resources

DETAIL:

1 Introduction

- 1.1 Relocation Assistance is a recognised tool for recruitment and retention, particularly where organisations operate in areas, such as Winchester, where house prices are high. Such policies can be highly effective in attracting staff with key skills particularly in areas which are hard to recruit.
- 1.2 Research shows that the amount of assistance given by organisations to help new employees relocate varies considerably from a fixed sum offered to all eligible recruits to mortgage and rent subsidies, key worker housing and many variations in between.
- 1.3 The Council offers relocation assistance and the Relocation Policy last had a major review in 1991. The package has traditionally been offered to all posts advertised in the national press and professional journals. More recently, with the increased use of the internet, it has been more difficult to enforce the criteria that the post must have been advertised nationally. This has led to some doubt regarding which posts are eligible for relocation. Whilst managers are advised to use their discretion in offering relocation, it would be appropriate to put in place guidance as to when and how this could be offered.
- 1.4 The current relocation policy offers:
 - A. 100% repayment of expenses associated with both selling and buying a property including estate agents fees, legal fees and stamp duty.
 - B. 100% repayment of expenses associated with moving to a rented property.
 - C. 100% removal costs based on the lowest of 3 quotes
 - D. A grant of £500 (if buying) or £200 (if renting) to reimburse incidental expenditure such as alteration or replacement of curtains, fixtures, fittings, re-laying floor coverings, or installation of electrical appliances.
 - E. An allowance of up to £40 per week (max 13 wks) towards the cost incurred during a period of separation from dependant relatives.
 - F. Assistance with travelling the cost of 2nd (second) class return fares to their home town once each completed month of service.
 - G. Provision of rented accommodation (where available) to married employees or single employees with dependants (for up to 6 months.)
 - H. 2 days removal leave

- 1.5 Whilst the policy is not widely used, the lack of discretion allowed under the existing policy means that the assistance is not necessarily offered where it would be of most benefit to the Council, ie those posts for where there are proven recruitment difficulties and where such assistance would encourage the right candidate to relocate and take up an appointment with the Council.
- 1.6 In addition, the lack of financial limits within the policy meant that although claims are infrequent, the nature of the expenses means that in each case, claims could be high, particularly where employees are relocating to an expensive area where stamp duty on properties could be very costly.
- 1.7 It is therefore vital that the policy is amended to limit the amount of individual claims, particularly with the continuing increase in house prices and the cost of relocating to the Winchester area. However, rather than simply setting a cap on the amount of expenses claimed, there is an opportunity to better target the policy as a tool for recruitment and retention, particularly for areas which have been found to be hard to fill. There is also the opportunity to widen the scope of the policy to offer assistance in other areas which may be more attractive to a wider pool of applicants.

2. Options

- 2.1 There are a number of different schemes in place in local authorities across the country as well as in the private sector. The majority of these set a fixed limit on the total amount which any employee can claim. This is generally, but not always, linked to the limits set by the Inland Revenue on relocation expenses, details of which are given in appendix 1.
- 2.2 Some of these schemes offer the facility to reclaim a wider range of expenses so appealing to a wider range of potential employees. There are also additional schemes on offer in some areas which support the relocation scheme, such as mortgage subsidies and rent equalisations schemes. However, further investigation indicates that despite the offer of these additional incentives, they have not had a major impact on the recruitment or retention of staff over and above that of the more standard level of relocation assistance. Examples of the additional assistance offered are given in appendix 2.

3. Consultation

- 3.1 Initial consultation has taken place with UNISON to input into the development of the policy and their views have been taken into account in revising the policy.

4. Summary of Changes

- 4.1 The main elements of the policy remain from the existing Relocation Assistance Policy and comply the requirements of the Inland Revenue. The main amendments are detailed below:
 - 1) Upper limit of £8000 set for each claim. This is consistent with the tax requirements outlined in appendix 1 and is in line with policies operated within other local authorities.
 - 2) Increase in the level of financial assistance given as a separation allowance. The existing limit of £40 per week has not been revised since 1991 and is not consistent with the increase in the cost of living. This has been increased to £80 per week which is consistent with other authorities and represents a more realistic level of assistance.

- 3) Increase in the number of paid return trips home during a period of separation from dependent relatives. The existing allowance of one paid trip per month was not considered to be appropriate in allowing the new employee to maintain a level of work life balance which would allow them to focus on settling into their new job. This has been increased to two return trips per month with the existing time limit of 13 weeks remaining.

4.2 The effect of these revisions on the policy are summarised in the table below:

	Current Policy	Effect of Policy Revisions
A	100% repayment of expenses associated with both selling and buying a property including estate agents fees, legal fees and stamp duty.	100% repayment still available providing the total relocation claim does not exceed £8000. Where the total expenditure is higher, only £8000 will be reimbursed (4.1 (1) refers)
B	100% repayment of expenses associated with moving to a rented property.	100% repayment still available providing the total relocation claim does not exceed £8000. Where the total expenditure is higher, only £8000 will be reimbursed (4.1 (1) refers)
C	100% removal costs based on the lowest of 3 quotes	100% repayment still available providing the total relocation claim does not exceed £8000. Where the total expenditure is higher, only £8000 will be reimbursed (4.1 (1) refers)
D	A grant of £500 (if buying) or £200 (if renting) to reimburse incidental expenditure such as alteration or replacement of curtains, fixtures, fittings, re-laying floor coverings, or installation of electrical appliances	Grant will still be paid providing the total relocation claim does not exceed £8000. Where total expenditure on relocation exceeds this amount, only £8000 will be reimbursed (4.1 (1) refers)
E	An allowance of up to £40 per week (max 13 wks) towards the cost incurred during a period of separation from dependant relatives.	Allowance increased to £80 per week for max period of 13 weeks (4.1 (2) refers)
F	Assistance with travelling the cost of 2nd (second) class return fares to their home town once each completed month of service.	Travel assistance increased to two return fares per completed month of service (4.1 (3) refers)
G	Provision of rented accommodation (where available) to married employees or single employees with dependants (for up to 6 months.)	No change
h	2 days removal leave	No change

5. Future Developments

- 5.1 It is proposed that the Relocation Assistance Policy be further supported by the development of a familiarisation package which will form part of the introduction to the Winchester area for employees relocating. This will give an insight into the local area and could include details of schools, doctors, dentists, local services and community activities. This can be sent to new employees but can also be made available through the website to assist potential applicants to make informed choices about applying to the area. Such a package will be able to make use of the existing information published by the Council and will further develop the effectiveness of the Council's e-recruitment.
- 5.2 The Relocation Assistance Policy will be monitored in terms of its effectiveness in attracting and retaining high calibre employees to key positions and recommendation made for changes where these are considered appropriate to ensure that it continues to offer benefits and is considered an effective use of resources.

6. Conclusion

- 6.1 The Council's Relocation Assistance Policy should offer managers the flexibility to attract applicants and to secure the best candidate, particularly in those posts which are considered hard to fill. In order to do so it needs to appeal to a diverse range of potential candidates who may be at various life stages and therefore have different requirements for relocating, be it schools, nightlife, community facilities, links with ethnic communities or even the local golf club. The policy will support the wider range of interventions being developed as part of the overall Recruitment and Retention Strategy to attract and retain candidates with key skills to the Winchester area.

OTHER CONSIDERATIONS:

7. CORPORATE STRATEGY (RELEVANCE TO):

- 7.1 The policy is linked to the need to continuously improve services and to ensure that the staffing resources within the Council meet business needs through the contribution to the recruitment, retention and motivation of staff.

8. RESOURCE IMPLICATIONS:

- 8.1 By setting a fixed limit on relocation costs, managers can better budget for their recruitment costs and identify whether the cost of the recruitment of a particular candidate outweighs the benefit they may bring to the Council.

BACKGROUND DOCUMENTS:

Held within Human Resources Directorate.

APPENDICES:

- Appendix 1 Guidance on Tax and National Insurance Limits
- Appendix 2 Examples of assistance included in relocation assistance policies
- Appendix 3 Relocation Assistance Policy

APPENDIX 1

GUIDANCE ON TAX AND NATIONAL INSURANCE LIMITS

There is an exemption which removes tax and NICs liability of certain removal expenses and benefits up to a limit of £8000.

The conditions which must be met to qualify for this exemption fall into three main categories:

- conditions relating to the change of job or home
 - the employee must change his or her sole or main residence because of: taking up a new job with a new employer, taking up new duties with the existing employer, continuing current job at a new location.
- conditions relating to the type of expense or benefit
 - disposal or intended disposal of old residence, acquisition or intended acquisition of new residence, transporting belongings, travelling and subsistence, domestic goods for new residence, bridging loans
- time limit
 - The relocation expenses must be incurred, or the relocation benefits provided, before the end of the tax year following the one in which the employee starts the new job. In certain circumstances the time limit may be extended and advice should be sought from the Inland Revenue

Unless specified, each condition applies for tax in both Class 1 and Class 1A NICs. All of the conditions must be met for the exemption from tax and NICs to apply

APPENDIX 2

The table below lists examples of assistance found in relocation policies from around the country and some explanation of the perceived benefits or drawbacks of such criteria.

	Element of Scheme	Perceived benefit/drawback
1	Upper limit for each claim either for each expense under the claim or as a total amount for each employee. Suggested upper limit of £8000 for the total amount which can be claimed.	<ul style="list-style-type: none"> • Upper limit for total claim links with tax & NI requirements. • Provides clear guidance for applicants/employees & managers
2	Payments made against the lowest of 3 quotes	<ul style="list-style-type: none"> • In line with normal recruitment practice
3.	Use solicitors/surveyors from Council approved lists	<ul style="list-style-type: none"> • May offer the opportunity for savings if secure discounted rates – however this is unlikely with small volumes from WCC • Ensures standard of service • Limits flexibility for employee • Difficulties when operating outside of the known area ie where the employee is relocating from
4.	Set limits on relocation distance ie only relocation over a set distance eligible for repayment	<ul style="list-style-type: none"> • Ensures claims only made for genuine need to relocate • Needs to recognise good/bad travel links • Opportunity to limit travel into City by requiring staff to locate to within City boundaries. • House prices likely to make this too restrictive.
5.	Set requirement to relocate to within a set distance of place of work	<ul style="list-style-type: none"> • Set to business needs although less requirement for close proximity to work with changes to working practices
6.	Offer relocation assistance to staff on fixed term contracts with amended payback periods	<ul style="list-style-type: none"> • Current policy does not specifically exclude employees on fixed term contracts. • Offering some relocation assistance may offer assistance in recruiting for secondments, cover for maternity leave, career breaks.
7.	Offer temporary accommodation/ travel if not relocating due to timing eg critical time in children's schooling	<ul style="list-style-type: none"> • Where employee's wish to relocate at a later date to allow children to complete important school years eg GCSEs, payment can be made for temporary accommodation, or accommodation offered in the short term
8.	Offer different working options to prevent the need for relocation eg 4 day week, homeworking	<ul style="list-style-type: none"> • Flexible working options may allow some employees to maintain a family life in a different area and prevent the need to relocate. • Consideration must be given to business

		requirements but also any stress of additional travel requirements
9.	Additional leave for house hunting leave and relocation.	<ul style="list-style-type: none"> • Non financial benefit which allows employees to sort out living arrangements more quickly
10.	Agree to pay off outstanding fees from existing employer if with payback period	<ul style="list-style-type: none"> • Agree to pay some or all termination fees from existing employer eg lease car, training funding, relocation costs • This could prevent the successful applicant from declining an offer and prevent costly re-recruitment costs
11.	Extend payback period from 2 to 3 years	<ul style="list-style-type: none"> • Increases tie in to employer although some potential employees may find it too restrictive.
12.	Payback of 100% for employees whose employment is terminated on conduct or capability grounds within payback period	<ul style="list-style-type: none"> • Included in a few policies. • Requires clear management where capability to ensure process & objectives clear as failure to perform can mean heavy financial penalties. • Could be difficult if capability is linked to health and may lead to disability discrimination claims.
13.	Offer mortgage subsidy	<ul style="list-style-type: none"> • Not widely offered. • Not eligible for tax or NIC exemption. • May provide incentive where prohibitive house prices are a key reason for recruitment difficulties. • Would need further investigation
14.	Rent equalisation scheme	<ul style="list-style-type: none"> • Not widely offered. • Not eligible for tax or NIC exemption. • May provide incentive where prohibitive rental prices are a key reason for recruitment difficulties. • Would need further investigation
15.	Key worker housing	<ul style="list-style-type: none"> • Requires key workers to be defined.
16.	Allow employees who initially rent then go on to buy a property to claim all or a proportion of the relocation allowance	<ul style="list-style-type: none"> • May need to be within same set time period for NIC & tax exemptions to apply • If within same limit, no additional cost to any other relocation
17.	Reimbursement of professional fees associated with renting property	<ul style="list-style-type: none"> • Puts claims for relocating to rented property equal with those for buying. • May allow potential applicants to use rental agent and facilitate the relocation.
18.	Payments towards negative equity	<ul style="list-style-type: none"> • Not eligible for tax or NIC. • Could be part of total max claim.
19.	Travel assistance for staff not	<ul style="list-style-type: none"> • Where employees do not want to relocate and

	relocating	where the travel is not too onerous, contribution could be made towards travel to work for a limited time or to a financial limit.
20.	Familiarisation package	<ul style="list-style-type: none"> • A package which gives insight into the local area, schools, work, community, services such as doctors & dentists can be sent to the new employee or made available via the website. • This may also act as a support for recruitment in allowing potential applicants to make informed choices about applying for jobs in the area.
21.	Career counselling, job advice for partners of employee relocating	<ul style="list-style-type: none"> • The offer of assistance to the partners of those relocating to identify possible career options, education or assistance with CVs or applications.

RELOCATION ASSISTANCE POLICY

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Document Control

Version	V2.0 draft	Title	Relocation Assistance Policy
Issue Date	Jan 2007	Author	Principal HR Advisor

RELOCATION ASSISTANCE POLICY

1. AIM OF POLICY

- 1.1 The aim of this policy is to enable Divisions to offer an incentive to assist in attracting and retaining the highest calibre of staff to Winchester City Council. This scheme will enable them to assist newly appointed officers in meeting the cost of relocation as a direct result of taking up an appointment with Winchester City Council.

2. SCOPE

- 2.1 The application of the scheme is discretionary and must be authorised by the appropriate Head of Division and approved by the Director of Human Resources prior to any offer of relocation assistance being made.
- 2.2 Married or single officers will be eligible to claim allowances, except where their partner or spouse had been relocated in the area and is, as a result, in receipt of relocation assistance from another employer or from any other source.

3. CONDITIONS OF ASSISTANCE

- 3.1 To qualify for financial assistance under this scheme, any employee must satisfy all of the following criteria:
- To have to move their home to take up an appointment with Winchester City Council. (Note: the appointment to Winchester City Council must be the primary reason for relocation).
 - Must not be in receipt of payment in respect of relocation from any other sources eg. where an employee's partner has obtained employment in the area and where relocation expenses have been or will be paid by the partner's new employer. If both partners take up appointments with Winchester City Council, only one claim under the scheme will be permitted.
 - To move from a location more than 20 miles from their new place of employment to a location within 20 miles of the City Offices (except for operational reasons where a move nearer to their base may be required). In all cases the move must have the prior approval of the Director of Human Resources.
 - To complete the move within 12 months of commencement of employment.
 - To undertake to accept a repayment condition as explained in section 10 below.
 - To produce original invoices and receipts to support all claims and satisfy the Director of Human Resources that expenditure incurred is necessary expenditure and has been approved in advance. With regard to removal expenses, 3 written removal estimates must be forwarded to the Director of Human Resources.

4. ELEMENTS OF THE ASSISTANCE

4.1 Eligible employees may be reimbursed for the following costs up to an overall maximum of £8000 (exclusive of VAT where the Council is able to reclaim it)

4.2 Professional fees.

4.2.1 House sale.

Payment of the estate agents, valuation and legal fees, private advertising (up to a maximum of £150) and any other fees incurred in the sale of the employee's old home.

4.2.2 House purchase.

Payment of the legal, mortgage, stamp duty, survey and other fees incurred in the purchase of the employee's new home. This may include bridging loan net interest for up to 6 weeks in approved cases where this can be included within the overall maximum claim of £8000.

4.3 Removal expenses.

Payment will be made in respect of the lowest of the three estimates.

The cost of removal of furniture and effects from the employee's old home to his/her new home including the insurance of goods in transit. Reimbursement will be equal to the lowest of three estimates, but the employee may engage the contactor of his/her choice and pay the difference in cost between this and the lowest tender.

A grant of £500 may be claimed to reimburse incidental expenditure such as alteration or replacement of curtains, fixtures, fittings, re-laying floor coverings, or installation of electrical appliances. The grant is only payable on completion of the removal.

The cost of storing furniture will not be met by the Council but if a second removal is necessary, i.e. from a temporary to a permanent address, the actual cost of the removal will be paid, again subject to the lowest of the three estimates, and provided the expenditure is incurred within 9 (nine) months from the date of commencement of employment and is within the overall maximum claim of £8000.

4.3 Lodging allowance

An allowance of up to £80 per week towards the cost necessarily incurred during a period of separation from dependant relatives may be paid to householders who, having taken up their appointment and living in temporary accommodation are maintaining their household in their previous place of residence. The allowance is payable for maximum period of 13 weeks.

4.4 Assistance with travelling.

Employees who are in receipt of a lodging allowance will be reimbursed with the cost of 2nd class return fares to their home town twice each completed month of service up to a maximum of 6 months.

Where a lodging allowance would otherwise be payable, actual daily travelling expenses at the cheapest public transport rates may be claimed up to the value of the weekly lodging allowance.

5 HOUSING ACCOMMODATION

- 5.1 Subject to availability, the Council will provide rented accommodation to married employees or single employees with dependants. This will be for a temporary period of no longer than 6 months.

6 NEW EMPLOYEES MOVING FROM RENTED PROPERTY

- 6.1 New employees who move from lodgings or from living in the parental home into permanently rented property are entitled to receive 100% removal costs plus a re-settlement grant of £200.
- 6.2 New employees who move from lodgings or from living in the parental home and purchase a property within 9 months of the date of the commencement of their employment may be entitled to claim up to 75% of the full relocation entitlement (up to a maximum of £6000)

7 NEW EMPLOYEES MOVING INTO 'TIED' ACCOMMODATION

- 7.1 Where an employee is required to live in a house or flat provided by the Council for the better performance of their duties (e.g. Housing Warden), then the employee is entitled to claim removal costs and re-settlement grant as detailed in section 4.2 above.

8 REMOVAL LEAVE

- 8.1 Employees eligible for this scheme will be granted up to 2 days additional annual leave for the purpose of relocating.

9 EXCEPTIONAL HARDSHIP

- 9.1 The Chief Executive or Director of Human Resources will examine cases of exceptional hardship on their individual merits subject to evidence of difficulty in moving or other significant personal and/or financial hardship and shall have the authority to authorise minor variations from this scheme in exceptional circumstances.

10 REPAYMENT CONDITIONS

- 10.1 All employees intending to claim under this scheme will be required to sign a form of undertaking to repay monies paid under this scheme if they leave the employment of the Council as follows:
- if they leave within 2 years of commencing employment, they are required to pay 100% of any monies paid

- if they leave after 2 years and within 3 years of commencing employment, they are required to pay 50% of any monies paid

11. CLAIMING

- 11.1 No payment will be made prior to receipt of the appropriate Application for Removal Assistance form and signed Form of Undertaking which must be approved by the Director of Human Resources.
- 11.2 Claimants must instruct their agents (solicitors, estate agents, removal firms etc.) to address their accounts to Winchester City Council and send their invoices to the Director of Human Resources for settlement. Invoices addressed to the employee cannot be paid.
- 11.3 Accounts in respect of temporary accommodation, travelling expenses and incidental expenditure must be settled directly by the claimant.
- 11.4 Employees are responsible for arranging their own bridging loans but may apply for assistance with the interest payments as described under 4.2.2 of the policy. Loans must be arranged through the employee's bank, however, the Council is able to provide new employees with further details, if requested.

RELOCATION ASSISTANCE CLAIM PROCEDURE

1. AIM OF PROCEDURE

- 1.1 The aim of this policy is to enable Divisions to offer an incentive to assist in attracting and retaining the highest calibre of staff to Winchester City Council. This scheme will enable them to assist newly appointed officers in meeting the cost of relocation as a direct result of taking up an appointment with Winchester City Council.
- 1.2 The application of the scheme is discretionary and must be authorised by the appropriate Director in consultation with the Director of Human Resources prior to any offer of relocation assistance being made.

2. HOW TO CLAIM

- 2.1 Claimants must notify their wish to claim under the scheme to the Director of Human Resources at the earliest opportunity using the form at Appendix A.
- 2.2 No payment will be made prior to receipt of the appropriate claim form and signed form of undertaking which must be authorised by the Head of Division and approved by the Director of Human Resources.
- 2.3 Claimants must instruct their agents (solicitors, estate agents, removal firms etc.) to address their accounts to Winchester City Council and send their invoices to the Director of Human Resources for settlement.
- 2.4 Payments will be processed in accordance with the Councils financial procedures.

APPENDIX A

APPLICATION FOR RELOCATION ASSISTANCE

NAME OF EMPLOYEE	
DATE JOINING WCC	
POST TITLE	
DIVISION	

Applying for Assistance Covering

		Anticipated level of assistance required
Removal expenses	Yes/No*	£
Separation allowance	Yes/No*	£

** Please delete as appropriate*

NB: The overall relocation assistance must not exceed £8000

Line Manager Declaration

I certify that the above named has been offered and accepted a post with the authority and they are/will be actively seeking permanent accommodation in the area of their work base.

Signed _____ Date _____
(Recruiting Manager)

Authorisation of Head of Division

I agree to assistance being given to the level of £.....

Signed _____ Date _____

**Please ensure that Relocation Assistance Undertaking Form is signed and attached.
No claims will be processed without this document.**

Approved by Director of Human Resources

Signed _____ Date _____

HR USE ONLY

Undertaking form attached	Yes/No*	Date Received	
Relocation ref number	R	Final Claim Total	£

APPENDIX B

CONFIDENTIAL

Relocation Assistance Undertaking Form

Name: _____

Division: _____ **Date appointed:** _____

I wish to take advantage of the Winchester City Council's relocation assistance scheme and undertake to comply with the conditions of assistance as detailed in the Relocation Assistance Policy.

I confirm that I am not in receipt of payment in respect of relocation from any other sources.

Signed _____ **Date** _____

I agree to repay monies paid under this scheme if I leave the employment of the Council as follows:

- if I leave within 2 years of commencing employment, I will repay 100% of any monies paid
- if I leave after 2 years and within 3 years of commencing employment, I will repay 50% of any monies paid

Signed: _____ **Date:** _____

HR USE ONLY

Relocation ref number	R
Final Claim Total	£