



ORKNEY

ISLANDS COUNCIL

RELOCATION POLICY
November 2017

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APPENDIX 1 – An Agreement for the Repayment of Relocation Expenses

1 INTRODUCTION

- 1.1 Orkney Islands Council is committed to recruiting and retaining high quality employees to deliver its services. The Council recognises the particular financial problems that can be associated in relocation to Orkney and is committed to assisting new employees of the Council with their move.
- 1.2 The purpose of this policy is to provide guidance on the financial support available to employees eligible for relocation expenses. The relocation package is not designed to cover every aspect of relocation.
- 1.3 The provisions in this policy closely follow the rules and guidance laid out by HM Revenue and Customs.

2 POLICY SUMMARY

- 2.1 HM Revenue and Customs provide a partial tax and National Insurance Contributions exemption up to £8,000 for certain qualifying relocation expenses. The Council has set it's maximum allowable claim at £6,000 (inclusive of VAT). This is pro rata for temporary employees who are employed on contracts of up to 3 years duration.
- 2.2 Relocation expenses will be paid where the post attracts it and the post holder has to relocate from outside Orkney, in order to take up employment with the Council.
- 2.3 Relocation expenses may be paid in exceptional circumstances if the postholder is relocating from the mainland of Orkney to a remote island as detailed in para. 4.6.
- 2.4 Costs are paid directly by employees and are reimbursed through the Payments Section, Chief Executive's Service. All expenditure must be approved by the Service Executive Director/Head of Service and meet the rules outlined in the policy.
- 2.5 The categories of expenses and benefits that qualify for reimbursement closely follow the Inland Revenue rules.
- 2.6 The Council will reclaim the cost of assistance provided under this policy if an employee leaves the Council's employment within 3 years. For temporary employees this will be reduced on a sliding scale depending on the length of their contract.

3 SCOPE OF POLICY

- 3.1 This policy applies to all new Council employees where the post has been identified as eligible for a relocation package.

4 ELIGIBILITY

- 4.1 In line with the Recruitment and Selection Policy and Procedures, authorised signatories must approve posts which attract relocation expenses and identify this in the Recruitment Form prior to advertising.
- 4.2 Approval will be required from the Head of HR and Performance for all relocation expenses to be applied to a post prior to the post being advertised.
- 4.3 The job advert will individually identify the posts that qualify for relocation expenses.
- 4.4 Employees may qualify for relocation expenses if their new post attracts it and the relocation of their main UK residence to Orkney is essential.
- 4.5 The policy applies in exceptional circumstances to existing employees who are relocated through the Redeployment Policy. Eligibility for the package in these circumstances is determined on a case-by-case basis by the relevant Head of Service.
- 4.6 Where recruitment to the remote islands of North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday is difficult, a relocation package up to the value of £2000 may apply to employees relocating from the mainland of Orkney or in addition to a £6000 package, when relocating from outwith Orkney. Eligibility for the relocation package in these circumstances is determined on a case-by-case basis by the relevant Head of Service.
- 4.7 For temporary or fixed term appointments of less than 3 years, where relocation to Orkney is essential, employees may be entitled to assistance. A temporary 1-year contracted post will attract a relocation amount of £2,000 and a 2 –year post will attract £4000.
- 4.8 There is a time limit on claiming relocation expenses. The expenses must be claimed within one year of the date of commencement of the post. For example, an employee who starts in post on 20 July 2016 must claim their expenses by 19 July 2017.
- 4.9 Where the employee's spouse/partner/family is also taking up appointment in the Council and receiving assistance with the relocation, the Council will restrict the package in order that a maximum total package of £6,000 is provided between partners.

5 APPROVAL AND PAYMENT

- 5.1 Employees will **not** be eligible to reclaim expenses until the agreement for the repayment of relocation expenses agreement has been signed. (Appendix 1.)
- 5.2 All costs are directly paid by the employee and are then reimbursed following the completion of the appropriate claim form/s (Appendix 2). The exception is removal costs, which can be paid directly by the Council. Only expenditure that is actually and necessarily incurred will be reimbursed.

- 5.3 It is the employee's responsibility to ensure that their expenditure claim is in line with the Relocation policy rules, in advance of making a financial commitment to relocation expenditure. Claims in respect of these allowances must be supported by appropriate statements/receipts and forwarded to the relevant Head of Service for approval.
- 5.4 The Executive Director/Head of Service will ensure all claims are legitimate before approval of payment is granted. The Service will administer all payments, ensuring costs are claimed within the timescale and that the total cost of each relocation package does not exceed the £6,000 limit (inclusive of VAT).
- 5.5 The Payments Section, Finance Services will process these payments following confirmation from the Service, and receipt of appropriately authorised documentation and receipts.
- 5.6 The employee will determine the make-up of the relocation package however; **the total cost must not exceed £6,000 (Inclusive of VAT)** and must comply with qualifying categories set out in section 7. It is the **employee's responsibility** to ensure they claim their expenses within the relevant timescale.

6 CATEGORIES OF EXPENSES AND BENEFITS THAT QUALIFY

6.1 Disposal or Intended Disposal of Property – (Sale)

- Legal fees or services connected with the disposal
- Legal fees or services connected with the redemption of a loan relating to the property. A loan relates to a property if it was raised to acquire the property, or if it was secured on the property.
- Penalties for redeeming a loan relating to the property
- Estate agent or auctioneer fees for services
- Advertising
- Disconnection of electricity, gas, water or phone services
- If the property is left empty awaiting disposal
 - Any rent paid during the period when the property is empty
 - Insurance for the period
 - Maintenance of the property during the period
 - Preserving the security of the property during the period

The Council tax for the period is not permissible.

6.2 Acquisition of Property within Orkney (Purchase)

- Legal expenses and services connected with the acquisition
- Legal expenses and services connected with any loan raised to acquire (the interest in) the property
- Procurement or arrangement fees connected with such a loan
- Mortgage indemnity premiums
- Survey or inspection of the property
- Fees payable to the Keeper of the Registers of Scotland
- Stamp Duty
- Connection of electricity, gas, water and phone services

6.3 Transport of Belongings

This covers the physical removal of domestic belongings from the old residence to the new, and the costs of insuring them in transit.

Removal includes:

- Packing and unpacking
- Temporary storage if a direct move from the old residence to the new is not made
- Taking down domestic fittings in the old residence if they are to be taken to the new residence, and re-attaching them on arrival there.

The Council will pay the lower of two quotes for the removal of household effects to Orkney. If an employee is relocating from another country, they may claim the cost of removing household effects from the UK to Orkney. One of the quotes must be from an Orkney based removal company.

Domestic belongings can include household pets.

6.4 Travel and Subsistence

The employee may be eligible for travel and subsistence up to a maximum of 2 trips for spouse/partner and dependants:

- Preliminary visits to the new location, prior to taking up appointment of the post (applies also to the employee's immediate family)
- Travelling between the old home and the new work location
- Travelling between the new home and the old work location (where the house move takes place before the job transfer)
- Temporary living accommodation (See 7.5)
- Travelling between the old home and the temporary living accommodation
- Travelling from the old home to the new home when the move takes place (applies also to the employee's immediate family).

Where a child stays behind at the old location or is sent ahead to the new location in order to ensure continuity of education, relief may be available for the child's cost of travel and subsistence.

Subsistence is defined for the purposes of removals legislation as meaning

‘temporary living accommodation’.

6.5 Temporary living accommodation

6.5.1 Temporary living accommodation applies where the employee intends to move to permanent accommodation to complete the relocation. So for an employee who lives in a hotel until the old home is sold and a new home purchased, or who moves into a rented house at the new location for the same reason, the hotel and rented property represent temporary living accommodation.

6.5.2 Orkney Islands Council does not provide council housing as part of the relocation package. Relocating Workers will be considered for council housing under the terms of the Council’s Allocation Policy, in line with all other housing applicants.

6.5.3 Temporary accommodation allowance comprises:
The actual cost incurred, up to a maximum of £400.00 per month (Single Person)

The actual cost incurred, up to a maximum of £600.00 per month (if employee’s partner is residing in the accommodation with them)

The allowance is available for up to 6 months from the date the employee relocates to Orkney.

The payment of the temporary accommodation allowance will stop should any of the following circumstances occur;

- (a) The employee takes possession of a property they have bought in Orkney
- (b) They take up a Scottish Secure Tenancy from Orkney Islands Council or Orkney Housing Association
- (c) The total cost of the relocation package exceeds £6,000 (Inclusive of VAT);
- (d) After 6 months, if none of the above

6.5.4 Specific Island Communities

Priority will be given to a Head teacher to access a school house as relevant. The Council’s Lettings Policy gives some priority to those requiring to live in specific communities as a result of, for example, work commitments. Allocation of property thereafter is dependent on availability and level of demand.

7 CATEGORIES OF EXPENSES AND BENEFITS THAT DO NOT QUALIFY

7.1 Costs that do not qualify include:

- Reimbursement of Domestic Goods
- Mortgage or housing subsidies if the employee moves to a higher cost area
- Compensation paid for any loss on sale of the employee’s home

- Interest payments for the mortgage on the employee's existing home
- Re-direction of mail
- Council Tax bills
- Gas, electricity and phone bills (only connection fees are permitted in this regard)
- Purchase of new school uniforms for employees' children
- Compensation for losses, such as: Having to give up a part-used season ticket
- Cost of joining a new sports or social club
- Penalty for giving insufficient notice of a child's withdrawal from school

This list is not exhaustive. The Head of Service, in consultation with the Head of HR & Performance has the authority to reject claims, which do not fall under the categories of expenses detailed in section 7.

8 REPAYMENT OF RELOCATION EXPENSES

8.1 The Council will not reclaim relocation expenses where the Council terminates the employment, unless the termination is for reasons of discipline/misconduct.

8.2 Prior to claiming relocation expenses, employees are required to sign an agreement that they will reimburse the Council should the employee leave the Council's employment (Appendix 1.)

8.3 Permanent or Temporary (>3 years) Employees

The Council will reclaim the cost of assistance provided under the policy if an employee leaves the Councils' employment within 3 years. This will be reduced on a sliding scale from the date of taking up their post.

This will be calculated using the formula below:

| | | |
|--|-----|---------------------------------------|
| No. of weeks still to serve in the 3 year period | X | Amount of relocation expenses claimed |
| No. of weeks in a 3 year period (156) | (£) | |

Temporary (< 3 years) Employees

The cost of any assistance to be repaid by an employee will be reduced on a sliding scale and will depend on the length of time the employee still had to serve in their temporary contract at the time of leaving the Council.

This will be calculated using the formula below:

| | | |
|---|-----|---------------------------------------|
| No. of weeks still to serve in temporary contract* | X | Amount of relocation expenses claimed |
| No. of weeks the temporary contract was due to last for | (£) | |

- 8.4 Ensuring that the necessary action is taken in regard to seeking the repayment of relocation costs will be the responsibility of the relevant Head of Service, in conjunction with Finance Services.
- 8.5 Employees should be aware of the amount being spent on each of the options of the chosen relocation package, to ensure the £6,000 maximum (inclusive of VAT) is not exceeded. The Service will carry out the monitoring of relocation expenditure following receipt of claim forms and relevant accompanying invoices.

For further information please contact Human Resources

AN AGREEMENT FOR
THE REPAYMENT OF RELOCATION EXPENSES FOR A PERMANENT EMPLOYEE

Between

(name of employee)

and

ORKNEY ISLANDS COUNCIL

In return for relocation expenses (maximum value of £6,000) offered to me, I,

enter full name above

FIRST Agree that if, within 36 months of the date of taking up employment with Orkney Islands Council (the "Council"), I leave Council employment, or the Council terminates my employment by reason of my discipline or misconduct, I shall repay the relocation expenses the Council may have reimbursed me in connection with that employment according to the calculation set out in paragraph 8.3. of the Council's Relocation Policy, which I acknowledge has been drawn to my attention.

SECOND Authorise the Council to deduct from my final pay and emoluments any agreed sum outstanding on leaving the employment of the Council subject to the requirements of the paragraph FIRST above.

THIRD Agree in the event the amount due from me on leaving the employment of the Council exceeds the net sum of my final pay and emoluments to repay the agreed difference to the Council on demand or as mutually agreed at that time.

FOURTH Accept that any outstanding sum to be reimbursed to the Council shall be subject to variation at the time.

Signed for the Council
..... (name)
..... (date)

Signed the employee
..... (name)
..... (date)

AN AGREEMENT FOR
THE REPAYMENT OF RELOCATION EXPENSES FOR A TEMPORARY EMPLOYEE

Between

(name of employee)

and

ORKNEY ISLANDS COUNCIL

In return for relocation expenses (maximum value of £*state value*) offered to me, I,

enter full name above

FIRST Agree that if, within (*duration of contract*) of the date of taking up employment with Orkney Islands Council (the “Council”), I leave Council employment, or the Council terminates my employment by reason of my discipline or misconduct, I shall repay the relocation expenses the Council may have reimbursed me in connection with that employment according to the calculation set out in paragraph 8.3. of the Council’s Relocation Policy, which I acknowledge has been drawn to my attention.

SECOND Authorise the Council to deduct from my final pay and emoluments any agreed sum outstanding on leaving the employment of the Council subject to the requirements of the paragraph FIRST above.

THIRD Agree in the event the amount due from me on leaving the employment of the Council exceeds the net sum of my final pay and emoluments to repay the agreed difference to the Council on demand or as mutually agreed at that time.

FOURTH Accept that any outstanding sum to be reimbursed to the Council shall be subject to variation at the time.

Signed for the Council
..... (name)
..... (date)

Signed the employee
..... (name)
..... (date)