ORKNEY
ISLANDS COUNCIL



Relocation Policy
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For Trade Union Consultation

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1. Introduction

Orkney Islands Council has and always will face some additional challenges in relation to recruitment given our geographical location. However, since the COVID-19 pandemic new and unprecedented challenges in the employment and recruitment market in Orkney, including the increase in home and remote working, means that the Council is competing with public and private sector organisations from a much larger geographical area; Brexit has also result in skills shortages in key sectors such as care, early learning, and childcare. These make it even more important than ever that the Council is an employer of choice.

The Council has continues to see many service areas facing recruitment challenges including higher levels of vacancies and a reduction in the number and experience of applicants for posts.

In this context this policy would enable the Council to have the ability to offer attractive financial assistance for people having to relocate to start employment with the Council, targeted for posts that are experiencing difficulties in recruitment.

The Council will align to HM Revenue and Customs (HMRC) rules and procedures in relation to relocation expenses.

All £ values quoted in this policy are inclusive of VAT where appropriate.

2. Who does this apply to?

This policy can apply to any post being recruited to, at the discretion of the recruiting service.

Services must be able to identify that posts have trouble in attracting applicants. This could be evidenced in several ways including a number (minimum of 2) of previous unsuccessful attempts to recruit to the post over a reasonable timescale or an evidenced national shortage of a particular skill or type of employee.

3. Eligibility

HMRC rules require that for an individual to be eligible to claim relocation expenses, they must:

Change their sole or main residence because of starting a new job, changing the duties of the existing job, or changing the place where the duties are performed. They do not have to dispose of the old property.

HMRC rules dictate that the new property must be within reasonable daily travelling distance of the new, normal place of work and the old residence must not be within reasonable daily travelling distance of the new, normal place of work.

For the purposes of this policy, to comply with HMRC rules, the Council has determined the following:

3.1. Could qualify for Tax Free relocation of up to £8,000:

- Relocating into Orkney to start first employment with the Council.

3.2. Could qualify for Tax Free relocation of up to £3,500:

- Relocating from the mainland and linked South Isles of Orkney to a North Isle (North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday) to start a role based on that Island.
- Relocating from a North Isle (North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday) to another North Isle (North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday) to start a role based on that Island.

3.3. The following would not qualify for relocation of any type:

- Relocating to the mainland and linked South Isles of Orkney from a North Isle (North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday – as there is no realistic ability to commute daily) to start a role based on the mainland and linked south isles.
- Any individual working remotely, either fully or partly from the mainland of Scotland or other location out of Orkney.

4. Commitment to Remain in Employment

To be eligible for payment of relocation expenses, an employee is committing to work for Orkney Islands Council for a minimum of a three-year period, from the first date of employment in the post for which a relocation payment was claimed.

Should an individual choose to leave employment with the Council before the three-year period is up, they will be required to repay a pro-rata amount of the total relocation expenses claimed.

The calculation of any repayment will be worked out on the following basis:

$$\frac{\text{Number of weeks remaining in minimum 3-year period}}{\text{156 week (3 years)}} \times \text{£ Relocation Expenses Paid}$$

Any outstanding payment will automatically be deducted from final salary payment. Where this is insufficient to cover the amount owed, the deduction may be spread over more than one salary period, or an invoice will be raised for the outstanding balance for payment within 30 days.

A Corporate Director or Head of Service will have responsibility along with Finance to ensure that any repayment is made.

In exceptional circumstances a Corporate Director or Head of Service can waive the repayment requirement. This waiver can be for some or all the required repayment depending on the individual circumstances. In these circumstances the Corporate Director or Head of Service must advise Finance and Human Resources in writing of their decision not to seek repayment.

The Council will not reclaim relocation expenses where the Council terminates the employment on the grounds of redundancy or early termination of a fixed -term contract. Should the reason for termination relate to reasons of discipline or misconduct, then reclaiming shall be pursued.

5. Time limit for claiming

HMRC rules indicate that relocation expenses must be incurred and claimed before the end of the tax year, following the one in which the employee starts in their new job.

The Tax year runs from 6 April to 5 April annually.

Example 1: A new employee relocating to Orkney commences their job on 15 May 2024.

They have until 5 April 2026 to be able to claim their relocation expenses.

- Employee commences work in Tax Year 6 April 2024 – 5 April 2025.
- The end of the tax year following the tax year in which they commence is 5 April 2026.

Example 2: A new employee relocating to Orkney commenced their job on 15 March 2024.

They have until 5 April 2025 to claim their relocation expenses.

- Employee commences work in Tax Year 6 April 2023 – 5 April 2024.
- The end of the tax year following the tax year in which they commence is 5 April 2025.

6. How much can be claimed?

HMRC rules set the maximum amount of relocation expense that can be paid without liability for Tax and National Insurance at £8,000 including VAT.

7. Temporary Contracted Employees

7.1. Allowance Payable

The Council does not offer relocation expenses for temporary contracts of a duration of less than 1 year, for temporary contract holders in respect of relocation within Orkney Mainland and linked South Isles or for relocation from an outer isle to the mainland or linked south isles.

Temporary contracts of a duration of between 1 year and 3 years+ will be paid a pro-rata amount of the normal, permanent contracted relocation amount. Based on the number of complete weeks of the contract.

Calculation is as follows:

$$\frac{\text{Number of complete weeks of temporary contract}}{156 \text{ (3 years)}} \times \text{Max allowance table 7.21/7.2.2}$$

7.1.1. Relocating into Orkney (Mainland and linked South Isles) for Temporary Contract

Circumstances	Maximum Claim £			Tax & NI Liability
	1 yr Temp Contract	2 yr Temp Contract	3 yr+ Temp Contract	
Relocating to Orkney	£2,667	£5,333	£8,000	No

7.1.2. Relocating within Orkney from Orkney (Mainland and linked South Isles) to a North Isle (North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday for a or Temporary Contract

Circumstances	Maximum Claim £			Tax & NI Liability
	1 yr Temp Contract	2 yr Temp Contract	3 yr+ Temp Contract	
Relocating to a North Isle (North Ronaldsay, Westray, Papa Westray, Sanday, Stronsay and Eday	£1,167	£2,333	£3,500	No

7.2. Time limit for Temporary Employment Claims

All relocation expenses claims must be submitted no later than either before the 5 April of the calendar year following the date that started employment in this post, or the end date of your temporary contract whichever is first.

7.3. Extension of Initial Temporary Contract

Where an initial temporary contract was for less than 3 years, and you received a pro-rata entitlement to relocation expenses, and your temporary contract is extended on a continuous service basis, you will be eligible for a further increase in pro-rata entitlement to relocation expenses, until you reach the maximum eligibility of a 3 year temporary contract.

Example: Employee had an initial 1-year temporary contract and received an initial relocation expense entitlement of one-third of the £8,000 i.e. £2,667.

Subsequently the employee received a 1-year extension to their temporary contract, taking the total continuous duration of the initial contract to 2 years.

With this extension of continuous temporary contract, their maximum entitlement to relocation expenses increases to two-thirds of the £8,000, namely £5,333 in total (including the initial £2,667).

7.3.1. Repayment for Temporary Employment Claims

Where a temporary contract holder chooses to leave employment with the Council within the duration of their temporary contract, they will be eligible to repay a pro-rata amount. The pro-rata amount is calculated based on the number of remaining weeks in the contract, divided by the total number of weeks in the temporary contract multiplied by the relocation expenses claimed.

Any outstanding payment will automatically be deducted from final salary payment, where this is insufficient to cover the deduction may be spread over more than one salary period, or an invoice will be raised for the outstanding balance for payment within 30 days.

A Corporate Director or Head of Service have responsibility along with Finance to ensure that any repayment is made.

In exceptional circumstances a Corporate Director or Head of Service can approve that the required repayment is not necessary. This approval can be for some, any, or all the required repayment. In these circumstances the Corporate Director or Head of Service must advise Finance and Human Resources in writing of their decision not to seek repayment.

8. What costs can I claim for?

The Council want to provide relocation employees with as much flexibility as possible in terms of how they choose to use their relocation expenses. However, expenses are only eligible if they satisfy the HMRC rules.

HMRC rules determine that eligible expenses for relocation must fit into one of the following criteria:

- Disposal or intended disposal of old residence.
- Acquisition or intended acquisition of new residence.
- Transporting belongings.
- Travelling and subsistence.
- Domestic goods for the new residence.
- Temporary accommodation.
- Bridging loans.

8.1. Disposal or intended disposal of old residence (Sale).

Examples of types of expenses eligible for claim in this category:

- 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.

Examples of types of expenses <u>not</u> eligible for claim in this category:

- Council Tax.

8.2. Acquisition or intended acquisition of new residence (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.

8.3. Transporting 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 to Orkney. One of the quotes must be from an Orkney based removal company.

Domestic belongings can include household pets.

8.4. Travelling and subsistence

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

- Preliminary visits to the new location, prior to taking up appointment of the post (Also applies 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. Subsistence is defined for the purposes of removals legislation as meaning 'Temporary living accommodation' (see 8.5).
- Travelling between the old home and the temporary living accommodation.
- Travelling from the old home to the new home when the move takes place (Also applies to the employee's immediate family).

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

8.5. Temporary Accommodation

Temporary 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.

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.

Ability to claim payment of the temporary accommodation will stop should any of the following circumstances occur:

- The employee takes possession of a property they have bought in Orkney.
- The employee takes up a Scottish Secure Tenancy from Orkney Islands Council or Orkney Housing Association Limited.
- The total cost of the relocation package exceeds the maximum entitlement as stated in the relocation agreement (inclusive of VAT).
- Expiry of the period defined by HRMC for relocation expenses to be claimed with (see section 5).

8.6. Specific Island Communities.

Priority will be given to a Head Teacher to access a schoolhouse as relevant. The Council's Lettings Policy gives some priority to those requiring living in specific communities because of, for example, work commitments. Allocation of property thereafter is dependent on availability and level of demand.

8.7. Domestic goods for the new residence

Costs for the purchase of essential domestic goods for the new residence, are potentially eligible for claim where the purchase of domestic goods is to replace items used at the old home that are not suitable for use in the new home. This does not include replacement of goods for aesthetic purposes, nor does it cover goods deemed as non-essential/luxury i.e. installation of Sky or broadband.

9. International Relocation

Where an individual is relocating to start work with the Council from out with the UK, there is no different value of maximum relocation package available to them.

Costs associated with obtaining Visas for the employee and or their family members are not eligible for claiming via relocation expenses. All other provisions of this policy apply equally.

10. Approval and Payment

Employees will not be eligible to reclaim expenses until the agreement for the repayment of relocation expenses has been signed.

All costs are directly paid by the employee and are then reimbursed following completion of the appropriate claim form(s) (Appendix 1). The exception is removal costs, which can be paid directly by the Council. Only expenditure that is actually and necessarily incurred will be reimbursed.

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 will normally be submitted via the Council Expenses process on Integra. Only where an employee has no ability to be able to access Integra shall manual claims be accepted, which must be approved by the Head of Service.

All claims must be supported by appropriate statements / receipts.

The Corporate Director or 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 maximum limit inclusive of VAT.

The Payments Section, Finance will process these payments following confirmation from the Service, and receipt of appropriately authorised documentation and receipts.

The employee will determine the make-up of the relocation package; however, **the total cost must not exceed the maximum claim as indicated in the relocation agreement** and must comply with qualifying categories set out in section 8 of this policy.

The examples of eligible items for claims given in this policy are neither an exhaustive nor definitive list of eligible and non-eligible claims. The Corporate Director, Head of Service and Head of Finance, or their nominated deputy, have the right to reject any aspect of a claim where these do not comply with this policy and HMRC rules for eligible claims of relocation expenses.

11. Other Relocation Support

11.1. Relocation Support Contact

The Council will allocate a named point of contact for any new employee relocating to Orkney to start employment. They will function as relocation support to provide any advice, guidance, and support in respect of any matter relating to relocation.

11.2. Support for Relocating Family Members

The Council acknowledges that when an individual relocates to Orkney for work, they are often joined by a partner or other family members who live with them, who may also be seeking employment.

The Council is committed to look to offer support and assistance for partners and resident family members to be able to find employment, from the point at which the formal offer of employment is accepted for a period of up to 3 months.

The Council will provide the following support and assistance to partners/resident family members of individual relocating to Orkney to start employment with the Council:

- Enable partners/resident family members to be able to apply for any Council vacancy, including internal advertised roles.
- Offer a guaranteed interview for partners/resident family members where they meet the essential criteria for a Council post.
- Signpost partners/resident family members to other possible employers within Orkney.

12. Supporting Documents

Supporting documentation for this policy:

- Relocation Offer Letter and Agreement (Permanent Contracts)
- Relocation Offer Letter and Agreement (Temporary Contracts)
- Relocation Offer Letter and Agreement (Temporary Contract Extension)
- Relocation Expenses Claim Form (Appendix 1)

These are available on MyView/Useful HR Information or from HR Support.

Appendix 1 Relocation Claim Form

Orkney Islands Council
Relocation Expenses Claim Form

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Name	
Post	
Work Location	
Employee Number	
Contact email	
Contact Phone Number	

Disposal or intended disposal of old residence			
Date	**Details**	**Invoice No**	**Amount £**

Acquisition or intended acquisition of new residence			
Date	**Details**	**Invoice No**	**Amount £**

Transporting belongings			
Date	**Details**	**Invoice No**	**Amount £**

Domestic goods for new residence			
Date	**Details**	**Invoice No**	**Amount £**

Temporary accommodation			
Date	**Details**	**Invoice No**	**Amount £**
Bridging loan			
Date	**Details**	**Invoice No**	**Amount £**
Travelling and Subsistence			
Date	**Details**	**Invoice No**	**Amount £**
	_____ miles @ 12.5p per mile		
	Total Claimed		

Employee Declaration

I certify that all expenses claimed, mileage, travelling and subsistence claimed was actually incurred expenditure, and that I will not receive any reimbursement from any other person or body in respect of this.

Employee Signature: _____ Date: _____

All invoices with receipts for payment, travel tickets and receipts must be attached for payment to be able to be claimed. Please pass this claim form to your line manager.

Manager Approval:

Budget Code for Expenses	
Amount Claimed in this Form	£
Amount on any previous claim(s)	£
Maximum amount claimable	£

Manager Approval: _____ Date: _____

Once completed and approved, please forward to Payments