SHETLAND ISLANDS COUNCIL

RELOCATION POLICY

Operational Date: 1 October 2022
Applies to: All Staff – in an eligible post

Document Information			
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Summary of changes to document			
Date	**Version updated**	**New version number**	**Brief description of changes**
	V1.1		This is an update of the Relocation Policy which was last reviewed on 5 May 2015. The main changes include: Removal of the requirement to get a removals quote from a Shetland company; Provision of two days paid special leave when moving into permanent accommodation; Removal of limit on temporary rental allowance; Increased flexibility in direct payment by Council rather than employee paying and reclaiming costs; Where approved, a reconnaissance visit will be paid as an interview rather relocation cost;

Shetland Island Council

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Operational Date: 1 October 2022
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1 INTRODUCTION

1.1 Shetland 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 Shetland and is committed to assisting new employees in eligible posts of the Council with their move. Vacant posts requiring skills which are not likely to be available in the locally based jobs market can be designated as attracting a relocation package.

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 (HMRC).

1.4 This policy also covers the unusual circumstances where an existing employee has to move home within Shetland through the Transfer Agreement for Teachers or the Redeployment policy for other employees.

2 POLICY SUMMARY

2.1 HMRC provide a partial tax and National Insurance Contributions exemption up to £8,000 for certain qualifying relocation expenses. This is pro rata for temporary employees.

2.2 Relocation expenses will be paid where the post attracts it and the post holder has to relocate from outside Shetland, but still within the UK in order to take up employment with the Council.

2.3 In the main, and unless where otherwise agreed, costs are paid directly by employees and are reimbursed through Finance Services. All expenditure must be approved by the Budget Responsible Officer (BRO) and satisfy the rules outlined in the policy.

2.4 The categories of expenses and benefits that qualify for reimbursement closely follow HMRC rules.

2.5 The Council will reclaim the cost of assistance provided under this policy if an employee leaves the Council's employment within 2 years. For temporary employees this will be reduced on a sliding scale depending on the length of their contract.

2.6 The Budget Responsible Officer (BRO) for all relocation expenses is the Executive Manager, Human Resources (HR).

3 SCOPE OF POLICY

3.1 This policy applies to all new Council employees whose post has been identified as eligible for a relocation package or to existing employees in the unusual circumstances that they **must** move home within Shetland through the application of the Transfer Agreement for Teachers or the Redeployment policy.

4 LINKS TO OTHER POLICIES

4.1 Recruitment and Selection Policy
Redeployment Policy
Transfer Agreement for Teachers

5 ELIGIBILITY

5.1 In line with the Recruitment and Selection Policy and Procedures, authorised signatories approve posts in their service to be advertised, which attract relocation expenses. This will include identifying a request to advertise it with a relocation package on the Recruitment Form, prior to advertising.

5.2 Approval will be required from the Executive Manager – HR, or designate, for relocation expenses to be applied to a post prior to the post being advertised.

5.3 The job advert will individually identify the posts that qualify for relocation expenses.

5.4 Employees may qualify for relocation expenses if their new post attracts it and relocating their main UK residence to Shetland is essential. If an employee is relocating from outside the UK, relocation expenses will only be paid that are incurred from within the UK.

5.5 The policy applies in exceptional circumstances to existing employees who are redeployed through the Redeployment Policy, or the Transfer Agreement for Teachers. Eligibility for the package in these circumstances is determined on a case-by-case basis by the relevant Executive Manager and the BRO (Executive Manager – HR).

5.6 This policy may also apply in very exceptional circumstances where local recruitment to the remote islands of Shetland is challenging. Eligibility for the relocation package in these circumstances is determined on a case-by-case basis by the relevant Executive Manager and the BRO (Executive Manager – HR).

5.7 For temporary or fixed term appointments of less than 2 years, where relocation to Shetland is essential, employees may be entitled to assistance on a pro rata basis. For example, a temporary 1-year contracted post will attract a relocation amount of £4,000

5.8 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 2021 must claim their expenses by 19 July 2022.

5.9 Where the employee's spouse/partner is also taking up appointment in the Council and receiving assistance with relocation, the Council will restrict the package in order that a maximum total package of £8,000 is provided between partners.

6 APPROVAL AND PAYMENT

6.1 Employees will **not** be eligible to reclaim expenses until the Relocation Expenses Undertaking has been signed. (Appendix 1.)

6.2 Generally all costs are directly paid by the employee and are then reimbursed following the completion of the Firmstep Process. The exception is removal costs, which can be paid directly by the Council, where agreed by the BRO, following sight of two quotes. Only expenditure that is actually and necessarily incurred will be reimbursed. Where there are exceptional circumstances or particular requests from individuals for the Council to pay other costs directly, these can be considered and approved where it is clear this is the best option and expenditure still falls within the qualifying £8,000 limit.

6.3 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. Credit Card receipts alone are not sufficient.

6.4 HR will administer all payments and assist the BRO in ensuring qualifying costs are legitimate, claimed within the timescale and that the total cost of each relocation package does not exceed the £8,000 limit (inclusive of VAT). The BRO will then approve payment.

6.5 The claim is then received by Finance, who are responsible for processing the payment.

6.6 The employee will determine the make-up of the relocation package however; **the total cost must not exceed £8,000 (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.

7 CATEGORIES OF EXPENSES AND BENEFITS THAT QUALIFY

7.1 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 of 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

7.2 Acquisition of Property within Shetland (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

7.3 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.

Domestic belongings can include household pets.

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 generally pay the lower of two quotes for the removal of household effects to Shetland. If an employee is relocating from another country, they may only claim the cost of removing household effects from the UK to Shetland.

Where on receipt of appropriate quotes it is clear that the cheapest quote does not offer best value, the Executive Manager HR has discretion to select another quote.

Individuals can explore self-drive options in which the actual cost of self-drive and fuel will be covered, should this be cheaper than the removal company quotes and/or offers best value.

7.4 Travel and Subsistence

Preliminary visits to the new location, prior to taking up appointment of the post (applies also to the individual's immediate family) where authorised, will be covered through interview costs and not this policy.

Once appointed, the employee may be eligible for travel and subsistence up to a maximum of 4 return trips.

- Travelling between the old home and the new work location
- 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', a defined in paragraph 7.5.1 below.

Once the employee is appointed, up to 2 days paid special leave can be granted to move to permanent accommodation, during the qualifying one year period. This can be requested through HR21 or by using the Special Leave Request Form

7.5 Temporary living accommodation

7.5.1 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 or rented property represent temporary living accommodation.

7.5.2 Shetland 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. Relocating workers are encouraged to make contact with the Council's Housing Service early in their engagement with Shetland Islands Council. Confirmation of preferred candidate status can be provided by HR.

7.5.3 The payment of temporary accommodation is available for up to 12 months from the date the employee relocates to Shetland and within the maximum amount of the Relocation Policy.

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 Shetland
(b) They take up a Scottish Secure Tenancy from Shetland Islands Council or Hjaltland Housing Association
(c) The total cost of the relocation package exceeds £8,000 (Inclusive of VAT);
(d) After 12 months, if none of the above

7.5.4 Designated Remote Areas

Teaching staff will be entitled to assistance with housing (where available) if they are employed to work at schools in designated remote areas. These properties are allocated in consultation with the Quality Improvement Service. Preference is given to teaching or other staff who require the accommodation in order to work at the school. The tenancy offered will be a Short Scottish Secure Tenancy tied to employment at the school.

7.6 Bridging loans

Relief is available where:

- Bridging loan interest is reimbursed to the employee

The general conditions are that:

- The employee, or
- The employee and one or more members of the employee's family or household, or
- One or more members of the employee's family or household

a) disposes of an interest in the old home and acquires an interest in the new home
b) has to take out a loan to bridge the gap between the date when the interest in the new property is acquired and the date when the sale proceeds of the old property are available
c) uses the loan only to redeem loans relating to the old home or to acquire the new home. A loan relates to the old home if it was raised to acquire the property, or if it was secured on the property, and
d) the loan does not exceed the market value of the old home at the time the new home is acquired

Where the bridging loan is not provided or facilitated by the employer, and the condition at (a), (b) and (c) above are satisfied, the interest on the loan is an expense, which qualifies for exemption. If either of the conditions at (c) and (d) are not met the eligible interest is restricted to the amount that would be payable if the loan met both conditions.

8 CATEGORIES OF EXPENSES AND BENEFITS THAT DO NOT QUALIFY

8.1 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 BRO has the authority to reject claims, which do not fall under the categories of expenses detailed in section 7.

9 REPAYMENT OF RELOCATION EXPENSES

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

9.2 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).

9.3 The Council will reclaim the cost of assistance provided under the policy if an employee leaves the Council's employment within 2 years. For temporary employees this will be reduced on a sliding scale depending on the length of their contract.

9.3.1 Non-Temporary Employees

The Council will reclaim the cost of any assistance provided under this policy if an employee leaves the Council's employment within a period of two years from the date of taking up their post.

Reimbursement will be reduced on the following sliding scale to reflect the benefit obtained by the Council from the employee's service.

Leaving within 6 months = 100% of relocation expenses claimed
12 months = 75% of relocation expenses claimed
18 months = 50% of relocation expenses claimed
24 months = 25 % of relocation expenses claimed

9.3.2 Temporary Employees

The cost of any assistance to be repaid by a temporary employee will be reduced on a sliding scale and will depend of 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:

$$\frac{\text{No. of calendar days still to serve in temporary contract*}}{\text{No. of calendar days the temporary contract was due to last for}} \times \text{Amount of relocation expenses claimed (£)}$$

* Only calendar days within the first two years of the temporary contract to be considered

9.4 Ensuring that the necessary action is taken in regard to seeking the repayment of relocation costs will be the responsibility of the relevant Executive Manager, in conjunction with Finance Services.

9.5 Employees should be aware of the amount being spent on the relocation package, to ensure the £8,000 maximum (inclusive of VAT) is not exceeded. HR will carry out the monitoring of relocation expenditure following receipt of claim forms and relevant accompanying invoices/receipts. Credit Card receipts alone are not sufficient.

10 APPEAL PROCESS (TRANSFER AGREEMENT FOR TEACHERS/ REDEPLOYMENT POLICY)

10.1 Existing employees who **must** to move home within Shetland through the application of the Transfer Agreement for Teachers or the Redeployment policy may be eligible for support through the Relocation Policy. This must be agreed by the relevant Executive Manager and the Executive Manager – HR, who is the BRO.

10.2 An employee who is being transferred through the Transfer Agreement for Teachers or the Redeployment policy may consider that he/she should be eligible for the Relocation policy but this is not agreed by the relevant Executive Manager and the BRO. In these circumstances an appeal can be made to the relevant Director (Director of Children's Services for teachers, Director of Corporate Services for all other staff).

10.3 An appeal against a decision on eligibility to the Relocation policy must be made on the designated appeal form, submitted within 10 working days of receipt of confirmation from the Executive Manager. The form should be submitted to the relevant Director (Director of Children's Services or Director of Corporate Services), and will be considered and concluded within 20 working days of the submission. The member of staff will have the right to attend a meeting with the relevant Director or designated representative and may invite a member of their professional association or trades union representative, or a colleague to accompany them to the meeting if they wish.

10.4 The Director of Children's Services/Director of Corporate Services or designated representative will consider all the circumstances of the case and decide whether the teacher/employee is eligible for the relocation policy.

10.5 There is no further internal appeal, however where a teacher is dissatisfied with the Council's decision as to whether it is necessary for them to move home, and there is not joint agreement locally (through the Joint secretaries of the Local Negotiation Committee for Teachers) that the Council has dealt equitably with this, the teacher shall have the right to appeal to the Scottish Joint Committee for Teaching Staff in School Education.

For further information please contact Human Resources