EMPLOYEE RELOCATION

Introduction
For many years employees have witnessed their work transferred to another location after a reorganisation to meet revised company aspirations.

This can mean a worker has to travel to another place to work and company policies, negotiated through the trade unions, are often in place that would assist with additional travelling time and the cost of that travel.

There are also occasions, however, when the new work location is simply too far away to enable reasonable daily commuting and so the employee finds that they have to relocate and move home if they want to continue with their employment.

Often relocation only involves senior managers or key workers, other staff being found alternative employment nearer to home - or made redundant. At other times, the employer will offer all employees the opportunity of relocation.

Needless to say, relocation for workers can be a very stressful experience for those involved and often comes at a time when the family is settled. For those who have the option to relocate, there are competing concerns about continuing with their current employment whilst uprooting the whole family to move to what can be an alien part of the country. Amongst the many considerations will be the availability of alternative employment closer to home, the effect of redundancy, new schools for the children and the impact on a partner’s job or career. Members will also be concerned about what the relocation package actually covers.

This Bulletin seeks to address the issue of relocation from a staff reps’ perspective and offer guidance on the issues involved.

Reorganisations involving relocations
When reps are involved in a reorganisation (sometimes called a restructuring) consultation it should be apparent whether there will be a need for some staff to be relocated.

Clearly, reps should be establishing the reasons for the need to relocate and options for those who do not wish to (eg alternative jobs, redundancy terms, etc).

When relocation becomes apparent, questions need to be asked about the terms of the relocation package. If a package already exists, eg BR Red Book PTR&R, that is within the terms and conditions of those affected, it will often be enough to simply record that the company will honour the existing arrangements.

Alternatively, if there is no agreement, reps will need to ensure that as part of the reorganisation consultation, time is spent developing a reasonable package of measures that will ease the relocation process (see later).

Indeed, for large reorganisations, prior to detailed consultation on jobs, etc, reps should be pressing the employer for a “Principles Meeting” at which
items like relocation agreements can be hammered out. The alternative is to flag the relocation issue up so that it forms the focus of a specific meeting or discussion.

Managing relocation

Some employers will use external companies to manage relocation whilst others will carry it out in-house. Often the scale of the relocation will be the determining factor and the impact it will have on HR staff in managing it in-house.

The point for the rep will be to ensure that there is a means to be able to communicate issues that arise. This is best done through a designated manager who is in a position to be able to make things happen. Clearly, this does not stop items being raised at cyclical meetings with the company, if there is one due.

In some companies where there are large numbers of relocations planned or where relocations happen on a frequent basis, officers and reps should press for an involvement on management groups so that they can:

- represent their members’ issues directly
- play a part in ensuring and developing an adequate communication strategy, including about relocation options and packages;
- monitoring and reviewing the application of the relocation process.

Relocation Communications

Officers and reps often get some form of preliminary advice from an employer that a reorganisation is going to take place.

Where statutory consultation with recognised trade unions is required employers are obliged to notify the union as soon as they become aware of the need to make redundancies and their proposals are at a “formative stage” (i.e., before decisions have been taken1 and when redundancies are contemplated)2.

Employers will often have devised a communications strategy to notify their employees of the need for change and whether that will involve redundancies and relocations.

This should not be seen as a “fait accompli” and recognised authorities like IDS3 advise that “the input from recognised trade unions or company councils can help to develop the relocation package in a way that better suits employee needs and smooths the transition to the new site.”

Reps will, therefore, want to ask questions about this generally but in terms of relocations, it is suggested that the communications strategy should include:

- collective consultation to develop the relocation package, additional to the reorganisation consultation (see earlier about preliminary discussions);
- individual consultation so that workers who may be likely to relocate can establish their options and what assistance is available;
- establishment of a dedicated website where employees and their families can browse information from the comfort of their own home. This could include:
  - Maps of the area that in the vicinity

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1 Amicus-v-Nissan Motor Manufacturing (UK) Ltd EAT/0184/05 quoted in LRD “Law at Work 2009”
2 Junk-v-Kuhnel C-188/03 ([2005] IRLR 310) quoted in LRD “Law at Work 2009”
3 Income Data Services HR Study 916 April 2010
of the new site, showing proximity of housing, location of schools, bus and train routes, shopping and medical facilities, etc;
- Relocation package terms;
- Contact details of relevant managers;
- Availability of further information

• setting up information “relocation” rooms as one stop shops to provide details of the new area, including:
  - Maps of surrounding towns;
  - Advice about education and career opportunities;
  - Estate agent listings;
  - Reading material about the new area – eg shopping areas, local news and history, attractions, etc;
  - Having on hand a manager involved with the relocation to answer questions;

• identify a single point of contact for each person who is likely to be moving home so that the affected employee knows who to deal with.

Who is eligible for the Relocation Package?
Reps will need to be aware of how eligibility for the relocation package works and, in particular, how that has a bearing on the level of financial assistance that may be on offer:

• Some schemes are based on employee status and therefore offer more generous terms to senior staff;
• There may be a distinction between those who move at the instigation of the company (and therefore get more) compared with those who request to be transferred (and are entitled to less);
• It could be that only certain managers or those in particular jobs get the full package whilst others get more limited assistance;

Of course, some employers will offer an equalised package, especially when they are seeking to move a group of staff.

Reps should be aware of issues of statutory discrimination when eligibility criteria are being established – eg, does it favour men over women or are a certain age group not being offered access to the scheme. Further information and advice in this area can be obtained from the TSSA Help Desk.

What else should reps have in mind?
HM Revenue and Customs (HMRC) rules govern the application of tax, National Insurance and reporting (of same) on relocation expenses or benefits.

In general these come under four headings and if all are satisfied there is a partial exemption from liability in this area (which means that the first £8,000 of relocation expenses are tax-free).

We have presented here the main headings but further details are to be found on the HMRC Website:

• The employee’s reason for relocation
• The expenses and benefits must fall into one of the six prescribed categories
• There is a time limit by which the expenses must have been incurred or the benefits must be provided;
• The employee’s new residence must be within reasonable daily travelling distance of their new normal place of work, and their old residence must not be within reasonable daily travelling distance of the new normal place of work.

Focusing on the last criteria, there is no statutory definition of “reasonable

http://www.hmrc.gov.uk/paye/exb/a-z/r/relocation.htm
travelling distance” and so common sense has to prevail. Definitions vary with some arrangements specifying a radius above existing travel arrangements after which relocation would be a factor – Scottish Water stipulate 30 “road” miles (one way) beyond existing travel arrangements. Others will use a time limit - the BR Red Book gives a qualification in terms of maximum travelling time limits (a maximum of an hour and a quarter travelling door to door to make a job a suitable alternative role). The Red Book does not expressly then qualify what amounts to a relocation, except by implication.

Relocation Packages
Relocation packages typically comprise of a variety of key elements:

- **Familiarisation trips** to the new area by the employee and their partner (and maybe the immediate family) that could also include house hunting;
- **House purchase** or “homesale” scheme where the employee is offered a guaranteed sale price (GSP) for their property. The price would be based on two property valuations to establish a fair GSP. This can mean that an employee can move to a new area much more quickly as they would become a “cash buyer;”
- **Managed sale**, as opposed to a homesale scheme, where the employer arranges for the employee’s property to be marketed at the company’s expense;
- **Excess housing costs.** Where comparable properties in the new location cost more than in the existing location, employers may compensate staff to give them sufficient purchasing power to buy housing to a size and standard to which they have become accustomed;

- **Selling and buying costs.** It is normal practice for companies to cover all the main costs associated with buying and selling properties such as:
  - Reasonable estate agents’ fees;
  - Legal fees for buying and selling properties;
  - Mortgage redemption and arrangement fees;
  - Mortgage indemnity payments;
  - Stamp duty;
  - Land Registry fees and searches;
  - Valuation fees;
  - Homebuyer’s or structural surveys on the new property.

**Removal costs** of furniture and household effects, including travel costs

- **Temporary storage costs**, limited to three to six months duration, where the old home is sold before a new one is found;
- **Additional leave** to allow for the day of the actual move and to arrange for other aspects of the relocation. Typically 1 to 3 days;
- **Disturbance allowance** to cover incidental expenses such as replacing carpets and curtains, disconnecting and reconnecting electrical and other items. The amount may be based on:
  - A percentage of salary;
  - The size of the house moved to;
  - Or on an individual basis where the employee neither gains nor loses financially.

Employees are usually expected to produce receipts to claim back expenses.

- **Assistance with moving into rented accommodation** is often provided as part of the whole

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5 Income Data Services HR Study 916 April 2010
6 Page 231, Section 7, Red Book, April 1994
package for staff moving into the new area. This usually includes the cost of legal fees relating to leases, overlaps in rental payments, agents’ fees and penalty charges for early termination of a rental agreement as well as a contribution to the additional costs of moving to a higher-cost area.

- **Temporary arrangements** when staff are asked to relocate quickly and before they can settle their new home arrangements. Often for a limited period (may be three months, with regular reviews) a company will offer to pay for temporary accommodation or subsidise temporary commuting (noting that commuting can have health and safety effects);

- **Family support**, one of the most significant barriers to a smooth relocation. Many firms recognise this issue and so as a minimum provide information packs about schools in the new area but some also arrange for an education advisor to help parents find the best schools for their children. Employers can also assist with career counselling for the employee’s partner so that they can find a job in the new area.

Reps who may become involved with establishing relocation packages should seek additional guidance from the TSSA Helpdesk and/or their Regional Organiser.

**Reps Action**
This bulletin is mainly for information to assist staff reps involved in consultations to do with reorganisations involving staff having to relocate and to deal with queries from staff.

**Acknowledgements and further information**
This Bulletin is based on information obtainable from the following sources:

- Income Data Services (IDS) HR Studies 916 April 2010 Analysis article “Domestic employee relocation”.
- IDS Website: www.idshrstudies.com
- HMRC (Revenue and Customs) Website: http://www.hmrc.gov.uk/paye/exb/a-z/r/relocation.htm

The information given here is for general guidance only and should not be regarded as a complete or authoritative statement of the law. Further help and advice may be obtained from the TSSA Helpdesk – 0800 328 2673.