

People, Performance and Development Committee  
8 March 2018

**Update on Housing Options for Hard to Recruit and Retain Roles and Potential Revisions to the Relocation Assistance Policy**

**Purpose of the report:**

The People, Performance, and Development Committee is asked to consider potential revisions to the Council's Relocation Assistance Policy and note an update on the progress of work which is being undertaken by officers in the Human Resources and Organisational Development Service and Property Services Department of the Council.

**Recommendations:**

It is recommended that the People, Performance, and Development Committee

- i. Notes an update on the progress of work by officers within HR and Property Services in relation to investigating potential options for supporting the housing needs of current and prospective employees, particularly in the light of the recent partnership agreement between the Council and the Places for People housing provider, and
- ii. Agrees in principle the proposed revisions to the Relocation Assistance Policy (as set out in Annex 1 of the submitted report) as a basis for engagement with senior managers and other stakeholders within the Council, including the following changes:
  - a. Introduction of a facility to provide higher levels of relocation assistance payments in cases of vacancies that are particularly challenging to fill and critical to service delivery/business continuity, extending the limit to £15,000 or, where a property purchase is involved, a maximum of £30,000. Any amounts exceeding £8,000 would require business case approval by the Head of HR and OD Service.
  - b. Expansion of the policy to cover fixed-term appointments.
  - c. Extension of the 'separation allowance' and 'daily travel allowance' facilities to a maximum of one year (from 12 and 26 weeks respectively).

<b>Introduction:</b>
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- 1 On 25 July 2017, the People, Performance and Development Committee considered a paper outlining preliminary analysis of the options available to enhance the provision of key worker housing in Surrey.
- 2 The Committee noted the work undertaken in relation to recruitment and retention and agreed that the benefits to Surrey County Council through a focus on key worker housing did not warrant further investment based on the findings in that report.
- 3 The Committee also noted the recommendation to broaden existing signposting of available housing support in Surrey, making it available to all potential candidates and asked officers to:
  - a) Investigate the full range of options to provide housing to potential candidates for hard-to-fill vacancies within the Council. This includes talking to other public sector organisations, including institutions such as universities, and
  - b) Consider ways of improving the assistance it provides for staff required to relocate to take up employment with the Council.
  - c) Ensure that the Relocation Assistance Policy and other relevant support is appropriately 'sign-posted' and accessible to potential candidates for Council vacancies.
- 4 Member consensus at the July 2017 meeting of PPDC was that the potential benefits of the direct provision of housing to employees are likely to be outweighed by the relevant costs and risks.
- 5 Following Member input at the PPDC meeting in July 2017, officers in the Human Resources and OD Service of the Council have prepared a set of potential revisions to the Relocation Assistance Policy of the Council. Officers feel that it would be useful to obtain Member feedback prior to commencing the engagement process around the proposed changes, particularly as they include a substantial increase in the maximum amount available under the Policy.

<b>Improved signposting of housing information</b>
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- 6 In August 2017, work was carried out to improve signposting of housing information to job applicants. All potential candidates are now able to access housing information whose availability had previously been confined to the Children's Social Work recruitment pages.
- 7 The information available was also expanded further, so that it now includes reference to the Relocation Assistance Scheme.

## **Working with public sector organisations**

- 8 Following the 25 July 2017 Committee meeting, the Deputy Chief Property Officer arranged for a further review of the Housing Authorities working in Surrey and met with the lead strategic officer for work with the Boroughs and Districts to discuss the best way to get this topic onto District and Borough agendas.
- 9 The further review of those Housing Authorities working in Surrey confirmed that the Help to Buy and 'shared ownership' schemes, which had been mentioned in the July 2017 PPDC report and deliberations, do operate across Surrey Boroughs and Districts. Surrey County Council staff would be eligible for Help To Buy schemes if their household earns a particular amount of money (mostly under £80K). This would mean a single person in one of our 'hard to recruit and retain' positions would most likely be eligible. 'Shared ownership' (part-purchase, part rent) schemes may also enhance affordability under certain circumstances. In addition to the relatively high cost of housing in Surrey, there is a lack of equivalent schemes to support with private/Housing Association renting; support is basically restricted to a branch of the Help to Buy Scheme named 'Intermediate Rent' which is marketed as a medium-term way of encouraging renters to save for a mortgage deposit. As a result, consideration was given to whether social renting could have been an option for key workers or other business-critical appointments with the Council.
- 10 Waiting lists for rented Council or Housing Association properties in all Districts and Boroughs within Surrey are consistently long. To have a realistic prospect of obtaining Council housing, candidates would be required to satisfy a number of criteria, for example having lived in the local authority area for a number of years, having strong personal ties to the area, and earning under £50K per household.
- 11 Council / Housing Association homes have a category rating to determine the relevant 'ranking' of eligible candidates. Categories A, B and C all relate to Emergency and Danger, Homeless, Health and Disability factors. As an example, being homeless in general only gets one to Band B. This would mean that, were Surrey County Council hoping to influence District and Borough Councils to support candidates for its 'hard to recruit roles', there would be a strong likelihood that most individuals in question would be joining category D (no defined priority). On the basis of the above, new appointees to SCC roles would be likely to remain on the waiting list for a very substantial length of time.
- 12 It is therefore not expected that access to the Housing Register at Band D would be a tool that could effectively assist Surrey County Council's efforts to attract candidates to vacancies that are challenging to fill. As a result, there does not appear to be much value in further pursuing that line of enquiry as a possible way of facilitating recruitment at Surrey County Council.

### **Limited Liability Partnership with Places for People**

- 13 On 14 December 2017, a decision was made by Cabinet for the Council to form a Limited Liability Partnership with Places for People. Officers in the HR & OD Service have liaised with colleagues in the Property Services department to explore whether there would be any possibility for the Council to offer housing options that may attract candidates for hard-to-fill vacancies. Officers in Property Services have explained that such a facility is not likely to become available. A brief outline of that advice can be found in Annex 2.

### **Relocation Assistance Policy Review**

#### **Key Issues (amendment proposals summarised in paragraph ii. of Recommendations):**

- 14 The current Relocation Assistance Policy of the Council provides a degree of flexibility to managers in order to assist them with supporting new appointees who may have to move home to take up employment with the Council. However, a ceiling of £8,000 is applied. Members have expressed some doubts as to whether the ceiling in question would be sufficient to fully cover the costs of a house move in the context of the current housing market in/near Surrey.
- 15 The current Relocation Assistance Policy does not provide a 'blanket' entitlement to assistance to all new appointments. Its application is restricted to 'hard to recruit' vacancies and, as a result, it is deployed on a rather small scale. A total of 20 Council appointments attracted relocation assistance in the 2016/17 financial year, with just six officers benefitting from assistance of more than £3,000. One could suggest that this is a Policy which only applies in exceptional circumstances, an approach which these proposals do not seek to modify.
- 16 The current Policy offers newly-appointed Council officers the opportunity to benefit from relocation assistance with costs that may not be directly related to a house move, such as a 'separation allowance' and a 'daily travel allowance'. In its phrasing of the context of such provisions, the Policy seems to be making assumptions that can be seen as favouring mortgage-holders; e.g. by asking for evidence of 'mortgage payments' in order for the separation allowance to be paid, disregarding the possibility that the appointee's main family home may be rented. The proposed revised Policy has been reworded to ensure it is more inclusive in covering arrangements that may not include a mortgage.
- 17 Property prices in and around Surrey have traditionally been quite high when compared to the rest of the country, however a number of factors (e.g. a growing demand for housing near London, planning/building restrictions often involving the Green Belt, the increased availability and substantially reduced cost of mortgage credit as a result of monetary policy decisions) have caused significant price increases, in the ballpark of 50% [not adjusted for inflation] within a decade. Those increases affect the attractiveness of Surrey as a place to live

and work, particularly when they are considered against the backdrop of a national property market which has been less buoyant- detailed house price information and an indicative regional comparison are available in Annex 2 of this report.

- 18 On the basis of the above information, there appears to be clear merit in the Member suggestion to explore the possibility of increasing the amounts which may be available to facilitate the relocation of new employees. While it would not be appropriate for the Council to subsidise the purchase of residential property by its officers, it is important to note that moving costs are directly influenced by property prices.
- 19 The most obvious example of correlation between house prices and moving costs can be found in the Stamp Duty Land Tax (SDLT), which is levied on property transactions. The SDLT liability for an averagely-priced property in Surrey exceeds £15,000 (please see Annex 2 for detailed figures). The current Relocation Assistance Policy does cover reimbursement SDLT costs among other expenses, but it has an overall ceiling of £8,000. In other words, the current provisions limit reimbursement to an amount which is likely to only cover a fraction of the moving costs that would be incurred by someone selling their current house and purchasing one in/near Surrey.
- 20 The current Policy has been in place for more than a decade (albeit with a small increase to the overall 'ceiling' from £7,500 to £8,000 in 2015), and has obviously been developed with reference to property market conditions that were drastically different from current ones, in addition to becoming less generous in real terms due to the cumulative impact of inflation over a large number of years.
- 21 The developments in the property market which have been outlined in previous paragraphs of this paper have also created a significant disparity in moving costs incurred depending on whether one happens to be moving between rented properties or selling a house and buying another one. As a result, the proposed revised Policy introduces a distinction between the maximum assistance available to renters and that of house-buyers.
- 22 It is also important to ensure that higher levels of assistance are only offered for posts where the attraction and retention of suitable candidates is particularly challenging. The current policy includes a requirement to submit a business case for sign-off by the Head of the HR and OD Service, however Social Workers have been identified as a hard-to-recruit group and their eligibility has been approved on a collective basis. The proposed revised Policy would retain HR scrutiny for business case approval.
- 23 As a result, the proposed revised Relocation Assistance Policy does not seek to abolish the current £8,000 ceiling. The proposal is to create the opportunity for Heads of Service to request HR approval for exceeding it in exceptional cases, up to the value of £15,000 or, if a property purchase is involved, a maximum of

£30,000. The latter amount should be sufficient to cover expenses for an appointee buying an average-priced property in Surrey. It may be useful to develop a clear set of criteria to enable the Head of HR&OD to determine the 'ceiling' that should apply to a particular case- officers in the HR&OD Service intend to request input from senior managers and other stakeholders within the organisation in order to define the criteria.

- 24 As part of a benchmarking exercise undertaken by officers within the Council's HR&OD Service, it was discovered that a number of organisations which operate similar policies try to base a distinction between renting and buying based on the current status of the new appointee (i.e. only offering assistance for renters to move to another rented property and owners/mortgage holders to move to another owned/mortgaged property). The above approach can appear somewhat prescriptive, as it is difficult to avoid making assumptions about family unit configurations (e.g. disregarding the possibility that someone may wish to move to another location due to a divorce) and property ownership arrangements (e.g. families who live in multi-generational homes owned by retired parents/grandparents).
- 25 To avoid the potential for any perception of attempted interference with family arrangements and/or personal preferences, the proposed revised Policy limits the relevant distinction to whether a property is bought in order to enable an employee to move to/near Surrey; this may be a replacement for a sold property elsewhere, an addition to an individual's existing property holdings, the creation of a brand new household, or even the purchase of a second home near the workplace for the employee to stay during the working week [returning to their principal family residence at the weekend, and regardless of who owns that residence].
- 26 The proposed revised Policy clarifies that any reimbursement of costs exceeding £8,000 will be treated as taxable earnings and also subject to National Insurance contributions [but not as pensionable pay].
- 27 The current Policy restricts eligibility for reimbursement to permanent appointments. The proposed revised Policy extend the facility to officers appointed on fixed-term contracts; this ensures compliance with relevant legislation (Fixed Term Workers Regulations 2002), and may be especially useful for attracting candidates to vacancies for in-house consultants or other positions which require expertise and/or specialist skills for a defined period of time.
- 28 The current Policy includes a 'separation allowance' aimed at candidates who choose to rent [or use a hotel/B&B] away from their main residence and near their new workplace on a temporary basis in order to assist them with settling into their role and searching for permanent accommodation; this is valid for a period of up to twelve weeks. The proposed revised Policy extends that period to a maximum of one year in order to enable use of the policy to enhance



candidate attraction to fixed-term posts and, in the case of permanent appointments, provide the appointee with more time to resolve any issues that may surface around the education or employment arrangements for any other members of their household. The proposed revised Policy also extends the maximum entitlement to the 'daily travel allowance' from 26 weeks to one year for similar/analogous reasons.

#### **Financial and value for money implications:**

- 29 The proposed revised Policy is not expected to have a significant impact on the overall financial position of the Council. The availability of higher reimbursement limits will be restricted to exceptional circumstances, and it is likely to generate savings in officer time by improving candidate attraction and diminishing turnover in specialist positions.

#### **Equality and Diversity implications:**

- 30 The Proposed revised Policy is not expected to result in significant changes to the way in which the Council manages equality and diversity in the workplace, however the proposed changes may have a small positive impact on the attraction of candidates who may have been reluctant to move to the area due to personal commitments and/or caring responsibilities.

#### **Risk Management implications:**

- 31 The proposed revised Policy is not expected to result in significant changes to the Council's overall approach to risk management, although it is likely to mitigate the risk of aspects of Council work being delayed or performed unsatisfactorily owing to difficulties with attracting candidates and retaining employees with specialist skills. The proposed revisions also minimise the risk of any complaints or legal claims arising from employees in, or candidates for, fixed-term posts which are not eligible to access relocation assistance under the current Policy.

#### **Next Steps:**

- 32 Engage with senior officers/managers (e.g. through the Chief Executive Direct Reports group and the HR Subgroup of the Continuous Improvement and Performance Network group) and other stakeholders (e.g. Recruitment Team) to develop criteria for business case consideration and invite further feedback on the policy.
- 33 Provide the Committee with an update on the publication of the Policy or, if significant further changes are developed as part of the engagement process, submit a relevant proposal for consideration by Members.

- 34 Liaise with officers in Property Services department to ensure that Members of the appropriate Council Committees to receive updates on developments to the joint venture between Surrey County Council and Places for People.

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**Annexes:**

Annex 1 – Relocation Assistance Policy

Annex 2 – House price inflation information

**Sources/background papers:**

- Key Worker Housing report tabled at PPDC meeting on 25 July 2017.
- Housing and labour market statistics and information from various sources, including the ONS and the Financial Times newspaper (please see Annex 2).
- Some of the potential changes to the Relocation Assistance Policy that have been identified in this paper have been informed by benchmarking against practice at other organisations within Local Government (e.g. Lincolnshire County Council).