



**REPORT TO:** Cabinet

**MEETING DATE:** 13 September 2022

**BY:** Executive Director for Council Resources

**SUBJECT:** Amendment to Home Working Policy – Home Working Allowance

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## 1 PURPOSE

1.1 To amend the Home Working Policy to increase the level of Home Working Allowance.

## 2 RECOMMENDATIONS

2.1 That Cabinet agree the amendment to the Home Working Policy to increase the level of the Home Working Allowance from £156 per annum to £312 per annum, being the maximum tax free allowance set by HMRC.

## 3 BACKGROUND

3.1 When the Council approved the introduction of the Home Working policy in June 2021, the policy provided that an annual allowance would be paid to homeworkers to offset the additional costs of working from home, such as heating, lighting, home insurance and any new broadband connection.

3.2 The Council determined to pay the sum of £156 per year (pro rata for part time employees), which is 50% of the HMRC maximum allowance for homeworker. Payments in excess of that maximum sum can be made to employees but they will then fall to be assessed for tax purposes as a potential taxable benefit, requiring the Council to issue all contractual Home Workers with a P11D and to account for any additional tax to HMRC through the self-assessment scheme.

## CURRENT POSITION

3.3 The cost of living crisis and the impending rise in utility bills means that the sum set out in the Home Working Policy will not now be sufficient to cover the expenses involved in homeworking and the level at which it is set may be a disincentive to employees coming forward to become homeworkers. There are currently 236 contractual homeworkers. It is estimated that there may be up to 800 posts in scope

for potential homeworking although not all would be suitable for approval. A more realistic estimate would be around 400 posts

- 3.4 It is anticipated that an increase in the homeworking allowance to the HMRC maximum tax free level of £312 per annum would encourage more people to come forward and formalise their working arrangements under the contractual home working
- 3.5 The table below shows the financial impact of increasing the homeworking allowance from the current level to the HMRC maximum tax free level, modelled for different levels of uptake. These figures reflect numbers of FTE whereas, in reality, many of our employees are part-time workers who are paid the allowance on a pro rata basis. The figures in the table are, therefore, an overestimate of the true cost of this to the Council.

		Number of Home Worker Applicants		
		236	300	400
		£	£	£
Proposed Allowance -				
Full HMRC rate	312	73,632	93,600	124,800
Existing cost - 236 Employees	156	36,816	36,816	36,816
<b>Additional Cost</b>		<b>36,816</b>	<b>56,784</b>	<b>87,984</b>

- 3.6 It is proposed that the increased allowance will be paid to contractual Home Workers with effect from 1<sup>st</sup> October 2022.

#### **4 POLICY IMPLICATIONS**

- 4.1 Contractual Homeworking remains one of our primary tools to drive new ways of working, efficient use of our estate and measures to address the Climate Emergency.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

#### **6 RESOURCE IMPLICATIONS**

6.1 **Financial** - It is anticipated that the costs identified as a result of increase of the annual homeworkers allowance will be offset by a reduction in office workstations for homeworkers and will be recovered from further savings within the ongoing asset review.

6.2 **Human Resources** - none

6.3 **Other** - none

## 7 BACKGROUND PAPERS

7.1 Home Working Policy

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