Newcastle University

LONG TERM ASSIGNMENT POLICY
Revised 1 August 2012

1. Introduction

1.1 Policy Statement

The University is operating in an increasingly international market which offers significant opportunities for the University and its staff. This policy is designed to assist the University in managing long term international assignments. Operation of this policy will help to ensure that all parties are clear about their roles and responsibilities, and that personal and commercial risks are minimised.

1.2 Objectives

The main objectives of this policy are to:

- Ensure that links are maintained with an employee’s home country to facilitate repatriation and protect pension and retirement rights.
- Ensure that all assignments are managed in an efficient, consistent and timely manner and provide clarity of understanding for seconded employees and UK managers.
- Ensure employees and their families are given appropriate advice and support, facilitating a safe and successful assignment.
- Promote effective career development opportunities for staff.

2. Scope

This document applies only to employees on UK contracts of employment issued by the University of Newcastle upon Tyne. The policy excludes employees recruited on contracts of employment in another country, where specific terms and conditions will apply, and those required to be permanently mobile.

Subject to the above criteria, the following guidelines for long term assignments will normally apply to all employees who are assigned by the University to work in another country for a period of 6 months to 5 years. Some discretion will be applied to take account of the length of an assignment, particularly in relation to the appropriateness of certain assignment benefits and allowances.

Long term assignments will normally have one or more of the following purposes and objectives:

- Teaching
- Business development
- Setting up new course syllabus and arrangements
- Student recruitment
- To support both the University’s business development and individuals career development
This policy will not normally apply in cases where individual academics or researchers request to undertake part of their work, such as a research study or trial, outside the U.K. Nor will it apply in cases where periods of unpaid leave/sabbaticals are agreed.

(Note, in some cases the policy may apply to an academic on an assignment which might include some aspect of research work, but this will not be the main focus of the assignment.)

The Long Term Assignment Policy does not constitute a contractual entitlement and the terms and conditions applicable to each assignment will be advised in each case.

3. Assignment Definitions

<table>
<thead>
<tr>
<th>Type of Assignment</th>
<th>Definition</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Visit (1)</td>
<td>A single or series of visits outside the U.K.</td>
<td>Each visit is less than a total of 30 calendar days.</td>
</tr>
<tr>
<td>Short Term International Assignment (2)</td>
<td>The employee is required to work overseas, in a single country for a period of a few months without returning home. The assignment is normally unaccompanied.</td>
<td>In excess of 30 days but generally less than 26 weeks.</td>
</tr>
<tr>
<td>Long Term International Assignment</td>
<td>The employee is required by the University to work overseas for a defined period of time that requires the assignee, and any family, to relocate to the new location.</td>
<td>In excess of 26 weeks but less than 5 years</td>
</tr>
</tbody>
</table>

For each assignment the Human Resources Section will agree with the employee whether the assignment will be treated as Long or Short Term, and the Letters of Assignment will specify the planned duration of the posting and the terms and conditions applicable.

4. Pre-Assignment Preparation

The University is committed to assisting employees and their families to be properly prepared prior to undertaking international assignments. This is particularly important to ensure the safety and security of employees.

4.1 Pre-visits

Visits for the employee and spouse/partner going on assignment may be provided if they are appropriate and practical. The number and length of these visits will be determined by agreement with the budget holder, and will only be granted once a decision in principle has been made to accept the overseas assignment. The
University will meet the cost of reasonable expenses associated with the visit, as agreed with the budget holder and in line with the University’s financial regulations. Wherever possible, the visit should be used to identify suitable accommodation and schooling, and may be combined with a job briefing.

4.2 Briefings

Pre-assignment preparation is intended to help the employee and accompanying family to adjust well and settle quickly in the host country. The provision and content of such training will vary depending upon previous experience, the needs of the employee, the family and the host country.

For the protection of the University, the assigned employee and their family, the offer of the assignment as set out in the individual’s Assignment Letter will be conditional upon written confirmation from the employee that the employee has:

- Read and understood this policy.
- Attended an insurance briefing.
- Attended a tax briefing.
- Attended an Occupational Health assessment (where required)

4.3 Language Training

Language training may be appropriate to allow the employee and family to integrate into the local culture. Where appropriate, it may be provided both prior to departure and on arrival. The training may be extended to the entire family, although the content may vary.

4.4 UK Housing

The employee is wholly responsible for his or her UK accommodation whilst on assignment and the payment of any associated costs, including agency fees when renting the property out. It is the employee’s responsibility to notify mortgage companies and insurers of the status of their property

4.5 Personal, Financial and Legal Matters

It is the responsibility of the employee to ensure that mechanisms and procedures are in place to deal with any matters relating to personal financial and legal circumstances in the UK whilst on assignment e.g. appointing a Power of Attorney.

4.6 Sources of advice and guidance:

Internally:

- The ‘International HR’ pages of the University website at www.ncl.ac.uk/hr/recruitment/assignments.php
- The International Office (Student Recruitment) – contact John Terry (x88472) or Alison Tate (x88508)
- Your Human Resources Manager
- The University’s insurance office – insurance@ncl.ac.uk or (0191) 208 6520
- Payroll and Pensions Manager – Val Wall, Tel (0191) 208 5102
Externally
- The Foreign and Commonwealth Office website at

4.7 Safety

The University is committed to ensuring the health, safety and welfare for employees who travel abroad and conduct overseas assignments. Any employee who is planning an overseas assignment must view and follow the guidance contained in the Supplementary Safety Policy entitled “Studying, Working and Travelling Abroad”. The Policy provides useful guidance on how to plan and organise for working overseas, including risk assessments, health considerations and emergencies. The Supplementary Safety Policy can be found using the following link to the University Safety Office website, please use the drop down menu for policies, click on University Policy and search the list:

The health and safety training needs for any particular assignment will be identified by the host country line manager, who will ensure that a safety induction takes place shortly after the assignment starts.

5. Employment

The employee remains an employee of the University of Newcastle upon Tyne (the University) and is assigned to the host location for a fixed period of time. The employment contract with the University remains in place for the duration of the assignment and the employee is provided with an ‘Assignment Letter’ detailing any variation from current employment terms applicable during the assignment as well as the terms and conditions of the assignment.

The assignment and the underlying employment contract with the University are governed by U.K. law, but the employee is expected to respect all host country laws and customs.

6. Family

Depending on the length of the assignment and the individual employee’s circumstances, the employee may be accompanied by family members and this policy reflects this accompanied status. Where an assignment is unaccompanied, some variations to these guidelines may be appropriate but should be agreed in advance with the UK HR Manager.

Similarly, where the family unit includes more than one University employee, some variation to these guidelines may be appropriate – e.g. it may not be appropriate to pay two sets of allowances. Such variations will be agreed with the UK HR Manager in advance.
7. Immigration and Other Legal Requirements

Every offer of an international assignment is conditional on the employee and any accompanying family being eligible for renewable passports, together with any visas, work permits and/or residence permits, and any other documents required for entry into the host country. The cost of visas and work permits will be reimbursed by the University but the cost of passports will be at the employee’s expense.

8. Salary

8.1 Principles

The remuneration package for employees assigned overseas is intended to be equitable and is based upon the principle that working abroad should not improve or disadvantage an employee’s standard of living. Recognition of varying conditions in each location is also included.

To facilitate the return to the UK at the end of the assignment and to promote consistency and equity, we will seek to keep the employee’s base salary at an appropriate point on the relevant University pay scale and apply the normal University rules regarding pay progression during the length of the assignment.

8.2 Delivery of Pay

Annual salary is normally payable in 12 equal instalments into an appropriate bank account.

During the assignment the employee’s salary will normally be paid in two parts, a net sterling payment, which will be paid into a UK bank account of the employee’s choice, and a net payment in local currency, which will be paid to the employee in the host country. Where it is not possible to make payment in local currency, a net sterling payment may be paid into a bank in the host country. The salary will be paid monthly in arrears.

The employee may, on a twice yearly basis, choose to alter the way the payments in each currency are split providing that the amount paid in sterling in the UK is sufficient to cover any deductions required. This change can be made from the month following the cost of living and exchange rate review, which will be 1 February and 1 August each year.

The conditions for payment of salary during absence through illness or personal circumstances will be made in accordance with UK terms and conditions. However, the salaries of employees having to return home for a lengthy period will revert to the level of their home base salary. This will be determined by the project manager with advice from Newcastle University HR.
8.3 Exchange Rates

The exchange rate used for transferring funds to the host country will be set by the University, and will be based on an average of the exchange rate during the 3 months prior to review. This rate will be reviewed on 1 February and 1 August.

8.4 Pay Review Process

If the employee becomes eligible for pay reviews and/or incentive awards during the assignment, these will be paid in accordance with the University’s Pay Review policy and process based on the UK Base Salary.

The employee will not normally be eligible to receive bonus payments from the host organisation, unless explicitly agreed by the University prior to the assignment.

8.5 Cost of Living Adjustment

The University will, where appropriate, apply a temporary cost of living allowance to reflect the difference in key living expenses in the host location. This will protect the buying power of the employee’s net assignment salary.

The University will not normally apply a negative cost of living allowance – i.e. the employee will benefit from the advantage of living in a location with a lower cost of living.

An assessment of the need for cost of living adjustments will be made by the HR Manager (Policy & Projects), with independent information provided by an external consultancy and will form part of the twice-yearly salary review.

We will use ECA’s cost-effective home-based index as our reference guide. This assumes that the home country consumption pattern continues to be maintained in the host country.

Where the index is above 100, an allowance will be payable. This will be calculated as

\[(\text{Index} – 100)\% \times 30\% \times \text{Assignment Net Salary}\]

The allowance is paid as a net addition to the assignment net salary.

The current COLA rates can be found in Schedule A.

8.6 Expatriate Location Allowance

The University may, at its discretion, include in the assignee’s salary calculation, a temporary ‘Expatriate Location Allowance’. The purpose of this allowance is:

i) To provide some additional incentive to encourage international mobility.

ii) To compensate the employee and dependants for the general impact of uprooting home and moving abroad.
iii) To help cover any additional expenditure arising from living abroad.

The allowance will be calculated as a % of the employee’s gross (reference) salary, and paid net, after deduction of hypothetical tax, as part of the salary calculation.

The level of allowance will be banded, dependant upon the host country. Independent advice will be taken by HR on different locations to determine the appropriate level of allowance.

This form of salary adjustment is designed specifically for expatriated employees as an alternative to a negotiated salary increase. It will not be deemed appropriate where a salary uplift (other than a job regrading) has been agreed in respect of the assignment.

The current bandings and ELA amounts can be found in Schedule A.

9. Pension Plans and Contributions

In most cases the employee will remain in the UK pension plan, i.e. USS or RBP scheme as provided by the UK employment contract. If an employee makes Additional Voluntary Contributions (AVCs) these can normally also be continued.

Special arrangements apply to University staff who are members of the NHS pension scheme and should seek advice prior to commencing their assignment.

10. Life Cover

This will normally continue to be available through the USS or RBP pension plans. Where this is not possible, an alternative equivalent cover will be provided by the University for the duration of the assignment.

11. Tax and Social Security

11.1 Taxation – General Principles

In general, when an employee undertakes a long term assignment overseas then taxation issues arise both in the UK and in the host country. The University wishes to minimise taxation liabilities and must ensure tax compliance in both the UK and host country.

The University’s policy is to:

- Operate a system of tax equalisation with regard to long term assignments.
- Provide taxation advice and assistance to the employee at the beginning and at the end of the assignment. Depending on the length of the assignment, advice and assistance may also be given during the time overseas.
- Ensure all taxes due on employment income and benefits are paid across to the relevant foreign tax authority on behalf of the employee. – check with payroll – Singapore/
11.2 Tax equalisation

The purpose of tax equalisation is to deliver a rate of net pay equivalent to that which would be earned if the employee remained in the UK. An example of the calculation of net salary on this basis is attached.

11.3 Tax advice and assistance

The University retains taxation advisers, and all employees with long term assignments will be required to meet with a consultant before the assignment begins. The discussions will include but will not be limited to:
- The country of assignment and the impact of the Double Tax Treaty (if it exists).
- The length of the assignment including intentions of intermediate visits to the UK.
- Explanation of UK residency rules and how they apply to the assignment.
- Further explanation of tax equalisation and tax on benefits.
- Provision of a “tax pack” which includes appropriate forms for completion before the assignment begins.
- The requirements for tax returns in the UK and host country and assistance required.
- An overview of the taxation of other forms of income eg. Pensions, dividends, rental income from UK property. If the employee’s personal tax position is unusually complex then additional independent taxation advice may be required which should be procured by the employee.
- Further assistance required during the assignment which may vary according to the length and location of the assignment.

11.4 Social Security

For assignments within the EEA the employee will continue to pay UK NIC and be exempt from any host country contributions. This will also apply to countries outside of the EEA with which the UK has a reciprocal social security agreement. HR will obtain the necessary E101 or Certificate of Coverage to ensure continuing cover in the UK and exemption from the host plan.

If the assignment is to a country with which the UK has no reciprocal agreement, UK NIC will continue to be payable by the University and employee for 52 weeks from the date of departure. Employees may make further voluntary contributions. HMRC leaflet NI38 gives further information.

The University will meet the costs of any additional compulsory social security contributions in the host country.
12. Assignment Allowances and Benefits

12.1 Relocation costs

Removal of Personal Effects
In arranging the removal of personal effects, employees should follow normal University procurement guidelines. Wherever practicable, two quotes must be obtained and approval obtained from the budget holder prior to removal of any belongings from the UK household.

Typical methods of transport will include sea shipment for overseas assignment, road haulage to European destinations and, in certain authorised circumstances, airfreight. However individual circumstances will vary and the University will seek to use the most cost-efficient methods available.

The University is not responsible for the transportation of other items such as pets, pianos, cars, trailers, building materials, firearms, livestock, boats, outboard motors, caravans, horseboxes, motorbikes, gym equipment, commercial goods, collections of valuable stamps or coins etc.

12.2 Storage

The University will not normally provide assistance with the storage of furniture and personal effects in the UK.

The University will bear no responsibility for the transport, upkeep, quarantine and other associated costs of any pets. Pets should not be taken overseas if they in any way prevent mobility of the employee assigned overseas.

12.3 Accommodation

12.3.1 Local Housing

The University will determine a budget for accommodation that relates to the role to be undertaken and individual family circumstances. This may not necessarily match UK housing, but will be in keeping with local arrangements. The employee and any accompanying family are encouraged to undertake housing viewings on the awareness visit prior to commencement of the assignment in order to ensure compatible housing is found.

Wherever possible, employees will have the freedom to choose their own housing, but the University reserves the right to specify accommodation. It is expected normally that the employee will seek rented furnished accommodation within easy travelling distance of the assignment location.

Temporary accommodation will usually be provided for a maximum period of one month if permanent housing is not available upon arrival, depending on the reason for delay.
A ‘Furnishings Allowance’ will be provided to enable the purchase of small items (such as bed linen, towels, pictures) for the host country accommodation.

12.3.2 Damages

The University reserves the right to recover from the employee, the cost of any damages, (other than normal wear and tear), to premises or contents provided by the University both before and after final return to the home country.

12.4 Travel and Home Leave

The employee and accompanying family are provided with a ticket for travel to and from the assignment location at the beginning and end of the assignment. Class of travel will be as per the University's travel policy. The University will further cover reasonable costs for airport transfers, by the most economical means at the host location taking into account any potential security issues in any less developed countries at the beginning and end of the assignment.

The University will pay for up to two economy home leave visits for the employee and accompanying family each year. No encashment will be permitted if an employee chooses not to take this annual home leave entitlement.

If the employee wishes to book a higher standard of travel (e.g. economy+ or business) then they may claim the cost of an economy trip.

Reasonable costs of transfers may also be claimed.

Holidays taken within the secondment are to be agreed with the budget holder.

The University will cover any tax liability that may arise on travel costs.

12.5 Education Assistance

If state provisions are deemed inappropriate after discussions between the University and the employee and his/her family, a local fee paying school may be considered. Every effort will be made to meet the parents' aspirations for education for their children.

The University will set an appropriate allowance to contribute towards the cost of standard fees for primary and secondary levels (i.e. between the ages of approximately 4 to 18 years) and will not reimburse any extra tuition, uniform costs, books, transportation or other miscellaneous items.

The maximum contribution available to any family in one year will be equivalent to 2 secondary school allowances, but this may be used to support as many places as are needed by the family.

An additional allowance for one-off registration and administration fees will also be available for each child, with a maximum of 2 allowances in any year.
In exceptional circumstances, where no suitable schooling is available locally, or children are unable to accompany their parents, boarding school fees in the UK may be payable depending upon status and personal circumstances, up to the maximum allowance payable for education in the host country.

The education allowances will be reviewed annually in line with data obtained by the University from a nominated international compensations and benefits provider.

The current education allowances available are detailed in Schedule A.

As an alternative to the normal home leave trips set out in s12.5 above, the University will meet the cost of up to two economy return trips per annum to the host location for any child attending boarding school in the home country.

12.6 Holiday Entitlement and Public Holidays

As a special discretionary allowance, the budget holder may allow an employee up to a maximum of 2 weeks additional paid leave prior to, and at the end of, an assignment to enable the employee to make necessary arrangements.

While on assignment, the employee follows the public holiday calendar in the host location, but retains the contracted UK annual leave entitlement.

As is normal practice in the UK, all holidays taken must be pre-authorised by the employee’s manager.

12.7 Emergency/Bereavement Leave

In the event of serious illness or death of a member of the employee’s or spouse’s/partner’s immediate family, or other serious emergency situation, the University may provide for economy return tickets to the UK for the employee. This needs to be agreed in advance with the project manager.

12.8 Health Screening

Prior to departure and depending upon the overseas location, it will be necessary either for a medical questionnaire to be completed by the employee or for a full medical examination. The purpose of this is to determine medical fitness for the assignment and to allow time for any medically recommended immunisations to be completed. Where this involves a charge this will be paid by the University.

Any tax incurred on the provision of this benefit will be covered by the University.

12.9 Transport at the host location

Transport for personal use will be at the employees own expense.

The provision of transport in connection with University business in the host country will be dependent on local policies and arrangements and will vary from location to
location. The host country manager or budget holder will agree any transport arrangements with the employee prior to commencement of the secondment.

13. Insurance

The University will ensure that all business-relevant insurances are in place for the duration of the assignment to cover both the employee and the University. These include:

- Health insurance
- Travel insurance
- Employers’ liability/local workers’ compensation
- Directors and Officers insurance
- Professional indemnity insurance

Any queries relating to insurance should be discussed with the Insurance Office in the first instance insurance@ncl.ac.uk or (0191) 208 6520

14. Communication and Performance Management

The maintenance of links between the employee and the University contribute significantly to the success of an overseas project.

The University will ensure that employees formally meet key management contacts at least annually to review their progress on assignment, discuss their future development and explore any difficulties that have remained unresolved since their last interview.

15. End of Assignment

15.1 Proactive Approach

The key to successful moves is to provide the opportunity for the employee to utilise the experience gained. This not only maximises the University’s investment but also creates awareness that working overseas produces positive results. While on assignment, the employee in conjunction with the UK Human Resources Section is responsible for maintaining contact with the University and ensuring that their performance and development are monitored. A Performance and Development Review (PDR) meeting should take place at least annually with the host country manager to review the employee’s role and objectives and consider opportunities on return. Additionally, employees whose assignments are drawing to an end should have their future position discussed/reviewed no later than six months prior to their return. This will allow the employee and family to plan their future, and where appropriate, their return to the UK.

Where an assignment is drawing to a close and the future position of the employee is being planned, every effort will be made to ensure that the employee returns to a
position in the UK, or another overseas assignment, commensurate with their skills and experience.

15.2 Variation of Assignment Length

The length of any assignment will have been agreed with the employee prior to its start and will usually terminate automatically in line with the agreed contract.

However, the University reserves the right to withdraw an employee or accompanying family from the host country at any time as a result of changes in business need, in the interest of personal safety or wellbeing or for any other reason. Alternatively an assignment may be extended to cater for a particular business need. Any such changes will be fully discussed with the employee at the earliest possible opportunity and we will seek to give not less than one month's notice wherever practicable.

15.3 Grievance and Disciplinary Issues

During the expatriate assignment grievances and appeals relating to local conditions or local disciplinary matters, should be raised and resolved in the host country with the employee's line manager in the first instance. The University will only become involved where such matters cannot be resolved locally or where a conflict of interests arises. In serious cases where dismissal is the ultimate outcome, the employee will be responsible for the full costs of repatriation.

15.4 Termination of Employment during an Employee's Assignment

The University has the right to withdraw the employee to the UK at any time for any reason and, at its discretion, to terminate the foreign assignment. Formal notice provisions to terminate the employment will be available under the UK employment contract together with redundancy provisions. Any existing or compulsory redundancy provisions remain unaffected.

Where an employee’s employment is terminated by the University for any reason other than misconduct, the University will pay the full costs of repatriating the employee and family to the UK.

If the employee terminates his or her employment whilst overseas, then all assistance will cease from the effective date of resignation, and the University will not meet any costs of repatriation.

15.5 Successive Expatriate Assignments

In the event that an employee agrees to a further successive posting to a new host country, some of the provisions in this policy may be appropriate and will be agreed in advance between the employee and budget holder.
16. Equality Impact Assessment

The University is keen to ensure that opportunities for overseas assignments are available to staff based on their relevant skills, knowledge and experience. An initial Equality Impact Assessment will be carried out and careful monitoring and further consultation will be required once the policy is implemented.

17. Policy Review

This policy will be reviewed periodically by Staff Committee to ensure its efficacy. The Human Resources Section will monitor the application of the policy and report findings to Staff Committee.

Human Resources

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>July 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval</td>
<td>Staff Committee</td>
</tr>
<tr>
<td>Policy/Procedure Owner</td>
<td>Richard Boggie, Reward Manager</td>
</tr>
<tr>
<td>Last Reviewed</td>
<td>Updated Aug 2012. Approved by Staff Committee on 19 Nov 2012.</td>
</tr>
</tbody>
</table>
Appendix 1 Taxation

1. Taxation equalisation example
   Below is an example calculation for an employee going on assignment to Poland.

   **Tax Equalisation Calculation**

<table>
<thead>
<tr>
<th>Name:</th>
<th>F Smith</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange Rate 1GBP=1.14 EUR</td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>Ref</td>
</tr>
<tr>
<td>Salary</td>
<td>42563</td>
</tr>
<tr>
<td>Gross Annual Salary:</td>
<td>39860 After Pensions+ salary sacrifice</td>
</tr>
<tr>
<td>Empee Pension cons</td>
<td>2280 AVCs</td>
</tr>
<tr>
<td>Total taxable:</td>
<td>37580</td>
</tr>
<tr>
<td>NI Deductable</td>
<td>3198</td>
</tr>
<tr>
<td>Hypothetical UK Tax</td>
<td>6220</td>
</tr>
<tr>
<td><strong>Home Net Pay</strong></td>
<td><strong>28162</strong></td>
</tr>
<tr>
<td>Cost of Living (COL) Adjustment</td>
<td>0 Negative adjustment not applied.</td>
</tr>
<tr>
<td><strong>Assignment Net Salary</strong></td>
<td><strong>28162</strong> GBP</td>
</tr>
<tr>
<td>converted to host currency</td>
<td>32105 EUR</td>
</tr>
</tbody>
</table>

   For University costing purposes, the assignment net salary will be grossed up to take account of the host country’s taxation and NI equivalent regimes.

2. Residency Rules

   In general, you will be taxed in the UK on your employment income up to the date of departure. Employment income earned after this date is not taxable in the UK, provided the UK non resident conditions are met. You are treated as UK non resident if:
   - The absence lasts for at least one entire tax year (6 April to 5 April.)
   - During the absence any visits back to the UK total less than 183 days in any tax year and average less than 91 days per tax year. The average is taken over the period of the assignment up to a maximum of 4 years.

   Date of departure has an impact on UK non resident status. For example, if you leave the UK on 1st April 2010 then you will achieve UK non resident
status in April 2011. If you leave the UK on 1st May 2010 then you will not achieve non UK resident status until April 2012.

You should also keep a detailed travel diary and proof of travel to ensure that the 183 day and 91 day rules are not breached.