

HR Procedure

Additional Annual Leave Purchase Scheme

Version Control	Changes Made	Author
Version 1 – April 2023		HR

Introduction

Cumberland Council is committed to protecting the health and well-being of their employees and this scheme is intended to assist employees in balancing their home and work life. There may be instances for example where a member of staff:

- Is planning a special event or trip
- Needs extra leave for personal reasons
- Simply would like more annual leave

Benefits of this scheme include contributing to the achievement of council cost savings, reduction in absence levels and an improvement in levels of morale and motivation, whilst enabling council employees to better meet their personal commitments. However, as with any flexible working scheme, it is of paramount importance to maintain provision of the council's services.

Purpose

The purpose of the annual leave purchase scheme is to provide employees with additional flexibility in respect of planned time off work. The additional annual leave is unpaid, the cost of which will be deducted from an employee's salary over their annual leave year. This will ensure that the employee continues to receive a monthly salary, at a reduced rate to reflect the unpaid leave.

This scheme provides the opportunity to "buy" up to 2 working weeks (pro-rata if appropriate) additional annual leave in each leave year, with deductions in pay spread over 12 months.

Employment would not be broken during the unpaid leave period(s) and continuous service would be maintained.

Approval of any additional annual leave purchase is not guaranteed, and would always be subject to the operational requirements of the service which must remain a priority.

Scope

This scheme applies to all council employees (with the exception of schools-based staff) whether they are full-time, part-time, part-year, temporary or permanent irrespective of length of service. Requests from council employees who are based in schools will be dealt with on a case by case basis with due regard to the operational needs of the school.

Principles

The maximum amount of additional annual leave that any employee may 'purchase' in any one leave year is 2 working weeks (max 10 days for full-time staff, pro-rata for part-time / part-year staff).

An employee who wishes to purchase additional annual leave must make a request in writing to their line / service manager.

Separate requests must be made for each leave year and applications should be submitted no later than two months before the start of each leave year.

The council reserves the right to refuse an employee's application to purchase additional annual leave. It may be necessary to refuse an employee's request for operational or technical reasons related to their job. If approval is not given, managers must give reasons and explore other options with the employee.

Additional annual leave should be applied for and taken in the line with the normal annual leave procedures.

Any deductions from salary to pay for the additional leave will be made monthly and calculated at the employee's rate of pay as at the date of the agreement.

There will be no increase in the normal leave "carry forward" provisions and managers and employees must ensure proper planning and management of the taking of the additional annual leave. If, having purchased additional annual leave, the employee fails to take it before the end of the relevant leave year, the leave will be lost and no reimbursement made.

Where a request has been received and approved, the employee will be notified in writing by their line / service manager and the appropriate change to their pay notified to them by the HR admin, recruitment and payroll services.

Employees leaving the council will be reimbursed if the salary deductions on leaving amount to more than the leave taken. If on leaving, the value of the salary deductions made during the relevant leave year are less than the value of the leave taken, the council reserves the right (in line with contractual provision) to require repayment and will be entitled to deduct the outstanding amount from salary or other payment due to the employee. If the final salary is not sufficient to allow for the whole of such a deduction, the employee will be required to repay the outstanding amount within one month of the date of termination of their employment.

Roles and Responsibilities

Employees will:

- Complete the application form and submit it to their line manager two months prior to the start of their annual leave year.
- Note that by completing and submitting the request for additional leave form that, if approved, this form (together with contractual provision) also constitutes their consent to any applicable salary adjustment.
- Discuss the proposal and any options with their line manager
- Seek appropriate advice as necessary regarding the statutory pension requirements relating to their application from: LPP - Your Pension Service, PO Box 1382, PRESTON, PR2 0WQ, askpensions@localpensionspartnership.org.uk, telephone: (0300 323 0260).
- Ensure they fully consider the financial implications for themselves of the monthly deductions from their salary
- Ensure proper management of their leave throughout their leave year in order to ensure that all additional annual leave is taken prior to the end of the leave year.

Line / Service Managers will:

- Assess the request for purchasing additional annual leave, liaising with the HR team, considering the operational feasibility of granting the request; including ensuring that the additional leave can be accommodated within the employee's leave year.
- Treat all applications equally.
- Communicate the decision in writing within 10 working days of receiving the application.
- Inform the HR admin, recruitment and payroll services if the employee's intention to purchase additional annual leave.
- Ensure proper management of the employee's leave throughout their leave year in order to ensure that all additional annual leave is taken prior to the end of the leave year.

The HR admin, recruitment and payroll services will:

- Notify the employee of the deductions to be made from their monthly salary on receipt of an approved Additional Annual Leave Purchase Scheme Application Form.
- Adjust the employee's monthly salary.

Procedure

- Employees must complete the Request to Purchase Additional Annual Leave Application Form (Appendix 1), no later than two months prior to the start of their annual leave year and submit it to their line manager. This is to ensure deductions from salary can be spread over the relevant leave year.



- Employees who purchase additional leave must continue to make pension contributions based upon the gross amount of pensionable pay they receive; i.e. contributions must be maintained at the original level throughout the year. Local Government Pension Scheme (Administration) Regulations 2008 apply and contributions cannot be forgone in respect of the additional annual leave.
- Approval of additional annual leave is at the discretion of the relevant line manager and is subject to the operational needs of the council.
- There is no automatic right to additional annual leave, however every application will be fully considered on its merits.
- Approval of any additional annual leave purchased must be recorded on the employee's leave record. Additional annual leave should be applied for and taken in the line with the normal annual leave procedures and the days taken recorded on the Employee Leave Form and authorised in the normal way.
- Once an agreement has been entered into it will be valid for the relevant leave year. Any employee wishing to withdraw from an agreement must give at least two months' notice.
- A separate request must be made for each leave year no later than two months prior to the relevant leave year. .
- If having purchased additional annual leave, the employee fails to take it before the end of the relevant leave year the leave will be lost, with no reimbursement. Managers and employees must ensure the additional leave can be accommodated prior to the manager's approval.
- Employees leaving the organisation will be reimbursed any outstanding additional annual leave purchased and payments will be recovered in line with contractual provision if the employee has taken in excess of their purchased additional annual leave.
- On receipt of a completed "Request to Purchase Additional Annual Leave Application Form" the manager will assess the operational feasibility of granting the request. This will include a full assessment of whether or not the additional annual leave can be accommodated within the employee's annual leave year, taking into account the operational needs of the department / service area.
- The manager will communicate the decision in writing within 10 working days of receiving the application.
- The manager will inform the HR admin, recruitment and payroll services of the employee's successful application to purchase additional annual leave.

In the event of a manager's refusal, reasons must be given to the employee, e.g. operational or technical reasons related to the individual's job or service needs, and other alternative options should be explored with the employee. Support and advice can be provided to managers by the HR team.

Adjustments to Pay and Recording of Annual Leave

Where an employee requests to purchase additional annual leave, this will result in a reduction to their monthly salary for their whole leave year.

As with normal annual leave, part-time / part-year worker's purchased additional annual leave will be calculated in hours

The new monthly salary will be calculated and notified to the employee, by the HR admin, recruitment and payroll services, as soon as possible following their receipt of the approved request from the employee's line manager. Should the employee wish to calculate the cost of purchasing annual leave before submitting an application they can use the **Annual leave purchase calculator** as a guide.

An employee should note that by completing and submitting the Request to Purchase Additional Annual Leave Form that, if approved, this form also constitutes their consent to any applicable salary adjustment.

In the event that an employee's salary changes during a leave year, the agreed additional annual leave purchase amount will remain unchanged.

The cost of the additional annual leave will be calculated by:

- Multiply the additional days the employee wishes to purchase by the hours in their standard working day to give the total number of hours of additional annual leave;
- Calculate the cost of the additional annual leave by multiplying the number of hours by the hourly rate;
- Deduct the cost of the additional annual leave from the annual salary;
- Divide the adjusted annual salary by 12 to give a revised monthly salary

The additional annual leave purchased must be recorded on the employee's leave record.

Example calculation:

Examples



	<ul style="list-style-type: none"> • Works 37 hours per week or 7.4 hours per day • Wishes to purchase 10 days annual leave • Earns £16830 per year • Hourly rate £8.7234 	<ul style="list-style-type: none"> • Works 24 hours per week (3 days x 8 hours) • Wishes to purchase 4 days leave (max 6 days) • Earns £16830 (pro rata) per year = £11371 • Hourly rate £8.7234
Calculate the number of hours leave you wish to purchase	10 (days) x 7.4 (hours per day) = 74 (hours)	4 (days) x 8 (hours) = 32 hours
Calculate the cost of the leave by multiplying the number of hours by the hourly rate	74 hours x £8.7234 = £645.53	32 hours X £8.7234 = £279.15
Deduct cost of leave from annual salary	£16860 - £645.53 = £16214.47	£11371 - £279.15 = £11091.85
Pension payable on original salary	£16860	£11371
Divide new salary by 12 to get new monthly salary	£1351.20	£924.32
Leave sheet credited with	10 days leave	32 hours leave

Appendix 1

REQUEST TO PURCHASE ADDITIONAL ANNUAL LEAVE: APPLICATION FORM

Employee to complete the following:	
Employee's full name	
Employee number	
Post title	
Contractual weekly hours	
Number of days in the week normally worked	
Leave year (start date)	
Leave year (end date)	
Employee signature	<p>I would like to apply to purchase _____ days (MAX 10 DAYS) additional annual leave for the year in accordance with the annual leave purchase scheme.</p> <p>I understand that this will result in a reduction in my salary for the relevant leave year and I give my consent to the council to make such deductions from my salary, including any payments that may need to be recovered in the event that I have overtaken my annual leave entitlement.</p> <p>I understand that the decision to allow me to purchase additional annual leave is entirely at the council's discretion</p> <p>Signed: _____ Date: _____</p> <p>I agree to maintain pension contribution at their original level.</p>
Manager to complete the following:	
Has the application been:	Approved / Declined* *Please delete as necessary
Please provide your business justification if the application has been declined	
Line manager's signature	<p>Signed: _____ Date: _____</p> <p>Print: _____ Post: _____</p>
Date application sent to the HR admin, recruitment and payroll	