

ANNUAL LEAVE PURCHASE SCHEME

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ANNUAL LEAVE PURCHASE SCHEME

1.0 INTRODUCTION

- 1.1 The Council is committed to the health and wellbeing of all its employees and to allowing employees to achieve a balance between their work and personal lives.
- 1.2 This scheme provides employees with the opportunity to purchase additional annual leave. This is then used in addition to contractual annual leave to provide additional flexibility in respect of planned time off work. This may be for a special event or trip or to help with family commitments for example during school holidays.
- 1.3 Whilst the delivery of service will always be the primary consideration, all applications will be fully considered by managers.
- 1.4 Payment for additional annual leave purchased will be made via a salary sacrifice agreement. This is where the cost is taken via a monthly deduction from an employee's gross salary saving the Tax and National Insurance contributions the employee would have paid, typically saving up to a third of the amount sacrificed for a basic rate tax payer.
- 1.5 There is no limit on the number of leave days an employee can request to purchase per leave year (April – March).
- 1.6 Any request to purchase annual leave covers the one leave year it relates to only. Should an employee want to purchase additional leave in subsequent years a request should be made each year following the procedure outlined at paragraph 3.0.

2.0 SCHEME CRITERIA

- 2.1 All requests for trading up annual leave will be given full consideration by Managers taking into account the impact on the provision of services; if and how the additional period of leave will need to be covered; impact on colleagues and the impact on any training commitments (if applicable).
- 2.2 Applications will be considered on an individual basis each leave year in line with service delivery to ensure that unreasonable pressures are not placed on the service or work colleagues. Having an application approved one year does not guarantee it will be approved in future years.
- 2.3 Requests will not unreasonably be refused and there is a commitment to supporting requests where possible but the primary consideration will be service provision.
- 2.4 Where it is not possible to accommodate the request, a written response detailing the reasons why will be provided to the employee using the annual leave purchase e-form within five working days of the request. Where an employee is dissatisfied with the outcome this should be dealt with via the [Grievance Procedure](#).
- 2.5 Employees cannot legally give up salary which would take them below the lower earnings level or under national minimum wage/national living wage levels. If employees participate in other salary sacrifice arrangements these will also be taken into consideration.

- 2.6 Employees must have satisfactorily completed their probationary period and not be on any formal stages of Managing Attendance, Disciplinary or Improving Employee Performance procedures.
- 2.7 This scheme applies to all BMBC employees including those employed in locally managed schools where the Governing Body has adopted the policy. The scheme is **not** available to employees on teachers terms and conditions.
- 2.8 A salary sacrifice agreement will be prepared and will act as a variation to the employee's contract of employment.
- 2.9 Where an employee requests to purchase additional annual leave, this will result in a reduction to their gross pay over the remaining months of the financial year. This will be based on the employee's salary at the start of the financial year. No adjustments will be made if the salary alters over the financial year.

2.10

EXAMPLE: Employee Full Time Grade 3 £16,231 requesting 5 additional days leave		
Description	Annual Cost	Monthly Cost (over 12 months)
Gross Salary Reduction	£312.15	£26.01
Saving; Tax (20%); National Insurance (12%)	£99.89	£8.32
Gross salary reduction - Tax & NI saving	£212.26	£17.69

EXAMPLE: Employee Full Time Grade 9 £35,662 requesting 5 additional days leave		
Description	Annual Cost	Monthly Cost (over 12 months)
Gross Salary Reduction	£685.80	£57.15
Saving; Tax (20%); National Insurance (12%)	£219.46	£18.29
Gross salary reduction - Tax & NI saving	£466.34	£38.86

- 2.11 If an employee fails to take any additional leave purchased prior to the end of the leave year the leave will be lost. There will be no repayment of the salary deducted if the leave is not taken. This does not apply to employees that are absent from work due to long term sickness.
- 2.12 If an employee enters a period of unpaid leave, i.e. long term ill health, maternity leave, salary sacrifice payments will be suspended until the individual has returned to work. If an employee decides not to return to work any outstanding monies will be recovered from the employee's final salary.
- 2.13 Where an employee leaves part way through the financial year they should ensure they take any leave purchased before they leave. There will be no repayment if the leave is not taken. Any debit balance of monies to be repaid in respect of the days bought will be recovered automatically from the employee's final pay.

3.0 **PROCEDURE**

- 3.1 Refer to [Annual Leave Purchase Process Flow](#) for an overview of the process.
- 3.2 Employees who wish to submit a request to purchase additional annual leave must complete an [Annual Leave Purchase e-form](#) at least 2 months in advance of when they wish to use the leave. The annual leave purchase e-form will then be forwarded to their Manager for approval. Managers should consider the request and notify the employee of the outcome within 5 working days.
- 3.3 Additional leave can be purchased at any time throughout the leave year (April to March). The cost will be deducted in equal instalments across the remainder of the annual leave year (April to March).
- 3.4 Pay Services will calculate the reductions in salary and confirm these in a salary sacrifice agreement for the employee to review and approve.
- 3.5 Once the employee accepts the salary sacrifice agreement Pay Services will add the additional leave purchased on to the e-leave solution and set up the salary deduction from the next available salary.
- 3.6 A day's holiday pay will be calculated based on a 260th system. The basic annual gross salary (before Tax/Ni and Pension etc) will be divided by 260 days, giving the total for 1 day's salary. This is equivalent to 1 day's annual leave payment/cost.
- 3.7 Additional annual leave purchased must be requested and recorded separately to contractual annual leave via the e-leave solution and must be authorised by managers before it is taken.

4.0 **EMPLOYEE'S RESPONSIBILITY**

- 4.1 Employees wishing to purchase additional annual leave will need to complete an [Annual Leave Purchase e-form](#) and submit to their Manager for authorisation within the timescales specified at paragraph 3.2.
- 4.2 Employees should ensure they fully consider the financial implications for themselves of the monthly reductions from their salary. A [ready reckoner](#) has been developed to provide employees with an estimate of the costs associated with annual leave purchase to aid decision making.
- 4.3 Employees should note that to participate in the scheme they will be required to read, understand and sign a salary sacrifice agreement which acts as a temporary variation to their contract of employment for the leave year it covers.
- 4.4 Employees must request to take purchased annual leave using the e-leave solution. This must be recorded separately to contractual annual leave.
- 4.5 Employees should manage their purchased annual leave to ensure that it is all taken by 31st March each year. No carry over is permitted. Please refer to paragraph 2.11.

5.0 MANAGER'S RESPONSIBILITY

- 5.1 Managers must consider the service and resource implications of granting requests to purchase additional annual leave.
- 5.2 Before authorising any application managers must check that the applicant has satisfactorily completed their probationary period and is not on any formal stages of Managing Attendance, Disciplinary or Improving Employee Performance procedures.
- 5.3 Managers must treat all applications equally.
- 5.4 Managers should consider and respond to requests for purchasing additional leave using the annual leave purchase e-form within 5 working days of receiving the request. Managers refusing applications to purchase annual leave should give reasons for refusal via the annual leave purchase e-form.
- 5.5 Managers must ensure that purchased annual leave is recorded on the e-annual leave solution. This should be recorded as 'purchased leave' and **not** 'annual leave'.
- 5.6 Managers should monitor all purchased annual leave and ensure that employees take it prior to the end of the financial year in which it applies to as no carry over is permitted. Please refer to paragraph 2.11.

6.0 EQUALITY AND DIVERSITY

- 6.1 The scheme has been impact assessed by Human Resources, if on reading this scheme you feel there are any equality and diversity issues, please contact your Directorate Human Resources Business Partner who will if necessary ensure the scheme is reviewed.

7.0 INCOME TAX AND NATIONAL INSURANCE CONTRIBUTIONS

The scheme is a salary sacrifice arrangement therefore there are tax and national insurance implications as outlined in the scheme.

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