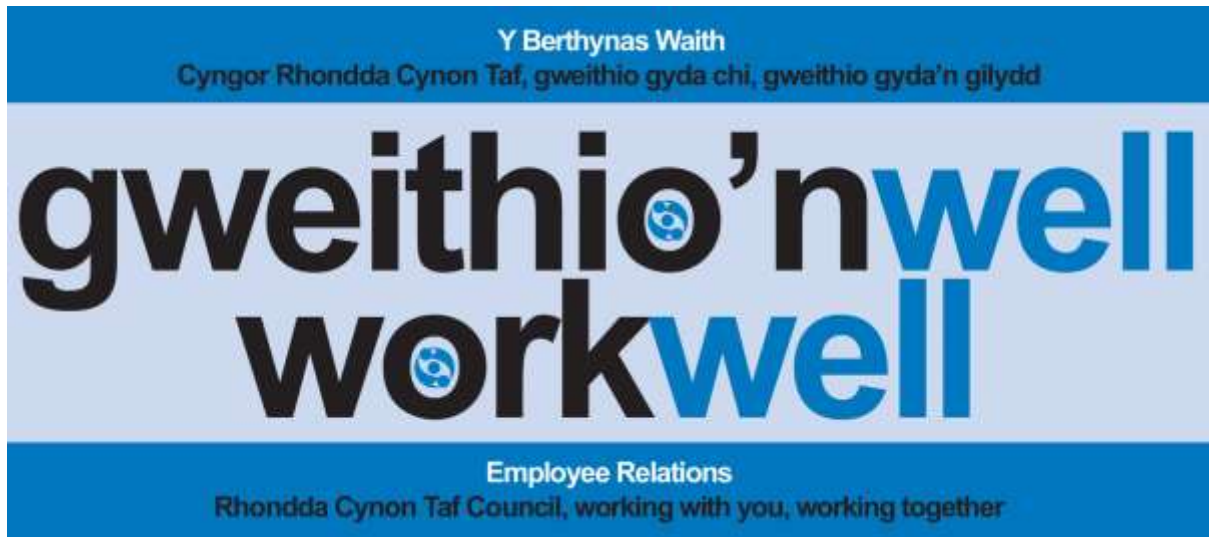


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Purchase of Additional Leave **Scheme**

This document is available in Welsh please see Cynllun Prynu Gwyliau Ychwanegol



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1. INTRODUCTION

Rhondda Cynon Taf Council is committed to protecting the health and well-being of our employees and this scheme is intended to assist employees in balancing their home and work commitments. The purpose of the Purchase of Additional Leave Scheme is to provide employees with additional flexibility in respect of planned time off work, the cost of which will be deducted from an employee's salary over the remainder of the annual leave year. This will ensure that the employee continues to receive a monthly salary, at a reduced rate to reflect the unpaid leave.

The scheme aims to reduce absence levels and improve levels of morale and motivation through enabling employees to purchase additional leave where this does not have an impact on service provision.

2. KEY PRINCIPLES

The Council aims to assist employees to balance their work and home commitments through providing the opportunity to "purchase" up to an additional 10 days leave (pro rata for part time employees). The scheme allows for flexibility as to how the 10 days may be taken (i.e. in block or separate days) however they must be taken as full days.

As with all flexible working arrangements there is no automatic entitlement for employees to purchase additional leave. All requests will be considered by managers on a business case basis and whilst the intention is to allow employees as much flexibility as possible, the need to maintain a quality service is paramount.

Where requests cannot be supported, the manager will provide an explanation and explore other options with the employee.

3. PROCESS

3.1 This scheme provides the opportunity to "buy" up to 10 days (pro-rata where appropriate) additional annual leave in each leave year, with deductions in pay spread over the remainder of the annual leave year. The individuals' employment would not be broken during the unpaid leave period(s) and continuous service would be maintained.

3.2 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.

- 3.3 Applications from employees to purchase additional leave may be made at any time throughout the annual leave year. However, employees must submit any requests to purchase additional leave at least six weeks in advance of the leave being taken. Deductions from pay for additional leave will be spread over the remaining annual leave year.
- 3.4 As with all requests for leave, management approval must be obtained before additional leave can be taken.
- 3.5 Should an employee leave the Council's employment, the Council will have written authority to recoup the full amount owing from their final salary payment.

4. **ADJUSTMENTS TO PAY AND RECORDING OF ADDITIONAL ANNUAL LEAVE**

- 4.1 Where an employee makes a request to purchase additional leave (see Appendix A), this will result in a reduction to their net pay either for the whole leave year (when the request was processed before the end of the previous leave year) or for part of the leave year under a salary sacrifice scheme.
- 4.2 Where an employee requests to purchase additional annual leave, this will result in a reduction to their monthly salary for the remainder of the whole leave year. Deductions from salary will commence in the first available pay period after approval.
- 4.3 The new monthly salary will be calculated and notified to the employee, by Human Resources, as soon as possible following their receipt of the approved request from the employee's line manager. The schedule for repayment will also be provided.
- 4.4 Employees should note that by completing and submitting the Request to Purchase Additional Annual Leave Form (Appendix A), that, if approved, this form also constitutes their consent to any applicable salary adjustment.
- 4.5 Deductions for the annual leave year will be based on salary as at the point the additional leave request is agreed by the manager. In the event that an employee's salary changes during a leave year, the agreed additional annual leave purchase amount **will remain unchanged**.
- 4.6 The line manager must add the additional annual leave purchased to the 'Holidays' tab in Vision (under 'Additional Entitlement') and to the employee's annual leave card and both must balance at all times.
- 4.7 Any additional purchased leave that is not used by the end of the annual leave period (31st March) will not be carried forward.

5. **HOW DEDUCTIONS ARE CALCULATED**

- Divide actual salary by 365 to calculate 1 days pay (and adjust for part-time working days where applicable);
- Calculate the cost of the additional annual leave by multiplying 1 days annualised pay by the number of days required;

- Deduct the cost of the additional annual leave from the annual salary;
- Divide the adjusted annual salary by the number of months remaining in the annual leave year to give a revised monthly salary

Examples			
	Full Time	Part Time	Part Time
	Employee working 37 hours per week at Grade 8 (£24,717) purchasing 3 days additional annual leave	Employee working 20 hours per week (over 3 days) at Grade 8 (£13,361) purchasing 3 days additional annual leave	Employee working 20 hours per week (over 5 days) at Grade 8 (£13,361) purchasing 3 days additional annual leave
Calculate the 'annualised' daily rate: divide actual annual salary by 365 days and adjust for the number of days worked per week.	$(£24,717/365) \times (5/5 \text{ days worked}) = £67.72 \text{ per day}$	$(£13,361/365) \times (5/3 \text{ days worked}) = £61.01 \text{ per day}$	$(£13,361/365) \times (5/5 \text{ days worked}) = £36.61 \text{ per day}$
Calculate the cost of Additional Leave Required	3 days x £67.72 = £203.16	3 days x £61.01 = £183.03	3 days x £36.61 = £109.83
Reduce Annual Salary by Cost of Leave	$£24,717 - £203.16 = £24,513.84$	$£13,361 - £183.03 = £13,177.97$	$£13,361 - £109.83 = £13,251.17$
Pension payable is on reduced salary	£24,513.84	£13,177.97	£13,251.17
Divide new salary by 12 to get new monthly salary	$£24,513.84 / 12 = £2,042.82$	$£13,177.97 / 12 = £1,098.16$	$£13,251.17 / 12 = £1,104.26$
Leave sheet credited with	3 days	3 days	3 days

6. ADDITIONAL CONSIDERATIONS

6.1 Salary Sacrifice Arrangements

The Purchase of Additional Leave is a salary sacrifice arrangement and varies the employee's terms and conditions of employment for the duration of the agreement. It does so by reducing the employee's gross pay by the value of the additional annual leave days purchased and in turn increases their annual leave entitlement.

Once the additional annual leave purchased is paid for in full, the employee's terms and conditions of employment (i.e. salary) will revert back to those prior to the salary sacrifice arrangement.

6.2 Effect on Pension

Employees who purchase additional leave and therefore receive a reduced salary will pay reduced pension contributions. Employees can request to purchase the "lost" pension by electing to pay Additional Pension Contributions.

Payroll will write to the employee, in their language preference (Welsh or English) where possible, once the application to purchase additional leave is agreed and will provide the pensionable pay figure and details of scheme. The cost and an application to buy lost pension may be obtained on line at www.lgpsmember.org and will be recovered in one instalment from salary (in year end March pay).

If the employee elects to purchase the "lost" pension it must be made within 30 days from the date of the letter received from payroll, setting out details of the pensionable pay and scheme details. The cost will be split 1/3 employee and 2/3 employer.

If the application to purchase additional leave is made after 30 days, the full cost will be met by the employee.

6.3 Effect on Statutory Payments and Benefits

Employees need to be aware that taking part in a salary sacrifice scheme may affect their eligibility for statutory payments and benefits (e.g. Working Tax Credit, Child Credit, State Pension and others such as Statutory Maternity/Paternity/Adoption Pay) could be affected. This is because you do not pay National Insurance Contributions (NIC) on the salary sacrifice deduction and some benefits are based on the amount of NICs you make.

Employees who are in receipt of these benefits and who are thinking of purchasing additional annual leave should contact their benefits provider to understand how the scheme could affect them.

6.4 Employees who are off sick

Employees whose sick pay entitlement is exhausted will not have any pay to cover deductions. As a result of this, where an employee has exhausted all sick pay and Statutory Sick Pay, the deductions would cease and would continue when the employee returns to work and receives salary, or recovered as an overpayment should they leave employment.

7. OPTION TO WITHDRAW FROM THE SCHEME

Once an application has been agreed, the scheme will run for the rest of the leave year. However, in exceptional circumstances this can be cancelled in the following way:

- An employee must meet with their manager and provide reasons for requesting to withdraw. If accepted, the line manager will notify HR so that their vision record can be amended and the Payroll information updated.
- Payroll will make the necessary calculations and determine, dependent on amount of additional leave purchased and taken, whether money is owed to the employee or there is an outstanding balance to be paid. The employee will be notified of the calculation and will need to agree how to repay any overpayment.

8. RESPONSIBILITIES

8.1 Managers will

- Assess the request for purchasing additional annual leave, liaising with HR team where necessary, 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 in the language preference of the employee.
- Inform HR of 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

8.2 Employee's Responsibilities

Employees must complete and submit the request to purchase additional annual leave application form, no later than 6 weeks prior to the proposed commencement of their period of additional leave.

- Understand that there is no automatic entitlement to purchase additional leave.
- To book 'additional' leave in line with the Council's Annual Leave Scheme.
- Understand that the Council will be unable to agree any new requests for the purchase of additional leave until the previous additional leave has been paid for.
- To sign a declaration to confirm: (i) that the amount will be deducted from salary as a salary sacrifice scheme; and (ii) that in the event of the individual leaving employment, the Council will recover any outstanding balance from the final salary or wage payments.
- 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

REQUEST FORM TO PURCHASE ADDITIONAL ANNUAL LEAVE

Employees must read and agree to the following terms before submitting this form:

- I understand that if my application to purchase additional leave is approved, my salary will be reduced through a salary sacrifice scheme with monthly deductions that will run until 31 March in any leave year as a maximum period
- I understand that the decision to allow me to purchase additional leave is entirely at the discretion of the Council
- I am aware that by taking part in this scheme my eligibility for statutory payments and benefits (including occupational pension benefits) could be affected
- I accept that all additional leave purchased must be used by 31 March in the relevant leave year
- I understand that as a result of receiving a reduced salary that I will pay reduced pension contributions for the period of the salary deductions
- I understand that I can apply to buy back lost pension and by electing to pay Additional Pension Contributions

	<u>Employee to complete the following</u>
Employee's full name	
Employee's address	
Employee number	
Post title	
Service area/location	
Contractual weekly hours	
Number of days in the week normally worked (contractually)	

	<u>Employee to complete the following</u>	
Employee signature	<p>I would like to apply to purchase _____ days (MAX 10 days, pro rata for part time staff) additional annual leave for the year in accordance with the Purchase of Additional Leave 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. 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>	
How the leave would be paid	<p>* A one-off lump sum in (enter pay month</p> <p>or</p> <p>* In equal instalments over a period of months Must be repaid by the end of the relevant annual leave year</p> <p>* Delete as required</p> <p>Signed.....</p> <p>Date.....</p>	
	<u>Manager to complete</u>	
Has the application been	Approved/Declined * *please delete as necessary	
Please provide your business justification if the application has been declined		
Line Managers signature		
Chief Officer Signature		Date
Date application sent to HR		

