



PURCHASE OF ADDITIONAL LEAVE

Version 1.1	
Last reviewed	13/05/2021
To be reviewed by	13/05/2022
Specific changes	Amendments made to service areas titles and changes to the internal communication process between employee, line manager and payroll



PURCHASE ADDITIONAL ANNUAL LEAVE

1.0 INTRODUCTION

The Council operates a Policy of granting all employees paid annual leave entitlement each year, however it is recognised that some employees may wish to take more than the normal contractual entitlement of leave. For this reason the Council operates a Policy which enables an employee to request to 'purchase' additional annual leave, subject to certain conditions, with the cost of any approved additional leave being deducted from their salary on a monthly basis over the course of the leave year.

Benefits of adopting this Policy may be the contribution of achieving 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.

2.0 SCOPE OF THE POLICY

This Policy applies to all employees of South Lakeland District Council, who have satisfactorily completed their probationary period.

3.0 PRINCIPLES

For the majority of staff the Council's annual 'leave year' runs from January to December.

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

An employee who wishes to purchase additional annual leave must make a request in writing to their line manager. Separate requests must be made for each leave year and can only be made for the current or next leave year periods.

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.

Additional annual leave should be taken in the normal way and taken prior to an employee's contractual annual leave entitlement.

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. However in exceptional circumstances where agreed, if an employee is unable to utilise their purchased annual leave a compensatory payment or salary adjustment will be made. Alternatively the purchased annual leave may be authorised to carry into their next leave year.

Where a request has been received and approved, the employee will be notified of the appropriate change to their pay by payroll.

The cost of the purchased leave will be spread out over the remaining months within the leave year. Amounts deducted from salary will be recalculated if the employee's salary increases or decreases.

Employees leaving the Council will be reimbursed if the salary deductions on leaving amount to more than the leave taken. Payments will be recovered prior to leaving if the value of the salary deductions are less than the value of the leave taken.

4.0 PROCEDURE

- 4.1 Employees who wish to submit a request to purchase additional annual leave must do so by submitting the appropriate form (Appendix A) to their line manager.
- 4.2 Once the request has been received, the employee's manager will consider the request and confirm to the employee their decision, within 10 days of the request being received. If approved a copy of the request to purchase additional leave form should be signed and sent to HR and payroll.
- 4.3 If approval has been given payroll will calculate the likely deductions in salary.
- 4.4 Should a request be declined the reasons for this should be discussed with the employee and alternative options considered. These reasons for refusal should be confirmed in writing. Should an employee feel aggrieved that their request has not been approved they can seek redress through the Council's Grievance procedure.
- 4.5 Manager's Responsibilities
 - Managers must consider the resource implications of granting requests to purchase additional annual leave.
 - Managers must treat all applications equally.
 - Managers refusing applications to purchase annual leave should discuss reasons for refusal and confirm these in writing within 10 working days of the request.
 - Managers should monitor all purchased annual leave and ensure that it is not carried over into the next leave year period.

5.0 ADJUSTMENTS TO PAY

- 5.1 Where an employee requests to purchase additional annual leave, this will result in a reduction to their monthly salary 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.
- 5.2 The new monthly salary will be calculated and notified to the employee, by payroll, as soon as possible following their receipt of the approved request from the employee's line manager.
- 5.3 An employee should note that by completing and submitting the request for additional leave form that, if approved, this form also constitutes their consent to any applicable salary adjustment.
- 5.4 The calculation will be arrived at by:
 - dividing the employee's basic annual salary (excluding non contractual overtime) by 52.143 to determine their notional weekly pay;
 - divide this figure by the number of working days in the week;
 - multiplying this figure by the number of annual leave days the employee wishes to buy;
 - dividing this figure by the remaining number of months in the leave year to arrive at the amount that will be deducted from the employee's monthly salary;
 - subtracting that figure from the employee's normal monthly salary; and
 - applying the new level of monthly pay from the agreed date through to the end of that leave year.

- 5.3 For example, if an employee's basic monthly pay, excluding non contractual overtime, is £1,500 and they apply before the start of the leave year to purchase 10 working days additional annual leave, the calculation will be arrived at by:
- calculating the employee's basic annual salary, which in this case is £18,000;
 - divide this figure by 52.143, resulting in a notional weekly payment of £345.20;
 - divide this figure by the number of working days in the week: i.e. in this case 5 giving a sum of £69.04;
 - multiply £69.04 by 10, since the employee wishes to buy 10 working days additional annual leave, giving a sum of £690.40;
 - divide this figure by 12 to arrive at the amount that will be deducted from the employee's monthly salary, producing a figure of £ 57.53; and
 - subtract £57.53 from the employee's 'normal' monthly salary, i.e. £1,500 - £57.53, which gives a new monthly salary for the year of £1,442.47.
- 5.4 If, using the above example, the employee had applied to purchase the 10 working days additional annual leave, three months into the leave year, this would mean that there would be only nine months of the leave year left, over which to average the reduction in pay. In this case, the calculation would be arrived at by:
- divide the employee's annual salary of £18,000 by 52.143, resulting in a notional weekly payment of £345.20
 - divide the figure by the number of working days in the week: i.e. in this case 5 giving a sum of £69.04
 - multiply £69.04 by 10, since the employee wishes to buy 10 working days additional annual leave, giving a sum of £690.40;
 - divide this figure by 9 to arrive at the amount that will be deducted from the employee's monthly salary, producing a figure of £76.71; and
 - subtract £76.71 from the employee's 'normal' monthly salary, i.e. £1,500 - £76.71, which gives a new monthly salary for the remaining nine months of the year of £1,423.29

6.0 EFFECT ON PENSION

- 6.1 By purchasing additional annual leave, in accordance with Regulation 17 of the Local Government Pension Scheme Regulations 1997 the employee and the employer are required to pay contributions on the notional full pay for the annual leave days purchased.

7.0 REVIEW

The Policy will be reviewed on a regular basis in the light of operating experience and/or changes in legislation.

APPENDICES TO THIS DOCUMENT

Appendix A Request to Purchase Additional Annual Leave Form