

**Report for:** Staffing and Remuneration Committee

**Item number:** 11

**Title:** Purchasing Additional Annual Leave Policy  
**Report authorised by:** Jacquie McGeachie – Assistant Director, Human Resources

**Lead Officer:** Julie Amory, HR Policy Manager, Human Resources

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** N/A

**1. Describe the issue under consideration**

- 1.1 This reports presents a new policy and procedure aimed at implementing a scheme to allow employees to purchase additional annual leave.

**2. Cabinet Member Introduction**

Not required for the Staffing & Remuneration Committee

**3. Recommendations**

- 3.1. That the Committee approves the draft Purchasing Additional Annual Leave Policy and Procedure, attached at Appendix A, to take effect from 1<sup>st</sup> April 2016.
- 3.2. That the Committee agrees to amend the Leave and Time Off Policy by deleting paragraph 8.5 with effect from 1<sup>st</sup> April 2016, the amended Policy being at Appendix B, to reflect the new Purchasing Additional Annual Leave Policy and Procedure.
- 3.3. That the Committee authorises the Assistant Director of Human Resources in consultation with the Chair of the Committee to make such amendments to the Purchasing Additional Annual Leave Policy and Procedure as she considers minor, any such amendments to be reported back to the meeting of the Committee immediately following the making of the amendments.

**4. Reason for decision**

- 4.1. Following the Value for Money Dragon's Den initiative in April 2015 aimed at identifying efficiency savings the winning scheme selected by the panel proposed allowing employees to purchase additional annual leave.
- 4.2. Evidence shows that employees who take regular approved holidays from work are less likely to suffer from stress as they are able to rest and re-energised. This can have a positive impact on their performance at work and assists in reducing accidents at work caused by fatigue.
- 4.3. The ability to increase annual leave by purchasing additional days also chimes with the Council's Corporate Plan Priority 2 commitment to enable all adults to live healthy, long and fulfilling lives as it will facilitate work-life balance.

- 4.4. Implementing the scheme will also support the Council's commitment to provide a flexible working environment that protects the health and well-being of its employees by providing tools to balance their work and home life.

## **5. Alternative options considered**

The option to implement the scheme via an externally managed provider operating a salary sacrifice scheme was not chosen due to the current budget constraints. It was therefore decided to implement a scheme similar to that which is operated by other London Boroughs who allow employees to purchase annual leave.

## **6. Background information**

- 6.1. The proposed Purchasing of Additional Annual Leave Policy and Procedure is designed to create a clear framework that allows staff to voluntarily increase their annual leave allowance. In addition to benefitting employees by providing increased flexible working practices, the scheme also benefits the Council through the anticipated financial savings.
- 6.2. Implementing this policy will provide managers with an extra tool when having conversations with their teams about improving their well-being by taking regular holidays.
- 6.3. This policy does not remove the ability of an employee to request emergency leave, for example where a relative is terminally ill or there has been a bereavement of a close family relative as the Compassionate Leave provision (section 8.2 of Leave and Time Off Policy) is not affected by this proposal.
- 6.4. The Purchasing Additional Annual Leave policy does not remove an employee's entitlement to request unpaid leave. The difference between unpaid leave and purchased additional leave is that although both are ways of accessing additional time off when needed, purchased additional leave provides the opportunity to plan and have a choice over when the extra time off is taken compared to unpaid leave which is generally more for unforeseeable events.
- 6.5. There are no proposals to allow employees to sell leave and this policy explicitly states that this is not allowed under the scheme. The decision to not allow the sale of annual leave was taken as it would not be a cost saving initiative as it would lead to the Council paying an increase in National Insurance Contributions. Furthermore, to allow employees to sell annual leave would require new systems to ensure that employees do not go below their minimum statutory leave entitlements; a matter that is further complicated as employees across the Council have different entitlements based on length of service.
- 6.6. It is proposed that the scheme is monitored during the first 12 months after the initial implementation date to consider the operational effectiveness, identify any trends and concerns from any rejected applications. Analysis would consider, as far as is practicable, the grade, location and demographic data of applicants.
- 6.7. Consultation has taken place with the Trade Unions, Pensions and Payroll throughout the development of this policy and procedure. Consultation took place on 18<sup>th</sup> November 2015 where the Trade Unions were presented with the initial concept and asked for feedback. On the 14 December 2016 a discussion with HR SSC/Payroll was held to ensure a viable system and process could be developed to manage the new policy. Formal consultation with the Trade Unions was held on 27 January 2016. The

draft policy and procedure were discussed at the HR/Trade Union meeting on the 17 February with no further comments received from the Trade Unions.

- 6.8. At the initial concept meeting, the trade unions raised a concern that the implementation of the policy and procedure could lead to only higher graded employees being able to take advantage of the scheme, as lower graded employees could not afford the impact on their salary. This was considered and addressed within the draft policy by allowing employees to elect to repay the cost in six monthly payments.
- 6.9. Subject to this Committee's approval, it is anticipated that the scheme will be implemented from 1 April 2016 for use in the 2016 annual leave year. Employees will be notified of the new policy via internal communications including a notice on the intranet and an article in the newsletter to capture employees that do not have access.
- 6.10. It is possible that the operation of the scheme will bring up unanticipated issues which require minor amendments to be made to it. It would be desirable if such amendments could be made expeditiously. Recommendation 3.3 provides a mechanism for making minor amendments to the scheme without these amendments having first to be brought back to the Committee for approval, through the Committee authorising the Assistant Director of Human Resources in consultation with the Chair of the Committee to make the necessary amendments. The recommendation also requires any such amendments to be reported to the next meeting of the Committee.
- 6.11. The scheme replaces paragraph 8.5 of the Council's current Leave and Time Off Policy which reads:
- 8.5 Other Special Circumstances – Up to 5 days (pro-rata)  
In respect of special circumstances not covered by the above, Directors have discretion to grant up to five working days additional paid leave (pro-rata for part timers) in any period of twelve months.
- 6.12. The new paragraph 8.5 that incorporates the proposed entitlement to purchase additional annual leave reads:
- 8.5 Purchasing additional annual leave – Up to 5 days (pro-rata)
- 8.5.1 The Council operates a scheme that allows employees to purchase additional annual leave. Details of the scheme including how to apply with information on the impacts on your pay are contained in the Purchasing Additional Annual Leave Policy and Procedure available on the intranet.
- 8.5.2 The Purchasing Additional Annual Leave Policy does not remove an employee's entitlement to request unpaid leave under section 8.6 below.
- 8.5.3 The difference between unpaid leave and purchased additional leave is that although both are ways of accessing additional time off when needed, purchased additional leave provides the opportunity to plan and have a choice over when the extra time off is taken compared to unpaid leave which is generally more for unforeseeable events.
- 6.13. Accordingly, recommendation 3.2 asks the Committee to amend the Leave and Time Off Policy by deleting paragraph 8.5.
- 6.14. A future review of the Leave and Time Off policy will take place with the intention of ensuring that the policy is consistent with current legislation and case law. At this point the Purchasing Additional Annual Leave policy will be integrated into a revised Leave

and Time Off policy to create a comprehensive document that allows staff to understand what leave entitlements are available.

## **7. Contribution to strategic outcomes**

- 7.1. Implementing the scheme will contribute to the Council's priority to achieve Value for Money by integrating a value for money culture in everything that we do. Although it is recognised that the financial savings will depend on the number of employees who elect to purchase additional annual leave and is therefore likely to be modest implementing the scheme at a time of budgetary constraints is a positive step.

## **8. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities Assistant Director of Corporate Governance Comments**

- 8.1. Legal Services have been involved in the drafting of the Policy and Procedure. It complies with all relevant legal requirements.

### **Chief Finance Officer Comments**

- 8.2 The proposal should be broadly cost neutral to the Council. Whilst there is some additional administrative work required in SSC-HR in updating employee records for agreed applications this is not expected to be onerous. The financial saving to the Council is not expected to be significant, although the proposal to undertake a pilot for a year will enable the organisation to gauge the overall take up and therefore impact (both positive and negative).

## **9. Use of Appendices**

- 9.1. Appendix A – Purchasing Additional Annual Leave Policy and Procedure  
Appendix B – Amended Leave and Time Off Policy with new paragraph 8.5

## **10. Local Government (Access to Information) Act 1985**

Not Applicable