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Buying Additional Annual Leave

Guidance for managers and employees



Renfrewshire
Council

1. Introduction

- 1.1 The Council, as part of its commitment to equality and diversity at work already has a number of policies which enable employees to balance work and personal life as well as providing flexible working practices to meet the needs of the service.
- 1.2 To further support employees in their work and life balance, employees have the opportunity to increase their annual leave entitlement in 2024 by up to a maximum of 6 weeks (pro-rated for part time employees) by signing up, to the Buying Additional Annual Leave Scheme (BAAL). All requests will be considered in line with the requirements of the service.
- 1.3 Under the salary sacrifice arrangements, employees will agree to a variation to their terms and conditions and will receive a reduced salary over 12 months in exchange for receiving additional annual leave. Additional annual leave is available in blocks of 1 week. Salary deductions will be calculated on the employee's weekly contracted hours and will commence from **APRIL 2024**. The additional annual leave may be taken once it has been approved by the employee's manager and must be taken in leave year 2024. If you leave the Council's employment during 2024, the additional annual leave must be taken before your termination date.
- 1.4 **No changes will be accepted after a request has been approved and employees' will not be able to end or modify an arrangement before the end of the 12-month period unless they experience a "lifestyle event" (as defined in Q8 in the FAQs attached).**
- 1.5 Example calculations are provided (**Appendix 1**) and the current [salary scales](#) are included as a guide only for employees to work out the amount of salary they will need to sacrifice in exchange for blocks of additional annual leave. It should be noted that these show a gross figure before any deductions, for example pension contributions, tax and employee national insurance contributions.

2. Criteria

- 2.1 All employees (excluding term time, employees on teaching terms and conditions, those on sessional or seasonal contracts and casuals) can apply to join the scheme. Employees on temporary and fixed term contracts can apply as long as their contracts do not expire before **31st March 2025**, those employees who have expressed an interest in VR/VER may also apply for additional annual leave.
- 2.2 Where an employee leaves the organisation, they will be required to take all additional annual leave before their leaving date. Any outstanding balance owed will be deducted from their final salary and will not benefit from tax or national insurance relief.
- 2.3 As the annual leave year runs from 1 January to 31 December, additional annual leave approved through the scheme must be used before an employee's normal annual leave entitlement (including any carry over of annual leave from the previous year). All other annual leave should be taken in line with the Council's Terms and Conditions of Service as detailed in the Statement of Particulars and in line with the Carry Over of Annual Leave Guidance.

2.4 Managers should not recruit additional employees or use temporary employees to cover for an employee who has “bought” additional annual leave. However, it is recognised that essential services may need to cover any leave taken. Services should ensure that **no additional costs** are incurred to cover the leave.

3. Buying Additional Annual Leave Procedure

3.1. Step 1 – Requesting additional annual leave

3.1.1 Any employee who wishes to join the scheme and buy additional annual leave should complete the Buying Annual Leave Request form in Business World. This can be accessed using a Council device or an employee’s personal device, detailing the amount of additional leave you wish to buy.

3.1.2 If you wish to buy leave for more than 1 position, a separate form is required for each position.

3.1.3 Completed request should be made through Business World no later than the specified closing date. **Please note that due to the automated process in place, we will not be able to accept any late applications.**

3.1.4 Managers should ensure that every effort is made to support employees who may require assistance to make a request through Business World.

3.2 Step 2 – Considering an additional annual leave request

3.2.1 Each service should decide how they will manage any BAAL requests. For example, services may wish to look at requests centrally or devolve decision making to line managers. Each **service is responsible for communicating this to their line managers.**

3.2.2 When considering a request, the line manager should:

- discuss this with a more senior manager before approving/declining requests;
- length of contract:- please note where employees are on temporary or fixed term contracts, the employment contract end date must be after 31 March 2025
- whether a VR/VER request has been made;
- carry over of annual leave from the previous leave year
- any impact on service delivery
- other requests from employees across their service area
- any current flexible working arrangements in place;
- any cover arrangements required and the financial implications

3.3 Step 3 – Approving/Declining a request

3.3.1 If a request can be approved, the line manager must approve this in Business World in line within the specified deadlines in order to meet payroll deadlines for deductions. **No late requests will be processed.**

3.3.2 If a request cannot be approved, the line manager must decline the request and, explain the reason why the request has been declined based on the reasons below:

- detrimental effect on customer/business requirements
- employee does not meet the criteria to apply for BAAL
- length of employee's temporary/fixed term contract
- not possible to reallocate or reorganise the work amongst existing employees
- the costs associated with covering additional annual leave cannot be accommodated
- you have made a duplicate request in error
- your form has not been completed correctly
- too many weeks requested

3.3.3 The line manager must also have a conversation with the employee to inform them of the decision.

3.3.4 If the reason for the request being declined is that the service cannot accommodate the number of weeks requested but can accommodate a lesser amount of weeks, the manager should inform the employee of this, decline the request but allow the employee the opportunity to amend and resubmit the form for the lesser amount of weeks.

3.4 Step 4 - Salary Sacrifice Agreement and Deductions

3.4.1 Employees will be sent an alert in Business World, informing them if their request has been approved/declined. Employee's must therefore check Business World for their alert(s). Where an employee receives an alert that their request has been approved this will also provide information about the cost of the period of BAAL and deduction amounts. Payroll will arrange for the agreed deductions to commence from the first available pay dates in **April 2024**.

3.4.2 Unless an employee experiences a **"lifestyle event"** (as defined in the FAQs attached) they will not be able to end or modify the arrangement before the end of the 12-month salary sacrifice period.

3.5 Pension Contributions

3.5.1 Under the 2018 Local Government Pension Scheme (LGPS), there is a requirement for pension contributions to be paid for the first 30 days of an unpaid authorised absence.

Appendix 1 - Buying Additional Annual Leave – worked examples (approximates based on 2023/4 pay scales)

Employee 1

Grade 5: Spinal Point: 39 35 hr/wk. post Full-time 35 hrs/wk
4 weekly paid (13 'pays' per year) Weekly wage = £513.56

Request to buy 1-week additional annual leave = £513.56

$£513.56/13 = £39.51$ to be deducted from each 4-weekly pay from April 2024

Employee 2

Grade: 2 Spinal Point: 21 37 hr/wk post Full-time 37 hrs/wk
Weekly paid (52 'pays' per year) Weekly wage = £454.73

Request to buy 2 weeks additional leave = $£454.73 \times 2 = £909.46$

$£909.46/52 = £17.48$ to be deducted from each weekly pay from April 2024

Employee 3

Grade: 9 Spinal Point: 70 35 hr/wk post Part-time 17.5 hrs/wk
4 weekly paid (13 'pays' per year) Weekly wage = $£700.35 \times 0.5 \text{ fte} = £395.85$

Request to buy 1-week additional annual leave = £395.85

$£395.85/13 = £30.05$ to be deducted from each 4-weekly pay from April 2024

Employee 4

Grade: 3 Spinal Point: 29 37 hr/wk post Part-time 25 hrs/wk
Weekly paid (52 'pays' per year) Weekly wage = $£496.54 \times 0.68 \text{ fte} = £337.65$

Request to buy 2 weeks additional annual leave = $£337.65 \times 2 = £675.29$

$£675.29/52 = £12.99$ to be deducted from each weekly pay from April 2024

Frequently Asked Questions – Buying Additional Annual Leave

Q1. How does the scheme work?

The scheme allows employees to “buy” additional annual leave up to a maximum of 6 weeks. The scheme works by employees agreeing to a reduction in their salary, equivalent to the value of the additional annual leave that they wish to “buy” from the Council. This is known as a “salary sacrifice” arrangement. You may already be familiar with salary sacrifice arrangements if you participate in the childcare voucher scheme and/or cycle to work scheme.

Q2. How do I request to participate in the scheme?

You must make your request using the Buying Additional Leave Request form in Business World and submit this no later than Thursday **15 February 2024**. Your line manager and service will then consider the request in line with other requests received from across the service, the needs of the service, any carry over of annual leave, flexible working arrangements currently in place and any associated costs with covering your additional annual leave within the service.

Q3. Can I still request additional annual leave if I am carrying leave over from 2023 annual leave year?

Yes, you can still request to purchase additional annual leave, however your request will be considered alongside the other arrangements in place as outlined in Q2. If you are carrying over annual leave this will be considered by your manager before approving a request for additional annual leave.

Q4. How much additional annual leave can I “buy”?

Employees can request up to a maximum of 6 weeks additional annual leave (pro-rated for part time employees) under the scheme. All requests for additional annual leave will be considered in line with the needs of the service and the number of requests within the service.

Q5. How long does the scheme last for?

The scheme works on a 12-month basis so once your BAAL application has been approved you can't further reduce or increase the additional annual leave you receive for the salary sacrifice agreement period unless you experience a “lifestyle event” (see question 8).

Q6. How much will it cost me to “buy” additional annual leave?

If you “buy” 1 week's additional annual leave, then it will cost you 1 week's salary. Your gross salary (before tax and national insurance contributions) for the 12 months period will be reduced by the equivalent of 1 week's salary. The examples in the guidance show how this is calculated approximately (**Appendix 1**), and you can work out from the [salary scales](#) the cost of additional annual leave for you. The reduction in your salary will be calculated based on your gross salary point at the time you request to buy additional annual leave.

Remember that if you had not sacrificed part of your salary to “buy” additional annual leave, you would have paid tax and national insurance contributions on that amount. Therefore, the cost to you of “buying” additional annual leave is reduced by the tax and employee national insurance contributions you don’t have to pay on that amount. The examples in the guidance show how this works for a basic rate taxpayer.

Q7. I work part-time. Can I apply for the scheme?

You don’t need to be working full time to apply for BAAL. Employees who are part time, job sharers and other flexible working patterns (with the exception of term time), can apply. If you are a job sharer and work different hours and different days each week you need to be clear on the request form what week you are wanting to buy leave for. Employees with more than one position within the Council also need to select the relevant Position in the Business World form to indicate what post they are applying for the leave against and if you wish to buy leave against more than 1 position, a separate form is required for each position.

Q8 I have purchased goods through Lets Connect/C2W can I still apply for the scheme

Yes you can still apply to join the scheme if you have purchased goods under Lets Connect or C2W as long as your total deductions do not take you below the National Minimum Wage which is currently £10.42

Q9. When can I opt out of the scheme?

You cannot opt out of the scheme during the 12 months of the arrangement unless you experience a “**lifestyle event**”. A lifestyle event is an exceptional event that has a major impact on your lifestyle, for example:-

- Marriage/civil partnership
- Divorce/separation
- Birth/adoption of a child
- Death of your partner/ dependant
- Starting or returning from maternity, paternity, adoption leave or being absent for an extended period of sick leave
- Significant reduction in your working hours
- Redeployment

If you experience a “**lifestyle event**” and request to come out of the scheme you will still be required to take the additional annual leave purchased and any outstanding balance owed to the Council for the additional annual leave bought will be deducted from your next salary and will not include and tax or national insurance relief.

Q10. Can I carry forward additional annual leave to the next annual leave year?

No - additional annual leave approved through the scheme must be used before an employee’s normal annual leave entitlement (including any carry over of annual leave from the previous year). All other annual leave should be taken in line with the

Council's Terms and Conditions of Service as detailed in the Statement of Particulars and in line with the Carry Over of Annual Leave Guidance.

Q11. What happens if I change jobs within the Council or my salary changes during the year?

If you change jobs during the year, your new line manager will be able to see your annual leave balance, including any additional leave you have purchased. The reduction in your salary for the additional annual leave will continue as per the salary sacrifice agreement.

Q12. What happens if I leave the Council before the end of the 12-month period?

If you leave employment during the salary sacrifice agreement period, you will be required to take all annual leave due up to your leaving date before you leave the Council's employment. Any outstanding balance owed to the Council for additional annual leave bought will be deducted from your final salary and will not include tax or national insurance relief.

Q13. Is the scheme suitable for all employees?

If you are paid close to the Lower Earnings Limit for National Insurance Contributions, your entitlement to various state benefits may be affected if the reduction in your salary in exchange for additional annual leave takes you below the Lower Earnings Limit (which is £123.00 per week for the 2024/2025 tax year).

Once you have decided how much additional annual leave you wish to buy, and if approved by your service/line manager, necessary checks will be carried out to ensure that the amount of salary deduction does not result in you receiving less salary than the National Minimum Wage or Lower Earnings Limit.

Q14. How will taking part in the scheme affect my other Council benefits?

If you participate in the scheme, you will agree to a reduction in your contractual salary. However, your entitlement to Council salary related benefits will continue to be based on the level of your salary before this reduction. This is known as your "basic salary".

Q15. Does participating in the scheme impact my entitlement to State benefits?

Your basic salary is what you are paid prior to any deductions. Your actual salary is your basic salary less deductions such as BAAL. Therefore your actual salary will be lower under the scheme. Your entitlement to any State benefits will be based on your actual salary rather than your basic salary.

Participating in the Scheme is unlikely to affect your entitlement to State benefits unless you are paid close to the Lower Earnings Limit for NIC (£123.00 per week for 2024/2025). However, it may affect your entitlement to: -

- Statutory Maternity Pay
- Statutory Paternity Pay

- Statutory Adoption Pay
- Statutory Sick Pay

Q16. How will participating in the scheme affect my entitlement to State Pension?

As the BAAL Scheme is a salary sacrifice scheme, deductions under this scheme may impact on your State Pension entitlement as salary sacrifice reduces the earnings on which your NI contributions are charged. Further information on the new State Pension is available at www.gov.uk.

Q17. Will deductions affect my pension contributions (LGPS)?

Under the 2018 Local Government Pension Scheme (LGPS), there is a requirement for pension contributions to be paid for the first 30 days of an absence with permission.

Q18. What happens if I am on maternity/paternity/adoption/shared parental/parental leave?

You can still request to “buy” additional annual leave if you are on maternity/paternity/adoption/shared parental/parental leave. However, if you are only being paid a statutory amount, no reduction to your salary will be made.

Where the reduction in salary is suspended, it will resume when you return to work and for the rest of the 12 months period. If you do not return to work, any outstanding balance owed will be deducted from their final salary and will not benefit from tax or national insurance relief.

Q19. What happens if I am on long term sick leave?

You can still request to “buy” additional annual leave if you are off long-term sick. The reduction in salary in exchange for the additional annual leave will continue during the period of your sick leave, unless you are in receipt of Statutory Sick Pay only, in which case no reduction will be made in respect of the additional annual leave.

Where the reduction in salary is suspended, the reduction in salary will resume when you return to work and for the rest of the 12-month period. If you do not return to work, any outstanding balance owed will be deducted from their final salary and will not benefit from tax or national insurance relief.

Q20. Can I participate in the scheme as well as the Council’s other salary sacrifice schemes?

Yes. You can participate in any salary sacrifice schemes that the Council runs provided that the total reductions in your salary for all the schemes, does not take your salary below the National Minimum Wage. Should participation in the schemes take your salary below the National Minimum wage, you will be required to choose which schemes to participate in.

Q21. Will the terms and conditions of my employment change?

Yes. Agreeing to a salary sacrifice does constitute a change to the terms and conditions of your employment.

Q22. Can I make a request for additional annual leave if I am on a temporary contract?

Yes. All employees (excluding term time, employees on teaching terms and conditions, those on sessional or seasonal contracts and casuals) can apply to join the scheme. Employees on temporary and fixed term contracts can apply as long as their contracts do not expire before **31st March 2025**, those employees who have expressed an interest in VR/VER may also apply for additional annual leave.

Q23. How will I know if my request has been approved/declined?

You will receive an alert in Business World that will inform you whether your request has been approved or declined. If your request has been approved the alert will also include information about the cost of the BAAL period and deduction amounts.

If your manager declines your request to buy additional annual leave you will also be alerted of this, but your manager will also have a conversation with you about the reasons for the decline. Your request may be declined for one or more of the following reasons:

- Detrimental effect on customer/business requirements
- Employee does not meet the criteria to apply for BAAL
- Length of employee's temporary/fixed term contract
- Not possible to reallocate or reorganise the work amongst existing employees
- The costs associated with covering additional annual leave cannot be accommodated
- You have made a duplicate request in error
- Your form has not been completed correctly
- Too many weeks requested

If the reason for the request being declined is that the service cannot accommodate the number of weeks requested but can accommodate a lesser amount of weeks your manager should decline the request but allow you the opportunity to amend and resubmit the form for the lesser amount of weeks. **The manager and services' decision is final.**