

Buying and Selling of Annual Leave Policy & Procedure

1. INTRODUCTION

As stated in Trowbridge Town Council's ("the Council") Work Life Balance Policy the Council recognises the need for their employees to achieve a satisfactory work life balance. The purpose of this policy and procedure is to provide employees with the opportunity to increase flexibility with regards to annual leave entitlement. This can be achieved either by employees:

- Buying additional leave **or**
- Selling some of their current entitlement

Buying extra holiday may appeal to employees for a variety of reasons e.g. the chance to spend more time with family or go on a special holiday. Alternatively, employees may wish to use less than their full leave entitlement and exchange some of their leave for extra salary.

2. REGULATIONS

As from 1 April 2009 legislation requires Council's to give their employees a minimum entitlement of **21** days annual leave **plus** the statutory bank holidays per year (or the equivalent pro-rata, for part time employees).

The Council's leave year runs from April to March and when considering whether to sell leave employees must always ensure that their remaining leave days do not fall below **21**, excluding bank holidays, (or the equivalent pro rata for part-time employees) per year.

3. ENTITLEMENT

3.1 Full-time Employees

Employees working on a full time basis of 37 hours per week have the following entitlements:

- To buy a maximum of **10 days per leave year**
- To sell a maximum of 2 days per leave year

3.2 Part-time Employees

For employees working on a part-time basis (of less than 37 hours a week) the maximum amount of leave they can buy or sell will be calculated on a pro rata basis. In these instances, employees should contact the Head of Resources & Venues who will calculate the amounts and advise them of the amounts due.

3.3 Temporary & Casual Employees

Those employees who are employed on a temporary contract of less than one year or on a casual basis are not permitted to enter into the scheme.

4. RULES OF THE SCHEME

The opportunity to buy and sell leave will only arise once a year. The Head of Resources & Venues will write to all employees in the New Year, reminding them of the scheme and providing an application form. This form must be completed, signed and returned to the Head of Resources & Venues before 1st March of the preceding year.

Once an employee has committed to the scheme and submitted their application they cannot change their mind. In instances where additional leave is "bought," all annual leave entitlement including those "bought" for that leave year must be taken the end of that leave year.

Employees must discuss any requests to buy or sell leave with their line manager who must authorise the application before it is submitted.

Holidays may only be taken at the line manager's discretion; normal considerations, such as ensuring staff are not on leave at the same time, assessing workload and authorising leave days in advance, will still apply.

Employees should be aware that there may be instances where managers cannot authorise the sale or purchase of leave for legitimate business reasons.

4.1 The Procedure

The following procedure must be followed when applying to buy or sell leave:

- 1) Discuss the desired option (buying or selling) with line manager
- 2) Complete a 'Buying / Selling Leave' form; obtainable from the HR Officer
- 3) Obtain line managers approval on the form
- 4) Submit the completed form to HR Officer by 1st March

The Head of Resources & Venues will confirm whether your application has been successful and where appropriate, payroll will make the necessary adjustments to your salary.

4.2 Payments and Deductions

Employee's pay will be adjusted accordingly over the year in which they have made an application. This will either be done by making monthly deductions for bought leave or monthly payments for sold leave. The amounts will be based on a percentage of the employee's salary, so if an employee's income varies or a pay award is made, the amount being paid will adjust automatically.

4.3 Tax, National Insurance & Pension Implications

4.3.1 Tax & National Insurance

Any additional money received or money deducted from an employee's normal salary will be subject to the standard application of tax and National Insurance payments.

4.3.2 Pension

Employees selling annual leave, and therefore receiving additional payment, will not be required to pay additional pension contributions.

Employees buying annual leave, and therefore receiving less money, will still be required to make pension contributions equal to those that would normally have been paid during that period. Pension contributions must remain consistent each month.

5. POINTS TO REMEMBER

- Although the scheme has been introduced to give employees more control over their benefits, once they have committed to the scheme and submitted their application they cannot change their mind.
- If an employee buys additional leave it must be taken by the end of the leave year. Council rules regarding the carrying over of leave still apply; leave may only be carried over in exceptional circumstances or where there is a good business reason why it could not be taken.

- If additional leave is “bought” it must be taken. There is not an option to sell leave back to the Council.
- If there is an alteration to an employee’s hours partway through the leave year there will be no effect on payments or deduction e.g. if they buy two days leave and, partway through the year reduce their hours from full-time to part-time, they will still be entitled to take two days (or 15 hours) of leave.
- If an employee receives a salary increase partway through the leave year any payments or deductions will automatically be adjusted to take account of increases to their pay.
- If an employee is absent from work due to illness when the bought leave is due to be taken then, providing they meet the requirements of the Council’s sickness procedures, they can reclaim the leave. An alternative date to take the leave should be investigated as soon as possible after returning to work.
If there are no alternative dates on which the leave can be taken and taking into account the fact that leave cannot be carried forward into the next leave year, employees will be given the option of being paid instead. These payments will be subject to the standard tax and National Insurance deductions.
- If an employee ceases employment with the Council partway through the leave year, their final pay will be adjusted to account for the proportion of leave they have accrued or taken.

Lance Allan – Town Clerk & Proper Officer

Signed Dated

This document was approved by the Policy & Resources Committee on 8th January 2019.

Date of next review: January 2023 unless legislation or the size and nature of the Council changes

APPLICATION FOR BUYING / SELLING LEAVE

Name:

Department:

I wish to make an application to buy / sell * leave during the following period: (* delete as appropriate)

I April 20_____ to 31 March 20_____ (enter leave year dates)

I wish to buy **days (maximum of 10)** *please enter X if selling leave*

OR

I wish to sell **days (maximum of 2)** *please enter X if buying leave*

If buying leave please give an indication of when you are intending to take it, if known, (this will help with managing the scheme):

Declaration

By signing this application form I agree to the following:

- My total number of leave days does not fall below 21 per year (excluding bank holidays), (pro rata for part-time employees)
- I understand that, if my application is accepted, I have committed to the scheme and cannot withdraw my application
- That my pay will be adjusted accordingly over the year for which the application has been made. This will be done by making either monthly deductions for bought leave or monthly payments for sold leave
- The payments or deductions are based on a percentage of my salary, so if my income varies, or a pay award is made during the year the amount I am paying or receiving will automatically adjust
- If I am buying annual leave, I am aware that all annual leave entitlement for that leave year, including any bought, must be taken by the end of that annual leave year.

Signed:

Date:.....

Authorised by line manager:(Signature)

..... (Print Name)

.....(Date)

**Completed forms to be returned to:
HR Officer**