

Amendments to Purchase of Annual Leave Policy

Purpose

1. To seek approval of proposed changes to the scheme for Purchase of Annual Leave, which will extend the opportunities for employees to purchase additional annual leave throughout the year and increase the number of days that can be requested, with the intention to implement this with effect from 1 July 2021.

Background

2. Purchase of Annual Leave (PAL) was implemented in May 2016. The introduction of this scheme was agreed as part of negotiations on terms and conditions of service between management and trades unions, to support work/life balance for staff.
3. In the period July 2016 to December 2020 1,362 applications for purchase of annual leave were approved. In 2020, as part of the council's response to the Covid pandemic an additional PAL window was communicated, to support staff with childcare responsibilities to cover the school summer holidays, due to a lack of other childcare options.
4. In the period of operation (to December 2020), the scheme has returned savings of £906,132.66. This saving is taken by Finance from service budgets.

Main Considerations

5. PAL can enable services to make temporary, short-term reductions to staffing where this does not adversely impact service, supporting workforce flexibility as identified in the Organisation Recovery Programme objectives.
6. The purchase of additional annual leave reduces the people resource available to deliver services; however, purchase of annual leave is subject to approval of managers, who must take into consideration any adverse impact on service requirements.

Amendments proposed

7. In summary, the amendments proposed are:
 - a) Increasing the application 'windows' for employees to request purchase of annual leave from two to four per year.
 - b) Increasing the number of days available for employees to purchase additional annual leave from ten to twenty per year.

- c) Allow employees to request purchase of annual leave in blocks of 5 or 10 days in any application period, subject to a maximum of 20 days in any leave year.
8. All of the above are subject to individual approval by managers and in accordance with operational need.
 9. The proposed periods for purchase of annual leave are: January, April, July and October. Lead times for requesting PAL remain as current policy.
 10. Payment for purchase of annual leave would be spread across the remaining months available in the relevant leave year (calendar year), starting in the month of the period of the request, as below:
 - a) PAL approved from January would be deducted each month January – December;
 - b) PAL approved from April would be deducted each month April – December;
 - c) PAL approved from July would be deducted each month July – December;
 - d) PAL approved from July would be deducted each month July – December¹.
 11. Consideration has been given to extending the period of payback across leave years. This would require considerable additional administration and therefore the proposal is to keep payment within leave years as above.
 12. The processing of requests for PAL requires HR administration and payroll resource. Should the number of requests approved remain as is, there is no impact on the HR resource required (even if the number of days for each request increases). If the number of requests approved increases, there will be a proportionate increase in the resource administration and processing of these². The usage and HR resource will be monitored at each period.

Reasons for changes to the policy

13. Staff will be able to make multiple requests for PAL and at any or all of the four request opportunities. Requests are only approved subject to service need. More frequent opportunities for staff to request PAL and the increase in potential number of days that can be requested can further support employee wellbeing and engagement by enabling work-life balance. Staff inclusion can also be supported through this additional opportunity to work flexibly. The data show this is an approach that employees use and value.
14. The proposals will allow staff to request PAL at four points in the year, which means decisions about resource needs for services can be made in a more timely manner, i.e. over a three-month period, if needed.
15. Maintaining specific application points ensures equal consideration is given by managers to all applications. This supports consistency and perceptions of fairness in the approval of purchase of annual leave, and balance with approval of contractual leave allowance.

¹ The number of days available for purchase in this shorter pay-back period would be subject to the individual's pay not falling below National Living Wage/National Minimum Wage

² Each request requires a calculation of Additional Pension Contributions for employees wishing to make up contributions for PAL.

16. Increasing the frequency and number of days available to purchase as additional annual leave may bring additional financial savings. This is based on usage data, which show some staff requesting and using the full current 10-day limit, and staff also took the opportunity to purchase further additional leave when this was offered in 2020, therefore there is potential take up beyond the current maximum. In addition, communication and promotion of the PAL scheme throughout the year raises awareness and therefore potential take up.
17. The recognised trades unions have agreed in principle with the changes to the policy; we will work with them to implement the policy and communications to staff.
18. We intend to give staff reasonable notice of the change to the policy, with an aim to implement in July 2021.

Environmental impact of the proposal

19. It is anticipated that this policy will have a neutral environmental impact, unchanged from the current policy.

Equalities impact of the proposal

20. An Equalities Impact Assessment will be carried out on the new policy once it has been drafted. Trade union representatives will be invited to attend and contribute to this assessment.

Risk Assessment

21. The main considerations are identified above, and the risks associated with these are controlled by the existing scheme approval and administration processes and proposed scheme changes.
22. Compliance with National Living Wage/National Minimum Wage regulations are noted in paragraph 10 above.

Financial Implications of the proposal

23. The proposals provide an opportunity for additional salary savings, above those created by the current scheme. The savings are monitored regularly.

Recommendations

24. It is recommended that Staffing Policy Committee approve the proposed amendments to the PAL Scheme and Policy to increase the number of opportunities to four for employees to purchase annual leave across the year and increase the maximum number of days available to purchase to twenty in any leave year.

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