

## Annual Leave Purchasing Scheme

### Introduction

The University is committed to help staff achieve a healthy work-life balance. It is recognised that there may be times when some members of staff may wish to take more than the standard contractual entitlement of annual leave. This scheme enables employees to "buy" additional annual leave via a salary sacrifice scheme, subject to certain conditions and eligibility criteria.

### Scope

The scheme applies to all members of staff who work 52 weeks of the year and have a permanent or fixed term contract in place at the end of the leave year (31 August), that the additional leave will apply to.

Members of staff on contracts that are for less than 52 weeks are excluded from this scheme at present due to the nature of the contract which does not provide for annual leave within the contracted weeks.

### 1. Principles

- 1.1. The annual leave year runs from 1 September to 31 August each year. This scheme will be in operation until 31 August 2025.
- 1.2. To recognise different working patterns, the annual leave purchased will be worked out in hours.
- 1.3. Members of staff who satisfy the eligibility criteria can apply to buy additional annual leave equivalent to one week (pro rata for part-time staff, based on FTE) and will be calculated in hours. A standard working week is 37 hours.
- 1.4. The purchase of additional annual leave is via a salary sacrifice arrangement. Salary sacrifice is an agreement between the University and the member of staff to vary their terms and conditions of employment to reduce their entitlement to cash pay in return for a non-cash benefit. The non-cash benefit in this case is additional annual leave. The salary sacrifice arrangement is financially beneficial, as the non-cash benefit is exempt from tax and national insurance contributions.
- 1.5. Requests to purchase additional annual leave must be purchased during the available window of 2 October 2024 to 23 October 2024. All requests will be made through MyHR.
- 1.6. The University reserves the right to refuse a member of staff's application to

buy annual leave when an application would cause detriment to business or operational needs. It is advisable to discuss any application with the line manager in advance.

- 1.7. Additional annual leave that is bought will be added to the member of staff's annual leave entitlement for the year. This leave may be taken at any time during the annual leave year, subject to the usual approval arrangements.
- 1.8. All requests approved for additional annual leave will apply to the full year in which they are made. For the purposes of this scheme the period is up to and including 31 August 2025.
- 1.9. Deductions will be made from salary based on the number of months remaining in the leave year. For this year it will amount to ten equal monthly deductions, commencing in November 2024.
- 1.10. Carry over rules for normal contractual annual leave remain unchanged. There will be no reimbursement for unused purchased additional annual leave.
- 1.11. Where a member of staff leaves the University part way through the leave year, their annual leave allowance will be recalculated on a pro rata basis up to their last day of employment including any additional leave purchased. Any outstanding balance on the salary sacrifice arrangement will be deducted from the member of staff's final salary payments.
- 1.12. Where a member of staff has multiple positions, a request must be made for all of them to obtain a full week of additional leave.

## **2. Procedure**

- 2.1. A member staff who wishes to purchase additional annual leave should discuss their request to get approval in principle from their line manager before making an application.
- 2.2. Each request will be considered in terms of the feasibility of allowing the member of staff to buy the additional annual leave for the time requested, alongside operational and business needs. Other requests received by the line manager from members of the same team will also be considered as to the likely impact on service delivery.
- 2.3. There is no right of appeal against a decision to refuse the member of staff's application.
- 2.4. By making an application for additional annual leave, a member of staff gives consent to the salary adjustments being made to pay for the additional leave purchased, where the application is subsequently approved by the relevant Manager.
- 2.5. Any submissions after the stated deadline will not be accepted or progressed.

- 2.6. The cost of any approved additional leave will be deducted from the member of staff's gross salary monthly, over the course of the remaining leave year.

### 3. Adjustments to Pay

- 3.1. Additional annual leave will be purchased by the member of staff through a salary sacrifice arrangement.
- 3.2. Where the result of the requested arrangement would mean that an employee's hourly rate drops below the statutory thresholds of Lower Earnings Limit (LEL) or National Minimum Wage (NMW), the University will refuse the request.
- 3.3. The calculation to determine the monthly reduction in pay will be:

$$\frac{\text{Hours requested} \times \text{Hourly Rate}}{\text{Number of Months left in Holiday Year}}$$

- 3.4. As additional annual leave is not a taxable benefit, there is no income tax or national insurance payable on the value of the days bought. Therefore, the net cost is reduced by up to 33.25% for a basic rate taxpayer and up to 43.25% for a higher rate taxpayer.
- 3.5. Members of staff should be aware that salary sacrifice schemes may have an impact on Child Tax Credits (CTC) or Working Tax Credits (WTC), which are based on income from the previous tax year ending on 5 April. Members of staff purchasing additional annual leave and making a new claim for CTC or WTC should use their revised salary figure when making an application.
- 3.6. Statutory benefits such as Maternity, Paternity and Adoption Pay may be affected by the salary sacrifice arrangement, due to the impact this has on total gross pay. You are advised to speak to your HR contact as soon as you know you are pregnant or will be adopting a child to discuss your options in more detail.

### 4. Changes to Salary

- 4.1. If the member of staff changes their hour's part way through a year, and this results in an increase or decrease in salary, the deductions will still be made as previously agreed. The annual leave will be recalculated, including the additional purchased leave.
- 4.2. The holiday calculation is based on your pay at the time the first deduction is made. The deductions will continue to be made at this rate until the end of the leave year to which the additional leave relates.
- 4.3. Where a member of staff's salary used for the calculation of the deductions changes mid leave year (i.e. a change to basic pay, or a change to a contractual allowance) no changes will be made to the amounts deducted

from salary, even where there is still outstanding leave to take.

- 4.4. If the member of staff enters a nil pay situation and the leave has already been taken, deductions will recommence once they have sufficient salary to cover the deductions.
- 4.5. Staff who are subject to visa requirements and their managers, must consider the impact of any drop in pay, due to the purchase of annual leave, on these visa requirements.

## **5. Pension Scheme Rules**

- 5.1. USS will accept pension contributions based on 'notional salary' i.e. your salary before any reduction is made and therefore the benefits of those in these schemes will not be affected.
- 5.2. The TPS and LGPS will only accept pension contributions based upon the reduced salary due to their scheme rules. This could affect retirement benefits for those in this scheme. Any questions regarding how the Annual Leave Purchase Scheme may affect your pension contributions and benefits, should be sent to the pensions team at [payroll@hud.ac.uk](mailto:payroll@hud.ac.uk)
- 5.3. Members of the Teachers' Pension Scheme may wish to consider purchasing additional pension within the Scheme. There are various options available to active members and further details can be found on the TPS [Member Hub](#).
- 5.4. Members of the West Yorkshire Pension Fund (WYPF) have the option to purchase extra pension in the scheme, through Additional Pension Contributions (APC's). Further information can be found on the [WYPF](#) website.
- 5.5. Purchasing annual leave will not affect any entitlement to death in service and ill health retirement within any of the pension schemes.

## **6. Monitoring**

- 6.1. The scheme will be reviewed again at the end of the 2024/25 holiday year.