

## Annual leave Purchase Scheme

### 1. Introduction

All employees receive paid annual leave in accordance with their contract of employment. This scheme allows employees the flexibility to alter that annual leave entitlement (excluding Bank Holidays), by buying up to 36.5 hours (5 days) each year (pro rata for part time employees). The additional annual leave is effectively unpaid, since the cost is deducted from the employee's gross pay via a salary sacrifice arrangement, in 12 equal instalments.

### 2. Process

**Who can apply for this benefit?** This benefit is available for all professional support staff (schools and professional services) to apply for. You do not need a particular length of service to apply. However, if your earnings fall below the prevailing National Minimum Wage or below the Lower Earnings Limit for National Insurance purposes you will not be able to use the scheme.

**How does it work?** You may purchase up to 36.5 hours per leave (5 days) (pro rata for part time employees) for a broad range of reasons, special holidays, time with family etc. It is important that you carefully consider how much annual leave you will need before applying as:

- Once you have confirmed the number of days/hours and it has been approved it cannot be changed.
- You can only make one application a year.
- You should specify how/when in the year you wish to use these days. You may wish to take them as a block or take the days at different intervals. Once agreed this cannot be changed.

#### When can I apply?

There is one opportunity per annum to apply for additional annual leave:

- If your annual leave year starts on 1<sup>st</sup> April, you will need to apply by the 21<sup>st</sup> February 2020.

If you wish to apply you should complete an annual leave purchase request via the Staff Portal <http://corehr.aston.ac.uk/>. Details of how to do this can be found in the Employee Guide – Annual Leave Purchase Request on the Staff Intranet <https://www2.aston.ac.uk/staff/hr/aston-staff-portal/general/index>.

In order to ensure that employees are able to maintain their work-life balance we do not allow employees to 'sell' annual leave back to the University.

### 3. Approval Process

There are two steps to the approval process.

1. Line manager  
Once an employee has submitted an annual leave purchase request via the staff portal, the line manager will receive notification that a request has been submitted. [The Manager Guide – Approving Annual Leave Purchase Requests](#) will confirm what the line manager needs to do when they receive a request to purchase additional annual leave.

The line manager will consider all the applications taking into account a range of issues: impact on service provision, cover arrangements including cost, impact on colleagues, employees performance, existing annual leave balance ( e.g. taking into account any holiday you have approval to carry over or leave you have already taken. (This list is not exhaustive and other similar operational considerations may apply). Your line manager can approve or reject the request. Approval of additional annual leave is at the discretion of the relevant Line Manager and is subject to the operational needs of the University. There is no automatic right to additional annual leave, however every application will be fully considered on its merits. If the line manager rejects the request, they should record the reason for doing so.

The line manager should ensure they discuss all requests with the Head of Department.

## 2. Human Resources

HR confirm that the cost of the deductions can be made from the employee's salary. The calculations will be made by payroll in March (for staff whose annual leave year starts in April). The deduction will be calculated on the basis of what your salary will be on 1<sup>st</sup> April.

If the deduction for additional annual leave results in your salary falling below the National Minimum Wage or below the Lower Earnings Limit for National Insurance purposes then the request will be declined.

HR records the outcome and if approved, the additional entitlement is recorded on the employee's CORE leave record and the employee is notified that the leave has been approved.

## 4. Deductions from Pay

Once a purchase has been agreed, a deduction from your gross salary (your pay before you have paid tax and national insurance) via salary sacrifice will be made, by agreement with you. The additional leave is paid for through a reduction in gross salary equivalent to the salary for the number of days leave being taken (see the calculation below).

The deductions for annual leave will be made by payroll in April. The deduction will be calculated on the basis of what your salary will be on 1<sup>st</sup> April.

Because the deduction is made before tax, there are no implications for pensionable pay. Employer's and employee's pension contributions will be maintained throughout the year. The deduction is payable over 12 months. You must agree this at the outset. For periods when you are receiving statutory payments, such as statutory maternity pay or statutory sick pay, these payments will be made by the University.

As deductions will be taken from the individual's gross pay, tax and National Insurance will be slightly reduced, as they will be calculated based on the reduced salary. However pension contributions will be deducted as if the normal salary has been paid which will ensure pension entitlements are unaffected.

Please note that once the purchase of additional leave has been formally agreed you cannot change your mind. The salary deduction cannot be cancelled or reverted.

## 5. Taking the additional annual leave

Additional annual leave granted through this procedure may be taken as soon as the purchase has been formally agreed in writing, even if the salary deduction has not yet

commenced.

## **6. Running of the scheme**

Aston University have the right to alter or remove this scheme at any time. Any already purchased annual leave will remain, as per the agreement made at the time of the application being processed. If you need any guidance or have any questions, please contact the HR team who are happy to assist.

If you leave the University before the 12 monthly deductions have been made, you will be required to take your remaining leave and pay the remaining deduction in full. Any outstanding payments will be deducted from your final salary. If there are insufficient funds in your final salary, you would make a payment to the University in respect of any outstanding deductions.

Frequently asked Questions

Pay	
<p><b>How much will it cost me?</b></p>	<p>The value of each day of holiday is worked out as follows:</p> <p><b>Example 1</b> Based on an full-time employee on Scale Point 28 requesting 5 days additional leave:</p> <p>Total Annual Cost = Annual Salary/365 days x No of Days Requested</p> <p>Total Annual Cost = £31,302/365 x 5 days = £428.79</p> <p>Monthly Deduction from Pay = £428.79/12 = £35.73</p> <p><b>Example 2</b> Based on a part-time employee on Scale Point 28 working 29.2hrs per week (0.8FTE), requesting 4 days additional leave:</p> <p>Total Annual Cost = Part Time Annual salary/52.14/Part time hours worked x no of hours requested</p> <p>Total Annual Cost = (£25,041.6/52.14/29.2 x 29.2 hours) = £480.27</p> <p>Monthly Deduction from Pay = £480.27/12 = £40.02</p> <p><b>Example 3</b> Based on a part time employee working 30 hours 40 weeks per year on scale point 28 requesting 30 hours holiday.</p> <p>Total Annual Cost = (Part Time Annual Salary/40/30 x No of hours Requested)</p> <p>Total Annual cost = £19,737.37/40/30 = £16.44 x 30 hours requested = 493.43</p> <p>Monthly deduction from pay: 493.43/12 = £41.12</p>
<p><b>My request for additional annual leave has been refused due to “deductions cannot be made from my salary”, what does this mean?</b></p> <p><b>What is salary sacrifice?</b></p>	<p>Your request to purchase Annual leave will be rejected if your earnings fall below either the National Minimum Wage level or the Lower Earnings Limit for National Insurance purposes.</p> <p>Buying Holiday is only available through salary sacrifice. This means that if you choose to buy holiday, you will sacrifice an amount of your salary equal to the value of the additional days of holiday you buy (spread over 12 months) and you will not pay income tax and National Insurance on the additional amount sacrificed.</p>
<p><b>Can I apply for the additional leave while I have other salary sacrifice (i.e. pension, childcare voucher or pension)?</b></p>	<p>Yes, provided that your hourly rate does not fall below the National Minimum wage or the Primary threshold for National Insurance purposes. For further advice on this please contact the Payroll and Benefits Team.</p>

<b>Does it impact on my pension?</b>	None. Pension contributions are calculated on your actual annual salary.
<b>I pay for car parking, can I ask for a reduction for the days I take the additional day's annual leave?</b>	No. Currently car parking charges apply during your normal annual leave entitlement, these charges will remain during the additional annual leave period.
<b>Can I buy additional leave if I will be on unpaid leave or in receipt of a statutory payment?</b>	No, Please contact Payroll for further advice.
<b>I am in receipt of state benefits, will purchasing annual leave have an impact on these?</b>	Yes, as the purchase of annual leave is operated via a salary sacrifice scheme this will reduce your annual pay and therefore have an impact on your entitlement to statutory payments such as Sick/Maternity pay as well as other state benefits that you might claim.
<b>Contract of employment</b>	
<b>Will I receive the additional annual leave each year?</b>	The arrangement is a temporary agreement during the specified holiday year and will not roll over into subsequent years. If you wish to purchase additional leave in subsequent holiday years you will need to apply during the annual leave purchase window.
<b>Use of annual leave</b>	
<b>What if I cannot take the annual leave due to sickness absence?</b>	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 sickness procedures, they can reclaim the leave. An alternative date to take the leave should be investigated.
<b>What if I don't use the days I have purchased?</b>	If you fail to take the purchased leave before the end of the relevant leave year the leave will be lost, with no reimbursement. Managers and employees must ensure the additional leave can be accommodated prior to the manager's approval.
<b>Can I apply to purchase additional annual leave if I am on a fixed term contract?</b>	Yes you can apply to purchase additional annual leave via the annual leave purchase scheme. If you leave the University before the 12 monthly deduction have been made, you will be required to take your remaining leave and pay the remaining deduction in full. Any outstanding payments will be deducted from your final salary. If there are insufficient funds in your final salary, you would make a payment to the University in respect of any outstanding deductions.

**What happens to my annual leave if I leave the University?**

If you leave the University before the 12 monthly deduction have been made, you will be required to take your remaining leave and pay the remaining deduction in full. Any outstanding payments will be deducted from your final salary. If there are insufficient funds in your final salary, you would make a payment to the University in respect of any outstanding deductions.