

Manchester City Council Report for Resolution

Report to: Personnel Committee – 30 May 2018

Subject: Annual Leave Purchase Scheme

Report of: Director of HR/OD

Purpose of Report

This report seeks approval for the proposed amendments to the current 'Annual Leave Purchase Scheme'. In summary the amendments are to increase the maximum number of days available to eligible employees to 10 (pro rata and with days in excess of 5 subject to line manager approval) and remove the current 'cut off' date for requests. This will allow employees to benefit from up to twice the number of days currently available and make requests at any point during the leave year.

The enhanced annual leave purchase scheme forms part of the Council's offer in relation to staff benefits and flexibility and the changes proposed have been informed by consultation with staff over recent months. Savings actualised from the voluntary take up of the scheme contributed £200K to the organisation's budget savings target in 2017/18 and, through the expansion of the scheme and associated increased promotion are intended to make a significant further contribution to the required budget savings over the financial year 2018/19.

Recommendations

The Committee is requested to:

1. Approve the implementation of the revised policy as detailed within this report and attached at Appendix A.
 2. Note that that the amended policy will come into force immediately, allowing staff to benefit from a maximum purchase of 10 days additional leave (with manager approval for over 5 days) for the 2018/19 leave year.
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Wards Affected:

All

Financial implications for the revenue and capital budgets

The policy change set-out is linked to the £1.5M of savings through employee policies, procedures and working arrangements included within the 2018/19 budget.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Report to Personnel Committee: *Annual Leave Purchase Scheme* - November 2015.
- Report to Resources and Governance Scrutiny Committee *7b. Corporate Core Budget and Business Planning: 2018-2020 and Delivery Plans 2018/19 – 2019/20* - February 2018.

1. Background

1.1 Following the successful implementation of the current Annual Leave Purchasing Scheme (ALPS) in November 2015 circa 1,200 employees have benefited from the additional flexibility the scheme allows. Over the last financial year there have been circa 700 requests with a significant majority requesting the maximum number of days permitted. The scheme has supported the delivery of £200K in savings as part of the 2017/18 budget.

1.2 Currently the policy allows employees to apply for a maximum of 5 days (pro rata for part time) in a leave year. All requests must be received by 31 December and as the leave year progresses the number of days that can be purchased reduces. Currently the scheme operates as below:

- 5 days (pro rata) between 01 April and 30 September
- 3 days (pro rata) between 01 October and 31 December.

After 31 December no requests will be processed.

1.3 The scheme operates via salary sacrifice which provide tax and national insurance savings for employees. The cost of days purchased is deducted from salaries in equal amounts over the remaining months of the year.

1.4 Applications are made via a dedicated sharepoint form on the intranet, or for those who do not have access to a computer a hard copy of the form is available to be completed and sent in manually.

1.5 A revised policy is appended which has been developed to take into account of:

- a benchmarking exercise which identified that a number of other Councils have successfully implemented schemes with an enhanced offer of up to 10 days, examples are Rochdale and Trafford.
- the positive response to the scheme and potential to further support work life balance through its enhancement which is in line with other authorities
- feedback from staff focus groups which broadly supported the extension of the ALPS to allow more days to be purchased, with an acknowledgement that this would need to be balanced with the needs of services
- the potential to generate further workforce saving in light of the £1.5M savings target for 18/19.

2. Proposed Policy Revisions

2.1 From employee feedback and a benchmarking exercise with other authorities it was identified that there was scope for the current offer to be enhanced. The proposals are to provide employees with the opportunity to purchase up to a maximum of 10 days additional annual leave based on a 35 hour working week (pro rata for part time employees). As per the current scheme those employed in Schools and term time only staff would not be included due to the fixed nature of their roles.

- 2.2 In order to ensure business continuity any leave over the current maximum of 5 days will require manager approval, and any days requested after the 31 December (maximum of 5) will also require manager approval.
- 2.3 The revised scheme would allow employees to request additional leave as follows:
- up to a maximum of 10 days can be requested until 31 December
 - any requests up to 5 days will be processed without the requirement for approval (when leave is taken will remain subject to normal leave booking and approval processes)
 - any requests over 5 days would require manager approval before being processed
 - up to a maximum of 5 days can be requested after 31 December
 - any number of days requested after 31 December requires manager approval.
- 2.4 Managers would be expected to approve the purchase of additional leave, where this is required, on the basis that this can be accommodated without having an impact on service delivery, or requiring additional interim support (e.g agency) to cover for leave being taken.
- 2.5 Approval of *when* any additional leave purchased is taken will remain subject to service requirements and the same approval process as per contractual leave requests as specified in the existing policy.
- 2.6 Where any leave has been carried over from the previous leave year the amount of leave available to be requested will normally be reduced accordingly.

3. Scheme Implementation

- 3.1 'Normal' operation of the scheme would see individuals request to purchase up to a maximum of 10 days leave via salary sacrifice prior to the commencement of the next leave year (by 15 February each year). This will support the correct calculation of leave entitlements to be input into the mi people system (SAP) at the start of the leave year, and will allow for the deductions to be spread over the maximum 12 month period.
- 3.2 It is possible for employees to request to purchase additional leave at later points within the leave year. This however would mean that there would be a shorter 'recovery' period to recoup the required deductions.
- 3.3 The proposal is to remove the cut off date of 31 December for requests with employees able to request leave up to 31 March. As this could result in a payment being taken out in one month (which could affect minimum wage requirements) the proposal is for there to be a minimum recovery period of 3 months which will help avoid this situation. A continued check to ensure there is no impact on minimum wage requirements will remain in place.

4. ALPS Policy

- 4.1 The proposed revised policy is attached as Appendix A. The revised policy has been subject to an Equality Impact Assessment with no unjustifiable differential impacts identified.

5. Comments from Director of HROD

- 5.1 I have been consulted on the proposals and confirm that the revised policy represents a positive development in relation to organisational arrangements and will support both employee wellbeing and generate additional savings

6. Comments from Trade Unions

- 6.1 To follow.

Annual Leave Purchase Scheme - Policy

HR Policy

HROD

May 2018



MANCHESTER
CITY COUNCIL

Contents

Introduction.....	2
Eligibility and Conditions of the Scheme	2
Policy Principles	3
Criteria for considering requests in excess of 5 days or submitted after 31 December	3
Leaving the Council.....	4
Equality and Diversity Considerations	4
Data Protection.....	4
Further Information.....	5

Document Control

Date effective from	May 2018	Owner	HR Policy, HROD
Approval Date		Approval By	Personnel Committee
Version History	1.1 May 2018 1.0 November 2015		
Review date	Three years from the date of approval (or earlier where there is a change in the applicable law)		

Introduction

- 1.1** The Council's leave year runs from 01 April to 31 March and we understand that there may be occasions when additional leave would be useful. The Annual Leave Purchase Scheme (ALPS) allows employees to purchase up to ten days pro rata (a maximum of two standard working weeks) additional leave to use during the leave year. This provides employees with the opportunity for more choice and flexibility in terms of how they manage their leave, and aligns with the Council's approach to promoting a positive work-life balance.
- 1.2** The potential benefits of the scheme include:
- an additional incentive to help with recruitment and retention
 - an improved work life balance for employees
 - an increase in morale and satisfaction levels; and
 - support for our flexible working practices.
- Any requests over five days (pro rata) will require line manager approval
- 1.3** If approved, the dates on which any additional leave can be taken will be subject to service requirements and the same process as when booking contractual annual leave.

Eligibility and Conditions of the Scheme

- 2.1** To be eligible for the scheme an employee must:
- be employed on a permanent contract; or
 - on a fixed term contract with more than 12 months remaining; or
 - reasonably expect to have at least 12 months employment remaining with the Council.
- 2.2** In addition they must also:
- be in receipt of a regular monthly salary at the time the reductions begin; and
 - earn above the statutory minimum wage after taking into account the reduction.
- 2.3** Those employed by schools, on term time contracts, or term time plus additional weeks contracts are not eligible for the scheme.
- 2.4** If an employee has carried leave over, the number of days available through this scheme will normally be reduced accordingly so the amount of leave (in addition to their contractual entitlement) does not exceed ten days in a single leave year.
- 2.5** The provisions of this policy are separate to the paid/unpaid leave under the Special Leave Policy, and standard annual leave entitlement.

Policy Principles

- 3.1** The Council's leave year runs from 01 April to 31 March. The arrangements for purchasing additional annual leave are as follows:
- The maximum amount of annual leave that an employee can purchase to be used in any one leave year is ten days/two standard working weeks (pro rata for part time staff).
 - Applications for additional leave should, where possible, be submitted by 15 February for the following leave year. This will allow the majority of applications to be considered prior to leave entitlements being processed, and allows an employee the maximum period (twelve months) for deductions to be made.
 - Requests to purchase annual leave can be made at any point during the leave year.
 - Between 01 April and 31 December employees can purchase up to 10 days and any requests up to 5 days, or the first 5 days of a request for more than this, will be processed without the need for manager approval. Where an employee requests in excess of 5 additional days this will be subject to the approval criteria set out below.
 - After 31 December a maximum of 5 days additional leave can be purchased and this purchase will require line manager approval.
 - The cost will be deducted in equal amounts over the remainder of the leave year, or, if leave is purchased after 31 December, for a recovery period of three months with payments 'rolling over' into the next financial year.
 - Any leave purchased under this scheme must be taken within the leave year for which it has been agreed. If an employee fails to take it before the end of the leave year then the leave purchased will be lost, and no compensatory payment or salary adjustment will be made.
 - Buying annual leave will be treated as a salary sacrifice. Within the conditions of service, salary sacrifice allows employees to surrender part of their salary in return for the Council's agreement to provide a non-cash type benefit. As the cost of the non-cash type benefit is deducted from gross salary, before statutory deductions, employees are able to save on income tax and national insurance contributions. There is no impact on pension contributions through this arrangement.

Criteria for considering requests in excess of 5 days or submitted after 31 December

- 4.1** Line managers are required to consider and provide their approval for any additional leave requests of more than five days received up to 31 December, and for any requests received after 31 December.
- 4.2** One of the policy benefits is to allow employees greater flexibility and options when taking leave so any requests received need to be considered objectively. However, requests should only be approved when this can be accommodated without there being an adverse impact on service delivery, or causing additional costs (e.g. requiring the need for agency cover/overtime). On this basis, if managers feel that the service would be unable to accommodate the additional leave requested an application can be rejected.
- 4.3** In the case of an application being rejected the manager must inform the employee in writing, this must include the reasons why the application has not been approved. A copy of the correspondence must be sent to the Employee Life Cycle team to be stored on the employees personnel file. If a fewer number of days could be accommodated this should be noted on the correspondence and discussed with the employee, who would then need to submit a new application.

4.4 Information on requested, but rejected, applications will be stored centrally for reporting purposes and to understand any service specific issues.

4.5 Right to appeal

If an individual feels that their request has been rejected incorrectly then they can ask for a review by outlining their reasons in writing and sending this to the manager of their manager. This must be sent within 10 working days of receiving the confirmation that their application has not been supported. Following this review there will be no further right of appeal.

Leaving the Council

5.1 If an employee leaves the Council, or their contract is terminated for whatever reason the employee will be required to repay the outstanding value of any additional days leave taken from their final salary.

5.2 If there is insufficient salary to repay the outstanding amount employees will be required to pay this back as a standard overpayment of salary.

5.3 Where an employee leaves the Council or their contract is terminated prior to the employee taking leave purchased under the scheme, the Council will provide the employee with a refund with respect to the days untaken.

Equality and Diversity Considerations

6.1 Managers and employees are responsible for ensuring that they operate the scheme in line with the Council's Equality and Diversity Policy to provide equality of opportunity for all employees.

6.2 The Council is committed to ensuring that no-one is discriminated against, disadvantaged or given preference, through membership of any particular group, particularly based on age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. This procedure will be applied equally to all employees irrespective of their background or membership of a particular group.

6.3 The application of this policy and procedure has been subject to an equality impact assessment to ensure that it does not discriminate either positively or negatively in relation to the above groups either directly or indirectly.

6.4 The Council will review this policy as required to measure an impact on any equality and diversity issues, appropriate action will be taken where any inequality has been identified.

Data Protection

7.1 The information we ask you to disclose as part of the scheme is required in order for the Council to consider, and process, your request to purchase additional annual leave. This information is not used for any other purpose. Any personal data provided will be stored in line with data protection legislation and the Council's data protection policy.

Further Information

- 8.1** The Council reserves the right to review any aspects of the scheme and make improvements or amendments. Any relevant legislative or case law changes will be considered and the scheme will be updated where this has an impact.