



Introduction

The University of Nottingham (UoN) offers employees 26 or 30 days* paid holiday entitlement each year, dependent on their contractual provisions. It is recognised, however, that some employees may wish to take longer periods of holidays and for this reason, the University introduced a voluntary Annual Leave Purchase Scheme in 2021. The 'Scheme' enables employees to "buy" additional annual leave via a salary sacrifice scheme, subject to certain conditions and eligibility criteria. Annual leave purchase schemes have wellbeing benefits as they provide staff more flexibility to take time off for reasons not normally covered by other paid time off to give a better work-life balance.

Throughout the Deputy Vice Chancellor and Chief Financial Officer Roadshows, we had brilliant suggestions from colleagues to help address the University's financial challenges. Based on this feedback, the Annual Leave Purchase Scheme will return for a second enrolment window in the 2023 / 2024 holiday year and the maximum number of days available to purchase in this window has increased from 1 week to 2 weeks (pro rata for part time staff).

**Dependant on job family and level -*

<https://www.nottingham.ac.uk/hr/guidesandsupport/absenceandannualleave/annualleave/annualleaveentitlementbyjobfamilystaffgroup.aspx>

Scheme Eligibility and Criteria

- Any annual leave purchased through the scheme needs to be booked in line with the normal holiday booking process/local leave policies. Please discuss any plans for taking the purchased annual leave with your manager prior to enrolling.
- All employees on permanent or fixed-term year-round contracts are eligible to enrol on the scheme regardless of length of service.
- Employees on fractional, term-time only contracts are excluded from this scheme because the nature of their role requires them to be present during term-time and, therefore, it would not be possible to agree to them taking leave. Some employees have fractional, term-time only contracts to work a fewer number of weeks during the year and, therefore, already have access to periods of longer time off.
- To recognise different working patterns, the annual leave purchase will be worked out in hours.
- The maximum amount of additional annual leave that any employee may "buy" in this enrolment window for the 2023 / 2024 holiday year is two weeks (for most full-time staff this is equivalent to 72.5 hours). **The 2 weeks maximum is inclusive of any purchased leave from the previous enrolment window for this holiday year (2023 / 2024).** Therefore, employees that have already purchased annual leave from the previous enrolment window must not purchase annual leave that takes them above the two-week maximum – any applications that exceed the maximum will be capped at two weeks following agreement with the employee.

- Part-time staff are eligible to apply, however, the maximum amount of leave that can be purchased will be pro-rated to allow for a purchase of the equivalent weekly hours.
- Applications will be reviewed within the dates of the enrolment window. The UoN reserves the right to refuse an employee's application to buy annual leave in exceptional circumstances when an application would cause significant business or operational detriment. Prior to declining an application, managers should speak to their HR Business Partner about any exceptional circumstances.
- Enrolment to the scheme will open in March 2024 regardless of the staff member's leave year. Deductions will start in April 2024 until September 2024. For staff members whose holiday year runs January to December, although deductions will end in September, they will have until December 2024 to use their additional purchased holiday. The deduction window is consistent to ensure it is applied fairly and equitably and enables more of the deductions to be made during the current financial year which further helps to address the University's financial challenges.
- Fixed-term contract staff are eligible if they have at least six months remaining on their contract at the time of purchasing the leave.
- Any purchased annual leave must be used within the holiday year that it is purchased within. If, having bought additional holiday, the employee fails to take it before the end of the relevant holiday year, the leave will be lost altogether. In these circumstances, no compensatory payment will be made. Carry-over of leave will be considered in line with the existing annual leave policy, i.e. a maximum of five days (pro-rata) in exceptional circumstances, only with agreement of the Head of School / Department or designated person.
- The scheme is run via a salary sacrifice arrangement whereby the employee agrees to reduce their salary in return for additional benefits, in this case extra annual leave. This constitutes a change to an employee's terms and conditions of employment - please see the Terms and Conditions of Employment section below for more details.
- When the agreement is signed by the employee, you agree to amend your contract of employment for a fixed period and the amounts will be in place for the term of the agreement. If your salary changes after the first deduction, for any reason, the salary sacrifice will continue at the original rate agreed.

Examples	
1)	A staff member purchases 36.25 hours at a cost of £530 annually at Level 3, they are promoted or re-graded to Level 4 and receive a pay increase, they continue to pay £530 as this was the amount agreed when they entered the scheme.
2)	A staff member purchases 20 hours at £200 and was Level 2 when they signed the agreement. They are re-graded to Level 1 and pay is reduced, they continue to pay £200, as this was the amount agreed when they entered the scheme. However, please see the lifestyle changes section for details of when the agreement could be ended due to an eligible lifestyle event.
3)	A staff member works 35 hours per week in March and purchases 35 hours at £400. In May, they reduce their hours to 25 hours per week. The deduction will continue at £400 and they will still have purchased 35 hours annual leave.

- The UoN will decline the application if the salary deduction takes the employee under the National Minimum Wage (NMW) rate. The UoN will monitor the NMW monthly and if your salary drops below the NMW at any point, the Payroll Team will contact you and ask you to

reselect your optional deductions, which could include annual leave purchase, pensions, season ticket loans etc to ensure your salary remains above the NMW rate.

Impact on Terms and Conditions

The Scheme is run via a salary sacrifice arrangement whereby the employee agrees to reduce their salary in return for additional benefits, in this case extra annual leave. This constitutes a change to an employee's terms and conditions of employment. When the application is approved, the employee will be notified in writing of the change to their terms and conditions of employment and the appropriate change to their pay.

Note: Additional earnings such as overtime and benefits, including pensions, are calculated on pre-salary sacrifice salary, therefore, are not impacted by salary sacrifice arrangements. We will use your salary as of the first day of the leave year to calculate any deductions.

Please see the Frequently Asked Questions on the HR web site at:

<https://www.nottingham.ac.uk/hr/guidesandsupport/absenceandannualleave/annualleave/index.aspx> for more information on how salary sacrifice could impact any state benefits such as maternity pay.

Life Events

The UoN recognises that staff may need to change a salary sacrifice arrangement where a lifestyle change significantly alters an employee's financial circumstances. This may include:

- Marriage/civil partnerships
- Divorce
- Redundancy
- Promotion/re-grading

If a lifestyle event does occur, staff can opt out of the scheme by notifying the Payroll and Pensions team (Payroll@nottingham.ac.uk) with their payroll number, details of the life event and when they wish to stop their deduction. This will stop the deductions from their pay and the annual leave would be amended to reflect the amount of annual leave purchased prior to opting out.

Example

You purchase 20 hours holiday starting in April, but are re-graded in May and opt out of the scheme in June. Your final deduction would be from your June pay and you would have made three payments, which is equivalent to half the purchase, therefore, you would have purchased 10 hours holiday.

To be eligible for this, staff must have the holiday entitlement still available to take so that it can be amended to reflect the new purchase amount.

- **New starters** that join once the enrolment window ends can enrol in the scheme at the next available enrolment window (usually August).
- **Leavers** – upon leaving, the final balance for the annual leave purchase scheme will be deducted from a staff member's final pay, and any holiday entitlement will be calculated including the amount of annual leave that was purchased. Payroll will make any necessary adjustments within the final salary where staff have overtaken or undertaken annual leave entitlement.

- **Maternity, adoption and shared parental leave*** – the UoN will suspend the payments and re-start them on return to work while an employee is on maternity, adoption or shared parental leave. NB: These types of leave are a valid lifestyle event meaning staff can opt out of the scheme if needed.

Examples
1) You purchase 10 hours holiday and go on maternity leave in July. You will not be deducted in July, August, and September pay, therefore, when you return to work the payments will re-start for 3 months.
2) You purchase 20 hours holiday but go on maternity leave in June and opt out of the scheme in June. Your final deduction would be from your June pay and you would have made three payments, which is equivalent to half the purchase, therefore, you would have purchased 10 hours holiday. NB: To be eligible for this option, you must not have already taken all of your annual leave.

- **Paternity leave*** - the Scheme and deductions will continue throughout paternity leave. If pay does not cover the deduction, then it will be carried over and be deducted when the staff member returns.
- **Ordinary parental leave (unpaid)*** - the Scheme and deductions will continue throughout ordinary parental leave. If pay does not cover the deduction, then it will be carried over and be deducted when the staff member returns.
- **Sickness*** – Annual Leave Purchase Scheme deductions will continue for staff in receipt of occupational sick pay allowances**. If paid Statutory Sick Pay only, then any deductions will be suspended and will continue when normal salary pay re-starts, for example, if you miss two payments then when you return the payment window will be extended by two months.

NB: Where staff are unable to take leave purchased through the Annual Leave Purchase Scheme within the leave year because of long-term absence due to ill health, then they can carry it over into the next leave year.

- **Unpaid absences*** – the Scheme works through payroll deductions, if pay is reduced to zero for any length of time it will affect the UoN ability to make these deductions. Therefore, if pay does not cover the deduction, then the deduction will be carried over and deducted upon return to work.

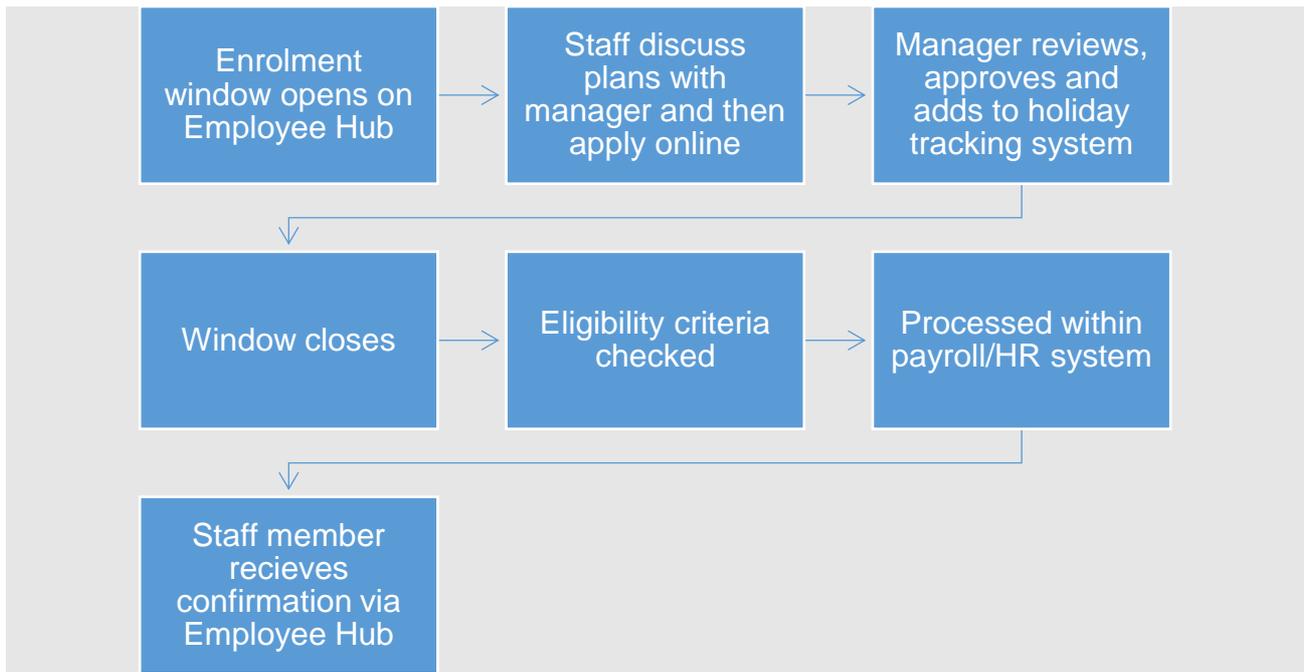
* If payments are carried over into a new holiday year, you will not be able to reapply until the balance is paid off in full

** See the sickness absence scale of allowances for more details

(<https://www.nottingham.ac.uk/hr/guidesandsupport/absenceandannualleave/sicknessabsence/scaleofallowances.aspx>)

Application and Approval Process

The UoN will hold the application window in March. An employee who wishes to buy annual leave must apply and Line Managers must review and approve within this window, see process map and application process below for more details.



How do I apply?

Please discuss any plans with your manager prior to applying as approval of when you can take the additional leave will be at your managers discretion and as per any local policy / processes. It is expected that employees who purchase additional annual leave will take this leave within the holiday year and are not permitted to carry purchased annual leave forward to the next holiday year (2024 / 2025).

To apply for Annual Leave Purchase, use the Employee Hub. You will need to log in with your University username and password.

You will need the following information which you can find through [MyView](#):

- Your contact details
- Your Payroll number (found under “My Details” and at the top of your monthly payslip in MyView)
- Your gross annual basic pay as per the **31st of March** pay (excluding overtime, allowances or bonuses). This is your monthly gross x 12.
- How often you are paid (e.g. monthly)
- The number of hours that you are contracted to work each week
- Your Line Manager's name and email (firstname.lastname@nottingham.ac.uk)
- The number of **hours** that you wish to purchase (the system requires you to confirm the hours you intend to purchase, not days)

Applications should be made via the Employee Hub and when entering your Line Manager’s email address please use the external email address i.e. firstname.lastname@nottingham.ac.uk.

Any applications that are submitted with incorrect information will be automatically rejected.

NB: Regardless of when a staff member's holiday year starts (either October or January), staff can apply in March. Applications will be taken using the process above in March and deductions will start in April 2024 until September 2024.

Any applications received outside of the application windows will not be processed. The exact dates of the application window for buying annual leave entitlement will be communicated via relevant staff communications such as Campus News.

Employees will need to make a new application each year. There will be no assumption that they wish to continue with buying annual leave for the future.

Impact on Pay

Where an employee opts to buy annual leave, this will result in a reduction to their monthly salary either for the remainder of the October – September 2023 / 2024 holiday year or in line with their contract of employment if shorter. The new monthly salary will be calculated and notified to the employee as soon as possible after the employee's application to buy annual leave has been received and approved. The salary used to calculate the deduction will be the salary as of the 31 March.

Example	
Annual salary of £20,000 and works 15 hours per week	
Divide the employee's annual salary by 52 and then by the number of hours worked per week - this works out the hourly rate	$\text{£}20,000 / 52 / 15 = \text{£}25.64$
Multiplying this figure by the number of hours the employee wishes to buy - this works out the total cost	$\text{£}25.64 \times 15 = \text{£}384.60$
Divide this figure by 6, which is the deduction period for this enrolment window - this works out the monthly deductions	$\text{£}384.60 / 6 = \text{£}64.10$
Subtract this figure from the monthly salary - this works out the new monthly pay figure (pre-tax and NI)	$\text{£}1,666.67 - \text{£}64.10 = \text{£}1,602.57$
As the deduction is made from the pre-tax and NI salary, you will also save tax and NI on the deductions	

Further Information

The Scheme process and this guidance will be reviewed after two years once the Scheme has been embedded.

- **Frequently Asked Questions (FAQs)** for staff are available on the HR web site at: <https://www.nottingham.ac.uk/hr/guidesandsupport/absenceandannualleave/annualleave/index.aspx>
- For information on **how to apply through the Employee Hub**, please contact the Annual Leave Purchase hotline at Pluxee, tel: 01908 303498
- For **policy related questions** please contact the HR Department, tel: 0115 748 4800 or email: hr@nottingham.ac.uk
- For **payroll related queries**, please contact the Payroll Team via email at: Payroll@nottingham.ac.uk