



To: Audit and Procurement Committee

Date: 21 October 2013

Subject: JEEP Suggestion – Holiday Purchase Scheme

1 Purpose of the Note

To provide information relating to the possible introduction of a Holiday Purchase Scheme

2 Recommendations

The Audit & Procurement Committee are asked to:

- Consider in principle whether or not to recommend that the Cabinet Member for Strategic Finance and Resources considers the introduction of a holiday purchase scheme
- Consider whether or not to recommend that the Cabinet Member for Strategic Finance and Resources considers the detailed development of a holiday purchase scheme

3 Information/Background

Explanation of Holiday purchase

A holiday purchase scheme allows employees to buy additional annual leave and pay for it through deductions from salary over the year.

Employees can purchase up to a defined number of additional days leave at a certain point/s in the year dependent upon service needs.

Possible Benefits of a Scheme

Financial

If operated as a salary sacrifice scheme, employees and the Council pay reduced NI contributions as the deduction is taken at source before tax and NI deductions are made. However, the main financial benefit for the organisation is the saving on salaries.

In 2012/13 Nottingham City Council achieved savings of c£449k through a similar scheme. To date, in 2013/14 savings of £368k have been achieved.

Assuming 5% of employees (c264) choose to purchase an additional 5 days annual leave in a single year and taking into account estimated NI savings, it is estimated the Council could make savings of c£130K; 10% (c529) would make c£260k savings.

Non - Financial

The non-financial benefits of such a scheme for the Council and employees are that it extends flexible working options and the range of benefits available to employees.

Operational considerations and impacts

However, alongside any benefits there are a number of managerial concerns about the introduction of such a scheme:

- There are a number of frontline services where backfill would be required for such absences (social workers, care assistants, refuse collectors, etc.) either through use of agency or casual workers. This may mean additional costs, not savings. Nottingham has indicated that whilst they do not allow backfilling, this is causing service delivery problems for them.
- Annual leave entitlement is already very generous. In the case of an employee on flexi time, as well as 27 days leave entitlement p.a. (32 after 5 years), 9 bank holidays, and the ability to build up an additional 18 days p.a. via the flexi scheme, such an employee already has access to 54 days leave p.a. (59 days after 5 years).
- In recent years many services have been reviewed and now have reduced staffing levels. This means there is limited capacity to allow additional leave to be approved.
- In some employee groups – e.g. those on term time only contracts and Teachers terms and conditions - it would be very difficult to grant additional annual leave.

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