



SALARY SACRIFICE HOLIDAY TRADING SCHEME

The Council operates a salary sacrifice holiday trading scheme (the 'Scheme'). The Scheme is a non-contractual benefit that provides employees with the flexibility to either purchase additional holiday entitlement from the Council or to sell part of their contractual holiday entitlement to the Council each year.

The Scheme operates during the normal holiday year, being 1 January – 31 December.

This scheme will be reviewed on an annual basis.

Eligibility

The Scheme is available to most employees. An employee cannot, however, partake in the Scheme if their probationary period has not yet been completed. Once their probationary period has been successfully completed, an employee may apply to partake in the Scheme during the following holiday year by making an application in the next annual application window (see 'Application Process' below).

Statutory Leave

By law, employees are entitled to a minimum of 28 holidays each year (pro-rata for part time staff), inclusive of bank holidays. These are known as statutory minimum holidays.

Statutory minimum holidays cannot be sold to the Council under this Scheme and must be taken in the holiday year in which they are accrued (except in limited circumstances whereby they will either be carried over to the next holiday year or paid in lieu).

As such, the sale of holiday entitlement must not result in an employee's annual holiday entitlement falling below the statutory minimum of 28 days per year (pro rata for part time staff). As such, only the sale of holidays above the statutory minimum can be sold to the Council and such holidays are referred to in this document as 'excess holiday'.

Purchase/Sale Quantities

Eligible employees can apply to buy up to two weeks additional holiday or sell up to two weeks' of their excess holiday each holiday year. Reference to two weeks in this clause equates to 10 days for full time staff or a pro-rata for part time staff.



Application Process

There will be one application window each year for employees to express an interest to buy additional holiday or sell their excess holiday. This window will be open in early November each year and you will be notified by the Clerk of the exact date each year.

In order to take part in the Scheme, employees should email their line manager during the application window with an indication of the number of days/hours that they wish to buy or sell.

In respect of the purchase of additional holiday, where possible, employees should also indicate to their line manager when they plan to take their additional holiday.

Applications will be considered and decisions confirmed to employees by the Admin and HR Committee in December.

The Council reserves the right to change the Schemes annual application window and/or decision timeframes as referred to above. Reasonable notice of such changes will be communicated to employees.

Once the application of a purchase or sale of holiday has been formally approved and confirmed to an employee, employees cannot change their mind at a later date, except in exceptional circumstances (please see 'Exceptional Circumstances' below).

Any agreed amount of holiday bought/sold will be either added or deducted from the employee's holiday entitlement for the following holiday year.

Reserving the right to refuse applications

There may be more requests to buy holidays than the Council can accommodate. The Council reserves the right to refuse an employee's application to buy holiday.

It may also be necessary to refuse an employee's request to buy holiday for operational or technical reasons related to their job. The Council will therefore make every effort to accept as many holiday purchase requests as possible but has to have regard to its operations, as well as ensuring that there is sufficient cover for all work to be undertaken in each department. These considerations need to take priority over granting requests under this Scheme.

The Council may make a compromise and propose a reduction to your request if the full number of purchase days requested cannot be accommodated.

Lastly, there may be implications on National Minimum Wage ("NMW") laws would render it unlawful for the Council to accept some or all of an individuals request. The Council reserves the right to refuse requests which would put it in breach of NMW laws.



Salary Sacrifice

If your application to buy/sell holiday is approved, the Scheme operates as a 'salary sacrifice' arrangement.

A salary sacrifice arrangement is an agreement between an employee and employer and, in respect of the purchase of additional holiday, the employee will exchange a proportion of their gross pay/pensionable pay (i.e. remuneration) for the additional holiday. Gross salary is the employee's salary before any deductions are taken. This means the employee will pay less tax and NI during the holiday year in which deductions are made, as their monthly/yearly remuneration is reduced.

Furthermore, and in respect of when an employee sells part of their excess holiday, the gross pay/pensionable pay is increased pro-rata and more tax and NI may be deducted from their monthly/yearly remuneration during the holiday year that deductions are made.

Impacts of salary sacrifice

Employees should be aware that the reduction in gross pay through salary sacrifice could have a negative impact on the following:-

- The calculation of any statutory benefits, including, but not limited to, statutory maternity pay.
- The salary used for finance agreements, such as mortgage applications.
- Pensions contributions and future benefits.

This is not an exhaustive list and you should therefore seek specialist advice before making your application to partake in this Scheme.

Payment Provisions

Purchase of additional holiday

Where an employee's request to buy additional holiday has been agreed, this will result in a reduction to their monthly salary during the corresponding holiday year.

The total cost of the additional holiday purchased will be deducted from an employee's monthly salary over the 12-month scheme year in 12 equal payments. The first deduction will be in January.



The new monthly salary will be calculated and notified to the employee as soon as possible after the employee's application to buy additional holiday has been received and approved.

The cost of any additional holiday purchased is the same as the Council would pay the employee for any normal hours or day's worked (as applicable).

Sale of holiday

Payment for the sale of holidays will be added to an employee's salary over the 12 month Scheme year in 12 equal payments. The first payment will be in January.

The payment for holiday's sold will be the same as the Council would pay the employee for an hours/days' work (as applicable).

Exceptional Circumstances

Life events

There may be instances when an employee may need to make a change to the agreed Scheme arrangement for the current holiday year, such as a life event which significantly impacts their financial circumstances. Such circumstances may include, but are not limited to, the following:

- Marriage
- Divorce/dissolution of a civil partnership
- Birth/adoption of a child
- Redundancy of partner
- Bereavement

Such cases would be considered as exceptional circumstances. If such circumstances arise, you can inform the Council and we can discuss your options with you.

Family Leave

Deductions in respect of purchases for enhanced holiday will continue for employees who receive enhanced occupational pay entitlement for maternity, paternity, shared parental and adoption leave.

For employees who receive statutory pay or no pay during such leave, deductions



will be suspended and will resume when they return to work and their normal salary payments restart.

For example, in accordance with this clause, if an employee misses two payments during a period of Family Leave, the repayment window will be extended by two months. The monies will then be deducted from the first two monthly salaries upon their return to work.

If an employee decides not to return to work following a period of Family Leave, the remaining balance will be deducted from their final salary. If no final salary payment is due, a repayment plan will be agreed between the Council and the employee. If an employee fails to comply with the terms of the plan, legal action may be taken.

If any purchased holiday has not been taken upon commencement of a period of family leave and there is no opportunity to take it in the current holiday year, it shall be carried over to the next holiday year.

Sickness Absence

Deductions in respect of purchases for additional holiday will continue for employees who receive enhanced occupational sick pay entitlement.

For employees who receive statutory pay or no pay, deductions will be suspended and will resume when their normal salary pay restart.

For example, if an employee misses two payments during a period of Sickness Absence, the payment window will be extended by two months. The monies will then be deducted from the first two monthly salaries upon their return to work.

If an employee decides not to return to work following a period of Sickness Absence, the remaining balance will be deducted from their final salary. If no final salary payment is due, a repayment plan will be agreed between the Council and the employee. If an employee fails to comply with the terms of the plan, legal action may be taken.

If any purchased holiday has not been taken upon commencement of a period of sick leave and there is no opportunity to take it in the current holiday year, it shall be carried over to the next holiday year.



Change in role or increase/decrease in hours

If an employee changes role or their hours of work, there will be no change to monthly deductions for the rest of the holiday year and the original scheme agreement will still apply.

Leaving Princes Risborough Town Council

If an employee has taken all of their additional purchased holiday and then leaves employment with the Council before all of the 12 monthly deductions have been made for the purchase of enhanced holiday, they will be required to pay the remaining amount to the Council in full prior to their departure.

In such circumstances, any outstanding payments will be deducted from their final salary. If there are insufficient funds in an employee's final salary to do so, the employee will be required to engage in a payment plan with the Town Council. If an employee fails to comply with the terms of the plan, legal action may be taken.

Any payments due to the employee for the sale of holiday will be paid to the employee in their final salary payment.

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