# **Additional Annual Leave Purchase Scheme**

Updated February 2023

## **Additional Annual Leave Purchase rules**

## Annual Leave bought through the Additional Annual Leave Purchase Scheme will be added to your regular leave entitlement. You will need to follow your normal departmental procedures when arranging to take your annual leave, e.g. agreeing leave in advance with your Line Manager, recording additional annual leave taken alongside normal annual leave etc.

Line managers will need to keep in control of the additional annual leave purchase requests and keep their own records of approvals/declines.

**Plan ahead**

You will need to plan ahead when considering your choices. Once you have made your decision to go ahead with the purchase of additional annual leave and enrolment, you cannot change your mind later**\***. It is up to you and your Line Manager to manage your annual leave to ensure you take your full entitlement during the year.

\*However, there are some lifestyle events were you may be allowed to leave the scheme. Please refer to the Trust’s Additional Annual Leave Purchase Guidelines document for more information.

**If you have bought additional annual leave, and cannot use them before the end of the year, you cannot sell them back and receive salary in lieu of the benefit or carry them forward to the following leave year.**

**Purchase Limits**

Maximum allowance for purchase of additional annual leave is up to 75 hours additional annual leave for full time staff. For part-time staff, the actual number of hours would be calculated on a pro rata basis as appropriate – e.g.; if your weekly contracted week is 32 hours your maximum additional leave would be 64 hours.

**Tax and National Insurance**

If you purchase additional annual leave, your gross salary will be reduced, as shown in the examples below. Annual Leave is not a taxable benefit, so there is no income tax or national insurance (NI) payable on the value of the hours bought.

This means that the net cost to you is reduced by up to 32% if you are a basic rate tax-payer and 42% if you pay tax at the higher rate.

**Q1: What is the Additional Annual Leave Purchase Scheme?**

The Additional Annual Leave Scheme is an opportunity for all eligible Liverpool University Hospitals NHS Foundation Trust staff to purchase additional annual leave on top of your usual annual leave entitlement, subject to your Line Managers approval. \*\***(Available to staff across the whole Liverpool University Hospitals NHS Foundation Trust)**

**Additional Annual Leave Purchase Scheme gives you the flexibility to:**

* Have a planned long holiday (such as visiting relatives overseas, getting married)
* Or just being able to take some extra time for yourself!

**Q2: Who can purchase Additional Annual Leave?**

This scheme is open to all permanent employees as long as purchasing additional annual leave will not take you below the National Living Wage, or your total Salary Sacrifice items don’t take your pay below half of your annual salary. Unfortunately, this benefit is not open to Temporary, Bank or Contract employees.

**Q3: How much Additional Annual Leave can I Purchase?**

There is the option to purchase up to 75 hours annual leave (amount purchased cannot exceed 75 hours per annual leave year and is calculated on a pro rata basis for part-time staff) on top of your current entitlement.

**Example 1:**

You work 37.5 hours per week and have 217.5 hours annual leave entitlement, how much extra leave can I have?

As you work full-time you may purchase a maximum of 75 extra hours, bringing your entitlement to 292.5 hours.

**Example 2:**

You work 30 hours per week and have 202.5 hours annual leave entitlement how many hours annual leave can you purchase?

You may purchase a maximum of 60 hours additional annual leave in line with your working week, bringing your entitlement to 262.5 hours.

**Q4: Does this mean I can also sell annual leave I don’t wish to take?**

No – this scheme is only to purchase Additional Annual Leave.

**Q5: How is the Additional Annual Leave Purchase value calculated?**

The value is calculated on the number of hours purchased multiplied by your hourly rate. For example, if you wanted an extra working week’s hours as annual leave and you work 37.5 hours each week, and your hourly rate is £9.55 per hour you will

purchase 37.5 hours x £9.55 = £358.13 in total. However, if you work 20 hours each week you would purchase 20 hours x £9.55 = £191.00 in total.

The calculation has to reflect the actual number of hours required for your Additional Annual Leave and at the Trust we don’t have a “standard” working week across all departments.

When deciding how many hours to purchase, please refer to the table in the Trust’s Guidelines document that provides the maximum allowed depending on your contractual hours.

**Example 1: purchase of 20 hours additional annual leave over 12 months**

Annual Salary £9959.12 (pro rata)

Basic Hourly Rate £9.55 x 20 hours worked per week = £191.00

**Calculation (1)**

Total cost of 20 hours additional annual leave equates to £191.00

12 Monthly gross payments of £15.92

This changes your gross salary for twelve months to £9768.12

**The deductions can be spread over 12 months equates to £ 15.92 per month. (As an example)**

**Example 2: purchase of 37.5 hours additional annual leave over 10 months**

Annual Salary £25,000 p.a. (FT)

Basic Hourly Rate £12.79 x 37.5 hours worked per week = £479.63

**Calculation (2)**

Total cost of 37.5 additional annual leave equates to £479.63 10 Monthly gross payments of £47.96

This changes your gross salary for twelve months to £24,520.37

**Because the reduced salary does not attract your personal rate of tax and national insurance you would be able to save between 32% and 42% on your net salary for this reduction. Those in the NHS Pension scheme would save more through reduced contributions.**

**Q6: Can my Line Manager decline my application?**

Applications are subject to your Line Manager’s approval. All Line Managers reserve the right to refusal. You need to gain your Line Managers approval before completing application. If your request is declined your Line Manager will be discussed with you.

**Q7: What happens if I reduce my hours / or have a pay increase?**

The calculation for Additional Annual Leave Purchase is based upon your pay at the time you make your choices. However if you have a pay change during the holiday year, the Trust reserves the right to re calculate the value of your monthly

deductions. Your Line Manager should advise the Salary Sacrifice Team of any change that will impact your pay. Payroll will then automatically amend the amount.

**Q8: I have just started working here – can I apply?**

Yes, but your Line Manager must approve it. You can only choose to purchase additional annual leave during the annual enrolment period (April to November)

**Q9: What happens if I leave the Trust whilst in a period of purchased leave?**

Unfortunately, you would be required to pay the outstanding balance in your final salary as the Trust does not offer refunds to additional purchased leave, purchased leave must be taken within the current financial year of approved application.

*E.G; If you leave in December within the same financial year of the scheme (Jan, Feb and Mar will be recovered). For further guidance, please contact the Salary Sacrifice Team.*

**Q10: How will this affect other benefits?**

Employees that could be affected are those earning above the National Living Wage (NLW) but who have weekly earning of less than the lower earnings limit for National Insurance Contribution purposes. This benefit may also have a small impact on Statutory Maternity Pay as this part of your maternity pay will be calculated at your reduced salary. For further advice refer to your payroll department.

**Q11: What if I am in receipt of Child Tax Credit (CTC) or Working Tax Credit (WTC) payments?**

CTC / WTC payments are based on your income for the previous tax year which ends on April 5th. If you have joined the arrangement and are making a new claim for CTC or WTC please use your revised pay figure when making an application. Help and advice is available from the Tax Credits helpline on 0845 3003900 or via their website [www.HMRC.co.uk](http://www.HMRC.co.uk)

**Q12: What happens if I go on unpaid / maternity or unpaid sick leave?**

If you are entering a period of unpaid leave the Trust would not be able to recover monthly purchased leave deductions, this will include SMP or SSP, this would be offset until you return to work and arrears must be paid back in agreement with the Salary sacrifice/Finance Team.

**Q13: How do I apply?**

To apply for this benefit, you can obtain an application from the ‘Staff Hub’ on the Trust’s Intranet site, or if you do not have access to the site, you can email the Salary Sacrifice Team and request an application form via: [smartsalary@liverpoolft.nhs.uk](mailto:salarysacrifice@LiverpoolFT.nhs.uk) . Then you and your Line Manager and DM/DGM need to complete and sign (full signature required – typed names will not be accepted).

Your Line Manager needs to then email it to the Salary Sacrifice Team at: [smartsalary@liverpoolft.nhs.uk](mailto:smartsalary@liverpoolft.nhs.uk)

**Q14: When do I apply?**

The election period for this scheme will be 1st April until 3rd November each year.

**\*\*\*We can accept applications mid-March in time for April’s pay.**

All forms need to be returned to the Salary Sacrifice Team by close of business by 3rd of each month between April and November.

Please see Additional Annual Leave Guidelines/ Terms and Conditions, or the HMRC Website for further information.

PH 16/02/2023