

<b>Committee(s):</b> Establishment Committee – For Information	<b>Date:</b> 5 December 2017
<b>Subject:</b> Buying Additional Leave Scheme	<b>Public</b>
<b>Report of:</b> Chrissie Morgan, Director of HR	<b>For Information</b>
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### Summary

The Intergenerational (IG) Group was established in 2016 to provide a collective voice of City of London Corporation employees. Their first session focussed on employee benefits and the City Corporation worked with Premier Benefits Solutions to review our current offering and to look at potential options for the future.

The IG Group asked the City Corporation to consider ways to provide greater leave flexibility. A feasibility study was undertaken and the decision was made to develop and trial, for 1 year, a buying additional leave scheme.

### Recommendation

Members are asked to:

- Note the report

### Main Report

#### Background

1. The City Corporation currently has five generations working together. These generations share the same managers, work in the same locations and collaborate on the same projects. But with up to 50 years separating these employees, the values, drivers and needs of these diverse generations can be very different.
2. The expectations of what these generations want from “work”, and the City Corporation as an employer, may differ between each group.
3. In order for the City Corporation to gain a greater understanding of what our employees would like from the employment relationship, in 2016 Corporate HR launched the IG group to act as a platform for the collective voice of employees. The aim was for this group to help us identify and implement changes to the way we manage, motivate and engage employees across all generations.

4. Premier Benefit Solutions were engaged in the summer of 2016 to consult the IG group, via a survey, and to host a half-day workshop to gain further insights into the benefits we currently offer our employees and benefits which employees may be interested in for the future.
5. The workshop and survey identified areas for further exploration. One suggestion proposed by the group was for The Gild restaurant to accept payment by bank card and contactless technology. Following discussions with The Gild management team this was implemented in March 2017.
6. The IG group also asked the City Corporation to look into options for greater leave flexibility, and Corporate HR undertook a feasibility study into this.

### **Current Position**

7. The City Corporation already provides an annual leave scheme which is above the statutory minimum. The statutory minimum is 20 days plus 8 public/bank holidays (FTE). The City Corporation minimum is 24 days plus 8 public/bank holidays (grades A-C) and 28 days plus 8 public/bank holidays (grade D-J) (FTE).
8. Employees are able to carry forward a maximum of 5 days leave into the next leave year, which must be used by 31 March otherwise it will be forfeited.
9. The City Corporation already has a Career Break Policy and Unpaid leave procedure in place for employees.
10. The subject of buying and selling leave was raised by a number of London boroughs last year, and this topic was discussed at the summer 2016 Pay and Reward Network meeting facilitated by London Councils.
11. London Councils carried out a benchmarking process on which boroughs operate buying and/or selling of holiday days, and 11 boroughs responded. Of these respondents 6 boroughs allowed employees to buy additional leave, but none of these boroughs schemes allowed employee's to sell leave.
12. Outside of London there are some local authorities who provide schemes for their employee's to buy and sell holiday including Bracknell Forest, Surrey and Trowbridge; Bracknell Forest also allows employees to bank holiday.
13. Some private companies also allow employees to "buy" additional leave via an unpaid leave scheme.
14. Corporate HR undertook a feasibility study into options for providing additional leave flexibility.

### **Options**

15. The feasibility study looked at schemes to buy additional leave; sell leave; and bank leave.

### Buying Additional Leave

16. Research has identified that other organisations buying additional leave schemes allow employees to purchase an average of 5 days (FTE). The main variance between the schemes looked at was in relation to when the days could be purchased, for example at any point during the year; one window during the year; or two windows during the year.
17. To allow employees greater flexibility it is proposed to allow the days to be purchased at any point during the year.

### Selling Leave

18. If this scheme was introduced consideration would need to be given to ensure that in selling leave days the employee would not be in breach of the Working Time Regulations (WTR) 1998.
19. A scheme to allow employees to sell leave back to the City Corporation would have a financial impact on the City Corporation if the option was taken up by a large number of employees. Although restrictions could be put in place on the number of days which employees could sell, the scheme would have to be open to all employees to use.
20. Therefore it is not recommended in the current financial climate that selling of annual leave is pursued at this stage.

### Banking Leave

21. The City Corporation already allows this as employees can carry forward up to 5 days annual leave into the following leave year to be used by 31 March. A scheme could allow more days (e.g. up to 10 days) to be carried forward, with extended deadlines for use. This would result in transferring costs from one year to the next, and make managing services more difficult and unpredictable and have potential cost implications to cover the work.
22. For example, a scheme allowing employees to bank 10 days leave in year 1 and year 2 could result in some employees having as much as 53 days leave available in the third year. The 53 days is made up of 33 days leave entitlement, 20 banked days, and 8 public/bank holidays.
23. It is therefore not recommended to increase the amount of leave staff can carry over between years or to extend the date they need to be used by at this time.

## **Proposals**

24. The buying additional leave scheme will be trialled for 1 year, to enable any adjustment to the scheme to be made and the full impact of administering the scheme to be considered. A report will then be brought back to the Committee for decision prior to a permanent scheme being implemented.
25. Consideration has been given to how much additional leave can be bought. Taking into account service delivery requirements and other policies (e.g. career breaks) up to 5 days (FTE) is considered the optimum amount.

26. To ensure parity of pay amongst employees it is proposed that the cost of buying additional leave should be calculated on an individual basis for each employee's actual pay. The cost of the day will be based on the employee's actual salary cost, and will not include on-costs. On-costs will continue to be met by the City Corporation.

### **Corporate & Strategic Implications**

27. This scheme is proposed as part of the Attracting Talent project and the Pay and Reward review.
28. Chief Officers, HR and Chamberlains staff have been consulted on the scheme.

### **Equality Implications**

29. A test of relevance, as required by the Public Sector Equality Duty (PSED) was undertaken which identified no negative impact to any protected characteristic. Positive impacts of this scheme were identified for some protected characteristics, for example age and disability, as use of this scheme could improve work-life balance.

### **Resource Implications**

30. Research has shown that on average, take up of these schemes is 2% of an organisation. Headcount for the organisation is approximately 3,600 (excluding City of London Police and teachers), based on a 2% take up, this would equate to 72 employees.
31. Dependent on the number of requests received the administrative tasks associated in support of the scheme could result in a resource implication on both the HR teams and the pay office team.
32. Clearly there may be savings achieved on salaries budget in relation to employees who purchase additional leave. In front line services, however, there may be additional costs to backfill the leave.

### **Conclusion**

33. The City Corporation wishes to manage, motivate and engage employees across all generations. This scheme has the potential to improve employee's work-life balance and will provide them with the flexibility to achieve this.
34. Annual leave, including any additional leave days purchased, will continue to be requested and taken as per the current system. This approach will manage expectations of employees and managers, ensuring that requests are considered in the wider business context.

## **Background Papers**

- London Councils Benchmarking Data 2016
- Public Sector Equality Duty Test of Relevance – Buying Additional Leave

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