

Holiday Buy and Sell - Frequently Asked Questions

Summary

- The Anchor holiday year runs from 01 May to 30 April
- Each spring you can buy or sell up to five days' holidays for the **upcoming holiday year** (pro rata if you work part time hours)
- All requests should be discussed and agreed with your line manager before being submitted
- Payroll deductions for holiday buy will start in May for 12months (i.e. last deduction in March)
- If you are selling holiday, you will receive the monies in 12 installments starting in May payroll (i.e. last monies received in March payroll)
- Holiday buy and sell is not open to Bank colleagues or if you are not on Anchor payroll
- All requests need to meet National Minimum Wage and minimum statutory holiday requirements.

It's a good idea to read through all of these FAQs before submitting your request to buy or sell holiday. Please also refer to the Annual Leave policy on The Bridge.

If you have any other questions about buying or selling holiday, please refer to your manager in the first instance or drop an email to Reward@Anchor.org.uk.

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1. How do I buy or sell holiday?

Visit the [Being Well holiday buy sell](#) page for more details. Remember, you need to discuss and agree your plans with your line manager **before** submitting your request. See Q2.

Any holidays you buy, or sell, will be reflected in your holiday balance on [MyHR ESS](#) at the start of the new holiday year in May.

2. Does my request to buy or sell holiday need approving?

You need to speak to your manager to agree your plans before submitting a request. All requests will be checked to ensure they are compliant with the National Minimum Wage and minimum statutory entitlement requirements. Your manager may decide not to support your request if you have unused holiday to carry over.

3. How much will a day's holiday cost?

The cost of a day's holiday to buy or sell is calculated as the **hourly rate multiplied by the number of hours you work a day**. For the purposes of holiday buy and sell we will use your hourly rate/annual salary as at as at the date you make your request.

Example cost of a day's holiday

- You work 40 hours a week over five days
- You work eight-hour days ($40 \div 5$)
- Your annual salary is £24,000
- Your weekly salary is £460.24 ($£24,000 \div 52.147$)
- Your hourly rate is £11.51 ($£460.24 \div 40$)
- The cost of a day's holiday is £92.05 ($£11.51 \times 8$)

4. What is classed as a day's holiday?

A day's holiday is your normal working day. If you work five hours per day, five hours would be classed as a day's holiday, so if you wanted to buy or sell two days you need to request 10 hours. If you work 7.5 hours a day, then a day's holiday would be 7.5 hours, so if you wanted to buy or sell two days you need to request 15 hours. Please note your holidays may be set in days and then you can simply request the number of days needed.

5. Am I eligible to buy or sell holiday?

You can buy or sell holiday if you are on Anchor payroll and not on a Bank contract. Your request does have to legally meet the statutory minimum requirements, which means it may be declined if buying holiday takes you below the National Minimum Wage or selling holiday means you have less than 20 days plus bank holidays as your entitlement (based on fulltime).

6. Can I carry over annual leave into the new holiday year and buy or sell?

You can carry over up to **five days'** annual leave (pro-rata for part time colleagues). However, you should agree this with your manager first before buying your additional leave. Your manager may decide not to support your holiday buy request if you have unused holiday to carry over.

The system will automatically carry over up to five unused holidays (pro rata for part-time hours). Any days that are carried over must be used within three months of the start of the holiday year (by 31 July) or they will be lost. This is in line with the standard carry over clause in the [Annual Leave policy](#) and guidance.

Please note, if you decide to buy or sell holiday, you'll be doing so from your new holiday year entitlement (not from any leave carried over). This is to ensure that your request will be compliant with National Minimum Wage and minimum statutory entitlement requirements, and meet our [Annual Leave policy](#).

7. When can I buy or sell my holiday entitlement?

Each spring there is an opportunity for you to buy or sell holiday for the new holiday year, which in Anchor runs from 1 May to 30 April.

If you choose to sell holidays remember, those will be deducted from the new holiday year and not your current holiday year entitlement (i.e. you are not selling unused holidays). You must have a minimum of four weeks' leave (plus bank holidays) remaining in your new holiday year after selling any holiday (as any holiday carried over cannot be counted in those four weeks' leave).

8. Can I buy or sell a half day?

You can only buy or sell in **full days**, but if your holidays are displayed in hours your request must be submitted in the equivalent hours.

Example - full time colleague

- You work 37.5 hours a week over five days
- You want to buy two days' holiday
- Your working day is 7.5 hours ($37.5 \div 5$)
- You need to request to buy 15 hours (7.5×2)

Example - part time colleague

- You work 20 hours a week over four days
- You want to buy two days' holiday
- Your working day is five hours ($20 \div 4$)
- You need to request to buy 10 hours (5×2)

9. I am in my probationary period; can I buy or sell additional leave?

Yes, if you meet the eligibility criteria. See Q5.

10. Can I buy or sell five days leave in my 20th year when I get four weeks extra leave?

Yes, you can submit a request if your line manager agrees this beforehand.

11. I have more than one role, can I buy or sell leave for all of my jobs?

Yes, if you meet the eligibility criteria. See Q5. You will need to make a request for each role you wish to buy or sell for.

12. I work part time; can I buy or sell holiday?

Yes, you can buy or sell a week's holiday in line with your hours if you meet the eligibility criteria (see Q5). For example, if you work three days a week you can buy or sell three days.

13. If I decide to buy or sell, do I have to do it every year?

No, your decision is for the next holiday year only. Requests are only submitted, reviewed and approved for each upcoming holiday year.

14. I have submitted my request; can I change my mind?

No. Once your request has been submitted you are unable to make any changes. Please check your request before submitting it and make sure you are only requesting what you want to take before pressing submit.

The only exceptions to this will be if you have a 'lifestyle event' such as:

- Long-term absence
- Significant change in financial situation
- Significant change in personal situation

If you do need to make changes because of the above, please let your manager know. Your manager will then need to raise a request on AskPayroll.

15. What happens if I leave during the holiday year?

Holiday Buy – when you buy additional days holiday this is added on top of your standard entitlement, which means you will need to take the additional days you bought before leaving and any outstanding deductions will be taken from your final pay. E.g. you have 25 days holiday and buy 5 more but leave halfway through the holiday year, your holiday entitlement upon leaving will be 5 bought days plus half of your annual entitlement (i.e. $5 + 12.5 = 17.5$ days and 6 months of holiday buy deductions will be taken in your final pay (because you have already paid 6 months' worth and holiday buy is spread over 12 months).

Holiday Sell – when you sell holiday days this reduces your standard entitlement, which means you will be paid any outstanding monies due on the sale in your final pay. E.g. you have 25 days holiday and sell 5 but leave halfway through the holiday year, your holiday

entitlement upon leaving will 10 days (i.e. $25 - 5 = 20 \div 2$) and 6 months of holiday sell credits will be made in your final pay (because you have already received 6 months' worth and holiday sell is spread over 12 months).

16. Will there be a cost implication to residents?

Residents will not need to pay any more money, as the salary savings from the colleague buying holiday can be used to pay for cover whilst they are on leave and there should be no significant impact on financial budgets. Line managers will need to assess the impact on resources to deliver services before approving any requests from their teams.

Buying holiday

By buying holiday you will be entering into a salary sacrifice arrangement with Anchor, which means an amendment will be made to your contract of employment.

17. What is a salary sacrifice?

A salary sacrifice agreement is where you agree to give up some of your contractual salary for a non-cash benefit and an amendment will be made to your contract of employment to reflect this. When you buy additional leave, you are agreeing to a reduction in your gross cash pay. As a result, you will pay less tax and National Insurance (NI) as your pay will be reduced in exchange for more holiday days.

A salary sacrifice arrangement could impact on your entitlement to state benefits, e.g. state second pension. You should seek independent financial advice or advice from your local Job Centre Plus office on what would be appropriate for you.

18. How many days of holiday can I buy?

You can buy up to one week of extra holiday. The amount of extra holiday you can buy is based on your contracted hours and does not include overtime.

Example 1

- You work fulltime over five days
- You can buy or sell **up to five days**

Example 2

- You work three days a week part time
- You can buy or sell **up to three days**

19. My request to buy holiday has been rejected, why is this?

If you are a Bank colleague or not on the Anchor payroll, unfortunately we can't accept your request. If you have requested more additional holiday than you are entitled to, your request will be rejected (i.e. if you request to buy five days' holiday but only work three days a week).

You have to be earning above the National Minimum Wage once all salary sacrifice deductions have been made. You can't legally reduce your pay below the National Minimum Wage so we will have to decline your request in this situation.

If your request is declined for any reason, we will let you know as soon as possible.

20. How does buying holiday affect my pay?

If you have chosen to buy extra holiday, your salary will be reduced by the cost of a day's holiday multiplied by the number of days you have requested to buy. See Q3 to work out the cost of a day's holiday. The total cost of buying holiday will be deducted in 12 equal instalments from your pay, starting in May.

Please note, if your earnings drop below the Lower Earnings Limit (LEL) to buy extra holidays it

may affect any statutory payments available to you and eligibility for state benefits such as the basic state pension. The LEL each year is available on the HMRC website (www.hmrc.gov.uk). You should seek independent financial advice on what would be appropriate for you.

21.If I don't use the holiday I buy, can I carry it over or sell it back?

We would expect any extra holiday bought to be taken in the same holiday year that you are paying for it. However, we know life plans change and so up to 5 days unused leave (pro rata for part-time hours) will automatically carry forward, including any unused holiday buy.

If you buy additional leave you need to plan carefully at the beginning of the year to make sure it is used, as you cannot sell any holiday you have bought and not used.

Selling leave

22.How much holiday can I sell?

You can sell up to one week of holiday from your new holiday year entitlement. The amount of holiday you can sell is based on your contracted hours and your statutory entitlement.

Example 1

- You work fulltime over five days
- You can buy or sell **up to five days**

Example 2

- You work three days a week part time
- You can buy or sell **up to three days**

23.My request to sell holiday has been rejected, why is this?

If you are a Bank colleague or not on the Anchor payroll unfortunately, we can't accept your request. If you have requested to sell more holiday than you are entitled to, your request will be rejected (i.e. if you request to buy five days' holiday but only work three days a week).

The number of days' holiday you have left after selling holiday must be above your statutory entitlement. For a fulltime colleague the statutory entitlement is 20 days plus bank holidays, which means a full-time colleague's holiday entitlement can't drop below that.

Example 1

- You have a holiday entitlement of **25 days plus bank holidays**.
- You can sell up to **five days' holiday**.
- This is because your entitlement after selling will not fall below 20 days plus bank holidays

Example 2

- You have a holiday entitlement of **23 days plus bank holidays**.
- You can sell up to **three days' holiday**.
- This is because your entitlement after selling can't fall below 20 days plus bank holidays

Example 3

- You have a holiday entitlement of **28 days including bank holidays/20 plus bank holidays**.
- You **can't sell any holiday**.
- This is because we are legally required to give you this much holiday as a minimum

If your request is declined for any reason, we will let you know as soon as possible.

24.I am selling holiday, what changes will I see in my pay?

If you have chosen to sell some of your holiday, you will receive this payment in 12 equal instalments from May. These payments will be subject to tax and NI in the normal way and are not pensionable. See Q3 to work out the value of a day's holiday. You can't receive a lump sum

for the holidays you are selling or sell unused holidays in the current holiday year.

Additional questions

25. What happens if I take maternity/adoption/paternity (family) leave?

You will continue to receive payment for sold holiday while you are on family leave. You will continue to have deductions made for bought holiday while you are on family leave, unless you go onto a period of unpaid leave and then your deductions will be suspended, and the outstanding balance recovered from future months' pay.

Statutory Maternity pay (SMP) is calculated at 90% average weekly earnings for the first six weeks, then 90% average weekly earnings or the weekly SMP rate for the next 33 weeks, whichever is lower. This is based on your gross salary during a qualifying period which needs to be higher than the lower earnings limit. SMP could therefore be impacted by your decision to buy holiday as your gross salary will be reduced through a salary sacrifice arrangement.

Statutory Paternity pay (SPP) is calculated at 90% average weekly earnings or the weekly SPP rate for two weeks, whichever is lower. This is based on your gross salary during a qualifying period which needs to be higher than the lower earnings limit. SPP could therefore be impacted by your decision to buy holiday as your gross salary will be reduced through a salary sacrifice arrangement.

26. If I buy or sell holiday what happens if I take sick leave?

If you buy annual leave and then go off sick and are only in receipt of statutory sick pay or go into a period of unpaid leave, your deduction will be suspended, and the outstanding balance recovered from future months' pay. You will continue to receive payment for any leave you have sold through this period.

27. If I buy or sell holiday, will it impact on student loan deductions?

Yes. Your student loan deductions are calculated on your gross salary. If you buy holiday your gross salary will be reduced. If this reduction takes your gross salary below the earnings threshold for student loans, there will be no loan deduction.

Similarly, if through selling holiday, your gross earnings increase above the threshold for student loan deductions, you may start paying them.

28. If I buy or sell holiday, will it impact on child/working tax credits?

It depends on your personal circumstances. It is your responsibility to contact the tax credit helpline to advise them of any changes which affect your gross pay.

29. Will buying holiday affect Attachment of Earnings Orders (AEO)?

The payments of these arrears are normally calculated either via a fixed monthly amount or from a percentage of net pay available. Where you are in a salary sacrifice your net pay can be affected which may affect the level of the AEO deduction made. No deduction will be made if your net salary drops below the AEO threshold.

30. Can I participate in more than one salary sacrifice at the same time?

Yes, but your reduced salary after all the salary sacrifice arrangements have been deducted needs to be above the National Minimum Wage.

31. How will buying or selling holiday affect my life assurance?

Your life assurance benefit will continue to be calculated on your gross salary before a salary sacrifice has been applied for buying leave. However, it will not be calculated on any additional

payment made to you if you sell leave.

32. How will buying or selling holiday affect my pension contributions?

If you are in the pension scheme, employer and employee pension contributions will continue to be calculated on your gross salary before the salary sacrifice has been applied if you buy leave. They will not be calculated on any additional payment made to you if you sell leave.

33. Will buying holiday affect my basic state pension?

If your salary, after all salary sacrifice deductions are made, drops below the Lower Earnings Limit (LEL) it impacts on your entitlement to state benefits. The LEL each year is available on the HMRC website (www.hmrc.gov.uk). You should seek independent financial advice on what would be appropriate for you.