

## **ANNUAL LEAVE POLICY**

### **Guidance for managers**

#### **Management Guidance**

This document provides additional guidance for managers and HRBPs in the handling of annual leave issues. It includes the MRC's Annual Leave policy and procedure which is contractual. The additional guidance which is shaded in blue is not intended to be legally binding and does not form part of the MRC's Annual Leave policy and procedure.

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Annual Leave Policy

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# MRC ANNUAL LEAVE POLICY

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### Policy statement

In order to deliver its scientific strategy effectively and to achieve research excellence in all its own funding decisions, the MRC must strive for the highest levels of productivity and performance from its employees. To this end it is important that employees take regular breaks from their employment for which they are paid.

The purpose of the Annual Leave policy is to outline entitlements to annual leave.

The Annual Leave Policy and Procedure (the 'Annual Leave Policy') has been agreed with the National Trade Union Side and complies with statutory legislation as well as ACAS best practice. In addition, the MRC's policies are assessed for language accessibility and equality impact. The MRC's operational activities are regularly reviewed with key stakeholders and Trade Unions, which in turn contributes to the further development of the MRC's policies.

The Annual Leave Policy applies to all employees of the MRC. This includes those employed on temporary or fixed term contracts but excludes visiting workers, students or those workers provided by a third party agency.

Whether a worker is deemed to be a worker or employee is not always clear under employment legislation. In cases where managers have any doubt as to whether the Annual Leave Policy should apply, advice should be sought from regional/unit HR.

## 1. Principles

- 1.1 Under the terms of the Working Time Regulations Act 1998 there is a statutory minimum employers need to give of paid holiday leave in each leave year (pro-rated as appropriate). This and the updated regulations allow employees to have a minimum statutory entitlement of 28 days paid leave per year (including public and bank holidays).
- 1.2 The MRC currently provides paid leave to employees in excess of the statutory minimum. Full-time members of MRC employees are entitled to 30 working days paid annual leave each calendar year. In addition there are 10.5 statutory, bank and public holidays.
- 1.3 The MRC's annual leave year runs from 1 January to 31 December each year.
- 1.4 The MRC encourages employees to take their annual leave entitlements to ensure regular breaks from normal working duties.

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- 1.5 It is possible for up to 10 days unused leave to be carried forward into the next leave year (pro rata for part time employees). Part time employees in post on or before 24 February 2000 may carry forward up to 10 days i.e. not pro rata.
- 1.6 At local discretion annual leave can be anticipated from the next leave year, up to a maximum of 7 days.

## 2. Annual leave calculations and procedures

- 2.1 Part time employees are entitled to receive these holidays in hours on a pro-rata basis. Similarly those on compressed hours or not working a standard 5 days a week will also receive these holidays in hours. These are calculated and recorded on Oracle using the formula:

*Hours worked per week ÷ Full Time hours per week x annual leave entitlement (in days) x Full time hours in a standard day = your personal entitlement (rounded up to the nearest hour)*

- 2.2 They will also receive a statutory, bank and public holiday allowance using the formula:

*Hours worked per week ÷ Full Time hours per week x Public & Privilege entitlement (annual in days) x Full time hours in a standard day = Your personal Public & Privilege entitlement (rounded up to the nearest hour)*

*Example 1: an employee who works three full 7.2hr days per week (0.6 FTE) will be entitled to the following annual leave allowance:  $21.6 \div 36 \times 30 \times 7.2 = 129.6$ , rounded up to 130 hours per annum. They will also receive the following statutory, bank and public holiday allowance:  $21.6 \div 36 \times 10.5 \times 7.2 = 45.36$  rounded up to 46 hours per annum.*

*Example 2: an employee who works 20 hours (4 hours per day, 5 days per week) will be entitled to the following annual leave allowance:  $20 \div 36 \times 30 \times 7.2 = 120$  hours per annum. They will also receive the following statutory, bank and public holiday allowance:  $20 \div 36 \times 10.5 \times 7.2 = 42$  hours per annum.*

*Example 3: An employee who works a full 7.2 hours per day on Monday, 5 hours on Tuesday, zero hours on Wednesday, 5 hours on Thursday and 4 hours on Friday would be entitled to the following annual leave allowance:  $21.2 \div 36 \times 30 \times 7.2 = 127.2$  (rounded up to 128 hours per annum). They will also receive the following statutory, bank and public holiday allowance:  $21.2 \div 36 \times 10.5 \times 7.2 = 44.52$  (rounded up to 45 hours per annum).*

- 2.3 Employees whose leave is calculated in hours must book leave for any statutory, bank or public holiday which falls on a day when they would normally work eg if an employee normally works Monday to Thursday – they need to book only the hours they would work on those days and can ignore any holidays which occur on Fridays.

Managers are to contact their regional/unit HR for further guidance on annual leave arrangements for part time employees. If local managers are faced with a situation where staff are disadvantaged through rounding up to the nearest hour, rather than up to the nearest half-day as previously, managers can use their discretion to let staff leave early on a day or similar so that they are not disadvantaged. Similarly, for those part-time staff who are disadvantaged through their particular working pattern, managers need to show discretion and flexibility so that staff are not disadvantaged. E.g. working from home, trust time or other local arrangements.

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#### 2.4 Employees with service of less than a full year:

Annual leave is regarded as accruing during the leave year. Accordingly, an employee serving for only part of a given year will not in that period be entitled to more than a proportionate amount of the full annual allowance of leave.

For employees who are in post for only part of the leave year the proportionate amount of leave for each complete working day of service will be calculated by reference to the average number of working days in the year, rounded up to the nearest half day. The formula used will be:

*Leave entitlement ÷ 260 average working days x number of days to be worked in part leave year*

For example, a full-time employee joining on the 7<sup>th</sup> working week of the leave year would have their part year leave entitlement calculated as:

*30 days ÷ 260 average working days x 230 days (the 46 weeks they will work during the part leave year) = 26.54 or 26.5 days*

For part-time workers and those working compressed hours, see para 2.1, the calculation will be worked out in hours, i.e.:

*Personal entitlement (in hours) ÷ 1040 (260 average working days) x the number hours they will work during the part leave year*

For example, a 20 hour part-time employee joining on the 7<sup>th</sup> working week of the leave year would have their part year leave entitlement calculated as:

*120 ÷ 1040 (average working hours) x 920 (the 4 hours per day they will work during the 46 week part leave year) = 106.15 or 107 hours*

If local managers are faced with a situation where staff are disadvantaged through these leave calculations being made using the average number of days method, rather than the previous length of service during the first/last month method, managers can use their discretion to let staff leave early on a day or similar so that they are not disadvantaged. Similarly, for those part-time staff who are disadvantaged through their particular working pattern, managers need to show discretion and flexibility so that staff are not disadvantaged. E.g. working from home, trust time or other local arrangements.

2.5 Additional leave is given to employees working overseas for medical and dental purposes. Details are provided in their individual contract of employment.

2.6 Accrual of annual leave continues during the following circumstances:

- Paid sick leave
- Paid and unpaid ordinary maternity/adoptive/maternity support leave
- Paid special leave
- Secondment

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- 2.7 Annual leave must be approved by the individual employee's manager and should accommodate the working needs of the establishment.

All outstanding annual leave should be taken (where possible) before an employee leaves the MRC. In exceptional circumstances employees may be paid in lieu of taking outstanding annual leave at the discretion of their manager. Where employees leaving the MRC have used more than their leave entitlement a commensurate deduction should be made from their final salary payment, or additional days should be worked to compensate for the paid leave taken.

For employees who are in post for only part of the leave year the proportionate amount of leave for each complete working day of service will be calculated by reference to the average number of working days in the year, rounded up to the nearest half day. The formula used will be:

$$\text{Leave entitlement} \div 260 \text{ average working days} \times \text{number of days to be worked in part leave year}$$

For example, a full-time employee leaving at the end of the 18<sup>th</sup> working week of the leave year would have their part year leave entitlement calculated as:

$$30 \text{ days} \div 260 \text{ average working days} \times 90 \text{ days (the 18 weeks they have worked during the part leave year)} = 10.38 \text{ or } 10.5 \text{ days}$$

For part-time workers and those working compressed hours, see para. 2.1, the calculation will be worked out in hours, i.e.:

$$\text{Personal entitlement (in hours)} \div 1040 \text{ (260 average working days)} \times \text{the number hours they will work during the part leave year}$$

For example, a 20 hour part-time employee leaving at the end of the 18<sup>th</sup> working week of the leave year would have their part year leave entitlement calculated as:

$$120 \div 1040 \text{ (average working hours)} \times 360 \text{ (the hours in the 18 weeks they have worked during the part leave year)} = 41.54 \text{ or } 42 \text{ hours}$$

If local managers are faced with a situation where staff are disadvantaged through these leave calculations being made using the average number of days method, rather than the previous length of service during the first/last month method, managers can use their discretion to let staff leave early on a day or similar so that they are not disadvantaged. Similarly, for those part-time staff who are disadvantaged through their particular working pattern, managers need to show discretion and flexibility so that staff are not disadvantaged. E.g. working from home, trust time or other local arrangements.

Consideration should be given to operational need and a reasonable period for 'hand over' should be expected. In cases where a leaver has a large amount of leave outstanding it may be necessary to pay in lieu of leave rather than have no 'hand over' period.

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### **3. Public and bank holidays**

3.1 Public and bank holidays must be taken on the following 8 days in England and Wales:

- New Year's Day.
- Good Friday.
- Easter Monday.
- May Day.
- Spring Bank Holiday Monday.
- Late summer (August) Bank Holiday Monday.
- Christmas Day.
- Boxing Day.

3.2 Employees in Scotland are entitled to the same number of Bank and Public Holidays; due to differences in the Scottish leave calendar the selection of these days is left to the Director's discretion.

3.3 Part time employees, those on compressed hours or not working a standard 5 days a week are entitled to receive these holidays pro-rata on hourly basis see example calculation at 2.1.

### **4. Privilege holidays**

4.1 An additional 2.5 days are given to employees and it is at the discretion of each establishment as to how these are applied.

4.2 All employees are entitled to the same number of Privilege holidays; due to differences in the Scottish leave calendar and other regional variations the selection of these days is left to the Director's discretion.

4.3 Part time employees, those on compressed hours or not working a standard 5 days a week are entitled to receive these holidays pro-rata on hourly basis see example calculation at 2.1.

### **5. Recording keeping**

5.1 All employees must input their annual leave on to Oracle.

Managers are responsible for ensuring that accurate leave records are kept for employees. For employees leaving the MRC, the manager will be responsible for ensuring kept records are provided to the Shared Service Centre (SSC) in Swindon to ensure any outstanding payments / deductions are made.

Employees' annual leave must be recorded on Oracle. Balances are detailed under Absence Summary which will provide a breakdown of initial balance, leave taken, leave booked and leave remaining. Employees wishing to book time off should firstly discuss this with their manager and if available they should then proceed to book the time off

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through Oracle. Oracle will automatically update the leave balances and keep track for the employee as to how much annual leave they have left for the remaining year.

#### **6. Sickness during periods of annual leave**

- 6.1 If an employee falls ill whilst on annual leave, they should report their sickness to their manager in the normal way. The manager will then make arrangements to record the absence under the sickness absence regulations. Normal sickness absence reporting arrangements will then apply.

#### **7. Unpaid leave**

- 7.1 There may be circumstances when an employee wishes to apply for a period of unpaid leave to be taken in addition to the normal annual leave allocation, further details on how to apply for periods of unpaid leave can be found in the Special Leave Policy.

#### **8. Related documents**

- 8.1 Special paid leave policy.

#### **9. Effective date**

- 9.1 This policy is effective from 23<sup>rd</sup> April 2012.

#### **10. Review date**

10. This policy will be regularly reviewed to incorporate any legislation changes and will be formally reviewed April 2013.

#### **11. Amendment history**

<b>Version</b>	<b>Date</b>	<b>Comments/Changes</b>
0.2	December 2008	Amended by Corporate HR as part of project review of HR policies.
1.0	19 December 2008	Release of revised policy.
2.0	1 April 2009	Increase to statutory minimum for paid leave, paragraph 1.1 refers.
3.0	25 October 2011	Update to reflect SSC method for calculating leave in hours for part-time employees, those on compressed hours or not working a standard 5 days a week. Also reflects other Council's approach to staff that start/leave part-way through a month.