

## Improving Annual Leave Entitlement (Human Resources – Fiona Skene)

### Synopsis of report:

To consider proposals to improve the basic annual leave entitlement of officers to 28 days and, after 2 years, to 31 days to assist recruitment and retention and associated issues in relation to leave.

### Recommendation:

1. the proposals to improve the basic leave entitlement of officers to 28 days and after 2 years to 31 days, be approved and a supplementary revenue estimate in the sum of £14,000 for 2022/23 increasing to £45,000 by 2024/25 be approved;
2. the additional extra statutory day which employees currently need to deduct from their annual leave entitlement at Christmas is given as an additional day which is taken at the date when CLT determine for all staff except those front-line staff who have to work it. For staff who cannot take the extra day they can either take it as an additional day's leave later in the year or be paid for it as at present; and
3. the system of banked leave be removed for new starters and phased out for existing staff over 2 years, by requiring staff to take 5 days in year 1 and the remainder in the second year.

## 1. Context of report

- 1.1 Runnymede is a Council which is located in close proximity to London and competes for skilled professional staff in close competition with several London Boroughs, and other Surrey districts. The main condition of service which acts as a detractor as a recruiter and a disincentive on retention is the poor level of our annual leave entitlement which compares unfavourably with the NHS and London Boroughs and several of the other Surrey districts. Although some other Surrey districts start at 23, like us, some have leave entitlements which rise with grade. However RBC prefers to treat staff equally. As a recruitment and retention measure, we therefore need to address this issue and improve our annual leave entitlement.

## 2. Report

### 2.1 Current Leave provisions

The annual leave entitlements currently commence at 23 days for new entrants unless they already have 5 years continuous local government service with other councils, in which case they start on 28 days. The current annual leave provisions are as follows:-

On appointment	23
After 1 yr	24
After 2 yrs	25
After 3 yrs	26
After 4 yrs	27
After 5 yrs LG service	28
After 10 yrs RBC service	31
Chief Officer level	31

Employees may carry over a maximum of 5 days leave for 3 months into the next leave year and can bank up to 5 days leave per year to take in a future year subject to never having more than 10 days banked leave. Employees may buy up to 5 days leave but only those returning from maternity leave or long-term sickness may sell annual leave. Employees are required to set aside one day's leave for Christmas but otherwise have an entitlement to 8 bank holidays. This extra day is taken either before or after Christmas. Leave is pro-rata for part-time staff.

- 2.2 This matter has been considered by SLT, CLT and HR Member Working Party. Originally improving to 26 days was considered but this still causes a problem with the fact that staff who have 5 years previous local government service get 28 days and SLT wished to retain this. Taking into account the increasingly competitive jobs market which is very strongly a 'candidate market' the proposal was therefore amended to having all entrants to Runnymede getting 28 days as a basic leave entitlement moving to 31 days after two years. This gives us a competitive edge over neighbouring councils in terms of leave. (A copy of leave entitlements is attached at Appendix A)
- 2.3 When increasing leave entitlement was initially muted, HR were asked to liaise with Accountancy to check out the impact for the two main areas who would need to use agency staff to provide coverage where additional leave was given, (Refuse Collection and Community Transport.) This has been done. In practice, however the costs of moving to 28 days corporately are low - £14,000, due to the fact that many existing staff are already on 28 days leave, due to having at least 5 years' local government service. This measure will primarily benefit those staff joining us who have less than 5 years' local government service and staff coming from other sectors which has become increasingly common.
- 2.4 Moving up to 31 days leave after 2 years' service is a bit more expensive. The estimated costs are £45k which is the estimated costs of additional agency staff. However, the costs are estimated since much depends on the level of labour turnover. However, if we take into account the fact that this measure may reduce our labour turnover overall (which is currently 14%) then the costs could be considered worthwhile.

### **3. Other Leave issues**

#### **3.1 Additional Day at Christmas**

For some years, staff have received an additional day's leave at Christmas which alters from year to year in terms of timing and is deducted from their annual leave entitlement. We could either continue this practice under the proposed arrangement or give this as an additional day 'free gratis.' For staff who cannot take the extra statutory day, allow them to take it at some point in their current leave year or pay them for it (e.g., Refuse staff).

#### **3.2 Banked Leave**

Runnymede has a local arrangement called 'Banked Leave'. It was originally introduced to enable staff to set aside some leave to take the following year if they were planning to go on a long holiday. However, in practice many staff bank it and retain it. This has become very expensive when staff leave.

At present staff can bank 5 days of their leave each year for 2 years. We could perhaps off-set the costs of bringing in an enhanced leave entitlement by ceasing this practice for new staff and phasing it out for existing staff over the next 2 years. This matter was also considered by the HR Member Working Group in October 2021. Members had some concern that staff who had genuine service reasons for not taking leave should lose their banked leave. Therefore, their preference was to

allow staff to carry banked leave forward for a set period of time and then take it out. SLT were broadly supportive of this.

There are several options - for example, continue with banked leave for 2 years and then take it out or get staff to reduce banked leave to 5 days in one year and then to take the remainder in the second year.

We could then move to a simpler approach of allowing employees to carry over a maximum of 5 days leave per annum unless they are going on a special holiday, for example, when they are allowed to carry over more at their Corporate Head's discretion but they then need to take it as planned or it expires at the end of their leave year.

#### **4. Policy Framework Implications**

- 4.1 These proposals would need to be consulted on with UNISON

#### **5. Resource Implications**

- 5.1 Adding additional annual leave to employee contracts will mean lost productivity on those days when staff would have been working but are now on leave. In financial terms, if staff were to be paid for these additional days it would equate to approximately £76,000 to move staff to 28 days and £196,000 in a full year if all staff were to reach the maximum of 31 days.
- 5.2 In practice this is unlikely to happen and the additional costs of keeping front line services going are expected to be limited to organisational costs of £14,000 and £45,000 for the move to 28 and 31 days respectively. What cannot be factored in, is the lost productivity and its effects on services to deliver existing and future workloads. Should the improved leave arrangements have the expected positive effects on recruitment and retention however, this may offset some of the lost productivity as turnover would be reduced.
- 5.3 The inclusion of an additional days leave at Christmas (which currently forms part of the annual leave provisions listed in paragraph 2.1 above), would effectively take the annual leave entitlements to 29 & 32 days and would cost an additional £60,000 a year on top of the figures quoted above.

#### **6. Legal Implications**

- 6.1 Under the provisions of section 112 Local Government Act 1972 a local authority shall appoint such officers as they think necessary for the proper discharge by the authority of such of their or another authority's functions as fall to be discharged by them. An officer appointed by a local authority shall hold office on such reasonable terms and conditions, including conditions as to remuneration, as the authority appointing him/her thinks fit.
- 6.2 The amount of annual leave which an employer is prepared to provide to an employee falls within the terms and conditions of employment. It is open to the Council, as an employer, to increase the amount of annual leave offered to employees. The exercise of this power falls within the powers granted to the Council under section 112 Local Government Act 1972.

(To resolve)

#### **Background Papers**

None stated