

**Report To:** Cabinet  
**Date of Meeting:** 25<sup>th</sup> June 2019  
**Lead Member:** Councillor Richard Mainon  
**Report Author:** Catrin Roberts, HR Services Manager  
**Title:** Changes to Annual Leave Calculation

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**1. What is the report about?**

The report relates to proposals to streamline the process for calculating annual leave and bank holiday entitlement for employees through utilising functionality in the HR system (iTrent).

**2. What is the reason for making this report?**

HR is continually looking for new opportunities to develop IT systems and automate processes wherever possible. This report provides information about proposed changes to the annual leave process which will ease the burden of manual calculation for managers and data entry for HR. It will also reduce the potential of error in calculation and streamline the process to ensure all employees are receiving their full consistent annual leave entitlement.

In order to facilitate this there are three key changes required to current policy which require adoption by the Council. Please see Appendix Figure A for policy wording which is included within the Time off Work Policy.

**3. What are the Recommendations?**

- a) Annual leave entitlement should be recorded in hours for all employees
- b) Provide a pro rata calculation of Bank Holiday entitlement to all part-time employees based on their contractual hours of work which is in line with statutory entitlement
- c) Remove the restriction at 5 days for carry over entitlement and allow automatic carry over of up to 10 days.

**4. Report details**

The current process for calculating annual leave and bank holiday entitlement for staff is complicated, time consuming and is a real administrative burden for managers and HR. As a result there have been a high number of errors which have had to be rectified either through paying for the leave or allowing staff the additional leave to be taken in that leave year which increased the burden on the service.

Currently managers are responsible for calculating leave for:

- a) Current employees at the start of their leave year (this is different for each member of staff as it is based on their birth month)
- b) New employees who are likely to require a part year calculation initially.
- c) Existing at any point where an employee changes their working pattern, and/or when an employee reaches a length of service milestone (this is very likely to involve a part year element in the calculations also).

The calculation is different depending on whether an employee receives their entitlement in days or hours.

In order to reduce the time spent on these calculations by using system automated calculations it will be necessary to:

- a) Change the basis of annual leave entitlement to hours.
- b) Simplify bank holiday entitlement to a pro rata calculation across all employees.

Furthermore, it is proposed that:

- c) Allow automatic carry over to 10 days as this is another opportunity to reduce time spent on administering annual leave entitlements.

#### **4.1 Annual leave entitlement in hours**

Currently employees with a working pattern of 7 hours and 24 minutes per day, Monday to Friday receive their annual leave entitlement in days.

ITrent can be used to calculate the basic entitlement of annual leave for all employees taking into consideration any contractual changes which occur during the year (e.g. change of hours, new position), length of service, and terms and conditions. However, it is recommended for the set up and maintenance of the system calculations that all employees are on the same annual leave basis i.e. days or hours. Due to the complexity of some working patterns there is already a requirement that some employees have their annual leave in hours. Therefore, to take full advantage of the system benefits, all employees will need to receive their annual leave entitlement in hours. For example, an employee with maximum entitlement of 31 days would have 229 hours and 24 minutes.

Although the rationale behind changing all leave to hours is to maximise the benefits of the systems that are in place, the principle does support the culture of flexible working and would assist other groups such as disabled, carers, parents to manage their needs better. It will also ensure that annual leave entitlement is calculated promptly and correctly which is to the benefit of employees. There are no real disadvantages to employees but it is recognised that some employees will not necessary like having their leave in hours.

## **4.2 Pro Rata Bank holiday entitlement for all part time employees**

Currently part time staff are entitled to bank holidays pro rata to their hours worked and receive the minimum entitlement or the number that falls within their work pattern – whichever is greater. This means that some part timers are receiving more bank holidays than their equivalent full timer.

This is higher than the statutory bank holiday entitlement for part time employees and no other North Wales Authority gives higher than statutory pro rata entitlement. In order to use the system functionality to calculate the entitlement automatically employees would need to receive a pro rata calculation based on the minimum statutory entitlement.

The benefits of the system calculated bank holiday entitlement is that all part and full timers have their bank holidays calculated on the statutory entitlement. It will also allow the authority to maximise the use of iTrent to calculate statutory and annual leave which will benefit all employees. It will mean that approximately 150 employees will receive a reduction in their enhanced bank holiday entitlement but will still be receiving their statutory bank holiday entitlement.

## **4.3 Carry over restriction**

Currently the maximum automatic carry over is 5 days, and carry over between 6-10 days is allowed with written approval from the Head of Service (pro rata for part time employees). Unused annual leave of more than 10 days is lost.

Carry over requests to Head of Service are rarely refused and removing the restriction at 5 days will reduce administration for the Manager and HOS. HR will also have reduced levels of administration for employees who record their leave in the time and attendance system (Vision Time).

These proposals were agreed by LJCC and it was requested that the policy wording was to be agreed between HR and the Trade Unions and presented to Cabinet.

## **5. How does the decision contribute to the Corporate Priorities?**

In addition to the efficiency savings in terms of time, improving the way that employee leave is calculated would help minimise errors and ensure employees receive their full entitlement which could help to support employee wellbeing.

## **6. What will it cost and how will it affect other services?**

There are no cost implications in respect to the system as the annual leave functionality is part of the core package. HR will have a small amount of setup administration to undertake with iTrent in terms of vigorous testing, preparing and releasing the system calculations, and also in updating Vision Time to reflect the changes. There will be some time spent drafting communications and ensuring managers are fully aware of the benefits and employees understand the changes. It is anticipated that there will be an increased level of queries from full-time employees as they become familiar with

annual leave in hours. (Please note part-time employees already receive their entitlement in hours.) The changed will be rolled out on a month by month basis to manage the level of queries, but the time spent in the first year will be negated by lower levels of other annual leave administration.

**7. What are the main conclusions of the Well-being Impact Assessment?**

Overall the proposal will have both neutral and positive with regards to the well-being goals. By implementing the proposed changes employees will be given more flexibility around taking their annual leave entitlement and providing managers with the tools and reports to ensure that accurate entitlements for new starters, existing staff and leavers are given. This will help avoid any potential over/underpayments which will have a positive impact on employees.

**8. What consultations have been carried out with Scrutiny and others?**

This has been discussed and agreed at SLT, the Corporate Joint HR/Trade Union Meeting and agreed at Local Joint Consultative Committee.

**9. Chief Finance Officer Statement**

Not required.

**10. What risks are there and is there anything we can do to reduce them?**

There are no obvious significant risks in agreeing to the recommendations. There may be some resistance from the small number of employees who will no longer receive a benefit from the greater than pro rata bank holiday entitlement.

There will also be a transition period where full time employees adapt to their annual leave in hours but this can be overcome with appropriate communication.

**11. Power to make the Decision**

Power to make the decision is s112 Local Government Act 1972.