



Nottingham Trent  
University

Human Resources

# Salary Sacrifice Holiday Buy Scheme – Guidance

---

Version: 2.0  
Date: June 2023

## Document contents

<b>1. Introduction</b> .....	<b>3</b>
<b>2. Eligibility</b> .....	<b>3</b>
<b>3. Salary sacrifice</b> .....	<b>3</b>
<b>4. Impacts of salary sacrifice</b> .....	<b>4</b>
4.1 Impact of salary sacrifice on benefits .....	4
4.2 Salary sacrifice pension implications .....	4
<b>5. Process</b> .....	<b>5</b>
5.1 Application.....	5
5.2 Approval .....	5
5.2.1 Employee .....	5
5.3 Deductions from Pay .....	6
5.3.1 Entering into the scheme & agreement by employee .....	6
5.3.2 Calculation of deductions .....	6
5.4 Taking the additional holiday .....	7
<b>6. Change in circumstances during the scheme year</b> .....	<b>7</b>
6.1 Life events.....	7
6.2 Family leave – maternity leave, shared parental leave or adoption leave .....	7
6.3 Sickness absence.....	7
6.4 Change in role or increase/decrease in hours.....	8
6.5 Leaving the University .....	8

## 1. Introduction

---

The Salary Sacrifice Holiday Buy Scheme is a non-contractual benefit which allows employees the flexibility to increase their holiday entitlement, should they need more time off in a particular year.

Eligible employees can apply to buy up to the equivalent of two working weeks of additional holiday (10 days / 74 hours for full-time employees, or pro-rata equivalent for part-time employees). This may differ for non-standard working patterns. Once a request has line manager approval, this is added to the employees' holiday entitlement for the year.

The holiday year and 'scheme year' runs from 1 September – 31 August.

## 2. Eligibility

---

This benefit is available for most employees, except where:

- Buying additional holiday will bring an employee's earnings below the National Minimum Wage (NMW) or below the Lower Earnings Limit for National Insurance (NI) purposes.
- An employee's fixed-term contract does not extend to, or beyond, the end of the scheme year.
- The deduction would result in the salary of an employee with a Skilled Worker Visa, falling below the salary threshold for the Standard Occupational Classification (SOC) code that applies to their role.
- An employee is paid separately for their holiday due to the specific nature of their contractual terms (e.g., hourly paid lecturers).
- An employee is engaged on a Term-Time contract or Annualised Hours contract.

There are eligibility criteria for the scheme and employees are responsible for checking this before applying, as well as reviewing the information on MyBenefits. On receipt of manager approval, all applications will be subject to subsequent eligibility checks by HR. If employees have any questions after reading the scheme guidance, they should speak to their line manager or email [MyBenefits@ntu.ac.uk](mailto:MyBenefits@ntu.ac.uk)

## 3. Salary sacrifice

---

The Holiday Buy Scheme operates as a 'salary sacrifice' arrangement. A salary sacrifice arrangement is a contractual agreement between an employee and an employer, where the employee exchanges a proportion of their gross pay / pensionable pay for non-cash benefits.

In the case of the Holiday Buy Scheme, part of gross salary is exchanged for the non-cash benefit of additional holiday. Gross salary is the employee's salary before any deductions (e.g. tax) are taken. This means employees pay less tax and NI.

## 4. Impacts of salary sacrifice

---

***Before applying to buy additional holiday, employees should consider the impact of salary sacrifice arrangements on any benefits, pension, and life assurance cover.***

### 4.1 Impact of salary sacrifice on benefits

Employees should be aware that the reduction in gross pay through salary sacrifice could have a negative impact on:

- The calculation of any statutory benefits such as statutory maternity pay (SMP)
- The salary used for finance agreements such as mortgage applications.

In some cases however, the reduction in gross pay may have a positive impact on eligibility for tax credits or Universal Credit.

### 4.2 Salary sacrifice pension implications

Participating in the Holiday Buy Scheme has potential impacts on pension contributions and future benefits, which employees should be aware of. The impacts of salary sacrifice on each of the pension schemes in operation at NTU are detailed within the following sections.

#### 4.2.1 Salary sacrifice impact on Local Government Pension Scheme (LGPS) and Teachers' Pension Scheme (TPS)

The LGPS and TPS do not allow pension contributions to be deducted from a notional salary, i.e., before your salary is reduced for holiday buy deductions. An employee's LGPS or TPS pension contributions must be deducted from the reduced salary. Therefore, this reduces the amount you are contributing to your pension for the year that the additional holiday is bought.

By entering into a holiday buy salary sacrifice agreement, as an LGPS or TPS member, employees should be aware of the impact this will have on pension contributions and future benefits.

Members of LGPS may be able to purchase additional pension to make up for what is 'lost' because of the salary sacrifice scheme.

TPS offer an alternative option to their members, to purchase additional pension to make up for what is 'lost' because of the salary sacrifice scheme.

For more information on how to buy additional pension, email [Pensions@ntu.ac.uk](mailto:Pensions@ntu.ac.uk).

#### 4.2.2 Salary sacrifice impact on Universities Superannuation Scheme (USS)

For employees who are members of USS, their pension contributions will be deducted from notional salary, i.e. before your salary is reduced for holiday buy deductions.

There is no impact on pension benefits for USS members when joining the Holiday Buy Scheme.

## 5. Process

---

Applications should be completed and submitted in MyHR. Guidance on how to do this can be found on the [MyHR and MyPeople SharePoint site](#). Additional holiday is bought in quantities of hours and all applications to the scheme are subject to line manager approval.

### 5.1 Application

There is one annual enrolment window to buy additional holiday before the start of the new holiday year (holiday and scheme year begin 1 September). Full details of the application window will be communicated through [MyBenefits](#) and line managers.

Before applying to buy additional holiday, employees are encouraged to discuss their intention with their line manager. All employees are responsible for checking the eligibility criteria and for seeking any clarification with their line manager or by emailing [MyBenefits@ntu.ac.uk](mailto:MyBenefits@ntu.ac.uk) before applying.

Employees should give their line manager an indication of the number of additional hours they intend to apply for and where possible indicate when they plan to take the additional holiday.

### 5.2 Approval

#### 5.2.1 Employee

Employees are responsible for following up with their own line manager if they have not had a response to their application. All applications must be submitted and approved during the annual window.

If an employee's line manager is on holiday during the application and approval window, employees are responsible for contacting their line manager's manager to gain approval. If approval is given, this approval should be forwarded onto [MyBenefits@ntu.ac.uk](mailto:MyBenefits@ntu.ac.uk) who will process a manual authorisation of the employee's application.

#### 5.2.2 Line managers

Line managers are encouraged to approve the first three days of any request. Requests of four days or more can be considered fairly and consistently, however there may be exceptions where requests cannot be approved, because of the impact on:

- Other employees' workload
- The level of service of the School or Professional Services area, including student experience
- Any improving performance plan the employee is subject to

Line managers can grant the application in full, in part (i.e., for a lesser period of holiday) or decline. If the line manager wishes to approve the application in part, they should ask the employee to resubmit their application and approve the new application.

If, after due consideration, a request must be turned down, the reasons should be discussed with the employee, as well as notifying HR. There is no right to appeal.

### 5.2.3 Eligibility Criteria

Applications that have been approved by a line manager will be subject to further eligibility checks by Human Resources. Human Resources check that the cost of the deductions can be made from the employee's salary, in line with the eligibility criteria detailed in section 2.

## 5.3 Deductions from Pay

### 5.3.1 Entering into the scheme & agreement by employee

If an application is approved, employees will buy the additional holiday through a reduction to gross salary (gross salary: pay before deductions e.g. tax and national insurance, are taken) for the holiday year. The salary is reduced by the cost of the number of additional hours of holiday being taken (see calculation and worked example below).

The total cost of the additional hours of holiday are deducted from an employee's monthly salary over the 12-month scheme year (see calculation and worked example below). The first deduction will be made in September.

Please note that once buying additional holiday has been formally confirmed, employees cannot change their mind. The salary deduction cannot be cancelled or reverted during the period of the agreement, except in exceptional circumstances (see section 6).

### 5.3.2 Calculation of deductions

The total cost is calculated based on the employee's salary (hourly rate), as of 31 July. For those who join NTU or transfer roles in August, it will be based on the employee's salary at that time.

The hourly rate is multiplied by the number of hours' holiday they wish to buy. Monthly deductions are the total cost divided by 12.

For those on the National Framework, your hourly rate can be found on the [National Framework Salary Scale](#) MyHub page. Spinal points can be found under the My Employment tab in MyHR, within 'Current job details'.

$$\text{Hourly rate} \times \text{Number of additional holiday hours purchased} = \text{Total annual cost of additional holiday hours purchased (approx.)}$$

$$\frac{\text{Total annual cost of additional holiday hours purchased (approx.)}}{12} = \text{Monthly cost of additional holiday hours purchased (approx.)}^*$$

\*Deductions are from gross pay, pre-tax and National Insurance

Please note that these examples are approximate and may differ slightly to those calculated by the MyHR system and the deduction on your payslip due to rounding.

## 5.4 Taking the additional holiday

A confirmation email will be sent to the employee which includes details of the amount of holiday bought and the total cost. The employees' holiday entitlement will include the additional holiday and they are able to follow the usual process to request holiday as detailed in the [annual leave guidance document](#).

Employees should not make any holiday related arrangements, for example flights, accommodation, family commitments, venue bookings, etc. before receiving the confirmation email.

## 6. Change in circumstances during the scheme year

---

### 6.1 Life events

There may be instances that employees may need to change a salary sacrifice arrangement where a lifestyle change, or life event, significantly impacts their financial circumstances. This may include:

- Marriage
- Divorce/dissolution of a civil partnership
- Birth/adoption of a child
- Redundancy of partner
- Bereavement

Such cases would be considered as exceptional circumstances.

Employees can request to opt out of the scheme by emailing [MyBenefits@ntu.ac.uk](mailto:MyBenefits@ntu.ac.uk) with an overview of the circumstances and the date from which deductions should stop. Subject to approval, deductions from pay will stop and holiday entitlement will be changed to reflect the amount of holiday bought through payments to date, before opting out.

### 6.2 Family leave – maternity leave, shared parental leave or adoption leave

Holiday Buy Scheme deductions will continue for employees who receive occupational pay entitlement for maternity, paternity, shared parental, and adoption leave.

For employees who receive statutory pay only or nil pay, deductions will be suspended and will continue when their normal salary pay re-starts. For example, if an employee misses two payments, the payment window will be extended by two months on the employee's return. Alternatively, employees will have the option to opt out of the scheme at this stage.

If an employee decides not to return to work, the remaining balance will be deducted from their final salary.

### 6.3 Sickness absence

Holiday Buy Scheme deductions will continue for employees who receive occupational sick pay entitlement.

For employees who receive statutory pay only or nil pay, deductions will be suspended and will continue when their normal salary pay re-starts. For example, if an employee misses two payments for this reason, the payment window will be extended by two months on the employee's return. Alternatively, employees will have the option to opt out of the scheme at this stage.

#### 6.4 Change in role or increase/decrease in hours

If an employee changes role or their hours of work, there will be no change to monthly deductions for the rest of the holiday year and the original scheme agreement will still apply (subject to the employee remaining within the eligibility criteria).

If an employee's change of role or hours of work means they are no longer eligible for the scheme, as outlined in the eligibility criteria detailed in section 2, they will be withdrawn from the scheme. HR will inform the employee and discuss the options available.

#### 6.5 Leaving the University

If an employee leaves the University before the 12 monthly deductions have been made, they will be required to pay the remaining deductions in full and any outstanding payments will be deducted from their final salary. If there are insufficient funds in an employee's final salary, they will be required to make a payment to the University in respect of any outstanding deductions.

#### Version Control

Version:	Author:	Reason for Issue:	Revised:
1	Reward	New scheme	August 2022
2	Kate Davies	Revised	June 2023