



**ANNUAL LEAVE POLICY**

**April 2024**

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## 1.0 PURPOSE

- 1.1 To set out the Company's annual leave provisions (including Bank Holidays) and booking requirements.

## 2.0 SCOPE

- 2.1 This is a group level policy that applies to all employees of Anglian Water Group Limited, with the exception of Anglian Water (Ireland) Limited and Wave Limited (and their respective subsidiaries, which include Celtic Anglian Water and Anglian Water Business (National)).
- 2.2 Workers are not covered by this policy. Arrangements for their annual leave are managed and communicated separately.
- 2.3 Alpheus employees are not covered by this policy. Arrangements for their annual leave are managed and communicated separately.

## 3.0 STATUS

- 3.1 This is a Company Collective Agreement.

## 4.0 OWNER

- 4.1 Head of Employee Relations.

## 5.0 POLICY

### 5.1 Entitlement

- 5.1.1 This policy is compliant with the requirements of the Working Time Regulations, which say that leave is made up of 3 elements:
1. Statutory leave (20 days).
  2. Contractual Leave (anything over and above 20 days).
  3. Bank Holidays (8 days).
- 5.1.2 This policy is fairly and consistently applied to all employees. All employees' annual leave entitlement is allocated as a total number of hours and leave is booked in hours. Operational employees who are required to work bank holidays, are allocated extra hours' leave for each bank holiday, depending on the number of hours that they are contracted to work each week.

**Please Note:** All the tables in this policy are based on a standard full-time employee working 37 hours per week over 5 days. To calculate leave entitlement for employees who are part time or who are contracted to work 40 hours per week see [Appendix 1](#).

- 5.1.3 Basic annual leave entitlement (statutory and contractual) is based on an employee's job role within the Company's Role Framework. From 1<sup>st</sup> April 2024 the following entitlements apply:

Job Role	Annual Leave Entitlement (Hours)	Annual Leave Entitlement (Days)
Team Contributors	185	25
Specialists /Leaders & Subject Matter Experts/ Team Leaders	192.4	26
Principal Specialists / Strategic Leaders	222	30

Note: 'Protected Benefits' from 1<sup>st</sup> April 2020 when the Company's Role Framework was introduced still apply – see [Appendix 2](#).

#### 5.1.4 Part-Time Employees

Part-time employees will receive a pro-rata number of basic, service allowance plus Bank/Public Holidays based on the number of hours they are contracted to work. These are combined to give an annual allowance (see [Appendix 1](#)). Part-time workers who are not contracted to work bank holidays, must book off as leave any bank holiday that falls on their working day.

#### 5.1.5 Service Allowance

In recognition of an employee's service, additional leave is added to this basic entitlement on the following scale:

Team Contributors		
Continuous service completed by 1 April	Service entitlement	
	Hours	Days
2 years	7.4	1
5 years	14.8	2
10 years	22.2	3

Specialists /Leaders & Subject Matter Experts/ Team Leaders		
Continuous service completed by 1 April	Service entitlement	
	Hours	Days
2 years	7.4	1
4 years	14.8	2
5 years	22.2	3
6 years	29.6	4
10 years	37	5

Principal Specialists/Strategic Leaders are not entitled to service allowance.

Employees are only entitled to additional hours if the service is completed before 1 April of the leave year, for example if an employee starts work on the 18 May 2022, their first extra day of leave entitlement will not be allocated until the 2025/2026 leave year.

Note: Employees who have a contractual entitlement to 30 days, based on grade prior to 1 April 2020 or being Principal Specialists/Strategic Leaders from 1 April 2020, are not eligible for the service allowance.

## 5.2 Booking and Approving Annual Leave

- 5.2.1 Booking annual leave is the personal responsibility of each individual employee. The more annual leave is planned and booked in advance, the more likely an employee is to secure their first choice.
- 5.2.2 Workday must be used to book annual leave with the exception of employees who have access to MyAnglianWater, EWFM, the Holiday Planner or the Tide holiday booking system. Employees who have no access to any of these systems or where a local system is operated should follow the local arrangements within their team, e.g. WROL drivers and casuals in Recreation.
- 5.2.3 Unless there are local arrangements in place:
- Leave can be booked up to the end of the next holiday year.
  - The notice period for requesting annual leave should be at least twice the period of leave to be taken.
  - Employees can book either a full or a half day of annual leave. For a full-time employee who works equal hours Monday - Friday (37 hours per week), a full day is 7.4 hours and a half day is 3.7 hours.
- 5.2.4 From 1<sup>st</sup> April 2021, part-time employees (excluding those listed as exceptions above) will have any bank or public holidays that fall on days that they would normally work or are rostered to work booked out on Workday as holiday automatically by the system.
- 5.2.5 Line managers must consider the needs of the team, (e.g. workload, high demand periods and other annual leave already booked), before authorising a request and must act fairly and reasonably to all members of the team whilst still preserving minimum manning levels where they are in place. Leave is only authorised once the line manager has agreed the request on the system. In Water Recycling Services - Networks, leave must be authorised by an appropriate senior manager if it will breach manning/exceed leave limits. Leave must not be taken before authorisation is obtained.
- 5.2.6 Taking unauthorised leave is in breach of an employee's terms of employment and as a result the disciplinary process may be followed.

## 5.3 Carrying leave over

- 5.3.1 Up to a maximum of 60% of an employee's contracted weekly hours left untaken as at 31 March may be carried over to the next holiday year. For a full-time employee working a standard 37-hour week this equates to 22.2 hours' leave. This is pro rata'd for part-time employees/employees who work more than 37 hours a week. Where an employee has 22.2 hours' or less annual leave to carry-over, this will be done automatically in Workday. Any hours that are transferred need to be used by 31 March of the following year and booked in the same way as other annual leave. For example:
- Employee A – works 37 hours per week. Employee A can carry over a maximum of 22.2 hours' leave (60% of their normal weekly hours).

Employee B – works 18.5 hours per week. Employee B can carry over a maximum of 11.1 hours' leave (60% of their normal weekly hours).

Employee C – works 40 hours per week. Employee C can carry over a maximum of 24.0 hours' leave (60% of their normal weekly hours).

Employee D – works 37 hours per week over 4 days. Employee D can carry over a maximum of 22.2 hours' leave (60% of their normal weekly hours).

5.3.2 Periodically, the Company will send reminders to all employees to book their annual leave for the year and reiterate the rules in relation to carry over of annual leave.

5.3.3 In exceptional circumstances, approval may be given to carry over more than 22.2 hours. Approval will be required from the relevant Manager and the Head of Reward. Each year, the date by which all requests must be submitted will be communicated, but typically this will be by the end of February (with exception of late cancellations in March by the Company) within Workday allocating a reason why an exception should apply (see [Appendix 4](#)).

#### 5.4 Designated Annual Leave

5.4.1 As a Company we encourage employees to take their holiday – it is really important as it helps people get enough rest and supports their health and well-being (physically and mentally).

5.4.2 In accordance with Reg 15 of the Working Time Regulations, the Company reserves the right, in exceptional circumstances, to tell employees when to take holiday, based on critical operational / business need. The Company will inform the employee in advance, i.e. at least twice as many days before as the amount of days it needs the employee to take. For example, if the employee is being told to take 5 days, the Company will inform them at least 10 days before.

5.4.3 In the exceptional circumstances where an employee has an excess of unused annual leave or is carrying over up to four weeks' annual leave due to the coronavirus pandemic, employees may be asked to book their annual leave at a time specified by the Company. This is to ensure employees are able to book all their leave whilst ensuring minimum manning levels are still in place. Employees should agree with their Manager as soon as is reasonably practical at the start of the new leave year when this leave should be taken.

#### 5.5 Cancelling Annual Leave

5.5.1 In exceptional circumstances, where short term operational requirements change, the Company may ask an employee to cancel leave, having given the employee notice of at least the same length as the period of leave to be cancelled. For example, if the employee has booked a period of four days' annual leave, the Company will comply with the Working Time Regulations and give at least four days' notice of the cancellation. Should this be the case, it will be repaid/or carried over if it hasn't been taken within the holiday year. Managers must seek advice from their Employee Relations Manager before cancelling an employee's leave.

#### 5.6 Other leave policies

5.6.1 For more information on other types of leave, including time off for dependants and bereavement leave, see the relevant policies on [Lighthouse](#).  
[Time off for dependants policy](#)

[Bereavement leave policy](#)  
[Parental leave policy](#)  
[Career break policy](#)

## 6.0 BUYING & SELLING ANNUAL LEAVE

6.1 This section **does not apply** to the following workers:

- employees on fixed term/temporary contracts of twelve months or less;
- employees on 'zero hours' contracts;
- employees working for Alpheus; and
- WROL drivers where local arrangements apply.

6.2 Allowing employees to buy or sell annual leave provides more choice to plan leave throughout the year. **Please keep in mind where minimum manning levels are present these will remain, and any additional annual leave is unlikely to be approved in peak holiday periods.**

6.3 Leave will be bought/sold in hours. The hours purchased must equal 1 to 5 days of leave for the employee's working hours (see [Appendix 1](#)).

6.4 Leave will be bought/sold through BOOST benefits in [Workday](#). Typically, the window in BOOST will be opened for a time limited period in February. Eligible employees will have the opportunity to buy or sell up to a **maximum** of 37 hours' (5 days equivalent, or pro rata for part-time employees/employees who work more than 37 hours a week) annual leave. Only the contractual element of annual leave entitlement can be sold, e.g. a full-time employee who works Monday to Friday and has 23 days' annual leave entitlement (see 5.1.1 - 5.1.2 above), may only sell 3 days' annual leave.

*Note: This is in addition to any days purchased due to the change in entitlement as a result of the introduction of the new Role Framework.*

6.5 All changes to salary as the result of buying/selling leave will be shown on payslips.

6.6 Changes to annual leave entitlement will be reflected on an employee's holiday booking system.

6.7 All payments for buying or selling annual leave will be calculated based on an employee's relevant year's basic salary.

6.8 To ensure that an employee selects the right amount of leave for them and which fits with the demands across their team, it is suggested that employees discuss their intentions with their manager or schedulers prior to making their selections. Existing holiday approval procedures still apply to additional purchased leave.

### 6.9 Buying leave – Salary Sacrifice

6.9.1 The deductions for purchased holiday will be over 12 instalments starting in April (for February Window). The monthly deductions quoted when an employee makes their selections do not include the pay award. Should a pay award be finalised that impacts the cost of purchased holiday, deductions will be adjusted to reflect this; this is likely to be in July pay.

6.9.2 Purchasing additional annual leave is via a salary sacrifice arrangement. Salary sacrifice is a tax efficient way of receiving employee benefits, including purchase of annual leave. Essentially, an employee gives up part of their taxable salary in return for extra holiday. This allows basic rate taxpayers to save around 32% on the true cost of a day's leave for a basic rate taxpayer - the saving is bigger for higher rate taxpayers.

6.9.3 Because pay is reduced as part of a salary sacrifice arrangement there may be a resulting impact on other schemes and benefits such as statutory payments.

#### 6.10 Selling leave

6.10.1 The payments for sold holiday will be over 12 instalments starting in April. Should a pay award be finalised that impacts the cost of purchased holiday, deductions will be adjusted to reflect this; this is likely to be in July pay.

6.10.2 Any changes to salary in year, applied after 1<sup>st</sup> April, either up or down, outside of an agreed company-wide pay award, will not impact the cost of days purchased or sold.

See [Appendix 3](#) for estimated costs.

#### 6.11 Leavers

6.11.1 When an employee leaves the company, People and Payroll Support calculate their entitlement to annual leave, up to and including their last date of employment. Any sold leave will be taken into account when calculations are made. As an example, if you leave on 30<sup>th</sup> September your annual leave entitlement is from 1<sup>st</sup> April to 30<sup>th</sup> September (i.e. 6 months) – for some roles this will include any bank holidays that fall in the period as these have to be booked.

6.11.2 Any leave bought must be used and paid for in full prior to leaving the Company. Monies will be recouped, where appropriate from a leaver's final month's pay.

6.11.3 Any leave sold will be paid for in full in the employee's final month's pay.

## **7.0 FLEXIBLE BANK HOLIDAYS/HOLIDAY SWAPS**

7.1 The Company recognises that the religious holidays observed by employees may not be reflected by UK bank holidays, and that they may prefer to take the time off at a more appropriate time for their faith. Any employee whose religious beliefs have festival days different to the UK bank holidays may request to change the designated public holiday dates at Christmas and Easter to alternative dates. This means that they can swap the bank holidays for Christmas Day, Boxing Day, Good Friday and Easter Monday for up to 4 days of their faiths' major festivals.

7.2 If an employee wants to change their designated public holiday dates, for example, swap Easter Monday for Diwali, this must be done prior to the start of the new annual leave year through Workday (regardless of what annual leave booking system they use). Once approved, these will apply for that particular leave year and cannot be subsequently changed. An employee's overall Public Holiday entitlement will remain the same. If they choose to make the swap, they will work



as normal on the Christmas and/or Easter bank holidays; if their usual work base is not open on these days, they should work from home.

- 7.3 For employees who are routinely scheduled to work on bank holidays, they should continue to book time off as per the current procedure.

## **8.0 CHRISTMAS/NEW YEAR WORKING**

- 8.1 The Company classifies Christmas Eve and New Year's Eve as normal working days.
- 8.2 We recognise that all employees work tirelessly to continue providing essential services to our customers and our community. However, it is important to make sure that we have time for ourselves, and we strongly encourage the majority of our teams to take a break at this time, where operational demands allow.
- 8.3 Many employees who book their annual leave through Workday, will have their annual leave booked out automatically for any non-bank holiday working days between Christmas and New Year; line managers will be able to confirm the arrangements in their teams. Employees who have a strong preference not to take annual leave at this time, can by exception request to cancel this leave on Workday. This request will go to their line manager for approval.
- 8.4 Employees in many of our operational areas, where annual leave is booked through a system other than Workday, will not have annual leave booked out automatically between Christmas and New Year because of the requirement to meet customer and operational needs. Line managers will be able to confirm the arrangements in their teams.

## **9.0 DISRUPTION TO TRAVEL AND WAYS OF WORKING – IMPACT ON ANNUAL LEAVE**

- 9.1 In the event of major disruption to travel or ways of working, such as volcanic eruptions, the latest guidance on the impact on annual leave can be found here: <https://anglianwater.sharepoint.com/sites/pubPeoplePayrollServices/SitePages/International-travel.aspx>

### **LAST REVIEWED**

April 2024

### **EFFECTIVE DATE**

1<sup>st</sup> April 2024

## APPENDIX 1 - Pro-rating calculations

All calculations in the grey boxes are based on a percentage of the full time equivalent (FTE) calculated in hours for employees working a standard work pattern.

### For employees who do not work 37 hours per week basic annual leave is calculated as set out in the following examples:

Employee A is a 'Team Contributor' and works 18.5 hours per week. This means they work 50% of the hours of a full-time employee (FTE). Therefore, their basic annual leave entitlement is 170.2 hours (see table on page 1) x 50%, which equates to 85.1 hours.

Employee B is a 'Team Contributor' and works 40 hours per week. This means they get more basic annual leave hours because they work more hours a week than the standard 37-hour FTE. The basic annual leave entitlement for this person is 184 hours.

### Service Allowance for 37-hour FTE:

Years of service	2 years	5 years	10 years
Additional Annual Leave (hours)	7.4	14.8	22.2

### For employees who do not work 37 hours per week service allowance leave is calculated as set out in the following examples:

Employee A is a 'Team Contributor' and works 18.5 hours per week. When they reach 10 years' service, they will be entitled to 50% of the service allowance of a full-time employee (FTE), i.e. an extra 18.5 hours.

Employee B is a 'Team Contributor' and works 40 hours per week. When they reach 10 years' service, they will be entitled to more service allowance than the standard 37-hour FTE, i.e. an extra 40 hours.

### Bank Holiday Allowance:

Most full-time employees will not have an allowance because they are not contracted to work Bank Holidays. Where a full-time employee is contracted to work bank holidays, they will receive an allowance. Normally, there are 8 bank holidays in a year, which for a standard 37-hour per week employee equates to 59.2 hours. Where the number of bank holidays vary, the calculation will differ.

For example:

Employee A is a 'Team Contributor' and works 18.5 hours per week. This means they will receive 50% of the bank holiday allowance, i.e. 29.6 hours.

Employee B is a 'Team Contributor' and works 40 hours per week. They will be entitled to more bank holiday allowance than the standard 37-hour FTE, i.e. their bank holiday allowance is 64 hours.

For more information on public holidays see the following government website.

<https://www.gov.uk/bank-holidays>

Note: round up the final total to the nearest hour

## New Starters

New starters will be entitled to annual leave from their start date. If a new employee starts after the 1<sup>st</sup> of the month, People and Payroll Support will calculate their pro-rata entitlement to leave for that month.

\*If the 1<sup>st</sup> or 2<sup>nd</sup> of the month falls on a public holiday, a weekend or a non-working day, because the employee is not physically able to start work on this date, they will receive holiday entitlement from the 1<sup>st</sup> of that month. For example, a team contributor employee starts work on Tuesday 2nd May. They are unable to physically start work on the 1<sup>st</sup> May due to this being a public holiday. As they are starting work on the first working day of May they will receive 155.98 hours basic holiday entitlement.

## Buying/Selling Annual Leave

### Calculating the maximum amount of hours you can buy/sell

For employees who work 37 hours a week (equal hours a day), each day's holiday that you opt to change is priced at 1/5 of your weekly working hours, which is 7.4 hours a day.

Hours worked per week	Maximum hours you can buy/sell
25	25
37	37
45	45

### Calculating the cost of buying and selling leave

Each hour of holiday you opt to change is calculated by dividing your annual pay earnings (including shift pay, enhanced pay, plussages and stewardship) by 52, then dividing this figure by the number of hours you work a week. This represents the cost of 1 hour's leave. To calculate the cost of a day's leave, multiply this by the hours you work a day.

### Examples:

#### 1. Employee earns £25,000, works 37 hours a week & wants to buy 7.4 hours' leave (1 day)

$£25,000/52/37 = £13$  cost of one hours leave

$£13 \times 7.4 = £96$  cost of 7.4 hours leave

- If you sold 1 day's leave your take home pay increases by around £8 a month\*.
- If you bought 1 day's leave your take home pay reduces by around £8 a month.

#### 2. Employee earns £35,000, works 37 hours a week & wants to buy 7.4 hours' leave (1 day)

$£35,000/52/37 = £18$  cost of one hour's leave

$£18 \times 7.4 = £133$  cost of 7.4 hours' leave

- If you sold 1 day's leave your take home pay increases by around £11 a month\*.
- If you bought 1 day's leave your take home pay reduces by around £11 a month.

#### 3. Employee earns £12,000 a year, works 25 hours a week & wants to buy 5 hours of leave

$£12,000/52/25 = £9$  cost of one hour's leave

$£9 \times 5 = £45$  cost of 5 hours' leave

- If you sold 5 hours' leave your take home pay increases by around £4 a month\*.
- If you bought 5 hours' leave your take home pay reduces by around £4 a month.

**4. Employee earns £20,000 a year, works 32 hours a week & wants to buy 19.2 hours of leave (maximum amount of leave for a 32 hour week)**

$£20,000/52/32 = £12$  cost of one hour's leave

$£12 \times 19.2 \text{ hours} = £230$  cost of 19.2 hours' leave

- If you sold 19.2 hours' leave your take home pay increases by around £19 a month\*.
- If you bought 19.2 hours' leave your take home pay reduces by around £19 a month.

*\* As leave sold will be subject to Tax & National Insurance, you'll receive less than this amount in your take home pay.*

See [Appendix 3](#) for estimated cost of a day's leave for full time employees who work 37 hours a week.

Notes:

- All leave sold/purchased will be subject to Tax and National Insurance.
- All calculations have been rounded.

**APPENDIX 2: Protected Benefits**

From 1<sup>st</sup> April 2020 basic annual leave entitlement (statutory and contractual) was based on an employee's job role within the Company's Role Framework. It was agreed at that time, that no employees would receive a lower annual leave entitlement as a result of those changes, as long as they had not changed roles and received a new contract since 1<sup>st</sup> April 2020.

This protection still applies in April 2024 where there is a difference between the number of days in the new entitlement (April 2020) to the number of days in the old entitlement (pre April 2020). In these cases, the employee will have an option to receive a cash allowance for the difference to increase take home pay or they can select the days back at no cost. The employee will be able to select the leave days back within Boost Benefits in Workday during the open window in February using the option 'Select Annual Leave'. If no days are selected within Boost Benefits in Workday employees will receive a cash allowance in their pay automatically.

**APPENDIX 3:****Estimated cost of a day's leave for full time employees working 37 hours a week.**

<b>Pay</b>	<b>Estimated cost of an hour's leave</b>	<b>Estimated cost monthly of a day's leave (7.4 hours)</b>
£10,000	£5.00	£3.00
£25,000	£13.00	£8.00
£40,000 - £41,000	£21.00	£13.00
£50,000	£26.00	£16.00
£65,000 - £66,000	£34.00	£21.00
£75,000	£39.00	£24.00
£90,000 - £91,000	£47.00	£29.00
£100,000	£52.00	£32.00

## APPENDIX 4 - ANNUAL LEAVE CARRY OVER – EXCEPTIONAL CIRCUMSTANCES

The majority of our workforce have been able to book and use their annual leave over the course of the year, to make sure they are getting the appropriate time away from work.

However, we recognise that there are a few exceptional cases where this has not been possible, and we will be able to consider these on a case-by-case basis. The specific criteria are:

- Project or frontline demands (where managers have asked employees to delay their holiday and employees have been unable to rebook due to business needs).
- Where leave has been declined or cancelled, over the course of the annual leave year, due to business needs.
- Periods of absence (sickness or maternity).
- New joiners undertaking extensive training between January to March, typically in the contract centre.
- Other specific circumstances.

### **What to do if you haven't been able to take leave because your case is exceptional**

If you have been unable to take your leave due to one of these reasons and will have more than three days' annual leave to carry over at the end of March (or the pro-rated equivalent), you should submit a request on Workday.

This form needs to be completed regardless of the system you use to book your annual leave. Please follow these steps to submit your request:

- Access the form at [Annual Leave Additional Carryover Request - Workday \(myworkday.com\)](#) (the form is not available on the Workday mobile app but can be accessed on your mobile browser using this link).
- Select 'Create Request' and then select the Request Type 'Annual Leave Additional Carryover Request'. Complete all the details and Submit.
- Please provide as much detail of the reason for your request as possible; for example, the dates of any annual leave requests that have been declined - this will help ensure all the approvers have the relevant information and prevent delays.
- Once submitted, to ensure company-wide consistency, your request will route to your Line Manager, Head of Department and the Head of Reward for approval.
- No additional annual leave will be added to your balance until the request has been approved.
- If your request is not approved, and the leave cannot be accommodated, you will lose the relevant time.

Each year we will communicate the final date by which requests must be received. Please refer to Lighthouse.

Note: *WROL Drivers will receive separate communications to explain the process to follow.*