

# SALISBURY CITY COUNCIL

## Report

**Subject** : Career Break Policy  
**Committee** : Personnel Committee  
**Date** : 28 April 2023  
**Author** : Tracy Adams, HR Manager

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### 1. Report Summary:

- 1.1. This report further considers the Career Break Policy, as agreed by the Personnel Committee on 28 Mar 2022, as additional information has been received which increases the cost of this policy to the Council.

### 2. Background:

- 2.1. The current Career Break Policy was agreed by the Personnel Committee on 28 Mar 2022. Prior to writing the report, HR Manager checked the draft with legal advisors and was advised of the costs/implications as detailed in the report taken to this committee in March 2022.
- 2.2. However, when a potential career break request was received HR Manager, on closer examination identified additional liabilities that were not highlighted previously as follows:
  - 2.2.1. An entitlement to continue accruing holiday, at a minimum of the statutory rate of 5.6 weeks per year as a minimum
  - 2.2.2. An entitlement to 'buy back' pension contributions.
- 2.3. These two areas are considered below.

### 3. Holiday entitlement:

- 3.1. An employee has a statutory right to accrue their annual leave entitlement during their period of career break. The employee cannot waive their right to this, this is a statutory right.
- 3.2. Holiday entitlement calculations (in para 5.1) include employers NI but not pension, as this is covered in the pension costs section.
- 3.3. However, the annual leave entitlement may lawfully be reduced to statutory minimum level of 5.6 weeks, rather than the contractual entitlement of approximately 8 weeks.
- 3.4. Contractual entitlement is made up of either 30 or 32 days. This varies depending on length of service and number of Bank Holidays in a year. There are usually 8 Bank Holidays but in 2023/2024 there are 10.
- 3.5. This means that any career break effectively extends beyond the period of the career break due to accrued annual leave. For example, a person who took a 12-month career break would accrue 5.6 or 8 weeks of leave, meaning that they would effectively be away from work for 12 months and 5.6 or 8 weeks in total.

#### 4. Pension contributions:

- 4.1. An employee can choose to 'buy back' the pension entitlement during their period of career break.
- 4.2. The employee has 30 days, following their return from career break, to decide whether they wish to do this.
- 4.3. The amount would be determined by their salary and their pension contribution banding. In addition there is an employer's contribution of 13.7%.
- 4.4. If the individual chose to buy back their pension, the employee's and employer's contribution is added together and the employee pays 2/3 and the council pays 1/3 of total.

#### 5. Costs:

5.1. In order to illustrate potential costs an example of cost is shown below

	Employee A	Employee B
	Annual Salary £25,409 (this is the top of Grade F)  Requesting 6 month break	Annual Salary £25,409  12 month's break
<b>Pension Costs</b>  Assumes employee contribution 5.8% Employer contribution 13.7%	Employee cost £736  Employer costs £1740  TOTAL: £2476  Employee pays (2/3) £1651 SCC pay (1/3) - £825	Employee cost £1473  Employer cost £3481  TOTAL: £4954  Employee pays (2/3) - £3303 SCC pay (1/3) - £1651
<b>Leave Costs</b>  (see below also)	Statutory Leave (5.6 weeks) £1500  SCC Contractual leave (8 weeks) £2145	Statutory Leave (5.6 weeks) £3000  SCC Contractual leave (8 weeks) £4290
<b>Potential Total Cost to Council</b>	Statutory £2193 SCC leave - £2779	Statutory - £4387 SCC leave - £5560

5.2. The annual leave costs are not additional cost to the council, but this cost is the amount by which any cover bought in would be diminished. So any cover arranged to fill the role whilst the career break is ongoing would need to be reduced by the cost of the annual leave accrued, and by the potential pension cost.

## **6. National Insurance Liability (28 Mar 2022 minutes):**

6.1. Paragraph 291.2 of the minutes of this committee of 28 Mar 2022 requested HR Manager to explore NI liability. HR Manager explored this and could not identify any additional National Insurance liability for the Council i.e. if a member of staff received no payment for work there was no NI liability.

## **7. Options:**

7.1. To remove policy due to financial implications of career break.

7.2. To continue to offer career break but reduce annual leave entitlement to statutory provision whilst on career break.

7.3. To continue to offer career break with annual leave entitlement as per SCC contractual rights.

## **8. Considerations:**

8.1. The reason for the introduction of this policy was to retain staff who may wish to take an extended break, rather than them having to resign. Therefore there may be a negative impact on morale at removal of the policy. The removal of the policy may in the future result in a resignation rather than an extended break.

8.2. During career breaks the work of the employee on the career break must be covered. Apart from Grounds and Streetscene, the SCC staffing structure does not have 'teams' of staff who may be able to provide some cover, therefore vacancies may have a more significant impact on productivity (as a small organisation) than it may have in a larger organisation.

8.3. There has only been 1 request since the policy was introduced in 2022. For information this did not progress due to an alternative ongoing HR process. It could be interpreted that this policy may not be a main influence on morale to most SCC employees.

8.4. The pension costs are only payable should the employee wish to pay their 2/3 of cost. HR Manager has spoken to Wiltshire Pension Fund who confirmed that the council's contribution cannot be waived.

8.5. Any cover arrangements put in place to cover a career break would need to reflect the budget available for the role and the potential costs arising from the career break. These restrictions would mean that any cover provided would be of shorter duration than the career break period.

## **9. Recommendation:**

The Committee is recommended to:

9.1. Determine which option as shown in para 7 is to be approved.

## **10. Wards Affected: All**

## **11. Background papers:**

11.1. Career Break Policy (Doc 86199)

## 12. Implications:

- 12.1. **Financial:** As shown in this report.
- 12.2. **Legal:** There is no legal requirement to offer a career break policy.
- 12.3. **Personnel:** Potential morale issue if policy is withdrawn
- 12.4. **Environmental Impact:** None
- 12.5. **Equalities Impact Statement:** If the policy remains in place, then it will be applied equally to all staff using criteria mentioned.