

Ref. No:	IMS-POL-17	Flexible Holiday Policy	
Rev. Status:	02		

1. Policy

As part of the Company's Employee Benefits, it is our policy to provide employees with greater flexibility in how they use their annual holiday entitlement.

2. Purpose & Scope

The Flexible Holiday Scheme is offered to all Nicol of Skene Ltd employees subject to certain conditions.

The aim of the scheme is to provide employees with the opportunity to "buy" additional holiday entitlement so that their annual leave can better match the individuals' circumstances and lifestyles.

Statutory holidays are not affected by this policy.

3. Definitions

Holiday Year – the holiday year will commence on the 1st of October each year ending on the last day of September the following year.

Annual Holiday Entitlement – All employees receive 29 paid holidays entitlement each year (pro-rata for part-time employees). This is made up of public holidays and annual leave.

Flex Window – Each year a "Flex Window" will be opened for employees to make requests to "buy" holiday entitlement. The "Flex Window" will open in September each year and remain open for 3 weeks. The necessary payroll administration will then take place to allow the scheme to be implemented on 1st October.

4. Conditions

The conditions for employees to "buy" holidays are as follows:

- 4.1. The maximum number of holidays which can be bought is 5 days (pro-rated for part-time employees).
- 4.2. Only whole days can be bought.
- 4.3. The cost of buying a holiday will be fixed at the start of the holiday year and will remain in force for the holiday year subject to the points made under section 9.
- 4.4. An employee's holiday entitlement for the holiday year will be amended at the start of the holiday year.
- 4.5. Bought holidays cannot be sold back to the Company during the holiday year. Unless the Company in its absolute discretion, determines that there are exceptional circumstances, holidays not taken by the end of the holiday year will be forfeited. This applies to all holidays inclusive of normal and bought entitlement. No compensatory adjustment to pay will be made.
- 4.6. For the avoidance of doubt, any additional holidays bought will be the first to be used from an employee's entitlement.
- 4.7. If the requested number of holidays to be bought equates to a salary sacrifice sum that reduces the employee's cash earnings below the National Minimum Wage rates, the employee will not be eligible to utilise the Flexible Holiday Scheme.

5. Fixed Term/Temporary Employees

Fixed term / temporary employees will only be eligible to participate in the Flexible Holiday scheme where their period of employment is expected to last for a full holiday year. Where the precise duration of a fixed term or temporary contract is unknown, the employee will not be eligible to participate.

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6. Part-time Employees

Part-time employees are eligible for the Flexible Holiday scheme. The limits on the number of days which can be bought will be pro-rated depending on the number of days they work per week. Entitlements will be rounded up to the nearest half day. Calculations, as detailed at section 9 below, will be done on a pro-rata basis.

7. Application Process

Each year at the beginning of the "Flex Window" employees will be given the option to request to "buy" some of their holiday entitlement in accordance with the scheme conditions.

Application must be made in writing and addressed to the HR Department.

Employees should give consideration to their requirements for the full year when considering buying holidays.

HR will discuss with the relevant Line Manager the request. Line Managers must carefully consider any Flexible Holiday requests before countersigning the request either approving or declining it.

8. Right of Refusal

The Company reserves the right to refuse an employee's application to buy holidays. Each case will be judged on its own merits.

For any requests, it may be necessary to refuse/reduce following consideration of operational or business requirements e.g., where an employee is on a key project or where an employee has poor attendance or there are performance issues.

When a request is refused or reduced the manager must ensure that there is a clear reason detailed in writing and provided to HR and a copy provided to the employee.

9. Adjustments to Pay

Where an employee opts to "buy" annual holidays, this will result in an adjustment to your pay. The pay adjustment will be spread evenly over the first six months of the Holiday Year.

When holidays are bought, the take home pay will reduce because the salary will have to be "sacrificed" for the additional holidays being bought.

The Company's aim in implementing Flexible Holidays is to benefit employees and to ensure the employee will not suffer any disadvantage as a result of participation. Although salary will need to be "sacrificed" in exchange for additional holidays, all future pay rates and rises, allowances and entitlements and potential bonus will be based on earnings before any salary sacrifice is taken into account. This amount is referred to as "Reference Pay".

Appropriate adjustments will be made to Reference Pay, to take account of holidays bought, before deductions of Income Tax and National Insurance Contributions are applied.

Pension contributions will not be affected by the Flexible Holiday Policy. Pension contributions are calculated before any other salary sacrifice arrangement are deducted.

A days holiday is calculated by dividing the annual basic salary by 260 days. This value will then be multiplied by the number of holidays to be bought to calculate the cost of the additional holidays.

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An adjustment to pay is then applied as a salary sacrifice over the first six months of the holiday year.

10. Changes in pay or working patterns during the year

Once a Flexible Holiday Request has been approved, employees will not be able to change their holiday entitlement until the next Flex Window.

The cost of buying holidays will therefore be fixed at the start of the holiday year and will remain in force for the holiday year.

In normal circumstances, no adjustments will be made to the Flexible Holiday "buy" calculations for any changes to an employees pay which occur during the holiday year.

However, where an employee significantly changes their hours of work, resulting in a significant change to their pay e.g. part-time working, then consideration will be given to making a pro-rata calculations and adjustment taking into account the holidays accrued and the holidays taken at the time of change.

11. Statutory Payments

If an employee has bought holiday entitlement and, during the holiday year, the employee is in receipt of statutory payment only (including Statutory Maternity Pay, Statutory Adoption Pay, Statutory Paternity Pay or Statutory Sick Pay) or no pay, then it will not be possible to "sacrifice" pay at this time.

In these circumstances a reconciliatory deduction will be calculated and applied when the employee receives pay again.

12. Holiday Rules

Flexible Holiday "buy back" will be managed in accordance with the normal holiday rules as set out in the Holiday Entitlement and Conditions located in the Employee Handbook.

13. Employee joining during a holiday year

New employees joining the Company during a holiday year will only be eligible to participate in the scheme from the start of the following holiday year.

14. Employees leaving during a holiday year.

Where an employee has bought annual leave, the days are considered accruable for the purposes of calculating holiday entitlement up to the date of leaving.

Where an employee has bought holiday entitlement, the additional days purchased are paid for evenly throughout the first six months of the Holiday Year. Employees are only paid for the days accrued at the time of leaving, unless they have used more holidays than the accrued entitlement.

Normal contractual rules apply in relation to the deduction of pay for leave taken in excess of accrued entitlement at the time of leaving.

In calculating accrued annual leave upon leaving, the entitlements are rounded up to the nearest half day.

15. Responsibilities

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Line Managers are responsible for:

- Carefully considering Flexible Holiday Requests
- Ensuring that the approval of requests will have no significant detrimental effect on their duties and responsibilities, nor have a detrimental effect on business.
- Ensuring that if a request is declined the employee is given a written response with reasons for the refusal, following a discussion with HR.

Employees are responsible for:

- Complying with the terms of the Flexible Holidays Policy

16. Company Discretion

This policy is applied at the Company's absolute discretion and may be amended, updated or withdrawn at any time without notice in order to respond to the changing needs of the business as well as changes in legislation.

This policy does not confer any contractual rights.

This policy statement has the complete support of the Board of Directors of **NICOL OF SKENE LTD.**

Authorised by:


Peter-Jon Cowe
Chief Operating Officer

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Date: 01st December 2025

Next Review Due: January 2027