02 Holiday Policy

1. Introduction
	1. ABC Ltd understands the importance of spending time away from work. Taking time off on holiday provides a period of leisure time, a break from work and the chance to return relaxed and refreshed.
	2. This Policy:
* Explains how we will handle requests for holiday
* Sets out the normal rules for taking holiday
* Explains how we calculate holiday pay
* Outlines what will happen if you are sick whilst on holiday
* Explains the impact of other absences from work on your holiday entitlement
* Sets out what happens to holiday entitlement if your employment ends
	1. This Policy applies to all employees and workers in the business. It does not apply to self-employed contractors. Although we will refer to your ‘employment contract’, if you are a worker, technically, you don’t have an ‘employment’ contract and you should just read this as referring to your contract.
	2. In this Policy, maternity leave, paternity leave, parental leave, adoption leave, shared parental leave and carer’s leave are referred to as family leave.
	3. This Policy does not form part of your contract with us. We reserve the right to amend or remove it.
1. Holiday year
	1. Our holiday year runs from [January] to [December] each year (Holiday Year). Your annual holiday entitlement renews at the beginning of each Holiday Year.
	2. If you start work for us part-way through a Holiday Year, then your entitlement to holiday will be pro-rated during your first year with us.
	3. Unless this Policy (or your employment contract) says otherwise, holiday entitlement must be taken in the Holiday Year in which it accrues. There is no general right to carry over holiday from one Holiday Year to the next, and it is your responsibility to remember to book and take the holiday. Any holiday not taken in the Holiday Year in which it accrued will generally be lost.
	4. We will not pay you in lieu of any accrued holiday entitlement that you do not use.
	5. [You can carry over up to [five] days of unused holiday from one Holiday Year into the next.]
2. Holiday entitlement
	1. Unless otherwise specified in their contract, all employees are entitled to 5.6 weeks’ paid holiday in each Holiday Year. This [includes/is in addition to] bank holidays and other public holidays.
	2. If you work part-time, then your holiday entitlement will be calculated on a pro-rata basis. Our calculation will take account of bank holidays and other public holidays.
	3. In your first year of employment with us, your holiday entitlement will accrue on a pro-rata basis each month at the beginning of each month. [During your first year, you can only take the number of paid days you have accrued up to the day your holiday starts unless your manager has agreed otherwise and confirmed that in writing.]
	4. Special rules apply in relation to part year and irregular hours workers. Their holiday entitlement is dealt with separately below.
3. Bank and public holidays
	1. [We will not usually be open on bank or public holidays.]

OR

* 1. [The nature of our business means that we do not generally close on bank or public holidays. However, we will take account of them as set out below.]
	2. In England and Wales, there are usually eight bank or public holidays observed each year. These are Christmas Day, Boxing Day, New Year’s Day, Good Friday, Easter Monday, the first Monday in May, the last Monday in May and the last Monday in August. If a bank or public holiday falls on a weekend, then it will be observed on the next available working day following that weekend.
	3. [In Scotland there are usually nine bank or public holidays observed each year. These are Christmas Day, Boxing Day, New Year’s Day, 2 January, Good Friday, the first Monday in May, the last Monday in May, the first Monday in August and 30 November. If a bank or public holiday falls on a weekend, then it will generally be observed on the next available working day following that weekend.]
	4. Sometimes an additional public holiday is declared, such as King Charles’s Coronation in 2023. When an additional public holiday is declared, we will add this date to your annual holiday entitlement as an additional day. If your holiday entitlement is stated to be ‘inclusive of bank holidays’, then we will take account of any additional public holidays declared when calculating your overall annual entitlement by giving you an extra day.
	5. If your holiday entitlement is stated in your employment contract to be ‘exclusive of bank and public holidays’, then you will be entitled to take each bank or public holiday off work without needing to make any formal application for holiday and without it reducing your holiday entitlement.
	6. If you are required to work on a bank or public holiday, then we will allow you to take an alternative day in lieu of the bank or public holiday worked at a time to be agreed between you and your line manager, taking account of the needs of the business.
1. How is my holiday pay calculated?
	1. We will calculate holiday pay differently depending on the nature of the work that you do for us and how you are paid for it.
	2. [For the first four weeks of leave taken in any holiday year, your holiday pay will be calculated by working out your normal basic pay, plus the average amount of any additional payments (such as overtime, commission, bonus payments) that form a normal part of your pay. The remaining 1.6 weeks of leave [and/or leave provided for under your contract] will be paid at your basic rate of pay only.]

OR

* 1. [Your holiday pay will be calculated by working out your normal basic pay, plus the average amount of any additional payments (such as overtime, commission, bonus payments) that form a normal part of your pay.
	2. We will always pay holiday pay in accordance with legal requirements in place at any particular time. As a result, a decision to reflect certain elements of your remuneration in holiday pay on one or more occasions shall not give rise to an expectation on your part that it will be included on future occasions.
1. Irregular hours workers
	1. This section sets out special rules that apply to holiday accrual and holiday pay for employees and workers whose number of paid hours in each week’s or month’s pay period is, under the terms of their contract, wholly or mostly variable.
	2. Holiday entitlement for irregular hours workers accrues at the end of each pay period at a rate of 12.07% of the hours worked in that pay period. ‘Pay period’ means the intervals in which you are paid (i.e. weekly for weekly paid workers; monthly for monthly paid workers).
	3. If you are on sick leave or statutory family leave (such as statutory maternity or paternity leave) you continue to accrue annual leave whilst you are off under a different calculation based on 12.07% of the average hours worked in the 52 weeks prior to your absence on sick leave or family leave (including any weeks where no work was done but excluding any weeks where you were on sick leave or family leave). If you have worked for less than 52 weeks, then this lesser period will be used to calculate the average.
	4. [When you take a period of annual leave, you will agree with your line manager how many hours will be taken out of the hours you have accrued. You will then be paid for those hours at an hourly rate based on your average earnings over the previous 52 weeks.]

OR

* 1. [Your holiday will be paid at the end of each pay period. This means that rather than being paid when you actually take your holiday entitlement, you will be paid for your holiday as you accrue it, at the same time as your ordinary pay each week/month. Your holiday pay will then be shown as a separate item on your payslip and will be 12.07% of your normal pay for that month.]
	2. During any period of sick leave or family leave, any worker who receives rolled-up holiday pay will continue to be paid rolled-up holiday pay calculated as an average of the rolled-up holiday pay received in the 52 weeks looking back from the date that the sick/family leave began.
1. Part-year workers
	1. This section sets out special rules that apply to holiday accrual and holiday pay for workers who are part-year workers under their employment contract (i.e. they only work a number of weeks or months in the year – most commonly seen with term-time workers).
	2. Holiday entitlement for part-year workers accrues at the end of each pay period at a rate of 12.07% of the hours worked in that pay period. ‘Pay period’ means the intervals in which you are paid (i.e. weekly for weekly paid workers; monthly for monthly paid workers).
	3. If you are on sick leave or statutory family leave (such as statutory maternity or paternity leave), you continue to accrue annual leave whilst you are off under a new calculation based on 12.07% of the average hours worked in the 52 weeks prior to the absence on sick leave or family leave (including any weeks where no work was done but excluding any weeks where you were on sick leave or family leave).
	4. [When you take a period of annual leave, you will agree with your line manager how many hours will be taken out of the hours you have accrued. You will then be paid for those hours at an hourly rate based on your average earnings over the previous 52 weeks.]

OR

* 1. [Your holiday will be paid at the end of each pay period. This means that rather than being paid when you actually take your holiday entitlement, you will be paid for your holiday as you accrue it, at the same time as your ordinary pay each week/month. Your holiday pay will then be shown as a separate item on your payslip and will be 12.07% of your normal gross pay for that month.]
	2. During any period of sick leave or family leave, any worker who receives rolled-up holiday pay will continue to be paid rolled-up holiday pay calculated as an average of the rolled-up holiday pay received in the 52 weeks looking back from the date that the sick/family leave began.
1. Requesting holiday
	1. You can ask to take a maximum of [two] weeks’ holiday at any one time. You should put in your request as soon as you have chosen the dates (but before booking your holiday), and you should give us notice of at least twice the length of the time you want to take off. So if you want to take one week off, you should give us a minimum of two weeks’ notice (but preferably more, to maximise the chance we can agree with your proposed dates).
	2. You must make all requests for holiday leave [in writing to your line manager] [or] [using our XXX online holiday software]].
	3. Your line manager must approve all holiday requests. These are usually considered on a first-come, first-served basis. At popular times of the year ‒ particularly Christmas, Easter and during school holidays ‒ we may need to rotate holiday allocations regardless of who puts in the first request.
	4. You may sometimes have to take your holiday on dates that we specify. This is most likely to be when the business is closed ‒ for example, over Christmas and New Year ‒ or to avoid busy periods, or because you still have not taken all the leave due to you in the current Holiday Year. If you are leaving the business, we may also ask you to take your remaining holiday entitlement during your notice period.
	5. Provided you have sufficient holiday entitlement, we will – wherever possible – try to fulfil requests for time off for a religious occasion. This will, however, be subject to our business requirements. Further information can be found in our Religious & National Holiday Celebrations Policy.
	6. Your line manager will always discuss alternative dates with you if we have to turn down a holiday request. If your request is refused and you take time off anyway, we will view it as unauthorised absence and deal with the matter in accordance with our Disciplinary Policy.
	7. Do not make any travel arrangements or financial commitments until you have received our written confirmation that you can take the time off work. We will not be responsible if you suffer losses because your holiday request is refused, regardless of the reason.
2. Illness whilst on holiday
	1. If you are ill during a period of pre-booked holiday, then we will allow you to change your time off to sick leave if you provide medical evidence ‒ translated into English if necessary ‒ of your illness or injury. If you do not do this, we will leave your absence categorised as holiday and not sick leave. If your holiday is changed to sick leave, then you must follow the procedure outlined above to book dates for another holiday.
	2. In order to receive any entitlement you have to sick pay during any reallocated period of time off, you must comply with our Absence Management Policy.
	3. In this situation, your salary entitlement will convert to sick pay rather than holiday pay, and we may make appropriate adjustments to your salary. That may include claiming back the holiday pay you received and substituting statutory sick pay (or no pay), depending on your entitlements under your contract.
	4. If you are found to have dishonestly claimed to be sick during a period of holiday, then disciplinary action may be taken against you.
3. Holidays and long-term sickness absence
	1. You will continue to accrue holiday during periods of sickness absence.
	2. You can request holiday in the same way as if you were at work. You will receive holiday pay rather than sick pay for any days approved.
	3. We are able to designate specific days or weeks during your sickness absence as holiday provided that we give you notice of at least twice the length of the holiday itself. You will receive holiday pay for these days.
	4. If you are on a period of sick leave that spans two Holiday Years, you may carry over unused holiday (up to a maximum of four weeks (inclusive of bank and public holidays) less any days of holiday that have been taken during the year that has just ended) to the following Holiday Year. If you have taken four weeks’ holiday by the end of the Holiday Year, you will not be allowed to carry over any unused holiday under this rule. If you have taken less than four weeks, the remainder (up to a cumulative total of four weeks – inclusive of bank and public holidays) may be carried over.
	5. If you are a part-year worker or irregular hours worker with a Holiday Year starting on or after 1 April 2024, then paragraph 10.4 does not apply to you. If you are on a period of sick leave that spans two Holiday Years, then you may carry over all unused holiday (up to a maximum of 28 days) to the following Holiday Year.
	6. Any holiday that is carried over during long-term sickness absence must be taken within 18 months of the end of the Holiday Year in which it accrued or it will be lost.
4. Holiday and family leave
	1. Holiday continues to accrue during periods of family leave.
	2. If a period of family leave is likely to span two Holiday Years, then you are expected to take all holiday that will accrue in the first of those years before commencing family leave. Any holiday that cannot reasonably be taken before the start of the leave can be carried over to the next Holiday Year. This covers your full annual leave entitlement.
	3. Any carried-over holiday entitlement must be taken immediately upon return to work following family leave unless other arrangements are agreed with your line manager.
5. Holiday and the end of employment
	1. If you give or receive notice of the termination of your employment, then we may require you to take any accrued but untaken holiday during your notice period.
	2. If, on the termination of your employment, you have accrued more holiday than you have taken in the Holiday Year, then we will make a payment in lieu for each day that has accrued but has not been taken. Payment will be processed through payroll.
	3. If, on the termination of your employment, you have taken more holiday than you have accrued in the Holiday Year and either you have authorised us to do so, or your contract of employment authorises us to do so, we will deduct any excess taken from any other sums due to you from us.
	4. Payments and deductions on termination of employment will each be calculated on the basis of 1/260th of annual salary (or average annual remuneration) for each day.
6. Useful links and contacts
	1. The following links may be of use:
* Religious & National Holiday Celebrations Policy
* Absence Management Policy
* Disciplinary Policy
1. Administration of the Holiday Policy
	1. Name1 is responsible for the administration of this Policy. If you have any feedback, please email to Email1

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| Organisation Name: | ABC Ltd |
| Policy Adopted Date:  | 1st January 2024 |
| Due for Review Date:  | 1st January 2026 |
| Person Responsible for Policy: | Name1 |
| Email: | Email1 |