

Holiday Pay Calculations Announcement

The Basics

Workers in the UK are legally entitled to 5.6 weeks paid holiday per year (this is known as statutory entitlement). This is made up of 4 weeks holiday and 8 bank holidays. Part-time workers are entitled to the same amount of holiday (pro rata) as full time colleagues.

At J & E Hall we give enhanced holiday entitlement of 25 days holiday (26 with over 10 years' service) plus bank holidays.

Recent Changes

A recent Employment Appeal Tribunal Ruling said that workers in the UK should receive the same pay while they are on annual leave as they normally receive while they are at work. They should not be deterred from taking leave because they are paid less while they are on leave.

This means that the way we calculate holiday pay needs to change and include the following pay elements:

- All types of overtime
- Overseas Allowance
- Standby Allowance
- Callout Allowance
- Site Rate Allowance

This ruling only applies to the 4 weeks of annual leave required by the EU Working Time Directive. It does not apply to the total amount of holiday entitlement given by a company or Bank Holiday payments.

What does this mean for you?

From the 2018 holiday year (January 2018) the way your holiday pay is calculated will change.

For the first 20 days of holiday taken each year (pro-rated for part time employees), we will calculate your holiday pay based upon your "normal remuneration" and not your base pay. We will use the average of your 12 weeks' pay immediately before your holiday, inclusive of payments like overtime, to work out what you are paid for days taken as holiday.

The tables below gives an example of how your payments may change for the first 20 days of holiday taken in any holiday year.

This table shows an example of payments received.

	Pay by week												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Base pay	250	250	250	250	250	250	250	250	250	250	250	250	3000
Overtime	0	150	100	0	0	120	50	0	60	100	0	80	660
Callout allowance	50	0	0	0	50	0	0	0	50	0	0	0	150
Total	300	400	350	250	300	370	300	250	360	350	250	330	3810

This table shows how holiday pay will calculate going forwards.

	Pay received (last 12 weeks)	Average weekly pay	Previous holiday calculation	New holiday calculation
Base pay	£3000	£250	£250	£250
Overtime	£660	£55	£0	£55
Callout allowance	£150	£12.50	£0	£12.50
Total	£3810	£317.50	£250	£317.50

If you have already taken any holiday you will receive a backdated payment to ensure you have been paid in this way. This will be paid to all eligible employees in the May payroll.

We will also be backdating payments for the 2017 and 2016 holiday years, and any eligible employees will receive a letter detailing any payments they are due and when these will be made.

These calculations have to be made individually and follow complex rules so they will be unique to each eligible employee depending on what holiday was taken and when. These rules are best summarised as follows:

1. Backdated payments are calculated on a 12 month average of pay
2. Backdated payments are made only for the 2016/17 holiday years
3. Backdated payments are made only where there has not been a break of more than three months between holidays taken

What happens next?

As each of these calculations has to be made individually they will take us some time to calculate. Rather than waiting until all calculations are made we will issue letters and payments by business unit as we calculate them. We anticipate payments being made in the following months:

Business Unit	Payments Made
APRS	May 2018
C&P, Reman & Spares	June 2018
PSM	July 2018
DAPS	August 2018
Central, ADC & HTC	September 2018

Going forwards these payments will be calculated automatically for any eligible holiday and paid through the monthly payroll.

Frequently asked questions

Q. If I'm eligible for a backdated payment will this be taxed?

A. Yes, backdated payments will be subject to Tax and NI payments.

Q. How will I see a payment on my payslip?

A. All payslips will now show two lines when you have holiday pay. The normal holiday pay deduction of hours and then a holiday payment. If you are eligible for holiday pay using the methods described above the second figure will be a higher amount.

Q. What happens if I leave the company?

A. If you leave the company you are eligible to be paid for any accrued, but not taken, holiday at your normal rate.

Q. What payments will I get if I don't receive any additional payments like overtime?

A. You will receive holiday pay as normal.

Q. What happens if I move from a full time role to part time role during the year?

A. Your holiday entitlement will be worked out individually for you, and your payments will then reflect this.

Q. I have a question that isn't answered in this factsheet, who should I ask?

A. Please contact the HR Department directly