Holiday Pay Calculation Framework   **Annex B**

This framework sets out how holiday pay of various categories will be paid and takes into account existing and new arrangements.

Existing arrangements

1. The existing annual leave arrangements in respect of payment of **normal contractual** hours remain unchanged as do payments for tool, battery and first aid allowances which are covered in normal contractual payments.

2. The existing arrangements for calculating **variable hours** holiday payments remain unchanged.

3. The existing arrangements for holiday payments made to operatives at OSD remain unchanged.

New arrangements

4. This framework allows for all elements of regular pay over and above basic pay to be taken into account in calculating additional holiday pay. This includes the following:
   o All overtime (including guaranteed, contractual and voluntary)
   o All enhancements received on relation to unsocial hours (where not currently paid in fixed pay on a monthly basis)
   o Standby, call out and get out allowances (where not already covered by existing arrangements e.g. OSD)

5. This framework applies to statutory annual leave entitlement which equates to 28 days for fulltime employees. This comprises 20 days annual leave (derived from regulation 12 of the Working Time Regulations) plus 8 bank holidays. This allowance is prorated for those who do not work fulltime. **Please note that contractual annual leave entitlements remain unchanged.**

6. The additional annual leave value of those elements of regular pay over and above the basic pay detailed (overtime, standby, unsocial hours etc.) will be calculated for the current year on the basis of actual earnings for the previous year. **The calculation is set out below followed by two worked examples :**

Step 1

Total eligible gross pay received in 2017/18 x (Contractual hours/Normal FTE Hours) = Pro rata eligible gross pay in 2017/18

Step 2

28 days (Statutory annual leave and bank holiday entitlement) / 261 (Number of available working days in a year) = 10.7%

Step 3

Pro rata eligible pay in 2017/18 x 10.7% = Total Additional Normal Holiday Pay Due

Example 1

Fulltime employee who earned £8,060 in overtime in 2016/17:

Step 1

Total eligible gross pay received in 2017/18 (£8,060) x 1(contracted hours (37)/normal FTE) = pro-rata eligible gross pay on 2017/18 = £8,060

Step 2

28 days (statutory annual leave and bank holiday entitlement)/261 (number of available working days in a year) =10.7%

Step 3

Pro rata eligible pay in 2017/18 (£8,060) x 10.7% = total additional normal holiday pay due = £859.21.

Example 2

Part time employee who earned £102.88 in unsocial hours payments during 2017/18:

Step 1

Total eligible gross pay received in 2017/18 (£102.88) x 0.43 (contracted hours (16)/normal FTE) = pro-rata eligible gross pay on 2016/17 = £44.48

Step 2

28 days (statutory annual leave and bank holiday entitlement)/261 (number of available working days in a year) =10.7%

Step 3

Pro rata eligible pay in 2017/18 (£44.48) x 10.7% = total additional normal holiday pay due = £4.76

7. This framework also covers details of calculation of payments for **additional hours** worked by contracted part time staff up to 37hours per week which are not currently captured and which will be calculated using the accrued hours method currently used for variable hours staff.

Timing of payments

8. The additional normal holiday pay (paragraph 4 above) will be calculated annually in June/July and payments made as a one off lump sum.

9. Payments for starters during the year will be calculated on the basis of the gross earnings during the part-year and factored up to represent a full years entitlement. The retrospective payment will be prorated to the part year actually worked.

10. Payment for additional hours worked by part time staff up to 37 hours per week (paragraph 7) will be calculated on a 13 week average based on variable hours calculation

Holiday pay calculations by type

Type of hours worked	Calculation method	Payment due
Contracted annual leave	Yearly **entitlement** given based on hours worked and taken under normal annual leave rules.	As and when annual leave taken and reflected in normal pay
Variable staff	Existing calculations dependent on length of service e.g. <5 years service – number of hours worked x 0.123 > 5 years service – number of hours worked x 0.1419	Quarterly
Contracted staff undertaking additional hours **up to 37 per week**	Use variable hours calculations on difference between contracted hours and 37 hours per week to give an additional holiday **pay** as follows: <5 years service – number of **additional** hours worked **up to 37** x 0.123 > 5 years service – number of **additional** hours worked **up to 37** x 0.1419	Quarterly
Overtime (x 1.5; x 2); Unsocial hours ad-hoc; call-out; standby; get-out (venues);step up (leisure)	New calculation (10.7%) based on total eligible gross pay in previous tax year using statutory minimum annual leave (28 days including bank holidays) to give additional holiday **pay** (see paragraph 6)	Annually