

DomesticPaye Guide to Holiday Pay

All employees are entitled to 4 weeks paid holiday for each year they have worked for an employer. From 1 October 2007 all employers were also required to give at least 50% of the bank holidays as paid leave in addition to the 4 weeks. That means that all employees will now be entitled to 4.8 weeks holiday per year. From April 2009 this will increase to 100% of the bank holidays (8 days) making the total holiday 5.6 weeks per year.

This entitlement begins from the very first day of employment but cannot be taken until it has been accrued (e.g. one day's holiday after thirteen days work).

Employers whose nannies do not accompany them on holidays may like to agree with their nannies, when employment starts, that at least part of their entitlement is to be taken when they themselves are on holiday. It's also important on the outset to agree with employees how much notice they should provide to you to take holiday, when they can take holiday, how much they can take in one go and other clauses. All of these are covered by the DomesticPaye contract of employment.

When an employee stops working for an employer an assessment should be made to calculate how much holiday has been taken by the employee in comparison to how much has accrued. DomesticPaye can perform this calculation for you with any unused holiday being added to the final payslip and any overtaken holiday (contract permitting) being deducted from the final pay.

Holiday Pay for Part Time Employees

Part time employees have exactly the same holiday accrual as full time employees albeit at their part time rate of pay. For example an employee who works full time (5 days per week) and earns £300.00 per week will accrue 4 weeks paid holiday per year (plus the relevant Bank Holidays) at a rate of £300.00 per week. A part time employee (e.g. 2 days per week) earning £150.00 per week would also accrue 4 weeks holiday per year but only at the value of £150.00 per week.

Some employers also like to define holiday by the number of days they can take and be paid for in each year. To calculate this we simply times the working days by the 4 weeks holiday per year (plus the relevant Bank Holidays). For example a full time employee would receive 5 days x 4 weeks = 20 days paid holiday per year. If your employee is part time (perhaps on 2 days per week) they would receive 2 days x 4 weeks = 8 days paid holiday per year. Again these would be subject to the relevant addition for bank holidays.

Employees on Variable Pay Amounts

Some employees employ a nanny on a more variable ad hoc basis where they may be working variable days of the week with variable hours on these days. In these circumstances DomesticPaye will calculate an accrued amount of holiday days and also an accrued value to these days on your behalf.