

Holiday Pay

The Government made a change to the law on holiday pay. These changes came into effect on 6th April 2020.

Increasing the reference period

As of 6 April 2020, the reference period increased. Previously, where a worker has variable pay or hours, their holiday pay was calculated using an average from the last 12 weeks in which they worked earning their pay. This reference period has been increased to 52 weeks as per the new legislation.

If a worker has not been in employment for long enough to build up 52 weeks' worth of pay data, Employer's should use however many complete weeks of data they have.

For example

If a worker has been with their employer for 26 complete weeks, that is what the employer should use.

If a worker takes leave before they have been in their job a complete week, Employers will have no data to use for the reference period. In this case the reference period is not used. Instead employers should pay the worker an amount which fairly represents their pay for the length of time the worker is on leave.

When working out what is fair, employers should consider:



The workers pay for the job



The pay already received by the worker (if any)



What other workers doing comparable role are paid