

Holiday Entitlement Factsheet

Holiday entitlement is a notoriously tricky area for employers, with a high margin for error. Calculating leave incorrectly – or misunderstanding how it applies to different types of staff – can lead to grievances, Employment Tribunal claims (or claims at civil court) for breach of contract, and potentially significant financial penalties.

This factsheet covers employers' most frequently asked questions, providing practical guidance and worked examples to help you get it right, every time.



Want to speak to someone? For specialist advice on your specific situation, call our team now on **0345 226 8393** or [request a callback here](#).

This guidance, including the examples, is based on the statutory minimum holiday entitlement of 5.6 weeks (28 days for full-time staff). If you offer more than the minimum, please contact us for tailored advice.

? Question	✓ Answer
What is the statutory minimum holiday entitlement for employees in the UK?	In the UK, the statutory minimum is 5.6 weeks' paid holiday per year, usually calculated on a pro-rata basis for part-time staff and often including bank holidays within the total entitlement. If you give more than the statutory minimum, the multiplier would change, e.g. if you offer a total of 33 days, then the multiplier would be $33 \div 5$ (6.6).
How much holiday are full-time staff entitled to if they work the same hours each day?	Full-time employees are entitled to 5.6 weeks of paid holiday per year. Example: Anisa works 5 days a week, with the same hours each week. $5 \times 5.6 = 28$ days of paid holiday per year.
How do you calculate holiday entitlement for part-time staff with fixed days and hours?	Multiply the number of days they work each week by 5.6 to get their annual holiday entitlement in days. Example: James works 3 days a week. $3 \times 5.6 = 16.8$ days of paid holiday per year.



Question

Answer

How do you calculate holiday entitlement for staff with variable daily hours but fixed total weekly hours?

Multiply the **total number of hours worked per week** by 5.6 to get the **annual holiday entitlement in hours**.

Example: Sarah works 4 days a week:

- Monday: 6 hours
- Tuesday: 7 hours
- Thursday: 5 hours
- Friday: 8 hours

Total weekly hours = 6 + 7 + 5 + 8 = **26 hours**.

Annual holiday entitlement = 26 × 5.6 = **145.6 hours per year**.

Sarah is therefore entitled to **145.6 hours of paid holiday per year**.

If **weekly hours vary** from week to week, calculate the **average weekly hours** (which may be two or three or more weeks depending on their working pattern) first, then multiply by 5.6.

How should bank holidays be handled when calculating holiday entitlement?

If your business **closes on a bank holiday** and an employee would normally work on that day, the day off can be **deducted from their overall entitlement**.

If an employee **does not normally work on that day** (for example, they never work Mondays), they do not need to use holidays for it. The bank holiday simply passes as a normal non-working day for them – they neither lose out nor gain extra holiday.

To **avoid disadvantaging part-time staff whose working days do not fall on bank holidays**, holiday entitlement (including bank holidays) is usually calculated on a **pro-rata basis**.

This means part-time employees receive a **total annual leave entitlement that includes a pro-rata allowance for bank holidays**. They can then **book this leave at another time**, subject to your usual holiday approval process, regardless of when bank holidays fall. The same will apply to part-time staff who don't happen to work on a particular bank holiday.

Important: Avoid giving **all bank holidays automatically to full-time staff while part-time staff receive none**, as this could amount to **indirect discrimination**.

How do you calculate holiday entitlement for irregular or variable-hour workers?

Since April 2024, holiday for irregular or zero-hour workers is calculated as **12.07% of the hours worked in each pay period**.

Example: Emma works **20 hours this week**. $20 \times 12.07\% = 2.41$ **hours of holiday accrued**. Over a year, **add up all hours worked** and multiply by 12.07% to get the **total annual holiday entitlement**.

When should the 12.07% method be used?

The 12.07% method applies to employees whose working hours are **genuinely irregular** – for example, many zero-hour contract workers.

Not all zero-hour contracts automatically qualify.



If you're unsure whether this applies to your situation, seek guidance from our Employment Law experts. Call **0345 226 8393** or [request a callback here](#).

Question

How should holiday be paid for employees with irregular hours?

Answer

There are **two main options** for paying holiday to irregular or variable-hour staff:

1. **'Rolled-up' pay:** Add holiday as an extra percentage on each pay packet (normally **12.07% if the entitlement is 5.6 weeks**). This means employees **accrue holiday pay as they work**, but they **still must take their agreed holiday leave**. Mark the rolled-up portion as unpaid leave in the payroll.
2. **Banked hours:** Track the holiday hours accrued each week and pay staff **when they take their leave**.



Important: Ensure your contracts reflect the method you choose. If you need help checking or updating contract wording, our team can assist – just call **0345 226 8393** or [request a callback here](#).

How do you calculate holiday entitlement for employees who start or leave part-way through the year?

Employees who start or leave part-way through the holiday year are entitled to **pro-rated holiday** based on the time they are employed.

Follow these steps:

1. **Calculate full annual entitlement (in days):**
Statutory minimum = 5.6 weeks × number of days worked per week
2. **Work out the proportion of the year worked:**
Number of days employed ÷ total days in the holiday year (usually 365 or 366 for a leap year)
3. **Pro-rata the annual entitlement:**
Annual entitlement × (days worked ÷ total days in year) = pro-rata holiday

Example:

- Jakub joins on 1 July (halfway through the holiday year)
- He works 5 days/week → full entitlement = 28 days
- Days employed = 1 July to 31 Dec = 184 days
- Pro-rata: $28 \times (184 \div 365) = 14.12$ days
- **Rounding:** Always round up to the nearest half day (never round down) → 14.5 days

Summary formula:

Pro-rata holiday = (full annual entitlement in days) × (days employed ÷ 365)

Are there any online tools that can help with calculating holiday entitlement?

Yes – using online tools can make calculations **easier and more accurate**:

- The [GOV.UK holiday entitlement calculator](#) can help you work out statutory holiday quickly.
- Our PeopleNest HR system also manages and tracks holidays for you, reducing costly errors. To see how it can save you time and stress, call **0345 226 8393** or [request a callback here](#).

Tip: Use these tools to **double-check calculations**, especially for part-time, irregular, or variable-hour employees.

? Question	✓ Answer
What should be included in holiday pay?	Holiday pay should reflect an employee's normal pay, including regular overtime and commission. Where this varies, use the average over the last 52 weeks, ignoring any weeks not worked or when the employee was on leave.  If you're unsure, our experienced team can check calculations to ensure compliance. For peace of mind, call 0345 226 8393 or request a callback here.
Do staff actually have to take time off, or is paying for holidays enough?	Employees are entitled to actual time off as well as pay. Only in certain situations – such as at the end of employment or for some irregular contracts – can you pay for untaken holidays instead of giving time off. You must track holiday taken and encourage staff to use it, for example by sending reminders. Failing to do so could mean their holidays carry over indefinitely.
Can holiday be taken during other leave (e.g. sick leave or maternity leave)?	No – holiday and other types of leave are separate entitlements. Holiday continues to accrue while an employee is on sick or family-friendly leave; it does not stop or reduce during these periods. Employees cannot automatically take holiday while on sick, but they can switch from sick to holiday if they request it, following your usual holiday request and authorisation procedures. Additionally, employees cannot switch between holidays and family leave; if an employee requests holidays on maternity leave, their maternity leave would end and only then would the holidays start.

Holiday confusion? Save yourself the headache

If you're struggling to make sense of holiday calculations, or your staff's working patterns change, our expert team is here to help.

We can:

- ✓ **Review your contracts** to ensure compliance
- ✓ **Check your holiday calculations** for accuracy
- ✓ **Provide tailored guidance** on tricky or complex cases

We also offer **user-friendly software** to make managing holidays simpler and more efficient.

Save time. Avoid sticky situations.

For support, call **0345 226 8393** or [request a callback here](#).