

# HR UPDATE

## Employment Facts & Figures

July 2007

### Minimum Statutory Holiday Entitlement

The government have proposed that with effect from 1 October 2007, the minimum statutory holiday entitlement will increase from 4 weeks (20 days) to 4.8 weeks (24 days).

The minimum statutory holiday entitlement will be increased to 5.6 weeks (28 days) from 1 April 2009, six months later than was originally planned.

**In addition to the above, the following changes have been made to the original proposals regarding increasing the minimum statutory holiday entitlement:**

Whilst employers remain governed by statute and therefore are not able to make a payment in lieu for any unused statutory holiday entitlement, employers will be able to make payments in lieu of the first 0.8 week increase up until 1 April 2009. This is to help employers with the transition in areas such as the recruiting & training of additional staff to cover the increased holiday entitlement. Thereafter, no further payments can be made unless it is for holiday over and above the statutory holiday entitlement.

There is an incentive for employers to provide the full entitlement, without making payments in lieu or allowing leave to be carried over by 1 October 2007, as they will be exempt from the new regulations.

**The draft regulations remain unchanged in respect of the following:**

- Bank and public holidays can still be taken into account in establishing whether the entitlement is met.
- Part-time workers will get a pro-rata holiday entitlement, regardless of whether or not they normally work on bank and public holidays.
- The increases in holiday entitlement will be proportionate depending on the start of the annual

- The increases in holiday entitlement will be proportionate depending on the start of the annual leave year.
- Although the statutory minimum holiday entitlement will be capped at 5.6 weeks, employers may give more contractual holiday at their discretion.
- If both the employer and employee agree, then some or all of the additional entitlement, over and above the statutory minimum, may be carried over to the next leave year.
- Payment in lieu of current statutory holiday entitlements (4 weeks) is not permitted and payment in lieu of the additional statutory holiday (0.8 weeks) will not be permitted from 1 April 2009. The only exception to this is on termination of employment.
- The additional entitlement is not dependent upon length of service.
- Part day's holiday do not need to be rounded up to the nearest full day.

#### Things to think about:

- More detailed guidance on these changes will be available once the Parliamentary process is complete. This is expected later this month.
- Approximately 6 million people stand to benefit from extending the annual leave entitlement.
- Failure to comply with this new legislation could lead to a breach of statute and potentially a claim to an employment tribunal. With the maximum amount that can be awarded reaching £25,000, the potential costs to businesses are huge. If you do not wish to fall foul of this new legislation call us today.

**Should you require any further information/advice relating to matters above or any other general HR advice please contact:**

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