

GUIDANCE FOR ADDITIONAL HOLIDAY PAY (AHP)

When employees take annual leave, the pay they receive must reflect what they would have earned if they had been at work. Whenever an employee takes annual leave, basic pay will apply to that period of leave (i.e. annual salary / 12 months). However, for those employees whose pay varies across the year their holiday pay should reflect average pay.

Therefore where employees receive any qualifying additional payments 12 months prior to taking a period of holiday these should be included in calculating their additional holiday pay (AHP). **N.B.** This requirement only applies to the portion of holiday entitlement guaranteed under the Working Time Directive, which is the first 4 weeks (20 days) (pro rata for part-time staff) of annual leave booked in any leave year.

Qualifying Additional Payments

The qualifying additional payments are:

- Overtime payments (contractual and non-contractual)
- Bank Holiday Payments
- Additional hours payments that have been submitted for hours worked beyond the full time hours for the role
- Night working payments
- Standby duty payments
- On call payments
- Sleep in payments

It requires at least one of the above qualifying additional payments to have been paid in at least one of the twelve payslips prior to the month in which the period of holiday occurs.

Additional Holiday Pay (AHP) Calculation

Due to the current freeze on changes to the system as a result of the re-design work in Business World, an interim arrangement has been put in place for the payments for AHP to be manually calculated by the HR Services Team using information from Business World. The calculation will therefore not take into account when an employee has taken holiday and applied on a month by month basis. Instead, as an interim arrangement, these calculations will be undertaken twice a year and additional holiday pay will be paid to employees in November and May. This is due to the majority of the qualifying payments being paid a month in arrears i.e. claims for September are paid in October.

Therefore the 12 month reference periods that will be used to calculate the holiday pay will be as follows:

12 month reference period	Payslips	Pay Period
October – September	November - October	23 rd November
April - March	May - April	23 rd May

The payment will be shown on an employee's payslip as '**AddHol Pay**'.

The AHP calculation for the interim arrangement for payment twice a year outlined above will be based on a daily average of qualifying payments multiplied by a half year statutory holiday entitlement i.e. 10 days. This will be pro rata for part-time employees i.e. contracted hours/full time hours for the role *10 days statutory leave).

The daily average of qualifying payments is calculated as outlined below.

- Add together any qualifying payments paid in the previous 12 payslips to get a the total year figure;
- Divide the total year figure by 240 to get a daily average;
- Multiply the daily average by the number of days of holiday entitlement

Example of AHP Calculation

G7 full time employee (37 hours per week), books 10 days (74 hours) holiday in September. Previous twelve payslips are reviewed for any relevant payments.

Payslip Month	Action	Amount
September	Overtime	173.57
October	Overtime	43.39
November	Overtime	401.37
December	Overtime	260.35
January	Overtime	260.35
February	Overtime	325.44
March	Overtime	231.42
April	Overtime	75.94
May	Overtime	274.81
June	Overtime	54.24
July	Overtime	216.96
August	Overtime	347.13
		2664.97

Based on the information from the payslips the following calculation is made:

Detail	Calculation	Amount*
Total relevant payments		2664.97
Daily average	$\text{£}2664.97/240$	11.10
Holiday Pay	$11.10 \times 10 \text{ days}$	111.00

The employee will therefore receive £111.00 as an additional holiday payment.

For advice on this matter, please contact your Senior HR Adviser.