



News Story
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Government consults on increasing employee holiday entitlement

The Department of Trade and Industry has issued an initial consultation paper setting out its plans to ensure that workers are in future entitled to take paid leave for bank and public holidays in addition to the statutory minimum four weeks' annual leave entitlement set out in the Working Time Regulations 1998. Under the existing law, employers can require employees to take the eight UK bank holidays as part of the minimum four-week annual holiday entitlement. For a worker who works a five-day week, the current minimum entitlement is therefore 20 days which can include the bank and public holidays. Under the proposals, the statutory right to paid holiday would increase to a maximum of 28 days per year, or 5.6 weeks.

The Government proposes to phase in the additional annual leave starting with an increase from 20 to 24 days (pro rata for part-time workers) from 1 October 2007. In addition, views are being sought on whether the rest of the annual leave should be introduced either in one stage from October 2008 or in one stage from October 2009 or in two phases, increasing to 26 days in October 2008 and then to 28 days from October 2009. The additional eight days are intended to reflect the eight UK bank holidays, so as to allow full-time workers a minimum of 20 days' annual leave plus bank holidays. However, the additional holidays need not actually be taken on the bank holidays. Many businesses are open on bank holidays and so, in accordance with staff contracts of employment, they can still require workers to work on those days - the consultation does not propose a statutory right for the additional paid holiday to actually be taken on a bank or public holiday. The consultation paper seeks views on the potential benefits and impacts of increasing the statutory minimum annual leave entitlement from four weeks at present to 5.6 weeks and, in particular, on measures that may help businesses in managing the additional leave. The proposed holiday entitlement is expressed as 5.6 weeks in the consultation paper to reflect the differing work patterns that many staff work.

To give a few examples of how the Government proposes this will operate in practice:

- . A member of staff working five days per week is currently entitled to a minimum 20 days' (four weeks') paid holiday per year. Increasing the statutory entitlement to 5.6 weeks would increase their entitlement to 28 days per year.
- . A part-time member of staff working 2.5 days per week is currently entitled to a minimum 10 days' (four weeks') paid holiday per year. Increasing the statutory entitlement to 5.6 weeks would increase their entitlement to 14 days per year.
- . A member of staff working six days per week is currently entitled to a minimum 24 days' (four weeks') paid holiday per year. Whilst increasing their holiday entitlement to 5.6 weeks would equate to 32 days' leave per year, the statutory entitlement will be capped at 28 days per year. The employer may, of course, grant extra holiday above the new statutory 28 days in the worker's contract of employment.

Other issues on which the Government is consulting include: whether there should be an option to carry over some or all of the additional 1.6 weeks from one holiday year to the next and whether there should be an option to 'buy out' some or all of the additional 1.6 weeks' holiday (i.e. by giving payment in lieu of taking leave).

The proposals mean that up to two million UK workers will benefit from additional paid annual leave. Many larger businesses already offer bank holidays or additional contractual leave to their staff in addition to the four-week minimum entitlement. The proposed changes should therefore not affect these employers.

The consultation period closes on 22 September 2006. The proposals apply to England Wales and Scotland. The Department for Employment and Learning in Northern Ireland is consulting on similar proposals. Depending on the outcome of the initial consultation, detailed proposals, including draft regulations, will be brought forward for consultation in December 2006. This second phase of consultation will then close in March 2007 and the regulations will be debated in Parliament in April 2007, to come into force from 1 October 2007.

