Holiday Entitlement and Pay: Avoiding Common Mistakes

A guide to who gets holiday, what they should be paid, and how to avoid common mistakes. The figures below are illustrations, not automatic answers for every contract.

First, what is the difference between holiday entitlement and holiday pay?

Holiday entitlement is how much paid time off someone can take. Holiday pay is how much you pay them when they take that time off. You need to get both right. For most workers, the legal minimum is 5.6 weeks of paid holiday each year. A contract can give more.

1 Employees with regular weekly days or hours

Someone who works regular days throughout the year generally has 5.6 weeks of statutory holiday. The number of holiday days depends on how many days they normally work. Bank holidays can count towards the minimum; they are not automatically extra.

Example A | Full-time worker: five days a week

5 working days each week × 5.6 weeks = 28 days of paid holiday for a complete leave year.

If the employment contract includes bank holidays within those 28 days, an eight-bank-holiday year leaves 20 other days to book. The actual number of bank holidays varies by nation and year.

Example B | Part-time worker: three days a week

3 working days each week × 5.6 weeks = 16.8 days of statutory holiday for a full leave year.

This is not 28 days minus a percentage chosen by the manager: it is the same 5.6 weeks, expressed in the employee's normal working days. Do not round statutory entitlement down.

A worker with fixed hours but varying shift lengths may be easier to manage using holiday hours. Match the method to the actual working pattern.

2 Casual staff whose hours really change from pay period to pay period

For a qualifying irregular-hours or part-year worker, holiday builds up as hours are worked. For leave years starting on or after 1 April 2024, the statutory method is 12.07% of hours worked in each pay period. "Pay period" simply means how often you pay someone, such as every week or month. The legal rounding rule applies within each pay period.

Example C | Casual event worker paid monthly

The worker completes 80 hours in a month.

80 hours × 12.07% = 9.656 hours of holiday accrued.

Applying the statutory nearest-whole-hour rule gives 10 hours of holiday added for that pay period.

If the next month has 50 hours: 50 × 12.07% = 6.035 hours, rounded to 6 hours for that pay period. The months are worked out separately.

Important: having a changing rota does not always make someone an irregular-hours worker. A fixed rotating pattern can still count as regular hours. Check the contract and the reality of the arrangement before selecting this calculation.

Source: Acas: definitions of irregular-hours and part-year workers

Guaranteed minimum hours and rolled-up holiday pay

A worker does not have to be on a zero-hours contract to qualify as an irregular-hours worker. Under regulation 15F of the Working Time Regulations 1998, the question is whether the number of paid hours under the contract is wholly or mostly variable between pay periods. A guaranteed weekly minimum does not automatically prevent this classification.

Example | Guaranteed minimum hours with variable additional work

An employee has a contractual minimum of 10 paid hours a week. Their additional hours are not guaranteed, and total hours may be 10, 15, 20 or 35 hours in different weeks.

The guarantee alone does not make them a regular-hours worker. They may qualify as irregular-hours if the paid hours under their contract are wholly or mostly variable between pay periods. A binding regular working pattern would require a different assessment.

When can rolled-up holiday pay be used?

For leave years beginning on or after 1 April 2024, employers may choose rolled-up holiday pay for qualifying irregular-hours and part-year workers only. It is not available for regular-hours workers. The alternative is to pay holiday pay when annual leave is taken.

- Holiday entitlement: Continue accruing statutory holiday at 12.07% of hours actually worked in each pay period, applying the statutory rounding rule and recording the balance.
- Holiday payment: Add rolled-up holiday pay of at least 12.07% of pay for work done in each pay period, paid automatically alongside wages and shown as a separate payslip item. For monthly payroll, this is a monthly payment, not an amount the employee requests at a later date.
- Taking leave: Employees must still book and take annual leave, although holiday pay is not paid again when that leave is taken because it has already been distributed through payroll.
- Employer responsibility: Provide genuine opportunities for leave, encourage workers to take it and keep records of entitlement accrued, leave taken and payments. Ordinary unscheduled days should not automatically or retrospectively be designated as holiday.

Rolled-up holiday pay changes when the money is paid, not the worker's right to take statutory time away from work. Special holiday-pay calculations also apply during sickness and statutory leave.

Source: Acas – Rolled-up holiday pay: https://www.acas.org.uk/irregular-hours-and-part-year-workers/rolled-up-holiday-pay

Source: Working Time Regulations 1998 – Regulation 15F (irregular-hours definition): https://www.legislation.gov.uk/uksi/1998/1833/regulation/15F

Source: Working Time Regulations 1998 – Regulation 16A (rolled-up holiday pay): https://www.legislation.gov.uk/uksi/1998/1833/regulation/16A

3 Why holiday pay may be more than basic pay

An employee who regularly earns overtime or commission may need those payments included in the amount they receive during holiday. Otherwise a holiday week could leave them worse off than an ordinary working week.

Example D | Regular overtime changes the holiday-pay figure

A regular-hours employee is paid £400 basic pay per week and regularly earns £40 overtime each week.

Normal weekly pay in this simplified example: £400 + £40 = £440.

One week of the first four weeks of statutory holiday should therefore be paid at £440, not £400 (assuming that overtime forms part of normal pay).

For the remaining 1.6 weeks, the law permits basic-rate pay for regular-hours workers. Some employers choose to pay all 5.6 weeks at normal pay to make administration simpler.

For irregular-hours and part-year workers, the full 5.6 weeks must reflect normal pay. Where pay varies and holiday is paid when taken, employers generally look at the previous 52 paid weeks; unpaid or certain reduced-pay weeks are skipped, looking back up to 104 weeks when necessary. Special rules apply if there are fewer than 52 paid weeks.

4 When an employee joins or leaves part-way through the year

An employee who has not worked the whole leave year generally receives the part of their annual entitlement relating to their time employed. If they leave, pay for holiday they have earned but not used. The example assumes a simple half-year; actual start/leaving dates and contractual terms can change the calculation.

Example E | A leaver has unused holiday

A five-day worker has 28 days for the full year and leaves after exactly half the holiday year.

28 days × 6 ÷ 12 = 14 days earned in this simplified example.

They have already taken 9 days: 14 − 9 = 5 unused days.

If their holiday-pay day rate is £120, the illustrative final holiday payment is 5 × £120 = £600 (before tax and any other lawful adjustments).

5 What happens if the employee is off sick or on family leave?

Holiday normally continues to build up during sickness absence and statutory family leave. If the worker could not take holiday because of sickness or family leave, they may be entitled to carry it into a later holiday year. The amount and deadline depend on the worker category and reason. Do not simply delete unused holiday at year-end.

Example F | Holiday not taken during long-term sickness

A regular full-year, five-day worker is off sick and cannot take their holiday.

Up to 20 days of the usual 28-day statutory entitlement may be carried over because of sickness, subject to the rules. This is not a blanket rule that all 28 days can always be carried over.

Before adjusting the balance, check what was already taken, the leave year and any more generous contractual entitlement.

Which holiday calculation applies?

The label used on a contract is not always enough to determine holiday entitlement. The important distinction is whether the person has an agreed working pattern, or whether their paid hours are wholly or mostly variable under their contract.

Working arrangement	What it means	Holiday calculation

Regular-hours employee	Agreed weekly hours or a fixed repeating pattern. Contracted hours may be changed by agreement during the year.	Use the agreed working pattern for each relevant period.
Irregular-hours worker	The number of paid hours in each pay period is wholly or mostly variable under the contract.	Normally 12.07% of hours worked in each pay period.
Zero-hours worker	No guaranteed hours; work is offered as required. Usually irregular-hours for holiday purposes.	Use irregular-hours rules where the statutory definition is met.
Casual or bank worker	Typically accepts shifts as needed, such as event staffing or a pool of cover employees. These are descriptions of arrangements, not separate statutory holiday categories.	Check the terms and real arrangement; often irregular-hours.
Part-year worker	Has a continuing contract but at least one unpaid week when not required to work, such as term-time cleaning. A separate statutory category.	Uses the same 12.07% pay-period method as irregular-hours workers.

Example: A site cleaner works three hours per day under an agreed contract, then signs a variation to work five hours per day. Their contractual hours have changed, but that change alone does not make them an irregular-hours worker. Entitlement earned before the change is not retrospectively recalculated.

Source: Acas: calculating holiday pay when contractual hours change

How sickness affects holiday entitlement

Being off sick does not automatically stop statutory holiday building up. How the amount is calculated depends on the worker category; sick pay itself is a separate entitlement.

Working arrangement	Holiday entitlement during sickness
Regular-hours employee	Continue to accrue holiday based on the applicable contractual working pattern.
Irregular-hours or part-year worker	Calculate average weekly hours using the statutory 52-week look-back rules, then apply 12.07% for each week of qualifying sick leave. Weeks of sickness and statutory leave are excluded from the averaging period; other weeks with no work are included.

Example: An irregular-hours worker has average weekly hours of 20 over the relevant reference period and takes four weeks of qualifying sick leave. Holiday accruing during that sickness is 20 × 12.07% × 4 = 9.656 hours, before the statutory pay-period rounding rules are applied.

Source: Acas: holiday accrued during sickness or statutory leave

Statutory Sick Pay (SSP) is different from holiday accrual. SSP depends on eligibility and qualifying days, not simply on the amount of holiday earned. For someone with a regular Monday-to-Friday schedule, those working days will ordinarily be the qualifying days; for someone without a regular pattern, the qualifying-day rules must be checked. This guide does not attempt to resolve SSP eligibility for periods when a zero-hours worker has no shifts offered.

How Assyst approaches these calculations

For employees with agreed regular hours, Assyst records the contractual working pattern applying at each point in time and uses that history when calculating holiday entitlement. This is particularly useful in cleaning contracts, where shifts may increase or decrease as site requirements change.

For qualifying irregular-hours and part-year workers, including zero-hours workers who meet the statutory definition, Assyst calculates holiday accrued separately for each pay period, whether weekly, fortnightly or monthly. The calculation is hours worked in that pay period × 12.07% (for statutory-minimum entitlement). Assyst then rounds the result to the nearest whole

hour: less than 30 minutes rounds down; 30 minutes or more rounds up. It records that rounded figure as the accrual for that pay period in an accrual table and adds the period's figure to the running annual holiday balance. Each period remains visible in the record, so the rounded results are not replaced by a single year-to-date calculation.

How Assyst calculates an average working day

For zero-hours workers, Assyst uses recorded shifts to establish the average length of a working day: total hours worked ÷ number of days actually worked. A day when no work was undertaken is not counted as a worked day in this average. The corresponding average hourly rate is calculated as relevant earnings ÷ corresponding hours worked, including different rates for different assignments. The statutory holiday-pay reference-period check described below uses the relevant qualifying paid weeks, rather than automatically using every payment made since the start of the holiday year.

Worked example: A worker completes 120 hours across 20 worked days, earning £1,680. Their average working day is 120 ÷ 20 = 6 hours. Their average hourly rate is £1,680 ÷ 120 = £14. On Assyst's proposed average-day basis, one day of holiday would be 6 hours × £14 = £84, deducting 6 hours from the worker's accrued holiday balance.

When an irregular-hours or part-year worker takes paid holiday, Assyst uses the statutory holiday-pay reference period. It looks back to find the most recent 52 qualifying paid weeks, excluding weeks that do not qualify under the rules. Where necessary and where employment records are available, it searches back up to 104 weeks to identify those 52 weeks. If fewer than 52 qualifying weeks are available within that period, Assyst uses the qualifying weeks available. This reference-period calculation is kept distinct from the average working-day calculation and from the separately rounded holiday-hours accrual recorded each pay period. The average-day illustration above explains how Assyst expresses a day of holiday in hours; the amount paid must still meet the statutory reference-period calculation.

Worked example: an irregular-hours employee paid monthly

Assume an employee is employed on a zero-hours contract, earns £15 per hour and receives holiday pay when they take leave. The employee is entitled to the statutory minimum of 5.6 weeks. The two calculations below serve different purposes.

A. Holiday hours accrued — calculated and rounded separately for each monthly pay period

Pay period	Hours worked	Hours × 12.07%	Rounded holiday accrual
January	60	7.242	7 hours
February	85	10.2595	10 hours
March	100	12.070	12 hours
April	80	9.656	10 hours
Total	325	—	39 hours

Assyst records the rounded figure for each pay period. In this example, the employee has accrued 39 hours of holiday before any leave taken is deducted. The 52-week pay reference period does not recalculate these 39 hours.

Source: GOV.UK: 12.07% accrual and pay-period rounding

B. Holiday pay — calculated when leave is taken using the statutory reference period

Suppose the most recent 52 qualifying paid weeks fall within the previous 70 calendar weeks. For illustration, the relevant records show the following totals:

Relevant reference-period records	Amount
Total relevant pay	£15,600
Corresponding hours worked	1,040 hours
Days actually worked	208 days
Qualifying paid weeks	52 weeks
Average weekly holiday pay (£15,600 ÷ 52)	£300 per week
Average weekly hours (1,040 ÷ 52)	20 hours
Illustrative hourly rate (£300 ÷ 20)	£15 per hour

The statutory reference-period method establishes an average week's holiday pay. In this example, the corresponding hourly rate is £15 because the relevant earnings and worked hours are consistent. If the worker has different rates, holiday payments or other elements of normal pay, those records must be selected and treated under the applicable statutory rules.

Source: Acas: 52-week holiday-pay reference period

C. How Assyst expresses a requested day in hours

Using the same illustrative records, the average working day is 1,040 hours ÷ 208 days worked = 5 hours. On Assyst's average-day method, one day of holiday uses 5 hours from the accrued balance and is paid at 5 × £15 = £75. Four average days would therefore equal £300, matching the reference-period average weekly pay in this example.

The average-day measure is an Assyst operational calculation, not a separate statutory definition of a day's leave. The payment and leave taken must be consistent with the applicable statutory weekly holiday-pay rules. Holiday hours earned, holiday pay due and the average length of a day should therefore remain separate, traceable calculations.

D. Sickness absence adds another element to holiday accrual

The monthly table above calculates holiday earned from hours actually worked. If a qualifying irregular-hours or part-year worker is on sick leave, they can also accrue holiday during that absence. The sickness calculation uses a historical average of weekly working hours, rather than the hours worked in the sick period. It is a separate calculation from Statutory Sick Pay (SSP).

Example: An employee on a zero-hours contract has a continuous contract and takes two weeks of established sick leave. Immediately before the illness, their 52-week history contains 40 weeks in which they worked 800 hours and 12 weeks when no shifts were worked for ordinary reasons. There were no earlier sickness or statutory-leave weeks to replace, and for this simplified illustration no annual-leave adjustment is needed.

Historical weeks	Weeks	Hours	Counted for sickness-hours average?
Weeks with work	40	800	Yes
Weeks with no shifts (not sick leave)	12	0	Yes
Weeks of sickness or statutory leave	0	—	Excluded; earlier weeks used if available
Total reference history	52	800	800 hours across 52 relevant weeks

Average weekly hours: 800 ÷ 52 = 15.38 hours. **Holiday accrued during the two weeks:** 15.3846 × 12.07% × 2 = 3.714 hours, rounded to 4 hours for the relevant pay period in this illustration.

This additional four-hour sickness accrual belongs in the holiday balance alongside the hours earned from work. It must not be treated as hours actually worked or included twice. For an absence that crosses pay periods, the entitlement must be allocated and rounded under the applicable pay-period rules. A period with no offered shifts is not automatically a period of sick leave; the employer must establish the absence circumstances.

For the sickness-hours reference, weeks with no work for ordinary reasons are included, while weeks containing sickness or statutory leave are excluded and earlier weeks are considered up to 104 weeks. GOV.UK also discusses adjustments to the averaging divisor where annual leave was taken in the reference period; the simple 52-week illustration above should not be used unchanged in every case.

Source: Acas: sickness-accrual reference weeks and calculation

Source: GOV.UK: detailed sickness-accrual guidance (section 3.3)

E. Why Assyst must retain two different weekly averages

The employer needs a record of every week, including zero-hour weeks. But the rules for deciding which weeks count are different for sickness-related holiday accrual and holiday pay when someone takes leave.

Calculation	What the records include	What the result is used for
Holiday accrued from work	Actual hours in each pay period	12.07% of hours, with pay-period rounding
Holiday accrued during sickness	52 relevant historical weeks; ordinary no-work weeks included, earlier sickness/statutory-leave weeks substituted	Average weekly hours × 12.07% × sickness weeks
Holiday pay when leave is taken	Most recent 52 qualifying paid weeks; look back no more than 104 weeks	Average weekly holiday pay / applicable rate
Assyst average worked day	Hours and actual days worked over a defined, consistent period	Express a day request as hours; reconcile with statutory holiday pay

Example of the distinction. The same worker may have a sickness-accrual average of 15.38 hours per week because 12 weeks without shifts count as zero-hour weeks. For holiday pay, those unpaid weeks are generally skipped: Assyst searches earlier records, up to the 104-week limit, for 52 qualifying paid weeks. The 15.38-hour sickness average must not be used automatically as the holiday-pay rate.

For holiday pay, a full week's statutory leave is ordinarily paid at the average weekly pay calculated from the qualifying paid weeks. Assyst's average-hours-per-worked-day and average-hourly-rate figures are useful for displaying and processing a day's request, but they must reconcile with that statutory holiday-pay method. The average-day figure does not replace the statutory weekly reference calculation.

Source: Acas: weekly holiday pay and excluded weeks

Keeping contractual changes, time worked, leave taken and pay records together makes calculations easier to explain and audit. It also helps managers see why two employees working at the same site may have different holiday entitlements or pay calculations.

How Assyst helps employers avoid holiday calculation mistakes

- Classify workers correctly. Assyst uses the appropriate holiday calculation for employees with agreed regular hours and for qualifying irregular-hours or part-year workers, including zero-hours, casual and bank arrangements where the statutory definition applies.
- Reflect contractual changes. When a regular-hours employee changes their contracted working pattern, Assyst records the dates and hours of each arrangement so earlier entitlement can be distinguished from entitlement earned afterwards.
- Record accrual and holiday taken. For qualifying irregular-hours and part-year workers, Assyst calculates entitlement for each weekly, fortnightly or monthly pay period, applies the statutory rounding and records the result in an accrual history. Holiday taken is recorded separately.
- Calculate holiday pay using earnings records. Assyst uses the relevant working-time and pay information, including the applicable 52-paid-week reference period where required and a lookback of up to 104 weeks to find those weeks. This helps account for changing hours and rates of pay.
- Keep an auditable record. Assyst brings together contracted hours, time worked, pay, holidays, sickness and reasons for absence, and statutory family leave so employers can review the information supporting their holiday calculations.

Records and compliance

Employers must keep adequate holiday and holiday-pay records for six years. Keeping the working patterns, calculations, leave taken, pay history, sickness and family-leave information together helps demonstrate how entitlement and payments were determined.

Source: GOV.UK: six-year annual-leave and holiday-pay records duty

Discuss your workforce requirements with Assyst

Assyst Workforce Management is a workforce management platform for multi-site employers, combining HR and paperless onboarding, time and attendance, workforce scheduling, payroll calculations, task management and a mobile staff app. It supports complex working patterns, holiday entitlement and pay alongside everyday workforce operations. To find out more or discuss how Assyst could support your business, visit www.assyst.uk and contact us through the website.

Useful official sources

GOV.UK — Holiday entitlement: https://www.gov.uk/holiday-entitlement-rights

GOV.UK — Holiday pay: https://www.gov.uk/holiday-entitlement-rights/holiday-pay

Acas — Calculating holiday pay: https://www.acas.org.uk/checking-holiday-entitlement/calculating-holiday-pay

Acas — Irregular hours and part-year workers: https://www.acas.org.uk/irregular-hours-and-part-year-workers

Acas — Holiday during sickness and statutory leave: https://www.acas.org.uk/irregular-hours-and-part-year-workers/other-leave-and-sickness

GOV.UK — Holiday pay and entitlement reforms (includes detailed examples): https://www.gov.uk/government/publications/simplifying-holiday-entitlement-and-holiday-pay-calculations/holiday-pay-and-entitlement-reforms-from-1-january-2024

Working Time Regulations 1998 — Regulations 15B, 15C and 16B: https://www.legislation.gov.uk/uksi/1998/1833/contents

This guide explains general employment law principles, primarily for Great Britain, as at 6 November 2026. It is not a substitute for advice on an individual situation. Figures are simplified illustrations; always check contract terms, actual dates, applicable rounding and legal rules.