Holiday Pay FAQs – FAQs.

1. What is the new policy regarding holiday pay?

The new policy changes the way in which pay is calculated for the first 20 days/140 hours (or pro-rata equivalent) of annual leave each year.

In future the University will ensure that staff receive their “normal” pay during this period of annual leave by taking average voluntary overtime (and any other similar taxable payments such as call out) into account.

2. Who will potentially benefit from this change?

Staff who receive payments for carrying out voluntary overtime or, in the case of part-time staff, voluntary additional hours.

3. How is “normal” pay calculated?

When someone takes annual leave the HR system will look to see if they have earned any overtime payments in the past three months. If so it will then calculate the average overtime payment within that period and, if the annual leave is within the first 20 days/140 hours, it will award an equivalent amount of “Notional holiday pay”. See worked example at the end of this document.

4. How does this work for part-time staff?

The same approach is taken for part-time staff except that it includes additional hours payments (as well as any actual overtime payments) and the amount of annual leave it applies to is pro-rated. Hence, for someone who has an FTE of 50%, the first 10 days or 70 hours of annual leave would qualify and take any additional earnings into account.

5. How does this work for staff on compressed hours or irregular shifts?

The same approach is also taken for staff on compressed hours except that it will typically be based on the first 140 hours of leave taken, which is equivalent to the 20 days that would apply for someone working a standard 5 x 7 hour days per week.

6. Does this take contractual overtime and allowances into account?

Any contractual overtime or allowances are already included in pay when staff take holidays. Therefore only further voluntary overtime or additional hours are taken into account when calculating any “Notional Holiday Pay”.

7. Why is this change being introduced?

The University is not alone in making this change. It results from a number of employment tribunal cases in other sectors where individuals have successfully argued that regular overtime and similar earnings should be included when calculating holiday pay. The intention being that staff should receive their “normal” pay during periods of annual leave.

8. Why does this only apply to the first 20 days of annual leave?

This is because the legal argument that has been made is based on the European Working Time Directive, which includes the right to 20 days annual leave.
9. How was the policy developed?

The policy has been developed and agreed in consultation and negotiation with the campus trade unions, primarily Unite and also GMB.

10. When is it being introduced?

The new policy is being introduced from October 2018 but is being backdated to the start of the holiday year in January. The University is also paying an additional sum equivalent to 50% of 2017 (see questions 14 & 16 below)

11. How will holiday pay be calculated in the future?

Each month the HR System will run reports to identify staff who have taken leave that falls within their first 20 days. It will then calculate the average overtime earnings from the previous three months and allocate an amount of “notional holiday pay” for each qualifying day of annual leave. This will be sent to payroll and paid in the following month.

12. If I do regular over-time will I receive a payment for Notional Holiday Pay every month?

It is unlikely that staff will receive such a payment every month as it is linked to when you take your first 20 days holiday as well as when you receive overtime payments.

If you don’t take any leave in a particular month you would not receive any payment for “Notional holiday pay” the following month.

If you have taken leave and regularly do overtime there could be two particular reasons why you have not received a payment.

Firstly, if you have already taken 20 days of leave any additional leave will not qualify. For example if you have taken 20 days leave by the end of August, any leave taken after this in the year will not qualify for a payment so the last month you would receive a payment would be September. Payments would then potentially start again from February the following year if you take leave in January.

Secondly, if you have not earned any overtime in the three months prior to taking your leave you would not qualify for a payment. For example if you take leave in April but have not received any voluntary overtime payments in January, February or March, your normal pay would just be your normal pay and the calculation would return a zero.

(See question 23 below for more details)

13. What happens if I don’t book my leave through the Core-HR System?

Annual leave must be entered into the Core HR self-service system to qualify for these payments.

14. Will staff receive back-pay associated with this new policy?

Yes. Some staff will receive back pay as the policy is being back dated to January 2018 and will therefore cover the first 20 days (or pro-rata equivalent) leave taken this year.

The University has also agreed to pay a sum equivalent to 50% of what may have been earned in 2017 (see question 16 below)

15. How has this back pay been calculated?
The HR Team have worked with Payroll to carry out the monthly calculations for each month this year. The first calculation covers any leave taken in January and looks at overtime earnings in October to December 2017. This was repeated in February using overtime earnings from November, December and January and so on for each month up to September. These monthly payments have been added up and will be paid in October.

16. How has the payment for 2017 been calculated?

The University agreed to backdate the policy for 6 months of 2017. Recognising that staff will have taken their annual leave at different times of the year, it was agreed to calculate this payment so that all overtime earnings for the year were taken into account, irrespective of when leave was taken. The calculation is based on half of 8.33% of all overtime. This 8.33% is derived by dividing the 20 days of eligible leave by the 240 remaining working days in the year \((20/240 \times 100 = 8.33\%)\). This is then halved to deliver a payment equivalent to 6 months.

17. Do individuals or their managers need to do anything different to ensure they receive these payments?

No, neither individuals nor their line managers need to do anything other than ensure annual leave is booked in the Core HR system and that overtime is claimed and approved in a timely fashion. Overtime should be claimed in the month it is worked, allowing for payment in the next available payroll.

18. How will these payments appear on my monthly payslip?

When you qualify for payments it will appear as Notional Hol Pay.

19. Who can I raise questions with about this policy?

Line managers in areas where there is a lot of overtime, local trade union reps and HR have been briefed on these changes. If you have questions about the policy or the payments you are receiving you should initially raise these with your line manager. You may also wish to speak with your union representative. Managers and reps will collate any questions and pass these on to HR.

20. Will all staff receive the same backpay?

No. Every individual will receive a different amount, as it is based on both their individual overtime earnings and the timing of their annual leave during 2018.

21. If I take Time off in Lieu (TOIL) rather than receiving overtime pay, will this be included in the calculations?

No, only actual pay is included.

22. Do public holidays count towards the first 20 days of leave?

In most cases the answer is no. The policy applies to the first 20 days/140 hours (or pro rata equivalent) of leave that is booked by the member of staff.

Some staff may be scheduled to work on the public holidays as part of a shift rota and hence are required to formally book this as leave if they wish not to work. In this case it would count towards the first 20 days or 140 hours of leave being taken.
23. Can HR provide me with my individual calculation to explain my back pay?

Each member of eligible staff will receive a letter indicating the amounts they are due in relation to back pay covering 2018 and the additional payment for 6 months of 2017. As indicated in question 15 above, although the approach is relatively straightforward, there are nine individual calculations carried out to establish the total due for 2018. Due to this complexity of the monthly calculation and the number of staff involved (over 900) it is not possible to set out individual line by line calculations. Details of how the calculations work are included below and the approach has been fully explained to both line managers and the union representatives.

24. If I think there is a fundamental error with my calculations what should I do?

You should initially discuss this with your line manager or union representative. If they agree that your figures look significantly different from the level that may be expected they will raise this with HR/Payroll to double check.

25. How will I know when to expect a payment?

You will receive a payment when you have taken leave within your first 20 days (140 hours) (or pro-rata equivalent for part-time staff) and have also received overtime or similar payments during the three months prior to taking your leave. The payment will be made in the month after you take the leave. The following table provides an illustration of this for a full-time employee using 2018.

- In February you receive a payment as you took leave in January and had earned overtime within the past three months (in Oct).
- In March you receive no payment as you did not take any leave in February.
- In April you receive a payment as you took leave within March and had earned overtime within the past three months (in Jan)
- In May you receive a payment as you took leave within April and had earned overtime within the past three months (in Jan)
- In June you receive no payment. Although you took leave in May you did not earn any overtime in the previous three months (Feb, Mar, Apr).
- In July you receive a payment as you took leave in June and had earned overtime within the past three months (in May)
- In August you receive no payment. Although you took leave in July and had overtime in the previous three months (in both May and June), you have already taken 20 days (140 hrs) leave by the end of June. Hence the two days in July do not attract a payment.
- On the same basis no payments are made in September to December.
26. Here is a worked example of the holiday pay policy.

A full-time employee takes 2 days leave in January (14 hours based on two standard 7 hour days)

They were paid overtime as follows: In October (£150), November (£100) and December (£50) - i.e. a total of £300 in the period of 3 months. Average = £100 per month.

The aim is that they earn the same on a day off, as they would have “normally”.

There are 260 working days in a year. Allowing for the 20 days leave, in a month there are 240/12 working days on average = 20.

Therefore, if the employee earned £100 per month the amount to be paid per day is £100/20 = £5.

As they took 2 days, they are owed £10.

NB. The process developed to calculate the holiday pay entitlement will work on hours for all employees irrespective of their FTE or work pattern, thus those on part-time or compressed hours arrangements will receive appropriate pro-rata entitlement based on a full-time equivalent of 20 X 7 hours per year.