Detailed Irregular Hours calculation explanations.

PROJECTED FULL YEAR ALLOWANCE

- ***Full Time Holiday Allowance (5.6 weeks) x Average days worked per week***

This figure shows how many days of holiday you would receive if you were to be working from the start to the end of that holiday period. This differs from Projected Entitlement which accounts for if you start and/or leave within a holiday period.

All UK employees are entitled to 5.6 weeks of holiday per year whilst they are contracted, regardless of contract type (Full Time, Part Time or Irregular). Irregular Hours contracts can be full time or less. In this case, workers should receive a full-year allowance proportionate to the amount of time they are working in comparison to 5 days a week. For example, if you work only 2 days a week (40% of 5 days) you should receive 40% of 28 days for your full-year allowance (2.24 weeks or 11.2 days).

Irregular Hours contacts by their nature do not have a simple work pattern to calculate this like Part Time contracts. To calculate the average time worked we look at the total number of hours worked and divide it by the total number of days worked within the reasonable reference period. An easier way to express this is to multiply the number of weeks of holiday (5.6) by the days worked. To calculate the number of days worked on average we check the last available 52 working weeks from a total maximum period of 104 weeks. If there aren't 52 weeks of data present, we use as many weeks of data that are available.

5.6 x 2 days = 11.2 days

When an employee has been on another contract previously, whatever holiday they have Accrued To Date on their previous contract should be included in their Total Days This Year, Projected Entitlement and Accrual To Date figures. For example, Person Y has Accrued To Date 5 days on an IH contract before getting made full-time. Their entitlement as full-time employees is 28 days for the full year. Person Y would receive the 5 days they have Accrued To Date on their previous contract and a pro-rata amount of the 28 days of the new contract. Assuming their company holiday year starts 1st Jan, if the contract changed from the 1st of July, they would receive 14 days as the new contract would cover 6 months of your holiday year.

PROJECTED ENTITLEMENT

- **Workers contracted for the whole leave year:** Full Time Holiday Allowance + Carryover + Previously earned
- **Workers starting part way through a leave year:** Projected Full Year Allowance x Average days worked per week) x Months worked from this year's holiday start date to the end of the year + Carryover + Previously earned
- **Workers leaving part way through a leave year:** Projected Full Year Allowance x (Days in contract/days in year)

If a contract is for the full holiday year, then your Projected Entitlement will match the Full-Year Allowance. If a contract has started and/or ended midway through the holiday year, then your entitlement will be proportionately less than your Projected Full Year Allowance based on the number of months that you are not working in that holiday year.

For full-time contracts holiday entitlement, we follow:
5.6 weeks a year + any carryover from the previous year.

For Irregular Hours contracts, this number can vary as it accounts for the average number of working days. We look at the number of days worked on average in working weeks over the last available 52 working weeks* from a total maximum period of 104 weeks. This number is then reduced by the number of months an employee has missed from the beginning of the year. For example, my contract starts at the beginning of the 4th month of the holiday period I have missed 3 of 12 months, or 25%.

* you can only look at the average for "working weeks" because there's no guarantee of future work on an IH contract but the contract may continue.

Using the same example as above, where I have a full year entitlement of 11.2 days, but have worked only 9 of 12 months in the period my Projected entitlement would be 8.4 days.

11.2 days * 0.75 = 8.4 days

However, how Entitlement is calculated is determined by when someone has started and/or finished their contract in reference to the holiday period. There are three variants as to how the calculation is made which are detailed below.

IH Workers Contracted from start to end of Leave Year: If your contract start date is at the start of the holiday year then this is going to match the FYE, but if you start midway through the holiday year, it should be shorter.

Workers starting midway through a Leave year: The Working Time Regulations provide particular rules for the first 12 months in a job. The leave a worker may take accrues in steps as the worker progresses through the first 12 months. Under this system, a worker gets one-twelfth of their full annual leave entitlement on the first day of each month, bringing it up to the calculated total by the end of the leave year (regulation 15A of the Working Time Regulations 1998). If the total includes a fraction of a day, it is then rounded up. If the fraction of a day is below a half day it is rounded up to the next half day, if it is above a half-day it is rounded up to the next whole day. For example, if a worker starts employment part-way through a leave year, they will receive 1/12th of their Projected Full Year Allowance on their first day. After they have been in employment for a full month, they receive another 1/12th of their full annual entitlement on the first day of the second month, and again on the first day of the third month, continuing to the end of the leave year.

This can be expressed as a formula as:
Entitlement = PFYA*(Months started/12)

Clarifications:

- The legislation does not state whether the start of a month means the first day of each calendar month (for example 1st January, 1st February etc), or whether the first month begins on the first day in the job, the next month begins one month on and so on (for example, for a worker who starts on 15th January, the first month begins on that day, the second month begins on 15 February etc). As this is not legally binding, The best solution for us is to use the start date of the company Holiday Year.
- The calculated total is the amount of leave that the calculations in this guidance suggest a worker is entitled to when they start part-way through a leave year. The corresponding calculator will also give that figure.
- If the fraction is already exactly half a day, this does not need to be rounded up.

Workers starting and/or leaving midway through a leave year: Workers who leave employment have their annual leave pro-ratad based on the time that they spent in work as a proportion of the year. This is calculated based on calendar days in employment, not days spent at work. This does mean if people are kept in active status on Kobas without work they will have more leave. Calculating the proportion of a leave year and consequent Entitlement should use the following formula. Entitlement (Accrued To Date at end of contract) = PFYA*(days in contract/365**). In this scenario, your entitlement is no longer projected and should match the Accrual To Date figure.

**This increases to 366 days on a leap year.

ACCRUAL TO DATE

- ***(((Projected Full Year Allowance)/ 12 (months)) * Number of months worked so far this year) + Carryover + Previously earned***

Employers still have the legal right to make this available nominally throughout the year and our "Accrual To Date" calculations do that. Accrual To Date is the amount of holiday that has effectively been “earned” by an employee so far since their contract for that holiday period started. Again, on an Full Time contract, this is relatively straightforward; 5.6 weeks or 28 days divided by the total number of months in the holiday period (12) and multiplied by the number of months you have worked that holiday year.

For example, a Full Time worker who has worked for 3 months since the start of the year will have:

(28 days / 12 months) * 3 months = 7 days

However, this becomes more complicated when a worker is not full-time. In this case, you should take the Projected Full Year Allowance of an employee and divide this by the total number of months in the holiday year (12) and then multiply it by the number of months worked. To use the example above but for an IH worker on 2 days a week and has been working for 3 months.

((5.6 * 2 days) / 12 months) * 3 months = 2.8 days

Holiday pay must be calculated only using the weeks worked and not include weeks that are still contracted but do not include working hours. In contrast, if you are contracted for a full year, then regardless of how many weeks are worked within that year you will receive 5.6 weeks of paid leave.

In the first year
The Working Time Directive gives a specific different direction for workers starting midway through a company’s leave year. They will receive a twelfth of their annual projected entitlement on the first day of every month in the first year. We use the start of the company leave year to define start of the month, not the calendar month.

Average Shift Length
The average length of day = Total hours in ref period/total days worked in ref period

HOLIDAY PAY

We first look for an average pay figure. This is done by taking the last 52 working weeks (Employment Rights Regulations 2020) where the employee is paid for doing any amount of work. If an employee was paid exclusively holiday or did not work, then this week does not count as a work week, and the next week is used. We look back at a maximum period of 104 weeks to define the 52 working weeks.

Where 52 weeks of data is not available, maybe where the staff member wasn't employed by you, or the maximum 104-week period being reached, we use as many weeks as we have available.

When looking at pay for a week, it must include any wage payments, either day rates or hourly rates, as well as any bonuses or allowances paid in that period. If you regularly provide bonuses or allowances, you will need to consider this in the Holiday rate outside of Kobas.

Gratuity and service charges that are paid through payroll should also be included when considering holiday pay. Gratuity that is paid separately to payroll, such as through a Tronc scheme, would not be included when considering holiday pay (see below). We then look at the average hours per week, using the same set of working weeks defined above.

We then take average pay and divide it by average hours to get an average hourly rate, at which the holiday entitlement will be paid. This average cannot breach National Minimum Wage, nor be less than the Employee's contracted rate.

When less than 52 weeks of data is available, we use as much data as is available to calculate the average.