



**LLOYDS
EMPLOYMENT LAW
CONSULTANCY**

BEWARE NOTICE

FROM OUR EMPLOYMENT LAW DIVISION

PROPOSED INCREASE TO STATUTORY HOLIDAY ENTITLEMENT

Consultation by the Government on the proposed increase to minimum holiday allowances has just closed. Whilst the legislation is not yet finalised, it is likely that the proposals in the recent round of consultation will be implemented. It is important that our clients plan for the increases now, as although the legislation will not come into force until 1 October 2007, if your 2006-2007 holiday year runs over this date you will need to calculate an increase in holiday allowances for your staff from October 2007 to the end of your holiday year on a pro-rata basis. We will inform you as soon as the legislation is finalised, but it appears unlikely to change from that set out below.

The consultation proposes that there is a new statutory minimum holiday allowance of 28 days, although this will be introduced in 2 stages – a minimum of 24 days from 1 October 2007 and the full 28 days from 1 October 2008. The legislation will affect those companies who do not offer the 8 Bank Holidays in addition to the current statutory minimum of 4 weeks (20 days) (thereby already giving their employees a total of 28 days holiday). If for example you offer 20 days holiday including some or all of the 8 Bank Holidays (for example 12 days that employees may take when they choose and 8 Bank Holidays they have to take) then this legislation will affect you, and you will have to increase the holiday allowance you give to your employees. If you are in any doubt as to whether this affects you or not please call us.

Employers will be able to require employees to take Bank Holidays as holidays if they wish, to be taken from the 28 days entitlement, provided that they have given notice of this to their employees. This may be done at the start of each year in the form of a memo to employees or through a clause in the Employee Handbook.

Under the proposals, you will not be permitted to pay in lieu for any of the statutory minimum holiday allowance, except on termination of employment. Contractual holidays (that is over and above the statutory allowance) may be paid in lieu at the end of the holiday year if employer and employee agree. However, it is proposed to allow the employee to carry over any of the statutory holidays above 4 working weeks to the next leave year where both employer and employee agree this. Employees must take a minimum of 4 weeks holiday in a year.

Part-time workers will of course be entitled to a pro-rata amount of holiday based on the number of days that they work. It is also proposed that there is a cap on the statutory allowance of 28 days. This means that whereas currently those working 6 days a week should receive more holiday allowance than those working 5 days a week, once the legislation is in force, they will not be entitled to more than the 28 days those working 5 days a week receive because of the cap of 28 days.

Attached to this Beware Notice you will find a table helping you to calculate the proposed entitlement for your employees for the next 3 years during the proposed phased implementation of the increase.

Please note that Lloyds do not advise or recommend that employers pay rolled up holiday pay, but for those of our clients who do pay holiday pay by this method, you should take into account the increased holiday entitlement when calculating the amount of holiday pay to be paid.

Lloyds will keep you informed of any changes to the above when the consultation has been completed and the legislation is finalised, but please do not hesitate to call for any further advice you require on the above. Once the legislation is finalised Lloyds will provide you with a template memo to send out to your employees advising them of the changes to the holiday allowances.

Please contact Ian Ridley in the Contracts Department if you wish to amend your master handbook for issuing to new employee.

© 19/04/07 LELC EL Beware Notice 0407A

Please note – if you do not follow any guidance contained in this Beware Notice, you may invalidate any guarantee provided by Lloyds. You should also be aware that there may be health and safety law implications to be considered when implementing changes.

Lloyds House, 10 High Street, Grantham, Lincolnshire NG31 6PU
Tel: 08703 500 656 Fax: 08703 500 657 Email: employmentlaw@lelc.co.uk www.lelc.co.uk

**Anyone can give advice -
Lloyds provides help.**



**LLOYDS
EMPLOYMENT LAW
CONSULTANCY**

BEWARE NOTICE

FROM OUR EMPLOYMENT LAW DIVISION

TABLE TO CALCULATE HOLIDAY ENTITLEMENT INCREASE

The following is based on the week an employee works, so if they work 5 days a week, they will receive 5x the figure read from the table below. If they work 3 days a week, they will receive 3x the figure read from the table below.

Leave year starts	2006-7	2007-8	2008-9
1 November	4.07 weeks	4.87 weeks	5.6 weeks
1 December	4.13 weeks	4.93 weeks	5.6 weeks
	2007	2008	2009
1 January	4.2 weeks	5 weeks	5.6 weeks
	2007-8	2008-9	2009-10
1 February	4.27 weeks	5.07 weeks	5.6 weeks
1 March	4.33 weeks	5.13 weeks	5.6 weeks
1 April	4.4 weeks	5.2 weeks	5.6 weeks
1 May	4.47 weeks	5.27 weeks	5.6 weeks
1 June	4.53 weeks	5.33 weeks	5.6 weeks
1 July	4.6 weeks	5.4 weeks	5.6 weeks
1 August	4.67 weeks	5.47 weeks	5.6 weeks
1 September	4.73 weeks	5.53 weeks	5.6 weeks
1 October	4.8 weeks	5.6 weeks	5.6 weeks

Please add this Beware Notice to the rear of your Management Manual for reference as it forms part of our advice.

If you have a query regarding this Beware Notice, or any other employment law related issue, please do not hesitate to contact us.

Call Lloyds on 08703 500 656

We can help at every stage through to resolution.

© 19/04/07 LELC EL Beware Notice 0407A

Please note – if you do not follow any guidance contained in this Beware Notice, you may invalidate any guarantee provided by Lloyds. You should also be aware that there may be health and safety law implications to be considered when implementing changes.

Lloyds House, 10 High Street, Grantham, Lincolnshire NG31 6PU

Tel: 08703 500 656 Fax: 08703 500 657 Email: employmentlaw@lelc.co.uk www.lelc.co.uk

Anyone can give advice -
Lloyds provides help.