

# Holiday entitlement, pay and furlough - what are my employees entitled to?

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**COVID-19 has caused unprecedented challenges for employers for several reasons. You may have furloughed many of your staff members, but there is still a need to navigate holiday pay and leave entitlement. In this article, we look at how holiday entitlement and pay apply during the Coronavirus pandemic.**

This guide is for employers with furloughed employees, and those with employees who have continued to work during this period.

## Coronavirus and holiday entitlement

Most UK workers can take up to 5.6 weeks' paid holiday per year, which is the statutory minimum. Many employees are often entitled to more holiday when expressed in their employment contract. Workers can take the same amount of holiday, regardless if they are on sick leave, maternity leave, parental leave, or any other type of statutory leave, which includes furlough leave. It is important to bear in mind that there is no requirement for workers to take holiday while they are on sick leave.

## Furloughed workers and holiday entitlement

Workers continue to accrue holiday while they are on furlough and may take holiday without affecting their furlough. If you require an employee to take some of their holiday entitlement while on furlough, it is important to consider whether the employee can relax and enjoy leisure time - the purpose of a holiday. The need to self-isolate, socially distance or if an employee is sick, may prevent them from resting, which is the fundamental part of taking holidays from work. You must also ensure that you comply with the Working Time Regulations by providing twice as much notice of the requirement for the

worker to take holiday, as against the period of holiday which you wish them to take e.g. if you require a worker to take five days' holiday, you must provide ten days' notice.

## Are furloughed workers entitled to bank holidays?

If a bank holiday falls within a period of furlough, and the worker would typically have been working on that date, the bank holiday will not affect furlough. However, if the employee would normally have had annual leave on that date, you have two options:

- the employee may take the bank holiday as annual leave; or
- defer the bank holiday to a later date.

## How much holiday pay are workers entitled to?

A worker's entitlement to holiday pay will depend on the number of hours they work and how you pay them for those hours. Holiday pay entitlement for employees - regardless of whether they are on furlough or continue to work - can be calculated using the standard [Government guidance](#) or may be prescribed by what has been set out in the employment contract.

## Note on furloughed workers and holiday pay

It is essential that employers correctly calculate furloughed workers' holiday pay entitlement. Employers should not simply pay employees the rate of pay they are receiving while on furlough. The only exception is if an employer has agreed to pay the employee their usual rate of pay while they are on furlough. If any of your furloughed workers take annual leave during their period of furlough, you should calculate the correct amount of holiday pay using the standard guidance.

If the amount owed is at a rate higher than the pay they receive while on furlough, you must pay the difference. Taking holiday will not affect the furlough period, so you can claim the usual grant from the government to cover the cost of holiday pay for the relevant period.

For those taking benefit from the flexible furlough scheme in place since 1 July 2020 it is important to exercise caution as returning to work part-time may affect the rate of holiday pay to which the worker is entitled to. Holidays taken during flexible furlough should be paid in accordance with the [Working Time Regulations 1998](#), and only part of that payment will be recoverable under the scheme.

For more information, call employment lawyer, [Karen Cole](#), today.

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