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Holiday Pay

Protecting your Brand, your Reputation and your Employees

Significant Discrepancies in UK Holiday Pay Calculations:

Workers are being underpaid by an estimated £1.2 billion each year in Great Britain[1].



Did you know?

Holiday pay can present real challenges for employers due to complex calculations and nuanced legal requirements, particularly for workers with variable pay (e.g., receiving overtime, allowances, premiums, and commissions) or variable hours. Many employers are unknowingly getting it wrong.

Why Review Your Holiday Pay Compliance Now?

Increased Scrutiny and Enforcement

Worker awareness

Workers are more informed about their rights, leading to increased queries, challenges, and potential claims.

Fair Work Agency

This new statutory enforcement body brings together a number of enforcement bodies including HMRC's national minimum wage enforcement team, and will proactively investigate compliance with holiday requirements and enforce worker rights. Meaning greater risk of detection and enforcement and introducing the risk of penalties and reputational damage for the employers.

2024 Reforms

The 2024 legislative reforms brought in a number of changes, including the introduction of new rules for irregular/part-year workers, rolled-up holiday pay in certain circumstances, as well as codifying EU principles. They require careful review to ensure compliance, many employers are unaware of these changes.

Are you ready?

Do your current practices align with the latest legal requirements and will your approach stand up to increased scrutiny and greater enforcement?

[1]Unpaid Britain: an interim report, Nick Clark https://trustforlondon.org.uk/research/unpaid-britain/

How Deloitte can help

Our strength lies in combining the expertise of employment lawyers and employment tax and payroll specialists. We provide integrated, comprehensive advice to ensure your holiday pay practices are legally compliant and your systems are robust.

Compliance Review:

- Legal workshops to educate and inform
- Review contracts, pay systems and policies to identify compliance gaps
- Identify opportunities for cost savings and process efficiencies

Quantify:

- Quantify the potential future cost and any historic risk

Implementation and Ongoing Compliance:

- Support with calculating and making repayments
- Support changes and adaptions to Payroll/HRIS systems and processes
- Update employment contracts and holiday policies
- Support with strategy for worker communications and drafting comms.

Fair Pay Assist (Technology Solution):

- Utilise our technology to accurately calculate holiday pay, identify, and rectify underpayments efficiently

Ensure your holiday pay strategy stands up to scrutiny. Partner with Deloitte for expert, integrated advice.

Get in touch

or more information



Kathryn Dooks
Partner (Legal)
kdooks@deloitte.co.uk
+44 20 7303 2894



Helen Kaye
Partner
hkaye@deloitte.co.uk
+44 113 292 1316



Amy Douthwaite
Director (Legal)
adouthwaite@deloitte.co.uk
+44 20 7303 3486



Ben Baldwin
Associate Director
benbaldwin@deloitte.co.uk
+44 113 292 1447



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