

# HOLIDAY PAY FOR TEMPORARY WORKERS

## METHOD OF CALCULATION

When calculating a current Holiday Pay allowance available for a Temporary Agency Worker (the “Worker”), two different calculations must be run and then a third and final calculation to achieve a value of pay that the worker has accrued.

- Reflect Recruitment Group’s holiday year starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March of the following year.

### First calculation: Holiday hours entitlement

To calculate the current number of available hours of holiday pay a Worker has available:

1. Calculate the number of hours at **basic pay<sup>(1)</sup>** that have been worked from the holiday year start date until now
2. Take **12.07%<sup>(2)</sup>** of the number of hours in that period  
(12.07% referring to 5.6 weeks of annual leave compared to a standard working year of 46.4 weeks)
3. If the result is a decimal of 0.5 or more, we round up to the next hour

For example:

Today’s date is 02/02/26 and since 01/04/25 a Worker has worked 1,125 basic hours in that time period, so:

$$1125 \times 12.07\% = 135.7875$$

This is rounded up to 136.00 therefore the worker has 136.00 hours of holiday pay.

### Second calculation: Average pay rate

We then must calculate the Worker’s average pay rate to be used. To calculate this:

1. Consider what the date was 52 calendar weeks prior to today’s date (for example – today’s date could be 2<sup>nd</sup> February 2026, the answer is 3<sup>rd</sup> February 2025).  
If there are weeks in that period where no money was paid to a Worker, then we go back additional weeks up to a maximum of 104 weeks back in time, until we are able to reference 52 weeks in which monies were paid – for example, if in the last 52 weeks a Worker only worked for 38 of them, you must go back an additional 14 weeks in time
2. Calculate the number of hours at **basic pay<sup>(1)</sup>** that have been worked in that period of time until now.
3. Find out the total gross value of **basic pay<sup>(1)</sup>** that had been paid to the Worker in that period.

4. Divide the total gross value of pay by the number of hours worked in that period (that you worked out from step 2)

For example:

Today's date is 02/02/26 and looking back at the last 52 weeks we arrive at 03/02/25, however the Worker has only been paid in 44 of them. So we must go back an additional '8 worked weeks or more' – the Worker did in fact get paid across all of those 8 weeks prior to 03/02/25 and therefore our new reference date is 09/12/24.

From 09/12/24 until today's date, the Worker has worked 1,762.5 hours of work and their gross pay was £22,806.75.

So:

$$22806.75 \div 1762.5 = 12.94$$

£12.94 is the Worker's average rate of pay for **reference**.

#### **Final calculation: The Worker's current year Holiday Pay**

Take the number of hours of holiday pay available in this current holiday year and multiply by the Worker's average rate of pay during the **reference** period.

Take off any holiday paid in the current holiday year.

Calling upon the two examples used in this document:

$136 \times 12.94 = \text{£}1,759.84$  of Holiday Pay accrued, correct as of 02/02/26 (net of any holiday pay already taken)

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1. For irregular hours workers or those who work part of the year all leave must be paid at their 'normal' rate of pay. As overtime, commission and bonus is irregular and not related to length of service it is not part of this calculation, the calculation applies to 'normal' basic pay

2. If the Agency Worker has completed the Qualifying Period (usually 12 weeks) in the assignment then the Agency Worker Regulations dictate that the Worker should accrue holiday pay at the same rate as a *comparable worker* that is employed directly by the client in the same role. Therefore the 12.07% may be replaced by a higher percentage, in line with the holiday days per year owed to the Worker.

## Sources of information

<https://www.gov.uk/holiday-entitlement-rights>

### ***Working irregular hours or for part of the year***

*People working irregular hours or part of the year are entitled to up to 5.6 weeks statutory leave.*

*They will build up ('accrue') leave depending on the hours they've already worked, rather than getting a fixed number of days or hours.*

<https://www.gov.uk/holiday-entitlement-rights/calculate-leave-entitlement>

### ***Irregular-hours or part-year workers***

*Employers need to use a specific accrual system to calculate leave for irregular-hours or part-year workers.*

*If their leave year began on or before 31 March 2024, employers do not need to use this system until their leave year renews.*

*The amount of leave depends on:*

- *how often they get paid (their 'pay period')*
- *how many hours they worked in a pay period*

*Their entitlement will be 12.07% of the hours they worked in a pay period. It must be rounded up to the nearest hour if the entitlement is 0.5 of an hour or more.*

*For example, if they worked 30 hours and are paid weekly, they'll have earned 4 hours leave ( $30 \times 12.07 \div 100 = 3.621$ ). They can take this leave from their next pay period.*

<https://www.gov.uk/holiday-entitlement-rights/holiday-pay-the-basics>

### ***Calculating average hourly or weekly rate***

*To calculate average hourly rate, only the hours worked and how much was paid for them should be counted. Take the average rate over the last 52 weeks.*

*A 'week' usually runs from Sunday to Saturday. Only use another 7-day period (like Thursday to Wednesday) if that's how a worker's pay is calculated.*

*If no pay was paid in any week, count back another week so the rate is based on 52 weeks in which pay was paid. You can count back a maximum of 104 weeks to find these.*

*If a worker has less than 52 weeks of pay, use the average pay rate for the full weeks they have worked.*

<https://www.rec.uk.com/recruiters/legal/legal-guide/holiday-leave-and-pay-temp>

*How much holiday pay is a worker entitled to?*

*The method for calculating a week's pay is set out in sections 221-224 of the Employment Rights Act 1996 to determine holiday pay. These sections state that a normal weeks' pay will be either:*

- *What a worker would earn in a normal working week if s/he works regular hours each week (overtime will normally be included unless the contract provides for a fixed or minimum number of overtime hours);*
- *Case law currently provides that workers' commission will be included in the calculation of holiday pay. The amendments to WTR 1998 which come into force on 1<sup>st</sup> January 2024 confirm payments to be included in the payment of holiday pay in legislation as including commission payments, which are intrinsically linked to the performance of tasks which a worker is obliged to carry out under*

*the terms of their contract, payments for professional or personal status relating to length of service, seniority or professional qualifications, other payments, such as overtime payments, which have been regularly paid to a worker in the 52 weeks preceding the calculation date. In the case of a worker who on the calculation date has been employed by their employer for less than 52 complete weeks, the “relevant period” is the number of complete weeks for which the worker has been employed.*

- *In the case of a worker who on the calculation date has been employed by their employer for 52 or more complete weeks, the “relevant period” is the period of 52 weeks ending— (a) where the calculation date is the last day of a week, with that week, and (b) otherwise, with the last complete week before the calculation date.*
- *If a worker’s normal working hours vary from week to week, the average hourly rate of pay multiplied by the average of their normal working hours over the previous 52 weeks;*
- *If a worker has no normal working hours, it will be the average total pay received over the previous 52 weeks.*

*It should be noted that “normal working hours” means those fixed by the contract. The REC model contract for services issued to temporary workers will not specify any normal working hours so therefore the calculation of a week’s pay for temporary workers will be by the third method above i.e. the average total pay received over the previous 52 weeks worked or if less the actual number of weeks worked.*