



Doc. N°: ISS-05-PD-03
Page: Page 1 of 9
Revision: 2.0
Date: April 2020
Custodian: Hanna Ihsan

Policy Document

Annual Leave

Policy for:

Annual Leave

Confidentiality - Low

Annual Leave policy

CONTENTS

1. Introduction & purpose
2. General rules
3. Holiday pay calculation
 - a) Salaried employees
 - b) Workers without fixed hours
 - c) Hourly paid workers and employees
4. Annual leave and sickness
5. Holiday and family leave
6. Holiday pay on termination of employment
7. Associated policies
8. Advice

1. Introduction & Purpose

- 1.1 This policy applies to all UK employees within the Interserve group of companies (“the Company”). This policy covers all employees at all levels and grades, including full-time, part-time, permanent and fixed-term employees. It supersedes all previous policies on the same or similar subject. This policy does not form part of the terms and conditions of employment and will be reviewed and duly amended by the Company from time to time.
- 1.2 Some employees are employed under a National/Collective Agreement, some of which contain provisions relating to annual leave and/ or the calculation of holiday pay. Where the provisions of this policy differ from such a National/Collective Agreement, the National/Collective Agreement will apply and take precedence. Local rules/agreements should also be taken into consideration in conjunction with this policy.
- 1.3 This document sets out the Company’s policy on annual leave, or holiday entitlement and the Company’s approach to holiday pay calculation. Other forms of leave, including sickness absence, maternity, paternity, adoption or parental leave, time off for dependents, time off for study or training, and other ‘special’ forms of leave are dealt with under separate policies.
- 1.4 The Company is committed to complying with its legal obligations, ensuring that employees take their annual leave entitlement and for paying workers fairly for holiday.

2. General Rules

- 2.1 The Company’s holiday year normally runs from 1 January to 31 December although this may vary between business areas and is as specified in the individual contract of employment.
- 2.2 Annual leave entitlements are set out in individual contracts of employment and for some employees in national or collective agreements. Generally, full time employees are entitled to 28 days’ paid holiday per annum (pro-rated for part-time employees based on the percentage of full-time hours worked) which includes eight bank holidays, the dates of which may vary from year to year. Differing trade agreements and contracts mean that individual entitlements may vary from the minimum specified here and will be as specified in the individual contract of employment.
- 2.3 Where an employee joins or leaves the Company part way through a holiday year, they will be entitled to a proportion of their annual holiday entitlement based on the period of their employment in that holiday year. This entitlement during the first and last year is calculated monthly in advance at the rate of one-twelfth of the full year’s entitlement for each completed month in that year. During their first year with the Company, employees will not normally be allowed to take more holiday than they have accrued at the time that the holiday is taken.
- 2.4 All holiday must normally be taken during the holiday year in which it is accrued, otherwise it will be lost. Every effort must be taken to ensure annual leave is taken within the holiday year. In cases of cases of maternity, paternity, adoption, parental or shared parental leave and long-term sickness absence or for other legal requirement, carry over maybe permitted. Otherwise, only in exceptional circumstances and with prior approval,

the Company may consider allowing unused leave to be carried forward to the following leave year up to a maximum of five days for a full-time employee.

- 2.5 Payment in lieu of any holiday accrued and not taken will not normally be permitted except on termination of employment. Where client or other business or operational demands prevent leave being taken in the year in which it has accrued, the Company may exceptionally, and with the prior approval of the Business Unit Managing Director and HR Director, allow either for payment in lieu, or for some leave entitlement to be carried over to the following leave year.
- 2.6 All holiday requests must be approved in advance by the employee's line manager using a holiday request form and approval is subject to business needs. As much advance notice as possible of proposed holiday dates must be given to ensure adequate staffing coverage. As a guide, this notice should be at least twice the number of days' leave that the employee wishes to take as annual leave.
- 2.7 The Company may require employees to take (or not to take) holiday on particular dates, including when the business is closed, during particularly busy periods, or during an employee's notice period.
- 2.8 In some business areas there may be restrictions on the maximum duration of any single period of leave that may be requested, as well as certain periods in the year where holidays may not be taken for operational reasons. Any such restrictions will be confirmed to the employees to whom it applies as part of local business processes.
- 2.9 In certain business areas and client sites, a period of 'shutdown' may be required for a fixed period annually or from time to time for planned maintenance, servicing or other requirements. During such times, where an employee is prevented from performing their normal duties, they may be allocated alternative work in other areas for the period of shutdown. Where there is no requirement for alternative work, or where it is not considered appropriate for an employee to carry out such alternative work, the Company reserves the right to require annual leave to be taken during this period. Employees will be notified of the required number of days from their annual leave entitlement that they must retain to be taken during any shutdown period.
- 2.10 If an employee's return from holiday is, or is likely to be delayed for any reason, they must contact their line manager at the earliest opportunity and by the quickest available method. Any unreported absence will be treated as unauthorised and subject to investigation; appropriate disciplinary action may be taken.
- 2.11 All managers must keep records of annual leave entitlement including dates on which leave is approved and taken. Managers should monitor these records as part of their resource planning to ensure that leave is taken at appropriate times throughout the year in line with operational requirements. Where an employee transfers to another business area or leaves the Company, the transferring manager will be responsible for providing the employee's holiday records to the receiving manager and/or to HR Operations as required.

3. Holiday Pay Calculation

- 3.1 The first 20 days of the leave taken in any holiday year is deemed to be the leave derived from regulation 13 of the Working Time Regulations 1998 and the remainder derived from

regulation 13A of those regulations. Currently, the law states that regulation 13 leave shall be paid at the rate of "normal remuneration" whereas regulation 13A leave may be paid at the rate of basic salary only. This has implications for different groups of employees.

a) Salaried employees

3.2 For employees with normal working hours and whose pay does not vary, all their holiday pay is based on their normal weekly pay (i.e. basic pay). For the small number of monthly paid employees who receive payment for overtime hours or who receive regular results-based commission payments, the first 20 days of their holiday will include overtime payments and/or commission payments falling within the relevant reference period.

b) Workers without fixed hours

3.3 For workers without fixed hours and whose pay varies according to the amount of work done, their holiday pay has always been calculated by multiplying the hourly rate of pay averaged over a reference period by weekly normal working hours.

c) Hourly paid workers

3.4 For hourly paid employees who receive variable elements to their normal pay, such as overtime or allowances, their holiday pay will be their normal pay, based on an average of their earnings falling within the relevant reference period. The calculation of holiday pay must include all payments that are linked intrinsically to the performance of the tasks which a worker is required to carry out under their contract of employment and payments which relate to the worker's professional and personal status. This will apply to the first 20 days of holiday in any holiday year (including bank holidays). For all remaining holidays over 20 days, the holiday pay will continue to be based on basic pay only.

3.5 For such workers, the calculation of their holiday pay for the first 20 days will be based on an average of earnings over a reference period of 52 weeks. For those with less than 52 weeks' service, the reference period will be their actual service with the Company.

3.6 Examples of payments within the reference period which will be included in the calculations are (this list is not exhaustive): relevant commission payment, overtime payment, shift allowance, "acting up" supplement, standby and emergency call-out payment, allowances and regular productivity, attendance or performance bonuses. A decision to reflect certain elements of pay in holiday pay on one or more occasions shall not give rise to an expectation that it will be included on future occasions.

3.7 Examples of what would be excluded from the holiday pay calculations include: annual discretionary bonus, expenses and other non-taxable allowances.

4. Annual leave and sickness

4.1 Sickness that occurs during a period of annual leave

4.1.1 Where an employee becomes sick or is injured while on holiday, the Company may at its discretion allow the employee to transfer to sick leave and to take replacement holiday on a later date, subject to the following conditions:

- The total period of incapacity must be fully certificated by a qualified medical practitioner;
 - The employee must contact the Company (by telephone if possible) as soon as they know that there will be a period of incapacity during a holiday;
 - The employee must submit a written request no later than 5 days after returning to work setting out how much of the holiday period was affected by sickness and the amount of leave that they wish to take at another time; **and**
 - Where the employee is overseas when they become ill or are injured, evidence of their condition must still be produced by way of either a medical certificate or proof of a claim on an insurance policy for medical treatment received at the overseas location.
- 4.1.2 Where all the above conditions are met, the Company may grant the employee the same number of days' replacement holiday leave as the number of holiday days lost due to sickness or injury.
- 4.2 **Sickness that occurs prior to a period of planned holiday**
- 4.2.1 Where an employee becomes ill or is injured **before** the start of a period of planned holiday, the Company may agree to the employee postponing the holiday dates to another mutually agreed time **provided** that:
- the sickness is supported by a medical certificate; **and**
 - if the employee had planned to go away, they are now unable to do so.
- 4.2.2 In such circumstances the employee must submit a written request to postpone the planned holiday and this must be accompanied by a letter from their doctor confirming that they are unfit, or are still likely to be unfit, to take the holiday. The employee must request to take any replacement holiday within the same holiday year. The Company may require the employee to take all or part of their replacement holiday on days specified and will aim to provide reasonable notice.
- 4.2.3 Any period of sickness absence leading to the rescheduling of holiday in the circumstances detailed above will be treated in accordance with the Company policy on Managing Sickness Absence. Where the employee is still able to go away on a pre-booked holiday, their period of absence will be treated as holiday.
- 4.2.4 Should a line manager refuse a holiday request and the employee subsequently is taken ill during the time of the requested holiday, the employee must provide a fit note to cover their absence. If the Company considers the absence may not be genuine, it has the right to investigate the situation and if appropriate, disciplinary proceedings will be invoked.
- 4.3 **Long term sickness and holiday**
- 4.3.1 An employee who is absent due to sickness will continue to accrue their annual leave entitlement.

- 4.3.2 Where an employee on long-term sickness absence has exhausted their entitlement to contractual sick pay and is still not fit to return to work, they should apply to take any paid holiday that has accrued during the relevant year whilst they are on sick leave, by submitting a holiday request form according to the normal procedure.
- 4.3.3 If, as a result of their medical condition, an employee is unable to take their holiday during the appropriate leave year they may be permitted to carry leave forward to the following year, subject to the prior approval of the Business Unit Managing Director and HR Director.
- 4.3.4 Carry over is limited to the 20 days minimum holiday entitlement under EU law (which includes bank holidays), less any leave taken during the holiday year that has just ended. If an employee has taken 20 days holiday by the end of the holiday year, they will not be allowed to carry anything over under this rule. If an employee has taken less than 20 days, the remainder may be carried over under this rule. For example, a full-time employee who has taken 10 days' holiday plus two bank holidays before starting long-term sick leave can only carry over 8 days.
- 4.3.5 Any holiday that is carried over under this rule but is not taken within 18 months of the end of the holiday year in which it accrued will be lost.

5. Holiday and family leave

- 5.1 Holiday entitlement continues to accrue during periods of maternity, paternity, adoption, parental or shared parental leave (referred to collectively as 'family leave'). This covers an employee's full holiday entitlement.
- 5.2 Any employee planning a period of family leave that is likely to last beyond the end of the holiday year, should discuss their holiday plans with their line manager in good time before starting their family leave. Any holiday entitlement for the year that cannot reasonably be taken before starting the family leave can be carried over to the next holiday year.
- 5.3 Any holiday carried over should be taken immediately before returning to work or within three months of returning to work after the family leave.

6. Holiday pay on termination of employment

- 6.1 On termination of employment, an employee may be required to use any remaining holiday entitlement during their notice period. Alternatively, an employee will be paid in lieu of any accrued but untaken holiday entitlement for the current holiday year to date, plus any holiday permitted to be carried over from previous year under this policy or as required by law. A full-time employee is entitled to be paid at a rate of 1/260th of their basic salary for each day of untaken entitlement.
- 6.2 If, at the date of termination, an employee has taken paid annual leave in excess of their accrued entitlement, the employee will be required to reimburse the Company, by means of deduction from their final salary, in respect of such holiday.

- 6.3 In the event of termination for gross misconduct, or in the event of an employee giving inadequate notice of termination or leaving before the contractual notice period has expired, any payment in lieu of accrued holiday at the termination date will be made only in respect of the minimum *statutory* holiday entitlement (28 days per annum for a full time employee). No payment in lieu of accrued *contractual* holiday (i.e. over and above the statutory minimum) will be made. Where necessary, a deduction will be made from the employee's final salary. Contractual holiday for these purposes means all and any leave entitlement provided for in the employee's contract that is over and above the minimum statutory leave period provided for in the Working Time Regulations 1998.

7. Associated Policies

Related policies are:

- Managing Working Time Regulations
- Managing Sickness Absence
- Special Forms of Leave

8. Advice

Help and advice about this policy may be obtained from HR Operations:

Address: Ingenuity House
Elmdon Trading Estate
Bickenhill Lane
Birmingham
B37 7HQ

Tel: 0345 602 2288

Email: hr.operations@interservefm.com



Doc. N°: ISS-05-PD-03
Page: Page 9 of 9
Revision: 2.0
Date: April 2020
Custodian: Hanna Ihsan

Policy Document

Annual Leave

Version History

Version	Date of Issue	Author	Change Summary
1.1	09/09/2014	K. Franks	New policy created to summarise the general policy terms and rules for annual leave (previously no central policy on annual leave). Also incorporates IFS 'Shutdown' policy & sections covering rules for annual leave and sickness
1.2	13/04/2015	K. Franks	Amended to incorporate H. Ihsan comments.
1.3	01/09/2015	H. Ihsan	Format updates Document numbers inserted HR Operations contact details updated LLR & SEF policies reviewed
1.4	02/07/2018	G Withers	Group Centre included
2.0	April 2020	H Ihsan	Consolidation of Annual leave policy with Holiday Pay policy. Change in reference period from 12 to 52 weeks for calculating normal pay. Introduction section amended to cover Interserve group Section on family leave added. Minor changes also made as part of continuous improvement