

Rolled-up holiday pay

'Rolled-up' holiday pay is when an employer spreads holiday pay over the year, by adding an amount on top of someone's normal pay. This is instead of paying someone for their holiday when they take it.

For leave years that started on or after 1 April 2024, employers can choose to use rolled-up holiday pay. This applies to irregular hours workers and part-year workers only.

Employers using rolled-up holiday pay must:

- calculate it at a rate of at least 12.07% of the worker's total pay in a 'pay period' – a pay period is how often someone gets paid, for example weekly or monthly
- pay it at the same time they pay for the work the worker has done in that pay period
- show it as a separate payment on the worker's payslip

Example of using rolled-up holiday pay

Jian is an irregular-hours worker. Their employer uses rolled-up holiday pay. In June, Jian earns £1,000. Jian should receive £120.70 rolled-up holiday pay in addition to the £1000 they earned in June. Their employer must show this as a separate payment on the payslip.

In July, Jian works for 2 weeks and takes 2 weeks' holiday. They earn £500. Jian should receive £60.35 rolled-up holiday pay in addition to the £500 they earned in July. Jian will not receive any pay for their 2 weeks' holiday.

Considering whether to use rolled-up holiday pay

Employers should consider whether using rolled-up holiday pay is right for them and their workers.

They should:

- talk to workers and trade unions about using rolled-up holiday pay
- listen to and take account of any concerns
- check if contract changes are needed

Rolled-up holiday pay means a worker will not get any pay when they take holiday. This is because their holiday pay is spread over the year, by adding an amount onto their normal pay. This might put some workers off taking holidays.

Taking holiday is important for workers' health, safety and wellbeing.

Making sure workers take their holidays can also:

- improve productivity
- reduce unplanned sickness absence
- improve staff retention

- improve working relationships

Employers do not have to use rolled-up holiday pay for irregular hours workers and part-year workers.

They can continue to:

- use the 52-week reference period to [calculate holiday pay](#)
- pay workers when they take their holiday

If an employer decides to use rolled-up holiday pay, they should remember their legal responsibility to:

- make sure workers can take the holiday they're entitled to
- encourage workers to take their holiday

Checking if contract changes are needed

Employers should tell workers if they're planning to use rolled-up holiday pay. Introducing this might involve changing employment contracts. There are procedures employers must follow if they're changing the terms of a contract.

[Find out more about changing an employment contract](#)

Rolled-up holiday pay when off sick or on statutory leave

An irregular hour worker or part-year worker must not lose holiday pay when they're off sick or on statutory leave.

Statutory leave includes:

- maternity leave
- paternity leave
- adoption leave
- shared parental leave
- ordinary parental leave
- neonatal care leave
- parental bereavement leave
- carer's leave

The employer must pay the worker holiday pay in the pay periods when they're off sick or on statutory leave.

The employer must pay the worker the average amount of holiday pay they received for each pay period in the 'relevant period'. The relevant period is the 52 weeks before the sick leave or statutory leave started.

For example, Pat is paid weekly. They go off sick for 2 months. Their average weekly holiday pay across the 52 weeks before the sick leave started was £36. Pat's employer must pay them £36 holiday pay each week they are off sick.

The employer might have been using rolled-up holiday pay for less than 52 weeks. In this case the relevant period is the number of weeks they have been using rolled-up holiday pay for.

A worker might have been employed by their employer for less than 52 weeks. In this case, the relevant period is the number of weeks they have been employed.

Get more advice and support

For more advice on rolled-up holiday pay, you can:

- [contact the Acas helpline](#)
- [read about holiday pay and entitlement reforms on GOV.UK](#)

You can also find advice for all workers on:

- [asking for and taking holiday](#)
- [bank holidays and Christmas](#)