

Overtime and Holiday Pay

Following a number of cases in UK and European courts, a recent case has confirmed that voluntary overtime should be taken into account when calculating the pay that those who work regular paid overtime (or work voluntary additional hours if they are part-time staff) should receive when they take annual leave. This would mean that staff who work regular overtime should not see their salary reduce when they take annual leave. While the court case only requires employers to take into account 'regular' overtime worked over a 'significant period of time', the University, in line with our people-oriented value, has decided that all voluntary overtime worked and paid should be taken into account when calculating holiday pay.

With effect from November 2018 the University will include an additional sum in normal monthly pay to reflect the holiday pay element of any voluntary overtime an employee has worked. As overtime payments are made in arrears, any payment in respect of annual leave received in November 2018 will reflect overtime worked in October 2018, and so on. These payments will be noted separately on payslips as OTHP.

How will this OTHP be calculated?

The court cases ruled that overtime should be included in the calculation of holiday pay for the first four weeks of holiday. As everyone takes their holidays in different ways and at different times, we will calculate the holiday pay due in respect of overtime/additional hours worked and paid as a percentage of that overtime/additional hours payment

This payment will be calculated as a percentage, 8.33% of the overtime/additional hours which you work and are paid for each month. This percentage is calculated by dividing the holiday period to be taken into account (first four weeks of entitlement to paid holiday) by the total number of working weeks in a year after allowing for the four weeks of holiday (48 weeks) i.e. $4/48 \times 100 = 8.33\%$.

You will receive this additional payment at the same time as you receive any overtime payment. This means that payments will potentially be made throughout the year, rather than only being made when holidays are actually taken. If you receive contractual/mandatory overtime payments, these are already factored into your pay when you take periods of holiday. The payment is necessarily subject to deductions for National Insurance and Income Tax.

If you have any queries, please contact your Human Resources team.

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