



Holiday Pay and Furlough

We had a question asked recently regarding holiday entitlement and that if an employee has a week booked off while we're on lock down and they are being paid with the employee retention scheme, is that still taken as part of their yearly entitlement and do you have to pay the extra 20% of the retention wage?

Our answer, in case this is of interest to anyone else:

Although the government released updated guidance on 4 April 2020 in relation to the Coronavirus Job Retention Scheme, the interaction between annual leave and furlough remains unclear. In particular, it is unclear whether employees can take holiday during furlough, and if they can, what rate of pay should they receive (i.e. should it be their normal rate of pay, or can it be paid at 80%).

The ACAS Guidance has, however, been updated and does say that employees can take holiday whilst on furlough as normal. This is certainly our view.

We also believe that when holiday is taken it should be paid at the employee's normal rate of pay, and should not be reduced to the temporary amount of 80% which can be paid during furlough. Therefore, where an employee is being paid 80% of their normal wages, it may be advantageous for them to take holiday, as they can then 'top up' their pay to their normal (100%) pay