Manchester, England. 20 July 2022 - Employers have been waiting almost 9 months for the Supreme Court ruling in the case of [Harpur Trust v Brazel](https://www.supremecourt.uk/cases/docs/uksc-2019-0209-judgment.pdf) to decide how holiday leave and pay should be calculated for permanent part-year zero-hours workers.

Kate Palmer, HR Advice and Consultancy Director at Peninsula, explains what the ruling means for businesses and employees on zero-hour or term time only (TTO) contracts.

“This case has been ongoing since 2015, so it’s nice to finally have some clarity on an area of HR that will affect thousands of businesses and countless employees.

“Today’s ruling will have the most impact on the education sector since they are more likely to use term-time only contracts (also known as a part-year contract).

“It could also impact any business with zero-hours or variable-hours workers, and agency staff.

“Many employers calculate holiday for these staff using the “12.07% Method,” to pro-rate their entitlement based on hours worked.

“But, the Supreme Court has confirmed that this method is unlawful. So what does this mean?

“All workers are entitled to 5.6 weeks’ annual leave, regardless of how many weeks per year they work – in extreme cases, this could mean someone who works 2 weeks per year on a permanent contract gets 5.6 weeks paid leave. That’s more holiday than time worked!

“The pay for the 5.6 weeks’ annual leave should be calculated by taking an average of their weekly earnings over the previous 52 working weeks.

“If this sounds complicated, it is. These are the steps employers should be taking now, following on from this ruling.”

* Review and update their contracts
* Review and update their annual leave policies
* Change leave entitlement
* Change how they calculate holiday pay
* Backpay holidays which haven’t been given at the right rate
* Make sure staff get extra holiday to make up their 5.6-week total entitlement
* Communicate the changes with staff
* Deal with pressure from trade unions
* Still juggle their normal day-day workloads

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