



Oifig an Stiúirthóra Náisiúnta, Acmhainní Daonna
Feidhmeannacht na Seirbhíse Sláinte
Ospidéal Dr. Steevens'
Baile Átha Cliath 8

Office of the National Director of Human Resources
Health Service Executive
Dr. Steevens' Hospital
Dublin 8
Tel: 01 6352319 Email: nationalhr@hse.ie

**To: Each Member of the Directorate and Leadership Team
Each Assistant National Director HR
Each Assistant Chief Finance Officers
Each Hospital Group CEO
Each Hospital Group Director of HR
Each Chief Officer CHO
Each CHO HR Manager
Each CEO Section 38 Agencies
Each HR Manager Section 38 Agencies
Each Employee Relations Managers**

Re: Payment of Holiday Premia – standardised formula

Date: 24th January 2018

From: Rosarii Mannion, National Director Human Resources

Dear Colleagues

I wish to advise that with effect from the **1st January 2018**, the following formula will apply in all HSE and Section 38 agencies to ensure that a standardised approach for the calculation of holiday premium pay is being applied throughout the health sector:

In accordance with the Organisation of Working Time Act 1997-2015, the leave year for which holiday pay is being granted should be the same leave year used for calculating the average premium pay element of holiday pay. The existing payroll arrangements which operate within organisations for making this payment (for example, one single payment per annum or biannual payments) may continue to apply.

In cases where employees resign or retire or whose contract of employment is terminated during the year, the employee's final payment should also include any outstanding holiday premium pay accrued up to the date of termination.

To calculate holiday premium pay, the total premium pay received by the employee in the relevant leave year should be divided by the number of contracted¹ hours worked by the employee in that year to establish average premium earnings per hour. This average hourly rate figure should be multiplied by the amount of annual leave (converted into hours) accrued by the employee in that same year. This figure will give the total premium pay element of holiday pay for that leave year.

Holiday premium pay formula = (Total Premium Paid) / (number of contracted hours worked in the year*) x (annual leave entitlement in hours)*

*Refer to footnote 1.

In accordance with the Organisation of Working Time (Determination of Pay for Holidays) Regulations, 1997, the general principle governing payment for annual leave is that it should reflect an employee's normal weekly remuneration. The arrangement which operates in the health service (following an agreement with the unions) is intended to ensure equitable treatment of health service employees by calculating the holiday premium payment for the entire year and making the payment on an annual (or biannual) basis. Examples of such premium payments include: Saturday, Sunday, night duty, twilight payment, public holidays and standby / on-call fees. Overtime payments (with the exception of *regular and rostered* overtime payments) should not be included in the calculation of holiday pay. When applying the formula, organisations should ensure that there is no double benefit.

Examples are set out in **Appendix 1**.

An exception to the application of this standardised formula is the arrangement for **Non Consultant Hospital Doctors** which provides that annual leave is paid on the basis of average approved rostered overtime over a reference period of 13 weeks. This means that overtime is paid for those hours worked in excess of 156 hours over a 4-week period (please refer to Section 12 a) of NCHD Contract 2010 for further details).

¹ As per **HSE HR Circular 01/2012** part time employees who work additional hours in excess of their contracted hours will be entitled to accrue annual leave in respect of the additional hours worked up to a maximum of the annual leave entitlement of the whole time equivalent grade. The additional hours worked up to the full time hours for the grade and the increased annual leave entitlement should be included in the holiday premium pay calculation.

All queries from individual employees regarding the calculation of holiday pay and annual leave entitlements should be addressed by local management or their local HR Department.

Queries from HR Departments on the contents of this letter may be referred to Aoife O Riordan, HSE Corporate Employee Relations, HR Directorate, 63-64 Adelaide Road, Dublin 2. Tel: 01 6626966; Email: aoife.oriordan@hse.ie

Yours sincerely



Rosarii Mannion
National Director Human Resources

Appendix 1

Example 1 - fulltime employee:

A health care assistant who is contracted to work 39 hours per week and has an annual leave entitlement of 24 days would be entitled to the following:

Total premium earnings	€7,500
Total annual hours	2,028 (39 x 52)
Annual leave entitlement in hours (April 2015 to March 2016)	187.2 (24x7.8)
Holiday premium pay	(7,500/2,028)*187.2=€692.31
	premium paid in 2016

Example 2 – part time employee:

A part-time nurse who has worked 1622.4 hours in the leave year (80% of the full time hours) and has a pro rata annual leave entitlement of 21.6 days based on a fulltime annual leave entitlement of 27 days.

The nurse in this example would be entitled to the following:

Total premium earnings	€9,500
Total annual hours	1,622.4
Annual leave entitlement in hours (April 2015 to March 2016)	168.48 (31.2/39 x (27x7.8))
Holiday premium pay	(9,500/1,622.4) * 168.48 = €986.54
	premium paid in 2016