Annual leave policy

Organisation	[Your company name]
Policy owner	[Policy owner]
Version	[Policy version]
Effective from	[Policy date]

1. About this policy

1.1 This policy explains how much paid holiday you have, how to book it and how holiday pay works. It applies to all employees of [Your company name].

1.2 Your contract of employment sets out your own holiday entitlement. If your contract and this policy differ, your contract applies.

1.3 We may update this policy from time to time. We will tell you when we do.

2. The leave year

2.1 The leave year runs for twelve months from [Leave year starts on] each year.

2.2 If you join or leave part way through a leave year, your entitlement for that year is worked out in proportion to the part of the year you work for us.

3. How much holiday you have

3.1 A full-time employee is entitled to [Holiday (days a year)] days' paid holiday in each leave year, plus the usual public holidays.

3.2 Part-time employees are entitled to the same holiday in proportion to the days or hours they work.

3.3 If you work irregular hours, or only for part of the year, your holiday builds up at 12.07% of the hours you work in each pay period. We will tell you in writing how your holiday is calculated and paid.

[Note: If bank holidays are included in the yearly figure above, change clause 3.1 to say so. Either way, the total must be at least 5.6 weeks a year (28 days for someone working five days a week). Bank holidays differ in Scotland and Northern Ireland.]

4. Public holidays

4.1 If you are required to work on a public holiday, you will be given another day off instead, at a time agreed with your manager.

4.2 If you do not normally work on the day a public holiday falls, you are not entitled to another day instead, unless your contract says otherwise.

5. Booking holiday

5.1 Please ask for holiday through our time-off system, or from your manager if it is not available to you, before you make any arrangements.

5.2 Give at least twice as much notice as the length of the holiday you are asking for: for example, two weeks' notice for one week off.

5.3 Holiday is approved on a first come, first served basis, taking account of the needs of the business. We may refuse a request, giving you at least as much notice as the length of the holiday requested.

5.4 We may ask you to take holiday on particular days, for example when the business closes over Christmas. We will give you at least twice as much notice as the number of days involved.

5.5 Do not book travel or other arrangements until your holiday has been approved.

6. Carrying holiday over

6.1 You should take all your holiday within the leave year. We encourage you to spread it through the year.

6.2 You may carry over up to [Days that may be carried over] days of untaken holiday into the next leave year, with your manager's agreement. Any other untaken holiday is lost at the end of the leave year, unless the law gives you the right to carry it over.

6.3 The law lets you carry over holiday you could not take because you were off sick or on maternity, adoption, shared parental, paternity or other family leave, or because we did not give you a reasonable chance to take it. We will tell you how long you have to take it.

7. Sickness and holiday

7.1 If you are ill or injured during your holiday, tell your manager as soon as you can and follow our sickness absence procedure. The days you were unable to work will be treated as sick leave, and you may take that holiday another time.

7.2 You may continue to build up holiday while you are off sick.

8. Holiday pay

8.1 You will be paid your normal pay for your holiday. For the first four weeks of holiday each year, normal pay includes regular overtime, commission and other payments that are part of your normal pay.

8.2 We will not pay you instead of holiday you have not taken, except when you leave.

8.3 We keep records of the holiday you are entitled to, the holiday you take and your holiday pay, for six years.

9. When you leave

9.1 When you leave, you will be paid for any holiday you have built up in the leave year but not taken.

9.2 If you have taken more holiday than you have built up, we may deduct the excess from your final pay. You agree to this deduction by signing below.

9.3 We may ask you to take some or all of your remaining holiday during your notice period.

[Note: The deduction in clause 9.2 is lawful only if the employee has agreed to it in writing before it is made, so keep the signed acknowledgement or put the same term in their contract.]

10. Your acknowledgement

I confirm that I have read and understood the annual leave policy, version [Policy version], and I agree to follow it: ☐

Signed by the employee

Signature _____

Name _____

Job title [Job title] _____

Date _____

About this template

A starting point to adapt, not legal advice. The law differs between England and Wales, Scotland and Northern Ireland, and it changes: check this fits your situation, and take legal advice for anything significant. Replace each [placeholder] in violet, follow or delete each [Note], then delete this box. Last reviewed October 2026. Send it for signature with Sign2Approve: sign2approve.com/templates/annual-leave-policy