

Overtime becomes part of holiday pay

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Companies in the UK face a multibillion-dollar bill after a court ruled that overtime should be a factor in the calculation of holiday pay. This means the more overtime a worker does, the higher his or her holiday pay should be. An employment tribunal said it was wrong for companies just to consider basic working hours when determining holiday pay. It ruled that thousands of companies must recalculate their holiday pay. Tens of thousands of workers can now make claims from their employers backdated to as long ago as 1998. The tribunal also stipulated that voluntary overtime and time spent being on stand-by for emergency call-outs should be included when calculating holiday pay.

Over 15 per cent of British workers do overtime. The British government has said the new change in employment law is unacceptable and "ludicrous". It said: "We do not believe voluntary overtime should be included in holiday pay and are concerned about the potential impact on employers." An organisation of British companies said the cost to businesses will be "unbearable" and may have serious implications for Britain's economy. A labour union was pleased with the tribunal's announcement. It said: "This ruling not only secures justice for our members who were short-changed, but means employers have got to get their house in order." It said it would fight for workers to "receive their full entitlement".