

Holiday Pay

Welplan's Holiday Pay Schemes enable all in scope employees within the Building Services' industry to receive paid Holiday Pay which is not charged to either employee or employer National Insurance.

Employers purchase Holiday Pay Credits through the Holiday Pay Scheme of their choice. This provides funds for Holiday Pay, which is paid to the employee through the employer's wage-roll system without being charged to National Insurance.

The Inland Revenue reference for this concession is SI 2007 Number 2905 and Inland Revenue Guide Number CWG2 (2008) Chapter 2 at paragraph 38.

There is no charge made for participation in either Holiday Pay Scheme. However, any interest that arises from the Holiday Pay is retained by Welplan Limited and assists in covering the costs of administering the Scheme. In addition there is a requirement to effect welfare benefits.

All employers are legally obliged to pay Holiday Pay and in the main it is paid in one of two methods.

Salaried Employees- In general these employees are provided with an annual salary, which is paid either weekly or monthly. Holiday Pay for these employees is usually paid as part of their basic salary and is therefore spread evenly throughout the year irrespective of when they take their actual holidays.

Hourly-paid employees- Hourly paid employees receive their Holiday Pay as and when they take holidays. An hourly-paid operative who takes one week's holiday will receive one week's Holiday Pay for that week. If he takes one day's holiday he will receive one day's Holiday Pay and four day's wages for that week.



The Schemes

Welplan Ltd administers two types of Holiday Pay Schemes, Welplan and Welplan Plus.

WELPLAN

This scheme is specifically designed to meet the Heating Ventilating Air Conditioning Piping and Domestic Engineering National Agreement. This agreement provides details of the entitlement to annual leave, when it should be taken, and the value of holiday credits of each grade of operative employed in the industry. Operatives are usually hourly-paid employees, paid on a weekly basis.

The employer purchases holiday credits on a weekly basis for each eligible employee, and each weekly credit includes 1/52 of the annual holiday pay for the operative. By buying credits for 52 weeks of the year all Holiday Pay will be provided by Welplan. When the Holiday Pay is paid to the operative through the employer's wage-roll system, it is paid free of National Insurance Contributions. This provides savings for both the employer and employee.

The holiday year for the purchase of weekly credits begins in October and funds the holidays for the following year commencing on 1 February. By purchasing weekly credits each week from the complete year, starting on 2 October, the employer will provide for all holidays, provided for by the National Agreement, to be reimbursed by Welplan.

The money will be reimbursed two weeks before the respective holiday period, with the exception of the summer holiday period when monies can

be requested at any time after 1 June each year. Companies can join the scheme at the beginning of any month during the year, but will not cover all holidays unless contributions are backdated to October.

The schedule of holidays provided for under the National Agreement is shown below and the figures in brackets represent the number of weekly holiday credits that are required to provide the Holiday Pay for each period.

National Agreement – Holiday Pay

Operatives within the industry are entitled to:

- Annual holidays – 23 days
- Recognised holidays – Generally eight days

Schedule of National Agreement Holidays (England)

Holiday	Number of days	Welplan Credits
Spring Bank Holiday	6 days (including Good Friday and Easter Monday) to be taken at Easter	10 credits
May Day	1 day, to be taken on the first Monday in May each year	2 credits
Late Spring Bank Holiday	1 day, to be taken on the last Monday in May	2 credits
Summer Holiday	12 days to be taken between 1 June and 31 October	20 credits
Late Summer Bank Holiday	1 day, last Monday in August	2 credits
Winter Holiday	10 days (including 3 Bank Holidays), to be taken at Christmas	16 credits
Total	31 days Holidays	52 weekly credits

WELPLAN PLUS

This arrangement makes available a Holiday Pay Scheme to employees who are not covered by the National Agreement. All employees of eligible companies can participate in Welplan Plus and benefit from the National Insurance concessions.

Welplan Plus is best thought of as having two parts, the first being the cashflow between the company and Welplan, the second being the

payment of Holiday Pay through the wage-roll system used by the company.

Cashflow

Welplan calculates for the employer the annual Holiday Pay bill for each employee of the company, and the company arrange to remit either 1/12 each calendar month or 1/13 each four week period to Welplan. This is then used to purchase holiday credits, which are banked at regular intervals to provide the monies to pay the Holiday Pay to the employees. Welplan Plus will reimburse the holiday credit monies to the company on a quarterly basis in March, June, September and December. Companies can join the scheme at the beginning of any month of the year. Contributions are collected monthly in arrears, and the information required by Welplan is collected by Automated Data Spreadsheet, which will be supplied pre-populated by Welplan when participation is agreed.

Wage-Roll Systems

Holiday Pay continues to be paid through the employer's wage-roll system in the usual way and will continue to be subject to PAYE. However, by utilising the Holiday Pay Scheme, when Holiday Pay is paid to the employee, it becomes free from National Insurance for both employers and employees. Generally most wage-roll systems have a section that deals with Holiday Pay and which can be set to exclude holiday pay from the calculation of National Insurance, thereby providing the saving to the employer and employee. We would recommend that you discuss this with your wage-roll provider.

Timing of the Savings

The timing of the savings depends on which method is utilised for making Holiday Pay payments to employees. For salaried employees, who effectively receive their Holiday Pay spread equally throughout the year, the reduced National Insurance is reflected equally in each salary payment. However, for hourly paid employees who receive Holiday Pay as and when they take their holidays, the reduced National Insurance benefits are generated at the time when the employee takes his holiday.