

Annual Leave Policy

Policy · UK · Updated 2026-07-23 · Square brackets are placeholders to replace with your own details.

An annual leave policy is the written set of rules for how paid holiday works at your organisation — how much leave people get, how the leave year runs, how holiday is booked and approved, and what happens to untaken days at year end and when someone leaves.

Without a written policy, holiday becomes a series of ad hoc negotiations: the December pile-up, the two colleagues who booked the same week, the leaver who disputes their final pay. A clear policy applied the same way to everyone prevents most holiday disputes before they start.

This template gives you a complete, ready-to-edit policy: entitlement and the leave year, booking and approval rules, bank holidays and shutdowns, carry-over, sickness during leave, and how entitlement works for joiners and leavers.

Purpose and scope

This policy sets out how paid annual leave works at [Your company]. It applies to all employees and workers, including part-time and fixed-term staff. Where an individual contract gives more generous terms, the contract applies.

Entitlement and the leave year

The leave year runs from [start date] to [end date]. Full-time staff receive [number] days' paid annual leave per year, [including / in addition to] bank holidays — never less than the statutory minimum of 5.6 weeks. Part-time staff receive the same entitlement pro rata, calculated on [method, e.g. hours worked].

Staff who join or leave part-way through the leave year receive a pro-rata entitlement calculated from their start or leaving date.

Booking and approval

- Request leave through [system/form] at least [number] weeks in advance — longer for absences of a week or more.
- Leave is not confirmed until approved by [line manager/role]. Do not book travel before approval.
- Requests are considered in the order received. Where too many overlap, [line manager/role] decides based on operational cover, rotating priority for popular weeks year to year.
- No more than [number] people from [team/department] may be on leave at the same time.
- During [busy periods, e.g. peak trading, year-end], new leave requests need approval from [senior role].
- [Your company] may refuse a request or, exceptionally, require leave to be taken on set dates, giving as much notice as possible.

Bank holidays and shutdowns

[State your position: bank holidays are taken as leave on the day / included in the annual entitlement and bookable like any other day / worked with time off in lieu.] Staff who work bank holidays as part of their normal pattern receive [arrangement].

[If applicable:] [Your company] closes between [dates, e.g. Christmas and New Year]. Staff must reserve [number] days of their entitlement for this shutdown.

Carry-over and payment in lieu

Leave should be used within the leave year it is earned. Up to [number] days may be carried into the next leave year with the written approval of [role], to be used by [date]. Statutory carry-over rights can also arise where someone could not take leave because of sickness or family-related leave — these are honoured in line with current official guidance.

Statutory leave is never paid instead of being taken, except for accrued untaken leave when employment ends.

Sickness and other leave

A member of staff who falls sick during booked annual leave may ask to reclassify those days as sickness absence, provided they report the sickness in line with the absence policy and supply the evidence it requires. The reclaimed holiday is rebooked for later in the year.

Annual leave continues to accrue during sickness absence and family-related leave such as maternity, paternity, and adoption leave.

Joiners and leavers

New starters accrue leave from their first day and may [book freely / book once accrued / book with manager discretion during probation]. Leavers are paid for accrued untaken statutory leave in their final pay.

Where a leaver has taken more leave than they accrued, [Your company] will recover the excess from final pay only where the contract or a written agreement permits it.

Records and review

Leave balances, approvals, and carry-over agreements are recorded in [system] and retained for [period]. [Role] audits balances [frequency, e.g. quarterly] and flags anyone at risk of losing untaken leave.

This policy is reviewed [frequency, e.g. annually] and whenever entitlement, the leave year, or relevant law changes. Owner: [name/role]. Next review due: [date].

How to use this template

1. Decide your real entitlement and leave year first — check every contract and written statement says the same thing before publishing the policy.

2. Choose one bank holiday approach and delete the alternatives in brackets; a policy that hedges gets interpreted differently by every manager.
3. Set the concurrent-absence cap per team based on genuine minimum staffing, not a guess.
4. Fill every [bracketed placeholder] and remove any section that does not apply, such as shutdowns.
5. Brief every approving manager on the rules so first-come-first-served is applied the same way everywhere.
6. Set the review owner and date before publishing, and load balances into [system] so records match the policy from day one.

Official guidance

- › [GOV.UK — Holiday entitlement rights](#)
- › [GOV.UK — Employment contracts and conditions](#)

This template is provided in good faith and for general information — it is not legal advice. Adapt it to your organisation and, where your sector carries specific legal requirements, have the finished document reviewed by a qualified adviser. The live version at <https://trainedteam.com/templates/annual-leave-policy> is kept current; this file is a snapshot.