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Fast-food and pub employers cut pay premiums to pay for extra holidays

- 40% of companies in low-paying sectors* have been affected by rise in minimum holidays

Research from Incomes Data Services (IDS) shows that fast food and pub workers are having their rates lowered as new legislation squeezes their employers' margins, with some workers losing out on premium payments.

The new legislation, introduced on 1st April 2009, raised the statutory holiday requirement to 28 days including all 8 bank holidays. In the past the minimum holiday provision was only 20 days and it was common practice in low-paying sectors to include bank holidays in that figure - effectively giving workers only 12 days of normal holiday. The new legislation is aimed at preventing that practice.

IDS has found that some companies in the fast food and pub sector have been heavily affected by the legislation. Around 40% of the sectors' biggest employers have decided to offset the impact from the changes by cutting pay premiums for bank holidays from twice or one and a half times basic pay, to standard hourly rates.

Other cost cutting strategies being employed in low paying sectors include recruitment freezes and phasing out or cutting of extra holiday awarded for length of service.

Ken Mulkearn at IDS comments "Some workers will be disappointed that they are no longer receiving higher pay rates for working on bank holidays, especially as the legislation was designed to work in their favour."

"Employers will argue that the money has to be found somewhere, but it is unfortunate that some of it will be coming out of employee pay slips."

"This is part of a broader trend for lower paid workers to lose the benefits of working atypical days like Sundays or Bank holidays."

Overall 168 organisations in low-paying sectors were surveyed by IDS about the likely impact of the statutory holiday increases. Around 40% expect to be adversely affected by the rise.

* Low-paying sectors include:

- Hotels
- Retail
- Fast food (including pubs and restaurants)

- Housing and Social care
- Childcare and Nurseries
- Leisure

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