

UK Annual leave and Pay Records: What Employers Need to Know from 6 April

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By **Edita Rendall**, 28th April 2026

From 6 April 2026, employers across the UK face a new legal obligation that may have slipped under the radar. Changes introduced under the Employment Rights Act 2025 mean employers must now keep adequate records of employees' annual leave and holiday pay and retain those records for at least six years.

While many organisations already track holiday entitlement in some form, this change formalises the requirement and raises the stakes if employers get it wrong.

What has Changed?

Under the new regulations, employers are under a clear duty to maintain records that demonstrate compliance with statutory annual leave and holiday pay entitlements. This includes not only tracking how much leave employees take, but also how holiday pay is calculated and paid.

The legislation gives employers flexibility in how records are kept, as they can be held digitally or on paper, and in any format the employer reasonably considers appropriate. However, flexibility on format does not reduce the underlying requirement: records must be complete, accurate and accessible, and kept for a minimum of six years.

Importantly, this applies to all eligible workers, not just those with standard or full-time contracts.

Why this Matters?

Holiday pay has been a long-running area of scrutiny, particularly where workers have variable hours or pay. The new record-keeping duty is intended to make compliance clearer and easier to enforce.

Although the change has not been widely publicised, the consequences of non-compliance could be significant. The new Fair Work Agency, established on 7 April 2026, is a new UK government body designed to unify and strengthen the enforcement of employment rights. This new department is expected to play a central role in

enforcement once its powers are fully in place.

In practice, employers who cannot demonstrate that they have met their holiday and pay obligations may find themselves exposed to regulatory action, disputes or claims.

What Records should Employers Keep?

While the legislation does not prescribe a specific template, employers should ensure they can clearly evidence the following:

- The amount of statutory annual leave each employee is entitled to,
- Annual leave taken during each leave year,
- Any leave carried forward from previous years,
- Holiday pay paid, including how it has been calculated,
- Any payments in lieu of unused holiday on termination.

For payroll and finance teams, the ability to show how holiday pay has been calculated – particularly where pay includes variable elements – is likely to be just as important as recording the leave itself.

Does This Apply if You Already Record Holiday?

In short, yes. The new requirement applies even if you already record annual leave, and this is where many employers may need to take a closer look at their existing processes.

Many employers will already have systems in place, such as HR platforms or payroll software, that record holiday entitlement and usage. However, prior to 6 April there was no specific legal duty to keep formal records of annual leave and holiday pay. The new regulations change that position and introduce an explicit obligation to keep *adequate* records for at least six years. This means the question is no longer *whether* holiday is recorded, but whether the records you hold are sufficient to demonstrate compliance and if existing processes go far enough under the new legislation.

Where holiday data sits in one system and pay data in another, gaps can easily arise. For example, an employer may be able to show when leave was taken, but not how holiday pay was calculated for that period, or whether all required pay elements were included.

There are Practical Steps Employers Can Take Now

The regulations are deliberately flexible about *how* records are kept, allowing employers to decide what format is reasonable for their business. However, flexibility on format does not reduce the need for accuracy or completeness. Records must still be robust enough to stand up to scrutiny if challenged by regulators or employees.

In practical terms, employers who already record holiday should view this change as a **prompt to review**, rather than reinvent, their processes. Many will find they are largely compliant, but that small adjustments are needed to ensure records are joined up, consistent and retained for the required period.

As enforcement responsibilities transition to the Fair Work Agency, being able to demonstrate compliance through clear records is likely to become increasingly important.

With the requirement already in force, employers may want to focus on a few key actions:

- Review current holiday and payroll records to identify any gaps
- Confirm that records can be retained securely for at least six years
- Ensure consistency between HR and payroll data
- Check that processes cover all workers, including those with irregular hours

A Quiet Change with Lasting Impact

What makes this development notable is not its complexity, but how quietly it has been introduced. Despite being a clear legal requirement from 6 April 2026, it has not featured prominently in government rollout communications, meaning many employers may still be unaware of their new obligations.

For businesses, this is a reminder that compliance is not just about policies on paper, but about having the records to prove they are being followed. Reviewing annual leave and pay processes now could help avoid unnecessary risk and ensure businesses are better prepared as enforcement evolves.

Dixcart

We work with businesses to help them review and strengthen their employment, payroll and compliance arrangements in a practical, proportionate way. We can support by reviewing existing annual leave and payroll processes to identify potential gaps, help ensure holiday records and pay calculations are aligned and clearly documented, and advise on record retention requirements and data consistency across systems.

By taking a joined-up approach, employers can feel confident that their records meet the new requirements and are fit for purpose as enforcement develops.

If you would like to discuss what these changes mean for your business, or would value a review of your current arrangements, please contact us: advice.uk@dixcart.com.