

Annualised Hours: The basics

While the term 'annualised hours' may seem daunting, our guide unravels the intricacies of this flexible framework, transforming it from a complex concept into a readily understandable tool for both employers and employees alike.



Decluttering the concept of annualised hours

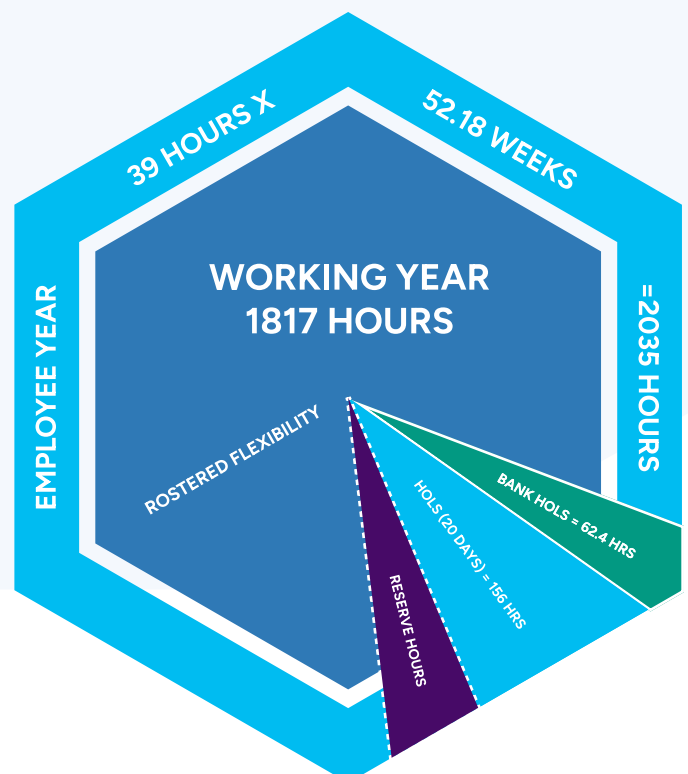
The concept of annualised hours is more relevant than ever in these days when people are recognising the downsides of the overuse of other methods, which often utilise a non-core workforce.

So, if your business...

- has changing or seasonal fluctuations in demand
- relies on temporary or agency staff
- has periods where employees are working regular overtime
- and quieter periods where you struggle to fill the shifts with work
- has poor productivity
- suffers with high absence levels
- as problems with attraction and retention

...then this may be worth investigating further.

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Basic building blocks of annualised hours

An employee works a set number of pre-planned hours per year

Planning should be based on known variations to ensure productivity and quality improvements.

Some contracted hours are usually left unplanned

These are called reserve hours – they may be used for short-notice work (e.g. unexpected refits, sickness, etc.)

Normally the shifts are planned in regular patterns

according to the expected work content in 'seasons' e.g. high, mid, low or trough.

Attendance is planned according to requirements

Staffing varies by season; busier periods requiring more or longer shifts, and less in the lower 'seasons'.

Attendance is planned which implies time off is also planned

Longer breaks may occur due to planned shifts. Employee flexibility is possible via time swapping.

Unused hours left at end of year are usually written off

This is a significant 'carrot' to encourage productivity, low sickness and generally smarter working.

Don't be fooled that there is an off the shelf solution

Your annualised hours scheme must be tailored to your specific needs and flexibilities.



Developed correctly it should be beneficial for both employers and employees

Upfront but flexible planning of any known work gives a clear vision for all and allows for better distribution of hours of work for all rather than a concentration on a few employees.

Adhering to an annualised hours scheme simplifies compliance with working time regulations and offers a range of advantages, including:

- Enabling better design of shift patterns and time off to allow more usable leisure time
- Aligns employee and employer incentives and encourages team working
- Prevents non-value added work being imposed to 'fill' time when work content drops – which can often lead to poor motivation and commitment to the organisation

Guaranteed flexibility – not dependent on overtime or contractors

An operations manual is usually developed to allow full understanding of flexibility expected from employees and the business.

This allows for reducing work content leading to people going home or standing down for future shifts or additional requirements from increased work. The notice periods are often developed together – as the currency is now time and not increased/reduced pay these conversations can become far more amiable.

In some instances, where in the past only some individuals have provided overtime cover (these employees will have a higher earnings expectation) it is possible to offer only these people a higher annual contract level - so they have more hours planned up front to cover the known requirements.

Often this flexibility means that all work can now be carried out without the need for external contractors but with the correctly skilled people that you employ without overtime.



For further information on the design and implementation flexible working schemes please contact:

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