

Appendix 6: Annualised Hours Policy

Name	Annualised Hours Policy
Summary	This policy enables contracted hours to be calculated over the period of a whole year. They may consist of both fixed and unallocated shifts, ensuring that core times are filled and remaining times are flexible. The unallocated shifts can then be used by the manager for unexpected surges in demand at reasonably short notice.
Associated Documents	
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NHS Golden Jubilee Values Statement

What we do or deliver in our roles within the NHS Golden Jubilee (NHSGJ) is important, but the way we behave is equally important to our patients, customers, visitors and colleagues. We know this from feedback we get from patients and customers, for example in “thank you” letters and the complaints we receive.

Recognising this, NHSGJ has worked with a range of staff, patient representatives and managers to discuss and promote our shared values which help us all to deliver the highest quality care and service across the organisation. These values are closely linked to our responsibilities around Equality.



- V**aluing dignity and respect
- A** can do attitude
- L**eading commitment to quality
- U**nderstanding our responsibilities
- E**ffectively working together

Our policies are intended to support the delivery of these values which support employee experience.

1 Introduction

Annualised hours systems provide a way of organising working time by contracting with staff to work an agreed number of hours per year rather than a standard number each week. The actual number of hours worked by a member of staff during the week will then be "flexed" to match workload requirements. As well as hours being varied week to week, they may also be varied seasonally and/or according to fluctuation of service demands. Annualised hours are used to match attendance of staff to the periods when they are most needed by services.

Fluctuations in hours reflects the often uncertain patterns of demand for services such as in an acute hospital. Annualised hours working can offer a flexible and efficient way of deploying staff by matching staffing levels more closely with variances in workload. For staff, annualised hours working offers greater flexibility and the opportunity to better manage working hours to allow individuals to tailor the time they spend at work and at home. For employers, in time this can lead to reductions in staffing costs through efficient allocation of staffing levels and the reduction of overtime costs or use of agency or bank staff.

Under more traditional working arrangements, the demand for services may result in overtime or premium rates of pay at busy times or overstaffing when demand is low. With annualised hours, a yearly staff plan is drawn up in advance so that staffs know when they are expected to work on a regular basis.

2 Benefits of annualised hours systems

2.1 Flexibility and staff and employer satisfaction

This is one of the primary reasons for implementing an annualised hours system. For staff, annualised hours working can offer the opportunity to better meet the demands of working life with time at home better matched to individual need. The ability to vary hours of work across the day, week, month or year means that employers are able to match workload with staff availability.

2.2 Staffing/ workload matching

Significant amounts of staff time can be lost as a result of mismatches between required and actual staffing. Traditional 9-5 work patterns or roster arrangements which may have rosters drawn up one month in advance may not match service demands on a weekly, monthly or annual basis. Onwards, staffing rosters may have to be changed frequently in order to cope with unpredictable and fluctuating patient needs, resulting in disruption to staff members and considerable nursing and management time spent on re-arranging rosters and trying to find bank or agency staff.

Mismatches of staff time to service demands tend to be less pronounced in wards or areas where patient or service demands can be predicted reasonably accurately, for example, in orthopaedics where generally it is known in advance how many patients would be booked in for

treatments such as hip replacements. It is however more difficult to predict what demands will be placed on, for example, maternity units. Fluctuations in patient intake may lead to high fluctuations in overall workload of ward staff where the problem of mismatch between staffing and workload is highly evident. Difficulties of mismatches of staff time to workload are more

widespread than solely in ward settings and annualised hours working may be beneficial in support services, administration and other clinical disciplines.

2.3 Reduction of use of bank or agency staff

Health service employers frequently have to approach bank or agency staff to fill staffing gaps for all types of clinicians. While bank or agency staff may offer relatively low costs, labour efficiency and the lack of sickness absence problems, other problems, which may be major, may be experienced. Examples of these are that bank or agency staff may not be available when required, either because they are not qualified to work in the area of need, or because they are already working elsewhere or for other employers. Developing a more flexible approach such as annualised hours systems allows rostering which is more responsive to patient needs and enables flexible deployment of existing experienced staff to enable short-term fluctuations in activity to be serviced by meeting peaks and troughs in workload.

2.4 Reduction of overtime and on-call costs

Where on-call systems are operated, they may be scheduled too far in advance to predict fluctuations in service demands and may not allow sufficient flexibility in meeting peaks of need. This can result in resources being wasted and extra costs being incurred when staff are not needed, or can result in having insufficient staff on call at times when there is an urgent need for them. Staff costs may be better controlled through the flexibility offered by annualised hours working by reducing the cost impact of staff deployment decisions, particularly those associated with "inappropriate" use of bank or agency staff, overtime, and time owed to existing staff.

2.5 Effective patient care

For the NHS, the use of annualised hours could improve the effectiveness of patient care and increase patient satisfaction by ensuring that appropriately qualified staff and services are available when patients want and need them, and that those staff have higher satisfaction in meeting the needs of those patients as a result of being able to better meet their own needs to have an adequate work-life balance.

2.6 Organisational change

Annualised hours systems are sufficiently flexible to accommodate changes in working times and arrangements, and may be effectively introduced to redesigned and reconfigured services as well as to existing services, bringing benefits to both staff and patients. The system may be useful where an overall reduction of staffing is required.

2.7 Reductions in absenteeism

It has been documented that lower absenteeism and sickness have resulted due to improved flexibility for staff, affording them the opportunity to better match their hours worked/off to their home needs.

2.8 Simplified pay administration

Staff are paid the same monthly salary throughout the year regardless of the exact number of hours they work each month.

3 Disadvantages of annualised hours working

3.1 Development of an annualised hours system

The diversity of approach which comes with increased flexibility means that it is unlikely that any one model of annualised hours working can be offered as a blueprint. Staff, their representatives and managers in any one area or organisation will have to identify the best solutions to their own staffing requirements and tailor the design of their annualised hour's system accordingly. It is unlikely therefore to offer an "off the shelf" policy for flexible working.

3.2 Removal of overtime payments

The removal of overtime payments may mean a cut in total pay for those staff that depend heavily on overtime working. Although some staff may earn less, most employers consolidate the value of overtime payments and other enhanced payments into the annual salary (see "Implementation" at [section 4 below](#)). In addition, for many staff annualised hours working offers the security of a guaranteed amount of salary, reduced working hours, pre-set holidays and sensible breaks between the hours worked.

3.3 Developing the system

Developing the system requires accuracy and significant effort. Very accurate work scheduling is essential as absenteeism could lead to difficulties in service delivery. Therefore, adequate assessments need to be made before implementation of a scheme, of workflows, demand patterns and efficiency.

3.4 Staff, colleague and manager perceptions

Staff who do not fully understand the concept of annualised hours may have some suspicion of the scheme and for those participating in it. To this end it is essential that adequate briefing sessions and documents are provided to staff, representatives and managers explaining the purpose and working of the scheme.

4 Implementation

Annualised hours working is likely to be a useful mechanism where:

- Staffing levels do not match the level of patient activity and dependency;
- There are unforeseen peaks in workload;
- Sickness absence cover has to be provided at short notice;
- Staff are frequently asked to work extra shifts or hours at short notice;
- Bank or agency staff are required to provide cover; or

- Staff from other wards are needed to "help out".

Annualised hours working may be appropriate in a range of other settings but the above circumstances describe where an annualised hours system may bring greatest benefit to both staff and managers in providing services. The above condition can lead to uncertainty and informal flexible working for staff, increased costs and decreased quality of patient care.

5. Starting the project

5.1 Partnership

It is essential that plans to introduce annualised hours working are developed in conjunction with a Trade Union/or Professional Organisation representative from the earliest possible stages. Pilot areas for the introduction of the system should be identified and full briefings given to staff and managers on what the system involves the benefits, drawbacks and anticipated outcomes. Full staff participation should be encouraged. Once pilot areas are identified a substantial data gathering and analysis exercise is required.

5.2 Gathering data

Information on both patients/service activity and staff is required to allow the design of the annualised hours system. In terms of staffing, it will be necessary to collate information on an annual basis to assess how many staff are in post; how they are deployed; assess use of bank/agency staff; turnover; current shift patterns and rotas; absence rates and patterns; and staff costs.

If the example of a ward setting is used as the service provision unit, the information on patients that is required is monthly bed state over the period of a year; admissions patterns; discharge patterns; total patient days; numbers of day cases; and patient dependency levels.

5.3 Analysing data

To assess whether or not annualised hours would be appropriate, data should be checked to see whether or not there are peaks and troughs in activity; against the fluctuations of service demand over a 24 hour period/service provision time; the extent to which there are high levels of emergencies and when they occur; whether or not there are seasonal variations in activity/demand; and the extent to which staff costs may be unpredictable.

The data considered against these factors will help to inform the decision as to whether or not the existing system of staff allocation is working well, and also supports decision-making as to the need and desirability of proceeding to develop an annualised hours system.

From the perspective of staff, an annualised hour's contract may be requested by only one or two staff for whom such a system would provide the opportunity to have a better work-life balance. Operating the system for small numbers of people within a service area has been proven effective, provided that the analysis of service demands has been undertaken to inform the design of the working pattern.

5.4 Designing the system

It is recommended that annualised hours working systems are introduced on a pilot basis in a simple or small number of sites and that clear evaluation criteria are agreed at the outset. A steering or evaluation group may be useful and this should be constituted on a partnership basis. Pilot areas may have only a small number of staff on annualised hours contracts and need not necessarily involve whole teams.

It is essential that staff and their representatives are involved in working out the details of the system in order to capitalise on their knowledge and experience and to gain ownership and understanding of the system.

5.5 Calculating hours to be worked

Annualised hours contracts are equally appropriate for all grades of staff wishing to work full-time and part-time hours. A full-time nurse, for example, would be contracted to work 1950 hours on an annualised hour's contract (based on a 37.5 hour full-time working week for nurses). This number of hours will include annual leave and public holiday allocation appropriate to that member of staff.

Maximum and minimum working hours per week are also agreed within the 48 hours (set by the Working Time Regulations) as the norm for a maximum length of working week and a minimum to be agreed in line with service needs.

Over the course of a year the number of hours worked overall may vary by plus or minus an agreed number of hours, for example, 30 hours, which can be carried over to the next year. Staff and managers record the number of hours worked by each member of staff and the cumulative totals are regularly monitored to ensure the account will be kept within the prescribed limits at the end of the year.

5.6 On/off duty and on-call

Staff rotas should be planned to match service demands/patient need in line with the analysis undertaken. Where a member of staff wishes to take time off when they are scheduled to work, they can negotiate times with colleagues by agreeing to swap shifts with them. Work schedules include an on-call roster where appropriate. Staff on-call may need only to be contactable, rather than be at home, and credit for on-call duty should be given in accordance with terms and conditions specified under Agenda for Change. While off duty and on-call requests should be met after the needs of the service, as much choice and self-rostering of on-call as well as normal working, should be given.

5.7 Stand-down arrangements

Guidelines need to be developed appropriate to the service area to provide for standing down staff where demand is low. Arrangements for how credit is to be given should be included in the guidelines. For example, if a member of staff has worked 2 hours of their shift and is then stood down, they could be given credit for one hour, i.e. 3 hours in total. There is no benefit to standing staff down less than 2 hours before the end of their shift, as they would still be entitled to an hour's credit.

5.8 Salary arrangements

Where annualised hours systems have been implemented, local arrangements for calculation of payment and enhanced payment should be put in place.

5.9 Sickness absence

For staff working under annualised hours systems they should comply with the local arrangements for reporting sickness absence. During periods of absence staff should be paid in accordance with the relevant terms and conditions for the staff group.

5.10 Contract of employment

An annualised hours contract can be trialled by agreement between the employer and the employee. During this period the individual has the right to revert to their original terms and conditions upon giving an agreed amount of notice. At the end of the trial period, should the employee wish to continue with the arrangement, then with the agreement of the employer the contract will be amended on a permanent basis.

6 Evaluation

On-going evaluation of the pilot in order to effectively manage the system will be required. In addition, evaluation of staff and managers' experiences and of the effectiveness of the system should be undertaken in order to inform revisions to the system where necessary. Evaluation criteria should be established at the outset of a pilot and could include assessments of the effectiveness of communication of the scheme, the effectiveness of the partnership approach, the difficulties and opportunities experienced in running the scheme, the extent to which gaps between staffing and workload have narrowed, including pressures on staff, the effectiveness and quality of patient care, financial performance and the need for bank/agency staff.

7 Monitoring, Review and Evaluation

This policy and procedure has been assessed for relevance and screened for equality impact, to identify and mitigate, where possible, any potential for the policy and procedure to have differential impact on employees having regard to their differences, such as ethnicity, gender, disability, age, sexual orientation, religion, literacy or belief.

This policy will be monitored, reviewed and evaluated every three years by the Partnership Forum or equivalent, taking into consideration legislative changes and developments in good practice to ensure it meets the needs of all employees.