



ANNUALISED HOURS GUIDE

| | |
|------------------------------------|--------------------------------|
| Title | Annualised Hours Guide |
| Who should use this | All Staff |
| Author | SAC |
| Approved by Management Team | 15 th March 2016 |
| Approved by Joint Board | No need for Board Approval |
| Reviewer | PA & Office Manager |
| Review Date | 2022 |

Review History

| REVIEW NO. | DETAILS | RELEASE DATE |
|-------------------|--|---------------------|
| 1 | | MARCH 2016 |
| 2 | MINOR AMENDMENTS – 2.5 UPDATE TO 40 HOURS AND REMOVAL OF PROFORM REFERENCES WITHIN FLEXIBLE WORKING POLICY | FEBRUARY 2019 |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |

| CONTENT | PAGE |
|--|-------------|
| 1. INTRODUCTION | 3 |
| 2. KEY PRINCIPLES | 3 |
| 3. SALARY PAYMENT | 4 |
| 4. A DAY'S PAY | 4 |
| 5. ANNUAL LEAVE | 4 |
| 6. PUBLIC HOLIDAYS | 5 |
| 7. PENSION CONTRIBUTIONS | 5 |
| 8. SICKNESS ABSENCE | 5 |
| 9. UNAUTHORISED ABSENCE | 5 |
| 10. LEAVERS AND NEW EMPLOYEES | 5 |
| 11. PUBLIC DUTIES | 5 |
| 12. WORKING TIME REGULATIONS | 6 |
| 13. OTHER TERMS AND CONDITIONS | 6 |
| 14. APPLICATION OF ANNUALISED HOURS FOR OPERATIONAL REASONS | 6 |
| 15. APPLYING FOR ANNUALISED HOURS AS A FLEXIBLE WORKING OPTION | 6 |
| 16. ENDING AN ANNUALISED HOURS ARRANGEMENT WHICH HAS BEEN REQUESTED THROUGH FLEXIBLE WORKING | 7 |
| 17. REVIEW | 8 |

Appendices:

| | |
|---------------------------------|------------|
| CALCULATION OF ANNUALISED HOURS | APPENDIX 1 |
|---------------------------------|------------|

1. INTRODUCTION

- 1.1 This guidance document sets out the Annualised Hours arrangements operated by Ayrshire Valuation Joint Board. The guide has been developed to allow cost efficient use of resources and to ensure increased flexibility of resources with the result that the Board is able to meet fluctuating and ad hoc service demands while facilitating a better work/life balance for employees.

2. KEY PRINCIPLES

- 2.1 Annualised hours are defined as working time worked flexibly across a 12 month period rather than over a fixed standard working week. Although the working pattern varies, an employee receives his/her salary in equal instalments irrespective of the actual number of hours worked in any given period.
- 2.2 Each participating individual is required to work a specific number of hours in a year. For full time employees this equates to either **1825 hours per annum** (where full time hours are 35) or **1929 hours per annum** (where full time hours are 37) with deductions being made for periods of time they are known or predicted to be absent, e.g. annual leave, public holidays, leave in connection with the Special Leave Policy or Board wide leave for a special event, average sickness absence and average other leave. The calculation of this figure is detailed in Appendix 1.
- 2.3 The annualised hour's year is 1st January to 31st December. Where possible, employees will be notified, on a 4 weekly basis, of their current situation regarding the accrual of hours worked.
- 2.4 Normally employees will be made aware of their work pattern four weeks in advance although exceptional circumstances may mean that this is not possible. Nonetheless reasonable notice will always be given.
- 2.5 It is the line manager's responsibility to organise and plan the allocation of work to individuals over the year in light of known requirements, in a way that ensures that, other than in exceptional circumstances, no-one works substantially more or less than their annual, contracted hours.

Overtime will generally only be worked in exceptional circumstances; for example to deal with unforeseen situations or cope with short-term peak demands, and only where preauthorised by an appropriate line manager in accordance with the agreed Board procedure. If, at times during the year employees work more hours than their contracted working pattern an overtime payment will be made, or where practical, time off in lieu, at the plain time rate, should be given. Payment for overtime at time and a half will only apply after the employee has exceeded 2086 hours per annum (40 hours x 52.14).

At the end of the year, where there is a significant difference between the contractual hours and the actual hours worked, the contractual arrangements will be reviewed.

Where fewer hours have been worked as a direct result of a long term absence the Line Manager has the discretion to disregard the discrepancy.

3. SALARY PAYMENT

- 3.1 An employee's salary will be spread throughout the year and paid in either 12 equal instalments. The payment received is irrespective of the hours worked in the pay period.

4. A DAY'S PAY

4.1 CALCULATION OF EARNINGS

Annual earnings:

To calculate annual earnings the following formula is applied:

(Please note that for the purposes of the calculation, we use 52.14 weeks in the year e.g. $365 \div 7$)

Hourly rate x average weekly hours x 52.14 = annual earnings

For an employee on spinal column point 1 working a 37 hour week:-

£6.70 x 37 x 52.14 = £12,925 annual earnings

- 4.2 Calculation of a day's pay:

Payment is based on the spinal column point of hourly rates. Calculation of a day's pay will be on the basis of the daily contracted hours worked.

To allow the calculation of daily rate of pay the following formula would be applied:-

Hours due to be worked that day x hourly rate

- 4.3 For irregular working patterns, calculation of a day's pay would be based on the following formula:-

Hourly rate x Average daily contracted hours = daily earnings

5. ANNUAL LEAVE

- 5.1 Annual Leave entitlement will not be affected by the adoption of annualised hours working arrangements. All annual leave will be calculated in hours and will be credited to the annual total number of hours to be worked. Employees will apply for annual leave in accordance with Board policy and leave will be requested in hours. This will reflect the number of hours which would have been worked on the day of leave which may vary throughout the year.

- 5.2 Subject to service delivery, annual leave may only be taken on dates acceptable to the individual's line manager and must be taken in line with current Board annual leave rules.

6. PUBLIC HOLIDAYS

- 6.1 All public holiday leave entitlement will be calculated in hours and will be credited to the annual total number of hours to be worked. This will reflect the number of hours which would have been worked on the day of leave.

7. PENSION CONTRIBUTIONS

- 7.1 When moving to or working annualised hours there are no implications for pension deductions.

8. SICKNESS ABSENCE

- 8.1 Standard Terms and Conditions regarding reporting sickness absence and entitlement to sickness allowance are detailed in the Board's Framework for Maximising Attendance at Work. Calculations of sick-pay entitlement will be based on the employee's total salary.

Where there is no regular shift pattern an average number of hours per day for each day's absence will be credited to the annual total of hours to be worked.

9. UNAUTHORISED ABSENCE

- 9.1 Unauthorised absences will be dealt with in accordance with Board Policy and appropriate salary deductions for such absences will be made. For the purposes of hours worked, an average number of hours per day will be credited to the annual total of hours to be worked. The average will be calculated in accordance with paragraph 4 as detailed above.

10. LEAVERS AND NEW EMPLOYEES

- 10.1 Participating employees who leave their post will require an adjustment to their pay to reflect the difference between the hours that they have worked and the hours that they have been paid during the year.
- 10.2 New employees will automatically be included in the rota from the start date of their employment. They will be notified in advance of the proposed work pattern and advised of the annual hours to be worked, which will be a proportion of the annual total based on the start date.

11. PUBLIC DUTIES

- 11.1 Absences due to public duties, i.e. Jury Duty will be in accordance with the Board's Special Leave Policy. For the purposes of hours worked, an average number of hours per day will be credited to the cumulative number of hours worked. The average will be calculated in accordance with paragraph 4 as detailed above.

12. WORKING TIME REGULATIONS

- 12.1 The requirements of the Working Time Directive continue to apply to staff working on an Annualised Hours contract.

In particular:

- Employees should not work more than an average of 48 hours per week measured over a rolling 17 week period;
- Employees should not work continuously for more than 6 hours in one shift without a break (unpaid);
- There needs to be a break of not less than 11 hours between the end of one shift and the beginning of the next.

Further advice is available from the Board's Personnel Representatives.

13. OTHER TERMS AND CONDITIONS

- 13.1 Other terms and conditions of employment will be notified to employees in their Schedule of Terms and Conditions of Employment.

14. APPLICATION OF ANNUALISED HOURS FOR OPERATIONAL REASONS

- 14.1 Where the Board wishes employees in a particular area of service to operate on an annualised hour's basis in order to meet service demands, the following will apply:

- The line manager will provide the employees concerned and trades unions with details of the proposals as soon as possible, including the proposed implementation date;
- If the move to annualised hours is not acceptable to an employee the Line Manager will discuss with the employee, and her/his trade union representative if appropriate, possible adjustments to the proposed work pattern or other forms of flexible working;
- If the proposals remain unacceptable to the employee the Line Manager will give due notice to the employee that her/his current post will come to an end and formally offer her/him the new post.
- If the offer is not accepted the Board's Policy on Managing Workforce Change will be applied.

15. APPLYING FOR ANNUALISED HOURS AS A FLEXIBLE WORKING OPTION

- 15.1 Employees who wish to make a request to work annualised hours must meet the eligibility criteria and should submit a request in writing to their line manager using the proforma within the Flexible Working Policy. The principles of the Flexible Working Policy will be applied to the request.

15.2 Line managers will need to discuss how the annualised hour's pattern might work in practice and take into account the implications for the rest of the team. Although annualised hours working is not a right, line managers should make every effort to accommodate applications where they do not have an adverse effect on the efficiency of the work group or on colleagues' workloads.

15.3 Line managers must take into account the following issues when considering a request for annualised hours:

- Whether the irregular working pattern could have benefits for the team (for example, it might be valuable to have an employee working a long week in times of peak activity)
- Seasonal variation within the employee's job that could fit an annualised hours working pattern.
- The level of face-to face contact with colleagues, clients and customers the job involves, as the employee will no longer work a regular weekly pattern.
- The suitability of the employee (for example, is he or she self-motivated to work for some periods of the day without other colleagues around).

15.4 If annualised hours working is agreed, the line manager must discuss whether the workload makes it possible for a member of staff to work the preferred pattern of shorter and longer weeks. The line manager must also make it clear that annualised hours working is subject to changes based on operational needs. The new working arrangements will be confirmed by the employee's line manager.

15.5 Where a request to undertake annualised hours working is refused, the line manager must have a justifiable reason for the refusal and the reason must comply with those outlined in the Flexible Working Policy at section 4.1. The employee will be notified in writing by their line manager of the decision within the 14 day timescale as per the Flexible Working Policy.

15.6 Appeals will be dealt with in accordance with paragraph 5 of the Flexible Working Policy.

16. ENDING AN ANNUALISED HOURS ARRANGEMENT WHICH HAS BEEN REQUESTED THROUGH FLEXIBLE WORKING

16.1 If an employee wants to cancel an annualised hour's arrangement and return to standard hours, or move to another flexible working pattern, the employee must make a request in writing using standard proforma in the Flexible Working Policy, giving one month's notice from the date when the change is requested.

16.2 Where it is not possible to meet the employee's request:

- The line manager must discuss with the employee possible changes to the annualised hours working rota to accommodate the request (for example, changing the number of weeks when an employee works long hours, or changing to another flexible pattern of working).

- If the position is not acceptable to the employee, compromise solutions must be considered e.g. flexible working hours.
- If the final outcome is that the post is unacceptable to the employee because of the employee's requirements, the line manager must comply with the Board's Managing Workforce Change Policy and assist employees, as far as possible, to find an alternative job that can accommodate her/his requirements.

17. REVIEW

- 17.1 The effectiveness of Annualised Hours Working arrangements will be subject to annual review.

APPENDIX 1

Calculation of Annualised Hours

The formula used to calculate pay is as follows:

$$\text{Annual Salary (S)} = \text{Hourly Rate (R)} \times (\text{35hr or 37hr}) \times (\text{365/7})$$

Annual Salary is based on 52.1428 weeks per year.

$$\text{The number of hours worked per year} = (\text{HXD}) / \text{W}$$

Where: H= Number of contracted hours per week (35) or (37)
 D= Number of days in the year (365)
 W= Number of days in a week (7)

Therefore:

In the case of Full time employees the number of hours worked per year =

$$\mathbf{(35 \times 365) / 7 = 1825 \text{ hours}}$$

$$\mathbf{(37 \times 365) / 7 = 1929 \text{ hours}}$$

Example:

Employees working in a full time “normal” post either work 35 hours per week for 52.1428 weeks per year or 37 hours per week for 52.1428 weeks per year.

This means that they will be paid for 1825 or 1929 hours per year however they will not actually work all of the 1825 or 1929 hours.

All Ayrshire Valuation Joint Board employees are awarded a set number of floating public holidays and fixed public holidays per year up to a maximum of 13 days per year.

Annual leave is based on completed years of continuous service at the commencement of the leave year and an additional day is awarded yearly raising entitlement from 20 to 28 days per year. The leave year runs from 1 January to the 31 December.

The total paid leave therefore can be anything from 33 days rising to a maximum of 41 days. Note that the calculations for each individual will have to be revised at the start of the leave year to reflect changing circumstances.

Employees paid leave entitlement is converted into hours to account for different working patterns while retaining parity with traditional Monday to Friday employees.

| 35 HOUR WEEK | WORKING TIME PER YEAR | 37 HOUR WEEK | WORKING TIME PER YEAR |
|---------------------------|------------------------------|---------------------------|------------------------------|
| 33 days x 35/5= 231 hours | 1594 | 33 days x 37/5= 244 hours | 1685 |
| 34 days x 35/5= 238 hours | 1587 | 34 days x 37/5= 252 hours | 1677 |
| 35 days x 35/5= 245 hours | 1580 | 35 days x 37/5= 259 hours | 1670 |
| 36 days x 35/5= 252 hours | 1573 | 36 days x 37/5= 266 hours | 1663 |
| 37 days x 35/5= 259 hours | 1566 | 37 days x 37/5= 274 hours | 1655 |
| 38 days x 35/5= 266 hours | 1559 | 38 days x 37/5= 281 hours | 1648 |
| 39 days x 35/5= 273 hours | 1552 | 39 days x 37/5= 289 hours | 1640 |
| 40 days x 35/5= 280 hours | 1545 | 40 days x 37/5= 296 hours | 1633 |
| 41 days x 35/5= 287 hours | 1538 | 41 days x 37/5= 303 hours | 1626 |

Therefore where contracted hours per week are 35, working time per year is reduced from 1825 hours to: 1594; 1587; 1580; 1573; 1566; 1559; 1552; 1545 or 1538.

Where contracted hours per week are 37, working time per year is reduced from 1929 hours to: 1685; 1677; 1670; 1663; 1655; 1648; 1640; 1633 or 1626.

Within Ayrshire Valuation Joint Board where an employee works a standard 5 day week of 37 hours and is entitled to 20 days annual leave and 13 public holidays, for an annualised hours arrangement, the net hours are calculated as follows:

1. 52.1428 weeks x 37 hours= 1929 hours
2. Subtract annual leave and public holidays= 244 hours
3. Total net hours to be worked = 1685 hours

Note: the calculations set out above are for full time employees. Entitlements to leave and public holidays would be pro-rata for part-time employees.