

Zero-hours contracts 2026-2027

**What UK small businesses,
HR and managers should know**

breathe





There are many types of contracts, covering various worker statuses. You may hire agency or temporary staff, contractors, permanent or zero-hour workers - these can all form part of a modern workforce.

The area of zero-hours contracts can be confusing, especially with the Employment Rights Act 2025 now in place, with new rights being introduced in stages. **That's why we've put together this guide.**



This guide explains how zero-hours contracts work now, what's changing, and what employers, HR teams and managers need to do next.

It focuses on the key changes affecting SMEs and covers:

- Zero-hours contracts overview
- The topline changes to zero-hours contracts
- Detailed updates for the areas that affect SMEs the most:
 - Guaranteed hours
 - Scheduling
 - Notice and dismissal
 - Sickness absence
 - Family and bereavement leave
 - Holiday pay and entitlement

Each section explains what the law says now, how things will change, and crucially, what you, as an employer, HR manager or line manager, need to do to stay on the right side of the law.

Contents

Zero-hours contracts: an overview	3
Zero-hours contracts in 2026-2027: key changes at a glance	5
The biggest zero-hours contract changes affecting UK small businesses	7
• The right to move to a fixed-term contract with guaranteed hours.....	8
• Scheduling shifts under new zero-hours contract rules.....	11
• Notice periods and dismissal under new zero-hours contract rules.....	14
• Sick pay and entitlement under new zero-hours contracts.....	17
• Family and bereavement leave under new zero-hours contracts.....	20
Holiday pay and entitlement under new zero-hours contracts	24
Final considerations for UK small businesses	26



Zero-hours contracts overview

What are zero-hours contracts?

Zero-hours contracts are contracts in which you don't have to guarantee a set number of working hours to the worker.

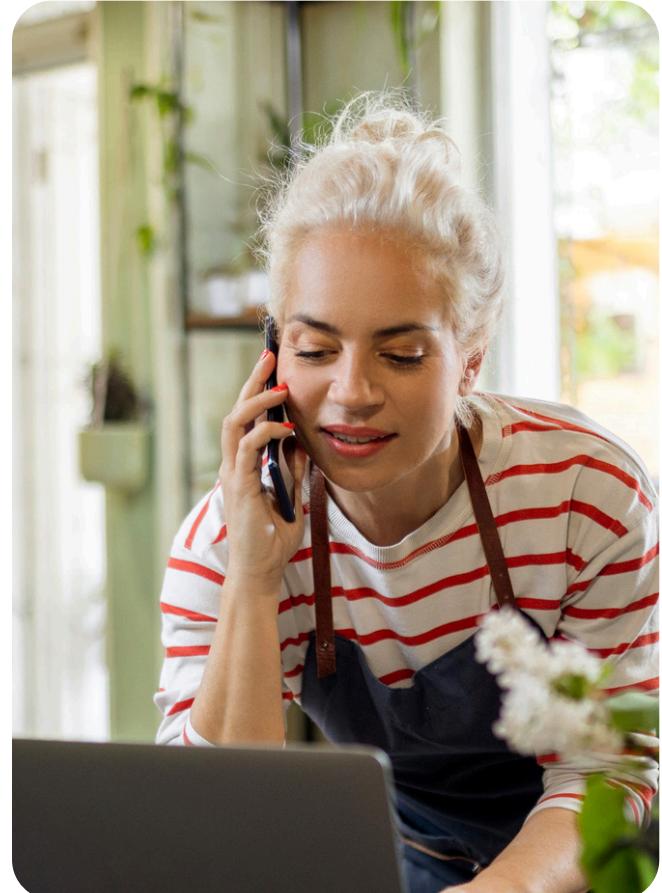
This also means that the worker doesn't have to accept any work that you offer them.

What is the employment status of a zero-hours staff member?

It's up to you as to whether you classify your zero-hours staff as workers or employees.

Currently, classifying your zero-hours staff as 'workers' gives them fewer rights than those who are classified as 'employees'.

Here's a reminder of the key differences between an employee and a worker.



Employees:

- Employers must provide work, and the employee must accept it.
- Work under a contract of employment.
- A wide range of rights, including unfair dismissal, redundancy pay, statutory maternity and paternity leave and minimum notice periods.
- Tend to be better integrated into the business.

Workers:

- The employer doesn't have to provide work, and the worker doesn't need to accept it.
- Work under a contract, or other arrangement to perform work in return for a reward (typically for pay).
- A smaller range of rights, including minimum wage, paid holiday, statutory maternity and paternity pay (if they qualify), rest breaks and protection from discrimination.



However you choose to classify your staff, you should clearly reflect this in your contracts. **Read more about the difference between [workers](#) and [employees](#).**

The **Employment Rights Act 2025** introduces several changes that give workers more employment rights, bringing worker and employee protections closer together.

From 2026, workers will be entitled to day-one rights to Statutory Sick Pay, with day-one access to family leave applying where individuals are classed as employees. In 2027, further reforms are expected to change how zero-hours contracts are regulated.

Why might employers use zero-hour contracts?

You might engage staff on a zero-hours contract basis if you need extra flexibility in parts of your workforce or extra hands on deck at certain times of the year.



Sectors that might use zero-hours contracts are:

- Care work
- Delivery driving
- Warehouse work
- Hospitality during seasonal peaks

People often choose to work on a zero-hours contract because they value the flexibility or short-term nature of the work.

For example:

- Students who want to fit work in around their studies
- Those who need extra short-term income
- Parents who want to work around their children's school hours
- Self-employed people who are yet to build up a steady income



At a glance - the topline changes to zero-hours contracts 2026 vs. 2027



Here's an at-a-glance summary of the changes you need to prepare for. We break down the changes to zero-hours contracts in more detail later in this guide.

How do zero-hours contracts currently work?

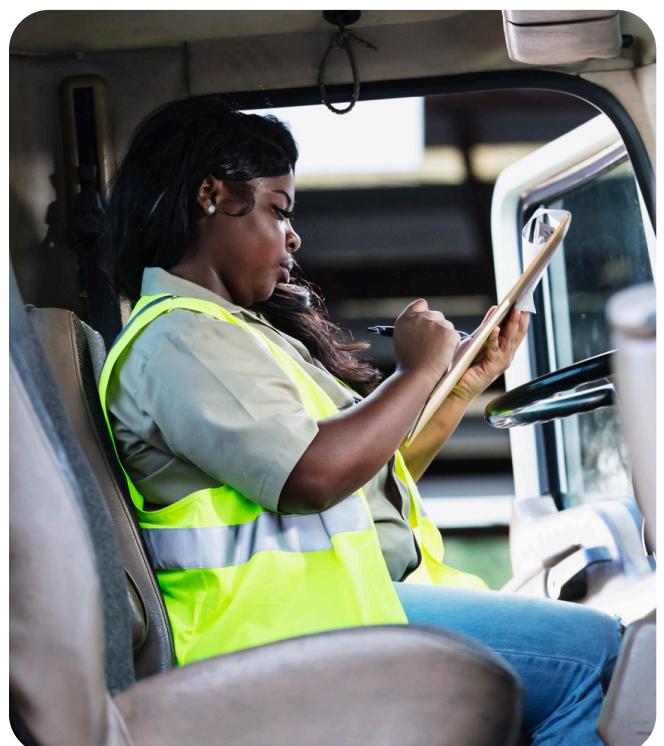
As of early 2026, a zero-hours contract works as follows:

- No guaranteed hours
- Work on demand
- Pay for the hours worked
- Basic worker rights - including national minimum wage, rest breaks and protection from discrimination
- Flexibility to accept or decline work
- No exclusivity - workers have the legal freedom to work for more than one employer
- Probation periods depend on employer guidelines

How are zero-hour contracts going to change?

Some aspects of zero-hours contracts will **remain the same**:

- Flexibility to accept or decline work
- No exclusivity - workers may work for more than one employer
- Probation periods depend on employer guidelines





However, the government is introducing changes to give workers more security while keeping the flexibility of zero-hours contracts. These changes aim to strike a balance between employer flexibility and worker fairness.

There are three big changes:

1

The right to choose greater consistency: Employers can initially hire employees on [zero-hours contracts](#) as usual. However, after a set period – expected to be 12 weeks – you must offer them a fixed-term contract with guaranteed hours. This fixed-term contract would reflect the average number of hours worked during those 12 weeks. Expected from 2027.

2

Compensation for cancellations: The [Employment Rights Act 2025](#) introduces new protections to reduce the impact of **short-notice cancellations**. Where shifts are cancelled or reduced **without reasonable notice**, workers will be entitled to **compensation**, proportionate to the notice given by their employer. These measures are expected to apply from **2027**, once supporting regulations are in force.

3

Day-one sick pay and changes to leave rights: Although not specific to zero-hours contracts, new rules mean workers will gain day-one entitlement to Statutory Sick Pay. Changes to family and bereavement leave will also apply, with day-one eligibility where individuals are classed as employees. These changes are expected to apply from April 2026, with some details confirmed through further regulations.

Here's what stays the same:

You can't prevent staff on zero-hours contracts from working for other employers.

Workers on zero-hours contracts have legal protections ensuring they can work for multiple employers without fear of discrimination. For example:

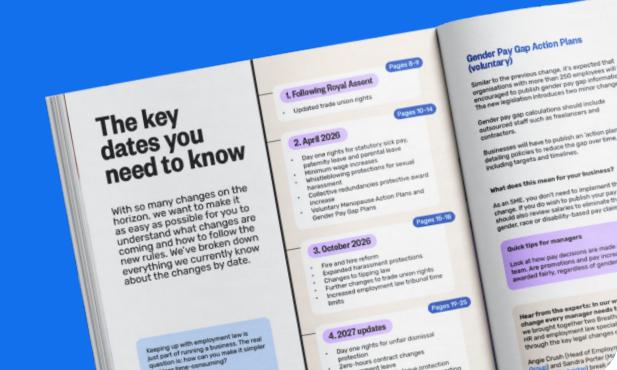
- Employers cannot include exclusivity clauses in contracts that prevent zero-hours workers from taking other jobs.
- Workers shouldn't face unfair treatment if they choose to work elsewhere.

When are these changes happening?

The **Employment Rights Act 2025 is now in place**, but many of the new rights will be introduced in stages. Some changes, including day-one Statutory Sick Pay and updates to family leave, are expected to apply from April 2026. Further reforms affecting zero-hours contracts, such as guaranteed hours and scheduling protections, are expected to follow from 2027 onwards. We've included expected timings in each section where relevant.

Check out our [free employment law e-book](#) for a clear, date-by-date breakdown of what's changing – and what to do next.

→ Get my copy





More about the biggest zero-hours contract changes affecting UK small businesses





The right to move to a fixed-term contract with guaranteed hours

When? 2027 - month to be confirmed

This is the most significant change: workers will have the choice to move to a fixed contract after they've worked for you for a set period.

How do zero-hours contracts currently work?

Right now, if you employ someone on a zero-hours contract, this arrangement can continue indefinitely unless you decide to offer them a fixed-term contract.

How are zero-hours contracts expected to change in 2027?

Under new laws, employers will be required to offer staff a guaranteed-hours contract after a set period of working on a zero-hours contract, reflecting the hours they've worked during that period. This reference period is expected to be **12 weeks**.

It's expected that employers will need to repeat this offer to those on zero-hours contracts on a rolling basis, likely every 12 weeks.

The only exception is where staff are covered by a recognised trade union and choose to opt out in return for alternative benefits, such as a higher hourly wage, through a collective agreement. Need support on union discussions? Get in touch with a [Breathe HR Partner or employment law expert](#) - they'll be well placed to help.

What does this mean for your business?

If most of your workers choose to switch to a guaranteed-hours contract, this could reduce flexibility. However, some workers will prefer the flexibility of a zero-hours contract and may choose not to move to a guaranteed-hours contract.





Things you can do to prepare:

HR

Do you know how much of your workforce is on a zero-hours contract? **Audit your workforce** to identify how many workers are on zero-hours and low-hours contracts, and in which areas of the business.

Review actual hours worked to see how many workers have a history of regular, predictable shifts. Breathe can help you track patterns, making it easier to see which workers are likely to become entitled to guaranteed hours.

Consider proactively offering **guaranteed-hours contracts** and employing new workers on fixed-hours terms. This will help ease your admin once the law comes into force.

Prepare guaranteed-hours contract templates to use once the change **becomes law**.

Train line managers about the **upcoming changes to rights and responsibilities**.

Line managers

If you don't already do so, now's the time to get to grips with your **forecasting** and what that means for your staffing requirements.

If you have a sales or finance specialist in your business or organisation, you could work with them to **identify regular patterns** you can use to create more predictable staffing plans.

If you're a smaller UK business, you could review your past year's rotas and scheduling to **detect potential patterns**.

What to do once the law is in place:

HR

Establish a **timetable** for guaranteed-hours contracts on a rolling basis.

Give line managers a **refresher** on the changes and what they mean for shift scheduling.

Line managers

Review your scheduling to make sure you reflect potential guaranteed hours in your rotas.





Think about this...

One of your zero-hours workers, Pat, has worked every Tuesday and Thursday for the past 12 weeks, totalling 8 hours per day (16 hours per week).

This makes Pat a **qualifying worker under the expected rules**.

Because Pat has regularly worked 16 hours per week over the **expected 12-week reference period, you will be required to offer her guaranteed hours**.

Pat can accept the guaranteed hours or decline and remain on zero-hours. Many workers value the flexibility of zero-hours, so don't assume Pat will accept.

If Pat accepts, **you'll need to provide her with 16 hours of work each week**, even during quieter periods.

If Pat declines, you should continue as normal, but it's **expected that you'll need to repeat this process after the next reference period** if she's still working regular hours.

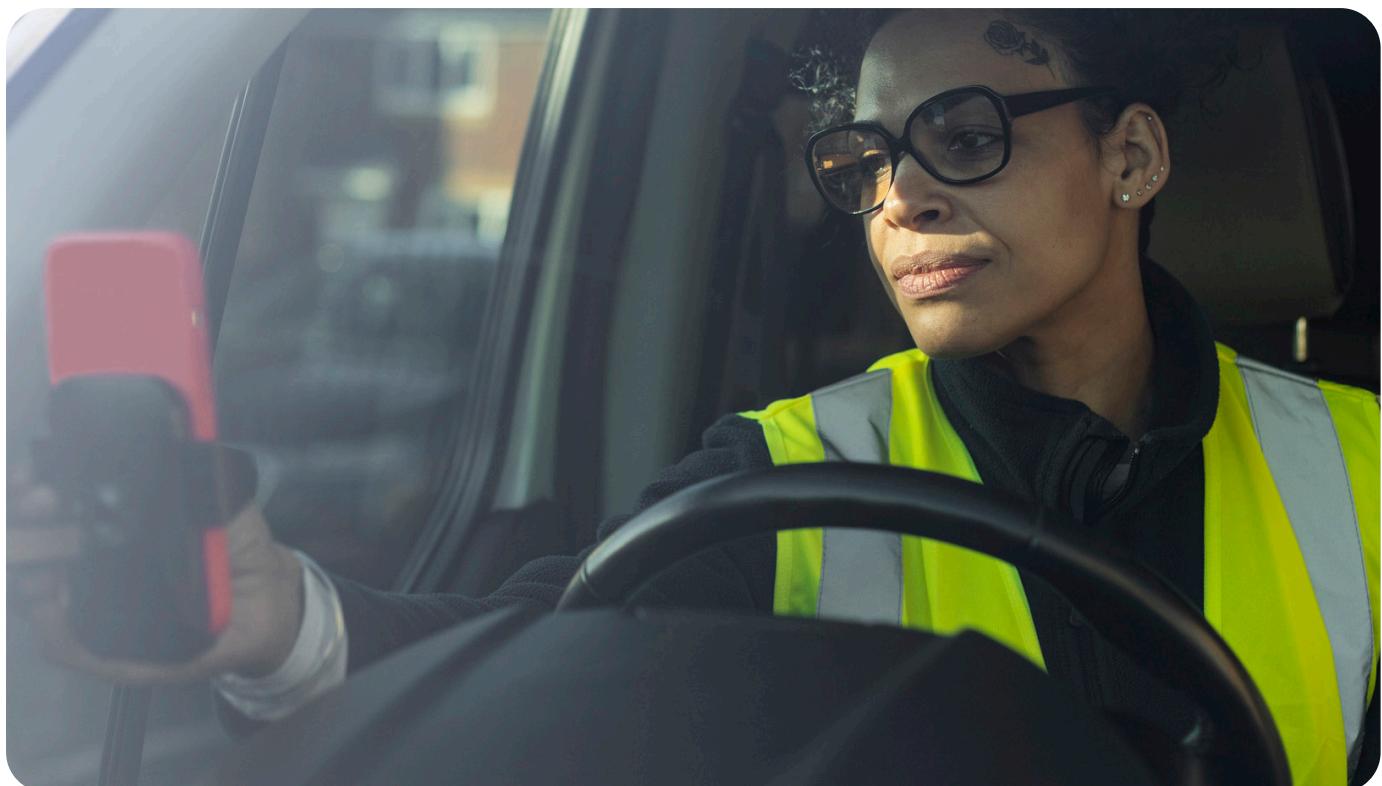
Your next steps

Audit your workforce to determine how many zero-hours contract workers you have and which parts of the business they work in.

Train managers so they're prepared and confident for the changes.

Prepare an update for all employees explaining what's changing and how it will affect them.

Record-keeping doesn't need to be a chore. Using Breathe's centralised HR database makes it easier than ever to keep all your staff data in one place, while powerful reporting tools help you stay updated and turn data into informed decisions. [Read more about how it works](#).





Scheduling shifts for new zero-hours contracts

When? 2027 - month to be confirmed

The days of cancelling shifts at the last minute or asking people to come into work urgently **without consequences are expected to be ending.** Once the new rules come into force, you'll need to plan ahead or **be prepared to pay compensation.**

How does scheduling currently work for those on a zero-hours contract?

Currently, you can schedule, change and cancel shifts as you wish. This means many zero-hour workers experience unstable income and disruptive work schedules, which can affect their livelihoods and wellbeing.

How will scheduling change for those on a zero-hours contract?

The new rules aim to give people working under zero-hours contracts a more predictable working pattern and income. These protections are also expected to apply to agency workers.

Here's a summary of the key changes:

Reasonable notice

Employers will be required to give workers reasonable notice when scheduling, changing or cancelling shifts.

The exact requirements have not yet been confirmed, and the definition of "reasonable" is expected to vary by industry, reflecting the more unpredictable environments in which some businesses operate. Further detail will be set out in guidance and supporting regulations.

Payment for cancelled shifts and last-minute changes

If you change, cancel or shorten a worker's shift without 'reasonable notice', you'll need to pay them compensation. The compensation should be in proportion to the cancellation or change. This will be the case whether they work for you directly or through an agency.

Again, the definition of 'short notice' will be confirmed before the law comes into force.

What does this mean for your business?

It may become more challenging to change staffing at short notice without adding costs. This makes careful forecasting and rota planning all the more critical.



Things you can do to prepare:

HR

Identify all zero-hours, low-hours, and agency workers to assess how much this is likely to affect the way you work.

Consider how this will affect your **financial projections and payroll** and share with others in the business who need this information.

Update your contracts, policies and employee handbooks in preparation for the change.

Line managers

If you don't already do so, now's the time to get to grips with your **forecasting** and what that means for your staffing requirements.

Can you **identify regular patterns** that could help create more predictable staffing plans?

Review your shift and rota processes to **allow for more notice** when making changes, cancellations or adjustments.

What to do once the law is in place:

HR

Stay close to your line managers during the early months of this change and **monitor where there's potential to help prevent unnecessary compensation payments**.

Line managers

Keep clear records of all hours worked, and shifts offered and cancelled.

[Breathe's Rota, Time & Attendance software](#) logs all hours worked and changes, helping you stay compliant more easily.





Think about this...

What would you do if a last-minute cancellation means you no longer need as many zero-hours workers on your next few shifts?

Previously, you may have been able to change or cancel shifts with little impact. Under the new laws, you'll need to approach this more cautiously.

Here are a few options to consider:

Review the affected shifts

Shifts that are far enough into the future may fall within what is considered **reasonable notice** and may be cancelled without triggering compensation, depending on the final rules.

Where shifts are cancelled or changed at **short notice**, and reasonable notice is not given, compensation is expected to apply. Your options may include:

- Cancelling the shifts and paying compensation
- Moving workers to another task or project, where appropriate
- Using the scheduled time for training or development

Whatever approach you take, be sure to **document what's changed and why**.

You may also wish to review your **client contracts** to ensure cancellation fees help cover costs where short-notice changes affect staffing.

Your next steps

Audit your workforce to determine how many zero-hours contract workers you have and which parts of the business they work in.

Train managers so they're prepared and confident for the changes.

Consider if your shift scheduling process is suitable for the upcoming changes - if not, **how could you update it to be more effective?**

Stay compliant and in control of your scheduling with Breathe's Rota, Time & Attendance software.

It's a fast, easy way to stay on top of shifts - replacing time-consuming manual scheduling with an intuitive drag and drop tool that gives you complete oversight of who'll be working where and when.





Notice periods and dismissal under the new zero-hours contracts

When? 2027 - month to be confirmed

How do notice periods and dismissal currently work for zero-hours workers?

Current notice periods and dismissal regulations are as follows:

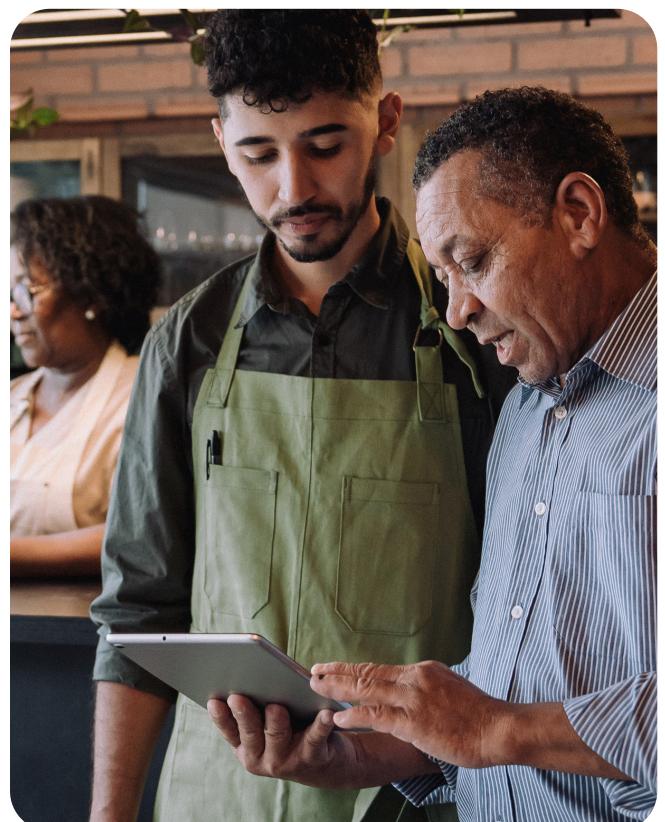
- A worker can 'leave' without giving [notice](#), and instead permanently turn work down
- You don't need to offer work to someone on a zero-hours contract during the notice period
- Workers are protected against [automatically unfair dismissal](#), such as discrimination, pregnancy or union membership, from day one of their employment
- Employees are protected against [unfair dismissal](#) after **two years** of continuous service

How will notice periods and dismissal change for zero-hours workers?

As of 2027, the qualifying period for protection against unfair dismissal for most employees - including employees engaged on zero-hours contracts - is expected to be reduced to six months of continuous service.

What does this mean for your business?

Strong relationships and good communication are essential when handling notice periods and dismissals. While the basic principles around notice remain largely unchanged, the reduction in the qualifying period for unfair dismissal means issues may escalate more quickly if not handled fairly and consistently.





Things you can do to prepare:

HR

Update your contracts, dismissal and grievance policies, and handbooks – remember this law affects all employees, not just those on zero-hours contracts.

Review your recruitment process. What can you do to ensure employees are suited to your business and the open role?

Train managers to handle poor performance and disciplinary issues consistently and fairly.

Line managers

Establish a discipline of documenting all performance and conduct issues as they occur. A tool such as Breathe makes this easier, so this task feels like second nature once the new law comes into place.



What to do once the law is in place:

HR

Provide clear guidance to all managers on managing and documenting performance and disciplinary issues.

Line managers

Document all performance and conduct issues as they occur.

Follow consistent, fair dismissal procedures.

Involve HR before making any dismissal decisions.

→ **How can you or your staff be sure that a zero-hour contract has **finished**?**

You can't rely on withholding shifts or a worker refusing to accept work – you or the worker needs to actively terminate the contract.

One approach is to include a specific clause in your zero-hours contracts stating that, if no paid work is completed within **a specified period**, the contract will come to a natural end.

Remember, every situation is different – speaking to an experienced HR advisor will give you the confidence that you're taking the best approach. [Find a Breathe HR Partner near you](#).



Think about this...

What would you do if one of your employees is regularly late and isn't doing their work to an acceptable standard?

After the law changes, you'll only have six months in which to dismiss an employee without a formal process. Speed is of the essence when dealing with performance or disciplinary issues, regardless of how long an employee has been with you.

Address issues through conversations, documenting your conversation and next steps. It's essential to involve your HR manager or consultant from the start, as they'll know the best process to follow.

Your next steps

Update all contracts, policies and employee handbooks to reflect this change.

Give managers updated training on the changes and on how to handle underperformance and disciplinary issues.

If you haven't already, now's the time to **establish a company-wide discipline** of recording all performance and disciplinary-related conversations, regardless of whether someone is on a fixed-term or flexible contract.

Set expectations, monitor progress and encourage your staff to do their best with Breathe's performance management tool. It's the easy way to track progress, record conversations, and recognise their hard work, helping ensure a fair and consistent approach to performance management.





Zero-hours sick pay and entitlement under new zero-hours contracts

When? April 2026

Broader changes to employment law mean more people on zero-hours contracts will get support if they need to take time off sick.

How does sick pay currently work for those on a zero-hours contract?

Currently, workers on zero-hours contracts are entitled to Statutory Sick Pay (SSP) so long as they:

- Have been off sick for at least four qualifying days in a row. The first three days are 'qualifying days' when they would usually be required to work.
- Earn at least **£123** a week on average, before tax.
- Have told you they're sick within your formal deadline, or within seven days.

Although the weekly SSP rate applies to all employees and workers, the amount you pay workers for each day they're off work depends on the number of qualifying days they work each week.

You can calculate their sick pay using this [Statutory Sick Pay calculator](#).

How will sick pay change for zero-hours workers?

From April 2026, new day-one statutory sick pay rights are expected to apply to UK employees and workers. People working under zero-hours arrangements will be entitled to:

- **SSP from day one:** Sick pay will apply from the first day of an ongoing illness, instead of starting on the fourth consecutive day.
- **Lower earnings limit removed:** SSP will be extended to cover **all workers**, not just those earning above £123 per week.

What does this mean for your business?

SSP will apply to more cases, resulting in higher costs.

But there are benefits - it should mean a healthier workforce as they'll be incentivised to stay at home and recover instead of passing their germs around the organisation.

These changes should also help reduce the risks of presenteeism, such as lower productivity and burnout.



Things you can do to prepare:

This change is expected to come into force in April 2026; you'll need to make all preparations in the first quarter of 2026.

HR

Update your finance and payroll teams so they can budget for additional sickness pay costs.

Update contracts and policies to:

- **Remove references to SSP starting after the fourth day of sickness**
- **Remove references to the lower earnings limit for SSP eligibility**

Update all employees on their rights and explain how they can log sick leave.

[**Breathe's absence reporting function**](#) is easy to use - your workers can log sickness in just a few taps.

Give managers **clear guidelines** about how to report and track sick leave.

Line managers

From April 2026, make sure you're reporting employee sickness **from day one** to ensure they receive the correct amount of SSP.

With so many changes on the horizon, it can be difficult to keep up. **Let your HR manager know if you think you'd benefit from additional training.**

What to do once the law is in place:

HR

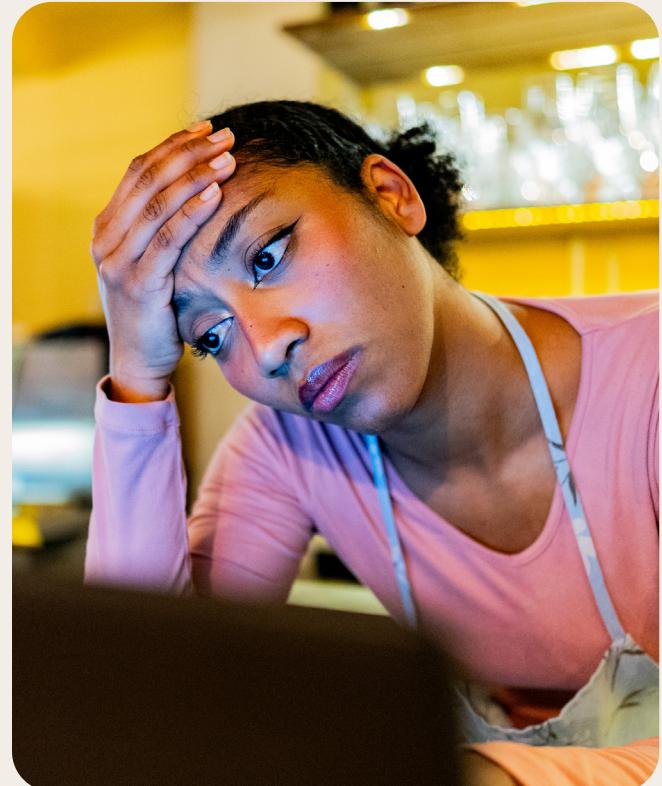
Remind managers to record **all absences accurately and promptly**.

Line managers

Continue to show empathy and understanding to those who call in sick.

Record all absences accurately and promptly.

Remember that workers will be entitled to sick pay from their first day of sick leave.





Think about this...

One of your casual workers - a student - calls in sick. They work just one shift a week, and it's different each time. From April 2026, they'll be eligible for sick pay from day one. Be sure to record all absences, as this ensures SSP can be paid correctly.

Your next steps

Start tracking all sickness absences now. Not only will this establish a habit, but it may also help you budget more effectively.

Review your financials to make sure the cost of additional SSP payments is accounted for.

Train managers to record all absences correctly and treat those who call in sick with fairness and empathy.



Get on top of employee absence with Breathe's Absence Management software. Employees can log their own sick leave, helping cut down on line manager and HR admin, and reduce the risk of miscommunication.

Breathe can help

Managing sickness and absence can be challenging for SMEs - but Breathe HR's absence management software makes it simple and efficient. Here's how it can help:

- **Track absences easily:** Record and monitor sickness leave with just a few clicks. Get a clear overview of employee absence trends.
- **Reduce admin time:** Automate absence tracking and reporting, saving valuable time for HR teams.
- **Ensure compliance:** Stay up to date with statutory sick pay (SSP) and other legal requirements, ensuring full compliance.
- **Generate reports:** Quickly generate reports to identify patterns and support decision-making.
- **Improve communication:** Employees can easily request time off, and managers can approve or manage absences remotely.

Ready to take control of your absence management? Try Breathe's 14-day free trial and simplify sickness tracking for your business.



[Start my free trial](#)



Family and bereavement leave under new zero-hours contracts

When? April 2026 and 2027

Changes to employment law expected from April 2026 will increase zero-hours workers' access to family leave, with bereavement leave expected to be introduced in 2027.

How does family and bereavement leave currently work for those on a zero-hours contract?

The current situation for family-related and bereavement leave is mixed for zero-hours workers.

Maternity leave and pay

Zero-hours workers **who are not employees** currently have no right to maternity leave and must negotiate this with you directly.

They are entitled to Statutory maternity pay if they've:

- Worked for you for at least **26** weeks by the **15th** week the baby is due
- Earn more than **£123** per week

If they don't qualify for Statutory Maternity Pay, they may be entitled to the Maternity Allowance. Read more about the different types of [maternity benefits](#).

Paternity leave and pay

Zero-hours workers **who are employees** are entitled to two weeks of Paternity Leave, so long as they:

- Have worked for you for at least **26** weeks by the **15th** week the baby is due
- Earn more than **£123** per week

They will receive **two weeks** of Paternity leave at either £187.18 per week or 90% of average earnings, whichever is lower.

Parental Leave

This is unpaid leave. Individuals engaged on zero-hours contracts who are classed as employees must have worked for you - without breaks in employment - for at least one year to qualify.

Bereavement leave

Formal bereavement leave doesn't currently exist in most circumstances; instead, it depends on individual company policy or a manager's discretion.



How will family and bereavement change for zero-hours workers?

From April 2026, new rules under the Employment Rights Act 2025 are expected to extend day-one eligibility for family leave, with bereavement leave expected to follow once supporting regulations are in force. Where individuals working under zero-hours contracts are classed as employees, they will be entitled to family leave from their first day of employment.

→ Maternity pay and paternity pay rules **will not change**.

Zero-hours workers will also continue to be protected against discrimination during and after maternity and parental leave.

At the time of writing, there is still some uncertainty around **paid bereavement leave**. While a statutory right to bereavement leave is expected, whether this will be paid - and under what conditions - is yet to be confirmed and is likely to be set out in further regulations.

What does this mean for you?

As these changes bring zero-hours employees' leave rights closer to those of other employees, it may feel simpler to manage entitlements. However, additional absences may reduce flexibility, making it important to have robust shift and rota processes in place - particularly alongside the new scheduling and notice requirements.



Summary of leave entitlements (from April 2026)

Type of leave	Leave	Pay
Maternity	Up to 52 weeks' leave, eligible from day one (employees only)	As current - requires 26 weeks' service and minimum £123/week earnings
Paternity	Up to two weeks' leave, eligible from day one (employees only)	As current - requires 26 weeks' service and minimum £123/week earnings
Parental	Up to 18 weeks per child, capped at four weeks per year, eligible from day one (employees only)	Unpaid unless stated in contract
Bereavement	Statutory entitlement expected; details to be confirmed	Pay to be confirmed



Things you can do to prepare:

HR

Update contracts and policies so that paid maternity and paternity leave, and unpaid parental leave applies from day one of employment, with bereavement leave expected to follow once supporting regulations are in force.

Update your finance and payroll teams so they can adapt as needed.

Train managers to handle family-leave-related requests and bereavements sensitively and consistently.

Line managers

Good communication is everything. **Establish strong relationships** with your staff and they'll be more likely to keep you informed early in a pregnancy or when they're considering parental leave.

What to do once the law is in place

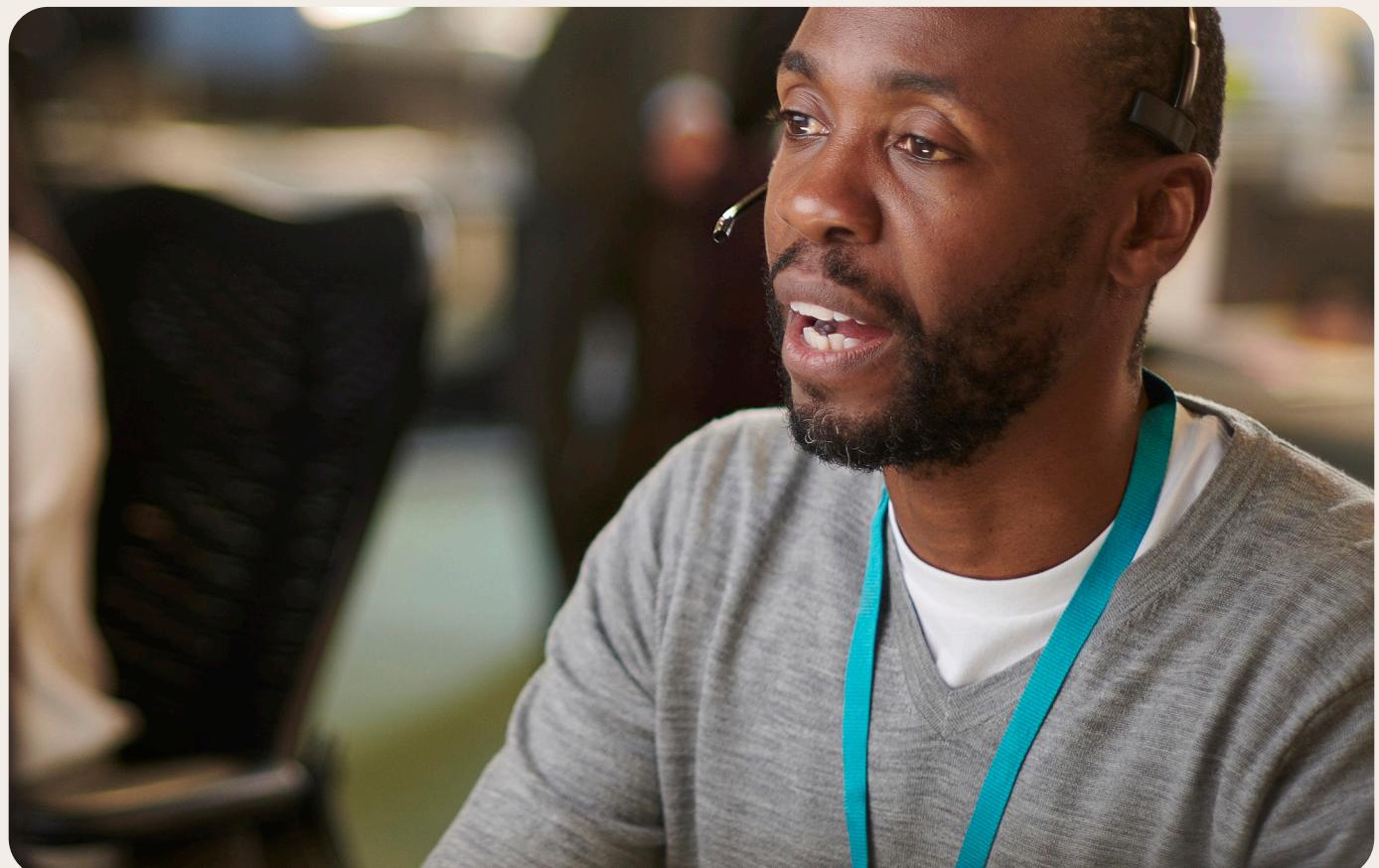
HR

Remind managers of the law changes and what this means for employees requesting family-related leave.

Line managers

Record all conversations and track absence dates, so you have full records of who will be off and when. Breathe's document storage makes it easy to keep track of who said what and when, helping reduce confusion so you can focus on supporting your team.

Avoid contacting your employees to discuss work while on family-related leave.





Think about this...

An employee working under a zero-hours contract tells you they want to take time off over the summer as parental leave. They've only been with you for three months.

From April 2026, this is acceptable provided they are classed as an employee, and takes their parental leave in full-week blocks (or the equivalent for irregular hours), and don't exceed the equivalent of four weeks per year.

Make sure you document your conversation, track the absence and inform HR.

If the individual is a worker, there is no statutory entitlement to parental leave. However, you can still agree time off by mutual consent, provided the arrangement is clearly documented.



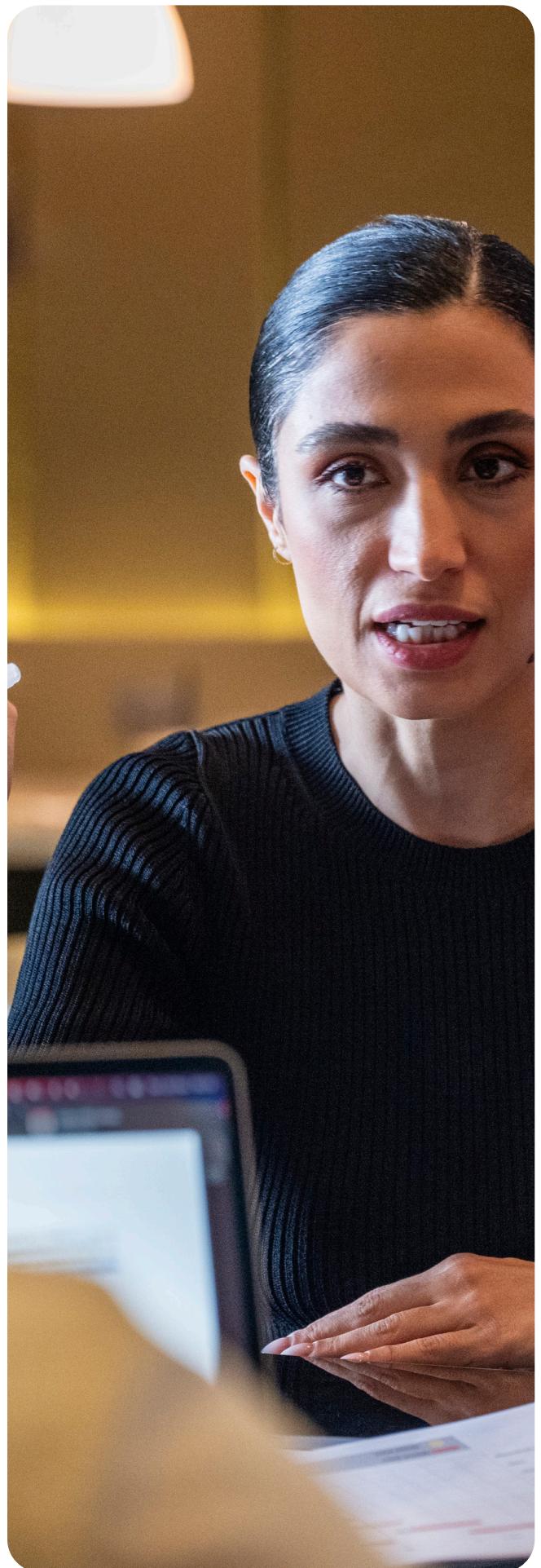
Your next steps

Update all contracts, policies, and employee handbooks to reflect the new parental leave requirements.

Review your staffing plans - how will you adjust your schedules if additional staff take family-related or bereavement leave?

Prepare an update for all employees explaining what's changing and how it will affect them.

See who's taking off time and when with [Breathe's Leave Tracking software](#). It gives you real-time visibility of all leave - from medical appointments to paternity leave - in one easy-to-use tool.





Holiday pay and entitlement under new zero-hours contracts

Holiday pay and entitlement can feel confusing if you employ zero-hours workers.

How does holiday pay and entitlement currently work on zero-hours contracts?

Zero-hours workers are entitled to the equivalent of 5.6 weeks of paid holiday per year.

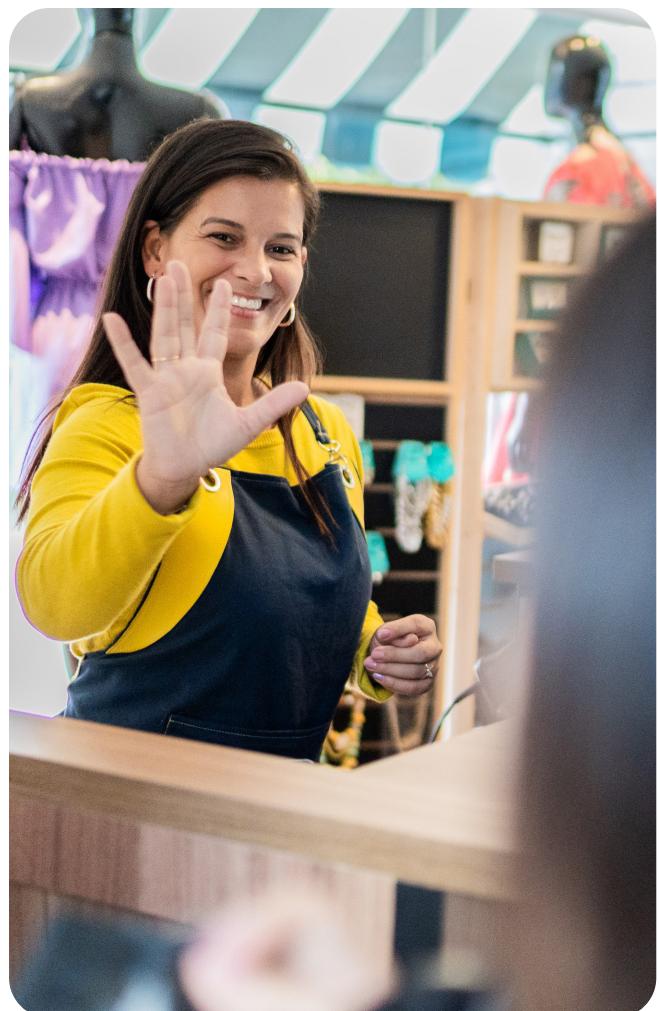
If you want a worker to take time off - for instance, during a business shutdown - you must give them twice as much notice as the holiday length you're making them take.

How will holiday pay and entitlement for zero-hours workers change in the future?

Holiday pay and entitlement rules have recently been reformed (effective from 2024) to clarify accrual and pay calculations for zero-hours and irregular hours workers. Beyond these changes, the Employment Rights Act 2025 does not introduce additional holiday pay or entitlement changes specifically for zero-hours workers.

What does this mean for you?

Although you might not need to change anything relating to holiday pay or holiday entitlement for any zero-hours workers in your business, it can be helpful to remind yourself how to calculate them.





Calculating holiday entitlement for zero-hours contracts

For zero-hours workers who are classed as irregular-hours or part-year workers, holiday entitlement can be calculated by multiplying the hours they've worked by 12.07%, over the past 52 weeks. You should round up to the nearest hour if the entitlement is 0.5 hours or more.

This is equivalent to [5.6 weeks of paid leave per year](#) and starts from day one of employment.

If a worker has been with you for less than a year, you should use the hours they've worked over the time they've been with you to calculate their holiday entitlement.

For example:

Robin has worked on a zero-hours contract for **6 months (26 weeks)** and has worked a total of **312 hours** over this time.

To calculate Robin's holiday entitlement, you should multiply their total hours worked by **12.07%**.

312 X 12.07% = 37.6 hours holiday.

You can choose to include public holidays in holiday entitlements or to pay them in addition to the basic holiday entitlement.

Calculating holiday pay for zero-hours contracts?

To calculate holiday pay for people on a zero-hours contract, you should [work out the average pay they've received over the previous 52 weeks](#). This should only include weeks in which they were paid.

If there have been weeks without pay during the 52-week period, you should use an earlier week (beyond 52 weeks) to calculate holiday pay. You can go back as far as the previous 104 weeks, but no further.

[ACAS advises](#) this is because pay should be the same when staff are on holiday as when they're working.

This also applies to weeks where a small amount of pay has been received, such as Statutory Sick Pay.

If the worker hasn't worked for 52 weeks, use the average from the weeks they have worked.

Breathe's free [holiday calculator](#) makes it easy to work out how much holiday your staff are entitled to, regardless of their contract.





Final considerations for UK small businesses

Zero-hours contracts may be changing, but they can still be a useful tool when planning your workforce. However, with lots of change coming through, you'll need to consider the following, **or you may face legal risk.**

→ New changes

Those on zero-hours contracts will have the right to be offered a guaranteed-hours contract after a set period of time - expected to be 12 weeks.

Changes to scheduling laws will mean you need to **plan shifts more carefully** to avoid last-minute cancellations and changes, and the resulting compensation payments.

Zero-hours workers will gain day-one entitlement to Statutory Sick Pay, while family leave entitlements will continue to depend on employment status.

As current, zero-hours workers are entitled to the equivalent of **5.6 weeks of paid holiday per year.**

Workers are **not obliged to accept the shifts you offer them** and can turn down work at any time.

Workers have the **right to work for several businesses** at the same time.





How Breathe can help

Legislation and compliance are essential for anyone responsible for HR and people. But how can you manage it easily?

Breathe supports businesses with:

- ✓ **Security and data privacy** (GDPR) for tracking and storing employee information
- ✓ Managing **employee training** compliance requirements
- ✓ **Time and attendance** management and workflows
- ✓ Automated alerts and notifications, so you never miss a **flexible working request**
- ✓ Accurate **record-keeping**, helping you easily create compliant-ready audits.

Take the hassle out of HR compliance and focus on what really matters.



Find out more about Breathe's HR software for SMEs

Disclaimer: This guide has been updated with accurate information as of January 2026. However, employment laws are subject to change, and we recommend seeking professional legal advice to ensure compliance with the most current regulations. For specific guidance tailored to your situation, please consult a [Breathe HR Partner](#) or [employment law expert](#).