



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Inquiry into Flexible Working in the Public
Sector in Northern Ireland: Recruitment and
Employment Confederation Briefing

10 April 2013

NORTHERN IRELAND ASSEMBLY

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Recruitment and Employment Confederation Briefing

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr David McIlveen
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir

Witnesses:

Mr Ben Farber	Recruitment and Employment Confederation
Mr Tom Hadley	Recruitment and Employment Confederation

The Chairperson: I welcome the following witnesses from the Recruitment and Employment Confederation to the Committee: Tom Hadley, the director of policy and professional services, and Ben Farber, a senior policy adviser. You are both very welcome. Do either of you wish to make an opening statement to kick us off?

Mr Ben Farber (Recruitment and Employment Confederation): Perhaps I should provide a little overview on the background to the Flexible Work Commission. I know that that is one of the first points in the paper for discussion. Should I kick off with that?

The Chairperson: Yes.

Mr Farber: The Flexible Work Commission was put together at the beginning of 2012. It comprised a number of recruitment agency representatives, employer representatives, think tanks, professors, and so on, with an interest in the labour market. I will outline some of the primary findings. The key point was that we found that flexible work, in all its forms, is growing in the UK. Virtually all large employers offer some form of flexibility — 95% of medium firms, 91% of small businesses and 85% of microbusinesses offer various ways of flexible working. About 41% of British workers have spent a proportion of their career in a flexible role.

I will give some other statistics from the Office of National Statistics (ONS). Since 1997, the number of people in part-time work has risen from 6.5 million to 7.85 million. Only 18% of those people report

that they are working part time due to a lack of full-time work. A recent Policy Exchange report found that only 30% of that 18% are actively looking for full-time work.

The resounding message from business was that flexibility and the increased embracing of flexibility has been a lesson learned from the recession. We found that the companies that weather the downturn best and are returning to growth quickest are the ones in which management and workers came together to develop new flexible ways of operating that emphasise business responsiveness, sustainability, future security and job preservation. Flexibility is very much at the heart of that, and a lot of the flexibility that we are seeing, as I said, has job preservation and creation at its heart.

I have the paper in front of me. I am happy to go through the bullet points that you have listed. I do not know how you want to do this. Do you want to ask questions?

The Chairperson: I have an initial question on the work that you have done and your findings. We are particularly interested in how those findings would apply to the public sector as well as the private sector. Do you have any particular views on how those recommendations could apply to, for example, the Civil Service?

Mr Tom Hadley (Recruitment and Employment Confederation): I am happy to give you some feedback on that. Most of the recommendations apply equally to the public and private sectors. One of the big findings of the report was the management and leadership implications of embedding flexible working practices. For us, it all boils down to setting clear performance objectives. So, when we talk about the flexible working agenda, in reality we are often talking about good performance management and setting clear objectives for people. In some ways, where people work and how they choose to work is less important than being able to meet their targets and keeping that regularly under review. We have some great case studies in the report that show where flexible working has not worked, people have not been able to meet their targets because it has not suited them, and things have been reviewed and changed subsequently. So, that whole management and leadership side of things applies equally to the public and private sectors.

Some of the drivers for flexible working, including the financial benefits for employers, apply equally to the public and private sectors in terms of location and the saving on childcare costs. The final thing that we found in the report was that the benefit of embedding flexible working is that it is a way of bringing skilled workers back into the labour market with slightly different working hours, for example. That is pretty much engrained already in the public sector, but it continues to be one of the drivers.

The final area that is interesting is that, when you look at flexible working in its broadest sense — people working part time, condensed hours et cetera — the effective use of temporary and contract staff is a theme in the private sector that we think can apply in the public sector. By that, we mean, rather than carrying a large workforce in some niche areas, being able to bring in highly skilled contractors and interim managers when there is a real need. That is one of the benefits that a lot of the private sector companies that we spoke to flagged up. That is something that, increasingly, we might see in the public sector. We think that the cost-effective use of flexible staff and the ability to bring in the right people for a particular project will continue. Ben, I do not know whether there are any other findings that you think will apply to the public sector.

Mr Farber: There are other potential benefits to be realised. There are a few more statistics that apply and could be extrapolated across both the public and private sectors, such as the fact that, according to a Confederation of British Industry (CBI) survey, 75% of employers believe that the various methods of flexible working have a positive impact on talent retention. As Tom said, one of our case studies was with Enterprise Rent-A-Car. It found that its staff retention went up 10% from 71% to 81% after the introduction of homeworking. There is no reason why those sorts of gains could not be achieved in the public sector as well. For example, there is nothing inherently different about private sector call centre workers and public sector helpline workers.

A Chartered Institute of Personnel and Development (CIPD) survey found that 50% of employees across both the public and private sectors think that flexibility helps them achieve a better work/life balance. So, there are those kinds of benefits and, likewise, savings in respect of the carbon footprint, office space, utilities and technology. There are other ways of operating too; for example, the commission has looked at phased retirement quite a lot. How do we retain older workers who may be looking to retire but move them onto a more flexible way of working and ensure that they transfer their skills and knowledge to the new generation of workers? There is no reason why that question cannot be echoed in the public sector.

The Chairperson: What has been the trade unions' response to your report? How do you try to bring the trade unions and workers along with you in some of these proposals?

Mr Farber: We actually had a fairly positive response from the Trades Union Congress (TUC). Off the back of this project, we started working with the Department for Work and Pensions on the code around extending the right to request flexible working, which we know will come in later this year when the legislation is enacted. The trade unions were broadly supportive. The crux of the report is not about using temps and contractors. That is an element of it, and we are saying that there are benefits to be gained from that. However, the report was looking across the whole piece. We are still talking about employment flexibility, such as compressed hours and working from home. All those kinds of things will keep people in work. The trade unions understand the basic message. Earlier, I said that 82% of employers said that flexibility is keeping people in work. That is fundamental. I do not think that the trade unions are really going to oppose measures that keep people in work. It has to be said that we did not get any particularly negative feedback from the trade unions.

Mr Hadley: The report flags up some very positive case studies in which trade unions have worked very collaboratively with employers in the private sector. People have looked at having to change working practices, such as moving to a four-day week. Ultimately, that has enabled factories, for example, to continue working rather than going to the wall. People actually like those condensed hours and have been reluctant to go back to a five-day week afterwards. So, there have been some really good examples of trade unions working collaboratively with employers on different ways of working.

One thing that this report reflects is the fact that a lot of the flexible work agenda is driven by the workers. It is not just about employers looking at the different ways that it will suit them. A lot of it is driven by individuals who like having flexible working arrangements and the autonomy that different working arrangements provide. It is certainly not a one-way street, and, as Ben mentioned, we are very keen to continue engaging with the trade unions on this agenda.

The Chairperson: The report also makes reference to tax and welfare systems. In your view, how could those be changed to encourage flexibility in employment?

Mr Hadley: Some of the feedback that we have had from a lot of our members, namely recruitment agencies, is that some parts of the tax system as it was — we know that the changes will help in this regard — have acted as a barrier to people taking on temporary work. We had lots of examples, over many years, of jobseekers turning down opportunities for part-time work or temporary work because it would take them a long time to get back into the benefit system. With some of the changes that are kicking in now, we think that that will change. There has always been a frustration among our members that that type of temporary or flexible assignment, which can be a stepping stone to permanent jobs for those who want them, are often not taken up because of legitimate concerns from workers that they cannot do a three-week assignment, as it will take them ages to get back on benefits. We think that some of the changes to the tax system will help with that.

Ben, are there any other issues that you want to mention about the relationship with the tax system?

Mr Farber: Tom covered the impact on some of the lower or more entry-level roles. At the higher end, the changes to the IR35 legislation and the crackdown, as it could be seen, on the use of freelancers and so on in the public sector is a backward step. As Tom touched on earlier, those highly skilled individuals could be used for brief projects, perhaps in creative, design, technology, marketing or communication roles that you may not need on a full-time basis. Some of the movement and noise from Government seems a bit anti the use of that kind of flexible, highly skilled resource. We are not really in favour of that. That is a regressive step.

We have sent you our discussion paper. We have prepared a few comments if you would like us to go through those.

The Chairperson: Yes; that would be useful, thanks.

Mr Farber: I mentioned call-centre jobs as the type of role that might be suitable for flexible working, and many Departments tend to operate helplines and things like that. Roles that have measurable, quantifiable outcomes are suitable, and call centres, which have targets for calls picked up, the length

of calls and so on, map very well to a homeworking environment. A good example of that is Enterprise Rent-a-Car, which put in place a whole new system. I will just quote quickly from the case study. It states:

"home workers have a weekly catch up over the phone with their manager and monthly performance appraisals are also carried out over the phone."

That is done in a virtual, online environment. The case study goes on to state:

"They are able to listen back to their calls with their manager and have virtual team meetings ... Home workers can always see who else is online".

They can also use instant messaging. So, there is still a kind of community environment, even though everyone is at home and is reaping the work/life benefits of homeworking. There are roles where the workload is measurable that perhaps lend themselves more immediately to certain types of flexibility. One of the key messages that we got from Enterprise Rent-a-Car was simply that open communication and transparency with your employees and managers is key to success in that sort of environment.

Another point is that homeworking does not always have to be all or nothing. I think that there is fear from managers that moving to flexible working is a huge paradigm shift and a leap into the unknown that could all go horribly wrong. That is clearly the wrong way to perceive it. As Tom said, you could do pilot programmes and trials. You can also measure outcomes, and, if those are successful, you can roll them out more widely. We saw that with the Co-operative Group, which did exactly that with some of its finance functions. It did some small trials, after which success was measured, and it saw a drop in staff absence and increases in staff satisfaction, and we will look at how we will expand that more broadly. It does not have to be an all-or-nothing approach. That is a key point to take on board.

The Chairperson: Is it your view that flexible working is a no-brainer for productivity? In most of the cases that you looked at where flexible working was introduced, did productivity go up by a significant percentage?

Mr Farber: Yes; pretty much. Tom cited some examples, but I will give you one in more detail. BT initially took its creative design teams out of the office and sent them home to work. It found that, because everyone was away from each other, it lost some of that hub or collective consciousness of creativity, and it ended up bringing everyone back together. It is not always a no-brainer, and there will not always be guaranteed increases in productivity. The majority of employers to whom we spoke had only positive things to say about flexibility when it is done right. The capacity is there. If it is poorly managed and there is no communication with workers who are working compressed or reduced hours or from remote locations, there will be potential pitfalls. However, that is the case with any management strategy. So, if it is well managed, well thought out, and well measured and assessed, it is pretty much a no-brainer.

The other element that we have not touched on is that it displays trust in your employees if you can say, "You do not have to come in and work 9 to 5 if you want to work 10 to 3", or, "If you have done all your work, we trust you in the sense that, as long as you are achieving the broader outcomes, you do not have to sit at your desk for those eight hours a day." That is a positive message to employees that they are more of an equal and that it is not just about manager and employee but that we are in this together making a company or a government Department work as well possible.

Mr Hadley: I will make a couple of comments. There is still a way to go, and one of the conclusions was to champion flexible working. Some of the concerns from workers were quite interesting, as were some of the recent events — *[Inaudible.]* — the commission. For example, there is a perception that part-time workers will not be able to progress in the organisation. Something has to be done to pick up on that example, so that people who work part-time can progress to senior roles in their organisation. There is a very tangible link between the whole flexible working agenda and gender equality in senior positions. Those debates are running in parallel, and we are very keen to feed into that.

I will make a final point about the broader debate on good recruitment. For some of the companies that we spoke to, it was about challenging the status quo and asking why some of those jobs cannot be more flexible. Why can we not look at job design and job description? That is quite an interesting debate, because a lot of companies and public sector employers have been doing the same thing and

recruiting for the same roles and projects for many years. It is time to review this and take stock, perhaps shaking things up a little to look at how we can make some of those jobs more flexible in their design. We continue to work on those areas, and we are very happy to provide regular updates on our discussions with employers and recruitment experts.

The Chairperson: The issue of risk management has been raised during our inquiry, particularly regarding data security. There is almost an inevitable clash between flexible working or working from home with confidential information, whether it is in a private company or in the public sector or government. How do you make that work? There is a degree of risk the more you send confidential information out to remote settings as opposed to working at a central location.

Mr Farber: I will be honest and upfront: we did not cover that area in detail. More broadly, the technology is there to ensure that there will always be accountability. The Recruitment and Employment Confederation has a lot of flexible working, and I regularly work from home or out on the road. However, if I need to access, for example, our main database of members, I can only do that from within a virtual environment, and I have to log in. Anyone who is trying to trace who has accessed what will always be able to see that I did it. UPS is another good example. I have a good friend who works for that company, and she has to carry in her purse two remote key codes that give her a code every three minutes if she needs to log in to her e-mails. So, you can put in place some pretty firm barriers to ensure that there is always a traceable trail of who has accessed what.

More broadly, as we move into cloud computing and away from centralised data storage, regardless of where people are working, the actual data is stored in inherently more remote places. Technology will presumably catch up to mitigate many of those problems. It is not an area that we discussed in detail, I have to confess.

The Chairperson: Tom and Ben, that was useful. I thank you both for contributing to the Committee's inquiry.

Mr Farber: Thank you.

Mr Hadley: Thank you.