

Committee for Finance and Personnel

Report on the Inquiry into Flexible Working in the Public Sector in Northern Ireland Volume 2

Other Papers

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- initiate inquiries and make reports; and
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-
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Abbreviations and Acronyms used in this Report

ADSL	Asymmetric digital subscriber line
ALB	Arm's-Length Body
BCO	British Council for Offices
BP	British Petroleum
BT	British Telecom
CCMS	Council for Catholic Maintained Schools
CIPD	Chartered Institute of Personnel and Development
DARD	Department of Agriculture and Rural Development
DCAL	Department of Culture, Arts and Leisure
DCMS	Department for Culture, Media and Sport
DCSF	Department for Children, Schools and Family
DE	Department of Education
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DoE	Department of the Environment
DoJ	Department of Justice
DRD	Department for Regional Development
DSD	Department for Social Development
DTI	Department of Trade and Industry
EC Harris	Edward Charles Harris
GB	Great Britain
GSK	GlaxoSmithKline
HQ	Headquarters
HR	Human Resources
IBEC	Irish Business and Employer's Confederation
ICT	Information and Communications Technology
ICTU	Irish Congress of Trade Unions
IT	Information Technology
JRF	Joseph Rowntree Foundation
MLAs	Members of the Legislative Assembly
MP	Member of Parliament
NDPB	Non-Departmental Public Body
NI	Northern Ireland
NICS	Northern Ireland Civil Service
NIPSA	Northern Ireland Public Service Alliance
Ofsted	Office for Standards in Education, Children's Services and Skills
OPM	Office of Personnel Management
PCs	Personal Computers
PfG	Programme for Government
PwC	PriceWaterhouseCoopers
REC	Recruitment and Employment Confederation
RoI	Republic of Ireland
SEELB	South Eastern Education and Library Board
SELB	South Eastern Library Board
SSL	Secure Sockets Layer
TOIL	Time off in lieu
UK	United Kingdom
US	United States
USA	United States of America
VPN	Virtual Private network
WTE	Whole Time Equivalent
3G	Short form of third Generation, is the third generation of mobile telecommunications technolog



Northern Ireland
Assembly

Appendix 5

Other Papers

DEMOS

“Flexible work benefits
business and society,
but its future hangs in
the balance...”

REINVENTING THE WORKPLACE

Dan Leighton
Thomas Gregory

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REINVENTING THE WORKPLACE

Dan Leighton
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Acknowledgements

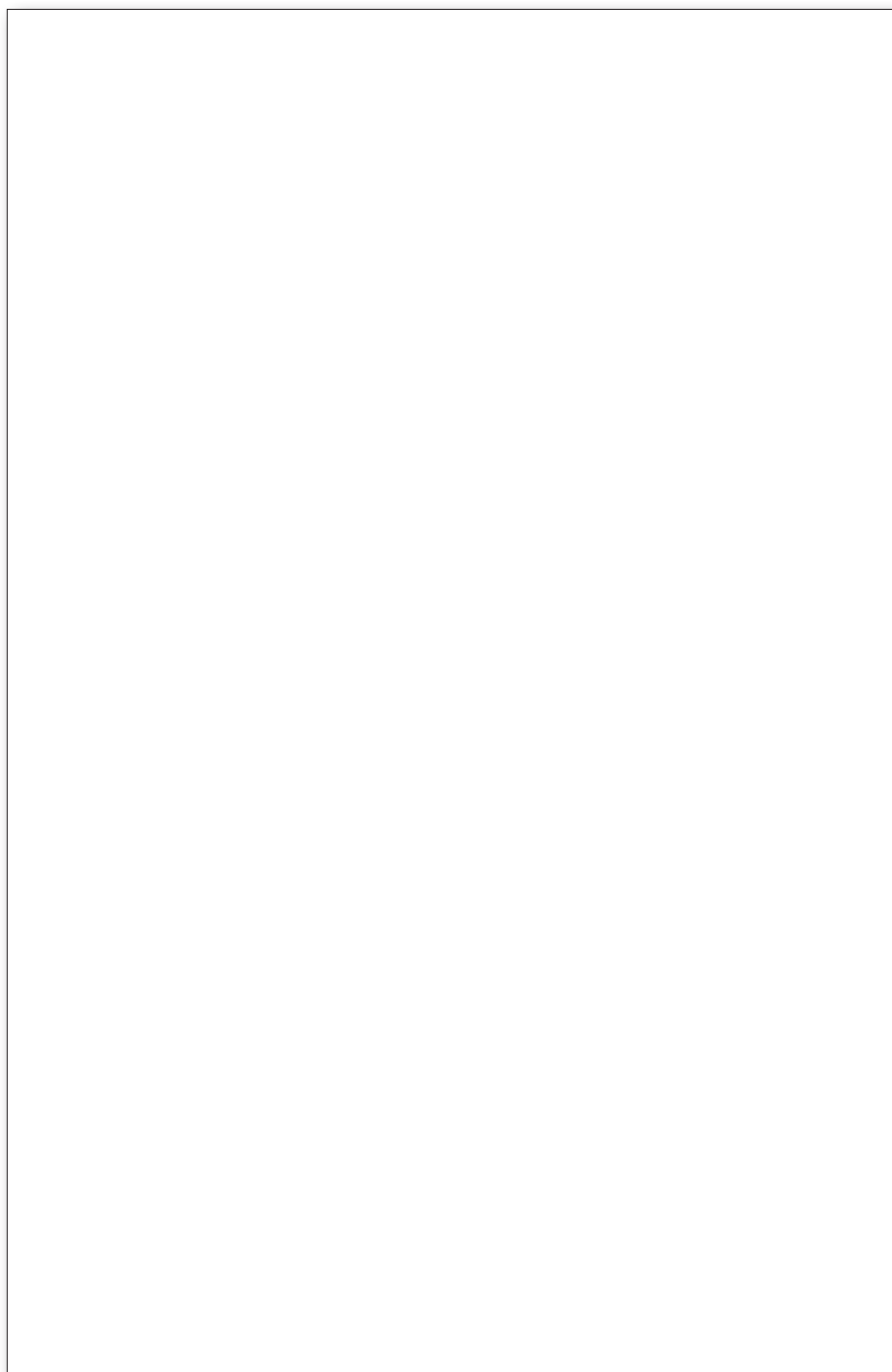
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As always, all errors or omissions are our own.

Dan Leighton
Thomas Gregory
July 2011



Foreword: Flexible working is essential for growth

It is in difficult economic times that government and business should make the boldest decisions. We need to keep the long-term firmly in view and that is not always easy. Political leaders of all parties are calling for a culture of greater flexibility in the workplace yet there is understandable nervousness about the pace and direction of change. So this report is timely, and if it does not hold all the answers, it should serve to harden our resolve. If we adapt and learn now when times are tough we will be in a stronger position to grow in the future. It is clear that greater flexibility will be integral to the workplace of the future.

The global landscape of work is changing dramatically. As our economies grow, businesses will need to be agile and responsive to new demands from consumers and employees. It is inevitable. Our 24/7 economy demands flexibility.

That is why adaptable labour markets are essential. They help to ensure that we can respond to the ups and downs of the economic cycle. Most recently, flexible working helped to keep people in employment during the recession. Car manufacturers like Toyota and Jaguar Land Rover were able to maintain production and protect jobs by reducing working hours.

At the John Lewis Partnership we are already voluntarily implementing many of the recommendations in this report – not because the Government wants us to, but because flexible working brings many tangible benefits. It allows us to recognise our employees as individuals as our business grows, and it enables us to retain our best talent – the experienced mother returning from maternity leave, the mature student gaining extra qualifications, the home carer who needs some part-time income. We offer various flexible arrangements – condensed weeks (which allow partners to work four long days instead of five),

Foreword

time banking and role changes that fit with preferred shift patterns.

But flexible working is a two-way street. As employers place increasing demands on their employees' time – in our case, asking for more weekend and evening hours – we should offer greater flexibility in return. Even for the most dedicated employees, we are only one part of their busy lives. If we make it easier for them, they will be more engaged and productive when they are at work.

Most of us agree with this principle and are looking at ways of modernising workplaces. We know instinctively that a whole new world of virtual working is opening up before us, and with that comes new opportunities.

But legislation around these issues has become a divisive sticking point and it shouldn't be. By its very nature, flexible working cannot be imposed purely from above. It requires commitment and flexible thinking. We believe that flexible working can be delivered most effectively by businesses, in their own way, without the heavy hand of additional new regulation.

Businesses that get this right are putting themselves at a significant competitive advantage over those that do not. To maintain and increase productivity, employees must see the link between their contribution and the success of the business as it grows. They will have deployed the advantages of flexible working in their plans, attracted a keen and equipped workforce, retained the best talent and renewed the psychological contract with their employees.

Charlie Mayfield
John Lewis Partnership
July 2011

Executive summary

This report, which is based on new polling of employees and employers as well as extensive focus groups and structured interviews with managers and employees in ‘vanguard’ businesses, makes the case for safeguarding and extending flexible working practices. This is particularly important in a sluggish economic climate where employment legislation has been cast as a potential barrier to job creation and growth.

The core message is that the Government should be resolute in implementing a maximal rather than a minimal framework for entrenching and extending flexible working practices. These are critical in ensuring that a framework for two-way dialogue between the needs of employers and employees can take place. Yet while the legislation continues to be necessary it will never be sufficient; the ethos and culture of organisations will ultimately determine whether flexible working entitlements can work to the mutual benefit of employers and employees.

It would be short sighted to sacrifice flexible working rights on the altar of short-term economic recovery, particularly because they can be complementary, in that greater availability of flexible working allows for a more inclusive labour market, expanding the size of the labour force and increasing output. Yet it would also betray a dangerously narrow interpretation of the responsibilities employers owe toward not just their employees but also society at large. By learning from vanguard employers, society can forge a settlement on working practices that enshrines flexibility on both sides – employer and employee – in order to reap business and social benefits. Flexibility in the workplace needs to be based on the principles of reciprocity and mutual responsibility between employers and employees in order to reach a mutual accommodation.

Executive summary

Our survey has given us the ability to identify certain barriers, or ‘risk factors’, to flexibility such as firm size and sector. This report draws on our polling, comparing it with other datasets, to construct an image of the modern British workplace and to analyse how risk factors are distributed across the economy. We used varying statistical methodology including regression analysis. Alongside this we draw on structured interviews and focus groups by two major employers, BT and John Lewis Partnership, and a small firm at the vanguard of flexible working, Women Like Us. This allows us to identify the areas of ‘low flexibility’ that policy makers need to address.

The results of our research show that flexible working has become entrenched in the working lives of most people – a substantial achievement for flexible working advocates:

- Today, 91 per cent of employers offer at least one form of flexible working arrangement to their employees.
- Almost 60 per cent of employees stated they currently used a form of flexible working and 83 per cent of requests for flexible working are approved.

Yet our results also present some pessimistic predictions for future expansion:

- 81 per cent of employers did not expect that their organisation would extend flexible working in the next two years.
- Of the firms that currently do not offer any form of flexible working arrangement, 92 per cent said they were unlikely to start offering it in the next two years.
- Half of firms with fewer than 50 employees said they granted less than 1 in 4 flexible working requests.

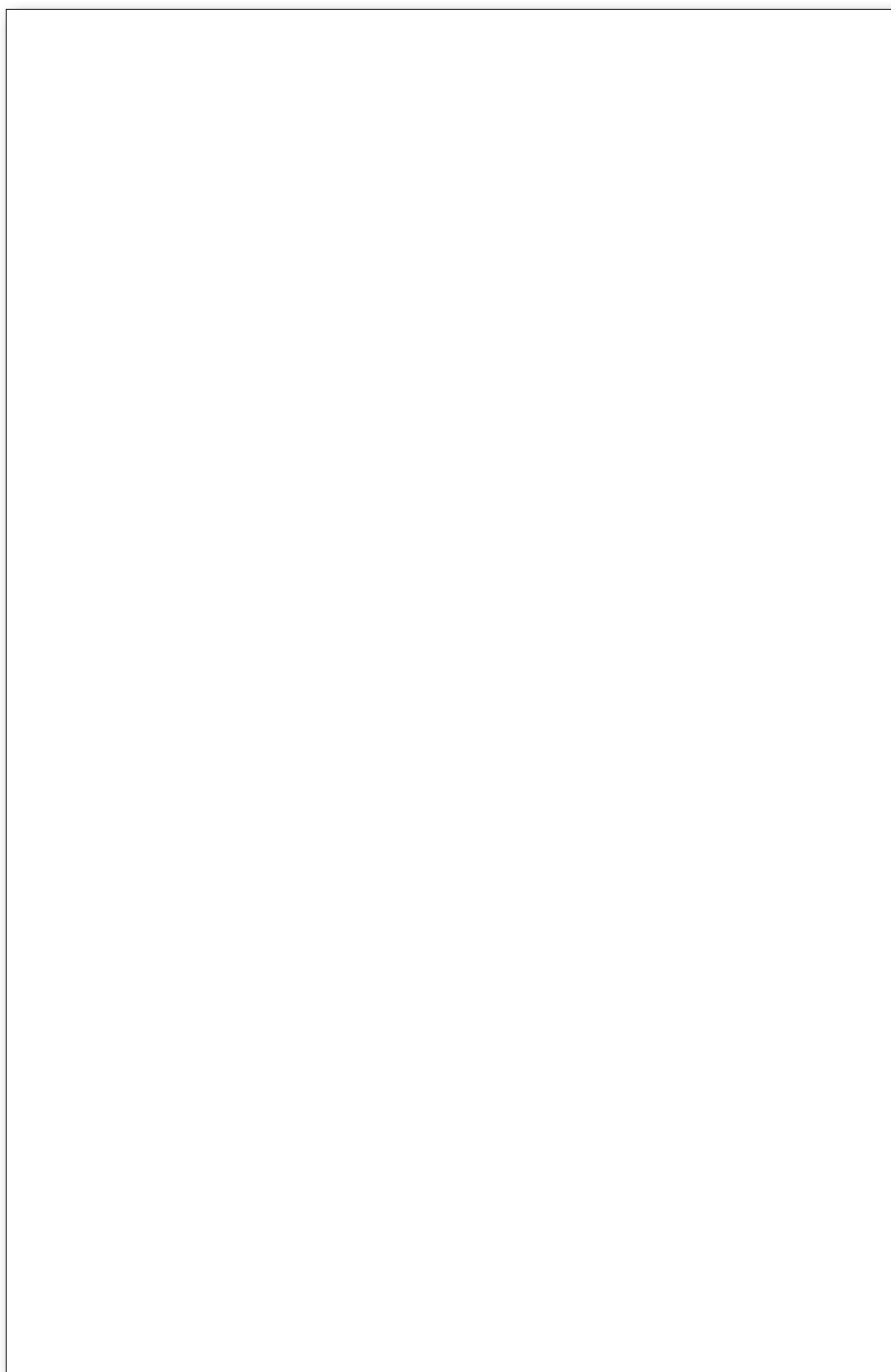
Compounding the problem is lack of knowledge: 60 per cent of employees did not know who was covered by the legal right to request. Flexible working has also not been able to address many gender-based inequalities. Belying the narrative of the ‘new man’, men were less than half as likely to use flexible working in order to ‘look after children’ than women and 86 per

cent of men said they would not use a longer period of paternity leave if it was offered to them.

It is with the current political context – and the principles of reciprocity and mutual responsibility – in mind that this report arrives at a series of recommendations to Government and employers. It is not sufficient, nor is it likely to be wholly effective, simply to legislate on the bare minimum that employers must do. We must also provide employers with the guidance to make flexibility work for their employees, give recognition and support when they get it right, and join the vanguard and the correct infrastructure to ensure that flexibility is not burdensome for business.

Our recommendations aim to advance a maximal agenda of workplace flexibility, to make flexible working practices a more prominent indicator of corporate social responsibility and to enable men and women to share more equally in their caring and social obligations. Specifically they will:

- extend and normalise flexible working to all employees by making the right to request universal
- enhance shared responsibility between employers and employees through a code of practice
- give recognition to vanguard employers, target support to those struggling to implement flexible working practices and monitor progress to ‘name and shame’ recalcitrant employers
- make shared parental leave affordable for both partners and employers through a contributory ‘carers account’
- extend and formalise carers’ leave
- enable all workers, regardless of status, role or sector, to take up volunteering.



1 Introduction: flexible working in a cold climate

The way Britain works is at a critical juncture. This is particularly true of our approach to flexible working. In the midst of a faltering recovery from a traumatic global economic crisis, the Government's number one priority is job creation and economic growth. It is undertaking a significant programme of reform to employment law to 'deliver growth by breaking down barriers, boosting opportunities and creating the right conditions for businesses to start up and thrive'.¹ Employers' associations have claimed further extensions of flexible working rights are one such barrier to job creation. For example, the chief executive of the British Chambers of Commerce (BCC), David Frost, has argued that 'at a time when the government is looking to reduce unemployment, making further changes to employment legislation is absurd'.²

The narrative from some sections of the business community is that the centrepieces of a more progressive workforce – flexible working in particular – have reached their limits and may even be the luxuries of a booming economy that cannot be sustained as we seek to recover from recession.

The Government itself has sent mixed signals on its intentions for the future of flexible working. It has outlined the importance of flexible working to shared parenting and family life, while at the same time scrapping aspects of flexible working legislation to demonstrate a commitment to getting rid of red tape for employers. Flexible working legislation is variously framed as a social imperative and unnecessary hindrance on business performance.

Having initially promised to extend the right to request flexible working to all in the coalition agreement, the Government appeared to retreat on this by delaying this measure and at the same time rowing back on a promised extension to

Introduction: flexible working in a cold climate

parents of children under 18 rather than 17, and removing the obligation to consider existing requests for small businesses. Yet it signalled a return to its original intentions in May 2011, with a publication following a consultation on the modern workplace, which proposes the extension of the right to request flexible working to all employees, together with additional entitlements to maternity and paternity leave. Will the pendulum once again swing in the opposite direction if there is overwhelming opposition from employers in response to the consultation? This report argues that this would be both economically short-sighted and socially irresponsible.

Using immediate economic prospects to frame the viability of extending flexible working rights and practices fails to do justice to phenomena that are driven by long-term social changes and reap long-term gains for employers, employees and society at large. The recession and its impacts will not go on forever. Current projections indicate that by 2020 the rate of unemployment is due to drop to 1.8 million from 2.5 million in 2011. The number of economically active people is expected to reach 32.1 million in 2020, equivalent to an increase of 6.7 per cent from 2005. The economic activity rate of people aged 16 and over is projected to fall to 61.7 per cent in 2020, and the activity rate of people of working age (16–59/64) is projected to rise to 79.8 per cent in 2020.³ In addition, these demographic projections show an aging working population and shrinking talent pipeline made up of people who want greater flexibility over when and how they work. Flexible working provision will be essential for those companies wanting to attract and retain the best talent.

But the justification for flexible working cannot be reduced to the business case or be seen as entirely contingent on it. The case for flexibility stems from a wider need to balance the distribution of people's time between different obligations, needs and desires. The key question is not whether businesses can afford flexible working arrangements but whether in the twenty-first century countries like Britain can afford to forego them. Flexible working is the means to a plurality of vital and positive social outcomes; if unrealised, the state and middle-income households that feel the impact of increased taxation the hardest

will end up being disproportionately burdened. There is now strong evidence to show that more involved parenting improves the life chances of children, a better work–life balance increases individual happiness, a more flexible workforce is more able to bear the burden of an ageing population, and the Big Society will require people to have more time to be active citizens.

While it would be unreasonable to place sole responsibility for the social harms indirectly created by the way people work on employers, it would be equally unreasonable to claim they have no responsibility at all. Corporate social responsibility is best judged according to the extent to which organisations attempt to mitigate the ‘negative externalities’ they may generate in the process of pursuing core business goals. Flexible working arrangements need to be framed more strongly as a social obligation, and employers should do their utmost to respond by meeting the needs of employees half way. And where employers refuse to meet employees half way, there is an important role for government in legislating to enforce a basic framework in which employees can be empowered to start a dialogue with their employers.

The next chapter provides context on the range of long term drivers behind flexible working, the range of practices available and evidence on benefits and barriers to take up. Chapter 3 presents the findings from our quantitative and qualitative research, investigating in greater detail the risk factors that indicate that employees are likely to have low access or usage of flexible working practices and how case study organisations have mitigated such factors. Chapter 4 presents recommendations based on these findings.

2 Flexible working: principles and practices

In this chapter we lay out the defining trends that have changed Britain's workplaces, the causes that have been identified, and the sections of society that may have been left behind. It is not enough simply to argue that 'flexibility is good' – we must understand what has the potential to change working patterns (and has succeeded in doing so).

Jones et al define flexible working in a usefully holistic and encompassing manner:

[Flexible working] is about being able to work in different places, at and for different times (shift systems, longer and shorter hours) and about being able to work in different ways, using technology and the different skills that people have. It is also about moving flexibility away from a singular perspective towards a notion of 'shared' flexibility. Rather than restrict ideas about flexibility to a small number of policies, we argue that flexibility is about being able to achieve desired outcomes in a range of ways, being flexible about how, when and where people work.⁴

From this definition it is possible to suggest that the term 'flexible working' comprises two elements: practices (or policies) that centre on allowing employees to be flexible as to when and where they work – harnessing their skills and new technological advancements to good effect; and principles or ethos, maintaining an adaptable and shared sense of flexibility so that practices can be altered and adapted according to need. This means that the very 'definition of flexibility is itself flexible'.⁵ This understanding of flexible working is also made apparent by the BCC and Chartered Institute of Personnel and Development (CIPD), which in their report *Flexible Working* state that 'flexibility in the workplace means anything that allows either employer or employee to adjust working arrangements'.⁶ Finally,

Flexible working: principles and practice

it is important to note that flexible working does not automatically mean working *fewer* hours; for some individuals, it may mean working more. Definitions of flexible working and work–life balance can mean different things for different people – for some, socio-economic circumstances may mean working more out of financial necessity.⁷

Flexible working as practice

In practice, flexible working arrangements encompass a range of options (box 1). According to the Family Friendly Working Hours Taskforce, these include:

- part-time working
- job-sharing
- flexible hours (or flexitime)
- compressed hours (eg a four-day week)
- term-time working
- working from home
- varying start and finish times.⁸

Another option – one not mentioned above – is the practice of mobile or teleworking.⁹ There are also, according to Isles, the options of:

- time banking
- taking a career break
- working a ‘nine-day fortnight’
- working annualised hours.¹⁰

Isles suggests that – as well as encouraging greater use of flexible working practices – the recession led to many employees opting to take extended holiday or time off on lower or no pay.¹¹

Box 1

Flexible working practices

These are some of the forms of flexible working:

- *part-time working: frequently defined as working for less than 30 hours a week, or for less than the typical working week of a comparable job;¹² according to the Family Friendly Working Hours Taskforce, this is often regarded by employers to mean working at fixed times during the working week – a pattern which, the Taskforce argues, can be too restrictive to adequately meet the needs of employers and employees¹³*
- *job sharing: part-time working when two or more people share responsibility for a job between them¹⁴*
- *flexible hours or flexitime: when employees can choose how to allocate their hours of work across a period of time*
- *varying start and finish times: when employees can choose – within certain limitations – when to begin and end their working day¹⁵*
- *compressed hours: the reallocation of time into fewer and longer blocks during the week or fortnight¹⁶*
- *term-time working: when employees are on a permanent contract, but can take paid or unpaid leave during school holidays¹⁷*
- *career breaks: extended periods of leave or sabbaticals – normally unpaid – for up to five years or more¹⁸*
- *annual hours: when the period within which full-time employees must work is defined over a year¹⁹*
- *mobile working: permits employees to work all or part of the working week at a location remote from their employer's official workplace²⁰*
- *hot-desking: when more than one employee can use a single workstation and desk space as required; used to increase flexibility, efficiency and employee mobility²¹*
- *community working: when an employee is given time off to work in the community*
- *secondment: when an employee is seconded to work in another organisation²²*

Another, perhaps less typical, initiative is:

Flexible working: principles and practice

- ‘duvet days’: used by staff for employees they feel have worked particularly hard. On ‘duvet days’ employees do not need to set their alarm, but instead can come into the office late in the morning²³

Finally, flexible working is also said to include training workers and employees so they can perform a wide range of tasks more effectively.²⁴

Flexible working as a principle

However, as Viser and Williams argue in *Work-life Balance*, there remain reports of employers who pay ‘lip service’ to flexible working policies and the ideas of a better work–life balance, but fail to make sufficient investment in successfully implementing initiatives.²⁵ They note that although overall many people are achieving a better work–life balance than in the past, ‘there are some worrying variations in availability and take up’.²⁶ The current availability and prevalence of flexible working practices is investigated in more detail in chapter 3.

Such instances notwithstanding, flexible working arrangements seem to enjoy strong support – support that is likely to grow.²⁷ Data cited by Jones et al show some 60 per cent of people support extending the right to request flexible working arrangements to all employees.²⁸ However, the term ‘flexible working’ can also be perceived as encompassing a set of principles against which work is arranged and organised. For many, flexible working is about much more than the nature of working arrangements; it is about having power to decide and shape these arrangements for oneself. Jones et al note that ‘people want flexibility over time and space. They did not want fixed hours but instead expressed a *preference for choosing* which hours they work as long as they could ensure the job was done.’²⁹

Indeed, Richard Reeves places control over working time at the core of a new divide in the labour market. He argues:

It is no longer hours worked that is the issue; it is the ability to dictate those hours. The division in the labour market is not between those who work long

*hours and those [who] work short hours; it is between those who are in control of their hours, the 'time sovereigns'; and those for whom hours at work are still laid down, the 'time subjects'.*³⁰

There is evidence to suggest that employees place greater value on time sovereignty than they do on their pay level. In an example cited by the BCC and CIPD, employees of the legal services firm PI Costings are said to place considerable value on the ability to determine their own working arrangements and, in this case, such sovereignty can even offset being paid at less competitive levels.³¹

Drivers of change

The proliferation of flexible working is the result of a confluence of diverse social, economic and technological trends. The following five key drivers are of particular importance:

- the shift from a manufacturing-based to a service-centred economy
- the growing presence of women in the work force and older people in society
- rapid technological advancement
- public and political attention to 'work-life balance' debates
- the fallout from the financial crisis.

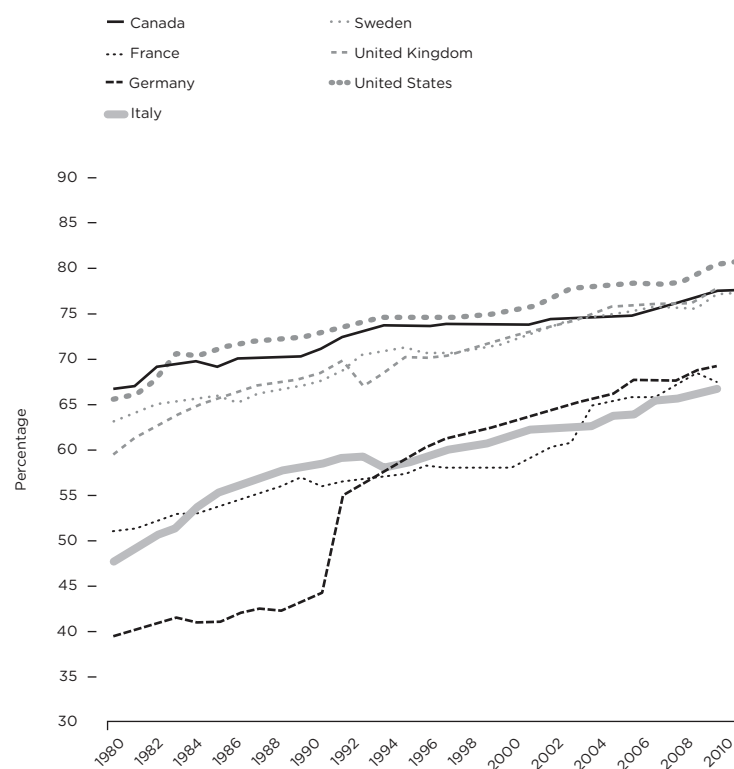
The rise of the service sector

In the shift to service-based industries from a manufacturing-based economy production-line workers have to be physically present at one spot at more or less the same time.³² Yet high-end service sector workers are not under the same obligation: the designer, the writer and the insurance broker can all work outside normal working hours with relative ease.³³

As figure 1 illustrates, in 2010 almost 80 per cent of employees in the UK were employed in the service sector. This is an increase of nearly a third since 1980. Of the peer nations shown, Britain has the second largest proportion of workers

Flexible working: principles and practice

Figure 1 **The proportion of the workforce employed in the service sector**



Source: OECD data³⁴

employed in its service sector after the USA – overtaking Sweden and Canada in the last 30 years. The service sector, in contrast to manufacturing, allows greater opportunity for work flexibility mainly because it is not involved in the creation of physical outputs.

However, a key gap in our understanding of flexible working is a lack of knowledge about how attitudes and practices differ within sectors and even within companies. It is clear that some sectors lend themselves better to flexibility. It is also clear that one's role is crucially important as a risk factor for inflexibility. The pattern changes across different companies and while broad sectoral pictures may be illustrative they do not accurately describe the variation within the workforce.

Women in the workforce and an ageing population

The makeup of our workforce has also changed. In the UK the proportion of women in work has risen from 59 per cent in 1980 to 70 per cent today. Now, the numbers of men and women at work are almost equal, with men performing 12.8 million jobs and women 12.7 million, though almost half of these are part-time. This 'feminisation' of the workforce has forced issues of family management and new debates about work-life balance into public debate.³⁵ This, combined with other demographic changes such as an ageing population and an ageing workforce, has created significant momentum for change.³⁶ Figure 2 shows the number of women in employment as a proportion of the female population in the UK and other countries between 1980 and 2008.

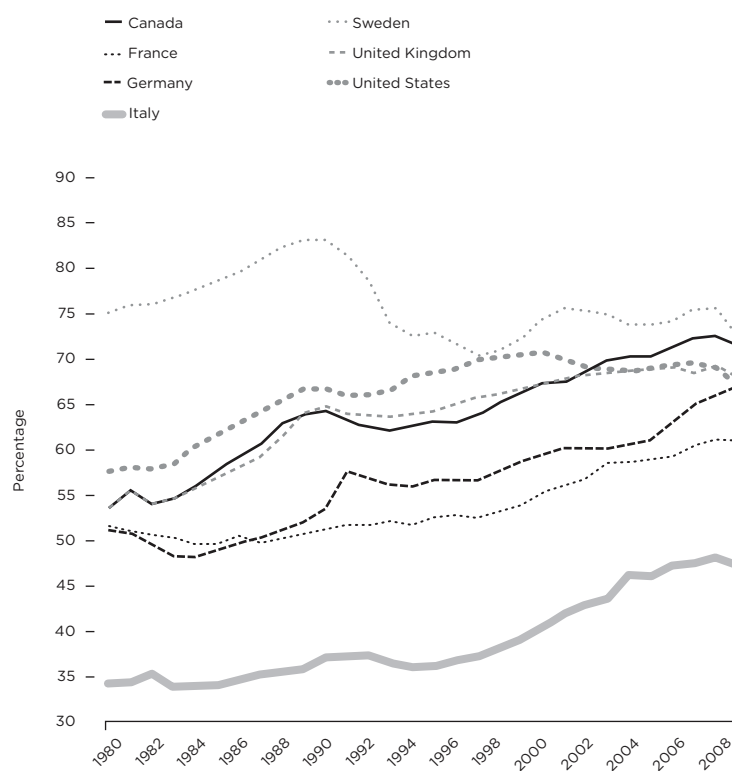
Technological change

The rapid rise of networked computing devices has enabled individuals to work more flexibly – where and when they want.³⁸ According to Isles, 'the advent of cheaper telecommunications, mobile telephony and fast broadband access has made working anytime, anywhere a reality'.³⁹ One such example that is striking in this instance is the case of IBM: less than two-thirds of the company's employees are office-based; 40 per cent work elsewhere.⁴⁰

Again though it is important to note that while 'working anytime or anywhere' may be a reality for those in high end service sector jobs, without a fundamental cultural and

Flexible working: principles and practice

Figure 2 **Women in employment as a proportion of the female population**



Source: OECD data³⁷

organizational change it remains unfeasible for those whose work requires them to be in a specific location or in customer facing roles.

BT is a good example of a large corporation that has successfully embedded aspects of the flexible working agenda in

a way that was enabled by technology, but ultimately embedded through leadership and cultural change. BT found that establishing flexible working practices had a major positive effect on retaining staff and cutting costs. Two measures the company has introduced are allowing 15,000 employees to work from home and equipping 64,000 to work flexibly. Although technology has played a substantial role in enabling BT's flexible working practices, the organisation believes:

Flexible working should be seen as a philosophy of business organisation, rather than a technological issue, comprising every aspect of the company, from its headquarters and international facilities office employees and remote employees, to its physical and intellectual assets, suppliers, partners, and of course, customer.

Box 2 The BT Workstyle project: from flexible to agile working*
One of the largest flexible working projects in Europe, 70,000 BT employees are now involved in the BT Workstyle Project. By 2005, BT was saving €725 million-plus per annum through reductions in its office estate. Within that figure, BT's 11,600 home workers save the company €104 million a year in accommodation costs, and are on average 20 per cent more productive than their office-based colleagues. BT have come to reframe flexible working as part of a wider concept of 'Agile Working', which is about making the best use of the most appropriate workplace locations to enable people to do their job. A re-definition of the term flexible working, Agile Working is based on the principle of selecting a work environment that best suits the individual, not on a rigid definition of the location and hours people can work.†

* Material drawn from BT White Paper, *Flexible Working: Can your company cope without it*, London: BT, 2007. As a multi-national corporation BT lists costs in Euros. To avoid inaccuracy, currencies have not been converted.

† Pedder K, 'Agile Working in BT, People, Property, Technology', presentation by Karl Pedder, Head of Property Services, BT Commercial Partnerships.

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Flexibility and competition

The starting point for the project was the recognition that in a digital, networked economy, competitive advantage relies on the ability to anticipate and react quickly to change. BT saw that flexible working would be a key enabler of the required transformation. Caroline Waters, BT Group Director of People and Policy, is clear that consumer expectations have been one of the key drivers of BT's embrace of flexibility as an organisational principle:

We have to satisfy demands for our products and services around-the-clock. There is no room for a traditional nine-to-five working day because that just can't meet the demands placed upon us as a business... It's about freeing our people. For customer-facing staff, the shift to flexible working would allow us to move from a very heavily process-oriented environment to one where our people would be empowered to make real time decisions for the customer.

Key practices and enablers

In addition to the use of remote technology platforms, the enabling factors for the BT Workstyle Project included clear policies and careful measurement, leadership from the top, cultural and behavioural change, and development of the right equipment and workspaces for people's jobs.

A phased approach was taken, with focused projects followed by a broader roll out. Home working is just one of the work styles that BT has implemented in a spectrum that includes nomadic and in-building flexible working around the world.

The Project incorporated the following key elements:

- A robust, scalable and flexible technology platform
BT's Workstyle Technology Architecture provides platforms for normal flexible working employees, as well as for more specialised staff accessing corporate applications from home or other locations.

- Creation of a flexible estate and accommodation rationalisation

The company established a number of carefully designed buildings for BT employees around the world, equipped with hot desks and touchdown areas. Employees can now book rooms and facilities in over 170 buildings across the globe. In 2005, BT introduced flexible working in its Budapest office, with employees working an average of three days a week from home. The capacity of the building increased dramatically, from 40 people to 90 people.

The company's flagship BT Centre in the City of London was re-created as a Workstyle building as part of an initiative that saw the closure of six major buildings in London. Now 1,600 workstations cater for 8,000-plus BT staff who choose to visit the building every day to work when they are in the centre of London. The building now acts as a resource for the entire company, UK and international, rather than just as a base for a small employee elite.

- Leadership and culture change

As a board-driven initiative, BT built a flexible working business case with clear milestones and return on investment calculations. Senior executives were then strongly encouraged to be early adopters to demonstrate management commitment.

Early on, a close working relationship was established between HR, estate management and IT. Clear policies and practices were defined and publicised. Mechanisms and processes were put in place to ensure that BT assiduously collected the data necessary to monitor and prove the flexible working business case. Metrics such as quality of service, productivity, staff retention, sickness absence and accidents were employed. The focus shifted from rewarding people's attendance to rewarding their contribution to the business and its customers.

Ensuring a collaborative relationship across all levels of employees was a vital component of the culture enabling the embedding of flexible working. According to David Dunbar:

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You can't impose flexible working on individuals. It is effectively a state of mind. Unless employees co-operate willingly and enthusiastically, it won't happen.

Policies were established to enable people to work flexibly in a sustainable way, and significant time and resources were allocated to training. A key focus was on ensuring that managers had the decision-making information to help them through the transition.

The rollout of BT Broadband in the UK was undoubtedly a key factor in the level of support that BT was able to provide to its remote employees. In particular, fast access to the BT corporate intranet was a crucial factor in cultural change. However, the Workstyle project was not just about technology. A number of flexible working arrangements were offered to staff, and managers were actively encouraged throughout the organisation to support flexible working requests, including job sharing, home working, occasional home working, local working (relocating to BT premises nearer home) and flexitime.

In addition, the web has also been used to provide information and guidance on managing and supporting these arrangements. Support facilities are provided through the BT intranet where an 'Achieving the Balance' website contains the complete portfolio of BT flexible working products and services, as well as working pattern alternatives. This enables staff to find out more about flexible working before discussing it further with their line manager. The intranet site also contains practical advice for managers.

Impact

BT's integration of flexibility as an organisational wider practice has produced tangible and substantial results in terms of cost savings, productivity, employee retention and carbon reduction:

- *The proportion of female BT employees in the UK who return to work after taking maternity leave is around 96–99 per cent – more than double the national average. This is estimated to save the company €7.4 million a year in recruitment and induction costs.*
- *Each home worker is reported to save the company £6,000 a year, a total of around £70 million per year.* Home working call centre operators also handle up to 20 per cent more calls than their office-based colleagues.*
- *The absentee rate among flexible workers is down 63 per cent and is now 20 per cent below the UK average.*
- *Cost savings of over €725 million a year through reduced office estate and €104 million a year through reduction in accommodation.*
- *Teleconferencing has eliminated the annual need for over 300,000 face-to-face meetings, leading to savings of over €38.6 million a year.*
- *Avoiding the purchase of approximately 12 million litres of fuel per year, resulting in 54,000 tonnes less CO₂ being generated in the UK.*

* Isles N, *The Good Work Guide: How to make organisations fairer and more effective*, London: Earthscan, 2010.

Striking a balance

In recent decades there has been growing concern about working arrangements constraining people's ability to balance their professional and personal responsibilities, and work–life balance debates have received increasing attention in public and political spheres. According to Visser and Williams:

Work-life balance is most frequently used to describe the equilibrium between responsibilities at work and responsibilities outside paid work; having a work-life balance means that this equilibrium is in the right position for the individual concerned.⁴¹

They argue that a poor work–life balance can have deleterious consequences for the individual, resulting in lack of

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motivation, stress and ill health.⁴² With this in mind, issues of work–life balance have moved further to the centre of public debate. Jones et al claim that during the last 30 years or so, more and more people have expressed a desire for a better work–life balance and the ability to work more flexibly.⁴³ A survey by PricewaterhouseCoopers conducted in 2010 showed flexible working to be the most valued benefit for employees – more valued than other, material benefits like bonuses.⁴⁴ Of some 1,167 professionals surveyed, nearly half (47 per cent) rated flexible working arrangements as the most important benefit. Performance-related bonuses were rated second (19 per cent).⁴⁵

Furthermore, this survey shows that flexible working arrangements are given greater priority by women (54 per cent ranking it as the most valuable benefit) than men (41 per cent).⁴⁶ Whether or not this variation can be attributed to parenting and childcare responsibilities remains to be seen, but the impact of long working hours and an inadequate work–life balance on parents in particular is integral to wider flexible working debates. According to Hutton, around one in three fathers in the UK works more than 48 hours a week,⁴⁷ and as a result many do not see their children as much as they would like. Data show that some 62 per cent of fathers think that, generally, fathers should spend more time caring for their children, and 51 per cent of working parents felt their relationship with their children would improve if they could work flexibly.⁴⁸

Current flexible working policies for UK parents are briefly set out in box 3.

Box 3 Flexible working policies for parents

Maternity leave: under current arrangements, women in the UK are entitled to 52 weeks of maternity leave, regardless of how long they have worked for their employer.⁴⁹ The first 26 weeks of maternity leave are called Ordinary Maternity Leave (OML). Following the 26-week period, women employees are then able to take an additional 26 weeks' maternity leave called Additional Maternity Leave (AML) (totalling 52 weeks when combined with OML). This must follow directly on from

OML. During this period women are still entitled to the same rights enshrined in their employment contract, but whether they get paid or not is dependent on their contract. While women on maternity leave are not entitled to normal pay, most are able to receive Statutory Maternity Pay (SMP) or Maternity Allowance.⁵⁰ Through Statutory Maternity Pay a mother receives 90 per cent of average gross weekly earnings for the first six weeks followed by 33 weeks at £124.88.

Paternity leave: Men in the UK are entitled to only 2 weeks of ordinary paternity leave (OPL) (paid at £124.88 per week). However, since April 2011 new mothers have been able to transfer the second half of their maternity leave (AML) to the father.⁵¹

Comparatively, Swedish policies appear more generous and seem to strike a better balance between mother and father. Swedish women are entitled to up to 15 weeks of maternity leave, but parents receive a statutory parental allowance for 480 days – of which 420 can be taken by one parent.⁵²

Elsewhere, job protected temporarily reduced hours options are available as part of parental leave in 12 of the 15 EU member states and Norway. In Norway, parents are entitled to paid parental leave full-time for up to one year. Parents are also able to combine this with working anything from 50 percent to 90 per cent of the usual working hours for up to three years.⁵³

In Belgium, an employee can extend their full-time job protection – as part of parental leave for three months – for up to 14 months if they combine it with working 80 per cent of their usual working hours.⁵⁴

Parents in Germany are able to work between 15 and 30 hours per week for up to three years after the birth of a child. By the end of this period they are then entitled to return to a job equivalent to the one they worked in before the child was born.⁵⁵

However, according to Visser and Williams, work–life balance debates have since widened in scope to move beyond

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‘family-friendly’ policies – essentially aimed at enabling previously working mothers to balance work and childcare responsibilities and return to employment – in recognition that flexible working is about helping employees access working arrangements that are compatible with other lifestyle responsibilities.⁵⁶

Reeves suggests that such work–life balance debates – which have undoubtedly influenced the increase in attention to and introduction of flexible working practices – are based on a false premise. He proposes that the idea that work and life are separated from one another reflects an out-dated, industrial era mindset, and assumes (wrongly) that most people do not like their jobs.⁵⁷ This mindset ‘assumes that work is dangerous and exploitative drudgery’ and overlooks the possibility ‘that people might actually like their jobs and therefore stick at them longer’.⁵⁸ This point is similarly articulated by Hutton, who says: ‘I would respond in any poll that I want to spend more time with my friends and family, yet continue to inflict long hours on myself. The answer is that I like what I do and, for the most part, I am in control of the hours I work, however many they may be.’⁵⁹

The financial crisis

The financial crisis did much to encourage the proliferation of flexible working practices. According to the Family Friendly Working Hours Taskforce, the recent recession ‘created a climate where there is an even stronger appetite for the business case for flexible working’.⁶⁰ The Taskforce points out that for many businesses and companies the downturn necessitated a shift towards flexible working practices in order to minimise redundancies.⁶¹ In a similar vein, the CBI observes that flexible working ‘proved its worth’ during the recession and claims that, although unemployment rose, ‘unprecedented’ cooperation between employers and employees helped minimise job losses.⁶² And while being encouraged by short-term circumstances, the CIPD suggests that increasing use of flexible working practices could well be something of a long-term effect from the recent recession.

In his CIPD report *Working Hours in the Recession*, Philpott shows that the recession had a dual effect on flexible working, causing a fall in employment, and a shift from full-time to part-time employment.⁶³ Between spring 2008 and spring 2010 full-time employment levels fell 4.1 per cent in the UK, while part-time employment rates rose 4.4 per cent. Philpott gives two explanations for this shift. First, some employees voluntarily opted for shorter working hours, enabling their employers to cut labour costs and, consequently, reduce redundancies. Second, there was an increase in the number and proportion of employees who undertook part-time work because they were unable to secure full-time employment; this shift in working pattern was involuntary for these employees. According to Philpott, the number of people in this situation increased by 400,000 to just over 1 million between spring 2008 and spring 2010. Between March and May 2008 and March and May 2010 the UK experienced a 3.5 per cent net fall (-32.7 million) in weekly working hours.⁶⁴

Legislation and prevalence of practice

*Flexibility is a business issue and legislation on the right to request flexible working has had no effect at all.*⁶⁵

The Coalition Government appeared keen to put forward measures that encouraged companies and businesses to employ greater use of flexible working measures,⁶⁶ and the promise to extend the right to request flexible working practices to all employees was a key pledge in its programme for government, published in May last year.⁶⁷ However, the Government has since sent some confusing signals on its intentions on this issue.

In September 2010, the Government did extend rights to request flexible working, but stopped short of extending it universally. Legislation was to be limited to parents of children under 18 years old (previous policy allowed employees with children under 17 to request flexible working arrangements).⁶⁸ Yet in March 2011, the Government scrapped the extension, on

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the grounds of reducing red tape to encourage growth. While this appeared to signal a reversal of its previous commitment, the position appears to have changed again with the consultation on the modern workplace in May 2011.⁶⁹ This once again proposes extending the right to request flexible working to all employees, with an intention to put new legislation into place by 2015. Making the ultimate decision contingent on the consultation response could be seen as way of rowing back on previous commitments or an attempt to bolster support for going ahead with these commitments. Thus at present there is a fair degree of uncertainty on where the Government stands on the question of the extension of existing rights relating to flexible working.

Policies in some European countries are quite different. The Netherlands, Belgium, Germany France and Finland have all introduced statutes that provide the right to request flexible working arrangements to all employees – irrespective of their reasons for seeking a change. It is also possible for employees to challenge their employer in court, should the latter refuse such a request.⁷⁰

Hegewish highlights three different sets of legislative approaches to encouraging flexible working practices:

- statutes that make the right to request conditional to particular activities such as caring for young children or dependent adults
- statutes that provide the right to request as part of protection against discrimination on the basis of sex, or family or caring responsibilities
- statutes that give the right to request to *all* employees, regardless of their reasons

and suggests that the right to request as it stands in the UK falls into the first category.⁷¹

Some advocates of flexible working have expressed deep scepticism about the potential for legislation as an incentive for employers to adopt flexible working patterns. This is emphasised in the BCC and CIPD report *Flexible Working*:

The increased uptake of flexible working has not come about because employers are required to do so by legislation: surveys suggest that two in five employers offer the chance to work flexibly to employees who have no statutory right to ask for it – in many cases, to all employees.⁷²

This is particularly pertinent in the case of small employers, which, the report suggests, are ‘less interested in sophisticated policies than in arrangements that will work and enable individual employees to adopt the patterns of work that suit them best’. Indeed, a very small-scale study cited in the report indicates that legislation to adopt the right to request has failed to ‘persuade’ businesses. Ultimately, ‘flexibility... is a business issue’.⁷³ The Third Work-Life Balance Employer Survey, analysed in a report by the Family Friendly Working Hours Taskforce in 2010, found that the vast majority of employers (92 per cent) would consider a request to change working patterns from *any* employee, despite being legally obliged to only consider the requests of *some* employees.⁷⁴

However, the results of a 2005 survey of employers, published by the CIPD, show that government legislation is a significant influence on a firm’s decision to adopt flexible working. Of some 564 respondents, 47 per cent said that making use of flexible working ‘to comply with legislation’ was ‘very important’. On a scale of 1 to 5, 1 being ‘not important’ and 5 being ‘very important’, a further 21 per cent ranked complying with legislation at 4.⁷⁵ These findings are reinforced by our own polling, set out in the next chapter.

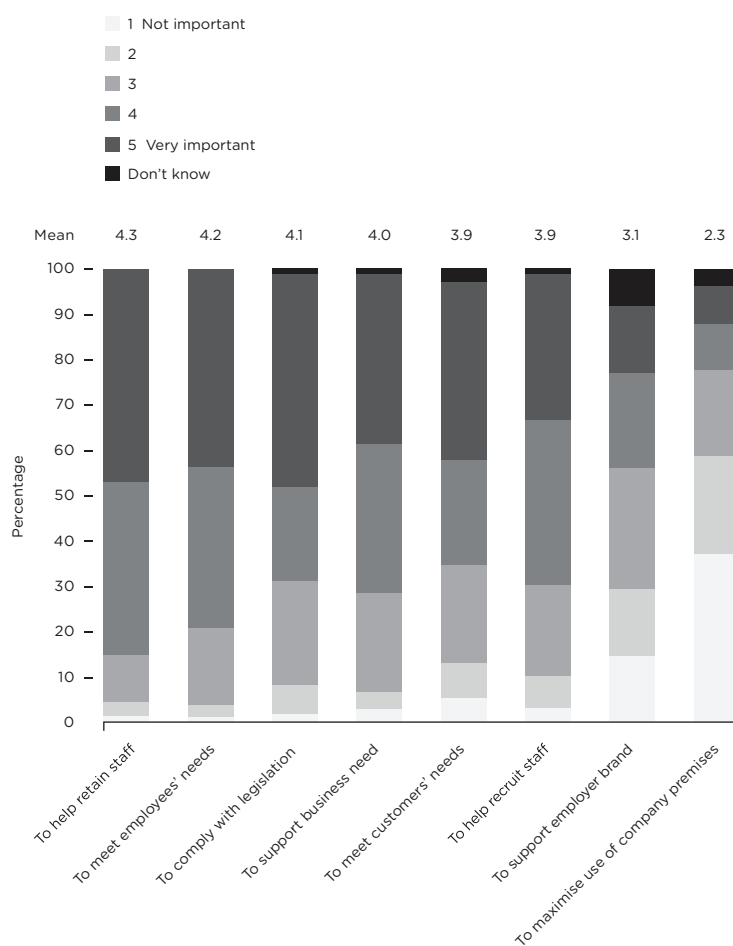
Benefits and barriers

The rewards

It is clear that the adoption of flexible working arrangements can result in real rewards for employer and employee alike. And while attention has already been paid to the wider socio-economic factors that have acted as drivers of change, encouraging greater use of flexible working, there are also more micro-factors specific to business to be considered. Figure 3, taken from a CIPD survey of employers in 2005, shows there is a

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Figure 3 **Reasons why organisations make use of flexible working practices**



Source: CIPD⁷⁶

variety of reasons for businesses introducing flexible working practices.

It shows that staff retention is perceived to be a major benefit of adopting flexible working arrangements. Indeed, retention is often cited in the existing literature as a reason for and benefit of introducing such policies, but there are several others. Visser and Williams suggest they include:

- improving productivity
- improving employee commitment
- reducing absenteeism (from 12 per cent to 2 per cent, according to Unison research)
- increasing retention rates (and reducing replacement costs)
- enabling organisations to recruit from a wider talent pool
- enabling organisations to offer services beyond usual business hours by employing workers on different shifts to fit with any caring responsibilities they may have.⁷⁷

Research by the Family Friendly Working Hours Taskforce supports this. The Taskforce found that evidence ‘demonstrates there is a strong and compelling business case for flexible working’:

- ‘65 per cent of employers said flexible working had a positive effect on recruitment and retention’ (saving recruitment, induction and training costs)
- 70 per cent of employers noted significantly improved employee relations – suggesting greater loyalty among staff
- 58 per cent of small- to medium-sized enterprises (SMEs) reported improved productivity.⁷⁸

Improving productivity is an oft-cited benefit of adopting flexible working patterns. This appears especially apparent in the case of home working. In the case of legal services firm PI Costings, in contrast to office-based employees, individuals working from home achieve efficiencies of 20 per cent or more in output.⁷⁹ The Institute of Directors gives a considerably higher

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estimate and suggests that home workers are 65 per cent more productive than their office-based counterparts.⁸⁰

That flexible working practices can have a positive effect on recruitment is also borne out by evidence focusing on employees. According to the Family Friendly Working Hours Taskforce, over half – 54 per cent – of employees considered the availability of flexible working practices as ‘very important’ or ‘quite important’ in their decision whether or not to take up the job.⁸¹ In a similar vein, Jones et al found that some 92 per cent of non-working mothers said that flexible working would be ‘essential’ or ‘important’ in enabling them to return to work.⁸²

Reduced costs are another evident benefit of introducing flexible working practices. According to research conducted in 2000 cited by Jones et al, small businesses saved up to £250,000 by reducing staff turnover through implementing flexible working.⁸³

From the arguments, evidence and information outlined above it is apparent that flexible working practices can lead to a multitude of benefits, such as better staff retention and recruitment, improved employee motivation and commitment, higher productivity and lower costs. However, the benefits to be gained from flexible working are not always enjoyed by the employee – rather, as Jones et al argue, such arrangements can be designed so they only really benefit the employer. Working time flexibility can be organised so that employees are left with little choice over the shifts they work, to the detriment of their lives outside the workplace; or, additionally, workloads can be of a size that any access to flexible working is practically meaningless.⁸⁴ As Visser and Williams point out: ‘when we look at evidence on whether work–life balance policies have achieved all they set out to do and whether people are really able to achieve the work–life balance they want, a different picture emerges’.⁸⁵

The barriers

Despite the rewards that can result from introducing flexible working practices, there appear to remain real barriers

preventing organisations from successfully implementing such arrangements. In some instances, employers may find it difficult to see how to offer flexible working arrangements without putting at risk production or service targets, or causing resentment among other employees.⁸⁶

The CIPD's survey of human resources professionals also sheds some light on problems in implementing flexible working practices. Of the issues highlighted, operational pressures was the most commonly reported: more than two-thirds of respondents identified this as the most important constraint.⁸⁷ A survey of small businesses described by Peacock found that smaller employers find costs to be a significant barrier to adopting flexible and remote working. Of some 5,000 small businesses, 29 per cent felt that the technology required to roll out such programmes effectively was too expensive.⁸⁸

Other issues and potential barriers to introducing flexible working policies include:

- the impact of home working on corporate and client confidentiality
- issues of maintaining data protection and data management when using remote working systems
- problems with managing remote staff and people who are not in the office
- health and safety checks on home workers.⁸⁹

As well as these issues, organisational culture can also pose a significant challenge.⁹⁰ Cultural barriers are covered in the report by the Family Friendly Working Hours Taskforce, which states that a cultural change should increase the number and range of jobs that can be worked flexibly.⁹¹ This would in turn increase the supply of high-quality staff to employers. As the Taskforce points out, many employees are concerned that if they ask to work shorter hours their employer will consider them to be less committed to their job than other workers are. This is particularly a concern for employees working from home.⁹²

The Taskforce also draws attention to the problem of flexible working being seen as something for female employees –

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particularly women who are mothers – and not for their male counterparts. As well as perceptions of flexible working being mainly associated with female employees, the cultural fixation with ‘hours’ is also problematic and can inhibit implementation. The Taskforce notes that in the UK there is something of ‘a cultural tendency to solely design and advertise jobs on the basis of hours worked’, rather than consider how such roles could accommodate flexible working arrangements. There is, it claims, a tendency to offer flexible working *reactively*, rather than *proactively*, when designing and developing a job. The Taskforce points to a need for ‘a cultural shift to move managers and employers away from thinking of full-time, fixed hours and location as the norm’.⁹³

Summary

The landscape of work has changed dramatically in modern Britain. Over the course of the last 50 years there has been a radical shift in the number of women who work, the type of work people do and – crucially for this report – when and where they are employed. As we emerge slowly from recession, with an emphasis on growth and job creation, many business advocates claim that flexible working rights have reached a limit that cannot be breached without endangering recovery and inhibiting employers’ willingness to take on new workers. The BCC’s David Frost encapsulates the view that there is a zero sum logic at work here: ‘We have to ask the government what level of growth they expect to see from businesses dealing with yet more regulation.’⁹⁴

The implicit claim that flexible working entitlements are contingent on the economic cycle seriously occludes the longevity and depth of the social and demographic trends which have led to demand for it. The growth of dual earners households, changing expectations and necessities around parenting duties, and an ageing population, form the deep social roots in which flexible working arrangements are embedded. The drivers of change cannot depend only on the economic climate; the evolution of flexible working regulation is unlikely to grind to a halt because of a period of stagnant economic growth.

Beyond downplaying the range of drivers of flexible working, and their social importance, a blanket rejection of further regulation on the grounds that it impedes growth fails to take into account the way in which different organisations adapt or fail to adapt to legislative frameworks.

There are two key reasons for this lack of understanding. The first is that we have not developed a full understanding of what risk factors predispose some employees to working practices that are inflexible or 'brittle'. It is true that employees in small businesses and some sectors are less likely to be offered flexibility than others; however, there are important personal factors too and these must be explored in order to fully understand what drives flexibility and inflexibility. Second, proponents of flexible working have often failed to explain fully what vanguard flexible working organisations have that other employers do not. The next chapter aims to address these deficiencies in our understanding.

3 How brittle are British workplaces?

Demos ran two large-scale surveys to explore the modern British workplace, asking questions to a weighted sample of over 500 employers and over 1,500 employees. The surveys allowed us to better understand the composition and values of the labour force of 2011. It also enabled us to access the relationship between employer and employee, looking at who had autonomy over aspects of their work, how their time was spent and the location of their work.

Our results show that flexible working has become entrenched in the working lives of most people – a substantial achievement for flexible working advocates:

- Today, 91 per cent of employers offer at least one form of flexible working arrangement to their employees.
- Almost 60 per cent of employees stated they currently used a form of flexible working and 83 per cent of requests for flexible working are approved.

Yet our results overall show a mixed picture of flexibility more generally and present some pessimistic predictions for future expansion:

- 81 per cent of employers did not expect that their organisation would extend flexible working in the next two years.
- Of the firms that currently do not offer any form of flexible working arrangement, 92 per cent said they were unlikely to start offering it in the next two years.
- Half of firms with fewer than 50 employees said they granted less than 1 in 4 flexible working requests.

Compounding the problem is lack of knowledge: 60 per cent of employees did not know who was covered by the legal

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right to request. Flexible working has also not been able to address many gender-based inequalities. Belying the narrative of the 'new man', men were less than half as likely to use flexible working in order to 'look after children' than women and 86 per cent of men said they would not use a longer period of paternity leave if it was offered to them.

The surveys have given us the ability to identify certain barriers, or 'risk factors', to flexibility such as firm size and sector. This chapter will draw on our polling, comparing it with other datasets, to construct an image of the modern British workplace and will analyse how risk factors are distributed across the economy. We used varying statistical methodology including regression analysis. Alongside this we draw on structured interviews and focus groups by two major employers, BT and John Lewis Partnership, and a small firm at the vanguard of flexible working, Women Like Us. This allows us to identify the areas of 'low flexibility' that policy makers need to address.

Through focus groups and structured interviews, we asked two large employers about what they perceived to be the most important reasons for offering flexible working. The feminisation of the workforce was one key driver, not only because women were more likely to request flexible working – particularly mothers returning from maternity leave – but also in order to attract and retain talented women the firms needed to offer flexible working.

The importance of flexibility to women was demonstrated when speaking to a senior human resources manager in a large firm who stated:

My experience, from a head office perspective, is that undoubtedly the biggest source of demand for flexible working is the mother who comes back from paid maternity leave. It's not exclusively, but that is the biggest group which has a demand.

I think I would say 80–90% of women who come back start flexible working. They might want to work full-time for financial reasons but it might also be 'can I compress my hours' or 'can I start early and finish early'?

What the workforce values and wants

In order to understand people's conceptions of 'good work' in our poll we asked employees about what they valued in their working life. What motivates an employee to work can help explain the levels of flexibility they use. The results of the poll are shown in table 1.

Table 1 What people value about their working life

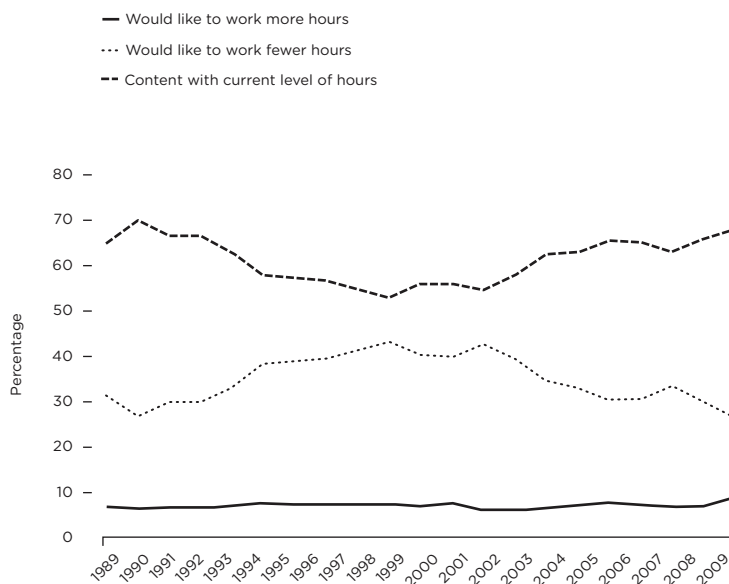
	Proportion of respondents saying it was 'very important'
Salary	49%
That work is personally fulfilling	46%
Having freedom to choose how best to do job	36%
How flexible working arrangements are	31%
That employer is ethical	28%
That you can have a positive impact on society	22%

Source: Demos poll, 2011

These results show that salary is central to most employees' notions of 'good work'. However, not far behind, employees rank the level of fulfilment they have in the work they do. This is followed by factors based on control: choosing how best to do the job and how much control they have over the use of their time. Employees ranked below this the wider social impact of work: having an ethical employer and a positive impact on society. This gives us an idea of employees' hierarchy of motivations for work, or their conceptions of 'good work'. Individuals are concerned first with their material needs, second with their job satisfaction, third with their power and autonomy, and fourth with the social aspects of their work. However, there are variations, for instance women were about 50 per cent more likely to say that flexibility was 'very important' in their working life than men.

The British Social Attitudes (BSA) Survey asks respondents in each of its annual surveys, 'Would you prefer a job where you worked more, less or the same number of hours?'

How brittle are British workplaces?

Figure 4 **People's working hour preferences over time**Source: BSA Surveys⁹⁵

Over the past ten years, with the spread of flexible working, and especially following the introduction of the statutory right to request, employees became more content with their working hours (figure 4).

The data show there was increasing dissatisfaction with working times between 1990 and 1998, followed by a levelling out between 1998 and 2001, and after that increasing satisfaction with working times from 2001. It is hard to provide a testable explanation of this change but the increased contentment is likely to be related to the value New Labour placed on allowing flexible working from 2001. In its second term Labour set up a task force to analyse the future of flexible working. By 2003 the

right to request flexible working for certain groups entered law and it was extended several times in subsequent years.

What is particularly interesting is that reported levels of satisfaction with working hours are highest during recessions – in 1990 and 2009. The curve overall is inverse to the economic cycle. In 2007 there was a rise in the proportion of employees wanting to work fewer hours. This figure then fell in the following two years in which the economic crisis hit – and also corresponds with a rise in those who would like to work more hours. This suggests that during periods of higher risk of job loss, people's priority is not the quality or autonomy they have in their work, but to maintain their job, fitting the hierarchy of motivations or 'good work' system presented earlier. As the British economy starts to grow we may therefore expect satisfaction in working hours to fall again.

Access to flexible working arrangements

There has been a substantial expansion in the number of flexible working arrangements employers offer and the take up of flexible working by employees: 91 per cent of employers we surveyed stated that their organisation offered at least one form of flexible working arrangement. This rises to 94 per cent in firms with more than 250 employees.

Employers are offering more forms of flexible working than ever before. The Department for Business, Innovation and Skills (BIS) and partners including ACAS ran the Workplace Employment Relations Survey (WERS) in 1998 and 2004 to understand management–employee relations. Comparing our polling results to the WERS we find a large growth in the provision of several types of flexible working arrangements over time (table 2).

We asked employers their reasons for offering flexible working in order to identify the key drivers of this expansion (table 3).

The most popular reason employers gave for offering employees the possibility of flexible working was 'retaining staff', but very few saw it as a wider tool that could be used for

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Table 2 **Types of flexible working arrangements offered by managers: Workplace Employment Relations Survey polls in 1998 and 2004 and Demos survey in 2011**

	WERS survey, 1998	WERS survey, 2004	Demos survey, 2011
Part-time working	46%	64%	76%
Flexible hours	19%	26%	55%
Home working	16%	28%	47%
Job sharing	31%	41%	46%
Term-time working	14%	28%	30%
Annualised hours	8%	13%	19%

Source: WERS survey⁹⁶ and Demos poll, 2011

recruitment. As table 3 shows, a number of employers also stated that it helped meet employees' needs and had a positive impact on employee engagement. Particularly important for policy makers is that 'complying with legislation' was one of the most important factors driving the offering of flexible working. Although the right to request is a 'soft right' in the sense it only provides employees with the legal right to request, not have, our research suggests it is a significant driver of flexible working.

Our interviews and focus groups were able to investigate in greater depth, among some of the vanguards of flexible working, the reasons for offering it. Speaking of their experience of what drove the implementation of flexible working policies in their firm, a senior manager in a large firm told us:

Clearly the driver of the change was the legal aspect and its application to employment law. I don't think that's a surprise to anyone. It was passed and we had to implement it.

Yet among the employers we interviewed, legislation was seen as a nudge to go further than the statutory minimum of 'reasonable' consideration of a request and forced employers

Table 3 **The most important reasons for employers in the UK offering flexible working, 2011**

Reason for offering flexible working	
To retain staff	23%
To meet employees' needs	22%
To comply with legislation	21%
To have a positive impact on employee engagement	16%
To support the organisation's needs	9%
To meet customer needs	5%
To recruit staff	3%
To support the employer brand	1%

Source: Demos poll, 2011

seriously to consider how best to meet employees' needs. We interviewed a senior personnel partner in John Lewis head office who had been on the steering group for the firm's flexibly working policy. She said:

I was on the working group for the Partnership's flexible working policy. My memory is that there was a piece of legislation and so we had to look at how we were going to implement that and how it was going to work – rights to appeals and timing and things like that. So it was about taking that legislation and putting it into a policy. My recollection about extending it to all employees is that it is not something that was discussed with all employees, but I think it was part of the working group which decided 'you know what, I know this is what we need to do in terms of the legal right but I feel what is right to do is to extend that to everyone'. There would never be any push back on that because employees would be delighted.

She believed that the legal changes were important in forcing John Lewis to engage with the flexible working agenda, but that this combined with John Lewis' focus on partner wellbeing, and led the company to go further than the statutory minimum. A branch manager we spoke to at a John Lewis store echoed this view:

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There was a government policy at the time, I think around parental leave, that was about to be ahead of where we were at that point and so it was decided by the person in charge that, because greater flexible working would be the direction of travel, it should be something that is supported more widely. It got us in the right place earlier and showed partners that we were trying to do the best for them. It was win-win.

Yet as well as meeting legislative needs, employers we spoke to explained that it was an important tool to maintain skilled staff. A human resources manager at a large firm told us that being able to offer flexible working was central to retaining skilled staff and therefore made good business sense:

There was also a clear business case for flexible working, in regards of retention, which drove our policies. I think what we're saying is that 'if we've got these staff, we've trained them, they're happy here and we're happy with them' then if they make a request, why wouldn't we try to accommodate them if we can? We want the best people to be here.

Although using flexible working as a recruitment tool was not cited as very significant in our survey, our qualitative research of the small employer Women Like Us has shown that it can be important for some businesses. Women Like Us is a recruitment consultancy that helps employers match their needs with women who need flexibility. Women Like Us has a highly flexible workforce – 25 of its 29 members of staff work part-time and all work flexibly, for example working from home. The head of recruitment at Women Like Us told us:

By offering such flexibility I think we've been able to get some really talented, skilled staff that we wouldn't have been able to get otherwise. So it's kind of an imperative for us really. There are so few employers who offer the kind of flexibility that we can offer, that we find it really widens out the candidate pool.

She also argued that the benefits of allowing flexible working are particularly important for the small businesses for which Women Like Us provides a recruitment service:

We don't ask employers to feel sorry for someone they haven't met yet and we don't ask them to be accommodating to someone because that individual candidate needs flexibility. We ask instead for them to think about the business benefits of getting a £40k marketing manager for £20k because they're only working half time in the week. And that kind of messaging is quite strong, I think particularly for small businesses, particularly in the current climate. It's very appealing to think that you can get a high level of skills into the business and access a new pool of candidates, and particularly at the moment candidates are often drawn towards bigger firms where there seems to be more job security. And that's a key selling point to employers: you have one member of the team who is an ex-lawyer, another one from a research background, and so on, and that does actually really work for employers.

Our research also showed that flexible working can be used to increase productivity and has been used to reduce business costs. More than one in five (21 per cent) of employers we surveyed admitted that flexible working had been introduced in recent years to 'cut costs or avoid redundancies'. This was most common in manufacturing and pharmaceuticals (39 per cent), public administration (31 per cent) and education (30 per cent). Of the employers who admitted to introducing flexible working to cut costs or avoid redundancies, 16 per cent said it was made compulsory.

Our focus groups also showed that offering more flexibility can help improve commitment and productivity levels. Our research found that when a business is more responsive to the needs of employees, employees are more willing to be responsive to the needs of the business. A partner who had worked in the menswear section of a John Lewis branch and had been with the partnership for 21 years said:

You feel very committed if you work flexibly. I know it means I have to complete my work in certain hours now I work flexibly. It's partly because the Partnership's been good to me so I'd like to be good to them.

A culture of flexible working can therefore help build a relationship of reciprocity that serves business and employee

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needs. We found a similar response in the small business we spoke to. The head of recruitment at Women Like Us argued that flexibility led to higher commitment and engagement:

I think we get a strong level of commitment because of our flexible working arrangements. I really do. And I think that's partly because of – which is obviously something we're trying to address – the limited availability of part-time, high skilled, interesting jobs out there. So I think when someone finds a job that uses their skills, in an environment that's interesting and engaging, and they manage to get a pattern of hours that works for them, so they can have that balance in their life, I think you get a really high level of engagement. It's a fabulous moment that's not standard in the workplace, I would say. So I think you certainly, in terms of the kind of a psychological contract, you get a lot of commitment because the business is more attractive to be in.

However, this can mean that employees take on greater workloads and this can lead to increased work pressure. Research on a cohort of professional workers found that although those working flexible hours had greater levels of job satisfaction they also experienced greater work intensification.⁹⁷ For instance, those who worked from home were more likely to work longer hours. As a middle level manager in a large organisation stated, it requires the worker to try and balance the demands of their work in a smaller time period:

If you are volunteering to reduce your hours, in reality you work harder to make up your lost hours. I work compressed hours and I have to work faster and harder. I think that there are a minimum number of hours I need to do my job.

However, despite the growth in the amount of flexible working being offered, our polling of employers indicates that this expansion in flexible working may stall: 81 per cent of employers stated that they did not expect that their organisation would extend flexible working in the next two years. This figure rises to 91 per cent among firms with less than 50 employees. The most common reasons employers gave for not offering more

flexible working were ‘operational pressures’ and ‘customer service requirements’ (both in excess of 50 per cent), followed by ‘financial constraints’ at 28 per cent.

As table 2 illustrates, the most common form of flexible working arrangement that employers offer is part-time working. The UK has offered employees the opportunity to work part-time far more frequently than its peer nations, though a distinction exists between ‘voluntary’ and ‘involuntary’ part-time working. ‘Voluntary’ part-time workers are those who choose to work part-time out of preference, while ‘involuntary’ part-time workers are those currently working part-time who would prefer to work full-time. In our poll we looked at voluntary part-time working, which makes up over 80 per cent of part-time working, in order to understand preferences for flexible working (figure 5).

The statistics show that voluntary part-time working has increased steadily if not dramatically. This has been one of the factors that has enabled women to have a greater presence in the labour market as they can balance work with childcare demands. Our results show that 28 per cent of women work part-time compared with just 7 per cent of men.

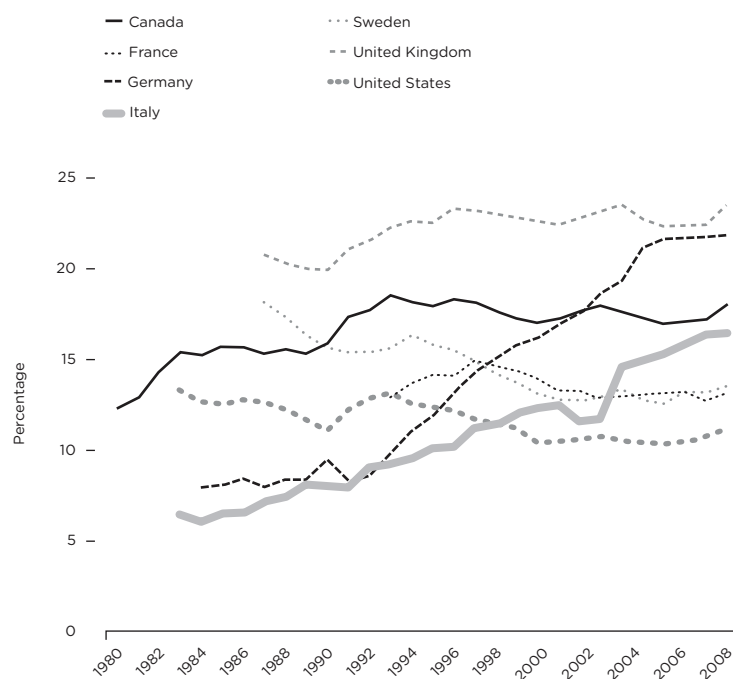
However, while the data indicate that the provision of flexible working arrangements has substantially expanded over time, there has been considerable variation in provision depending on the size of the firm and industry. For instance, while 52 per cent of large firms offer career breaks, only 8 per cent of small firms do. Similarly, while 76 per cent of employers in healthcare and social work offer flexible working to all employees, only 25 per cent of manufacturers do.

Knowledge of flexible working arrangements

Our quantitative research suggests that levels of awareness of flexible working among employees has increased but there are still large gaps in their knowledge about what the legal right to request flexible working covers and what their workplace offers. More than two-thirds (71 per cent) of employers stated that their employees’ awareness of their rights to request flexible working

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Figure 5 **Voluntary part-time working as proportion of total employment**



Source: OECD data⁹⁸

had increased over the past five years. However, almost 60 per cent of employees surveyed did not know who was covered in the legal right to request flexible working. Most believed it was far more extensive than it is, supposing that it covers all employees.

Our results show there is a severe lack of knowledge among employees about what flexible working arrangements their employer offered. As the employers we surveyed did not directly correspond to employees surveyed there is no direct correlation

between our results, despite being a weighted survey. However, employees significantly underestimated the availability of every form of flexible working arrangement, suggesting there is a substantial lack of knowledge about workplace flexible working arrangements on offer (table 4).

Use of flexible working arrangements

Employees are more likely to be allowed to work flexibly than in the past and they are increasingly taking up the opportunity. In our survey 56 per cent of employees said they worked flexibly, and this figure rises to 62 per cent for women. Certain forms of flexible working arrangement are used far more than others (table 4).

Table 4 **The flexible working arrangements employers in the UK offer and what employees think employers offer**

	Employers stating organisation offers flexible working arrangement	Employees stating organisation offers flexible working arrangement	Difference
Part-time working	76%	52%	-24
Varying start and finish times	68%	43%	-25
Flexible hours	55%	34%	-21
Working from home	47%	26%	-21
Compressed hours (eg 4 day week)	41%	21%	-20
Career breaks	35%	21%	-14
Term-time working	30%	12%	-18
Annualised hours	19%	7%	-12
Time banking	15%	7%	-8
Working a 'nine-day fortnight'	14%	6%	-8
Job-sharing	46%	24%	-22
None of these – no flexible working offered	8%	15%	+7
Don't know	1%	10%	+9

Source: Demos poll, 2011

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Part-time working is the most widely offered form of flexible working arrangement, but only the third most popular. Although it is not the most widely offered, the most frequently used type of flexible working arrangement was 'varying start and finish times'. Over 25 per cent of the respondents who worked flexibly used this form of flexible working. The four most popular forms of flexible working arrangements – varying start and finish times, flexible hours, part-time working and working from home – make up over 80 per cent of flexible arrangements used. Despite the wide range of possible arrangements and the fact that employers increasingly offer them, other forms of flexible working, such as compressed hours and time banking, are rarely used. Their use also varies by level of seniority in the firm; more senior employees are more likely to work from home while lower level employees engage more in part-time working.

We asked employees which forms of flexible working they believed would help their work-life balance. Flexible hours was identified as the most useful flexible working arrangement to aid work-life balance, followed by varying start and finish times. Working from home was identified as the next most useful. This was by far the most popular among parents with young children.

Our survey also asked employees who worked flexibly why they did so, and employees who do not work flexibly why they did not. Respondents could select a number of reasons. Of those who worked flexibly, nearly half (49 per cent) said that they used flexible working 'to make life easier', 37 per cent wanted 'to have more free time' and 25 per cent wanted 'to spend more time with children or family'. Women were twice as likely to want 'to spend more time with children or family' than men – 33 per cent of women gave this reason compared with just 16 per cent of men. Only 9 per cent of respondents said they worked flexibly because of the cost of childcare, but this figure rose to 14 per cent for women compared with 3 per cent for men.

Of those who did not work flexibly, 33 per cent said 'it's not a priority for me', 31 per cent said it was 'impractical given the nature of the job' and 30 per cent said it was not available from

their current employer. Those working in banking, finance and insurance were the most likely to say that it was not available from the current employer (39 per cent), followed by transport, information and communication (35 per cent). Similarly, the most common response by those working flexibly for why they were not working more flexibly was that it is 'impractical given the nature of the job' (29 per cent).

Our survey shows that 79 per cent of requests to work flexible hours were made informally, for example in a conversation with a manager. This figure rises to 89 per cent among small firms with fewer than 50 employees, and 83 per cent of all applications were approved. The most commonly rejected request was for flexible hours (37 per cent) followed by varying start and finish times (17 per cent).

Risk factors

Although flexibility has become a reality for most, the ability to work flexibly is not equally distributed across individuals and workplaces. There are barriers to flexibility, or 'risk factors', for certain employees. The 'risk factors' fall into two main groups: organisational and personal. Organisational risk factors are those that are dependent on the firm, including the sector and size of the firm. Generally the larger the firm and the more high-end service the industry, the greater the flexibility that the employee can access. Personal risk is concerned with the characteristics of the individual, which makes them more likely to work flexibly. These factors include job role, gender and age. Plotting the levels of risk we find that there are significant disparities in flexibility between individuals and workplaces.

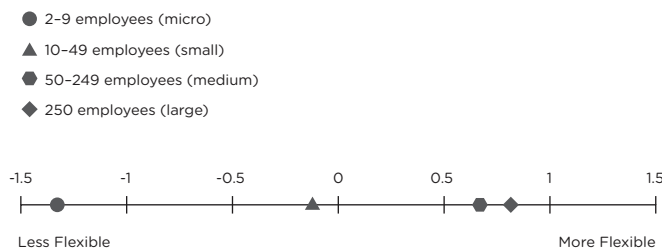
Organisational risk factors

Firm size

The size of a firm correlates with the degree to which flexible working arrangements are available (figure 6). The smaller the firm the greater the likelihood that the employer does not offer any forms of flexible working arrangements (table 5).

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Figure 6 Degree of flexibility in working hours for different sized firms



Note: Scale based on standard deviations from mean
Source: Demos poll, 2011

Micro firms (with fewer than ten employees) are over three times more likely not to offer any form of flexible working arrangement than medium-sized firms (with 50–249 employees) and large firms (with 250 or more employees). However, the picture is more complicated than this finding would suggest. Although over 16 per cent of micro firms do not offer any form of flexible working arrangement, employees working in micro firms are among the most flexible employees – they are more likely to be engaged in a flexible working arrangement than a firm of any other size.

As these results show, employees working in micro firms are about 20 percentage points more likely to be working flexibly than employees in a small or medium-sized firm and almost 15 percentage points more likely than those in a large firm.

We also asked employers about their estimated rate of acceptance of flexible working requests. Smaller firms were more likely to accept a request: 86 per cent of flexible working requests in small firms with fewer than 50 employees were accepted compared with 70 per cent in large firms with more than 250 employees. Therefore, and seemingly paradoxically, while micro firms give some of the lowest levels of access to flexible working arrangements, they simultaneously have the highest proportion of employees working flexibly.

Table 5 **Proportion of employees in the UK with a flexible working arrangement in different-sized firms**

Number of employees in firm	Proportion of employees with a flexible working arrangement
2-9 (micro)	67.4%
10-49 (small)	49.1%
50-249 (medium)	49.4%
250+	55.9%

Source: Demos poll, 2011

Some employer groups have argued that the statutory right to request flexible working is particularly burdensome for small businesses that do not have a dedicated human resources function. Yet there are small business flexible-working vanguards who argue that their scale actually allows them to be more flexible. Speaking to the small employer Women Like Us about how the company found its scale affected its ability to offer flexible working hours, the head of recruitment stated:

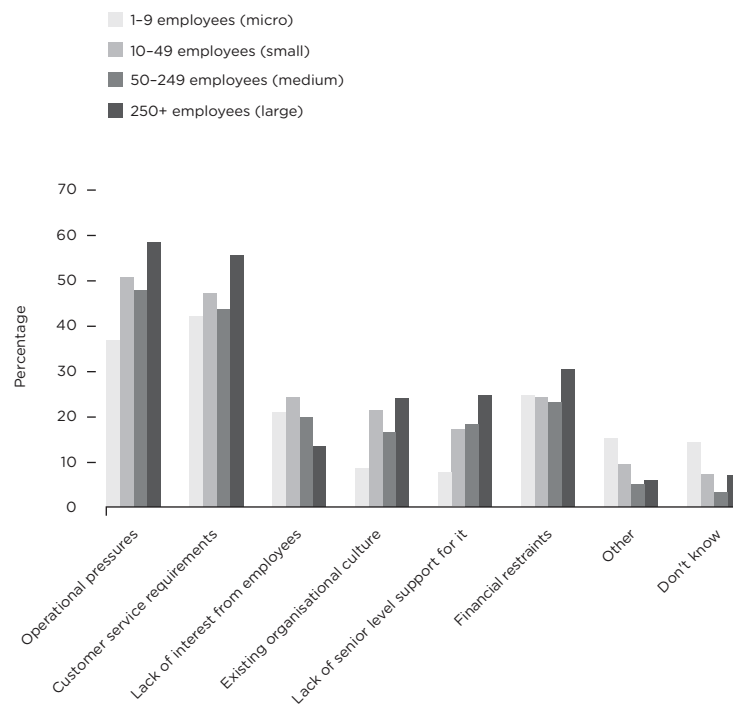
I actually think in some ways it's a bit easier for small businesses because, particularly growing ones, we're so dynamic and evolving that it's not like there's a massive human resources policy framework to fit into, that kind of overarching set of precedents that people come into. We really take things case by case and work out what's right for the business and the individual at this moment in time. So I think in some ways having less structure and policy in place makes it a bit easier to implement. Although having said that, in bigger businesses you have a lot more support available for the individual and the manager, so I'm guessing it cuts both ways.

In our survey we asked employers what they believed the constraints were on their firm offering more flexible working (figure 7).

The overall distribution of reasons employers gave for not offering more flexible working was broadly similar for all sizes of firms. This suggests that scale is not in itself a major barrier to

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Figure 7 **Reasons given by employers for not offering more flexible working**



Source: Demos poll, 2011

the expansion of flexible working. However, indirect factors associated with scale may be a barrier. They may include lack of knowledge of flexible working arrangements and lack of a dedicated human resources function for micro firms. The results clearly show that while respondents in larger firms cited more 'conventional' reasons for not offering more flexible working, such as 'operational pressures', those in micro firms were more

likely to say either that they did not know why they didn't offer more or said there was an 'other reason'. For small and micro firms the person answering the questionnaire was more likely to be the business owner and therefore their lack of knowledge about why they do not offer more flexibility is significant. In larger firms someone in human resources is more likely to have answered the survey.

We asked respondents whether their requests for flexible working were rejected. Our results show that medium-sized firms – firms with between 50 and 249 employees – were the most likely to reject a flexible working request (figure 8).

Our results show that medium firms were twice as likely as a small firm and about one and a half times more likely than a large firm to reject a flexible working request.

As stated earlier, flexible working requests are predominantly agreed informally: 79 per cent of those who had made a request had done so informally, for instance through a discussion with their manager, not involving human resources staff. This is even more likely to be the case in smaller firms, where 89 per cent of requests for flexible working in firms with fewer than 50 employees are made informally compared with 75 per cent among firms with more than 250 employees.

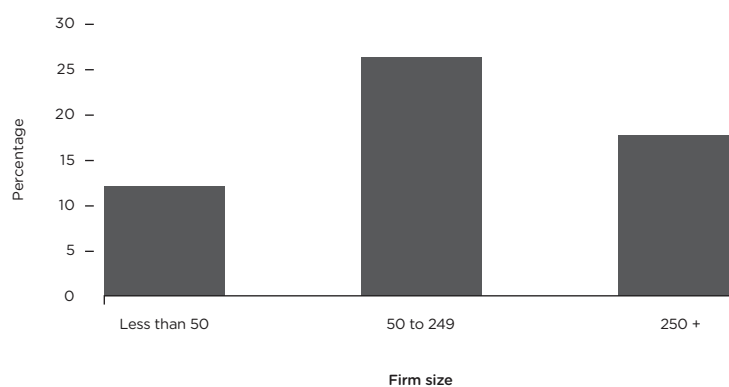
Further, employers in small firms were far more likely to encourage informal requests for flexible working than employers in large firms: 66 per cent of employers in firms with fewer than 50 employees stated that they encourage the handling of requests for flexible working without the need for a formal process, compared with 38 per cent among employers in firms with between 50 and 249 employees, and 22 per cent among firms with more than 250 employees.

A human resources manager at a large firm said:

We do try to discourage it [informal flexible working arrangements], for the partner. Because if anything happens to them we don't know what's agreed. All we've got to go on is their contractual arrangement and often if changing working patterns are not formalised then you get in a mess with all sorts of things. Therefore we far prefer a thing put into a formal request because then the partner's protected.

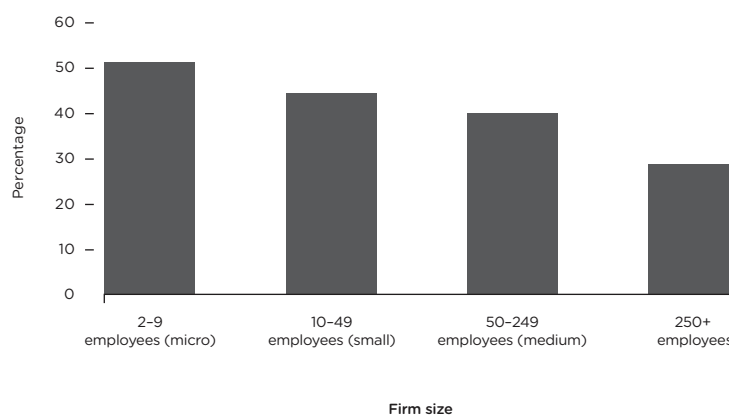
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Figure 8 Proportion of employees in the UK who had flexible working requests rejected, by size of employer



Source: Demos poll, 2011

Figure 9 Proportion of employees who say they have 'a lot' of control over how their working time is allocated



Source: Demos poll, 2011

This illustrates that in a large firm there are fears that a request is not addressed properly if it is not made formally. In contrast, the human resources manager in the small firm we spoke to said that it was the norm to promote and arrange flexible working informally:

A lot of the requests are informal conversations between a member of staff and their manager rather than a formal flexible working request in line with the right to request kind of thing... We tend to have quite an informal approach.

The size of a firm also correlates strongly with employees' subjective control over how their working time is allocated. The smaller the firm the more likely the employee is to state they have 'a lot' of control over how their working time is allocated (figure 9).

Figure 10 illustrates the negative correlation between the size and subjective control an employee has over their working time. As the earlier analysis of employees' conceptions of 'good work' showed, 'control over working time' is an important aspect of what people value in their working life. Therefore we may expect that the larger the firm, the greater difficulty there is for employees to be satisfied with this dimension of their working life. Yet, as our qualitative research shows, this often depends on the structure of the firm. Our focus groups at John Lewis probed employees about their experience of working in a partnership. The participants described the higher level of control they had, through democratic channels, over wide aspects of their work. This included, to an extent, store opening hours. Several argued that this made employees feel more empowered over their work and working times. A new partner in one of our focus groups at John Lewis Kingston told us:

I used to work for a small PR company. You knew everyone in the office. You knew when people were in and when they were out. And being small meant that we had more control, to some extent, over when we were in the office. There was so much flexibility. John Lewis, in contrast, is a

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massive company. But by being a partnership it makes you feel like you're working for a small company even though you're working for a big company.

Our research also shows, therefore, that the organisation of the firm is an important aspect of the flexible working debate.⁹⁹ In order to 'reinvent the workplace' ownership structures must be looked at.

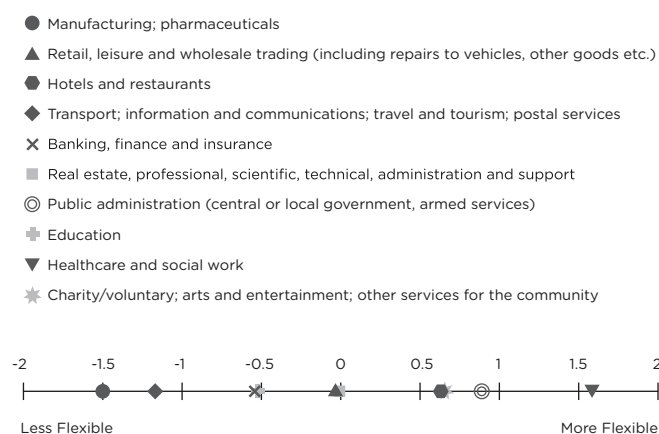
Sector

The availability of flexible working arrangements differs between sectors. Our survey focused on employers and employees in various parts of the service and manufacturing sectors. We focused particularly on the service sector, partly because it predominates in Britain, but also because it includes a large spectrum of industries and lends itself well to flexible working. We included manufacturing to compare how well the service sector does in comparison. Our results show that employers in manufacturing and transport are five times less likely to offer any form of flexible working arrangement than those in public administration. Overall the firms in the higher-end service sector are more likely to offer access to flexible working arrangements and employees are more likely to use them (figure 10).

The differences in degree of availability of flexible working arrangements provided by different employers may reflect differing business environments and needs. We asked employers in different sectors the reasons why they do not offer more flexible working and the types of flexible working arrangements they do offer. 'Operational pressures' was the most frequently cited reason for not offering more flexible working arrangements, given by 53 per cent of employers overall, but by 72 per cent among transport employers and 73 per cent among public administration employers. In contrast only 17 per cent of employers in the banking, finance and insurance sector gave it as a reason. For banks, customer service was the most common reason (given by 46 per cent of bank, finance and insurance employers) for not offering more flexible working arrangements. This figure rose to 74 per cent among hotel and restaurant

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Figure 10 **Degree of access employees have to flexible working arrangements in different sectors**



Scale based on standard deviations from the mean
Source: Demos poll, 2011

employers. The most common reason for not offering more flexible working in manufacturing was 'lack of senior level support for it', almost three times higher than in any other sector. Financial restraints were only cited as a reason by 28 per cent of employers.¹⁰⁰

Our qualitative research found that market pressures were one of the key factors shaping what flexibility was offered in the retail market. One senior partner at John Lewis Partnership who had worked in many different parts of the business told us about how the expansion of trading hours led to the increased prevalence, and then dominance, of part-time working:

I joined 21 years ago – Waitrose, I think in those days had one late night a week and I don't think we traded Sundays. Then we started trading Sundays, and then depending where you worked the late nights became more frequent. I worked in some of the London branches where there were more

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late nights. Now there are even more late nights and the suburbs have started doing the late nights as well. When I started at John Lewis it was Tuesday to Saturday for the vast majority of branches and I think they did one late night. Most employees were full-timers who did Tuesday to Saturdays. So the only part-timers you had would be to supplement some Saturday staff and the late night on Thursday. You didn't have loads of part-timers. Whereas now most [of] John Lewis' [staff work] 7 days a week, most of them will have 2-3 late nights a week. One or two of them will have far more late nights. I think now, actually, that they also realise the benefits in terms of cost savings of having part-timers just doing hours when they need them. So they will do it branch by branch according to their peak trading time. Whilst in the old days at Waitrose you had people on checkouts doing 10-2 which you know were the mature ladies doing the nice hours – well I think you've got a lot less of that now. If you're a London branch then most of your trade is early evening when people are coming out of work.

This dominance of part-time working is not found on such a scale anywhere else in the service sector and illustrates how flexible working can be used to meet the needs of the sector.

Not only do certain sectors offer fewer flexible working arrangements than others, but the types of flexible working arrangements employers offer also differ between sectors. Part-time working is over twice as frequently offered to staff working in hotels and restaurants as to those working in public administration and banking, finance and insurance. Similarly, and unsurprisingly, retail, hotels and restaurants are 75 per cent less likely to offer working from home as part of their flexible working arrangements as banking, finance and insurance, and administrative and support services, because it is not feasible in those sectors. Hotels and restaurant employers are two and a half times more likely to offer varying start and finish times than they are to offer flexible hours. This illustrates how some types of flexible working arrangements are more suited to certain sectors than others.

Some sectors offer a far broader set of flexible working arrangements than others. For instance, part-time working and varying start and finish times make up in excess of 55 per cent of all forms of flexible working arrangements that hotels and

restaurants offer, whereas employers in public administration, healthcare and social work offer a far more comprehensive set of flexible working arrangements. The three most popular forms of flexible working offered by public administration employers (part-time working, varying start and finish times and flexible hours) make up just 42 per cent of the total forms of flexible working arrangements available and 42 per cent of those in healthcare and social work.¹⁰¹

Finally, certain sectors are far more likely to reject a request for flexible working than others according to our polling (table 6).

Table 6 **Proportion of employees in the UK who had requests to work flexible hours rejected, by sector**

Sector	Proportion of requests to work flexible hours rejected
Real estate, professional, scientific, technical, administration and support	23%
Hotels and restaurants	21%
Public administration (central or local government, armed services)	18%
Education	18%
Healthcare and social work	17%
Average	17%
Manufacturing; pharmaceuticals	17%
Retail, leisure and wholesale trading (including repairs to vehicles, other goods etc.)	15%
Transport; information and communications; travel & tourism; postal services	14
Banking, finance and insurance	11
Charity and voluntary; arts and entertainment; other services for the community	6

Source: Demos poll, 2011

Almost 25 per cent of employees who work in administrative support and 22 per cent of employees who work in hotels and restaurants had their request to work flexibly rejected. This rate of rejection was over four times more than for

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those working in the charity sector. This is likely to be barrier for those with caring needs.

There are also sectoral differences in the levels of autonomy employees have. In our survey we asked respondents about their perception of how much control they have over their working time and their level of satisfaction about their control. There were large differences in response according to sector. Employees working in charities were almost twice as likely to say that they had ‘a lot’ of control over their working times as employees working in retail (figure 11).

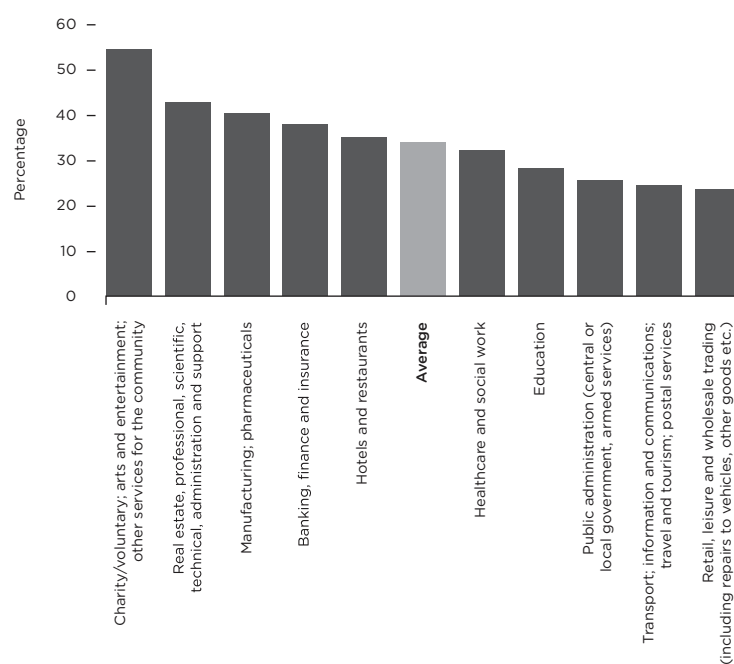
However, some results were surprising, particularly the high score for those working in manufacturing. It may reflect differing perceptions of ‘control’.

When we analyse differences between sectors it is also important to address the issue of ‘self-selection’. People often choose or ‘select’ the sector they are employed in, in the knowledge of the sort of lifestyle involved. For instance, those working in banking came fourth of the sectors looked at in their rating of how much control they felt they had over their working time, but came top when we asked them about their satisfaction over the amount of choice they have in how their working time is allocated. Those working in banking were among the most likely to state that their ‘salary’ was very important to their working life, and flexible working was less important. This illustrates that some employees relinquish a degree of control in order to enter the industry they want to work in, and maintain their satisfaction in this industry.

This is more likely to be the case for individuals who can work in high-end service sector jobs. Those working in retail reported the lowest level of control over their working time and also the lowest level of satisfaction over it. Similarly those working in transport, another lower-end service sector, reported the second lowest level of control over their working times and the second lowest level of satisfaction in their control over how their working time is allocated. However, this finding is not true for all industries, for instance those working in manufacturing cited a high level of control in how their working time is allocated but were less likely to be satisfied about the level of

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Figure 11 **Proportion of employees stating that they have 'a lot' of control over their working time, by sector**



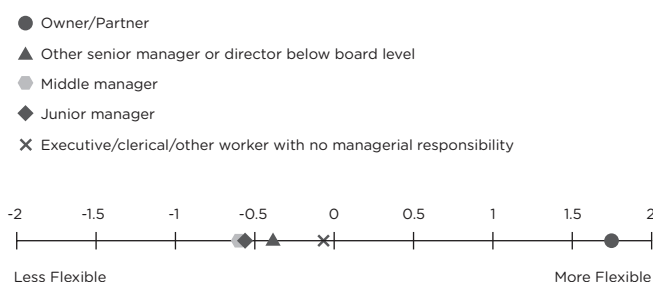
Source: Demos poll, 2011

choice they had in how their working time was allocated.

Further, the impact of self-selection is illustrated in the reasons employees gave for not working flexibly. More than one-third (36 per cent) of those working in manufacturing, a sector where employees have only limited access to flexible working arrangements, said that flexible working 'is not a priority' for them, compared with 23 per cent of those who work in public administration, which is a far more flexible industry.¹⁰²

How brittle are British workplaces?

Figure 12 **Scale of flexibility over working hours in UK, by level of seniority of employee**



Based on standard deviations from mean
Source: Demos poll, 2011

There are promising signs in some traditionally high-risk sectors that flexible working will be expanded: 19 per cent of employers overall stated they believed that their organisation would extend the level of flexible working in the next two years, and this rises to 35 per cent among manufacturers and 23 per cent among retailers.

Individual risk factors

There is variation in the amount of flexibility given to individuals as certain characteristics are more likely to determine whether an employer is allowed to work flexible hours than others. Being female and having a more senior position within a firm is positively associated with working flexibly. However, these risk factors are again complex as our research suggests that individual risk factors may draw on three bases: self-selection, as some groups of individuals choose more or less flexibility; societal factors, including pressure on mothers to take on childcare responsibilities; and intrinsic factors, including those in more senior positions being required to work flexibly to balance all work duties.

Job role

An employee's position in a firm can have an impact on their flexibility. A more senior position within a firm correlates with greater flexibility over working hours (figure 12).

Business owners are around 15 percentage points more likely to be working flexibly than any of the staff in more junior positions, but our results show that below this management level there is less difference in use of flexible working arrangements by different levels of seniority (figure 13). This is in large part explained by the higher level of control and autonomy more employees in more senior positions have over their work.

Yet employers perceive that they are among the least flexible. We asked employers who they thought worked flexibly. Employers are more likely to say that lower levels of employee work flexibly despite this being the opposite of reality (figure 14).

With the exception of manual workers, this suggests that employers believe a more senior position correlates with less flexibility. They think that lower level staff may act as a barrier to offering flexible working because they believe flexible working is far more common than it really is.

Although the owner of a company is more likely to work flexibly than other employees, their form of flexible work arrangement is likely to differ from that of other employees. For instance the more senior the employee the more likely they are to work from home. The more junior the employee, the more likely they are to work part-time (although the owner is also likely to work part-time).

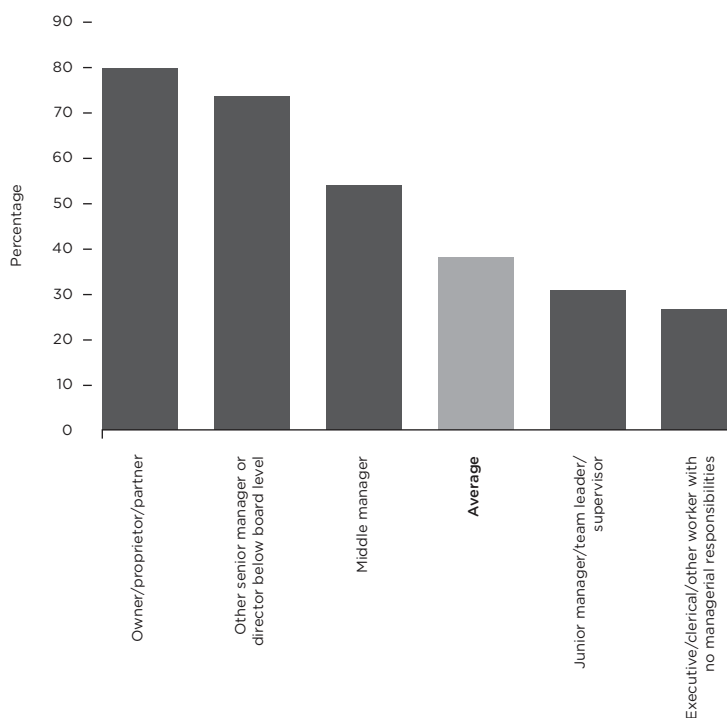
As figure 15 shows, other flexible working arrangements such as working from home and varying start and finish times are most common among higher levels of management.

As part of our qualitative research we asked employees and employers in different sized firms about who they believed had access to and benefitted from flexible working arrangements. One of the frontline middle level managers in a large company we spoke to said: 'I think that there is definitely a view that for managers, it [working flexibly] is frowned on more.'

What came out in our focus groups was that there was a fear among managers that working flexibly would create

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Figure 13 **Proportion of employees stating that they have 'a lot' of control over their working time, by level of seniority**

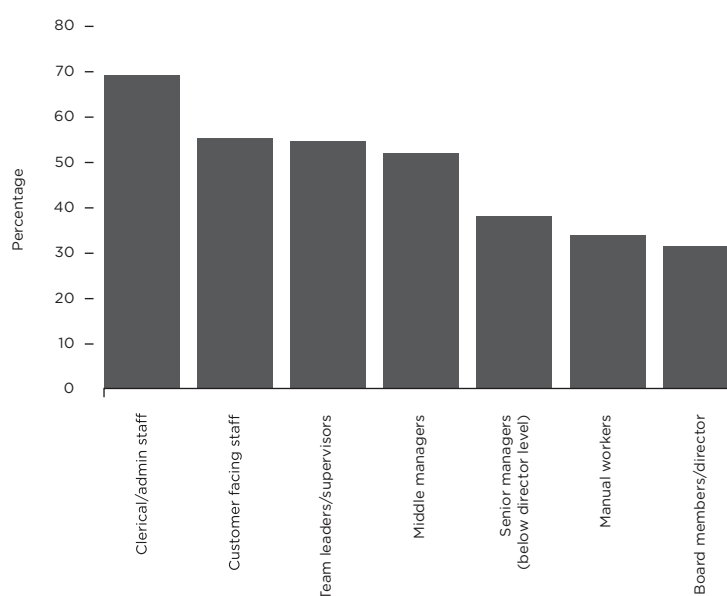


Source: Demos poll, 2011

resentment among employees below them who did not work flexibly. Sometimes we found that this led to managers keeping their flexible working arrangements secret. There was also evidence among employees that working flexibly would harm the prospects of career advancement. A senior male employee at a large employer said: 'People who work flexibly often understand that it is likely to mean that they are putting their career advancement on hold.'

75

Figure 14 **Proportion of employers who state that employees work flexibly, by position within firm**



Source: Demos poll, 2011

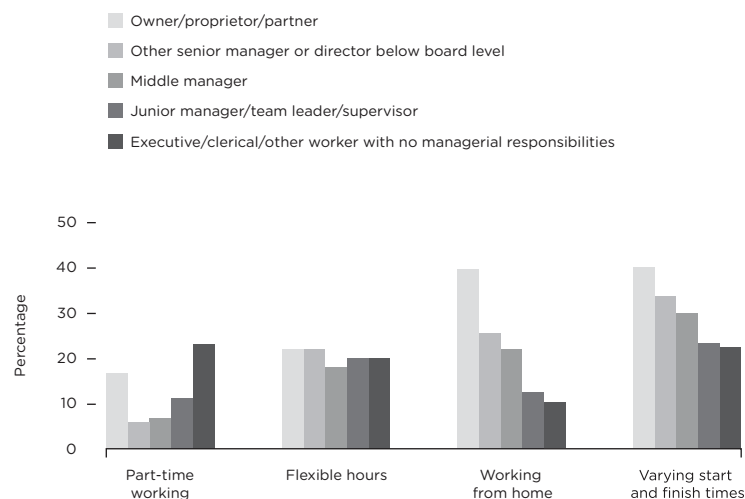
This seemed to be most true for middle management. Speaking to employees in a large retail store we found that, because of their need to be in the store to organise and support a team, middle managers felt less able to work flexibly. One employee commented on flexible working for middle managers, 'I guess it's the painful bit you need to do to get to the next level.'

Gender

Women are far more likely to request and take up a flexible working arrangement than men: 77 per cent of employers said

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Figure 15 **Proportion of employees who use flexible working arrangements, by position within firm**

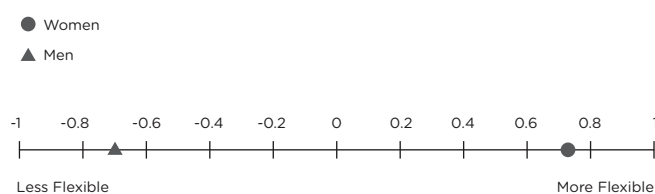


Source: Demos poll, 2011

that less than 1 in 4 flexible working requests came from men (figure 16). Furthermore, women were slightly more likely to be successful in their flexible working requests: 81 per cent of women had their request accepted compared with 77 per cent of men. The flexible working arrangements women take up and their reasons for doing so also differ from men.

Our survey showed that 50 per cent of men and 38 per cent of women said they did 'not work flexibly'. The flexible working arrangements that women used more than men include 'part-time working', 'flexible hours' and 'compressed hours'. In contrast, men are more likely than women to work from home, to use varying start and finish times and to use time banking (table 7).

Figure 16 Scale of who is working flexibly, by gender



Based on standard deviations from mean
Source: Demos poll, 2011

Table 7 Proportion of employees in the UK who use different forms of flexible working arrangement, men and women

	Men	Women
Do not work flexibly	49.9%	37.5%
Part-time working	7.3%	27.8%
Flexible hours	17.5%	20.4%
Compressed hours	2.5%	5.4%
Working from home	15.6%	12.2%
Varying start and finish	24.6%	22.8%
Time bank	2.3%	2.0%

Source: Demos poll, 2011

Part of the reasons for these differences in types of flexible working was the differing motivations women had for working flexibly compared with men. Women were twice as likely as men to state they wanted to work flexibly in order to spend more time with children or family (table 8). The fact that the child caring burden falls most heavily on women is what drives the high proportion of part-time working among women. In contrast, as men dominate the more senior positions in firms there is a higher level of men working from home.

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Table 8 **Reasons given by employees in the UK for wanting to work flexible hours, men and women**

	Men	Women
Personal health issues	5.3%	9.0%
To make life easier	52.4%	45.6%
To spend more time with children	16.3%	32.7%
More free time	35.6%	38.2%
Take part in part-time education or training	5.9%	8.5%
Lack of available childcare	4.3%	7.6%
Cost of childcare	3.5%	13.8%
Volunteer	3.7%	4.1%
Care for a disabled adult at home	2.9%	4.4%
Other	24.2%	18.9%

Source: Demos poll, 2011

When considering why an employee doesn't work flexibly, men are far more likely to say that it is 'not a priority' for them (table 9). They are also more concerned about loss of earnings, primarily because men are more likely to be the household breadwinner. Linked to this is the fact that they are more concerned about the impact flexible working would have on their career promotion. In contrast, women are over twice as likely as men to cite childcare reasons for wanting to work flexibly.

We spoke to a personnel manager in a distribution centre and a distribution centre manager. Both found that in their predominantly male environments there were few requests and little interest in flexible working. The personnel manager in the distribution centre said: 'It's [the distribution centre] definitely a more male environment. In my experience we don't get the requests from partners in the distribution centre', and the distribution centre manager said: 'I think you're assuming it's more of a subject in people's minds than it really is. Here, at least, I just don't think it's that much of an issue.'

These results help explain why men will not be encouraged to take up flexible working and address gender inequality in the

Table 9 **Reasons given by employees in the UK for not working flexibly, men and women**

	Men	Women
Impractical given the nature of the job	33.8%	27.5%
Concerned about impact on career or promotion prospects	6.0%	5.3%
Not available from current employer	29.6%	30.5%
Not aware of specific rights to request flexible working	4.8%	7.9%
Not a priority for me	36.0%	29.7%
Concerned request would be rejected	5.8%	5.3%
Concerned about reaction from colleagues	4.0%	3.0%
Concerned about loss of earnings	11.6%	8.6%
Concerned about negative response from managers	7.5%	5.3%
Don't want to work to work flexibly	19.1%	18.5%

Source: Demos poll, 2011

workplace without challenging the motivations for working flexibly. Although flexible working enables women to work more than they would if this form of work was not possible, in itself it does not help address wider imbalances between men and women such as those in childcare duties and pay rates.

We found in our focus groups that when women were working flexibly it was primarily to balance childcare demands. Illustrating how women balance childcare demands, one frontline female employee said at one of our focus groups: 'Having part-time work means I can work late nights. And I love late nights – it means I can take my girls to school in the morning.'

Our survey also included a question asking male respondents whether they were likely to use a longer period of paternity leave. The majority (86 per cent) said they would not use longer paternity leave if offered. There was little difference between social groups. Those in groups C2, D and E were only marginally less likely to use a longer period of flexible parental leave. However, male employees who worked in banking, finance

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and insurance were the most likely to say they would use it, with 28 per cent of male employees in banking agreeing. This result is likely to be related to the greater financial security that men in this sector have.

Part of the solution to this is offering a more generous form of paternity leave. In a focus group in John Lewis, a frontline partner told us of his experience of paternity leave at the organisation:

Everyone I know will take paternity leave now. Part of the reason for that is that the first week is full pay. Then it falls down to about £150 for the second week. Some fathers I know use their paid holiday for paternity leave instead.

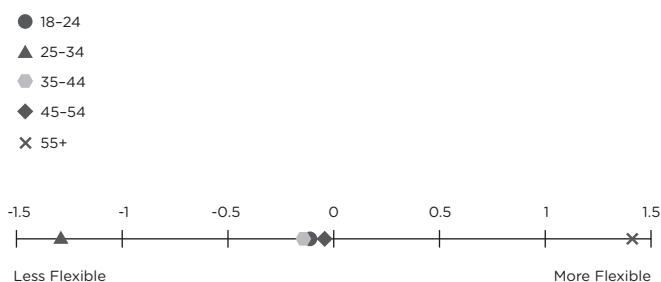
This experience was shared by a more senior male partner working in the offices of the same store: 'I've had six children and being there makes a big difference. Being paid for that is very important I think.'

Age

During the life-cycle an individual's needs and priorities change. Younger men are often keen to maximise their career prospects and so do not work flexibly, while women in their 30s may take time off for childcare. Those in their 40s often need flexibility to care for an older relative. Those in their 50s often reduce their hours leading up to retirement. As part of Demos' research into the factors affecting flexibility, we used multinomial logistic regression analysis to test what was related to people's working flexibly, and age remained one of the most statistically significant factors. However, simply looking at who works flexibly in different age groups hides the differences.

Figure 17 shows a reasonably large amount of deviation in flexible working for different age groups, but the actual differences in proportion are not so great. The two age groups that have flexible working arrangements the most are the over 55s (63 per cent) and 18–24-year-olds (54 per cent). The group with the lowest number of employees working flexibly is the 25–34 age group (49 per cent). These results do not show overall

Figure 17 Scale of who is working flexibly, by age group



Based on standard deviations from mean
Source: Demos poll, 2011

a substantial different in use of flexible working, but looking more deeply, differences arise in the types of flexible working arrangements that are used.

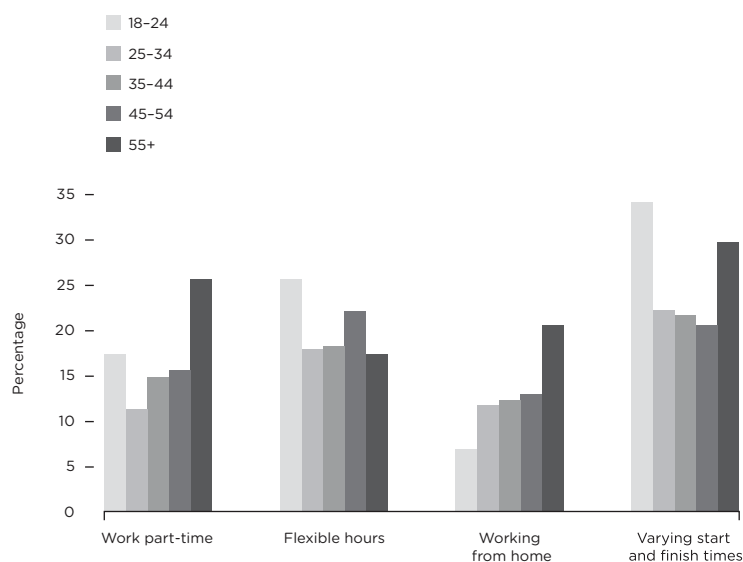
Our research shows that the youngest and oldest age groups were the most likely to work part-time and to vary start and finish times. The proportion of employees working from home was positively associated with age (figure 18).

The type of flexible working arrangement used corresponded with the reason given for working flexibly: 60 per cent of over 55s were the most likely to say that they worked flexibly 'to make life easier'. Those in the 35-44 age group were the most likely to work flexible hours to spend more time with children and because of childcare costs. The 25-34 age group is the most likely to say that their salary was 'very important' to their working life whereas the 35-44 age group was the most likely to say that flexibility was very important to their working life.

As part of our qualitative research we asked large employers from which groups they had seen increases in requests to work flexible hours over the past ten years. One of the most common responses was that there had increasingly been an expectation by young people of a right to flexible working. We

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Figure 18 Proportion of employees with flexible working arrangements, by age group



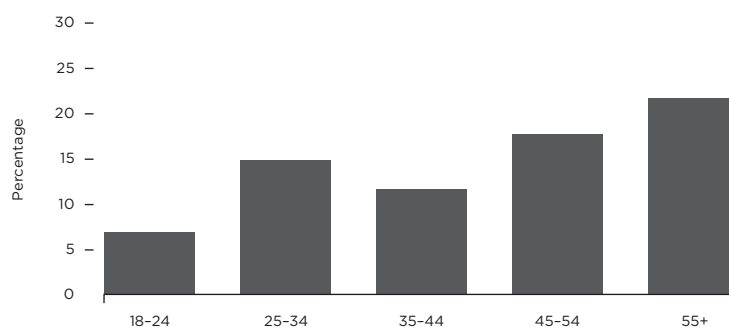
Source: Demos poll, 2011

spoke to a former graduate recruiter at a large company about their experience, who said:

One of the best examples I can give to illustrate [this is that] I used to interview graduates and I started noticing that more and more graduates were talking to me about what were our arrangements for flexible working and that they wanted a work-life balance. When I was a graduate I would have said I'll work any hours you want. So the mindset actually of youngsters is that it's alright. They are not prepared necessarily to come in and sell their time.

83

Figure 19 **Proportion of employees whose request to work flexible hours was rejected, by age group**



Source: Demos poll, 2011

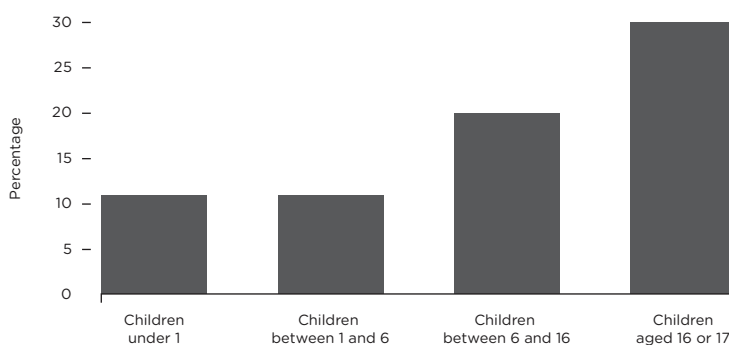
This changing expectation about working flexible hours is likely to be a pressure on employers to expand their flexible working arrangements further. However, it will also mean that in a first-come-first-served system of being able to work flexible hours, instead of one based on the prioritisation of needs, young people are more likely to request and be allowed to work flexibly than those with more acute need.

Age is also a significant factor when considering whose requests to work flexible hours are rejected. Over 55s were almost five times more likely to have their flexible working request rejected than 18–24 year olds (figure 19).

The reasons for this variation in rates of acceptance for the different age groups are hard to identify. Taking into account the reasons employers gave for allowing flexible working (retaining staff, meeting employees' needs and complying with legislation were the most frequently cited), this variation may be because young people have a higher level of turnover, so in order to retain younger staff employers must offer them flexible working. It may also be partly related to the belief among employers that younger people have more need for flexible work.

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Figure 20 **Proportion of employees whose request to work flexible hours was rejected, by age of child**



Source: Demos poll, 2011

As stated, needs for flexible working vary across the life-cycle. People between the ages of 25 and 34 are the most likely to have young children. We therefore looked at the rate of rejection of flexible working requests for parents with children of different ages (figure 20).

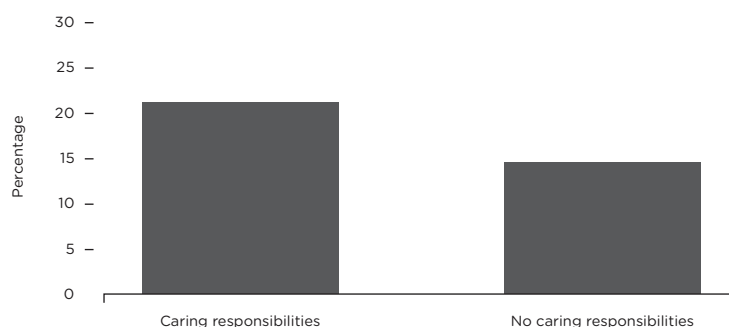
The greater frequency of rejection of requests for flexible working by parents with older children indicates that employers do prioritise those who have a right to request flexible working in law. This probably reflects the fact that employers stated that 'meeting employee needs' was one of the key reasons why flexible working is offered.

But there is a very different result for those with caring needs. People in their 40s often have to engage in caring responsibilities for parents. We asked respondents with caring responsibilities whether their requests were accepted and found employers were less responsive to need (figure 21).

Our results show that those with 'caring responsibilities' were more likely to have their request for flexible working rejected. There is a substantial risk therefore that those with caring duties are being rejected when they ask to work flexible

85

Figure 21 **Proportion of employees in the UK who had a request to work flexible hours rejected, by caring responsibilities**



Source: Demos poll, 2011

hours, worsening the care burden for society more generally, given that carers save the economy on average £18,473 each.¹⁰³

Summary

Our research has shown that flexibility is an important component of employees' conceptions of 'good work'. Yet despite the increase in use of flexible working arrangements over the past three decades, considerable barriers to flexibility remain. The flexibility an employee may be granted depends on a set of organisational and individual risk factors, which affect how much flexibility employers offer, the rate of acceptance and the level of use.

The size of a firm and its sector influences who is allowed to work flexible hours, but the effect of these factors is not straightforward. Micro firms – those with fewer than ten employees – are over three times more likely not to offer any form of flexible working arrangement as large firms (with over 250 employees). Yet paradoxically, our research has also shown that small and micro firms are among the most likely to accept a

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flexible working request. Micro firms also have some of the most flexible employees – almost 70 per cent of employees in micro firms engage in flexible working with the second highest proportion of flexible workers being in large firms (just over 55 per cent). This suggests that flexibility can work for the smallest firms, but there is reluctance and fear among employers to offer it. Larger firms clearly state that operational pressure is the most likely reason for restricting greater flexibility, yet small firms are less likely to know why they don't allow staff to work flexible hours more often.

Flexibility also varies between sectors. A more service-based economy lends itself well to greater flexibility, yet not in low-end services such as transport and retail. These were the sectors where employees were most likely to be dissatisfied with the level of control they had over their working hours. Our survey also showed that the acceptance rate of flexible working requests differed significantly between sectors. Those working in the administrative and support sector were almost five times more likely to have their request for flexible working rejected than those working in the charity sector. The pressures on different sectors can help explain this. Almost twice as many employers in the hotel and restaurant sector were likely to say that 'customer service requirements' were a restriction on offering more flexibility than employers in the charity sector.

Employees also face risk factors based on their characteristics. Age, gender and position within the firm impact on the rate of acceptance of a request, the use of flexible working, and the type of flexible working used. A substantial number of these individual risk factors are based on socio-cultural factors, such as a presumption that women take the burden of childcare duties.

Women were considerably more likely to work flexibly than men. Yet the type of flexible working and the reason for working flexible hours differed for women and men. The most common reason women gave for working flexibly was in order 'to spend time with children' whereas for men it was 'to have more free time'. This finding is supported by the form of flexible working used. Women dominate the part-time workforce while men are

more likely to work from home. These different motivations for working flexibly and the different forms of flexible working used are likely to act as a barrier to gender equality in the workplace. Combined with our finding that 86 per cent of men state they would not use a longer period of paternity leave if offered, it is unlikely that current flexible working arrangements will close the gender pay gap.

We also looked at the impact of age on flexibility given that caring demands differ across individuals' lifetimes. The rate of rejection of flexible working requests rose with age. Those over 55 were almost five times more likely to have their request for flexible working rejected as an 18–24 year old. A particularly troubling result is the greater level of rejection of flexible working requests by those with caring responsibilities, which particularly hits those aged over 45. Those with caring responsibilities are 50 per cent more likely to have their request for flexible working rejected than someone with no caring responsibilities.

Finally, beyond these organisational and individual risk factors, substantial knowledge gaps remain around flexible working. Most people do not know who is covered by the legal right to request flexible working. Employees are also unlikely to know what their firm offers. Our results showed that they underestimated the extent of flexible working arrangements, and within the firm there is a major difference between the number of employees who have flexible working arrangements and the number who employers think work flexible hours. Employers believe that employees in less senior positions are the most likely to be working flexibly. In fact the opposite is true and the most senior employees engage in the most flexible working. This misconception among employers is likely to be a barrier to them offering more flexible working.

4 Conclusions and recommendations

Flexibility as an embedded organisational value

Legislation, consumer demand, employee retention and enlightened leadership all play a role in putting flexible working on the organisational agenda, but regardless of why flexible working becomes an organisational priority, making it work in practice ultimately requires an ethos of reciprocity between employees and employers and among employees themselves. The obligation of employers to meet employees' needs must be counterbalanced with a responsibility from employees to consider how their request will affect the needs of the business and the workloads of their fellow employees. The process needs to be underpinned by a two-way dialogue rather than a one-way demand or unconsidered refusal. While the outcomes of such a dialogue should be specific to organisational circumstances, the need for the dialogue to take place can and should be underpinned by government legislation.

It is clear that legislation has acted as an initial trigger for employers in creating more flexible workplaces. This comes out strongly in research findings from our qualitative and quantitative data. Yet it is equally clear that while legislation may be necessary it will never be sufficient. In our qualitative research the drive to move beyond statutory compliance came from leaders seeing not only the economic benefits but also that flexible working would work more effectively if it was open to all employees rather than those just those covered by legislation.

The practical reality of a workplace in which all employees have the right to request flexible working was not without challenges but none of them have proved insurmountable. While the leadership of organisations may be instrumental in turning flexibility into a key principle, effective practice depends on relationships between managers and employees, and among

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employees themselves. In the case of the John Lewis Partnership, managers commonly feared that the extension of the right to request flexible working would lead to a deluge of requests. Yet as managers developed greater experience such occurrences become easier to manage, especially when those making requests were given ownership of the need to balance their demands with those of the business.

Flexibility works best when there is trust on either side of the employment relationship. Where employers do their best to accommodate the needs of employees, employees consistently go the extra mile to accommodate the needs of employers when required. As one senior manager from John Lewis Partnership put it:

It is a double win because for some people when you let them have flexible working they are more willing to help the business in other areas. So if I agreed to somebody that [she] can go home whenever, then that group of people are more willing to work when employers need them. A huge proportion of that group think 'I have been treated well so I will go back and treat the business well.'

This sentiment was echoed in focus groups with branch floor staff:

You feel very committed if you work flexibly. I know that it means I have to complete the work in certain hours now I work flexibly. It's partly because the partnership's been good to me so I'd like to be good to them.

A reciprocal relationship

Reciprocity is the key not only to making flexible workplaces function well but to charting a course through conflicting perspectives between employer associations and the advocates of entrenching and increasing flexible working entitlements. While the business case for flexibility is often compelling it is not always self-evident or equally compelling across different sectors and scale of an organisation. The justification for flexible working cannot be reduced to either the business case or indeed family

friendly policies. Crucial as both of these factors are, the case for flexibility stems from a wider need to balance the distribution of people's time between different obligations, needs and desires.

The key question is not whether businesses can afford flexible working arrangements but whether twenty-first-century societies like Britain can afford to forgo them. Flexible working is the means to a plurality of vital and positive social outcomes, that if unrealised will end up disproportionately burdening the state and middle-income households that feel the impact of increased taxation hardest. We know that more involved parenting improves the life chances of children, better work-life balance increases individual happiness, a more flexible workforce is more able to bear the burden of an ageing population, and that the Big Society will require people to have more time to be active citizens.

While it would be unreasonable to place sole responsibility for the social harms indirectly created by the way people work on employers, it would be equally unreasonable to claim they have no responsibility at all. Corporate social responsibility is best judged according to the extent organisations attempt to mitigate the 'negative externalities' they may generate in the process of pursuing core business goals. Flexible working arrangements need therefore to be seen as a defining element of a socially responsible organisation rather than something they should accommodate solely at their own discretion. And where employers refuse to meet employees halfway, there is an important role for government in legislating to enforce a basic framework in which employees can be empowered to start a dialogue with their employers.

The Coalition Government is to be commended for its proposals to extend flexible working and parental leave. It must be resolute in pushing for maximal rather than minimal versions of the proposals currently out for consultation in the modern workplace review. But it must also be much bolder on parental leave in particular if it is to have the courage of its convictions. There is only so far that government can go by itself. The type of cultural and institutional change needed to spread co-parenting and caring obligations more evenly between men and women

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requires employees and employers themselves to be at the leading edge of change. Vanguard employers such as John Lewis Partnership and BT, and many others covered in this pamphlet report, will ultimately be the key agents in driving forward this agenda.

The recommendations below aim to advance a maximal agenda of workplace flexibility, to make flexible working practices a more prominent indicator of corporate social responsibility and to enable men and women to share more equally in their caring and social obligations. Specifically they will:

- extend and normalise flexible working to all employees by making the right to request universal
- enhance shared responsibility between employers and employees through a code of practice
- give recognition to vanguard employers, target support to those struggling to implement flexible working practices and monitor progress to 'name and shame' recalcitrant employers
- make shared parental leave affordable for both partners and employers through contributory 'carers' accounts'
- extending and formalise carers' leave
- enable all workers regardless of status, role or sector to take up volunteering.

Our recommendations are set out below:

1 A statutory right to request flexible working for all employees

A legal right to request flexible working ensures that employers take their duty to look after the needs of employees seriously. The Government's commitment to a universal right to request flexible working is commendable. This legal right should cover all employees including temporary workers.

Our research showed that enshrining the right to request in law was a key driver in the wider provision of flexible working arrangements by employers. 'Complying with legislation' was one of the three most cited reasons employers gave for offering

flexible working according to our polling. Even among flexible working vanguards, like John Lewis Partnership, the legislation was an important push.

There was nervousness from Government and employers over the effect of putting the right to request into law. The Employment Rights Act 2002 gave the right to request flexible working to parents with children under the age of six or disabled children under the age of 18. This compelled employers to seriously evaluate the individual's case. In chapter 3, our case studies and stakeholder interviews illustrate the fears employers had that this would open the floodgates to requests and overburden business. This did not happen. In the first year after the right to request flexible working was made law only 2 per cent of calls to the Advisory, Conciliation and Arbitration Service, which is charged with offering advice on employment rights issues, were concerned with flexible working.¹⁰⁴ Our research also showed that employers had feared being taken to an employment tribunal if they said 'no' to a request. This did not happen. In the five years following the legal right to request flexible working, Acas registered just over 1,500 claims that involved flexible working as a primary or secondary issue. This is less than 0.2 per cent of all claims to employment tribunals during that period.¹⁰⁵ Our survey illustrated that a healthy number of employers are happy to say 'no' when they needed to.

As the Government's own impact assessment has shown, if the right to request flexible working is extended to all employees through a non-statutory mechanism, such as a code of practice, instead of a legal one, its impact on increasing requests would be substantially diminished. The Government's assessment predicted that there would be 119,000 new requests under a legislative extension compared with 59,000 under a non-statutory code of practice.¹⁰⁶

The Government announced a three-year moratorium on new regulation for micro businesses (those with fewer than ten employees) in March 2011, but micro firms should not be excluded from the proposed statutory reforms. Our quantitative research shows micro firms already work 'flexibly' – over 80 per cent of micro firms said they considered flexible working

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requests from all employees – flexible working is not disproportionately burdensome for them. Excluding micro firms from this legal extension would produce a two-tier system of employment rights – with those in micro firms being less protected.

The Government should be more honest in its relationship with micro business. The moratorium did not lead to an exemption for micro firms in the changes to the default retirement age, the extension of paternity leave and pay and the tier 1 and 2 migration changes which came in around the same time as the moratorium began. Furthermore, the moratorium does not include regulations that originate from the EU or internationally; they have to be of domestic origin. Therefore micro firms are not as well protected as the Government's messaging would suggest. This mixed messaging reduces the confidence of managers of small and medium-sized enterprises in government policy and will make it more difficult to win their support for a legal extension to flexible working.

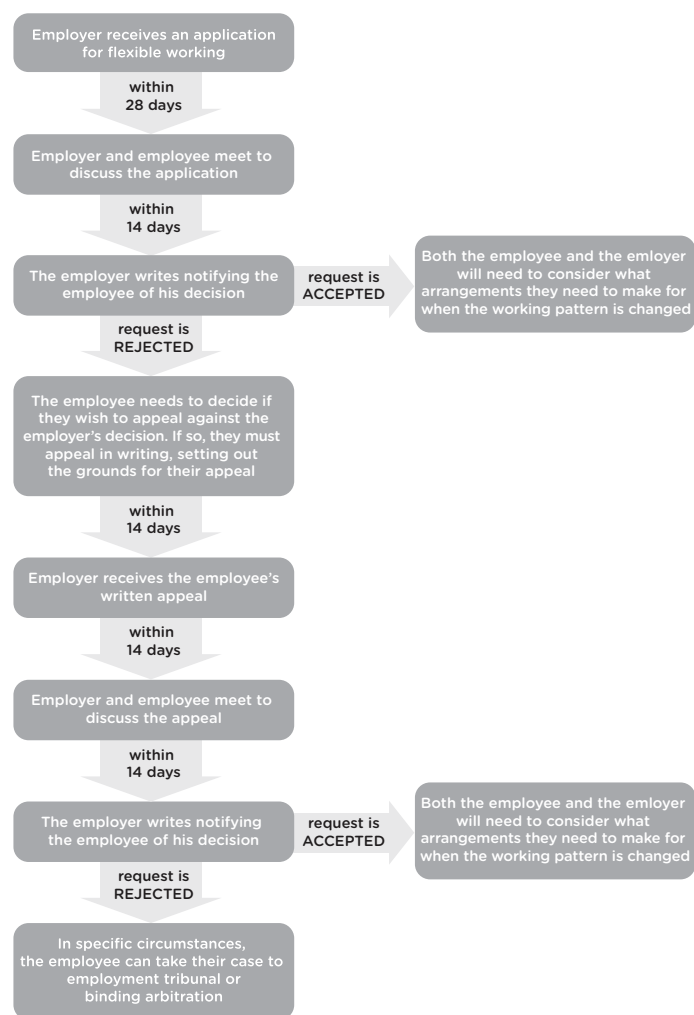
2 A code of practice to support the legislation

Although placing the right to request into law was a significant achievement by the Labour Government, it failed to help manage expectations – there was too little guidance for business and employees. A code of practice can serve an important role, as a guide to employers and employees about how flexible working can be optimally managed. It can go further in this respect than legislation. Figure 22 shows the current legal code of practice process for granting flexible working arrangements.

In its consultation document, the Coalition Government announced that it wanted to move the process for consideration of requests from legislation to a code of practice.

Allowing businesses to decide for themselves how they will construct their flexible working request process is important. Varying sector and scale pressures means that a one-size-fits-all system burdens some businesses more than others. However, it is already the case that businesses have considerable discretion over their flexible working request process, provided the business follows a reasonable timetable.

Figure 22 Current UK legal code of practice process for granting flexible working arrangements



Source: BIS¹⁰⁷

Conclusions and recommendations

The majority (79 per cent of employees in our survey) of flexible working requests are made informally. This was particularly the case in small businesses. Employers in micro and small firms (with fewer than 50 employees) were three times more likely to encourage informal flexible working requests than those in large firms (more than 250 employees). A code of practice, which helps business construct a process for consideration, would be helpful, and legislation should not introduce a rigid process for employers to obey. But legislation should put in place a maximum timeframe and minimum necessary steps to ensure business does not exploit this freedom to restrict flexible working. The consultation document states that a statute will require employers merely to consider requests 'reasonably'. This is too weak a requirement and puts at risk the potential benefits of the extension of the statutory right to flexible working. The coverage of 'reasonable' is unclear, which leads to more rather than less confusion for business.

Although legal requirements can set the minimum conditions to enable flexible working, softer measures to guide and nudge the provision of flexible working should also be used. A non-statutory code of practice can help improve understanding of flexible working, including by clearly defining different flexible working arrangements. This is an important mechanism to improve knowledge about flexible working and empower employees and employers to use it.

Our quantitative research illustrated the disparity between what employees believed they have a right to in law and what they can access in reality. Almost 60 per cent of employees surveyed did not know whom the 'right to request' covered. A code of practice can help inform employees about what is a reasonable case for request, the forms of flexible working that are available and which flexible working arrangements most suit their need while not burdening business. It could also help guide employers to understand when it is most reasonable to say 'no' – more than the eight reasons currently in the law. Our research showed that small firms with no dedicated human resources function are substantially less likely to know the forms of flexible

working that are available. This in turn means that they are less likely to offer it and benefit from it.

One of the chief benefits of extending the right to request to all employees is that it creates a culture in which all employees feel empowered to request flexible working. It would help remove the presumption that ‘only women work flexibly’, and reach towards wider social goals such as closing the gender pay gap.

3 Changing the minimum qualifying period and removing the 12-month cap

Without opening up the right to request from day one of employment we risk preventing those with substantial caring needs benefiting from flexible working, negatively impacting both employee and employer and acting as a disincentive for those with such responsibilities from entering the workforce. Employers would benefit from having an open and frank discussion pre-appointment with the employee about what flexible working arrangements they might need in order to plan long-term how to manage their employees. There is a risk that this will put at a disadvantage those with caring needs, but as part of a wider shift to acceptability of flexible working, it could help enable a longer-term change in the expectations of employers.

Further, employees’ needs are constantly changing; a limit on one request every 12 months, as is currently the case, overlooks this fact. The legal cap should be halved and employers should be encouraged to reduce the cap even further.

4 Improving the support of JobcentrePlus and considering the flexibility of roles

JobcentrePlus is an underused tool in helping employers understand the benefits of employees working flexibly, and on implementing flexible working arrangements and on deciding which job roles can be advertised as ‘flexible’. This is particularly

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important for small businesses with no dedicated human resources function.

The Federation of Small Businesses (FSB) has worked with JobcentrePlus to develop a hotline service for smaller businesses that provide recruitment help tailored to their needs. The Small Business Recruitment Service (SBRS) offers a free, professional recruitment service with advice and support throughout the recruitment process.¹⁰⁸ The helpline aids businesses design part-time and flexible jobs that suit their needs with advisers trained to be able to deliver advice on flexible working, but knowledge of this service is limited. Promoting it may help small businesses understand how flexible working can benefit their business.

The Government should require businesses to consider whether any job openings employers wish to advertise through JobcentrePlus can be made flexibly. If there is a possibility of flexibility this should be included in a firm's advert for the position through JobcentrePlus.

5 Supporting vanguards

Despite varying severity of risk factors, there are flexible working vanguards in all sectors of the economy. We would do well from showcasing these examples. An accreditation system for those employers who achieve a high standard of workplace flexibility and family-friendliness could help drive employers to improve their flexible working arrangements. It would act as an incentive for employers to improve their flexibility in order to improve their brand image and quality of recruitment. This will become more significant as the economy continues to improve and competition for labour becomes more severe.

An accreditation system can be based on the UK Commission for Employment and Skills' 'Investors in People' model. The Investors in People system gives a gold, silver and bronze level of accreditation according to the performance of firms across a number of benchmarks. For flexible working the accreditation system should award companies that have implemented flexible working well according to the risk factors identified in this report: sector, size, age, gender and job role.

6 The carer's account: a contributory principle to make parental leave more equal and affordable

The Government should be commended in its aim to increase the role of fathers in caring for children in their early years. Its primary proposals to achieve this are to reclassify the later phases of maternity leave as shared parental leave. This will increase the amount of leave men can take and enable greater flexibility in how it is used. However, the proposal fails to address one of the key factors preventing men from using the leave they are already entitled to. In the UK only half of men take the two weeks' paternity leave at statutory rates they are entitled to.¹⁰⁹ A significant factor in this is that the statutory pay covers less than 25 per cent of their salary. In contrast, in Nordic countries such as Iceland, 88.5 per cent of fathers in Iceland take some portion of their leave.¹¹⁰

Evidence from Nordic countries shows that three key considerations make men more likely to take up parental leave:

- generous paid leave, which allows a father, as a family's highest wage earner, to take time off without forfeiting the family's largest source of income
- non-transferable leave, which counteracts social and economic pressure for leave to be transferred from father to mother
- scheduling flexibility.

So there is no need to cut relations with employers. This allows professional parents, who are more likely to be fathers, to take leave without jeopardising their job prospects.

Extending the length of leave and flexibility in use of that leave is welcome but without addressing inequities in pay while on leave men lack the capability actually to use such rights. The Coalition Government's proposals for shared parental leave therefore lack a vital component for making it a practical reality rather than a formal but unrealisable right.

Box 4 summarises the Icelandic model of parental leave.

Conclusions and recommendations

Box 4

The Icelandic model of parental leave

The Icelandic model provides a statutory right to nine months of paid parental leave in three instalments of three months. Two of these instalments are 'non-transferable'; the mother and the father must take one each. The parents can choose which of them takes the third instalment. Special arrangements exist if there are complications such as health issues. The timing of parental leave is at parents' discretion – it can be taken uninterrupted or interrupted as well as part-time coupled with part-time work. Through a social insurance system, parental leave is paid at 75–80 per cent of earnings with a ceiling for earnings over €1,890 per week and a floor, so no one working full-time receives less than €575 per week. Separate rates apply for people working part-time. Same sex couples with children and couples adopting a child under the age of eight are eligible for leave on the same basis. In the Icelandic model, mothers are obliged to take two weeks of leave following the birth of a child.

Adapting the approach taken to pay and flexibility in how leave is taken in Nordic countries is more likely to enable the cultural shift in parenting the Government is rightly seeking to achieve. As it currently stands parental leave is expensive for employee, employer and the state. Financial pressures act as a disincentive for parents to take their full entitlement to parental leave and there is evidence it acts as a disincentive on employing women of childbearing age. Low take-up by fathers therefore helps perpetuate the gender pay gap in addition to preventing men spending more time with their children in their early years.

If a father in the UK on an average wage takes up his full two weeks' ordinary paternity leave and then takes up his new right for additional paternity leave from the mother, after the 26th week he effectively loses 88 per cent of his potential earnings – which can be over £13,000 (see appendix 4). Not only is this a disincentive for fathers, but it also makes it financially impossible in many cases for fathers to take up parental leave.

A mother on an average wage who takes her full maternity leave will be 72 per cent worse off in that year alone through lost

earnings.¹¹¹ This can be equivalent to a loss of £16,336. This is particularly a disincentive for low-income families to take full parental leave. Low-income mothers return to work substantially earlier than mothers on an average wage. Employers are worse off too as they have to cover the cost of this parental leave. Small employers have the right to have the cost of statutory parental pay reimbursed by HM Revenue & Customs, but this misses many indirect costs, according to the FSB, such as finding a replacement worker.¹¹² This also places a cost on the state, having to subsidise parents taking parental leave.

Learning from Demos' report *Of Mutual Benefit*,¹¹³ and the Nordic countries, which pool their costs, there are ways to improve the pay of employees while not excessively burdening the state or employer. Introducing a contributory principle through a care account would be an important step along this route.

Countries with the highest levels of co-parenting, such as Iceland, Finland and Norway, all have a far more generous system of parental leave than the UK. The systems are funded from contribution schemes, which involve varying degrees of reciprocity between employers, employees and government. In Iceland there are parental leave fund-based national insurance contributions; 1.08 per cent of all national insurance contributions go towards this fund, which covers 80 per cent of the average worker's salary during parental leave.¹¹⁴ This is particularly important for fathers, who are most commonly the head household earner.

An opt-out care account contribution system that can be used to replace at least two-thirds of lost earnings will help support take-up of parental leave. Under such a system an employee contributes a portion of their salary tax-free to an account, with the amount matched by the employer. When an individual needs to take parental leave they will therefore be able to draw on this fund to cover the difference between their statutory paternity pay in the 39 weeks it is available for and at least two-thirds of their wage, to ensure a reasonable standard of living. However, not every employee will want or be able to have children. If the contributions are not used it should be possible to put the funds into the individual's pension pot. This would

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cover the varying needs of employees and ensure they are financially secure when they need to dedicate their time to a new child.

7 Right to extraordinary leave for care reasons and better systems of carers leave

There are almost 6 million carers in the UK and half of them balance this responsibility with work. Employment is most productive for carers when they have greater choice in how to balance their caring and work demands.¹¹⁵ Carers should be one of the groups given priority to work flexible hours in a code of practice. Our changing demography means that in the next 25 years the number of carers is expected to increase by 50 per cent.¹¹⁶ Flexible working can help alleviate the pressures on carers, their families and employers, and the state.

Care demands can fall on employees when they don't expect them. These pressures occur most frequently among mothers with young children who fall ill and need a short time off work to care for them. But these events hit other groups as well, including those who have older relations who occasionally depend on them. This can create stigma and resentment. Many firms give five days of unpaid leave for such 'emergency care' needs. This should be formalised and allowed in all firms – going beyond what is already enshrined as 'compassionate leave'. Only when an employee goes beyond this basic leave should employers have the right to require proof of need, such as a doctor's note, and penalise the employee if needed.

Further, a code of practice should promote all firms having policies in place in case employees need to be off work for a prolonged period because of caring responsibilities. Then employers will be more prepared and more able to agree to such requests in cases where employees request a break from work, on similar terms to requests for a career break. During this time the carer will be able to access direct payments for carers, and should be able to subsidise this with payments from their care account to ensure that their earnings are sufficiently replaced. This will help ease the burden of demographic change.

8 Use it or lose it right to volunteering days

The scope of benefit of flexible working does not fall just on the employee, who can improve their work–life balance, nor their employer, who can boost productivity. It can also serve wider social ends through the Big Society. A flexible workforce is also a workforce more able to be more engaged in civic action.

Our polling shows that only 4 per cent of employees currently use flexible working in order to volunteer. In changing the nature of flexible working, making it more acceptable in the workplace, we have the opportunity to make voluntary action more the norm. The recent white paper on giving shows that the Government shares such a vision.¹¹⁷ It requires ministers to give at least a day a year to a good cause.

The right to a paid day a year to volunteer is an important step to promoting the Big Society agenda and should be available to all employees. In itself it will not produce the civic engagement needed for a Big Society, but it will be an important way to nudge individuals and business to be more aware of their civic duty alongside the wider Big Society agenda. The recommendations presented in this report outline a direction of travel – for government and for business – to make the flexible vanguard the norm rather than the exception. There are huge lessons to be learned by employers – on the benefits of flexible working and on the importance of ensuring that their workforce works in a way that fits with wider social norms and expectations. Examples can be seen in the places where flexibility already works and works well for both employer and employee.

It is key that Government recognises that flexibility is crucial to its wider, social agenda. A nation that cares for its older people, volunteers more readily and spends time and energy raising young people well is a nation that works flexibly. This is achievable – albeit to different levels and in different ways – in all sectors of industry: many of the sectoral problems cited to avoid cross-cutting flexibility are more issues of poor imagination than they are of actual capacity. How can it be the case that ‘retail can’t do flexibility’ if John Lewis and Waitrose can? How can it be true that ‘small business can’t afford flexibility’ when so many micro businesses not only afford it but flourish as a result?

Conclusions and recommendations

Government must premise its interventions in this complicated but important aspect of all our lives on the idea of reciprocity, a shared responsibility between state, employer and employee. So too must employers and employees – engaging in a discussion of how more autonomy would work rather than a dispute over ‘entitlements’. These recommendations are the starting point for that dialogue.

Appendices

Appendix 1 Employers' reasons for not offering more flexible working

Table 10 **Reasons given by employers in the UK for not offering more flexible working, by sector**

	Manufac- turing; pharma- ceuticals	Retail, leisure and wholesale trading	Hotels and restaur- ants	Transport; information and com- munications; travel & tourism; postal services	Banking, finance and insurance
Operational pressures	58%	51%	68%	72%	17%
Customer or service requirements	47%	51%	74%	51%	46%
Financial restraints	27%	36%	36%	28%	5%
Lack of senior level support for it	62%	19%	10%	4%	24%
Existing organisational culture	33%	16%	15%	11%	5%
Lack of interest from employees	27%	19%	17%	13%	13%
Line managers' ability to manage flexible workers	31%	16%	2%	18%	21%
Technological constraints	29%	5%	10%	17%	20%

Real estate, professional, scientific, technical, administration and support	Public administration (central or local government, armed services)	Education	Healthcare and social work	Charity and voluntary; arts and entertainment; other services for the community
34% 47%	73% 59%	44% 40%	61% 59%	58% 40%
29% 19%	22% 16%	18% 19%	35% 14%	19% 11%
18%	22%	40%	18%	16%
27%	10%	12%	6%	14%
1%	31%	23%	16%	13%
11%	20%	6%	8%	2%

Appendices

Appendix 2 Types of flexible working arrangements offered

Table 11 Types of flexible working arrangements offered by different sectors in

	Manufacturing; pharmaceuticals	Retail, leisure and wholesale trading (including repairs to vehicles other goods etc.)	Hotels and restaurants	Transport; information and communications; travel & tourism; postal services	Banking, finance and insurance
Part-time working	58%	79%	77%	66%	75%
Varying start and finish times	43%	74%	63%	63%	56%
Flexible hours or flexitime	39%	56%	24%	53%	45%
Working from home	46%	13%	13%	58%	67%
Compressed hours (eg 4 day week)	18%	38%	28%	41%	45%
Career breaks	14%	41%	0%	43%	22%
Term-time working	17%	15%	30%	4%	26%
Annualised hours	24%	12%	10%	24%	20%
Time banking	10%	14%	0%	16%	3%
Working a nine-day fortnight	15%	0%	10%	8%	0%
None of these – no flexible working offered	14 %	8%	5%	13%	10%

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the UK, by sector

Real estate, professional, scientific, technical, administration and support	Public administra- tion (central or local govern- ment, armed services)	Education	Healthcare and social work	Charity and voluntary; arts and entertain- ment; other services for the community
72%	86%	75%	89%	84%
63%	83%	57%	86%	77%
52%	88%	40%	74%	76%
66%	67%	42%	51%	74%
33%	69%	36%	65%	42%
21%	79%	23%	59%	46%
25%	53%	62%	54%	13%
8%	36%	17%	40%	10%
14%	14%	4%	35%	17%
14%	43%	4%	36%	15%
8%	4%	10%	1%	4%

Appendices

Appendix 3 Employees' reasons for not working more flexibly

Table 12 Reasons employees in the UK give for not working more flexibly, by sector

	Manufacturing; pharmaceuticals	Retail, leisure and wholesale trading (including repairs to vehicles other goods etc.)	Hotels and restaurants	Transport; information and communications; travel & tourism; postal services	Banking, finance and insurance
Not a priority for me	33%	36%	50%	32%	32%
Impractical given the nature of the job	35%	24%	45%	32%	34%
Not available from current employer	35%	32%	30%	35%	39%
Don't want to work to work flexibly	20%	17%	12%	17%	13%
Concerned about loss of earnings	6%	13%	20%	8%	13%
Concerned about negative response from managers	4%	10%	4%	5%	10%
Not aware of specific rights to request flexible working	6%	10%	-	5%	10%
Concerned request would be rejected	3%	7%	11%	3%	6%
Concerned about impact on career / promotion prospects	4%	5%	10%	3%	10%
Concerned about reaction from colleagues	1%	2%	8%	2%	10%

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ector

Real estate, professional, scientific, technical, administration and support	Public adminis- tration (central or local govern- ment, armed services)	Education	Healthcare and social work	Charity and voluntary; arts and entertain- ment; other services for the community
33%	23%	27%	33%	38%
28%	52%	39%	28%	18%
31%	18%	28%	18%	30%
27%	14%	13%	21%	25%
14%	9%	10%	5%	3%
7%	5%	6%	7%	3%
4%	2%	7%	7%	7%
4%	7%	8%	7%	-
8%	-	7%	6%	3%
4%	2%	6%	5%	3%

Appendices

Appendix 4 Parental pay replacement rates

The level of pay a person receives when taking parental leave is highly important in determining whether a parent takes their full parental leave. Demos analysed the amount a parent on an average wage can expect to lose if they take parental leave.¹¹⁸ The 'parental pay replacement rate' is the proportion of a parent's earnings that they would receive if they took parental leave and were paid at the rate specified in law. We calculate this rate under the current system and under the Icelandic model.

Under current rules, a mother has a right to 52 weeks of maternity leave. Six weeks must be paid at least at 90 per cent of the mother's previous wage, and the following 33 weeks must be paid at the statutory rate of £124.88 per week (or 90 per cent of the average wage if that is lower). The remaining time is unpaid. Fathers currently have a right to 2 weeks of ordinary paternity leave paid at £124.88 a week. For children born after 3 April 2011, fathers have also been able to access 'additional paternity leave' if the mother returns to work. This allows the father up to 26 weeks' paternity leave from the 20th week of birth (if the mother returns to work) and any outstanding payments the mother has a statutory right to.

Table 13 **Situation 1: mother takes parental leave for 39 weeks and then returns to work; father takes 2 weeks of paternity leave**

Mother	6 weeks at 90% of wage	£2,370.6
	33 weeks at SMP rate (£124.88)	£4,121.04
	Total maternity pay for 39 weeks	£6,491.64
	Total wages for 39 weeks employment	£17,121
	Parental pay replacement rate	38%
	Lost earnings	£10,629.36
Father	2 weeks at ordinary paternity pay	£249.76
	Total paternity leave pay	£249.76
	Total wages for 2 weeks	£1,076
	Parental pay replacement rate	23%
	Lost earnings	£826.24

Table 14 **Situation 2: mother takes parental leave for 52 weeks and returns to work; father takes 2 weeks of paternity leave**

Mother	6 weeks at 90% of wage	2,370.6
	33 weeks at SMP rate (124.88)	£4,121.04
	13 weeks unpaid	0
	Total maternity pay for 52 weeks	£6,491.64
	Total wages for 52 weeks employment	£22,828
	Parental pay replacement rate	28%
	Lost earnings	£16,336.36
Father	2 weeks at ordinary paternity pay	£249.76
	Total paternity leave pay	£249.76
	Total wages for 2 weeks	£1,076
	Parental pay replacement rate	23%
	Lost earnings	£826.24

Table 15 **Situation 3: mother takes parental leave for 26 weeks and returns to work; father takes 2 weeks of paternity leave and the caring responsibilities from week 27 to 39 and then returns to work**

Mother	6 weeks' pay at 90% of wage	£2,370.6
	20 weeks at SMP rate (124.88)	£2,497.6
	Total maternity pay for 26 weeks	£4,868.2
	Total wages for 26 weeks' employment	£11,414
	Parental pay replacement rate	43%
	Lost earnings	£6,545.8
Father	2 weeks at statutory rate	£249.76
	13 weeks at OPP rate (124.88)	£1,623.44
	Total paternity pay for 15 weeks	£1,873.2
	Total wages for 15 weeks employment	£8,070
	Parental pay replacement rate	23%
	Lost earnings	£6,196.8

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Table 16 Situation 4: mother takes childcare benefit for 26 weeks and returns to work; father takes 2 weeks of paternity leave and the caring responsibilities from week 27 to 52 and then returns to work

Mother	6 weeks' pay at 90% of wage	£2,370.6
	20 weeks at SMP rate (124.88)	£2,497.6
	Total maternity pay for 26 weeks	£4,868.2
	Total wages for 26 weeks employment	£11,414
	Parental pay replacement rate	43%
	Lost earnings	£6,545.8
Father	2 weeks at ordinary paternity pay	£249.76
	13 weeks at OPP rate (124.88)	£1,623.44
	13 weeks unpaid	
	Total paternity pay for 28 weeks	£1,873.2
	Total wages for 28 weeks employment	£15,064
	Parental pay replacement rate	12%
	Lost earnings	£13,190.8

Table 17 Situation 5: Icelandic model – mother takes non-transferable 3 months, father takes non-transferable 3 months, mother taking 3 months shared leave

Mother	13 weeks at 80% of wage	£4,565.6
	Total maternity pay	£9,131.2
	Wages for 26 weeks	11,414
	Parental pay replacement rate	80%
	Lost earnings	£2,282.8
Father	13 weeks at 80% of wage	£5,595.2
	Wages for 13 weeks	£6,994
	Parental pay replacement rate	80%
	Lost earnings	£1,398.8

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Over the last ten years, flexible working practices have become integrated into the economy – almost 60 per cent of employees currently use a form of flexible working. This Government has pledged to go even further – the right to flexible working for all was enshrined in the Coalition agreement – but it has vacillated in the face of pressure from the business lobby.

Reinventing the Workplace argues that it would be both economically short-sighted and socially irresponsible to roll back the progress made over the past decade, due to pressures in a time of economic uncertainty. The recession will not go on forever, whereas the need for flexible work has been a long time coming, as the care responsibilities of those in employment have increased with the growth of shared parenting, more mothers returning to work and an ageing population.

There is a business case for flexible work – employers benefit by lowering estate costs, retaining staff, increasing productivity and reducing absenteeism. It proved its worth at the height of the financial crisis, when cooperation between employers and employees minimised job losses. But flexible work also has clear, positive social outcomes. More involved parenting improves the life chances of children, a better work–life balance increases individual happiness, a more flexible workforce is more able to bear the burden of care, and the Big Society requires people to have more time to be active citizens.

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THE SmartWorking HANDBOOK

How to reduce costs and improve business
performance through new ways of working
A practical guide



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RESOURCES FOR NEW WAYS OF WORKING

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THE
SmartWorking
HANDBOOK



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Foreword



Flexibility as a journal has been spreading the word about the benefits of flexible working since 1993. We have seen flexible working move from an interesting fringe idea to the mainstream, even to the point where a 'right to request' flexible work is enshrined in law in the UK.

Now that the concept has moved into the mainstream, the potential benefits are widely recognised. Widely recognised – but less widely implemented. Or where implemented, often in a partial or piecemeal fashion. The UK legislation even encourages a reactive approach, making decisions on flexible working requests case by case. But that's no way to build a strategy or to reap the benefits.

We use the term 'Smart Working' to refer to the new ways of working made possible by advances in technology and made essential by economic, environmental and social pressures.

The purpose of this guide is to promote an integrated, interdisciplinary, comprehensive and strategic approach to Smart Working. Flexible working is linked in to changes in working environments, working culture, technologies and management techniques.

Smart Working is an integrated and above all practical approach to realising the benefits, based on using sound metrics. The approach we recommend is one based on almost 20 years of practical experience and cutting edge research.

The Smart Work Handbook is not long. But we trust it will provide for you an excellent starting point for taking an integrated approach to developing your Smart Working strategy and programme.

Andy Lake, Editor *Flexibility.co.uk*
June 2011

1 The vision

THE SmartWorking HANDBOOK

The way we work is changing – but not fast enough. In the current challenging climate, most companies and public sector organisations are looking closely at what they do and how they do it. Now is the time to take steps not only to survive the present crisis, but also to plan for the longer term. Becoming more flexible and working smarter should be at the heart of transforming and streamlining organisations.

An end to wasteful practices

Wasteful practices are built into traditional ways of working:

- The average UK worker commutes for just under an hour per day – equivalent to 4 years over a working life
- The average full-time employee is absent for 8 days per year, rising to 10 in the public sector
- There are some 10 million office workers in the UK occupying 110 million m² of office space...
- ...with average occupancy in a traditional office over the working day at around 45%.

Our vision for transforming the way we work through Smart Working focuses on achieving the following benefits:

- Increasing the effectiveness of our activities
- Reducing the financial costs of running an organisation
- Focusing our work on outcomes rather than processes
- Meeting the aspirations of staff for an improved work-life balance
- Creating office environments that facilitate collaboration and innovation
- Reducing the environmental footprint of our working practices.

Work in the 21st century is about what you do, not where you do it. Strategic use of new technologies enables much of the work we do to be carried out from many locations other than offices.

What is holding us back? There are technological limitations that vary between organisations, the challenges of traditional office culture, and paper-based processes. But Smart Working is about embarking on a journey, where the aim is to make continuous progress towards achieving these benefits.

Our aspiration here is to provide the framework for new working practices that will enable all employing organisations to work seamlessly across locations, and at times that are more advantageous to both customers and employees.

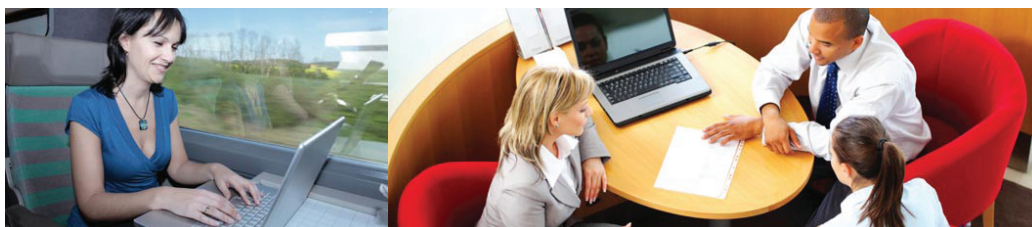
The workforce will be empowered by a new trust-based working culture. They will have access to offices that are designed for interaction with colleagues, partners and customers. And they will work for employers that have become more agile and in better shape to deliver their mission.

Why 'Smart Working'?

Smart Working is a comprehensive and strategic approach to implementing:

- The range of flexible working options
- Environments that enable the greatest flexibility
- Technologies that support the practice and management of flexible working
- New forms of collaboration (e.g. in virtual teams) that reduce the need for physical meetings and travel
- Culture change to enable greater organisational agility and innovation.

Underlying Smart Working is a commitment to modernise working practices, by moving away from the 'command and control' assumptions of traditional factory-style working about where, when and how work should be done. It's about doing more with less, working wherever, whenever and however is most appropriate to get the work done.



2 Principles of Smart Working

Smart Working is about taking a comprehensive and strategic approach to modernising working practices. It is based on the following principles:

- Work takes place at the most effective locations and at the most effective times
- Flexibility becomes the norm rather than the exception
- Everyone is in principle considered eligible for flexible working, without assumptions being made about people or roles
- Employees have more choice about where and when they work, subject to business considerations
- Space is allocated to activities, not to individuals and not on the basis of seniority
- The costs of doing work are reduced
- There is effective and appropriate use of technology
- Managing performance focuses on results rather than presence
- Smart Working underpins and adds new dimensions to diversity and equality principles
- Employees have the opportunity to lead balanced and healthy lives
- Work has less impact on the environment.

In summary there are positive impacts from Smart Working on the 'Triple Bottom Line' – benefits for the business, the individual, and for the environment.

In traditional ways of working, flexibility is envisaged as an exception to the normal way of working. Flexible working is something that is applied for, and granted as an exception from the 'normal' ways of working. Often it is considered a privilege that can be granted or revoked.

Dealing with requests for flexible working on such an ad hoc or reactive basis can lack business focus and is inherently un-strategic. Smart Working provides a strategic and business-focused framework for flexible working.

The world of work is changing

- 3.7 million people – 12.8% of the workforce – now work mainly from home (Labour Force Survey, 2010)
- 27% of the workforce now work part-time
- 41% of all businesses are home-based
- 60% of new businesses start up from home
- 3 out of every 5 new jobs created are 'atypical' in some way – i.e. not fixed hours, full-time permanent jobs
- Over 90% of employers say they offer some kind of flexible working practices

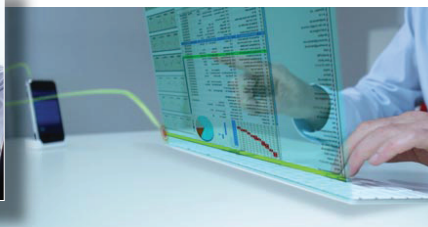
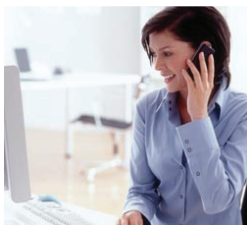
However, most organisations do not yet take a strategic or coordinated approach to this new world of work.

Figures from Office for National Statistics and Department for Business Surveys



3 A new culture for 21st century working

THE
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Smart Working involves developing a new work culture.

It is not about doing things in the old way with some new technologies and redesigned offices – it is about new ways of working using new tools, new processes, and new approaches to management and teamwork. This requires different types of behaviours and different expectations about how work is done.

A Smart Working culture consists of:

- Higher levels of collaborative working – between individuals, between teams, with external partners and with the wider public
- The pursuit of continuous service improvements, in particular through the use of new technologies to increase efficiencies
- A commitment to flexibility – being constantly open to new ways of working and delivering services, avoiding temptations to try to “freeze” Smart Working into a rigid or prescriptive formula
- An emphasis on management by results rather than management by presence
- An emphasis on working in shared spaces and with shared resources, rather than with territorial or personalised ones
- An emphasis on promoting higher levels of staff empowerment and autonomy, to maximise the benefits arising from the new working styles
- An emphasis on using new ways of working to assist employees achieve a better work-life balance
- A commitment to using new technologies and new ways of working to reduce the environmental impact of workstyles, processes and delivery of services
- A commitment to using new technologies and new ways of working to recruit, retain and develop a more diverse and inclusive workforce
- A culture of learning using the new technologies to help employees, wherever they are located, to develop their skills and capabilities and move forward in their careers.

It is important to recognise that developing a Smart Working culture and ensuring that the changes become embedded is a collective responsibility, not one that can be imposed from above. However, strong leadership will be needed to ensure the changes are taken forward, and to galvanise teams to develop the new culture and new ways of working.

What do staff want?

Staff surveys within companies consistently show that employees want more choice. The choice to choose the best times and places to work.

The top 3 options that staff favour are:

1. To vary start and finish times – without the rigidity of most ‘flexitime’ schemes
 2. To work from home 1-2 days per week
 3. To work a compressed working week
- Trust is key to making these arrangements work for both employees and managers.

Source: staff surveys by HOP Associates and Flexibility.co.uk

Practical Culture Change

Changing to a Smart Working culture is not carried out in isolation. It involves working with all staff throughout the programme of making changes to workplaces, technologies and processes.

It involves a combination of:

- Establishing the expectations for the new work culture
- Supporting staff through the changes
- Agreeing protocols for new working practices
- Management and staff training through workshops and online learning.

4 Flexible working options

Smart Working incorporates the full range of flexible working options. These broadly fall into two areas: flexible time and flexible place.

Flexible time options are:

- **Flexi-time:** this typically operates with a 'core hours' requirement, i.e. employees are expected to be working between the defined core hours in the morning and afternoon. Staff surveys show that many employees feel the core hours can be too rigid, and in practice these are often varied by agreement according to circumstances. The trend will be away from defined core hours.
- **Time off in lieu (TOIL):** TOIL is a form of flexible hours working that allows hours to be varied across days, by paying back extra hours worked on one day with time off on other days.
- **Annualised hours:** employees are contracted annually to work a set number of hours, which can be worked flexibly over the 12 month period. This is useful for coping with peaks and troughs in work, as well as for meeting personal requirements.
- **Compressed working weeks:** employees work their standard working hours in fewer days – e.g. one week's hours worked in four days, or two weeks' worked in nine days. There is a range of patterns of varying complexity.
- **Term-time working:** this enables staff who are parents to work around school terms and holidays.
- **Part-time working:** staff are sometimes recruited on a part-time basis, while others seek to reduce their hours, with pro-rata reductions in pay and benefits. When this is done on a temporary basis, it is sometimes referred to as 'V-Time' (voluntary reduced hours). It is typically associated with parenting responsibilities, but surveys indicate this is an option of interest to older workers who are thinking in terms of phased retirement.

- **Jobshare:** this is a particular form of part-time working, where two (or occasionally more) people share a full-time job
- **Career breaks:** the option to have a career break or sabbatical to pursue professional or personal development.

Flexible place options are:

- **Working from home:** When employees regularly work from home it is typically for 1-2 days per week. Some roles may be based at home full-time. More mobile staff may work using home as a base rather than, or as much as, using the office as a base. Most staff will probably have at least some tasks that can effectively be carried out from home.
- **Mobile working:** Employees who work in many places need to be empowered and equipped to work when travelling, in public settings, and touching down in offices as needed.
- **Working from other offices:** Smart Working involves working from the most effective location and reducing the need to travel. Staff may choose to work from other offices – offices belonging to the organisation, third party serviced offices or partner/client offices, as appropriate.
- **Working as virtual teams:** to prevent relocation or frequent travel, staff work smarter as virtual teams, using online communications and collaboration techniques.
- **Sharing space in the office:** Employees do not have a permanent desk, but choose a work setting appropriate to the task in hand (see section 5), e.g. standard desk, touchdown space, quiet zone, confidential room, project room

In many cases, employees will blend different smart/flexible working options, according to the need of the tasks in hand. Enabling this involves a substantial move away from the idea that an individual applies for and is granted a single particular alternative workstyle that is set in stone.



All the options are important in terms of equal opportunities and diversity.

Choosing which styles of work are appropriate depends on:

- Analysing the tasks involved in the job role, in terms of how effectively they can be done at different times and in different locations
- The preferences of the employee and being able to meet their aspirations
- The potential of the smarter working choices to reduce the financial and environmental footprint of the organisation's working practices
- Any impacts on teamwork that may arise.

The law on flexible working

Legislation in the UK gives the 'right to request' flexible working to parents of children under 17 (or disabled children up to 18) and carers of dependent adults. About one third of the workforce are parents or carers.

Employers are not obliged to grant a request, but must give sound business reasons if they refuse.

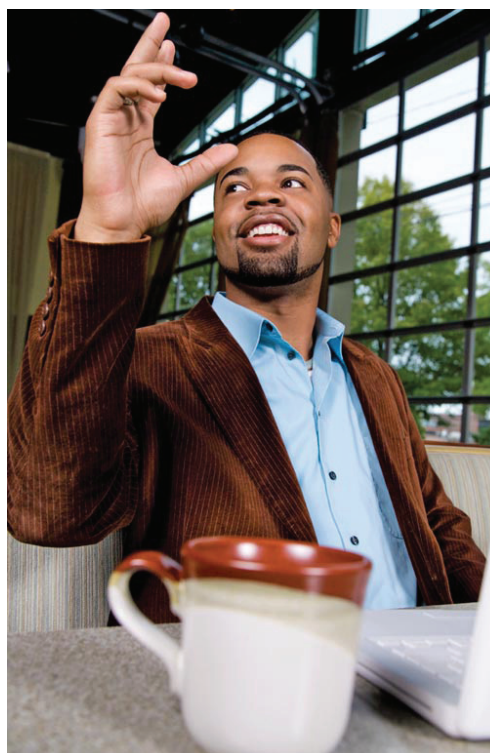
Employees may appeal if they feel a request has been unreasonably refused.

The law requires employees to make a case showing that the new work arrangements are workable and will not adversely affect business.

The UK government in 2010 is proposing to extend the right to all workers.

Most large organisations now have policies to address the needs of the law. But that is not the same as having a comprehensive flexible working policy that enables them to address all employees equally.

It is important to avoid as far as possible new working arrangements that inject new inflexibilities that could compromise business efficiency. Examples of this would be people saying they must always work at home on a certain day, or always taking the same day off as part of a compressed working week arrangement. While respecting flexible



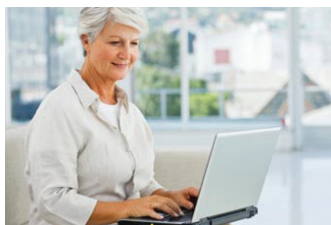
arrangements, it is important to have the flexibility to alter them on occasion to meet service delivery needs or for essential face-to-face meetings.

It is then the responsibility of all employees to make flexible working work effectively to deliver both business and personal value.

All of the flexible working options have an impact on how space is used. Flexible location options will mean that the base office will be used less, though it may be used somewhat more by visitors. Flexible time options mean that the office space will be used differently, with use spread out more across a longer period of time each working day.

Managers need to think through how the changes in occupancy affect the way the office is used. These changes are covered in section 5 of the Handbook.

5 New environments for new ways of working



Smart Working aims to create attractive and inspiring work environments that support the new work styles, increase the adaptability of space, and increase business performance. A Smart Working approach to office design seeks to achieve these benefits while at the same time achieving significant savings and efficiency gains.

Smart working also enables a range of new working environments beyond the traditional office.

Unlike traditional offices, which are based on having ranks of personal standard desks, smart office environments should have a mix of desk types and meeting spaces where work activities can be carried out.

How much is your office used?

- A traditional office used 8 a.m. to 6 p.m. Monday to Friday is used only 30% of the year
- Holidays account for 8% of an employee's time
- Typical occupancy is around 45%
- Average office costs per head are around £6k. Time to do the maths on empty space!

While one of the aims of Smart Working is to have offices utilised more efficiently and to save costs by eliminating wasted space, it is also an aim to use under-occupied space to provide other desirable work spaces that are closely aligned to the needs of modern flexible workers.

As desk-based tasks can increasingly be carried out from anywhere, the need in offices is less for ranks of workstations, and more for:

- Flexible meeting spaces – small meeting rooms, breakout spaces and café areas
- Space for quiet and concentrated working

- Spaces for confidential work and phone calls
- Touch-down spaces for people working on the move
- Resource areas
- Special project areas
- Flexible multipurpose spaces.

Understanding space requirements

It is essential to have an evidence-based approach to understanding the amount of space needed in the office, and the mix of different kinds of spaces. This should be based on:

- An accurate space audit, measuring how space is occupied across the working day over a number of days
- An analysis of how, when and where work is carried out
- An analysis of work processes and technology use, and how changing these creates opportunities for change in the workplace
- A storage audit and an assessment of the scope for storage reduction
- Consultation with staff to understand their working practices and preferences
- Mapping of the relationships and interactions between departments and teams.

Space audits in offices with traditional working practices have shown average desk occupancy levels of well under 50% over the working day.

The main value of a space audit is that it will deliver objective figures in terms of how often desks are occupied, how often they are "claimed" but with no one at the desk, and how often they are empty.

Figures of less than 45% average occupancy are normal for professionals and managers in most "pre-smart" office environments. Average occupancy for admin and support staff

rarely rises above 60%, despite what most managers would expect. Peaks may be around 60% for managers and professionals and around 80% for administrative staff, but are rarely higher. Individual teams will show higher peaks, but these peaks do not occur at the same time: this is the main reason why staff often have a perception of higher occupancy.

The end result is to provide indisputable data showing that space is not being used efficiently and that resources are being wasted – vital for developing the business case for change.

Modern, more mobile working practices and current flexible working options lead to a lower overall requirement for desk space. Smart Working staff surveys (see section 9) will provide evidence of enthusiasm on the part of staff for greater flexibility, and for higher levels of trust to manage their own work styles. This will lead in time to further reductions in demand for desk space, and adaptations in the office to support more flexible work styles.

The evidence gathered from these analyses underpins the design of new office space. The number of desks will reduce, and more collaborative spaces will be introduced. The exact proportions will depend on the evidence gathered locally.

Sometimes organisations define a default or target ratio to be achieved, e.g. 8 desks for every 10 people, or 1 desk for every 2. We do not advise this Procrustean approach, but one that is based on real data and will vary from department to department.

Desk-sharing

As the number of desks is reduced to align more closely with actual occupancy, desk-sharing solutions will need to be introduced.

Smart Working does not envisage hot desking policies that move people all around the building from one day to the next, dividing people from their teams.

Maintaining team cohesion and joint access to nearby resources is important, and space sharing arrangements agreed by colleagues in teams are more likely to work well. The Smart Working development process encourages team involvement in the design of new office environments.

Case study Islington Council

Islington Council have developed a comprehensive approach to transformation through their SMART Working programme. Having a strong focus on doing more with less, the Council has released 12 buildings and fitted out 13 others for Smart Working.

Team-based desk-sharing has become the norm, with no personal offices. Desk-sharing ratio is 7.5 workstations per 10 staff, with 8.6 m² per desk, equivalent to 6.6 m² per employee.

Remote working is encouraged, and supported with mobile technologies. Desktop PCs are being phased out, with laptops supplied as standard.

The SMART Working programme at Islington has released capital from disposal of buildings, and achieved annual property cost savings of 10%.

According to Paul Savage, Smart Programme Manager at Islington,

“It’s been an interesting journey and we’ve learned a lot along the way. In an organisation like a Council, there is no one-size-fits-all solution. So, while building up an integrated framework for delivery, the roll-out of Smart Working in each service has to take account of the particular needs of that service, and where they are starting from.”

Implementing smart working has been supported by a strong evidence-based approach – understanding the detailed space requirements for teams, their mobility needs, adjacencies between teams etc.

Staff have been involved throughout, being consulted on workstyles and design options, and in developing team charters.

However, it is a key principle that while broadly defined team “zones” can be useful, these cannot be exclusive spaces. To increase occupancy levels and achieve the savings necessary to support new working styles, vacant desks must be open to people from other teams to use, without their being made to feel that they are intruders or that they are violating someone else’s personal space.

5 New environments for new ways of working continued

As well as sharing desks within a team zone, there needs to be some 'free address' space for visitors, for staff touching down briefly and who don't need a larger desk, and for meeting peak demand.

Any approach that allocates 1:1 desks to most of a team with a couple of hot desks for people working more flexibly should be avoided. 'Hotdesking at the margins' rarely works. It will also not achieve the space savings necessary to introduce more innovative working environments.

As well as helping to clear the way for more collaborative space, desk sharing can help to break down barriers between teams, and help to end 'silo working'.

Desk-sharing needs also to take into account the needs of staff with disabilities for any specialist IT or ergonomic equipment.



Open plan

Bearing in mind that there will be a range of other work settings, open plan should be the default setting for desk-based work. Wherever possible, private offices should be removed as they are very wasteful of space and can hinder good collaborative working practices.

Open plan does not mean having vast open spaces of deskling. Good design can create identifiable team areas for desk-sharing, interspersed with other flexible work settings (confidential rooms, break-out spaces etc) for nearby teams to use.

With Smart Working, space is used according to need, rather than being allocated on the basis of status.

Desk-sharing and clear desk protocols

The following are suggested protocols that can be adopted or adapted to ensure that space-sharing works effectively:

1. Use of space is determined on the basis of the activities being carried out.
2. While there are team priority zones allocated, this should be seen as non-exclusive team-space, available also to other employees of the organisation as the need arises.
3. Non-team members working in specified team areas should be made to feel welcome. This will help to break down silos and encourage cross-team working.
4. Staff should use the appropriate space for the activity – e.g. informal meetings should not take place at desks but in break-out areas or meeting rooms.
5. If your plans change, rethink your space requirements and move to a more appropriate work setting.
6. Calls or discussions with private or confidential subject matter should be held in a workspace designed for privacy.
7. Space is not to be allocated on the basis of seniority, habit or personal preference.
8. Work-in-progress should not be stored on desks, but in team storage or project areas
9. Personal items should be stored in lockers, and only located on desks during periods of active occupation
10. If a desk or other work area is to be left unoccupied for more than 2 hours, the desk should be cleared for use by others.
11. When a desk or other work area is vacated, it should left completely clear for use by other members of staff
12. Teams are advised that exceptions to these protocols should be few, and based on genuine need, e.g. reasonable adjustment for staff with disabilities, or a specialist function that requires a particular location, e.g. receptionist or team administrator.
13. Finally those employees who are allocated personal desks should still abide by the clear desk policy and expect others to use their desks when they are absent.

Clear desk policy

Successful desk-sharing requires a clear desk policy. This means that personal items – including 'personal professional' items – must be cleared from desks when the desk is vacated. These items should be stored in personal lockers and team storage respectively.

Even those who work only in the office should be part of the clear desk policy, not only to allow all desks to be available for use but also to maintain the quality of the working environment and a consistent storage and security discipline.

There are different approaches to this, depending on local circumstances. It is generally not good practice to allow someone to book or lay claim to a desk for a whole day when during that day they may be gone for hours at a time. Typically a threshold of two or two and a half hours is applied. That is, if the desk is to be left unoccupied for such a specified period, then it must be cleared for someone else to use.



Booking systems

Offices may wish to consider space booking systems, both for desks and meeting rooms. Generally speaking, desk booking systems are less necessary for smaller offices where teams can work out their own arrangements.

A key problem with space booking systems is that space is frequently booked for longer than is needed, so measures need to be taken to ensure that space is released when not needed, and cannot be 'blocked out' for long periods. Clear desk thresholds should still apply.

Planning for adequate 'expansion space' into touchdown positions and other alternative work settings is usually sufficient to meet situations of peak demand.

Case study British Council Guangzhou

The British Council in Guangzhou moved to their new office in January 2008. The new office is a flexible working environment and supports some 50 staff, including the Director, who share 38 desks.

The project was driven by the belief that cultural relations is about working together by linking with staff outside the office in the South China region and the UK.

Increasing staff creativity and innovation was a key aim, as well as the staff wishing to create a more sustainable office.

The process for implementing flexible working involved launching a staff survey which revealed that work/life balance was a key issue, exploring the flexible working options with the staff, and resolving the difficulties relating to trust, contacts management and team work.

The final design for the office included more casual and formal meeting spaces but fewer desks and no private offices. A generous provision of breakout areas encourages knowledge sharing between teams.

A new telephone system was introduced to allow personal log-in on any phone and allow staff to direct their main phone number to their mobile or home telephone to ensure continuous communication, and remote access for home-working.

The Guangzhou office has acted as the model for the offices in Beijing and Chongqing.

A location board system – e.g. magnetic or stick-pin – is a useful and simple-to-manage alternative, so that staff can find out where their colleagues are and where there are available seats.

When there is extensive desk-sharing and people are working in distributed teams, it can be useful to develop a 'concierge' role as part of a reception or administrative support function. The concierge manages the smooth working of the flexible workplace, shared resources such as printers, space booking and release processes, and keeping track of where and when colleagues are working.

5 New environments for new ways of working continued

De-cluttering offices and smarter storage

A key constraint on the introduction of smarter working is a dependency on paper documents and other physical resources. While there are some statutory obligations to retain paper documents, the reasons for using and generating paper are becoming less and less compelling in an age of electronic-based working.

Typically in organisations where there are crowded, untidy and inefficient offices, people complain of lack of space. But space audits usually find they do not have high levels of desk occupancy: instead they are crowded with “stuff” that is not rationally organised.

In most departments where paper-dependency is high, there are significant space savings that can be made by reducing duplication, archiving, and moving to electronic-based working.

In developing smarter working practices, there are essentially three trajectories for reforming storage practices:

Personal	Team
Physical	Electronic
On office floor	Off floor / off site

In a desk-sharing environment, there can be no personal shelves of storage allocated to individual desks, nor can there be permanent desk pedestals. Files and resources used for professional work should be kept in team storage areas – this is good practice anyway, reduces duplication and makes resources easier for other people to find.

Personal storage should be in lockers provided. One technique is to use boxes for transporting necessary items from locker to desk and back. Mobile pedestals are another alternative.



Case study Ofsted

Ofsted is the UK inspectorate for standard in education and social care. To accommodate a substantial expansion of its role and large increase in staff, Ofsted took the bold decision to become a primarily home-based organisation. With around 1500 home-based inspectors, it has the largest home-based workforce in the public sector. Team managers and area managers are also home based.

Great care is taken to ensure the proper set-up of homeworking, with good ICT that includes:

- Encrypted laptop and docking station
- Printer and shredder
- Digital landline phone and a mobile phone or Blackberry
- Broadband connection.

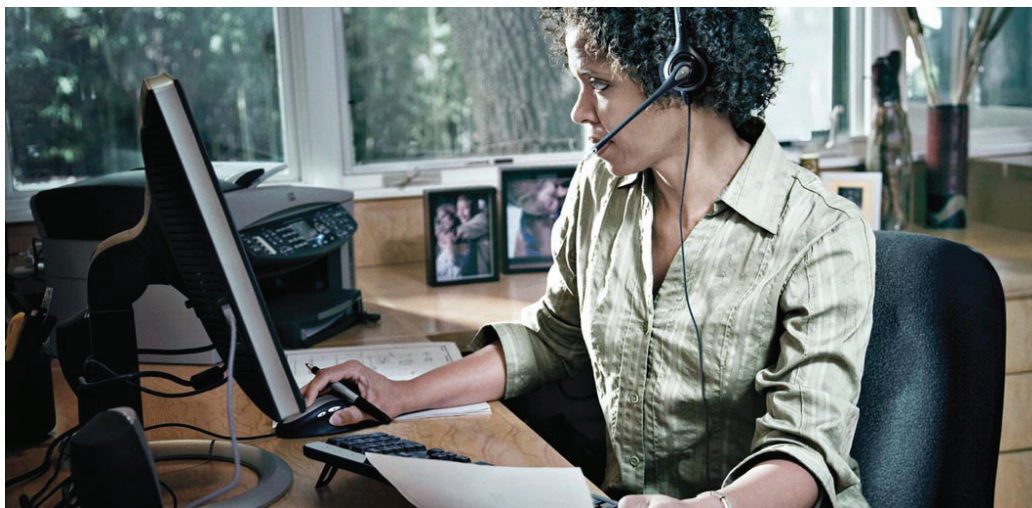
Homeworkers also receive an allowance of £700 for initial set-up of the home office with approved furniture, and an annual allowance of £460 (of which £156 is the non-taxable element allowed in UK tax rules for heating and lighting).

Though inspections are carried out by teams, much of the work is solitary. So a range of techniques are used both for carrying out remote teamwork and management, with training, coaching and mentoring, clear target setting and monitoring, plus monthly face-to-face team meetings and social events.

Increasingly, the use of paper processes is being replaced by electronic ones. There is still some way to go in most organisations before we reach the Holy Grail of the ‘Paperless Office’. All the same, it is important as an aspiration to move towards.

The use of electronic processes is essential to smarter working, and ‘untethers’ people from the office, enabling more effective working from other locations. It also enables a rethink and helps to challenge assumptions about the location of work for those involved in process work. Many organisations, for example, now have home based call centre or data processing workers.

As much storage as possible, if remaining in physical format, should be moved off the office floor. Office space is extremely expensive, and must be prioritised for human interaction, not storage.



The home office environment

When people are working more than occasionally from home, it is important that the home working environment is set up properly, with a desk and appropriate chair. A homeworking policy will typically provide more details of the specification.

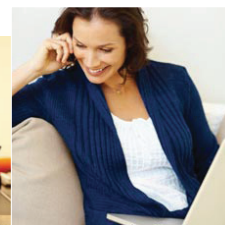
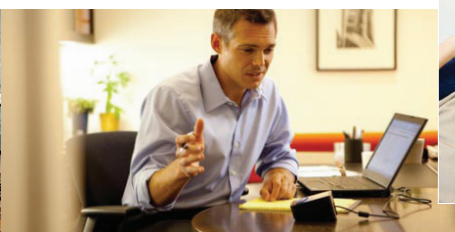
It is best if there is a separate room to work in, that can be closed off from the rest of the house if needed.

For people working regularly from home, a health and safety risk assessment must be carried out and training provided on the health and safety issues. There are no specific H&S regulations for homeworking: all the provisions that apply in the workplace apply wherever an employee is working.

Particular regulations to consider include:

- Display screens
- Heating, lighting and ventilation
- Workplace ergonomics
- Electrics, cabling and trip hazards
- Working time
- Lifting and carrying equipment
- Security, including data security
- Safety of third parties, including family members.

The Health and Safety Executive has a helpful booklet on Homeworking which can be found at www.hse.gov.uk/pubns/indg226.pdf



5 New environments for new ways of working continued

In general, however, the evidence is that working from home does not carry substantial additional risk, and where it reduces travel it plays a part in reducing risk. Even so, it is necessary for everyone to be aware of the regulations that need to be observed and how to optimise their remote work spaces ergonomically.

It is important that working from home is not a degraded experience compared to working in the office. When working at home, staff should be fully contactable and able to connect to all office systems and processes. The ideal scenario is one of seamless connection, with the computer integrated with the office network and the phone acting as if it were an extension within the office.

It is also important that home-based working has a 'professional face'. While it can help staff achieve a better work-life balance, it is important that home does not intrude into work, e.g. having domestic interruptions when on business calls.

The reverse also applies – staff need to feel able to feel in control of the home/work interface, and not feel pressured into allowing work to intrude into their personal time.

Working on the move

If the office and home are becoming the two 'official' locations for work, a growing proportion of work is being undertaken in 'third places', for example:

- Other people's offices: clients, suppliers, business partners, shared offices, etc.
- Cafés, hotel lobbies and airport lounges
- In trains, planes, buses and cars.

The ability to work anywhere is made possible by laptops, tablets and other smart devices with wireless internet connections and by mobile phones.

The main issues are to do with security, confidentiality, safety and health.

Safety concerns relate both to personal security (e.g. using portable equipment while driving, or being mugged) and data security. Prolonged use of laptop computers in inappropriate positions can lead to health problems.



These kinds of issues are sometimes raised as reasons for not working more flexibly. The key principle is the same as for homeworking: the employer's duty of care is the same wherever employees are working, whether in the employer's workplace, at home, on the move or in some other 'third place'.

This means that employees need to be properly equipped and trained to work in these other places, and a mechanism needs to be in place for periodic assessment of risk.

The aim has to be to enable rather than prohibit – that is to enable staff to work safely wherever is the most effective and efficient location to get the work done.

Third-party offices / Workhubs

Several third-party serviced office suppliers offer a range of services to support Smart Working: short-term rentals, virtual offices, touchdown, meeting rooms and so on. You only pay for what you use so overall costs can be lower than running your own offices.

There is also a growing number of local 'Workhubs' emerging across the country. Their focus is on collaboration space and touchdown space for their members.

These work environments provide a professional 'third space' between home and work, and have many advantages compared to home or working in open public areas such as cafés. Their use can be integrated into a flexible approach to property and support the downsizing of corporate offices.

Currently the evidence is that the smaller local workhubs are used almost exclusively by smaller businesses and freelancers, while the larger providers with national and international networks of flexible workspaces also attract employees from large organisations.

This may indicate that larger organisations – especially public sector ones who are in many areas the largest employer – are missing opportunities to use viable local facilities. Using local workhubs could reduce employees' need to travel and increase the opportunity to reduce central office requirements while finding local bases closer to customers and clients.



Implications for property strategy

Smart Working, it is clear, has very significant implications for an organisation's property strategy.

As the nature of work changes and organisations use a wider mix of physical and virtual spaces for doing business, real estate needs to become a flexible resource to be deployed according to the changing requirements of the business.

In the short to medium term, the opportunity is there for organisations with an extensive property portfolio to reduce the amount of property they have and to consolidate on the best performing and most strategically located buildings.

This may bring capital receipts, but most importantly reduce the running costs of the organisation. There will probably be changes to strategy in terms of escaping from longer leases and greater use of third party offices.

The nature of property strategy will also change with Smart Working. The development of a strategy that embraces Smart Working requires the integration of expertise in people, property and technology into a single vision, so that the smart workplace can continue to evolve as new opportunities for business improvement and cost savings arise.

6 Technologies for Smart Working

Effective use of new technologies is key to smarter working practices. With the right technology choices, people can work just as well away from the office, using the internet and wireless communications to work anywhere and at any time.

User technologies

The technology platform for smarter working is likely to include:

- Laptop rather than desktop computers support greater mobility of work both within and away from the office; modern laptop computers are high-performing, secure, lightweight and offer good battery life; they can also be used safely and ergonomically.
- Local area wireless networks (known as WiFi) in offices and other locations (public areas, cafes, home, trains, etc.) allow people to work at places other than a conventional desk. In the office this can include touch-down spaces, breakout areas and meeting rooms.
- Wide area wireless networks (e.g. using 3G “dongles” or mobile phones) allow people to work anywhere there is a high speed digital mobile phone signal.
- Modern corporate telephony uses VOIP (voice over IP) to support full location-independent working, including staff working at home, overseas and while travelling; it can also reduce dramatically the cost of long distance calling.
- Online and video conferencing have been around for some time as an alternative to long distance travel. Top-end video meetings can now recreate better the feel of face-to-face meetings. Low-cost webcam solutions allow groups of people to use the internet to meet online from their homes and other locations. Conferencing solutions should ideally incorporate document sharing, white boards and live messaging.
- Mobile phones have become multi-function devices supporting e-mail, internet access, photos, video and navigation as well as telephony. It is becoming less necessary to carry a laptop computer to connect to the corporate network while travelling.
- Remote access technologies allow employees to access their corporate networks, including legacy applications, securely from home and on-the-move.
- Online collaboration and document management technologies let dispersed teams work together on “live” documents and handle the processes of archiving, version control and integration of paper documents.

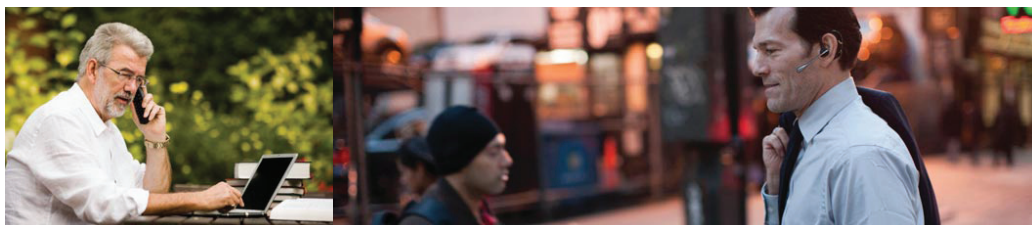
- Also consumer applications such as instant messaging, blogging, social networking, “wikis” and so on are being adapted for the corporate environment.

Technology also has an important role to play in managing Smart Working. For example online booking systems can help optimise the use of desks, meeting rooms and other valuable resources and “self-service” HR systems streamline the management of flexible working arrangements.

Working at home for at least some of the time is now viable and attractive for many people. Apart from a fast and reliable corporate remote access solution, or fully web-enabled applications, all that is needed at home is a broadband connection and either a corporate laptop or, where permitted, a home computer. Many organisations also allow a home telephone to behave like an extension on the corporate phone network and those with VOIP (see opposite) connect over the internet, either through a special handset or a “soft phone” using a headset connected to a computer.

Technology strategy and choosing the right technologies for staff needs to be based on a rigorous assessment both of operational needs and the potential of individuals and teams to move to more flexible working practices.





Technologies for teamwork over distance

One of the major concerns that people express about Smart Working is about maintaining the integrity of teams and preventing isolation and 'atomisation' of the workforce.

There are effective technologies for remote meetings using web, audio and video conferencing techniques that are used extensively in leading organisations. These not only enhance productivity, they also contribute to the bottom line through business travel savings. Solutions chosen need to be flexible to allow people to participate from any location as long as they have access to an internet connection. They must also be simple to set up, and make it easy to include additional participants as needed.

While training events are often the kind of activities that bring people together, effective training and learning is also increasingly possible with geographically dispersed participants and trainers using webinar technologies and e-learning solutions.

Investment in these technologies incorporates the principles of Smart Working as well as delivering cost savings. Promoting their use is also a key part of taking a practical approach to changing behaviours and achieving the necessary cultural change.

Unified communications (UC) are also becoming increasingly important for virtual teamwork. UC integrates into a single user interface services providing both real-time communication (voice telephony, instant messaging, video conferencing) and non-real-time communication (voicemail, email SMS and fax). It incorporates call control to route calls/messages according to the selected preference or status of users, plus speech recognition and text-to-speech software to convert messages from voice to text or vice versa.

It can also integrate with business processes so that, for example, customer information can be called up or appropriate company experts can be flagged and brought into conversations if they are available.

Technology and the working environment

Technologies need to be appropriate to the working environment, and enable staff to work comfortably as well as productively.

Using laptops for prolonged periods in an office or home office environment requires the use of a laptop stand and/or additional properly positioned screen, with possibly a separate keyboard and mouse.

The acoustic environment needs also to be considered. In a possibly noisy open-plan office there need to be alternative settings for dealing with calls. Wireless headsets that enable mobility, and/or noise cancellation capabilities may be important considerations.

Homegroup halves travel costs with online meetings

Homegroup, one of the UK's largest regional social landlords, is using web conferencing technologies to help transform the way they do business.

The tools are enabling more than 4,000 employees to communicate online across Homegroup's 565 UK locations. This is on target to halve their million pound travel expense budget, while increasing employee productivity and customer service.

Their adoption of the technologies is part of a company-wide transformation programme to improve customer satisfaction, rationalise complex business processes and reduce company expenditure.

6 Technologies for Smart Working continued

Cloud computing and virtualisation

One of the most significant trends in corporate technology is towards so-called “cloud computing”. The ‘cloud’ is basically the Internet, and cloud computing means that your organisation in the future won’t need to host its own IT at all, but will be able to outsource it to a third-party provider. Software and applications will be provided as a service rather than installed on client computers.

Once this happens a computer in the office has no higher capability or status than any laptop or other device attached to the Internet. In one sense, even the staff in the office will be ‘remote workers’.

For the remote worker, this means ‘remote access with bells on’. Everything is accessed over the Internet, and there is no need for any permanent local storage or applications on any device they may be using.

The office may still be a good place to be based and to collaborate with colleagues, but it will no longer be the only or even the best place to do most of our work.

Of course most organisations have made substantial investments in their existing technologies and networks and are not about to abandon these. And ‘cloud computing’ is an increasingly muddled term as vendors rebrand many of their existing products to fit the current fashion.

A related trend in corporate IT is towards “desktop virtualisation”. What this means is that, rather than running their own programs, user computers run all their applications through a server. Support and upgrade costs can be cut dramatically and flexible location working is supported automatically.

Recognising trends and the key role of technology should help shape decisions in the short and medium terms. ‘Future-proofing’ technology investments has never been more important.

An organisation does not need to embrace cloud computing and virtualisation before they can develop smarter working. But any technology that helps people to work more effectively and efficiently wherever they are needs to be considered.

It is also important that organisations do not develop IT strategies for cloud computing in isolation from a wider approach to Smart Working. Through Smart Working the IT strategy can be linked to savings in property and travel, as well as potential increases in productivity.

Case study **Lionbridge**

Lionbridge saves costs and boosts productivity with Unified Communications.

Lionbridge is a global provider of translation and localisation services, employing 4,500 people in 26 countries, and working with 25,000 translation partners. Clear and easy to manage communications are central to their work.

In 2007, Lionbridge began to replace their traditional telephone system with Microsoft Office Communicator Server for a Unified Communications (UC) environment, with Plantronics speakerphones and headsets.

Conference calls and video conferencing are essential tools of the business. Previously Lionbridge was using an external conferencing solution which on its own cost in excess of \$1 million per year. Now they have software-powered VoIP, web conferencing, presence with instant messaging, email and voicemail at their fingertips.

USB speakerphones are used to transform any workplace into a conference room and provide 360° room coverage.

On average, there are between 75 and 100 conference calls per day, with typically 20 to 30 happening at the same time, consisting of anywhere between 2 and 80 participants. It is estimated that each employee is involved in 20 to 30 hours of conference calls per month. With the implementation of UC, Lionbridge estimates an overall reduction in communications costs of approximately \$2 million in the first year.

Source: Plantronics case study

Data security

When the network stayed in the office, or only connected to other locations such as branch offices over secure leased lines, data security was more straightforward. The only ways for data in or out were via floppy discs (remember those?) or e-mails and required the conscious effort of an employee to force a security breach.

The days when data can simply be contained physically are now long gone and the IT director is faced with a big challenge – how to give employees all the flexibility they need to work smartly while at the same time protecting corporate data assets.

In broad terms there are two approaches:

1. Make the remote access service as secure as possible, for example:
 - a. Prevent access away from the office to sensitive applications and data
 - b. Only allow access using corporate laptops with appropriate built-in security
 - c. Prevent CDs and unencrypted flash memory drives from being used to save data
 - d. Use a number of advanced user validation and authentication methods
 - e. Enforce on users a range of strict rules and sanctions.

2. Move towards a new 'cloud computing', 'software as a service' or 'online applications' model designed from the outset for use from anywhere and with built-in security.

In practice most organisations need to take the precautions listed above and put in place a strategy to migrate towards a newer model.

Whatever approach is taken it is vital that staff are made aware of and trained in good information management and security practice.

Staying green

Smart Working also envisages a leaner and greener approach to our use of personal computers. Wherever possible, a principle of non-duplication should be adopted when rolling out laptops and equipping home offices. That is, situations should be avoided where an individual has a desktop PC and an individually-assigned laptop or home PC paid for by the company.

Power consumption of IT equipment can also be a problem unless it is recognised and managed. Great steps have been taken in recent years to reduce power, for example through replacing CRTs with flat screens and reducing power consumption in standby mode. However IT has become



6 Technologies for Smart Working continued

more demanding and power management in data centres and the proliferation of chargers for mobile phones and laptops have become issues.

Greening with IT

While making IT 'greener' is important and can be implemented through well-defined projects, much more significant is the potential for 'greening with IT' – that is, using IT for wider changes that can reduce energy and resource consumption.

Chapter 8 covers the sustainability agenda in more detail, including the role IT can play in reducing travel and the need for offices.

Wider involvement in technology decisions

Non-technical managers can shy away from dealing with technology issues, all too often not challenging the views of the IT department. This contrasts with office design and flexible working policies, where everyone seems happy to take a view and fight their corner.

Technical jargon should not get in the way of good business management and it is up to the IT people to communicate in a way that non-technical people can understand.

However, the key principles are that:

1. Business need, in the context of Smart Working, needs to drive the strategy for IT and for the technology procurement decisions both in the office and beyond
2. IT strategies need to be integrated with property and people strategies in order to maximise the business benefits.

Case study **Lewis & Hickey**

The benefits of unified communications

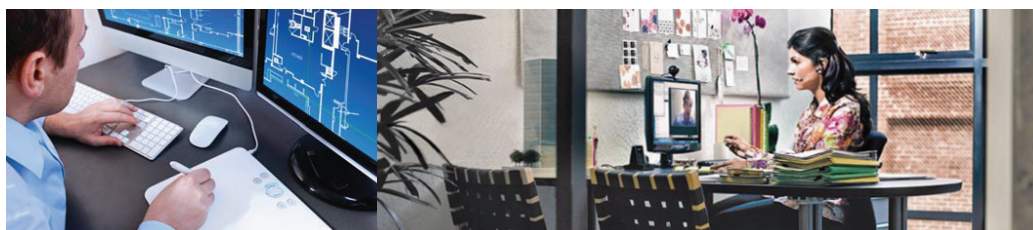
Established in 1894, Lewis & Hickey are an internationally-known, architectural practice comprising architects, designers, project, cost and safety managers, brand consultants, and 3D visualisers. They have offices located in London, Edinburgh, Guildford, Manchester, Nottingham and Prague.

In a business where architects, project managers and engineers are predominantly 'on the road' anywhere in the UK or abroad, clear and concise communications are vital to the day-to-day business process and success.

As a starting point, Lewis & Hickey implemented global, internet-based communications with Skype for Business, making it easier for staff and customers to communicate in a real-life office setting. Lewis & Hickey staff use different Skype features including conference calls, video calls, instant messaging and file transfer, and by switching their staff to Skype significantly reduced call costs, as well as removing the need for ISDN video conferencing.

For integration of communications, employees use Plantronics headsets that use multipoint technology allowing the headset to be shared between a mobile phone and PC. So a call can be taken from either at the touch of a button. So, with a Skype equipped laptop, they can now take full advantage of WiFi hot-spots to take and make calls, wherever they are located, with all the functionality they would depend on if they were in the office.

Source: Plantronics case study



7 The human factor



Because of the complexities of the work involved, it is tempting to see Smart Working as being all about designing offices and setting up new IT. But this really misses the point. While these are key enablers, Smart Working is essentially about people and culture change. It is about bringing about change in the way people work, and empowering them to work in more flexible ways to deliver better services.

Change, however, is inevitably challenging and the new ways of working need to be managed well. It is partly about managing work in new ways, and partly about managing behaviours.

Managing Smart Working

Managing Smart Working involves moving away from managing by presence to managing by outcome. This involves different ways of keeping in contact with staff, of assessing workloads and monitoring and measuring performance.

For the team this will involve greater sharing of schedules with colleagues and managers, and updating about work-in-progress.

However, one should not exaggerate the changes involved. Many of the management skills required are the same, only

applied over distance. In addition, only in relatively few cases will people be spending most of the time in a different location from their manager and other team colleagues. Over time, however, the amount of working in geographically dispersed and virtual teams can be expected to increase, and management and teamworking skills need to evolve accordingly.

For teams it is important to develop protocols about communication and reporting, so as to work effectively and maintain team cohesion. When working in different locations and at different times, social relationships need to be maintained and appropriate online and offline mechanisms need to be developed, such as buddying and mentoring schemes for new recruits, bulletin boards, instant messaging and social networking.

New working patterns, trust and autonomy

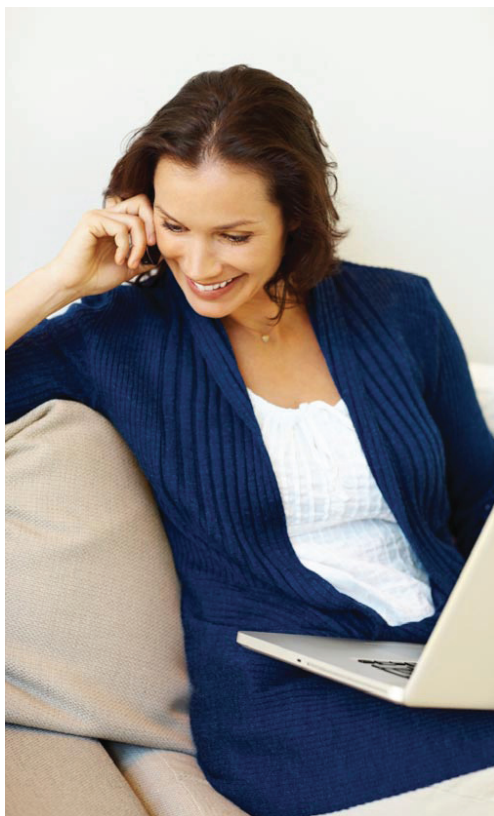
In staff surveys we've carried out, the most favoured options for new working patterns are almost invariably these three:

- More flexible working hours – scrapping the core hours in flexi-time
- Working from home 1-2 days per week (but much less support for 3 or more days)
- Compressed working week.

7 The human factor continued

One thing that these choices and opinions expressed in surveys show is that staff want more autonomy, and to be trusted more to make their own choices about how to organise their working lives.

For managers used to close supervision and managing by presence, this is a challenge. It involves a new kind of dialogue with staff, based on clarity of expectations and good communications – and much more trust.



It involves understanding that someone who is not in the office at the same time is not out of touch or out of control. Using the new technologies effectively, and new management techniques, managers can be more in touch with their team's work than ever before.

Teamwork protocols

It is important to have clear expectations about what is to be done and about communications within the team.

Protocols should be established to cover:

- A requirement to let others know where and when you are working
- Clear reporting structures
- Sharing of calendars and schedules
- Rigorous use of electronic document management systems, to ensure work is easily accessible
- Being flexible about flexible working – to ensure that no individual is disadvantaged by the choices of others, e.g. in providing office cover or attending evening meetings
- Etiquette in online communications, and behaviour in virtual meetings
- Signposting availability for phone contact or online discussion
- Fairness in use of space when in the office.

Just as with desk-sharing, there needs to be a degree of enforcement, at least in the initial stages, to bring about the changes in work culture required. But to a large extent teams should be able to do this themselves, and monitor their own team members' adherence to the standards required.

Rethinking meetings

It is important also to rethink meetings. Routine sharing of information can be carried out through online processes: physical meetings should be reserved for important collaborative work involving activities such as training, brainstorming and decision-making.

The benefits of flexible working can be undermined by insisting on being present in person for routine meetings. Wherever possible, meetings should be held using audio, video or web conferencing. In reaching decisions about holding meetings, attention should always be given to the cumulative effects of meetings, and the need to reduce our need for office space and to reduce the need to travel.

Dealing with problems and issues

Before adopting flexible working practices, people are sometimes worried about issues such as:

- Being isolated
- Loss of personal space in the office
- Difficulties with time management
- Loss of team spirit or team effectiveness
- Dealing with technology and getting appropriate levels of support when working remotely
- Intrusion of work into home life
- 24/7 working
- Managing performance
- Loss of opportunities for career progression or training.



The evidence from implementations of flexible/Smart Working is that many more problems are anticipated than actually arise and that, once any initial problems are overcome, most people appreciate the greater flexibility and autonomy that Smart Working brings.

All the same, problems can occur. It is the responsibility of teams to look out for each other, and in particular for managers of dispersed teams to spot problems and resolve them before they become major issues. These may be teased out through regular conversations, or clues may be spotted in terms of performance.

If necessary, the manager and team member can agree an alternative work style. It is about finding the right work style for the individual, and about providing the appropriate support to overcome the particular problem.

Case study Virtual meetings

Mott MacDonald is a £1 billion global management, engineering and development consultancy, operating in sectors not always closely associated with working flexibly.

Mott MacDonald delivers leading edge solutions for public and private sector clients across 12 core business areas – transport, power, buildings, water, environment, health, education, industry and communications, international development, urban development and oil and gas. Operating in over 120 countries with dispersed project teams, face-to-face project meetings can become a challenge.

The company has adopted GoToMeeting from Citrix as it makes it easy for business professionals to meet and present information online to anyone, anywhere in the World. This allows employees to share any application on your computer in real time and attendees can join meetings in seconds.

Mott MacDonald has been using GoToMeeting since May 2007 and now regularly there are over 400 hours of remote meeting sessions every month producing savings well in excess of the expenditure. It is now also used with clients saving them time and money as well.

The key benefits are being able to:

- Organise presentations, business planning meetings, and staff meetings regardless of where participants are located.
- Provide online training or support.
- Collaborate in real time – between employees and with customers
- Reduce or eliminate unproductive travel time and costs
- Reducing paper by working collaboratively on electronic documents, available anywhere.

All organisations working in these areas – both public and private sector – can improve performance and make savings by making greater use of virtual tools and techniques.

7 The human factor continued

Highly collaborative and dynamic teams

The aim in moving to Smart Working is to create the context in which teams can operate more dynamically, and have better physical and online spaces in which to interact. Though they may no longer sit at adjacent desks, the new technologies and team protocols should facilitate much more effective sharing of work, and enable team members to communicate more effectively than before. Smart Working will also support more effective cross-team working.

Getting the policies right

Existing contracts, policies and guidelines will almost certainly need reviewing in the context of Smart Working, for example:

- Contracts of employment may need to reflect more flexible working hours and locations
- Flexible working policies should address not only legal requirements but actively promote flexibility to address work-life balance and business performance issues
- Health and safety policies need to reflect the more diverse working environments
- Equality, diversity and inclusion policies can be stronger if people can work more flexibly
- Recruitment policies need to encourage managers to offer flexible work styles wherever practicable.

Case study Online learning at Cable & Wireless

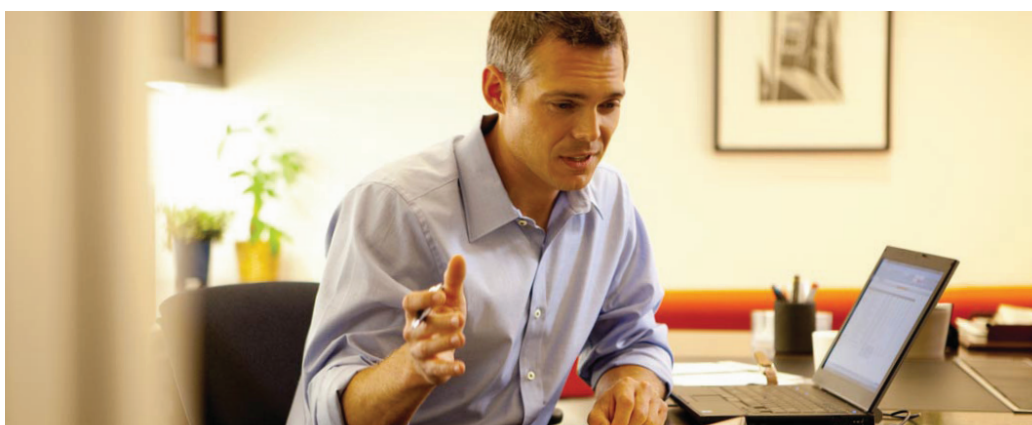
International telecommunications provider Cable & Wireless has been using webinars for online training since 2009. Training programmes have included Management Matters, a monthly management programme covering such issues as performance reviews and how to lead change programmes, and Perfect Pitch, a weekly training session for the sales and commercial teams on how to position aspects of the company's product and service proposition.

"We were impressed with the scalability of the webinar solution," confirms Mike Booth, learning technologies manager, "as it was able to support up to 1,000 concurrent users, allowing us to greatly expand the range of training initiatives we could offer".

Internally, the company has recently introduced a series of monthly customer service webinars, entitled *Obsessional about our Customers* and these will be followed by other initiatives including support for the Cable & Wireless technical centre in Birmingham and staff personal development programmes.

In addition, webinars have been developed for the first time to include external customers so that they can be educated on the benefits and use of Cable & Wireless products and services.

Case study from Citrix Online



8 Smart, sustainable and healthy

THE SmartWorking HANDBOOK



Environmental sustainability

Most organisations are now taking initiatives to make their office buildings more sustainable. These need to be complemented by the development of more sustainable working practices.

The biggest component of the carbon footprint of work for most organisations relates to travel, primarily in the commute journey.

The carbon cost of work in the UK

- Every year UK workers clock up 80 billion car miles commuting to work
- The typical carbon footprint of a workers in an office is around 1.5 tonnes of CO₂ per year
- Business travel accounts for around 70 trips per worker per year, with an average distance of around 20 miles. 69% is by car.
- Mobile workers using company cars clock up an average 6000 miles per year.

Source: Department for Transport and RAC Foundation

Greening the office and greening the home count for little if at the end of the day we are still building and running too many offices and forcing employees into unnecessary journeys.

Becoming a sustainable organisation is not just about engineering solutions and complying with new building standards. It involves changing behaviours and assumptions about how we work.

Having the UK working population travel billions of miles each year to spend time using computers and telephones – work that can be done from anywhere – is an intrinsically unsustainable thing to do.

The decisions we make on a daily basis about where we work, where we expect our colleagues to work, and the ways in which we communicate can increase or reduce our need for travel, our energy consumption and consumption of physical resources.

Saving carbon by eliminating journeys

A recent study by Oxford University's Transport Studies Unit evaluated the comparative impacts of teleworking versus office carbon impacts. This proposes a typical carbon cost of using a room for home-based telework as being 173kg CO₂ per year if one day per week, and 865kg per year if five days per week (costs of heating and lighting a room plus equipment energy use).

This is about half the carbon per person of working in a modern office and a quarter of the carbon cost of working in a poor-performing office. And there are further savings to be achieved in travel reduction. The following table shows miles, time and CO₂ saved per year by not driving to an office:

Average savings from avoiding commuting

Annual savings	1.5 days per week	5 days per week
Distance	1175 miles	3915 miles
CO ₂	365 kg	1187 kg
Time	61 hours	203 hours

Calculated on basis of 45 working weeks per year, and average UK commute distances.

Of course working from home is only one way of reducing travel. Working a compressed working week – doing all one's working hours for 5 days in 4 – has the same effect on the roads

8 Smart, sustainable and healthy continued

as working from home one day per week, though there may be performance or customer service reasons why this is not possible.

Using online conferencing (audio, video, etc.) is already saving some organisations tens of thousands of business miles, saving costs and increasing productivity as well as playing a role in saving the planet.

Saving travel through virtual meetings

- Aviva UK calculated that the CO₂ cost of a full meeting of the executive committee is 6.4 tonnes. Telepresence is now replacing face-to-face meetings.

Source: CBI (2010) *Tackling Congestion, Driving Growth*

- At BT teleconferencing replaces 340,000 trips and 54,000 tonnes of CO₂ per year – 40kg of CO₂ for each call that replaces a physical meeting

Source: SUSTEL project

Taking a practical approach

The figures we are quoting here on organisational savings are based on measured studies, not wishful thinking.

Organisations can take a practical approach to target setting for travel reduction, both for business travel and for staff commuting. Targets can be of the form: 'We will reduce our travel for (specified kinds of) meetings by x% by this date', or 'we will reduce business travel in our department by x% per year over the next 5 years'.

Similar targets can also be set for reducing consumption of other resources, such as paper. Bringing in electronic processes and centralised printing should be accompanied by paper reduction targets. Such targets need to be reinforced through cultural change programmes.

Reducing waste in office space

Realising the environmental savings when people move to working smarter critically depends on reducing office requirements, as per the guidance in Section 5.

Unless this property rationalisation takes place, the risk is that by keeping unused space in the office plus working from home and in other places, energy use will actually increase. This could entirely erode the savings made from reducing the need to travel.

Savings can often be made by better office design and more modern choice of furniture. It is tempting to save costs and appear to be environmentally friendly by reusing existing furniture, cabling and fittings.

But this can often be false economy, leading also to a kind of falsely virtuous and drab greenwash in office redesign. Recycling sounds good. But the effect may be to constrain the options for both space saving and improving work efficiency. This is where the carbon return on investment needs to be considered alongside the financial returns.

Making smart offices more sustainable

Designing new offices or refurbishing existing ones also creates the opportunity to make the buildings work smarter, as well as their occupants.

When offices are being used more intensively through higher average occupancy, building services may need to be upgraded. This is a chance to upgrade to more environmentally friendly products and services and improve natural lighting.

With offices perhaps being used by some staff over longer hours, intelligent building systems should be used to shut down unoccupied areas.

Desk-sharing means that staff who work early or late can base themselves in dedicated areas that remain up and running while the rest of the building shuts down.



Social sustainability

Working smarter can also bring benefits to society, by:

- Extending work opportunities into more remote areas and to disadvantaged groups
- Enabling people with disabilities or caring responsibilities to work in places or at times more suitable to them
- Indirectly supporting local communities and services by enabling people to work at or nearer to home
- Enabling people to dovetail volunteering activities with their work commitments.

Promoting these benefits

Organisations can take practical action to promote these benefits by making Smart Working central to their company travel plans and their Corporate Social Responsibility programmes.

Using Smart Working principles, managers and staff can help to reduce both their own and the organisation's environmental footprints. Teams can set targets, for example, to reduce the number of miles they travel both for business purposes and commuting, the number of routine meetings and the amount of paper generated.

Healthy working

Full-time employees spend almost half of their waking hours working, travelling to and from work or thinking about work. It therefore makes good business sense to take care of their health and fitness.

According to the recent report "Working for a Healthier Tomorrow" the annual economic costs in the UK of sickness absence and worklessness associated with working age ill-health are estimated to be over £100 billion. Around 175 million working days are lost each year, effectively adding around £650 to the annual employment cost of each employee.

On top of this, staff with poor health under-perform when they are at work and this is often compounded by employers providing unhealthy working environments.

Alongside other initiatives to promote a healthy workplace, employers should promote flexible working practices that can reduce absence and in particular reduce stress.

A significant proportion of absence from work is due to minor ailments that make the thought of commuting and sitting in an office with colleagues unbearable – being able to work on occasions from home can have a significant impact on 'sick leave'.

Many people struggle to get to work when their children, disabled or elderly relatives are ill and need their attention. The UK flexible working legislation aims to reduce discrimination against carers.

People are more productive and happier in offices that are tidy, clean and well cared for. Air quality and lighting can have a profound impact on mood and performance. In redesigning environments for smart working, the need to create healthy workplaces needs to be taken into account.

This can mean designing in areas for relaxation and recreation in offices. But it can also mean using local work centres that can encourage employees to walk or cycle when they need to access office facilities.

Impacts on health and happiness are factors that can be measured, and should be included in consultation before smart working and in evaluation after implementation.

Fact box USA

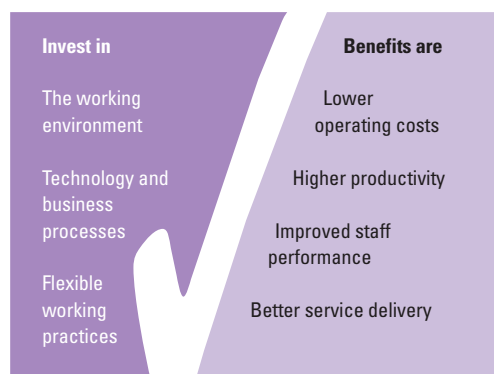
In the USA, it has been calculated that if the 40% of employees who could work from home did so for half the week, the country could:

- Reduce road travel by 91 billion miles/year
- Reduce greenhouse gases by 51 million tons/year – the equivalent of the entire New York state workforce off the roads
- Save 281 million barrels of oil a year (\$28 billion/year at \$100/barrel) – the equivalent of 46% of the country's Persian Gulf imports

Source: Telework Research Network (2010) *Workshifting Benefits: The Bottom Line*

9 The business case

The business case for Smart Working is relatively straightforward to represent:



In addition, non-financial benefits can include improved environmental and social sustainability and better employee health and wellbeing.

In summary, investing in a combination of new working environments, technology, business processes and more flexible working processes can deliver substantial business benefits.

A systematic approach

Successful implementation of Smart Working involves a systematic approach consisting of:

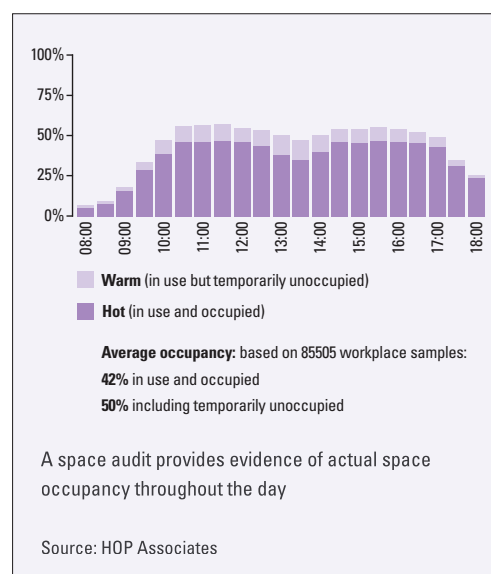
- Gathering evidence
- Consultation
- Analysing the work people do
- Calculation of costs and savings (business case)
- Establishing key metrics
- Planning and delivering the changes to IT, communications, premises, HR policies, etc.
- Training
- Evaluation.

Evidence gathering

Before planning major changes to how people work, it is essential to pull together accurate information about where

and when people work, how much space they use, the resources they use and the people they need to interact with.

The evidence needs to be gathered in a systematic way.



A **space audit**, ideally carried out over two weeks in a non-holiday period, will enable you find out actual space occupancy, how much time desks are 'claimed' but not actually occupied, meeting room occupancy, use of break-out spaces and kitchens, etc. It will also show peak demand.

It is best if the survey is carried out at frequent intervals throughout the day. Relying on just one or two observations during the day will probably inflate average occupancy and not record times of peak occupancy.

A **staff survey** (see also opposite), carried out over two or three weeks to maximise response rates, should be used to harvest additional practical information about work styles. This should include details about where and when people currently work, the amount of travel, their use of technologies and other resources, whether their work involves external interactions with the public and partners, or is primarily internally facing, and whether it is subject to peaks and troughs of demand. Workstyle

analysis will need to be based on a clear picture of who works where and why – information that can be surprisingly tricky to pin down in many large organisations.

A rigorous storage audit (see section 5) needs to be carried out.

A programme of **structured interviews** with senior management and stakeholders is important to identify key operational requirements, current styles of working, key issues and changes in strategy and/or headcount that may impact on changes to Smart Working. Managers may hold radically different views, and the process may also highlight the need for management training and awareness-raising.

For a fully integrated programme involving redesigning the office, there also needs to be an **assessment of the office layout and building services**, to see the scope for change, identify constraints and provide a basis for both modelling possible new work environments and identifying the costs of change.

Initial evidence gathering should include a **technology audit**, to identify what forms of smart working existing technology can support, and the investment that may be needed to support more extensive smart working.

To provide a baseline for future evaluation of the impacts of change, it is helpful to **gather data on absence, staff turnover and staff satisfaction**.

From this an accurate picture of current ways of working can be drawn, and a baseline established that will help in future evaluation of the impacts of the project.

Business savings: USA

Findings from the State of Telework in the US report (2011) show that businesses could:

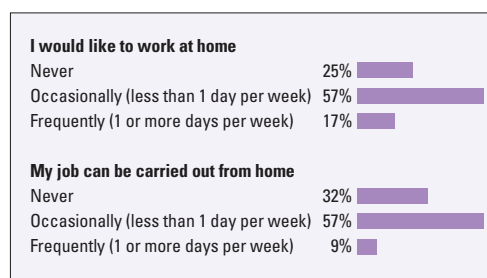
- Save \$13,000 for every employee who works an average two and a half days per week from home
- Save \$170 billion in property costs (on the basis of a 20% reduction)
- Save \$28 billion in absenteeism (25% reduction) and turnover (10% reduction)
- Increase productivity by over \$466 billion – 6 million person-years

Consultation

Consultation about workplace change has three main aims:

- Playing a part in the evidence gathering process (as above)
- Finding out staff and managers' requirements and aspirations for new working patterns
- Involving staff in the process of change, to motivate them and to ensure buy-in and success.

A Smart Working staff survey should be used to find out staff preferences for different kinds of flexible working (see section 4 for the options). The results can be used to stimulate further discussion within departments and teams about the practicality and impacts of different work styles, how (if adopted) they need to be managed, and what kinds of new tools, processes and training might be needed.



People tend to resent change that is forced upon them, and quickly see through cosmetic consultation when key decisions have already been made. So staff should be enabled to play a key role in helping to design new ways of working and also new work environments.

Analysing the work people do

One obstacle to implementing Smart Working is making assumptions about how work has to be carried out. For example, some people might say "This role has to be based in the office", or "I always need my team close at hand".

Some jobs may be site-specific or time-specific. But it is important to analyse the various tasks involved in the job. When analysed, some tasks will prove to be more 'location-independent' than others.

9 The business case continued

It is also important to analyse what is tethering tasks unnecessarily to the office, and whether that can change in the context of Smart Working. For example, is it over-reliance on paper processes, an excessive 'meetings culture', traditional management styles, or lack of remote access technologies? If so, strategies can be developed to modernise the processes or cultures involved.



Calculation of costs and savings

Data will be needed about the costs of running the office on a per-workplace basis. If it can be shown that desk-sharing is a viable option, the potential savings can then be calculated.

The costs and environmental impacts of travel – both business travel and commute travel – should also be calculated.

Costings will also be needed for investment in new IT, any alterations to premises, and for training.

A cost/benefit analysis and a business plan can then be put together, looking at the potential savings and the investment required to achieve those savings through working smarter.

Establishing key metrics

Moving to Smart Working involves having a clear idea of the benefits than are to be achieved. Working from the evidence gathered, targets should be set for (as appropriate):

- Increased productivity
- Improved staff satisfaction
- Office space reduction
- Travel reduction – both business travel and commute travel
- Reduced absenteeism
- Improved staff retention
- Improved work-life balance.

Plantronics Changing Bricks, Bytes and Behaviours

Plantronics has recently implemented a comprehensive and integrated smart working programme for its staff in the UK. This has involved changes to 'bricks, bytes and behaviour' – that is, to buildings, technologies and the way people work.

Since 2005, Plantronics has reduced its property in the UK from three buildings to one, reducing floorspace from 42,000 square feet to 21,000. At its new HQ in Wootton Bassett, workers now have access to shared flexible spaces based around four kinds of work activity:

- Concentration – space to go for quiet work including 'monk's cells' and 'acoustic pods'
- Collaboration – meeting rooms and breakout areas; touchdown benches
- Communication – vibrant areas likely to have constant noise, e.g. contact centre and touch-down space for sales staff
- Contemplation – spaces designed for creativity, refuelling and relaxation.

Meeting rooms are equipped with audio and video conferencing kit and wireless interactive whiteboards. Identical hardware in each room ensures consistency and ease of use.

There is an enterprise wide unified communications solution. There are no desk phones – IP telephony means that laptops and headsets are used instead, so people can work in any setting.

Staff undergo a suitability assessment for remote working, with online training for working in virtual and distributed teams and for working with shared spaces in the office.

Managers are trained to become more adept at managing by output and in building high performing distributed teams.

Plantronics has made a significant investment in high quality facilities, technology and training to achieve this. In five years, though, they will achieve return on investment through real estate savings. Smart Working here is about developing an increasingly productive workforce and working environment, and cost savings into the bargain.

10 Implementation



Planning and rolling out the changes

It is vital that the move to Smart Working has strong support from the top. Without strong messages coming down, individual managers may resist or introduce compromises that will in the end lead to the failure of the project. So the vision and the broad direction of the changes need to be clearly understood by everyone at the outset.

The changes will involve close liaison between the Property, Facilities, IT and HR functions, working with the management of the teams undergoing the transition. It will be necessary to form an inter-disciplinary project team to manage the project.

A project plan will need to be developed detailing the costs, timescale and risks.



The following is a simple 'timeline' for implementing Smart Working:

1. Agree the vision
2. Establish senior team to drive the change project forward
3. Gather the evidence – desk occupancy, workstyles, travel, productivity, staff preferences, technology use, customer locations and needs (etc)
4. Consult staff
5. Prepare the business case
6. Identify and address any health and safety and equal opportunity and diversity issues
7. Set targets and priorities
8. Plan any changes needed to the office space, working with the property and facilities team
9. Plan any changes to technology, working with IT team
10. Run awareness raising and training sessions with managers and teams, working with the HR team
11. Develop any specific local protocols for Smart Working
12. Roll out the changes
13. Continue culture change processes and training
14. Evaluate
15. Modify in the light of evaluation findings.

The importance of top level support and enthusiasm

In this Handbook we have stressed the importance of consultation and getting staff buy-in and enthusiasm. Implementations that are purely top-down and ignore staff aspirations and the importance of culture change will run into trouble.

However, consultations through the Smart Work Network show that one of the biggest barriers to success is lack of engagement at the top level.

10 Implementation continued



The Smart Working programme needs to have clear and dynamic support at CEO level. Without this projects can often die the death of a thousand compromises as programme managers struggle against powerful interests who may resist or seek to divert projects into their own pet schemes.

The vision has to be clearly endorsed and communicated. The message is 'This will be done. We'll consult on and adapt the detail, but the vision and principles are not in question'. This empowers the programme managers to move ahead confidently.

There are also several well-known implementations where director-level staff row back on their own working practices – e.g. reintroducing personal offices for themselves or not allowing flexible work for staff working closely with them. 'Do as I say, not as I do' is a message that will undermine the success of Smart Working.

In the USA A lead from the top

President Obama calls himself the US 'teleworker-in-chief', and supported calls for much greater flexibility in the workplace. In 2010 he signed the Telework Enhancement Act, which requires all Federal Government Agencies to:

- Establish telework policies
- Decide the eligibility of all employees in agencies to telework
- Notify all employees of their eligibility
- Set up interactive telework training programmes
- Appoint a senior official to be a Telework Managing Officer
- Set annual targets for increasing the uptake of telework
- Report on telework progress, in terms of
 - Numbers of people who telework and how frequently
 - Measure impacts on: emergency readiness, energy use, recruitment and retention, performance, productivity, and employee attitudes.

And the President recognises flexibility as an important issue for all businesses. In a speech in 2010 he said:

"Workplace flexibility is an issue that affects the well-being of our families and the success of our businesses. It affects the strength of our economy – whether we'll create the workplaces and jobs of the future we need to compete in today's global economy".

Can't do it all at once?

We strongly advocate a strategic and comprehensive approach to change. But we recognise that not all organisations are in a position to do this.

In circumstances where there is limited scope for investment in new IT or refurbishment of premises, it should be remembered that much can be achieved in moving towards new ways of working using existing technologies more effectively and placing more of an initial emphasis on cultural change.

But it also needs to be remembered that under-utilised space, or unnecessary travel, constitute major ongoing costs. Savings not achieved can have a negative impact on the ability to deliver front-line activities. The same goes for underachieving on the productivity front by not moving to more effective working practices.

Training and awareness-raising

Smart Working may fail to realise the full range of benefits if managers and staff are not properly prepared for working in new ways and for playing their part in developing a Smart Working culture.

Training and awareness-raising for managers should include:

- Understanding the benefits of new ways of working
- Understanding the flexible working options available
- Understanding the linkages between new technologies and the possibilities for new working practices
- Understanding how to involve and motivate staff to implement Smart Working
- How to manage a dispersed workforce
- How to manage by results rather than presence
- New approaches to empowerment and trust
- Performance issues
- Equality and diversity issues
- Dealing with communication issues
- Understanding the pitfalls and issues that may arise, and how to deal with these.

Training and awareness-raising for teams should include:

- Being clear about the type of workplace culture that it is hoped to develop
- Understanding the benefits and goals
- Understanding roles and responsibilities
- Developing skills and understanding in working more flexibly:
 - working with less direct supervision
 - communicating with colleagues and partners
 - time management
 - monitoring and reporting arrangements
 - health and safety in new working environments
- Working in a 'non-territorial' environment – sharing space and resources
- Working with Smart Working technologies and understanding the processes for having issues resolved.



Evaluation

To understand whether Smart Working has achieved the benefits anticipated, an evaluation study should be carried out around 9-12 months after implementation.

It is vital that baseline metrics have been established (as above) in order for the evaluation to be robust. The achievements can then be evaluated against this baseline. Where necessary, further changes can be made where expected targets are not met, or where further consultation and feedback show that there are particular difficulties or issues.

Smart Working will also continue to evolve, and involves openness to future change. So the evaluation process has to take account of new possibilities for increasing flexibility and agility. It should take account of new technological possibilities and the changing context of the market in which the company operates.

11 Moving forward into a Smarter world



The approach put forward in this Handbook is to take an integrated approach to developing and managing Smart Working.

This means having a whole-organisation approach to change, with endorsement and energy from the top of the organisation so that no one is left in doubt that change is going to come. It means having an agreed and coherent vision, a programme underpinned by well-understood Smart Working principles and a clear understanding of the Smart Working culture that the programme will in time develop.

Taking the programme forward should be an involving process, with staff at all levels helping to shape the nature of the solution, based on the vision and the principles.

The programme also has to be based on robust evidence. Understanding where, when and how people work forms the basis of understanding and defining the scope for change, and understanding constraints and challenges. The evidence gathered also forms the baseline for measuring progress and success.

Rolling out the changes depends on having the key functions of People, Property and Technology having a shared understanding of the change project and of the benefits it is intended to achieve. And they need to have an understanding of how the

interactions between the different elements of the project interact. This shared mindset is key to the success of projects.

The focus has always to be on delivering benefits across the triple bottom line. This means:

- Measurable business benefits – improved service delivery, increased productivity, reduced costs, reduced absence, improved staff retention, greater organisational agility
- Improved environmental performance – travel reduction, reduced resource consumption, better environmental performance of (fewer) buildings
- Improved social performance – better work-life balance for staff, greater choice, autonomy and motivation, improved staff satisfaction, widening the recruitment pool for staff and increasing diversity.

Understanding how these benefits link to particular measures in a Smart Working change programme is important for success. A good communication programme is vital for keeping people up-to-date with progress and for ensuring the necessary dialogue with all parties.

We hope this Smart Work Handbook provides you with the summary guidance you need to start out on your journey to implementing a successful Smart Working programme and reaping the benefits.

THE
SmartWorking
HANDBOOK

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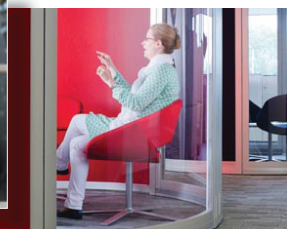
Further details at www.flexibility.co.uk

The Smart Work Network was launched in Autumn 2007 to bring together practitioners of flexible working from large organisations across the UK. Members are people working in private, public and voluntary sector organisations to roll out substantial programmes of flexible work.

Further details at www.smart-work.net

Technology is reshaping the workplace as we know it, forcing us to reassess how we use physical spaces alongside a new, virtual world of online collaboration. Evolve is a lively and insightful website from Plantronics covering everything to do with the evolution of working practices and the workplace related to the changes in technology.

Further details at www.smarterworkingevolution.com



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Further details at www.workshifting.com

12 Further resources and information continued

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Peoplespace is a market-leading firm of management consultants, workplace strategists and designers, established in 2002, specifically to support an integrated approach to workspace remodelling and Smart Working accommodation projects.

We use the words 'Smart Working' to give a collective name to the benefits, the working culture and the efficiency gains that result from the fully integrated collaboration between workspace design, flexible working, property strategy and technology initiatives.

Peoplespace apply their Smart Working approach to innovation and challenging projects in both the private and public sectors in the UK and overseas, in order to maximise potential benefits and reduce costs for customers.

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For further information see www.plantronics.com

THE SmartWorking HANDBOOK



The author

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We are happy to adapt and customise this publication for in-house use by organisations implementing Smart Working.

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Flexible Working Benefits

Collated Evidence and Case Studies

An Occasional Paper by:
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Executive summary

Despite a focus on space and associated cost savings by the property community, there are many more worthwhile benefits to implementing flexible working (also referred to as agile, alternative and new ways of working). Indeed, flexible working is more successful when the driving force is not space and cost savings but emphasis is placed on these other benefits. Furthermore, the best flexible working projects tend to be ones where the business is leading the project, based on a change in culture or work-style, rather than being promoted by the property team as a means of simply saving space.

The benefits of flexible working have been well documented before and can be categorised as: Productivity, Personal, Sustainability, Business Continuity, Staff Enticement and Efficiency. The purpose of this paper is to provide evidence, through collated case studies, of where these potential documented benefits have actually been realised.

The case studies illustrate clear, objective space efficiencies and associated property savings. However they also support claims of the less-tangible (readily measured) benefits. For example, organisations such as BP, DTI, EC Harris, GSK, PwC, Rolls-Royce and the Treasury Solicitors all reported that flexible working enhanced knowledge sharing, communication, team interaction and collaboration. In some cases this resulted in better joined-up services, more cross-selling of services, and ultimately increased profitability. GSK and EC Harris believe their flexible working environments contributed towards increases in profit in the order of 12%. Decreases in travel time between the office and client sites, and reduced absenteeism (from appointments) etc associated with flexible working have resulted in further increases in productivity.

Many of the case studies presented here also report increases in staff satisfaction, despite initial reticence towards flexible working. The staff also welcomed the increased choice, trust and autonomy related to working in flexible working environments.

Whilst implementing flexible working is easily justified by the property savings alone, the additional benefits are considered a more significant driver for flexible working – they are just more difficult to demonstrate.

1.0 Introduction

Despite a focus on space and associated cost savings by the property community, there are many benefits to implementing flexible working. Indeed flexible working (also referred to as agile, alternative or new ways of working) is more successful when the driving force is not space and cost savings but emphasis is placed on other benefits. For example, Nik Robotham of Morgan Stanley encourages a shift in emphasis from space and cost to people and business:

"As head of the space planning team, my typical approach was always to figure out how to make the space as efficient as possible. The most important lesson that I have learnt is the change of focus from space to people. By that I don't mean how many people can I fit into a space as opposed to desks, I mean what is the space that most suits individual, team and departmental work styles. Simply squeezing desks in does not give any opportunity to enhance business processes or staff satisfaction"¹.

The benefits of flexible working have been well documented before, for example in the relatively recent BCO report on flexible working¹. The key benefits can be categorised as:

- **Productivity** – reduced absenteeism, extended business hours, improved personal performance, enhanced team-working;
- **Personal** – reduced travel time and cost, improved work-life balance, better office environment;
- **Sustainability** – reduced organisational and personal carbon footprint;
- **Business continuity** – reduced business disruption due to weather, security issues, travel problems;
- **Enticement** – reduced staff attrition and increased staff attraction, more enticing to next generation of workers, reduced training costs.
- **Efficiency** – space savings, reduced property costs and churn.

The purpose of this paper is to provide evidence, through collated case studies, of where these potential documented benefits have actually been realised.

2.0 Benefits

2.1 Productivity

Although the productivity benefits associated with flexible working are often quoted, there are fewer quantified examples. However, BT, EC Harris and GSK have provided evidence linking flexible working to improved business performance, illustrated through embedded business metrics.

- **AA²** – the AA has offered its call centre employees the option of home-working since 1997 and now has around 300 flexible workers spread across the country managed by remote team managers. The AA believes the initiative has resulted in absence rates falling compared to other call centres and flexible workers show exceptional performance.
- **ABN Amro³** – in their flexible working pilot, the space was refurbished to accommodate 220 staff at 140 desks (a 1.5:1 staff to desks share ratio). ABN Amro reported that occupant satisfaction increased by 14% and *their "productive state" increased by 5%*.
- **BP^{4,5}** – consolidated the property portfolio from 12 to five locations with a strong focus on the Sunbury campus. The user population of 4,445 is supported by 3,600 desks and 100 touchdown stations; typically, the desk allocation ranges from 1:1 for administrative staff to 1.5:1 in some highly mobile areas. *BP reported enhanced communication and collaboration, plus flexibility for project-based teams leading to increased team performance.*
- **BT^{2,5,6,7,8}** – in their roll-out of flexible working practices, under the Workstyle 2000 programme, BT found that absenteeism reduced by 63% when employees worked flexibly. They also found that *flexible employees were on average 20% more productive* than their office-based counterparts, where productivity was measured using internal business metrics such as absenteeism, sick leave and maternity return rates.
- **Centrica^{2,7,9}** – project "Martini" (later renamed Work:Wise) was the cornerstone of their property strategy. A post-implementation review of Work:Wise found that *55% of mobile workers felt their productivity increased* and that 96% of them outperformed office-based workers.
- **Department for Children Schools and Families (DCSF)^{10,11,12}** – implemented a desk sharing ratio of 10:7 staff to desks resulting in a building capacity of 2,250 staff as opposed to the original 1,600. Survey results revealed that: *the quality of workspace has improved* which reflect a modern and professional organisation, staff satisfaction improved slightly (from 62% to 67%), the number of regional visitors to the office has increased, and *collaboration and interaction has increased* (from 21% to 32%).
- **Department of Trade and Industry (DTI)^{5,10}** – a desk sharing ratio of 10:8 has resulted in an ***increase in joined-up working resulting in customers perceiving increased responsiveness*** (measured through pre and post project customer survey). A staff survey also revealed *better team working and enhanced team spirit*.
- **EC Harris^{14,15}** – when moving to their new Headquarters office (ECHQ) and implementing flexible working, the building was demonstrated to have had a *positive impact on how staff and clients view EC Harris*, and they believe that the building helps the business to win work. *The new working practices also increased integration, flexibility and transfer of knowledge between teams.* EC Harris report that their *net profit margin increased by 13%* from pre-move levels and the fee turnover per head increased by 7.5%. They also found that overhead costs as percentage of staff costs reduced by 14%. The success at ECHQ had a business-wide impact on transforming EC Harris.

- **Ernst & Young⁹** – recognising the growing mismatch between its out-dated and dispersed real estate and its future business vision, Ernst & Young decided to modernise their working methods and accommodation. The new desk-sharing arrangements, combined with effective technology created the flexibility for the firm to co-locate more fee-earning employees per floor. The large floor plates also provide *high visibility between employees, enabling good communication and collaboration*.
- **GSK¹¹** – desk sharing is being implemented across GSK's offices, including the Innovation Hub at GSK House. The new space had clearer lines of sight and *more collaboration space which facilitated co-location of project teams and cross-function selling*. GSK report that after moving to flexible working, profit growth increased from 2% to 14%, with \$50m increased sales, and believe this is partly due to the success of the new workspace strategy. They also report that the speed of decision making increased by 45% and the daily time wasted decreased by 67% (40 minutes/day).
- **HSBC¹** – Peter Hawkins of HSBC commented that "Our staff feared the worst but the POE shows that they are much happier working in the new environment and management believe this is being reflected in increased productivity. Our people now want to move into the flexible working environment rather than the old style"¹.
- **PricewaterhouseCoopers (PwC)^{15,16,17}** – PwC implemented flexible working in their Birmingham office. Desk sharing was introduced at 1.8:1 staff to desks overall (with highly mobile workers sharing at 5:1). PwC believe their flexible working strategy and the co-location of different teams has *resulted in an increase in profit of 15% due to cross-selling of services between teams*.
- **Rolls-Royce¹⁸** – on moving from Ansty (Coventry) to a business park in Warwick, flexible working (at 1.3:1 staff to desks) enabled more collaboration space to be introduced and the group to be co-located on one floor of the building. This is *believed to have improved team-working and cross-team collaboration plus promote a new brand and way of conducting business*.
- **Scottish Natural Heritage (SNH)¹⁹** – although it is difficult to make any direct correlation between staff productivity and the flexible working strategy, there have been positive impacts on occupants' performance; *SNH believe that communication, collaboration and information sharing has improved*. The space is felt to have contributed to a new open culture which has also created flexibility in terms of working space, making team changes and reorganisations easier to manage. This is linked to a work anywhere culture in which the *'office is your workspace, not your desk'*.
- **South Essex Partnership Trust (SEPT)²⁰** – those staff who had adopted the WorkSmart programme were generally found to have higher clinical visit rates, lower occurrences of error and a higher overall availability for patient visits.
- **Treasury Solicitors (TSol)²¹** – implemented flexible working to save space and money. Their flexible working programme resulted in cultural and behavioural changes with an *increase in communications between teams*.

2.2 Personal

Personal benefits are mostly related to savings in travel time and cost or an improved working environment. Changes to occupant satisfaction are also included in this section, but may also be considered a business benefit.

- **AA²** – from a personal perspective, flexible working means that doctors/dentists appointments are never a problem plus there are very low stress levels (no traffic jams and being late).

- **BAA⁵** – implemented flexible working to reduce accommodation overheads and consolidate from three into two buildings at Heathrow Point. *The "me and my desk" culture was replaced with a new approach based on open plan, desk sharing, and "moving people's minds rather than walls".* A post-occupancy survey compared the accommodation and services at Heathrow Point before and after the fit-out. Satisfaction increased cross the board in particular with furniture, image and informal meetings. There were also perceived improvements to productivity.
- **Centrica^{2,7,9}** – a post-implementation review of Work-Wise showed that average of 90 miles per person saved in business travel equivalent of 13 return trips to the moon, plus work-life balance improved by 38%, and the number of flexible workers increased from 0.5% to 12% (indicating success).
- **EC Harris^{14,15}** – when moving to their new HQ, EC Harris found *an increase in visibility of leadership and increased access to most experienced staff, which benefited new junior staff.*
- **Ernst & Young⁹** – recognise that many consultants and audit staff work in other locations, especially client sites. Flexible working reduces travel time between client sites and the office.
- **Morgan Stanley¹** – the flexible working pilot in their Canary Wharf offices was aimed at saving cost and changing culture. Despite desk sharing being implemented at 1.5:1 (staff:desks) the overall satisfaction with the space increased from 51% to 93%. *Staff commented that "it's the best office I've ever worked in", "I'm actually enjoying coming to work" and "I don't want to go home, I'm enjoying the office too much".*
- **National Grid¹¹** – in their flexible working pilot National Grid accommodated 242 staff in 167 desks (1.4:1 desk sharing). This enabled the alternative work-settings and support areas, such as staff social space, to be increased to 42% of the floor plan compared to 12% in the old space.
- **Reuters²²** – consolidated 2,500 London staff into one building and introduced Smart Working Desks. The new workspace embodies their FAST branding: Fast, Accountable, Service-driven, Team. Flexible working allowed them to increase the support facilities: café, quiet rooms, brainstorming rooms, 60 minute rooms. This resulted in 68% overall satisfaction and 71% satisfaction with meeting rooms.
- **Scottish Natural Heritage (SNH)¹⁹** – their new flexible corporate office has had a positive impact on perceived well-being, partly due to saved space being used for occupier facilities such as a gym and restaurant. The building also had a positive impact on job satisfaction in general and staff felt that physical and mental health has improved and that SNH is a less stressful place to work.
- **South Essex Partnership Trust (SEPT)²⁰** – saw travel to client times and distances reduced and clinical "face time" increased.
- **Unilever²³** – flexible working enabled Unilever to efficiently consolidate their UK & Ireland business into one building. desk sharing at 1.3:1 allows released space to be used for staff facilities such as a fitness centre and club, which link in to their Vitality programme. Some 63% of the staff believe the space supports a better work-life balance.

2.3 Sustainability

Flexible working can reduce the businesses and personal carbon footprint. An old adage is that "the greenest building is the one you never build". Implementing flexible working means that organisations will occupy less space, possibly reducing the need to build but also saving in operating energy and utilities. Less travel between the home, office and client sites can also reduce CO₂ emissions.

- **British Council²⁴** – in their Guangzhou office flexible working reduced travel time plus a smaller better utilised office reduced their energy consumption, embedded (building) energy and carbon footprint.
- **BT^{2,5,6,7,8}** – in their roll-out of flexible working practices, BT found that CO₂ emissions are reduced significantly providing a lower carbon footprint. BT reported that staff travelled 178 miles per week less, totalling 150,000,000 miles per annum. Thus they avoided the purchase of approximately 12 million litres of fuel per year, resulting in 54,000 tonnes less CO₂ being generated in the UK. Teleconferencing has eliminated the annual need for over 300,000 face-to-face meetings, leading to savings of over £38.6 million a year. This has also removed the need for over 1.5 million return journeys saving BT staff the equivalent of 1,800 years commuting – with further environmental benefits.
- **Department for Children Schools and Families (DCSF)^{10,11,12}** – implementing a desk sharing enabled the DCSF to release a building. Vacating a complete building has reduced the DCSF's carbon footprint in London by around 50%.
- **EC Harris^{14,15}** – when moving to their new Headquarters office, EC Harris increased recycling and reduced paper consumption resulting in an improvement in their Carbon footprint by 251%. Flexible workers tend to reduce printed copy and rely more on soft copy filed electronically.
- **Hewlett Packard²⁵** – Chris Hood commented that "Regarding efficiency metrics, the results from the Melbourne Woodvale project were impressive. Energy costs were reduced by 70%, and CO₂ emissions were reduced by 70% as well".
- **Microsoft²** – Theo Rinsema commented that "This program will reduce our carbon footprint and improve people's behaviour towards the environment".
- **Philips²⁶** – Ron Blanken commented that "New workplace standards allow us to get the best solutions into the office sooner, which allows us to deliver better workplace solutions while lowering the use of resources needed to support our space."
- **Treasury Solicitors (TSol)²⁰** – flexible working environment has improved their sustainability and reduced carbon emissions by occupying and servicing less space.

2.4 Business continuity

Employees equipped to work from home or on the move means that they can continue working when there is no access to the office. There are limited specific case studies reporting business continuity benefits but they are reported in general.

- **BT^{2,5,6,7,8}** – in times of potential disruption the ability for 70% of BT staff to access networks away from their headquarter offices has meant that restrictions in travel (such as in the immediate aftermath of the 7/7 London emergency) had little or any impact on the running of the organisation.
- **UK Plc²⁷** – The severe cold spell came in the run up to Christmas and was estimated to cost the UK economy up to £1.2 billion a day. Retailers reported lost sales with footfall down nearly 20% compared to the same period the previous year. On average one in five employees are unable to reach work on snow days (and this is likely to be higher in the south-east where commuters depend more on public transport), implying that flexible working could improve productivity by at least 20% on snow days, but further savings will be made by reducing unnecessary long and disrupted commutes. For example, 10 snow days when one-third of the workforce cannot make it to work equates to a 1.5% loss in productivity.

- **US Federal Offices²⁸** – In his Whitehouse address on flexible working Obama said "I do not want to see the government close because of snow again". An example of business continuity benefits was provided in the issued report Work-life Balance and the Economics of Workplace Flexibility (2010). In February 2010 the Washington D.C. area was covered with over two feet of snow over a 12-day period. The snow shut down major roads and transit systems in the area, preventing employees from reaching their offices safely. As a result, the Office of Personnel Management closed federal offices for four days, and yet more than 60% of their employees logged on remotely to continue their work. It was estimated that the snow closures would cost the federal government approx \$100 million per day in lost productivity but the home-working saved over \$30 million per day; equivalent to \$150 million over the five snow closures in December and February.
- **North-East Lincolnshire PCT²⁹** – this Health Trust saw a much reduced disruption of service in the severe winter conditions in early 2011 for their mobile workforce, who could continue to do much of their work away from the office rather than attempting to struggle in under very poor travel conditions

2.5 Enticement

The average cost of recruitment and training varies between organisations, but the CIPD (Chartered Institute of Personnel and Development) puts the average recruitment cost of filling a vacancy per employee at £4,333, increasing to £7,750 when organisations are also calculating the associated labour turnover costs, such as vacancy cover, redundancy costs, recruitment, selection, training and induction costs. This figure rises to £11,000 for senior managers and directors (CIPD, 2007). Clearly retaining staff and attracting staff more readily has financial benefits.

- **AA²** – the AA flexible working initiative has resulted in extremely high morality resulting in them retaining valued and experienced employees
- **BP^{4,5}** – reported increased career mobility and increased staff retention after implementing flexible working at the Sunbury campus.
- **BT^{2,5,6,7,8}** – in their roll-out of flexible working practices, BT found that employee turnover reduced by 20% for flexible working employees, thus in turn significantly reducing HR recruitment and training costs by approx £3M per annum. In particular, BT found that the retention rate following maternity leave was 99% compared with a UK average of 47%, saving BT an estimated £7.4 million a year.
- **Department of Trade and Industry (DTI)^{5,10}** – flexible working has affected the organisational culture and the new working environment values people and attracts and retains high performers (measured through a staff survey with pre-move baseline).
- **EC Harris^{14,15}** – after moving to their new Headquarters, EC Harris found that *staff attrition dropped by 10%, whereas staff attraction improved from 1:1 before the move to 2.5:1 after.*
- **PricewaterhouseCoopers (PwC)^{15,16,17}** – PwC flexible working strategy aligned with the PwC "Lifestyle" programme which combines: work-life balance, diversity and connected thinking. This has aided recruitment and retention such that only 12% of staff asked to leave in one year, the lowest figure on record, and PwC was voted "UK No 1 graduate employer of choice". Also 95% of staff say they are happy with the new building and services – with 87% agreeing that it is a great place to work. The strategy has been rolled-out on a larger scale at their new London offices.

- **South Essex Partnership Trust (SEPT)²⁰** – established six work-styles and created the WorkSmart brand allowing staff choice. They improved their service and productivity and Martin Norton, WorkSmart Project Manager, explained that “flexible working is a vital part of Improving Working Lives and has a demonstrable impact on recruitment, retention and return to work”.

2.6 Efficiency

The benefits most associated with flexible working relate to space and cost savings. These benefits are easily quantified, and therefore often quoted, but they are most probably less significant than productivity benefits.

- **ABN Amro³** – in their flexible working pilot, the original density was high at 7.5 m² per desk and the original proposed solution to growth was further increased densification. The pilot was more spacious at 9.5 m² per desk but equated to 6.0 m² per person.
- **BAA⁵** – their flexible working strategy resulted in doubling in the occupancy of Point West, property savings of £1.3million per annum by vacating Point East, and a reduction in churn costs by 80%.
- **BP^{4,5}** – the flexible working strategy resulted in reductions in property operating costs of around 35% (£23 million per annum), savings in occupancy costs of up to £15k per person per year, a halving in the average cost per workstation, and churn costs falling from £1,500 per move to approximately £300.
- **BT^{2,5,6,7,8}** – reduced property costs reduced by 30% (£104M per annum) through the rollout of flexible working practices Workstyle 2000 programme. These were designed to reduce the legacy estate through provision of new, modern networked buildings, aligned to the required employee empowered “culture” of the future organisation.
- **Centrica^{2,7,9}** – project Work:Wise saved them £10 million per annum in property related costs.
- **DEGW¹¹** – in a presentation by the industry recognised leading workplace consultants, DEGW quote typical savings from flexible working to be: 30% space decrease, 35% real estate savings, 80% reduced churn costs and 25% reduced operating expenses.
- **Department for Children Schools and Families (DCSF)^{10,11,12}** – the desk sharing reduced the space to 9 m² per person compared to the pre-project density of 13 m² per person. DCSF has saved £10 million per annum in property costs by vacating an office which is no longer required.
- **Department of Trade and Industry (DTI)^{5,10}** – the desk sharing ratio resulted in a reduction of the space required by 30%. The working environment can respond quickly to organisational change with minimum disruption, a reduction in lead times and churn costs.
- **EC Harris^{14,15}** – when moving to ECHQ They found the space utilisation increased from 62% to 85% and the total occupancy cost per employee went decreased by 36%.
- **Ernst & Young⁹** – the flexible working strategy resulted in halving in floor area while accommodating the same number of staff, and provided the opportunity for spaceless growth – desk sharing allows the business to grow further without the need for additional space.
- **Hewlett Packard²⁵** – Hood quoted a space reduction of 62% at HP, and Hood and Tompkin projected an average 37% reduction in cost per person based on flexible working implemented at Hewlett Packard and Sun Microsystems.

- **IBM¹⁵** – refurbished a three-storey building arranged around a central atrium at Bedfont Lakes. The desk allocation was 62% at 1:1 and 38% at 4:1, allowing some 765 workstations to accommodate a user population of 1,473. This allowed space savings of 26%, while supporting the same number of employees, and associated real estate cost savings of 20%. The building also supports spaceless growth by absorbing future business growth within existing space.
- **Microsoft²** – were able to accommodate 30% more people in the same amount of space due to flexible working.
- **Morgan Stanley¹** – the flexible working pilot allowed the target density of 10 m² per desk and 6 m² per person was achieved compared to the original 8 m² per desk/person. This resulted in a reduction in the space required and reduced churn.
- **Nokia³⁰** – in their Nokia House renewal they accommodated 1,235 staff in 950 workstations (1.3:1 share ratio) converting a density of 14.8 m² per desk into a more efficient 11.4 m² per person.
- **North-East Lincolnshire PCT²⁹** – the Health Trust was able to reduce its accommodation from six sites to just two, at the same time enabling its staff to spend more time with client organisations across the area serviced.
- **Philips²⁶** – implemented desk sharing at 1.3:1 workers per desk resulting in a 40% space saving and 2-3 year return on investment.
- **Prudential³¹** – the Paddington office the floor space provided is roughly three-quarters of what would be required in a conventional office. Savings in rent, ignoring operating costs such as rates, maintenance, power and utilities, is approximately £1,000 per employee per year. Churn costs were previously £1.2 million per annum for 300 desks and were reduced to almost zero.
- **PricewaterhouseCoopers (PwC)^{15,16,17}** – PwC implemented flexible working in their Birmingham office. Desk sharing was introduced at 1.8:1 staff to desks overall (with highly mobile workers sharing at 5:1) which resulted in the occupational density increasing from 11.5 m² per person to 7.5 m² per person. This enabled 1,900 staff in four offices to be consolidated into one regional office resulting in a property saving of approx £30m over the next 10 years. Costs per person have fallen by 41% from £5,780 to £3,400. The capital investment costs of £7.5m were paid back within three years.
- **Shell³²** – the Retail business was moved from central Brussels to a business park. In the process the staff in open plan increased from 13% to 100% and desk sharing was implemented at a ratio 1.2:1 staff per desk. As a consequence the density increased from 23 m² per person to 15 m² per person, the staff consolidated onto two floors compared to seven previously, and property costs were reduced from €2.0M per annum to ~€1.3M per annum.
- **South Essex Partnership Trust (SEPT)²⁰** – established six work-styles and created the WorkSmart brand allowing staff choice. Thus resulted in disposal of their legacy estate, savings of over £2m per annum for a cost of £410k per annum.
- **Treasury Solicitors (TSol)²¹** – implemented flexible working to save space and money. They managed to release three floors to tenants generating a rental income of 1.5m per annum plus save further costs in facilities management, churn, cleaning and utilities.
- **Unilever²³** – flexible working enabled Unilever to efficiently consolidate their UK & Ireland business into one building. Desk sharing at 1.3:1 staff to desks resulted in significantly less space per person but a generous space per desk density.

3.0 Conclusion

This paper has provided case study evidence to support the claimed benefits of flexible working. The case studies illustrate clear, objective space efficiencies and associated property savings. They also support claims of less-tangible (readily measured) benefits related to productivity, enticement, business continuity, sustainability and personal benefits. For example, increases in profit in the order of 12% have been associated with flexible working by two of the organisations reported here, and decreases in travel time and absenteeism etc will result in further increases in productivity.

Whilst implementing flexible working is easily justified by the property savings alone, the additional benefits are considered a more significant driver for flexible working – they are just more difficult to demonstrate. *Anecdotal evidence indicates that flexible working projects are more successful when the business is leading the move, based on a change in culture or work-style, rather than as promoted by the property team as a means of simply saving space.*

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Chartered Institute for Personal Development



Survey report
May 2012

Flexible working provision and uptake

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Summary of key findings

Background to the survey

This report is based on survey responses from more than 1,000 employers and 2,000 employees. The employer survey is weighted to be representative of industry in the UK in relation to size, sector and type of business. The employee survey is weighted to be representative of the UK workforce in relation to sector and size (private, public, voluntary), industry type and full-time/part-time working by gender. Both surveys were conducted in early January 2012.

Flexible working provision – employers' policies and practices

The vast majority of employers (96%) offer some form of flexible working. All large employers offer flexible working to some employees, as do 95% of medium-sized organisations. There is also widespread provision of flexible working among small businesses (91%) and micro-sized companies (85%).

A wide range of flexible working arrangements are offered by employers, with part-time working (88%) the most commonly offered type of flexibility. Nearly two-thirds of employers provide a right to request flexible working for all employees (63%).

Working from home on a regular basis (54%) is the next most commonly offered flexible working option. On the flipside, arrangements such as time off to work in the community (21%) and annual hours (22%) are offered by less than a quarter of employers.

Large organisations are more likely to offer a wider range of flexible working options than small organisations. In all, 96% of large organisations provide part-time working for some employees compared with 58% of micro businesses. Just over half of large organisations provide flexitime as an option, in contrast to four in ten micro, small and medium-sized businesses.

Among employers that provide flexible working, small employers are much more likely to have informal arrangements. For example, among micro-sized

employers that provide flexitime, 80% will manage this informally compared with just 12% of large employers.

Flexible working and the law

Only a very small proportion (4%) of employers have encountered any problems in complying with the right to request legislation in the last two years, while 85% had no problems and 11% do not know. Small employers are less likely to report problems than larger organisations. Nine out of ten micro, small and medium-sized employers have not reported any problems compared with eight out of ten large employers.

Access to and uptake of flexible working among employees

Three-quarters of employees make use of some form of flexible working, with a third (32%) reporting they work part-time – the most commonly used flexible working option. A quarter of employees use some sort of flexitime and 20% work from home on a regular basis. Remote working is also a frequently used option, with 14% of employees benefiting from this way of working.

However, take-up of other forms of flexibility is low. Only 5% of employees have some form of compressed hours, for example spreading a five-day week over four days. Just 3% of respondents use annual hours (staff are contracted to work a set number of hours each year, with flexibility over when hours are worked). Just 1% of respondents job-share.

Women are more likely than men to use flexible working, with 77% working flexibly in some way, compared with 70% of men. Women are most likely to work part-time (49%), use flexitime (21%) and work from home on a regular basis (15%). Among men, flexitime (30%), working from home on a regular basis (25%) and mobile working (22%) are the most commonly used practices.

Employees working for micro and small businesses are more likely to work flexibly than those working in medium-sized or large organisations.

Employees with no managerial responsibility who don't have access to flexible working are most likely to say they would take up flexible working if they had the opportunity to do so, with 61% saying yes this is the case.

A large majority of employees (83%) say they have never had a flexible working request turned down, with little difference between men or women. There is also little difference in the responses of employees in terms of sector or size of organisation worked for.

Benefits of flexible working

Employers report that the provision of flexible working arrangements can have a positive impact on a number of areas of organisational performance. Nearly three-quarters of employers feel that implementing flexible working practices has a positive impact on staff retention, with just 3% identifying a negative effect. A further 73% report there is a positive impact on employee motivation, with 3% citing a negative effect. In all, 72% report that flexible working positively affects levels of employee engagement, with 4% saying there is a negative effect.

From an employee perspective, more than half report that flexible working helps them achieve better work-life balance generally. Almost a quarter report flexible working helps them manage caring responsibilities for children, while nearly one in ten say it helps them to manage caring responsibilities for parents or grandparents.

More than a third of respondents believe flexible working makes them more productive.

About a fifth of employees say flexible working helps them stay healthy by allowing more time for them to exercise or make sensible choices over lifestyle. A similar proportion think flexible working reduces the amount of time they take off work sick.

Satisfaction with work-life balance and employee engagement

There is a strong association between employees who agree they achieve the right balance between their work and home lives and respondents who are engaged at work, according to the CIPD's employee

engagement index, which is tracked in the Institute's quarterly *Employee Outlook* survey.

In all, 79% of engaged employees agree or strongly agree that they achieve the right balance between their work and home lives, compared with 50% of employees who are neutral (neither engaged nor disengaged) and 17% among those that are disengaged.

Barriers to flexible working

The main barrier to improving flexible working appears to be operational pressures, which was mentioned by 52% of employers. Other barriers that feature highly are maintaining customer/service requirements (40% of employers) and line managers' ability to effectively manage flexible workers (35%). Existing organisational culture and the attitudes of senior managers are identified as barriers by 36% and 34% of employers respectively.

There are some important differences between the attitudes of employers of different sizes, with micro and small businesses less likely to cite as wide a range of obstacles as medium-sized or larger employers.

In all, 56% of large employers and 54% of medium-sized organisations cite operational pressures as obstacles to flexible working, compared with 47% of small organisations and 32% of micro businesses.

From the perspective of employees, the biggest obstacle to flexible working is the nature of the work they do, with 34% citing this as an issue. The next most commonly mentioned obstacles are that flexible working is of limited relevance to the sector they work in, the attitudes of senior managers and the attitudes of line managers or supervisors.

In general, the smaller the organisation worked for, the least likely employees are to identify obstacles to flexible working.

Flexible working provision – employers’ policies and practices

The vast majority of employers (96%) offer some form of flexible working. All large employers offer some flexible working to some employees, as do 95% of medium-sized organisations. There is also widespread provision of flexible working among small businesses (91%) and micro-sized companies (85%).

A wide range of flexible working arrangements are offered by employers, with part-time working (88%) the most commonly offered type of flexibility. Nearly two-thirds of employers provide a right to request flexible working for all employees (63%).

Working from home on a regular basis (54%) is the next most commonly offered flexible working option. On the flipside, arrangements such as time off to work in the community (21%) and annual hours (22%) are offered by less than a quarter of LMO employers.

Perhaps not surprisingly large organisations are more likely to offer a wider range of flexible working options than small organisations. In all, 96% of large organisations provide part-time working for some employees compared with 58% of micro businesses. Just over half of large organisations provide flexitime as an option, in contrast to four out of ten micro, small and medium-sized businesses.

Seven in ten large organisations provide the right to request flexible working to all employees, as do 59% of medium-sized businesses, 51% of small companies and 40% of micro employers.

Nearly two-thirds (61%) of large employers allow homeworking on a regular basis, compared with just 36% of small employers. Aside from part-time working, working from home is the most commonly provided flexible working option among micro businesses.

Figure 1: Types of flexible working arrangements offered by employers (%)
Base: All organisations (818)

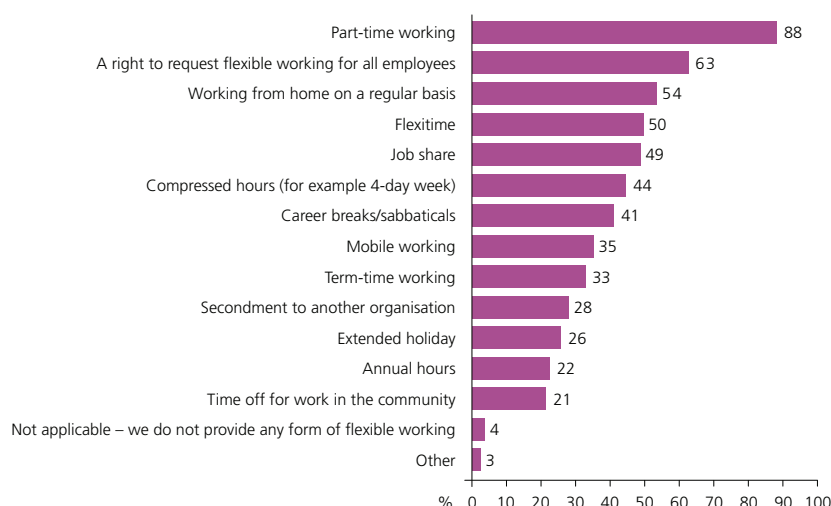


Table 1: HR professionals whose organisations offer flexible working, by size of organisation (%)
Base 790: All organisations that offer flexible working

	Micro	Small	Medium	Large
Part-time working	58	86	87	96
Term-time working	9	16	18	45
Job share	9	23	28	67
Flexitime	43	42	41	55
A right to request flexible working for all employees	40	51	59	70
Compressed hours (spreading a five-day week over four days for example)	20	26	32	56
Annual hours (staff are contracted to work a set number of hours each year with flexibility over when hours are worked)	7	4	8	32
Working from home on a regular basis	46	36	53	61
Mobile working (eg using laptop to work from another location)	28	16	26	56
Career breaks, sabbaticals	8	14	26	56
Secondment to another organisation	4	8	14	40
Time off for work in the community	13	8	12	28
Extended holiday	12	12	20	32
Other	6	2	2	2
Not applicable – we do not provide any kind of flexible working	15	9	5	0
Net offer flexible working	85	91	95	100

The provision of a wider range of flexible working arrangements is more prominent from employers in the public sector. Public sector employers are significantly more likely to offer term-time working (59% compared with 20% of private sector employers), job-shares (72% compared with 37%), compressed hours (62% compared with 35%) and career breaks/sabbaticals (65% compared with 30%). It is also the case that large employers are significantly more likely than SME employers to offer each of the flexible working arrangements listed in Table 1.

The provision of flexible working arrangements also appears to be an area where employers plan to make little change to their current offer. Nearly three-quarters of employers (72%) are not planning to introduce any of the arrangements listed in Figure 1 while the vast majority (92%) is not planning to withdraw any of the arrangements they currently offer.

Case study: Accenture

What types of flexible working do you currently offer?

Accenture offers the following flexible working provisions:

- flexible hours: reconfiguration of existing hours over contractual number of days
- part-time working
- job-sharing
- home-enabled working
- leave of absence policy: allowing employees to take unpaid leave to pursue activities outside of the working environment.

The company also allows the use of multiple flexible working arrangements simultaneously, and any type of flexible working is available to each level of employees, from the most junior to the most senior.

Why do you offer flexible working?

Internal and external Accenture research points to a changing workforce that is demanding a greater voice and more choice in how, when and where they do their work.

What do you see as the main benefit(s) of offering flexible working?

Accenture has seven business reasons to create a more flexible, supportive work environment:

- to attract and retain a broad range of talented people
- to raise morale and increase job satisfaction
- to increase productivity and improve business results
- to enhance commitment and engagement
- to cut health care costs
- to attract investors
- to be a good corporate citizen.

More than 80% of Accenture employees say that achieving work-life balance is important. Fifty-two per cent of Accenture UK employees also said they are already working flexibly at Accenture and these 52% show increased levels of engagement.

Accenture has seen that work-life balance has often been a reason why people, women in particular, have left the company. Working flexibly is central to their well-being programmes and can also form part of a phased return to work, allowing people more control over their workload or avoid the stress of commuting at peak times.

What would you highlight as the most innovative element of your flexible working provision?

Collaboration – one of Accenture's core values is 'One Global Network'. This means connection. The Knowledge Exchange is an intranet portal that allows employees to connect with others, share ideas, respond quickly to questions and cultivate their relationships. This allows employees to contribute in just the same way, whether they are in the office or working from home.

Latest technical software – homeworkers have full access to a wealth of ways to keep in touch virtually with colleagues and clients. Office Communicator is software that allows secure instant messaging (IM), integrated presence, OC-to-OC audio and videoconference calling and desktop sharing.

Comprehensive online provision around flexible working – Accenture has a dedicated portal called Accent on Flexibility that provides information on flexible working. It provides case studies from employees on their arrangements and various links, tools and tips.

Case study: Accenture (continued)

Flexleave – this is the voluntary sabbatical programme which the company offers only where there is a recognised business need. This is typically a 6–18-month partially paid opportunity for employees to pursue their interests (for example travel, charity work, non-company-sponsored study, work in a different field). It is not a continuous programme but can be rolled out for appropriate periods and employee groups.

If you did not offer flexible working, what effect would this have on your organisation?

- increased attrition – particularly with women
- appearing unattractive to prospective employees
- decreased employee engagement
- reduction in employee well-being.

Sam Clark, Head of Employee Relations, Accenture

Formal/informal flexible working arrangements

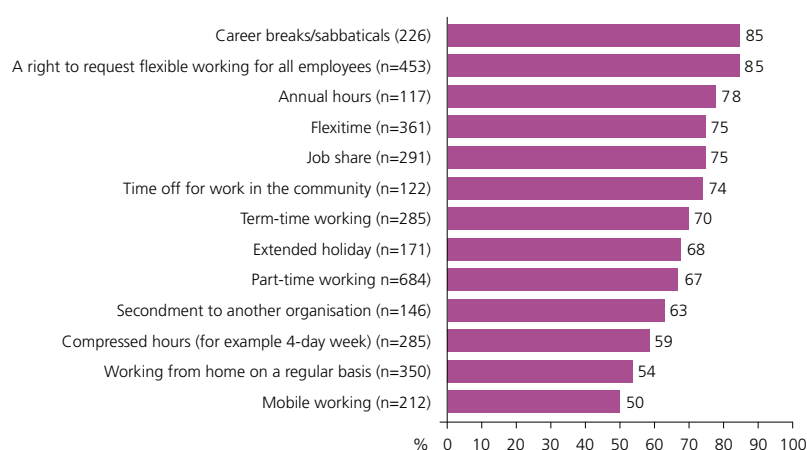
The provision of flexible working arrangements by employers is more likely to be governed by a formal policy rather than just being 'informal arrangements'. As Figure 2 shows, a formal policy is in place for the majority of the different types of working arrangements, with career breaks and a right to request flexible working having a formal policy in 85% of all LMO employers.

The types of flexible working arrangements that are more likely to be informal arrangements are mobile working and working from home, with 45% and 46% of employers respectively reporting that there is no formal policy for these arrangements.

Among employers that provide flexible working, small employers are much more likely to have informal arrangements. For example, among micro-sized employers that provide flexitime, 80% will manage this informally compared with just 12% of large employers. About a third of micro firms have informal arrangements allowing all employees a right to request flexible working, with two-thirds having a formal policy in place. In contrast, more than nine in ten large employers will have a formal policy in place, with just 6% relying on an informal policy or arrangements. See Table 2.

Just 20% of micro firms have a formal policy on compressed hours in contrast to four out of ten small

Figure 2: Proportion of LMO employers having a formal policy in place, by type of flexible working arrangements offered (%)
Base: All organisations that offer some form of flexible working



and medium-sized organisations and two-thirds of large employers.

Working from home is a practice where there is less contrast in approach between large and small employers, with a significant proportion of large

employers relying on informal arrangements. In all, 41% of large employers use informal arrangements to allow employees to work from home on a regular basis, compared with 59% that rely on a formal policy. A third of micro businesses have a formal homeworking policy in place and two-thirds have informal arrangements.

Table 2: Proportion of LMO employers having a formal policy or informal policy or arrangement in place, by type of flexible working arrangements offered (%)
Base: All organisations that offer some form of flexible working

	All	Micro	Small	Medium	Large
Part-time working					
Formal policy	67	27	45	50	78
Informal policy/arrangements	33	73	55	49	21
Term-time working					
Formal policy	70	6	38	40	78
Informal policy/arrangements	29	94	62	55	22
Job share					
Formal policy	75	22	57	49	81
Informal policy/arrangements	23	78	43	43	18
Flexitime					
Formal policy	75	20	52	68	88
Informal policy/arrangements	25	80	48	31	12
A right to request flexible working for all employees					
Formal policy	85	36	68	83	93
Informal policy/arrangements	14	64	32	17	6
Compressed hours					
Formal policy	59	20	43	41	66
Informal policy/arrangements	37	80	57	57	29
Annual hours					
Formal policy	78	46	44	70	80
Informal policy/arrangements	22	54	56	30	20
Working from home on a regular basis					
Formal policy	54	32	54	50	59
Informal policy/arrangements	45	68	46	50	41
Mobile working					
Formal policy	50	20	44	37	57
Informal policy/arrangements	46	80	56	63	38
Career breaks/sabbaticals					
Formal policy	85	23	43	73	89
Informal policy/arrangements	14	77	57	27	9
Secondment to another organisation					
Formal policy	63	36	63	46	65
Informal policy/arrangements	35	64	37	54	33
Time off for work in the community					
Formal policy	74	31	50	80	78
Informal policy/arrangements	26	69	50	20	22
Extended holiday					
Formal policy	68	18	42	58	76
Informal policy/arrangements	30	82	58	42	22

Flexible working and the law

A number of flexible working arrangements are governed by statutory legislation on the minimum requirements for employers to adhere to. In the case of paid maternity leave, 46% of employers reported that they operate a policy or practice that goes beyond the statutory minimum. Paid parental leave is an area where employers are least likely to go beyond what is the statutory minimum, with only a fifth (21%) of employers reporting this. Almost half of organisations operate a policy that goes beyond the minimum statutory requirement on the right to request flexible working.

Employers in the public sector are significantly more likely than private sector employers to offer policies or practice that go beyond the statutory minimum in all areas. See Figure 3.

Larger employers are in general more likely to provide policies on flexible working that go beyond the statutory minimum. Almost six in ten provide more generous maternity leave than the legal minimum, compared with just 13% of micro businesses. In all, 44% of larger employers provide over the legal minimum on paternity pay, compared with 9% of small employers. See Table 3.

There is little difference, however, on the right to request flexible working, with four in ten large and micro businesses operating a policy or practice beyond the statutory minimum, as do 30% of small employers and 33% of medium-sized organisations.

Interestingly, it appears that a significant number of employers are unsure of what the statutory minimum is or if their own arrangements go beyond this. Overall,

Figure 3: Areas of statutory provision where employers operate a policy or practice that goes beyond the statutory minimum (%)
Base: All organisations (818)

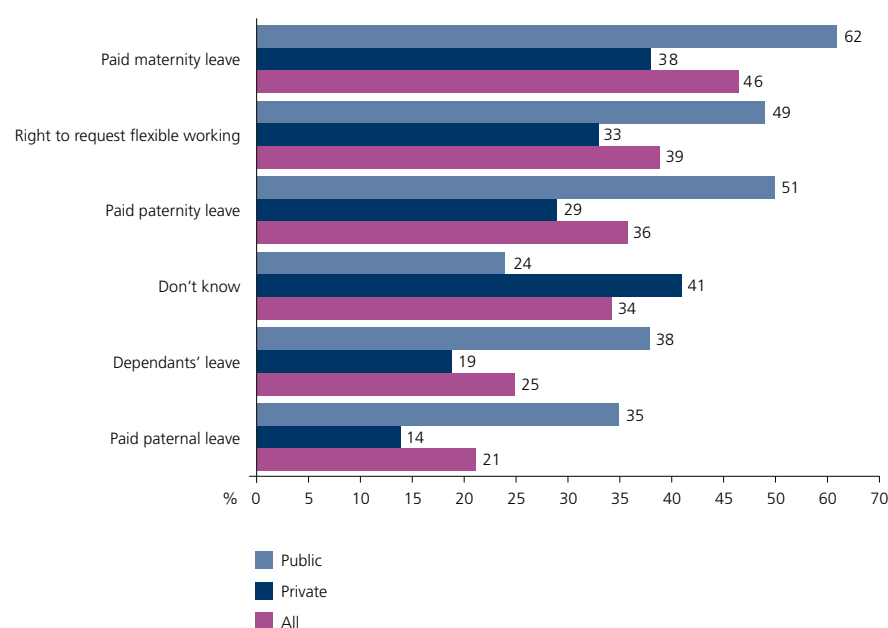


Table 3: Areas of statutory provision where employers operate a policy or practice that goes beyond the statutory minimum, by size of organisation (%)
Base: All organisations (818)

	All	Micro	Small	Medium	Large
Right to request flexible working	39	40	30	33	41
Paid maternity leave	46	13	28	37	59
Paid paternity leave	36	9	25	32	44
Paid parental leave	21	9	13	13	27
Dependants' leave	25	12	16	21	30
Don't know	34	53	47	35	28

34% of employers reported that they do not know if they operate a policy or practice that goes beyond the statutory minimum. A significantly higher proportion of private sector employers (41%) were more likely to say they do not know than public sector employers (24%). Almost half of micro businesses do not know if they operate a practice that goes beyond the minimum, falling to 28% of large employers.

Of those employers who do not have a formal policy to give all workers a right to request flexible working, the main reason given for not having a policy is that it would be too hard to manage competing requests (44%). See Figure 4. This is more of an issue for larger employers, with a significantly higher proportion (52%) reporting this than in SMEs (33%).

The statutory right to request flexible working

Anyone can ask their employer for flexible work arrangements, but the law provides some employees with the statutory right to request a flexible working pattern.

The statutory right to request covers:

- employees who have or expect to have parental responsibility of a child aged under 17 or a disabled child under 18
- employees who are carers for a spouse, partner, civil partner or relative, or someone, who although not related to them, lives at the same address as them.

Under the law employers must seriously consider an application to work flexibly and only reject it if there are good business reasons for doing so. Employees have the right to ask for flexible working – not the right to have it. Employers can reasonably decline applications where there is a legitimate business ground.

For further details of the statutory right to request flexible working, see www.direct.gov.uk/en/Employment/Employees/Flexibleworking/DG_10029491

Case study: Women's Pioneer Housing

Women's Pioneer Housing introduced the right to request flexible working for all employees when the statutory right to request flexible working came into force in 2003.

Janet Davies, Chief Executive of the housing association, which employs 38 people, said that while the organisation's flexible working policy was driven by the legislation, it was decided the statutory right to request did not go far enough.

'We have a flexi-time system that allows staff to accumulate time off. However, our main policy is a right to request flexible working for everybody.

'There are a disproportionately high number of women and older people in our organisation. The employee profile does not fit with the legislation stereotype (parents with young children). The legislation as it stands does not seem very sensible when one considers the removal of the Default Retirement Age and the increase in pension ages. We became aware that it wasn't right just to give the right to request to parents, because two or three people were regularly having to take time off for other types of caring responsibilities.'

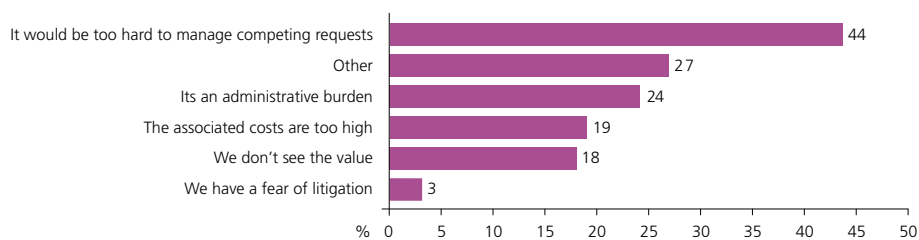
The organisation also uses its flexible working policies to enable older workers to downshift and reduce their hours to suit their changing working preferences or health.

Davies explained: 'We have older staff who are committing more time to voluntary work, or cutting down on long commutes by working fewer or condensed hours and would be sympathetic to anyone who makes a request for any reason. It's a false assumption that only younger workers with children need or could benefit from flexibility.'

Davies supports the Government's plans to extend the statutory right to request flexible working to all employees. 'Our policy on flexible working was driven by the legislation – we wouldn't have thought of it otherwise. It has also been helpful from the staff members' point of view, as it gives them a clear idea of their rights. Without the legislation it would have taken longer.'

Figure 4: Reasons for not having a formal right to request flexible working policy (%)

Base: All organisations which do not have a right to request flexible working (273)



Among employers that don't provide a right to request flexible working to all employees, a quarter of both large and micro businesses are likely to cite difficulty managing competing requests as a reason. A third of small employers say that the associated costs of extending flexible working to all employees are too high, as do 28% of medium-sized organisations and 26% of micro firms. See Table 4.

Large employers are more likely than smaller employers to report the administrative burden as a key reason for not extending the right to request to all employees.

The threat of litigation does not feature highly as a reason, with just 8% of micro firms citing this as a factor and just 1% of large employers.

Only a very small proportion (4%) of employers have encountered any problems in complying with the right to request legislation in the last two years, 85% have had no problems and 11% do not know. Small employers are less likely to report problems than larger organisations. Nine out of ten micro, small and medium-sized employers have not reported any problems compared with eight out of ten large employers. See Table 5.

Of those employers who have encountered problems with the right to request legislation, 64% have experienced disruption caused by introducing new working arrangements and 52% practical problems in assessing and/or discussing alternative working arrangements.

Figure 5 shows the proportion of requests from employees taking advantage of their statutory right that employers have agreed to unmodified, agreed to in a modified form and refused. The majority of requests are agreed to unmodified, with 18% of employers reporting that more than 75% of the requests they receive are agreed to and 41% who reported that no requests had been refused.

In those cases where employers have been unable to grant flexible working requests, the main reasons given are that it would have had a detrimental effect on the ability to meet customer demand (39%) and that they had the inability to reorganise work among existing staff (30%). However, 39% of employers did report that they have never turned down a request, with the private sector 45% significantly more likely to have not refused a request than public sector employers (26%). See Figure 6.

Table 4: Reasons for not having a formal right to request flexible working for all employees, by size of organisation (%)
Base: Organisations that don't provide a right to request flexible working for all employees (229)

	Micro	Small	Medium	Large
It would be too hard to manage competing requests.	26	13	22	26
It's an administrative burden.	16	37	43	52
The associated costs are too high.	26	35	28	10
We don't see the value.	15	12	18	21
We have a fear of litigation.	8	5	7	1
Other	51	34	24	21

Table 5: Organisations that have reported problems in complying with the right to request legislation (%)
Base: All organisations (790)

	All	Micro	Small	Medium	Large
Yes	4	3	3	4	5
No	85	91	93	90	81
Don't know	11	6	4	6	14

Public sector employers are significantly more likely than private sector employers to refuse requests because of a detrimental effect on the ability to meet customer demand (48%) and because they had the inability to reorganise work among existing staff (41%) compared with 34% and 24% of private sector employers respectively.

Large employers are more likely to cite a variety of reasons for turning down requests to work flexibly than small employers.

Employers in the public sector are also significantly more likely to refuse requests on the grounds that they have the inability to recruit additional staff (22% compared with 11% of private sector employers) and because of planned structural changes (17% compared with 7%).

In all, 79% of micro businesses report they have never turned down a request, as do 65% of small businesses, 47% of medium-sized businesses and 25% of large businesses.

Figure 5: Proportion of requests for flexible working that have been agreed to unmodified, in a modified form and refused (%)
Base: All organisations (818)

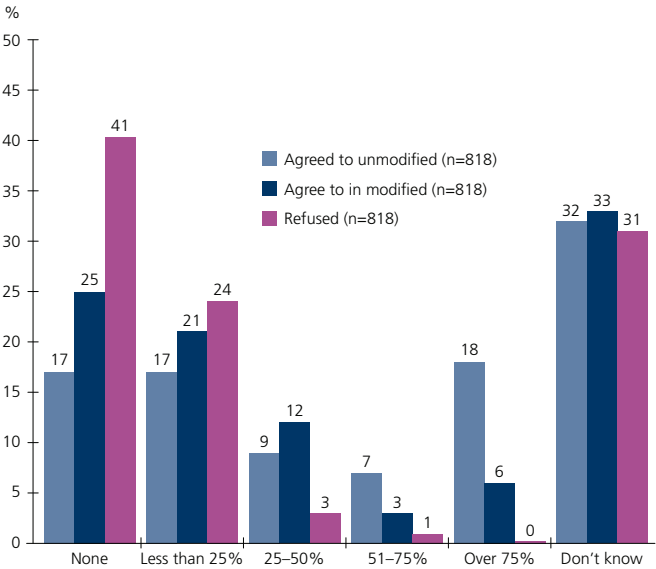
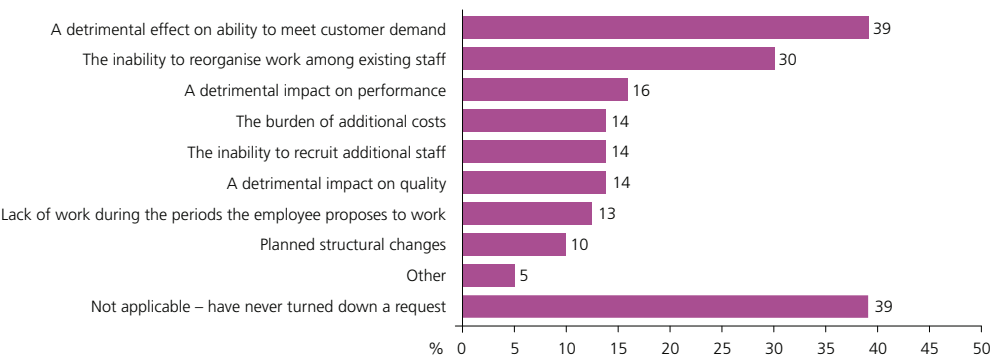


Figure 6: Main grounds on which employers have turned down flexible working requests (%)
Base: All organisations (818)



Flexible working regulations and tribunal claims

Information provided by HM Courts and Tribunals Service, as a result of a Freedom of Information request by the CIPD, reveals how few employment tribunal claims are generated as a result of the statutory right to request flexible working.

The figures show that out of a total 218,100 employment tribunal claims in 2010–11, just 277 alleged that employers had failed to observe the flexible working regulations. The majority of these claims (229) were successfully conciliated by Acas or settled out of court and, of the 48 that actually reached tribunal, just 10 were successful.

During the five years covered by the statistics, the year in which there were most claims under the flexible working regulations was in 2009–10, when there were a total of 344 claims. Of these, 284 were conciliated by Acas, withdrawn or settled out of court. A total of 60 claims were heard at tribunal, with 15 being successful. See Table 6.

The data supports the findings from the survey of employers highlighted in this report that the vast majority (85%) of employers say that the flexible working regulations have caused no problems, rising to 90% or above among micro, small and medium-sized businesses.

Table 6: Statistical information on the number of claims where employers allegedly failed to follow flexible working regulations between the financial years 2006 and 2010

Financial year	Outcome	Acas conciliated settlement	Withdrawn or private settlement	Successful at hearing	Unsuccessful at hearing	Dismissed at hearing – out of scope	Disposed of/other	Default judgment
2006–07	Singles	83	82	3	11	4	10	1
	Multiples	19	9	1	2	1	2	0
	Total	102	91	4	13	5	12	1
2007–08	Singles	109	80	8	23	7	9	1
	Multiples	14	11	2	4	2	2	0
	Total	123	91	10	27	9	11	1
2008–09	Singles	131	48	9	15	3	8	1
	Multiples	23	19	1	4	2	1	0
	Total	154	67	10	19	5	9	1
2009–10	Singles	139	105	11	22	5	15	1
	Multiples	19	21	3	3	0	0	0
	Total	158	126	14	25	5	15	1
2010–11	Singles	100	90	9	21	5	10	0
	Multiples	35	4	1	2	0	0	0
	Total	135	94	10	23	5	10	0

(Source: HM Courts and Tribunals Service)

Table 7: Number of claimants alleging their employers failed to follow the flexible working regulations and who were successful at hearing

Year	Number of claimants who were successful at hearing
2006–07	5
2007–08	11
2008–09	11
2009–10	15
2010–11	10

Access to and uptake of flexible working among employees

Employee perceptions of the flexible working arrangements provided by employers

In total, almost three quarters of employees report their employer provides access to some form of flexible working, with about a fifth saying their organisation does not provide flexible working and just under 10% not knowing either way. Part-time working is the most commonly provided flexible working arrangement with about half (51%) of employees saying their organisation provides this. The next most commonly provided flexible working practises are flexitime (31%), working from home and mobile working (24% for both) and career breaks or sabbaticals (22%). See Table 8.

The survey shows there is a gap between what flexible working employees believe employers offer and what employers actually provide. For example, Figure 1 in this report finds that more than 90% of employers say they provide flexible working of some kind, while 88% report they provide part-time working, 54% that they offer working from home on a regular basis for some staff, and 50% cite flexi-time. This suggests employers could do more to communicate their flexible working arrangements to staff and that certain flexible working arrangements are only available to some employees.

Table 8: The flexible working options that employees' report their organisation provides
Base: All employees, excluding sole traders (1,782)

	All	Micro	Small	Medium	Large
Part-time working	51	35	39	46	60
Term-time working	13	5	5	8	18
Job share	16	4	8	9	23
Flexitime	31	29	23	19	34
Compressed hours (spreading a five-day week over four days for example)	16	9	13	8	21
Annual hours (staff are contracted to work a set number of hours each year with flexibility over when hours are worked)	9	6	5	4	11
Working from home on a regular basis	24	29	21	17	25
Mobile working (eg using laptop to work from another location)	24	20	17	23	
Career breaks, sabbaticals	22	6	7	8	33
Secondment to another organisation	10	3	4	2	16
Time off for work in the community	11	5	6	5	16
Other	3	6	1	3	3
My organisation does not provide flexible working	19	28	35	23	13
Don't know	8	7	6	7	7

Uptake of flexible working

Among employees whose organisations provide some form of flexible working, part-time working is the most commonly used arrangement, with a third (32%) reporting they work part-time. A quarter of employees use some sort of flexitime and 20% work from home on a regular basis. Remote working is also a fairly frequently used option, with 14% of employees benefiting from this way of working.

However, take-up of other forms of flexibility is low. Only 5% of employees have some form of compressed hours, for example spreading a five-day week over four days. Just 3% of respondents use annual hours (staff are contracted to work a set number of hours each year, with flexibility over when hours are worked). Just 1% of respondents job-share.

Women are more likely than men to use flexible working, with 77% working flexibly in some way, compared with 70% of men. Women are most likely to work part-time (49%), use flexitime (21%) and work from home on a regular basis (15%). Among men, flexitime (30%), working from home on a regular basis (25%) and mobile working (22%) are the most commonly used practices.

In terms of sector, there is little difference in the overall uptake of flexible working, however public sector employees are most likely to use flexitime, non-profit employees most commonly work part-time and private sector staff are most likely to benefit from mobile working. See Table 9.

Table 9: The uptake of flexible working arrangement among employees (%)
Base: All employees, excluding sole traders whose organisations provide some form of flexible working (1,298)

	All	Men	Women	Private	Public	Voluntary
Part-time working	32	13	49	32	31	38
Term-time working	2	1	4	1	7	2
Job share	1	1	1	1	1	1
Flexitime	25	30	21	20	38	29
Compressed hours (spreading a five-day week over four days for example)	5	5	4	5	5	4
Annual hours (staff are contracted to work a set number of hours each year with flexibility over when hours are worked)	3	2	4	3	4	5
Working from home on a regular basis	20	25	15	21	13	24
Mobile working (eg using laptop to work from another location)	14	22	8	16	12	7
Career breaks, sabbaticals	2	2	2	2	2	3
Secondment to another organisation	1	1	1	1	1	0
Time off for work in the community	3	3	2	3	1	0
Other	3	3	3	3	2	4
I do not make use of any flexible working options	26	30	23	27	26	24

Case study: British Gas

What types of flexible working do you offer?

At British Gas, flexible working is well established and a key element of our business strategy. By offering many different types of flexible working, we can create total flexibility for our employees and enable the business to provide our customers with 24/7 service. Our engineers, for example, have flexible working patterns and are available as late as 8pm, seven days a week, in addition to our 24-hour emergency service.

We support our employees' requests for flexible working whenever possible, while considering the needs of the business. Our flexible working provisions include allowing our university students to study, letting people work longer or shorter hours, part-time and full-time roles, flexible hours to allow for childcare, and remote working. Where viable, we also support homeworking.

Why do you offer flexible working?

Our people and their skills are fundamental to the great service we give our customers – and the overall success of British Gas. We offer flexible working because we want to attract and retain the best talent, regardless of background and responsibilities. And we want a diverse workforce that reflects our community and customer base.

Offering flexible working increases employee loyalty to our brand and provides a great environment to work in. British Gas was ranked in the top quartile for levels of engagement in a recent employee engagement survey conducted by Aon Hewitt, which also highlighted the low turnover rates amongst our staff. In our UK call centres, for instance, we have one of the lowest turnover rates in the industry, good attendance levels and strong commitment to customers.

What do you see as the benefits of offering flexible working?

We believe that happy, committed employees lead to a successful, flourishing organisation. Offering benefits such as flexible working builds mutual trust between employer and employee. In return, our people reward us with great service and commitment to the business and our customers.

What do you think would happen if you did not offer flexible working?

Without a totally flexible workforce we wouldn't be able to give our customers the same great service and respond to their individual needs. Our organisation would totally grind to a halt.

Additional points

The diversity agenda is the key piece – we're offering flexible working because there are so many business benefits to doing so and it makes business sense.

Angela Williams, HR Director, British Gas

Flexible working uptake, by size of organisation worked for

Employees working for micro and small businesses are more likely to work flexibly than those working in medium-sized or large organisations. Nine out of ten employees working in micro businesses employing between two and nine people benefit from some sort of flexible working, as do 78% of those working for small employers with between 10 and 49 members of staff. Among medium-sized organisations (employing between 50 and 249 people) 67% of employees work flexibly in some way, as do 71% of employees in large organisations with 250 or more employees. See Table 10 for a detailed breakdown of flexible working uptake by size of organisation worked for.

Flexible working uptake, by seniority of employees

Board directors, senior and middle managers are marginally more likely to use some form of flexible working, than line managers and employees with no managerial responsibility. See Table 11. However there is significant difference between the type of flexible working used by employees of different levels of seniority. There is much greater uptake of home working and mobile working among board directors, other senior managers and middle managers. Just 14% of line

managers and a similar proportion of employees with no managerial responsibility work from home regularly.

While only about one in ten of line managers and employees with no managerial responsibility benefit from mobile working. Conversely line managers and employees with no managerial responsibility are more likely to use flexi-time and to work part-time compared to more senior members of staff.

Employees that would like to work flexibly if given the opportunity

Among the quarter of employees that don't make use of any flexible working options, nearly half (46%) would take up flexible working if they had the opportunity. Of this sample, women are marginally more likely than men to indicate they would like to work flexibly if there was the opportunity to do so (see Table 12). In all, 69% of those working in medium-sized organisations who don't make use of flexible working report they would like to work flexibly if there was the opportunity to do so, as would 55% of those working in large organisations who don't currently work flexibly. Nearly half (47%) of those working in small organisations who don't work flexibly would also like to work flexibly; however, only 23% of those working for micro businesses say that they would like to work flexibly given the opportunity (see Table 13).

Table 10: What type of flexible working do you make use of? (by size of organisation worked for) (% employees)
Base: All employees who have access to flexible working (1,298)

	Micro	Small	Medium	Large
Part-time working	39	33	27	31
Term-time working	2	1	3	3
Job share	2	1	3	3
Flexitime	28	28	17	26
Compressed hours (spreading a five-day week over four days for example)	8	9	4	3
Annual hours (staff are contracted to work a set number of hours each year with flexibility over when hours are worked)	5	0	2	4
Working from home on a regular basis	37	25	17	16
Mobile working (eg using laptop to work from another location)	21	15	13	14
Career breaks, sabbaticals	3	2	0	2
Secondment to another organisation	2	1	1	1
Time off for work in the community	4	5	4	2
Other	10	2	4	2
I do not make use of any flexible working options	10	22	33	29

Table 11: What type of flexible working do you make use of? (by category of employee)
Base: All employees who have access to flexible working (1,298)

	Board director	Senior manager below board level	Middle manager	Line manager	Employees with no managerial responsibility
Part-time working	21	13	18	24	39
Term-time working	0	0	2	2	2
Job share	0	1	0	1	1
Flexitime	22	21	24	30	28
Compressed hours (spreading a five-day week over four days for example)	10	2	6	5	2
Annual hours (staff are contracted to work a set number of hours each year with flexibility over when hours are worked)	0	1	2	4	3
Working from home on a regular basis	30	42	26	14	14
Mobile working (eg using laptop to work from another location)	30	32	26	11	10
Career breaks, sabbaticals	8	6	2	1	1
Secondment to another organisation	4	5	2	1	0
Time off for work in the community	0	3	3	4	2
Other	0	1	2	3	3
I do not make use of any flexible working options	20	24	24	30	28

Table 12: Given the opportunity, would you take up flexible working? (%)
Base: All employees (excluding the self employed) whose organisation does not provide flexible working (347)

	All	Men	Women	Private	Public	Voluntary
Yes	46	44	51	47	44	65
No	33	38	25	35	36	0
Don't know	20	18	23	19	20	35

Table 13: Given the opportunity, would you take up flexible working? (by size of organisation) (%)
Base: All employees (excluding the self employed) whose organisation does not provide flexible working (347)

	Micro	Small	Medium	Large
Yes	23	47	69	55
No	58	35	14	23
Don't know	19	18	17	22

Junior staff with no managerial responsibility who don't have access to flexible working are most likely to say they would take up flexible working if they had the opportunity to do so, with 61% saying yes this is the case. More than five out of ten line and middle managers who are unable to work flexibly would like to do so. In contrast just 24% of board levels directors and 33% of senior managers below board level say this is the case. See Table 14.

A large majority of employees (83%) say they have never had a flexible working request turned down, with little difference between men or women. There is also little difference in the responses of employees in terms of sector or size of organisation worked for. Employees

working for public sector organisations are slightly more likely to have had a flexible working request turned down than those working in the private sector. Those working in medium and micro businesses are marginally more likely to have a flexible working request turned down than those working in small and large organisations. See tables 15 and 16.

The most common response by employees to having a request for flexible working turned down would be to talk to their line manager (56%). Only 11% say they would appeal against the decision and 8% say they would talk to HR. Women would be more likely to appeal the decision than men (see Table 14).

Table 14: Given the opportunity, would you take up flexible working? (by seniority of employee)
Base: All employees (excluding the self employed) whose organisation does not provide flexible working (347)

	Board director	Senior manager below board level	Middle manager	Line manager	Employees with no managerial responsibility
Yes	24	33	58	56	61
No	44	60	29	24	19
Don't know	32	7	13	20	20

Table 15: Have you ever had a flexible working request turned down? (%)
Base: All employees who have to request to work flexibly (533)

	All	Men	Women	Private	Public	Voluntary
Yes	13	12	13	11	15	14
No	83	83	82	84	78	84
Can't remember	5	5	5	5	7	2

Table 16: Have you ever had a flexible working request turned down? (by size of organisation worked for) (%)
Base: All employees who have to request to work flexibly (533)

	Micro	Small	Medium	Large
Yes	14	10	14	12
No	84	86	84	82
Don't know	2	4	2	5

Table 17: How would you respond if your request for flexible working was turned down? (%)
Base: All employees who have to request to work flexibly (533)

	All	Men	Women	Private	Public	Voluntary
I would appeal the decision.	11	7	14	10	11	15
I would submit another request.	5	4	5	5	5	3
I would talk to my line manager.	56	58	56	54	62	62
I would talk to HR.	8	6	10	9	7	0
I would do something else.	5	6	4	5	3	5
I would do nothing.	15	20	12	17	11	15

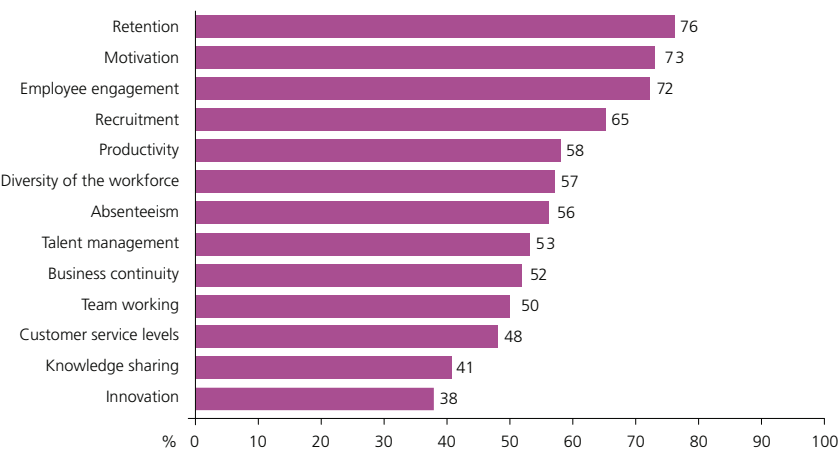
Benefits of flexible working

Employers report that the provision of flexible working arrangements can have a positive impact on a number of areas of organisational performance. The results show employers feel that implementing flexible working has significant direct benefits for the business.

Nearly three-quarters (76%) of employers feel that implementing flexible working practices has a positive

impact on staff retention, with just 3% identifying a negative effect (net positive impact 73%). A further 73% report there is a positive impact on employee motivation, with 3% citing a negative effect (net positive impact 70%). In all, 72% report that flexible working positively affects levels of employee engagement, with 4% saying there is a negative effect (net positive impact 68%). See Figure 7.

Figure 7: Positive impact of flexible working practices on areas of organisational performance (%)
Base: All organisations which offer flexible working (754)



The views of employers on which areas flexible working has the highest impact vary by size and sector. Employers of all sizes are very positive about the impact of flexible working on retention, motivation and engagement. Micro employers are most likely to report flexible working has a positive impact on productivity and on customer service. Medium-sized organisations are most likely to report a positive impact on absence levels. Large organisations are most likely to agree that flexible working supports diversity (see Table 18).

In the public sector employers are more likely to feel that flexible working has a positive impact upon knowledge-sharing, the diversity of the workforce and business continuity than private sector employers (50%, 67% and 59% in the public sector compared with 36%, 51% and 48% respectively in the private sector).

Benefits of flexible working: employees

From an employee perspective, more than half report that flexible working helps them achieve better work-life balance generally. Almost a quarter report flexible working helps them manage caring responsibilities for children, while nearly one in ten say it helps them to

manage caring responsibilities for parents or grandparents. More than a third of respondents believe flexible working makes them more productive. A third of respondents report that flexible working has helped reduce the amount of stress they feel under and a similar proportion say it has been a factor with them staying with their current employer. See Table 19.

About a fifth of employees say flexible working helps them stay healthy by allowing more time for them to exercise or make sensible choices over lifestyle. A similar proportion think flexible working reduces the amount of time they take off work sick.

Women are more likely than men to say that flexible working helps them to manage caring responsibilities for children, parents and grandchildren. Women are also more likely than men to identify flexible working as a reason they have stayed with their current employer. Men are more likely to believe flexible working helps them be more productive, to reduce the time and cost of commuting and to reduce stress.

Table 18: Net positive impact of flexible working* (% employers)
Base: All organisations (base 760)

	All	Micro	Small	Medium	Large
Retention	73	74	64	72	74
Motivation	70	75	66	70	69
Recruitment	62	59	53	63	63
Engagement	68	71	56	69	69
Productivity	47	65	51	45	48
Absence	49	53	47	54	48
Customer service	37	39	27	33	26
Teamworking	32	55	36	33	39
Knowledge-sharing	30	34	17	34	27
Diversity	54	41	39	48	60
Business continuity	44	50	33	48	43
Innovation	32	47	32	29	30

*Net positive impact of flexible working: the proportion of respondents saying flexible working has a positive impact on any of the above measures of organisational performance minus those saying their impact is negative.

Table 19: The benefits of flexible working (employees %)
Base: All employees making use of flexible working opportunities (960)

	All	Men	Women
It helps me achieve better work-life balance generally.	54	56	52
It helps me manage caring responsibilities (children).	23	18	28
It helps me manage caring responsibilities (parents/grandparents).	9	7	12
It helps me manage caring responsibilities (spouse).	7	7	6
It helps me manage caring responsibilities (friend/neighbour).	2	2	2
It helps reduce the amount of pressure/stress I feel under.	33	36	31
It helps me pursue hobbies/personal interests outside work.	26	27	25
It helps me invest more time in my family/friends.	30	28	31
It helps reduce the amount of time I have to take off work to look after dependants.	11	9	13
It helps me stay on top of my financial affairs.	11	14	8
It helps me stay healthy by allowing more time to exercise/make healthy choices over lifestyle.	17	20	14
It helps reduce the cost of commuting.	24	32	17
It helps reduce the amount of time I spend commuting.	27	38	18
It has helped me to return to work following ill health.	8	10	6
It has been a factor in my staying with my current employer.	33	30	35
It helps me be more productive at work.	35	46	27
It helps reduce the amount of time I take off sick.	17	17	18
Other	5	5	5
Don't know	8	5	10

Satisfaction with work-life balance and employee engagement

There is a strong association between employees who agree they achieve the right balance between their work and home lives and respondents who are engaged at work, according to the CIPD's employee engagement index (see box below), which is tracked in the Institute's quarterly Employee Outlook survey.

In all, 79% of engaged employees agree or strongly agree that they achieve the right balance between their work and home lives, compared with 50% of employees who are neutral (neither engaged nor disengaged) and 17% among those that are disengaged. See Table 20.

Table 20: Proportion of engaged/disengaged employees agreeing they achieve the right balance between their work and home lives (%)
Base: All employees (2047)

	All	Engaged	Neutral	Disengaged
Strongly agree	14	26	8	4
Agree	45	53	42	13
Neither agree nor disagree	17	9	22	17
Disagree	17	10	20	37
Strongly disagree	6	2	7	28
Not sure	1	0	1	1

Case study: Marks & Spencer

What types of flexible working do you currently offer?

We are committed to promoting an environment where employees can openly discuss their work-life balance needs with their line manager and propose flexible ways of working which may allow them to achieve a balance that is appropriate to them and to the business. The M&S Flexible Working Policy was revised in February 2010 to give greater emphasis to the requirement for line managers to give all formal flexible working requests due consideration, and agree those requests that are beneficial to both M&S and the employee.

M&S currently supports the following types of flexible working:

- part-time working
- job-sharing
- term-time working
- homeworking on a part-time basis, depending on the job
- time off for training, where an individual can request unpaid time off for relevant training or study
- flexible retirement options
- career leave of up to nine unpaid months to study, travel or perform caring duties.

Why do you offer flexible working?

Apart from the legislative requirement to consider flexible working requests, we recognise that when employees are able to achieve an appropriate balance between work and other aspects of their lives they have **improved morale, productivity and attendance and** are more **likely to remain with our company**.

What do you see as the main benefits of offering flexible working?

We are highly committed to employee engagement and believe that flexible working contributes to our levels of engagement. Other benefits include:

- attraction of the best talent
- retention of our existing talent
- productivity across the business
- motivation to give great service
- increased morale.

What would you highlight as the most innovative element of your flexible working provision?

- Many requests for flexible working can be handled and agreed informally. Encouraging employees to initially raise a request informally is likely to save the line manager time and to help encourage positive working relationships where the employee feels valued and committed, especially if the request is for a temporary change. The eligibility criteria do not apply to informal requests, that is, continuously employed for 26 weeks and who have not made a formal flexible working request in the preceding 12 months.

If you did not offer flexible working, what effect would this have on your organisation?

- lack of retained knowledge and talent across the business
- poor morale and motivation would mean a drop in levels of customer service
- increased recruitment costs/unable to recruit younger generation.

Tanith Dodge, Head of HR, M&S

The employee engagement index

These questions asked the extent to which an employee:

- takes on more work to help colleagues
- works more hours than is paid or contracted to
- feels under excessive pressure in their job
- has positive relationships with colleagues
- achieves what they feel to be the right work–life balance
- is satisfied with the content of their job role
- is satisfied with their job overall
- is satisfied with their relationship with their line manager or supervisor
- thinks their employer treats them fairly
- has a clear knowledge of the purpose of their organisation
- is motivated by that purpose
- feels their organisation gives them the opportunity to learn and grow
- has confidence in the directors/senior managers of their organisation
- trusts the directors/senior managers of their organisation
- is likely to recommend their organisation as an employer.

Methodology

The above variables were then compared with each other using factor analysis to compare the level of overlap that existed between them. In doing so, there emerged seven distinctive groups of variables which were contributing different elements to overall engagement.

All variables were then aggregated together to give an overall score. So as to not overweight any individual element in the calculation of the index, where more than one question added to the same indicator of engagement, each response was downweighted (if there were four questions in a category, for example, they were each given a weighting of 0.25 so the group as a whole totalled a value of one-seventh of the index).

The total score was then indexed between 1 and 100 using a coefficient.

Satisfaction with work–life balance support

Only a minority of employees agree their organisation or their direct manager provides them with support to help them manage their work–life balance. See Table 21.

Just over a third of employees agree or strongly agree their organisation provides them with work–life balance support, with women (42%) more likely to agree this is the case than men (32%). There is little difference in views from employees at different levels of seniority in organisations. In all, 32% of board-level managers or directors agree their organisation helps

them manage their work–life balance, as do 34% of middle managers, 38% of line managers and 39% of employees with no managerial responsibility.

Employees who believe their organisation supports their work–life balance have a more positive view of senior management. Respondents who agree their organisation provides support to help them manage their work–life balance are much more likely to also agree that they trust the senior management team and to agree that senior managers treat employees with respect.

Table 21: Proportion of employees agreeing their organisation provides them with support to help them manage their work–life balance (%)

Base: All employees, excluding self-employed, (1,782)

	All	Men	Women	Micro	Small	Medium	Large
Strongly agree	7	6	8	11	9	7	6
Agree	30	26	34	26	35	27	31
Neither agree nor disagree	24	26	21	22	24	26	23
Disagree	22	23	21	14	18	22	25
Strongly disagree	12	13	11	7	12	12	12
Not sure	1	1	1	0	0	2	2
Not applicable	5	6	4	19	3	4	2

Almost four in ten (39%) employees agree their manager provides support to help them manage their work–life balance. Public sector employees are most likely to agree this is the case (43%), with private sector staff least likely to (38%).

Employees working for micro organisations are least likely to agree their manager provides support to help them manage their work–life balance, with just 29% saying this is the case. There is little difference among

employees working for small, medium and large employers, with about four in ten agreeing their manager provides support in this area. See Table 22.

The survey highlights the importance of management support for employees' work–life balance as a way of preventing stress at work. Respondents who agree their manager provides support over their work–life balance are much less likely to say they are under excessive pressure every day than those who disagree.

Table 22: Proportion of employees agreeing their manager provides them with support to help them manage their work–life balance (%)
Base: All employees, excluding self-employed, (1,782)

	All	Men	Women	Micro	Small	Medium	Large
Strongly agree	8	7	9	8	8	9	8
Agree	31	29	34	21	35	33	34
Neither agree nor disagree	23	23	23	23	21	20	23
Disagree	19	20	17	10	17	20	21
Strongly disagree	11	12	9	7	12	10	11
Not sure	0	0	0	1	1	2	0
Not applicable	8	9	7	31	6	6	2

Manufacturing firm Seacon Europe Ltd has seen absence levels fall since introducing flexitime for all staff. Production staff are allowed one and a half days' flexitime each month, while office staff have one day of flexitime per month.

HR Adviser Gary Cole said the organisation introduced its policy following the introduction of the statutory right to request flexible working in 2003 in response to demand from staff.

He said absence levels had reduced as employees could use flexitime to manage demands they face in their lives outside work.

'People know they can take flexi, so they turn up. Attendance has improved greatly. Whereas 5–10% of people would be on the absence report, now we just get 1 or 2%. People have a greater understanding because there is a greater consistency.'

'Many people use flexitime to leave at 4:45 to avoid the traffic. Others use it for the school run or for doctors' appointments,' he said.

The introduction of flexitime has generally been problem free, but the firm has to be able to manage competing requests for time off at the same time in a fair and consistent way.

Cole explained: *'Sometimes requests are made at short notice, and these are sometimes rejected. Our decisions are based on their degree of importance, especially when requests are made by several members of staff at the same time.'*

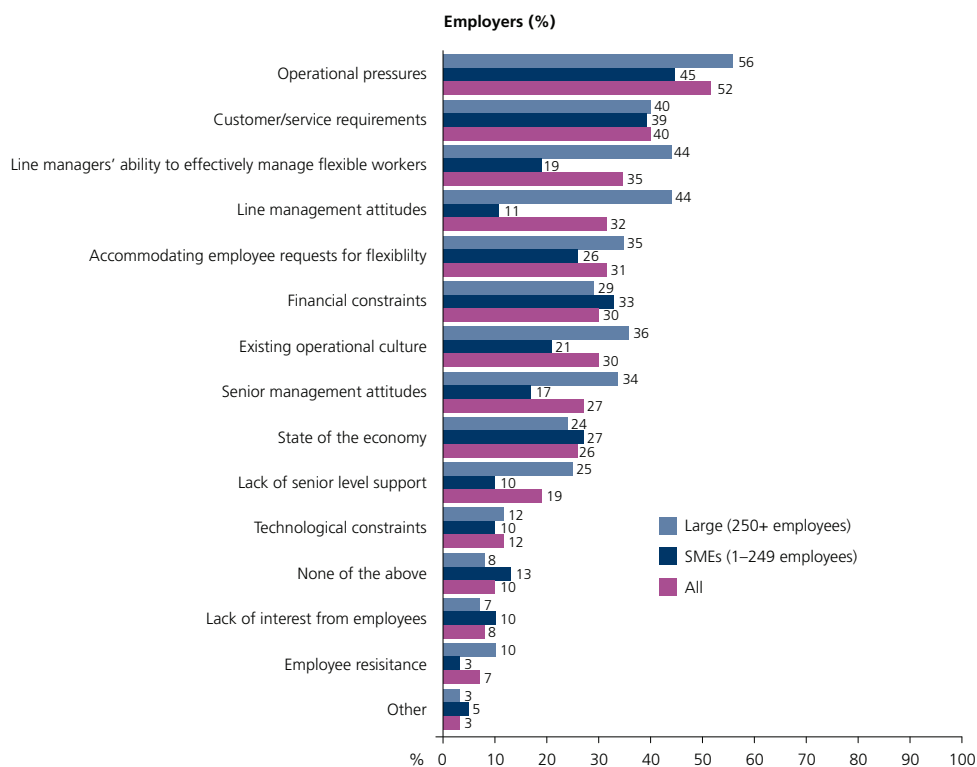
Cole added that flexitime is seen as a significant benefit to staff as the extra time means that in practice production staff receive another 18 days off a year, while office staff get an extra 12 days off on top of their annual leave entitlement.

Barriers to introducing flexible working

While it is the case that the vast majority of employers (94%) offer some form of flexible working, employers also reported that there are a number of barriers to them improving upon their current flexible working arrangements.

The main barrier to improving flexible working appears to be operational pressures, which was mentioned by 52% of employers. Other barriers that feature highly are maintaining customer/service requirements (40% of employers) and line managers' ability to effectively

Figure 8: Barriers to improving flexible working practices
Base: All organisations (818)



manage flexible workers (35%). Existing organisational culture and the attitudes of senior managers are identified as barriers 30% and 27% of employers respectively. See Table 23.

There are some important differences between the attitudes of employers of different sizes, with micro and small businesses less likely to cite as wide a range of obstacles as medium-sized or larger employers.

In all, 56% of large employers and 54% of medium-sized organisations cite operational pressures as obstacles to flexible working, compared with 47% of small organisations and 31% of micro businesses.

Large employers are by some way most likely to reference line management attitudes (44%) and line managers' ability to effectively manage flexible workers (44%). In contrast, just 6% of micro firms, 14% of small companies and 31% of medium-sized organisations cite line managers' ability to manage as a barrier to flexible working. Only 2% of micro firms identified line manager attitudes as a problem, as did 7% of small firms and 19% of medium-sized employers.

The biggest obstacle cited by micro firms is financial constraints, identified by 37% of these respondents in contrast to 29% of large employers. The issue of financial constraints is felt to be more of a barrier in the public sector than the private sector, with 39% of public sector employers mentioning this compared with 25% of private sector employees.

Table 23: Obstacles to flexible working, by size of organisation (%)
Base: All organisations (818)

	All	Micro	Small	Medium	Large
State of the economy	26	31	22	26	24
Operational pressures	52	32	47	54	56
Customer service requirements	40	34	34	46	40
Line managers' ability to effectively manage flexible workers	35	6	14	31	44
Line management attitudes	32	2	7	19	44
Senior management attitudes	27	4	14	28	34
Existing organisational culture	30	4	19	35	36
Lack of senior-level support	19	2	8	16	25
Financial constraints	30	37	31	31	29
Technological constraints	12	6	12	13	12
Lack of interest among employees	8	7	13	11	7
Employee resistance	7	3	4	3	10
Accommodating employee requests for flexibility	31	14	27	35	35
Other	3	7	6	2	2

Table 24: Employee views on obstacles to flexible working by size of organisation (%)
 Base: All employees, excluding self employed (1,782)

	All	Micro	Small	Medium	Large
Attitudes among senior managers	17	6	15	19	21
Attitudes among line managers/supervisors	16	4	13	12	21
Attitudes among other members of staff	13	4	13	13	16
Poor communication of what flexibility is available	9	3	6	8	12
There is more pressure on people to be seen to be at work as a result of the economic downturn	11	4	8	12	15
A lack of available technology	7	5	7	10	7
A lack of access to the resources I need to do my job	9	6	10	10	9
The nature of the work I do	34	33	46	37	32
Flexible working is of limited relevance to the sector I work in	17	19	18	15	16
Other	3	5	2	3	3
There are no barriers to flexible working at my organisation	22	36	20	16	19
Don't know	12	9	7	12	12

From the perspective of employees, the biggest obstacle to flexible working is the nature of the work they do, with 34% citing this as an issue. The next most commonly mentioned obstacles are that flexible working is of limited relevance to the sector they work in, the attitudes of senior managers and the attitudes of line managers or supervisors. See Table 24.

In general, the smaller the organisation worked for, the least likely employees are to identify obstacles to flexible working. Employees working in micro-sized businesses are least likely to identify obstacles to flexible working at their organisation. Just 6% of respondents working in the smallest organisations cite attitudes among senior managers and only 4%

identify attitudes among line managers as obstacles to flexible working. In contrast, 21% of respondents working in large organisations identify both senior and line management attitudes as creating obstacles.

Those working for large employers are most likely to say the attitude of other employees is an obstacle to flexible working.

Flexible working trends

The provision of flexible working by employers has increased significantly over the past decade, according to the available evidence.

In terms of provision by employers, the Department for Trade and Industry's Work-Life Balance surveys in 2001, 2004 and 2006 and the 1998 and 2004 Workplace Employment Relations Surveys (WERS) provide useful benchmarks against the CIPD's new research.

The CIPD and WERS survey data show that the provision of a number of common flexible working practices by employers has increased steadily between 1998, 2004 and 2012. See Table 25.

The proportion of employers providing flexitime to some employees has increased from 27% in 1998 to 50% in 2012. Homeworking is the type of flexibility that has seen a particularly significant increase in uptake from 1998, when just 13% of employers provided homeworking to some employees, to 54% in 2012.

Nearly half (49%) of employers now provide job-sharing compared with just 31% in 2004 and 28% in 1998. The proportion of employers providing compressed

hours has doubled between 1998 (16%) and 2012 (33%). More than four in ten employers (44%) now provide compressed hours working compared with 16% in 2004 (question was not asked in 1998).

However, the extent to which the actual uptake of flexible working among employees has increased over the last ten years is not so conclusive.

According to the DTI's Work-Life Balance surveys there was little increase in the take-up in flexible working by employees between 2001 and 2007. The proportion of employees who said flexible working was available and they had taken up at least one flexible working practice in the previous year increased from 51% in 2004 to 56% in 2006. However, if you compare the take-up of some of the most common flexible working arrangements identified in the DTI survey, there was little significant increase in uptake between 2001 and 2007. See Table 26.

The DTI WLB survey data is not directly comparable to the CIPD *Employee Outlook* 2012 survey data because of differences in how the research was conducted.

Table 25: The provision of flexible working arrangements (% employers)

	CIPD 2012* Flexibility at work report	WERS 2004**	WERS 1998***
Flexitime	50	35	27
Job-sharing	49	31	28
Homeworking	54	26	13
Term-time working	33	20	16
Compressed work weeks	44	16	–

*Source: CIPD 2012. Online survey conducted for the CIPD by YouGov. Based on responses from 1,019 HR practitioners, weighted to be representative of industry in the UK in relation to size, sector and type of business.

**Source: WERS 2004. Management questionnaire. Base: all workplaces with ten or more employees. Figures are weighted percentages and based on responses from 2,059 managers.

***Source: WERS 1998. Management questionnaire (DTI 1999). Base: all workplaces with ten or more employees identified through the filter question (see DTI 1999 for details). Figures are weighted percentages.

Table 26: Trends in the take-up of flexible working arrangements amongst employees (%)

	WLB1 (2001)	WLB2 (2004)	WLB3 (2006)
Part-time working	24	28	27
Flexitime	24	26	27
Reduced hours for a limited period	NA	13	12
Regular homeworking*	(20)	11	9
Compressed working week	6	11	9
Annualised hours	2	6	8
Job-share	4	6	6
Term-time working	14	15	13
Not worked flexibly in the last 12 months	–	49	44
Currently working flexibly or has done so in the last 12 months	–	51	56

* In WLB1, this question was asked as part of a separate section from other flexible working arrangements and was very differently worded, making comparison particularly unreliable.

Source: Department for Trade and Industry; The Third Work-Life Balance Survey; Main findings (2007)

Differences in methodology between DTI work-life balance surveys and the CIPD Employee Outlook data

In the DTI's WLB2 and WLB3, only employees who said that a particular flexible working arrangement would be available if they needed it were asked if they currently worked or had worked in that way over the past year. In WLB1 all employees were asked whether they worked that way in their main job and there was no reference to the past 12 months. In order to make tentative comparisons over time, the researchers commissioned by the DTI to undertake WLB3 calculated take-up of flexible working as a proportion of all employees for both WLB2 and WLB3.

The CIPD survey used one question to gauge uptake, which was 'what type of flexible working do you currently make use of?' This is unlikely to capture as many positive responses as the DTI survey questions in WLB1 and WLB2, which ask whether employees currently work flexibly or have worked flexibly in the past year.

However, bearing the differences in the data sets in mind, it seems safe to conclude that the overall use of flexible working has increased since 2007. Just under three-quarters (74%) of employees in the CIPD 2012 flexible working survey are using some type of flexible working, compared with just 56% in 2006 and 51% in 2004.

The picture on trends is less clear if you look at the practices that employees typically use. The areas where there seem to have been a significant increase since 2006 are part-time working and the use of homeworking. In all, 32% of CIPD survey respondents say they work part-time compared with 27% of employees in 2006 and 28% in 2004. In all, 20% of CIPD survey respondents work from home on a regular basis compared with 10% of employees in 2006 and 11% in 2004. The CIPD survey also showed a significant uptake of mobile working (14%), something that was not covered by the DTI surveys. See Table 27.

However, on a range of other flexible working measures, there has been a reduction in take-up since 2006. These include compressed hours, flexitime, job-share and term-time working. The ambiguous picture provided by the data in the different surveys may be explained by the differences in methodology but even if you just look at the DTI survey data between 2001 and 2006, there is no clear increase in the take-up of flexible working. Further research is necessary to establish a clearer picture on the take-up of flexible working over time.

Table 27: The uptake of flexible working arrangement among employees (%)
Base: All employees, excluding sole traders, whose organisations provide some form of flexible working (1,298)

	All	Men	Women	Private	Public	Voluntary
Part-time working	32	13	49	32	31	38
Term-time working	2	1	4	1	7	2
Job-share	1	1	1	1	1	1
Flexitime	25	30	21	20	38	29
Compressed hours (spreading a five-day week over four days for example)	5	5	4	5	5	4
Annual hours (staff are contracted to work a set number of hours each year with flexibility over when hours are worked)	3	2	4	3	4	5
Working from home on a regular basis	20	25	15	21	13	24
Mobile working (eg using laptop to work from another location)	14	22	8	16	12	7
Career breaks, sabbaticals	2	2	2	2	2	3
Secondment to another organisation	1	1	1	1	1	0
Time off for work in the community	3	3	2	3	1	0
Other	3	3	3	3	2	4
I do not make use of any flexible working options	26	30	23	27	26	24

Background to the report

This report is based on responses to two separate surveys from more than 1,000 employers (HR professionals) and more than 2,000 employees.

The employer perspective on flexibility at work was provided by the CIPD's winter 2011/12 *Labour Market Outlook* (LMO) survey of 1,019 HR professionals, many of whom are drawn from the CIPD's membership of more than 135,000 professionals. Fieldwork was carried out over January 2012 and is weighted to be representative of industry in the UK in relation to size, sector and type of business.

The survey was conducted online using the following sample sources:

- a sample from the CIPD membership database consisting of approximately 135,000 members
- YouGov panel of 1,500 senior HR professionals
- an open survey advertised through the CIPD weekly newsletter and magazine *People Management*.

The employee perspective was taken from a focus section on flexible working in the CIPD's winter 2011/12 *Employee Outlook* survey. The survey of 2,047 UK employees was conducted by YouGov for the CIPD from 18 December 2011 to 4 January 2012.

This survey was administered to members of the YouGov plc UK panel of more than 285,000 individuals who have agreed to take part in surveys. The sample was selected and weighted to be representative of the UK workforce in relation to sector and size (private, public, voluntary), industry type and full-time/part-time working by gender. The sample profile is normally derived from census data or, if not available from the census, from industry-accepted data.

Panelists who matched the sample profile (as explained above) were selected at random from the YouGov plc UK panel and were sent an email inviting them to take part in the survey.

Respondents were drawn from a mixture of public, private and voluntary organisations. Size of organisation was classified in the following way: sole trader (one-person business), micro business (2–9), small business (10–49), medium (50–249) and large (more than 250).

Net scores refer to the proportion of people agreeing with a statement minus those disagreeing.

Conclusions

The right to request flexible working was introduced in 2003 for parents of young children under six (or 18 in the case of a disabled child). Since then the right to request flexible working has been gradually extended to parents with older children (children aged under 17 or disabled children aged under 18) and certain employees with caring responsibilities. However, the CIPD has long argued that there is a strong and wide-ranging case for extending the right to request flexible working to all employees. A key reason for the extension is in order to respond to the needs of the UK's ageing workforce. Older employees will increasingly need and want to work in different ways and different hours as they move much more flexibly towards retirement. Extending the right to request flexible working will ensure that older workers who want to downshift in this way have the confidence to have a conversation with their employer. Most employers will welcome discussions initiated by older employees about how they can work differently in ways that suit them and the business. The modern workplace requires innovative resourcing solutions, for example, can employers pair older workers who are reducing their hours over time, with young people who are increasing their working hours over time as they study or learn on the job. This sort of progressive job share could enable effective mentoring, coaching and skills development and ensure that older workers' experience and knowledge are not lost to the business.

Another development which highlights the importance of more flexible workplaces is the forthcoming introduction of the universal credit which will enable people on unemployment and incapacity benefit to increase the hours they work incrementally as their benefits reduce to ensure that being in work always pays. Employers will have to become more comfortable at designing flexible jobs which cater for the needs of disadvantaged groups in the labour market if there is to be significant progress in helping those on long-term benefits into work.

The argument for extending the right to request to all employees is also based on a much broader business case. More than seven out of ten employers report that flexible working supports employee retention, motivation and engagement. Almost two thirds of employers believe flexible working supports their recruitment activities, while half believe it has a positive impact on reducing absence as well as on boosting productivity.

From the employee perspective, flexible working is linked to higher levels of employee engagement and well-being. Our report finds that employees satisfied with their work-life balance are more likely to be engaged and less likely to say they are under excessive pressure. About one third of employees say flexible working helps reduce the amount of stress they are under and 35% report it helps them to be more productive.

Flexible working also supports efforts to enable employees to balance their work and home lives, stay in touch with friends and family and manage caring responsibilities, whether children, grandchildren, parents, partner or friends and neighbours. About a quarter of respondents say that flexible working helps to reduce the cost of commuting, rising to a third among men.

Of course some argue that because the business case is so clear and because many employers have conversations about flexible working with their employees as a matter of course, extending the right to request flexible working is unnecessary.

However this report shows that a significant proportion of those employees who don't work flexibly would want to do so – particularly those below management level. Six in ten employees with no managerial responsibility whose organisation does

not provide flexible working would like to take-up flexible working. It also finds that many flexible working solutions are not widely used, for example job sharing or the use of annualised hours – or are only available to more senior staff. Managers are much more likely to be able to work from home or benefit from mobile working than other members of staff and while, this is partly likely to be because of differences in the nature of the work between managers and their employees, in some organisations, it is because of culture and engrained attitudes. For example, if work is organised properly there is no reason why most personal assistants and secretaries should not be able to work from home at least some of the time. Frontline customer service or production staff have more restrictions on the type of flexible working they can participate in but even for these types of jobs, there is scope for greater use of arrangements such as job sharing, flexitime and annualised hours.

The survey finds that employees working for larger organisations are less likely to benefit from flexible working. While larger employers are more likely to provide a wider range of flexible working arrangements than smaller employers, a higher proportion of employees working in smaller firms are likely to have access to flexible working of some form. More than half of employees in large organisations whose organisation does not provide flexible working would like the opportunity to take up flexible working compared to just 23% of those working in micro firms. This suggests that more needs to be done to encourage some larger employers to understand the potential benefits of flexible working for staff and the business.

In addition, the report shows that, while there is evidence that more employers are providing flexible working than they were ten years ago, many employees are not aware what is on offer, with a big gap between the amount of flexible working that employers say they provide and what employees believe is available. The extension of the right to request flexible working to all employees – and its promotion – can encourage improved communication by employers of what flexible working is available. It can continue to nudge employers to extend the

scope of the flexibility they offer either in terms of the type of arrangements that are available or the categories of staff that are able to benefit. It is a good example of light touch regulation that can help support the both the provision and uptake of flexible working which is increasingly important in the modern workplace.

This is a position which has cross party support, with all the three main political parties pledging in their election manifestos to extend the right to request flexible working to all employees in the run up to the election. The coalition government then committed to extend flexible working stating 'We will extend the right to request flexible working to all employees, consulting with business on how best to do so.'

However plans to extend the right to request of flexible working to all have been criticised by the Institute of Directors and the British Chambers of Commerce as being burdensome for businesses. The BCC expressed similar concerns in 2001 about the plans to introduce the statutory right to request flexible working for parents. Those fears have proved unfounded – regardless of size of organisation.

Our report finds that just 3% of micro businesses and small businesses, 4% of medium-sized businesses and 5% of large businesses have reported problems complying with the existing right to request flexible working, which has been extended gradually to cover parents of older children and some people with caring responsibility. Micro and small employers are more likely than larger organisations to manage flexible working informally rather than through formal policies and procedures, which appears to more than compensate for a lack of formal HR support.

Our report also shows that the right to request flexible working has not contributed in any significant way to an increase in employment tribunal claims. For example, out of a total 218,100 employment tribunal claims in 2010/11, just 277 alleged that employers had failed to observe flexible working regulations. The majority of these claims (229) were successfully conciliated by ACAS or settled out of court and, of the 48 that actually reached tribunal, just 10 were successful. Since 2006, the period for which we have

figures, the most number of tribunal claims generated by the flexible working regulations in any one year have been 344, with the vast majority of such claims in all years either resulting in an Acas conciliated settlement, withdrawn or settled privately between the parties.

The CIPD believes that the debate about employment regulation in the UK and the extent it is a burden to business needs to be based on evidence. The weight of available evidence finds that the existing right to request flexible working is functioning smoothly and that the business case for extending it is strong. Its extension can continue to help the UK become the most flexible labour market in the world, to maximise employment opportunities for all and support efforts to increase employee engagement and productivity.

We explore leading-edge people management and development issues through our research. Our aim is to share knowledge, increase learning and understanding, and help our members make informed decisions about improving practice in their organisations.

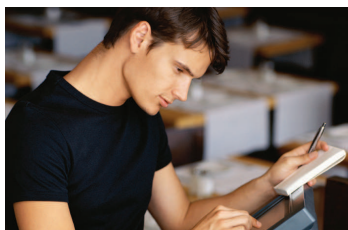
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REC Flexible Work Commission Report

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REC Flexible Work Commission Report

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REC Flexible Work Commission Report

1. Forewords

1.1 Foreword by REC Chief Executive Kevin Green

The idea for the Flexible Work Commission came about as the UK was emerging from recession in 2009. It was clear from ONS data that employment had not dropped in the way that we've come to expect in recessions and our own labour market surveys backed this up.

We began to question what was behind the trend. Initial conversations with agencies and employers suggested that an increase in part-time working, contracting and other flexible solutions was a significant factor in keeping people in work during the crisis.

We looked to existing research to help explain this shift, but whilst there was a lot of good work, the vast majority of it was focused on the family-friendly elements of flexibility and had been written pre-recession. What many of these reports did have in common though was the idea that business scepticism was a real barrier to growth in flexibility – this was something that we thought had changed during the recession and needed to be looked at again.

The REC therefore decided to form the Flexible Work Commission at the beginning of 2012, with a view to bringing employers, recruiters, policy makers and labour market experts together to explore in detail the business case behind flexibility.

The Commission has thrown up some fascinating insights, not least of which was that many companies did turn to flexibility to survive and preserve jobs through the recession – not just part-time working, but with the increased use of freelancers, temporary workers and interim managers.

It also became clear that flexibility works best where informal arrangements are made, outside of any legislation or regulation. Whether through a companywide shift via negotiations with trade unions or a one-to-one conversation between a line manager and an employee, the Commission has spoken to employers that have been successful with this approach.

Clear business benefits emerged from the data gathered, including increased productivity, improved staff satisfaction and retention and, as a consequence, a positive impact on the bottom line. As businesses became more agile and responsive via flexible working they were better placed to respond to changes in demand.

The role of government was hotly debated by Commission members. The consensus view was that government has a role to play in championing flexibility, particularly by leveraging their purchasing power to encourage more flexibility in public sector supply chains. However the Commission also agreed that government must avoid excessive changes to regulation, if nothing else than for the perceived barriers such changes can throw up, especially amongst SME employers.

There is also a significant role for recruiters to play in promoting flexible working, be that through the strategic use of temporary workers, interim managers and contractors or by providing sound advice on how to review job design so that employers can tap into new sources of talent. Successful recruiters have a growing role to inform and guide employers, helping them understand that getting the right talent does not always require a full-time, permanent position.



REC Flexible Work Commission Report

Forewords (contd.)

This report, and the recommendations within it, are a call to action. The view of work in the UK is changing. Flexibility is growing in every sector, at businesses of all sizes. People are increasingly rejecting the five day, nine-to-five week in favour of work arrangements that fit their individual wants and needs. The UK has a competitive advantage in its flexible labour market and by enhancing and promoting the benefits of flexibility to all, we can leverage this advantage to create more, and better, jobs in the UK.

We would like to thank to David Frost for his drive and leadership of the Commission, and all the Commission members who, like David, have given up their time to contribute to this important piece of work. This report is based on the experiences of the many employers we have spoken to across the UK, so we must also extend our thanks to them. Two people at the REC have been responsible for drawing all of these strands together and creating this final report – Gillian Econopouly and Ben Farber – so a big thank you to them as well.

I hope you enjoy the report, and that it kick-starts the debate about the value of flexibility in our economy and promotes the benefits to your own organisation.

Yours sincerely

Kevin Green
REC Chief Executive

REC Flexible Work Commission Report

1.2 Foreword by Commission Chair, David Frost CBE

Whilst unemployment in this country stands at over 2.5m, it is still significantly below levels experienced during previous recessions.

A key reason for this is that business has adopted a range of flexible working practices that have enabled them not only to sustain their companies but also, and importantly, to hold onto their employees. This flexibility was not seen in previous downturns.

It is also clear that global competitive pressures are remorseless and for businesses to survive and grow they have to continually examine their operations. Labour market flexibility gives them the ability to have much greater control of costs.

What the Commission also found was a growing demand from individuals to have a much greater control over their own lives, to work flexibly outside the confines of a traditional 9-5 job. Again business is having to adapt to this, particularly where there is a demand for skilled employees. A clear message is that the more skills you have the greater control you have over your employment patterns.

Overall it was clear that business and individuals are remarkably adept in developing new flexibilities in the modern world of work. There was a concern that that Government by constantly tampering and adding to employment legislation, is simply getting in the way of the real changes that are already taking place in the workplace.

Finally, it has been a real pleasure to work with other members of the Commission and I would like to thank the team at the REC who have provide the much needed support that has enabled the production of this Report which should add to the current debate on the future of employment and the workplace.

I hope you find the report useful.

Yours sincerely

David Frost CBE
Commission Chair



REC Flexible Work Commission Report

2. Executive Summary

There can be no doubt that flexible work in all its forms is growing in the UK. We are seeing increased demand both from employers and employees in direct employment, as well as from individuals looking for flexible options outside of a standard contract of employment. Part-time work is on the rise, as is freelancing and temporary agency work, while 96% of all employers now offer some form of flexible working.

The REC's Flexible Work Commission has identified a multitude of drivers behind this shift towards increased flexibility, but the message that the Commission has heard from all quarters is that flexibility helps retain jobs, attract staff and boost business competitiveness.

If there was one lesson to draw from the recession of 2008, it is that the ability to respond quickly to fluctuations in demand is paramount to business survival. Employment rigidity is a significant barrier to such responsiveness and was a very real factor in the collapse of many organisations, and with them the loss of tens of thousands of jobs. Those companies that weathered the downturn best and are returning to growth the quickest are the ones where management and workers came together to develop new ways of operating that emphasised responsiveness and scalability, securing the future of the business and preserving jobs in the process.

The Commission found a diverse range of flexible options being deployed by organisations in a bid to achieve that scalability. From an entire call centre moving to a home-working arrangement to a manufacturing company shifting to a four-day week, companies up and down the UK are embracing the flexibility agenda.

But there is more to flexibility than business competitiveness. Where organisations have trialled and then implemented flexible working solutions, staff response has been unanimously positive. Businesses report significant gains in staff satisfaction and retention as well as productivity and output. They have seen declines in staff absence and disciplinary issues and improvements in the diversity of their workforces. Well-managed flexibility not only increases profitability and business agility, but enables organisations to better compete for, and retain, the best workers with the most in-demand skills.

At the top end of the labour market, highly skilled individuals are making a conscious choice to operate as freelancers or contractors. This was once the preserve of those who had already enjoyed successful careers in direct employment, but new entrants to certain sectors are recognising the benefits of freelancing earlier and, perhaps in response to the growing 'projectisation' of work in many areas, are increasingly looking to operate that way from the off.

Part-time work is growing throughout the labour market. At times this is being driven by financial constraints and the need for businesses to compete, but in the main it is by employees who are seeking to balance multiple or voluntary roles, study or caring responsibilities with their primary careers. Recruitment agencies are responding to these changes by building dedicated part-time candidate pools and helping employers design and recruit for flexible roles. Flexibility is also enabling older workers to phase their retirement, preserving their income for longer and helping businesses bridge skills and knowledge gaps within their workforces.

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But there remain a number of challenges to the wider adoption of flexible working practices in the UK. Recent studies have found that negative perceptions of flexibility by both senior management and line managers are a significant barrier, particularly in larger organisations. Existing cultures of 'presenteeism' can be hard to break unless the drive for flexibility is led from the top. Many businesses still struggle to appreciate the full benefits that new ways of working can bring and don't think about the diversity of options on offer when they are looking to expand and grow. Perceptions about flexibility 'floodgates' – the view that approving one request will see future requests spiral out of control – remain entrenched in some organisations, as does the misguided notion that managing multiple flexible arrangements is inherently difficult and should be avoided.

From the individual's perspective, the view that working from home or on a reduced hours arrangement can hinder internal progression, reduce access to training and development opportunities, or create discord within a team or department persists and must be overcome. The onus is on line managers to effect that change in perception and businesses must better support their management in this regard.

Misconceptions about legislation and the legal ramifications of refusing requests for flexibility also act as a stumbling block for some organisations.

Most of the firms the Commission spoke to had a demonstrable interest in flexible working and well-established flexible working practices. Generally, the Commission found that a shift in workplace culture had taken place irrespective of the right to request legislation, for business reasons and to accommodate the changing needs of a more diverse workforce. Indeed, some managers saw right to request as a potential regulatory risk, despite a recent CIPD report noting that in reality, very few employment tribunals have been brought, successfully or otherwise, as a result of the legislation.

The Commission felt that fundamental cultural change in workplaces, founded on a comprehensive understanding of the business case for flexibility was central to expanding the scope and implementation of flexible working practices amongst UK businesses; such cultural change is impossible to legislate.

With the right to request set to be extended to all employees in 2013, the government must produce clear and robust guidance detailing employer obligations to ensure these misconceptions don't grow, stymieing the expansion of flexibility in the process.

The view from certain quarters that particular forms of flexibility – notably temporary or reduced hours contracts – represent a 'casualisation' of work and should be resisted at all costs, must be addressed head on by politicians as well as businesses and their representative organisations.

Job preservation and creation through improved business responsiveness and security is at the heart of flexibility in all its forms. Trade unions, business organisations and the government alike must recognise that in a period of continuing recession, anything that gets people working is better than no work at all, and this Commission has found time and again that flexibility does just that.

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3. Summary of recommendations

3.1 To Government

- The government must move the debate beyond the current focus on family friendly working practices by encouraging far greater uptake of all forms of flexibility throughout the public sector.
- The government must ensure that the tax and welfare systems in the UK encourage increased flexibility in all its forms, including scrapping HMRC proposals to tax all contractors and freelancers working as 'controlling persons' as employees and ensuring that personal allowance thresholds and the universal credit policy always make work pay.
- Any new statutory code for the extension of the right to request to all employees must lay out the full extent of employer obligations in clear and concise language. It should allow for trial periods and should make clear that informal routes to flexibility outside of the right to request legislation are wholly valid and often enable far greater flexibility for both employers and employees.
- There should be a comprehensive and objective review of the right to request one year after any extension to assess how it has affected overall workforce flexibility and employer attitudes towards flexible work.
- The ONS must dramatically expand the range of data it collects on flexible working, bringing the level of detail collected on part-time workers, temporary agency workers, freelancers, limited company contractors and the self-employed in line with that collected on permanent, direct employees, and looking more closely at remote working, and the uptake of flexible and compressed hours.
- The government should assess the potential impact that new ways of working being championed in other, growing economies – such as the German 'mini-jobs' initiative – might have on the UK labour market, and look at ways of rapidly implementing such solutions if that potential impact is judged to be positive.

3.2 To Business

- Businesses must identify internal champions to promote flexibility throughout their organisations while larger companies should share knowledge and best practice with smaller businesses in their supply chains.
- Businesses must do more to proactively train leaders and managers, giving them the confidence, skills and tools to lead flexible teams effectively, and empowering them with robust performance management processes and defined metrics.
- Businesses must engage workers in designing flexible roles and reinforce to the whole workforce that flexibility it is not just for certain groups but for everyone.
- Employers must recognise the dangers of futures skills gaps in the workforce and take action now, using flexible arrangements to retain older workers and facilitate knowledge transfer to new entrants to the workforce.

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3.3 For Trade and Professional Associations

- Trade associations and professional institutes should look to work cooperatively wherever possible with unions and employee organisations to advocate the benefits of flexibility for both businesses and workers and move the debate beyond talk of 'casualisation' and 'employer-imposed flexibility'.
- Professional bodies must do more to demystify the processes behind managing a flexible workforce and assist their members in addressing the practical aspects by providing advice and information on employment law, regulation, health and safety and insurance issues, while avoiding a cottage industry dedicated to 'flexibility' training.

3.4 To Recruiters

- Recruitment agencies must foster change in their own organisations by training and equipping consultants to advise clients on job design and flexible work options, challenge assumptions about flexibility, help clients improve job descriptions and advertisements to reflect flexible options available and devise creative and bespoke solutions in line with business need.

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4.

Introduction: the current state of the UK flexible labour market

The world of work is changing. It isn't simply that handheld devices enable work on the move, or that people are staying in the workforce longer, or that more and more highly skilled professionals are striking out on their own rather than being tied to a permanent job. These trends are just a small sample of the multitude of changes occurring in virtually every sector, inching steadily towards a more flexible, dynamic UK labour market.

Workforce flexibility has long been a buzzword among labour market economists and government ministers but the evidence collected from companies around the country – and abroad – shows they see real value in flexibility beyond the political rhetoric. It is a trend happening in organisations across the UK because they see the business case for flexibility and the benefits it offers to their staff.

4.1 What does 'flexible work' mean?

In the past, 'flexible work' often described certain types of work patterns for permanent employees, such as working from home or using flexible hours, and was generally linked to certain groups, such as mothers with young children.

However, the scope of flexibility now being used across the economy is much more comprehensive; the Commission has identified two often interlinked strands of flexibility in the UK labour market:

Work flexibility encompasses the various models of supply available to employers, from fixed-term contracts and temporary work through to part-time work and open-ended, permanent roles. This intersects with macroeconomic labour market flexibility, i.e. how easy it is for companies to take on workers.

Employment flexibility addresses the relationship between employer and worker and includes some of the more traditional tools associated with flexible working, such as compressed hours, remote working and the statutory 'right to request'.

Increasingly there seems to be a convergence between the two strands, as employers that have most developed their workforce flexibility use the two branches concurrently.

'Finding the right person is the real challenge. Once we've identified our top candidates, we are then open to all different kinds of contractual arrangements to secure their services.'

Ann Rimmer, Director of Strategy, Clock Creative

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4.2 How big is the flexible market?

It is difficult to assess the exact scope of the flexibility taking place in the UK jobs market, given that much of it happens informally, but all the indicators point to a growing tendency for companies to adopt flexible approaches.

CBI research shows that nearly all employers (96%) use at least one form of flexible working and nearly three-quarters (70%) offer three types or more. Historical datasets also show this type of cultural flexible work is rising: the number of firms using part-time, flexi-time, term-time, job sharing, career breaks and sabbaticals, annualised hours, compressed hours and remote or teleworking has risen steadily in surveys from 2006, 2008 and 2011.¹ Particular increases have been seen in remote or teleworking, which rose from being used by 13% of firms to 59% in just five years, and career breaks and sabbaticals, which were used by 29% of employers in 2006 and are now used by 46%, with a further 10% considering this for the future.

This trend is echoed in CIPD research which shows that virtually all large employers offer flexible working arrangements, as do 95% of medium-sized firms, 91% of small businesses and 85% of micro companies.²

Around 41% of British workers have spent some of their career as flexible workers.³ There are now 1.35 million people in the UK working primarily as freelancers, with a further 200,000 taking on freelance work as a second job. The number of people working freelance for their main job increased 11.9% between 2008 and 2011, while employment in the same period dropped 1.5% and unemployment rose markedly.⁴

Since 1997, the number of part-time workers has risen from 6.5 million to 7.85 million, with currently 82% of part-time workers actively choosing such roles to fit their life circumstances.⁵ Research from Women Like Us and the Joseph Rowntree Foundation found that part-time job vacancies account for approximately 23% of the market, but only 3% of those part-time roles pay a full-time equivalent (FTE) of more than £20,000.⁶ The same research also found that more than a quarter of employers now always advertise full-time roles with 'the option of flexibility'.

The ONS does not gather more specific data on the use of more diverse flexible working options, and the data it collects on part-time working is sourced solely from Jobcentre Plus.

Recommendation

The government must dramatically expand the range of data it collects on the ways in which people now work, bringing the level of detail collected on temporary agency workers, freelancers, limited company contractors and the self-employed in line with that collected on permanent, direct employees. The ONS should also gather far more regular and detailed data on the use of flexible employment measures such as flexible, part-time or compressed hours and remote or home-working, particularly by sector.

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Introduction: the current state of the UK flexible labour market (contd.)

In terms of assessing the level of worker demand for flexible arrangements, a 2008 TUC/YouGov survey found that 88% of part-time workers and 79% of full-time workers surveyed cited flexible working patterns as 'very' or 'fairly' important, yet only 18% of those same full-time workers and 40% of part-time workers felt they were attaining their desired level of flexibility. This suggests that flexibility can function as an additional way of attracting and retaining the best talent and sought-after skilled specialists, a notion borne out by many of the employers the Commission spoke to.

'Attracting the right talent to get the job done and to stimulate business growth is crucial. The number of hours it takes them or where they work from doesn't necessarily have a bearing on their ability or performance. Offering flexible solutions to those willing and able to contribute but who might otherwise not be able to should benefit all.'

Gary Franklin, Founder, The Forum for In-house Recruitment Managers and Group Head of Resourcing, FirstGroup plc

4.3 What's driving the change?

One of reasons unemployment has stayed low is flexibility

The Commission found that there isn't a single universal driver for flexible work; rather, it depends on a range of factors such as company size and sector, the type of job roles and functions, the age and expectations of the workforce, the brand profile of the company, the attitude of leadership and management, and the external economic environment. Some firms have a particular interest in reducing their carbon footprint, for reasons of both cost and brand image. Others are driven by client demand and expectations, while others still wish to improve the diversity of their workforce. Many companies will have more than one driver, with varying priority. Underpinning all these, however, is a common desire to improve performance, attract and retain talent, and reduce costs without compromising quality.

The recent recession has forced many companies to re-evaluate costs and profitability in new ways. While it has been fundamentally destructive in economic terms, one of the few positive legacies seems to be the willingness of companies to consider flexible approaches to retain jobs, staff and capacity, despite the challenging external environment.

The CBI found that some 83% of employers believe that the UK's flexible labour market helped stem job losses in the recession, and around 35% embraced flexible working to cope with tough market conditions.⁷ The OECD employment outlook also showed that UK employment fell much less than expected given the drop in GDP.⁸

Examples include using compressed hours in order to run plant operations on fewer days of the week while maintaining production levels, offering career breaks, sabbaticals or part-time working options, moving to remote working to save on property costs, and better managing peaks in demand through agency workers or contractors.

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Even before the recession, particularly at the higher end of the labour market, highly skilled individuals were driving the flexibility agenda directly. In some cases, they prefer to work as self-employed contractors rather than employees, as they can command better pay rates and move confidently around the labour market in the knowledge that their skills are sought after by employers.

'On the product development side, we often bring in highly skilled contractors on a project basis where the headcount increase will be funded by the project budget. We pay a premium for those skills, but the contractor market is often the only place you can source them.'

Jaguar Land Rover

Employers in high-end manufacturing and engineering are noting an increased 'projectisation' of work and are adjusting the way they source and retain staff as a result, frequently bringing on board contractors with specific skills for very specialist jobs.

'We are very project driven and assemble teams with specific skill sets to deliver the projects. It is about bringing in the right people for a set period of time. We can get very good talent quickly, easily and cost-effectively through the contractor market.'

David Bullimore, NSG Group

Firms taking on graduates say a key driver is the demand of the 'Facebook generation' for more flexible working conditions. These newer entrants to the labour market, especially those who have sought-after skills, tend to have different expectations from work than their parents and grandparents. Many are seeking more flexible options and the ability to take time off to pursue their interests outside of work, and companies feel they must offer flexibility to attract the best talent.

'We are seeing a new generation of graduates who see it as a weakness in our company if we don't make work flexible. It's a way to bring in good talent and is definitely peer-group led and influenced.'

Mike Jackson, Hurst Accountants

The drivers for flexibility will differ from company to company, and even between different functions within an organisation. Understanding the drivers – and leveraging them to achieve the best flexible working solutions – is key to success.

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Introduction: the current state of the UK flexible labour market (contd.)

4.4 International comparators

The Commission met with labour market experts from other European countries to understand more about how flexibility is being developed abroad. Overall, the news was positive for the UK. The trend towards increasing flexibility and using a variety of models to take on staff is not occurring to the same degree in most of our European competitors.

The exception is Denmark, which has probably the most liberal labour market of any EU economy and enjoys a political consensus to make the market as efficient as possible. However, the Danish labour market is underpinned by an extremely robust and well-financed social welfare system, meaning that workers feel confident about moving jobs and working under various types of contract given this reliable safety net.

Some countries with historically less-flexible labour markets have made steps towards freeing them up. The German 'mini-jobs' model has been gaining a lot of attention in the UK recently – employees can earn up to €400 a month free of tax and NI, while employers pay a simple, flat rate to cover wages, insurance and pension contributions. Whether the policy would have as dramatic an effect in the UK, where national insurance is far lower and workers earning under £10,000 are already exempt from income tax, remains to be seen. However, the German model has succeeded as it is complemented by a tapered welfare system that ensures it always pays more to work. We recognise that the UK government is taking action in this area through the introduction of Universal Credit; implementation must be closely monitored to ensure it delivers on its potential.

Regardless of the relative success of the German model, the consensus among employers and policy-makers across the EU is that the UK model remains less restrictive than most. In fact, 73% of MPs believe flexible working and freelancing have a positive effect on the international competitiveness of the UK⁹ and employers with an international footprint see the impact as well.

'The UK contractor market allows us to access highly skilled flexible labour when we need it. In other regions, for example, Poland and South America (where we operate), local laws make it much more difficult, if not impossible, to engage individual contractors for short term contract work. To access temporary IT skills, we need to go through larger domestic employers/service companies, which can mean paying more while getting less in terms of motivation and specialist skills. For example, I have rarely, if ever, had an individual UK contractor terminate their own contract. In contrast I have lost team members supplied by 3rd party consultancy/service companies where the individuals have jumped to alternative employment to get a salary or position increase. While the 3rd parties have supplied substitute staff in these cases, this has not helped when projects have been at a critical stage and the specific project knowledge and skills are lost.'

David Bullimore, NSG Group

'We use a range of approaches to flexibility across our territories. In Germany, most of the staff are on full-time contracts, and the only flexibility comes in the form of additional freelancers at peaks in demand. Belgium, by way of contrast, is very much run on a project-by-project basis – skilled individuals are brought together as needed to deliver.'

Liz Love, Z-Card

REC Flexible Work Commission Report

5. The importance of flexibility: benefits to business, the economy and the workforce

5.1 Why is flexibility important?

Flexibility is often promoted as a positive option for workers, which is certainly the case for most individuals. However, its total value extends much further, offering macro benefits to businesses and the economy that help secure competitive advantage for the UK. This success can flow back to individual workers through more job opportunities in better-performing organisations.

For the economy

The UK is recognised as a 'successful economic performer' by the OECD, based on the continued rise in overall employment despite cyclical fluctuations in the market. This success is attributed to structural reforms in the 1980s. A key driver for growth is the UK's lighter-touch approach to employment regulation and more flexible labour market. This provides an important element of our competitive advantage¹⁰ and helps attract inward investment. The UK's labour market flexibility also contributes towards its ranking among the top ten global economies on the World Bank's 'ease of doing business' index.¹¹

The argument for flexibility is accepted not only among economists, however. A 2011 study by leading pollsters ComRes showed that some 82% of MPs and 77% of the public consider flexible working patterns to be essential for the modern economy, while 86% of MPs and 78% of the public consider encouraging a flexible labour force to be important for stimulating economic growth.¹²

For business success

Businesses are under constant pressure to become more productive and efficient in order to compete. To do this, they need the right skills and knowledge at the right time to meet demand. They also want to motivate and retain workers, and where possible, bring down costs and environmental impact.

A recent CIPD survey showed that some three-quarters of UK employers feel that implementing flexible working practices has a positive impact on talent retention, while 73% report a positive impact on motivation and staff engagement. This helps explain why fully 96% of employers now offer some form of flexible working.¹³

Studies have also begun looking at work flexibility in terms of engaging agency workers and contractors. This year, NIESR studied nationally representative workplace data and found that the use of temporary agency workers is positively associated with financial performance in the private sector.¹⁴

For workers

Increasingly, people wish to combine professional ambitions and preferences with personal goals and aspirations. Especially for those with skills in high demand, they often wish to have more control over when and where they work, and the type of activities they perform.

'We aim to be an employer of choice, and the benefits of flexible working go a great way to position us as such.'

Sarah Harbour, SHINE

CIPD's recent research shows that more than half of employees report that flexible working helps them achieve a better work/life balance. Other reported benefits are increased productivity, reduced stress and the ability to manage caring responsibilities.¹⁵

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The importance of flexibility: benefits to business, the economy and the workforce (contd.)

For those in temporary roles, or in part-time work, this is often a positive choice as it fits in with their lifestyle, for example studying, raising children or a career break. But where people prefer a permanent, full-time role, the vital labour market experience provides a valuable stepping stone. And, where flexible work functions best, there can be mutually beneficial outcomes for individuals and businesses.

5.2 The benefits of flexible working

Flexible work can offer innovative solutions to social and economic issues, such as demographic changes, labour market participation and even environmental concerns as well as the challenges of business competitiveness and saving on plant costs.

However, not every type of flexibility will work for every company, and embedding some types of flexibility in the workforce may actually create conflicts or pressures on other workers. It is therefore important to understand the ways flexible work can add value, and what types of flexibility function best for certain roles. Equally, before implementing flexible approaches, an organisation must assess both the positive and potentially negative impacts to ensure that the fundamental business case and relationships between staff members are not undermined.

Business performance and competitiveness

Despite the availability of some statistics about the business benefits of flexibility, there is still a lack of a comprehensive measure of how much value it creates for the UK economy. The best evidence comes from the experience of employers who have adopted various types of flexibility suited to their particular needs, and are reaping very specific benefits – financial and otherwise – as a result.

The businesses the Commission spoke to said flexibility helped them to deliver a better service to their customers and bring in the skills they needed at the right times. Flexible options also helped smaller companies access the talent they would otherwise not have been able to afford on a full-time basis.

'I couldn't afford the talent I wanted, but I had identified that the level of person I needed often had a young family. So I started offering senior designers part-time hours and other flexible arrangements that fit with their other commitments in a bid to attract them. The experiment was a resounding success. It's all about competition. The driver is making your own business better. We want to retain people, and we get contractors in when we need to access talent that we cannot afford on a full-time basis.'

Ann Rimmer, Director of Strategy, Clock Creative

Scalability is a key benefit. Using temporary agency workers, freelancers and contractors enables organisations to grow and shrink their workforce in direct response to fluctuations in demand. The Commission's conversations with employers show that the recession has engendered a new era of business caution. To take a risk on growth now, a business needs to know that it has a means of quickly downsizing if the expansion cannot be sustained – the preservation of the company, and therefore jobs, must be the primary goal.

'Agency work is a fundamental part of our model - scalability is a key driver. We need to be competitive in a global market and the flexibility we use goes hand in hand with that goal'

Jaguar Land Rover

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During the depths of the recession, this drive for survival manifested itself when managers, workers and union representatives at companies around the UK reached compromises on changes to pay, hours and other working arrangements to ensure the future viability of their organisations. Thos Storey, a steel fabricator with a large blue collar workforce, survived the recession by striking exactly this sort of compromise.

CASE STUDY: Thos Storey

Thos Storey is one of the largest privately owned suppliers of steel fabricated components to original equipment manufacturers (OEM)s in the UK. Customers include the largest manufacturers of earthmoving and construction equipment in the world as well as OEMs of specialist commercial vehicles.

Severe commercial pressures during the recession in 2008/09 left Thos Storey in a difficult financial position. Its combined labour costs and overheads were not sustainable in the face of dwindling demand in the market. As a manufacturing firm, with machines to run and targets to meet, reducing the total number of hours worked via informal shift flexibility was not a viable option.

The management therefore entered into discussions with the workers and their union representatives centred on compressing the working week from five days to four, enabling them to shut the entire factory for a day a week, reaping significant savings on utilities and site security.

By compressing, rather than cutting, the hours, Thos Storey ensured that no worker lost out on pay. The entire workforce agreed to move to a Monday-to-Thursday working week, simply working longer shifts over the course of three or four days. This was a case of every worker, from management to shop floor, agreeing on a change that would preserve the company and every job therein. The result has been a huge fall in staff turnover, as the vast majority of the workforce has realised the benefits of a four-day working week: a reduction in travel and childcare costs and an improved work/life balance while their pay packets remain unchanged.

As the economy recovered, and with it customer demand, management introduced a contingent shift working Tuesday to Friday, but still on a four-day week; none of the workers wanted a return to a five-day shift pattern and many have actually turned down better paid positions elsewhere as a result.

Other organisations have found different ways of staying competitive in an uncertain global market. Taking on workers initially as temps as demand picks up allows companies to effectively manage the risks of expanding operations. They can create new jobs in the short term without permanently expanding their payroll and jeopardising the future viability of the company if demand then drops again. While this sort of strategy is primarily management-led and many workers who are taken on initially as temps might desire a permanent position, a balance needs to be struck between the needs and wants of those workers, and the financial realities of job creation and company expansion.

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The importance of flexibility: benefits to business, the economy and the workforce (contd.)

'The key question we ask is: "Can the revenue justify a permanent staff member"? If the income or demand is not sustainable, we'll look at flexible solutions. When it becomes clear that revenue is secure, then we'll explore more permanent options.'

Liz Love, Z-Card

Worker choice, satisfaction and retention

The Commission's investigations have shown that many workers now want to have more control over where and when they work, as well as the types of tasks they undertake.

For employed people, the benefits are long established. Companies report gains in motivation, engagement and productivity as a result of flexible work.¹⁶ Over half of employees working flexibly say it enables them to achieve a better work/life balance, while more than half of female employees and 44% of males would take up flexible working if it was offered.¹⁷

'We've had very positive feedback, as people like not having to commute, and they can manage their personal life better as well. We have seen absence levels drop among home-workers compared to the rest of the company.'

Mid-Counties Co-op Group

Businesses also report better staff retention through the use of flexible work, with 73% of firms noting a net positive impact.¹⁸

'We've certainly been successful at retaining talent through our home working programme. Currently our staff retention in the home working team is 81%, compared to about 71% in our office based reservations team. This is excellent as call centre staff are generally harder to retain - the market-wide retention level is around 60-65%.'

Enterprise Rent-a-Car

'Flexible work breeds much better retention, so it has pound notes behind it!'

Alex Wilson, former HR Director, BT

According to the CBI's 2011 workplace health survey, UK employers lost nearly 190 million days to sickness absence in 2010, equating to a £17 billion loss in economic output. Any measures that demonstrably reduce employee absence rates should therefore be welcomed. The Commission has found that firms offering flexibility report a significant, positive impact on absence rates. Nearly half the companies surveyed considered this to be a key benefit.¹⁹

'Rates of absenteeism are much lower with home workers and we've had just a single disciplinary issue across the whole home working programme.'

Enterprise Rent-a-Car

REC Flexible Work Commission Report

For those working on a temporary basis, this is also often a matter of choice and is a useful way to meet financial or lifestyle needs, whilst studying or looking for a permanent position. Research carried out by the Department for Business and the REC ²⁰ shows that:

- a quarter of temporary agency workers are studying on a full or part-time basis;
- most temps are well qualified: 25% have A-levels, 28% have A-levels plus degrees and 11% have a post-graduate qualification;
- 63% worked on a temporary basis following a period of unemployment;
- 33% worked on a temporary basis while seeking a permanent role;
- 39% worked on a temporary basis while on a career break;
- 68% of temporary workers are satisfied with their pay.

Companies increasingly see agency staff as part of their workforce and manage them as such, offering temporary workers the same flexibility as direct employees.

'We issue project-specific guidance on flexibility and the client can't always tell which are agency workers and permanent staff. I think flexibility is culturally engrained in the energy sector.'

Leanne Byrne, Amec

Many freelancers and contractors move into freelancing after successful careers as employees and appreciate the opportunity to choose the projects and tasks that most interest them, often working with a variety of companies.

Part-time work is also becoming more prevalent, driven in part by demand from workers. It has grown faster than full-time employment over the past ten years, and there is a growing demand for quality work opportunities at higher skill levels. Companies have also found that recruiting for specific part-time roles helps them reach a better candidate pool and access senior skills in a cost-effective way.

Recruitment agencies are responding to this change by building exclusively part-time candidate pools. A good example is REC member and Flexible Work Commission member Timewise Recruitment, which works solely with candidates seeking part time roles. When seeking to fill a part-time vacancy, a business can therefore be confident that Timewise will only put forward candidates who can offer a good fit both in terms of hours they are interested to work, and in skills and experience for the role. This approach avoids businesses wasting time on interviewing candidates looking for full-time hours whilst ensuring that they have a wide pool of talent from which to recruit.

CASE STUDY: Colliers International

Colliers International is a commercial brokerage firm with offices in Asia, North and South America, Europe and Australia.

Martin Lubieniecki, chief operating officer of the firm's EMEA's region and based in London, sought a candidate to fill an accounting role. On assessment, he found the job could be done on a part-time basis of around 15 hours per week with flexibility on timing.

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The importance of flexibility: benefits to business, the economy and the workforce (contd.)

CASE STUDY: Colliers International (cont.)

Martin explains: 'I was always open to part-time working; my priority was to make sure I got value for money so there would have been no point simply making this role full-time purely out of convention. The main concern was finding the right candidate. The role had responsibility for the accounting for two companies, and for the employee to work only 15 hours meant they had to be autonomous as well as highly experienced.'

'The natural step would have been to go down the traditional accounting recruitment service route, but it didn't feel right for this role; I worried how many candidates they would have on their books looking for part-time hours, plus I wanted to ensure I was able to find a quality individual who could grow with the company. By accessing a pool of part-time candidates only, we were able to find the right candidate with the right kind of experience.'

Martin's rationale underpins the key driver that leads many employers to consider recruiting part-time staff where they usually would not: access to candidates with years of experience. He advertised through Timewise Recruitment, and successfully hired an accountant with nine years' experience, built at PriceWaterhouseCoopers. She began the role on a two day a week basis in 2011.

Labour market participation and transitions

Companies have also seen flexibility help drive diversity, allowing them to reach groups of workers they previously found difficult to engage. The driver for widening participation in the labour market doesn't exist only within companies, however. The coalition government has put bringing young people, parents and many of those on unemployment benefits into the workforce at the heart of its legislative programme.

'We recognise that more flexibility at work is better for people, for families and for business... The labour market is on the cusp of a major change, one that will be an opportunity for employers to draw upon a new pool of talent, freed up to take up flexible working.'

Lord David Freud, Minister for Welfare Reform, 26 September 2011

Flexible working has long been heralded as a way to bring more family-friendly working practices into the labour market; part-time work in particular is very valuable helping women back into the workforce after having children and helping carers balance work and home lives.²² Flexibility can contribute to a better gender balance in the workforce, particularly at senior levels. The Lord Davies review on women on boards found that one of the key barriers to improving board diversity in gender terms was a lack of flexibility around work/life balance, particularly with regard to maternity leave and young families.

'We saw 98% of women on maternity leave at BT come back once we introduced flexible work.'

Alex Wilson, former HR director, BT

Part-time and temporary work can keep people in the labour market during difficult economic times, thereby reducing unemployment levels, or help people back into work, for example after being made redundant or when changing sectors.

REC Flexible Work Commission Report

'We didn't know what to expect when we first advertised our home-working positions publicly, but we received over 260 applications for first the 12 places and saw a definite shift in demographics. Many applications for our home working positions came from more mature and experienced candidates than we see applying for our office based roles.'

Enterprise Rent-a-Car

Some 84% of the public and 87% of MPs agree that more needs to be done to enable unemployed people to use flexible working as a bridge into employment.

Providers of the Work Programme, the government's flagship back-to-work programme, are increasingly engaging with recruiters who specialise in temporary roles, as is Jobcentre Plus. The forthcoming Universal Credit initiative is also designed to better accommodate flexible work patterns, avoiding the damaging benefits traps many workers experience when trying to get back into the labour market through temporary or part-time opportunities.

'The inflexibility and uncertainty of the current system makes people too afraid to take part-time or temporary work for fear of ending up worse off. This situation isn't just bad for people, locked into set hours or indeed out of work altogether. It is also bad for businesses, forcing people to be inflexible and shrinking the potential recruitment pool. The changes we are making to the welfare system and the support we are putting in place to help people into work will come together to radically change the labour market. People claiming benefits will, for the first time, be free to work flexibly.'

Lord David Freud, Minister for Welfare Reform, 26 September 2011

CASE STUDY: Shine

Shine, a charity dedicated to supporting those affected by spinal bifida and hydrocephalus, has implemented flexible work to accommodate the needs of staff. One example is Membership Development Officer Gobi Ranganathan, who has spina bifida and is a wheelchair user. He is also an international para-badminton champion, currently ranked number two in the world. He works full-time for Shine, based half in the office and half at home. He uses compressed hours for office days to accommodate his travel and sporting needs.

According to Gobi, 'The job at Shine is perfect for me as it allows me to juggle my lifestyle needs and sporting commitments. I can honour my public responsibilities as a para-athlete, while still earning a living and contributing to the important work that Shine does. I work from home several days a week, compress my hours and have the flexibility to work my hours whenever I can, within reason. I would not have been able to accept the job with Shine if it had not been for the flexible working patterns they offer.'

Demographic change

People are working longer, either through choice or financial need. Many older workers hold key knowledge that must be transferred to younger workers if it isn't to be lost entirely. Meanwhile, youth unemployment has topped 1 million and young people are struggling to get a foothold in the jobs market.

REC Flexible Work Commission Report

The importance of flexibility: benefits to business, the economy and the workforce (contd.)

New, flexible approaches to work can help both these groups participate productively in the labour market. Older workers can scale down their hours, work remotely to avoid long commutes, or even move to a freelance model. In the meantime, temporary roles can offer young people vital work experience that makes them much more attractive to employers.

Demographic changes mean that skills and knowledge transfer is set to become an increasingly significant issue. With scarce job opportunities for new entrants to the workforce, longstanding reports of skills shortages in many sectors, and continued pressure on the bottom line as the economy slowly returns to growth, businesses need to find new ways to retain the skills and knowledge of their most experienced staff members.

'We find that typically candidates for office based positions tend to be school or college leavers but with home working we are getting a wider range of candidates with varying levels of experience.'

Enterprise Rent-a-Car

'We are concerned about the age distribution of our staff, so some flexibility agreements come with clauses on skill and knowledge transfer. We have only recently introduced this, precipitated by the end of the Default Retirement Age. As a result we do have a few older workers on reduced hours with knowledge and transfer caveats which are regularly reviewed.'

Jon Goodchild, Nuvia

Recommendation

Employers must recognise the dangers of future skills gaps in the workforce and take action now to plug them. Flexible arrangements for older workers, such as a phased retirement system, can help retain skills, facilitate knowledge transfer and reduce the pensions burden on the public purse.

Carbon footprint and savings on plant

The recession has made companies look carefully at all costs and expenditure, especially fixed costs such as plant and premises. They see energy efficiency and reducing environmental impact as a key branding issue. Some firms said that savings on property and office space were the impetus for flexibility, but they saw wider benefits as a result.

'One of the reasons we took a decision to adopt a home working model was space. With the growth of our business we were already utilising a hot-desk model and space was becoming more and more of a challenge. Plus for our reservations team, we need to staff unsocial hours, including early shifts, and manage peak time demands.'

Enterprise Rent-a-Car

REC Flexible Work Commission Report

6. Making it work: meeting the organisational challenge

6.1 Selling the idea

Having established the benefits, the next challenge is implementation – making it work within an organisation. Key to that is getting management buy-in. The most successful examples of flexible working we've seen have all been led from the top by managers and company owners who understand the full range of benefits.

'You need education of line managers, but the tone from the top is key.'

Alex Wilson, former HR director, BT

Where flexibility is not being led from the top – and a recent CIPD report found that a negative attitude towards flexibility from senior management was an issue at 37% of large employers – there is a need for line managers and other key internal stakeholders to really sell the idea upwards. Many junior or line managers may question how they can go about this. The answer is relatively simple: cost. Ultimately the bottom line is the big hook for selling in flexibility in whichever form it takes.

Cost is a key lever when it comes to convincing management about the value of flexibility. In many cases, this is already happening; however, properly integrating flexibility into workforce planning and design is essential if it is to pay off. Reducing permanent headcount in a bid to cut costs achieves nothing if the use of temp workers or freelancers then soars unchecked to compensate. Conversely, firms that immediately cut back on temps and freelancers when the recession hit often saw a negative impact on their employees who were put under more pressure as a consequence.

Flexibility is not about changing the balance of your workforce with the year-end financial report in mind – it is a long-term people strategy that assesses fluctuations in demand over a decent period of time and then maps the workforce to those patterns. Managers must look at designing entire business processes with the use of flexible workers or working arrangements in mind.

'When thinking about a new project or work stream, I always look at which model would work best, be it home-working, new shift patterns or using contractors or agency staff.'

Gail Moss, Mid-Counties Co-op Group

That level of foresight and strategic integration is paramount to making flexibility work properly. The Midlands Cooperative Group is an excellent example of success in flexing an entire business process, having moved its invoice-processing function from the office to a home-working environment.

REC Flexible Work Commission Report

Making it work: meeting the organisational challenge (contd.)

CASE STUDY: Mid-Counties Co-op Group

Having struggled with high absence rates and high staff turnover in the finance function and conscious of a company-wide drive to cut carbon emissions, management took a decision to shift invoice-processing workers to a remote-working set-up.

With the work being so easily quantifiable – either an invoice gets processed or it doesn't – the initial challenges were quickly overcome with a thorough system of metrics and clear workload allocation. There was some initial resistance from longstanding employees who were used to the 9-5 office format, but everyone who moved to home-working quickly came to see the benefits of a vastly improved work/life balance generated by a system of flexible hours. Sickness absence rates dropped dramatically compared to the rest of the company, and productivity increased noticeably.

With the entire work system being online, set-up costs were minimal and clear carbon footprint savings were made as significant numbers of workers no longer had to drive in to work.

Our CEO has made it clear that flexible working was central to our future. This was motivated by the positive impact on absence rates where we have used flexible options to date. The board has been very supportive as they know that with more flexibility, we will have better run stores. We'll have a more engaged workforce with lower turnover, less absence and people feeling valued and performing well. It also goes with our brand, our culture and our values.

Cost issues extend beyond quarterly budget reports. Flexibility in talent acquisition and retention also has significant, positive ramifications for the bottom line. Lower staff attrition rates brought about by flexibility reduce the need to train and develop new workers and avoid skill and knowledge deficits.

Employer branding

Selling the idea of flexibility works best where the concept can be tied to employer branding and the power to increase revenue and influence. BT's approach to flexible work started off with savings in office space and environmental impact. But the company is candid about the fact it makes for good marketing, which has a positive impact on the bottom line.

The diversity benefits can also help convince company leaders to try flexibility. Many companies are now concerned with how they are progressing in terms of workforce diversity. Simply adding a line in a job advertisement indicating that flexible work options (either structural or cultural) are available can widely improve the response – a point worth making when encouraging your firm to adopt flexible work.

'Part of the reason for flexible work was that we wanted to modernise the brand and bring more women into managements.'

Alex Wilson, former HR director, BT

REC Flexible Work Commission Report

6.2 Accessing the right advice

This holistic approach to managing a flexible workforce does not always come easily or intuitively to businesses, however. Fear of the unknown can often stop both line managers and senior management from rolling out flexible work across their departments or organisations. The sheer range of flexible options can be overwhelming, and redesigning or restructuring roles can also be a challenge. Fears around the longevity of flexibility and the difficulty of recruiting for part-time or flexible jobs are also a factor.

Use piloting to test and learn

Managers sometimes fear that once they start allowing some flexibility, the floodgates will open and things will quickly spiral out of control. Yet every company we spoke to that had successfully implemented flexibility started off slowly – one part-time role, a few home-workers, a contractor or two, or a clearly defined new flexible project – before moving on to more widespread implementation. Identify the areas where you think flexibility might work best, decide at the outset how long the trial period will last and how you will measure success, and communicate the plan to those affected to manage expectations on both sides.

Some firms found that even where people were initially reluctant to try flexibility, when they saw the benefits it created for other staff, they became much more willing to try it out themselves. So choose your 'first movers' carefully, as they can set the tone for the rest of the business.

Prioritising: remember the business case

Even experienced companies can become so enthusiastic about flexibility that they lose sight of the business case, or struggle to prioritise company needs against a widespread demand for flexibility.

BT eventually brought more than 1,000 home-based workers back into their offices, as the model simply wasn't delivering the results required for the business in every department. Regular reviews of flexible work arrangements (both structural and cultural) are necessary to ensure standards are being maintained and the models used are working for often-changing company needs.

'Our drive towards flexibility did stall a bit. Three years ago it was much more dynamic. We then saw a retrograde step in presenteeism and efficiency as things became too undisciplined. So we needed to re-establish credibility. Flexible work was not a "social case" but something we did for business benefits.'

Alex Wilson, former HR director, BT

Where agency workers, contractors or outsourced models are used, regular reviews are advisable to ensure the best results on an ongoing basis. The bottom line is paramount – where it doesn't work for the company, flexibility cannot work for the individual either in the long run.

Call on the experts

Recruitment consultants have a central role to play in assuaging many of these fears. Those REC members who weathered the recession most effectively did so by living up to their names – operating as true workforce 'consultants' for their clients. The best recruiters help their clients to look carefully at a job and the skillset it demands to assess what type of model can best meet the company need.

REC Flexible Work Commission Report

Making it work: meeting the organisational challenge (contd.)

Where a flexible option is deemed suitable, agencies should help their clients adjust the responsibilities and expectations for the role accordingly. It's no use offering a job on a part-time basis if the workload isn't scaled down to fit into the allocated hours; both the company and worker will end up dissatisfied.

Commission member Timewise Recruitment has led the way in educating companies about better job design, particularly for flexible work, and together with CIPD it now offers a free job design helpline for employers. More recruiters must step up in this area and support end-user organisations in redesigning their jobs for an increasingly flexible labour market.

Recommendation

Recruitment agencies must foster change in their own organisations by training and equipping consultants to advise clients on job design and flexible work options, challenge assumptions about flexibility, help clients improve job descriptions and advertisements to reflect flexible options available and devise creative and bespoke solutions in line with business need.

Finding corporate role models and learning from flexibility champions

Establishing 'flexibility champions' can be helpful for larger companies as managers can then look to these in-house experts for advice and support. It's also beneficial when working flexibly is seen as something not only for lower-level staff, but is role modelled by senior management. This helps reinforce the important message that flexibility should not hold back progression.

For smaller firms, it can be helpful to look for corporate role models or other companies that have successfully implemented flexibility in their sector. The exact approach may need to be modified for the size of the business, but learning from the experience of other companies is particularly valuable for the often cost-sensitive, time-poor leaders of SMEs who can avoid the pitfalls experienced by first movers.

Recommendation

Businesses must identify internal champions, particularly at higher levels, to foster change. Larger businesses should share knowledge and best practice with smaller organisations in their supply chains to encourage wider uptake of flexible arrangements.

Creating training and support at both team and senior management levels

One of the worst outcomes for a business is to start implementing flexibility at a headlong pace, hand the reins to (perhaps bewildered) managers, and then leave staff to 'get on with it'. Without proper support and training for all those involved, it is likely not only to fail, but to lose credibility as a concept within the company at large.

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'The direct line manager is the most important person in the process. HR can advocate flexibility, but there will be no progress if the line manager isn't on board.'

Venetia Leigh, My Family Care

Proper training for managers as well as staff working flexibly is important, as is communicating with those who will continue traditional working arrangements to avoid misinformation and conflict between colleagues. It's also a good time to ensure your performance management processes are up to scratch, as these become even more important when assessing the impact of new flexible approaches.

Compared to our European counterparts, the UK has more managers proportionally in the workforce, yet lags far behind in professional accreditation for them.²³ A recent report from the CMI found that 43% of managers rate their own line manager as ineffective.²⁴ This underlines the need for proper training and ongoing support, especially when they are faced with the new challenges of managing flexible workers, which should address how to articulate expectations for flexible staff, using technology in management, performance management techniques and ideas on how to develop and motivate staff. Equally, ongoing support should be provided, ideally via a direct link to HR colleagues, external support personnel or others in the business who can provide help if things start to go wrong.

'One of big challenges is in terms of the technology available. When we set up our home-working programme, it was only for level-one employees and we weren't yet ready for supporting the supervisory role and above.'

Enterprise Rent-a-Car

Recommendation

Businesses must do more to proactively train leaders and managers, giving them the confidence, skills and tools to lead their teams effectively. Core management skills are vital for managing teams that work flexibly but will also pay dividends for those working in traditional ways. A good manager must be able to see the business benefits of flexibility and advocate for it where appropriate.

Professional bodies must do more to demystify the processes behind managing a flexible workforce and assist their members in addressing the practical aspects by providing advice and information on employment law, regulation, health and safety and insurance issues, while avoiding a cottage industry dedicated to 'flexibility' training.

Engage workers in the process

The Commission found that the relationship between managers and staff is essential. Where relationships are limited, strained or even insufficiently open, flexibility is much more likely to fail. Conversely, where flexibility works best, relationships between workers and managers are open, communicative and consultative.

'With flexibility for permanent staff, our company policy is to consider all requests. We find that informality works best!'

Leanne Byrne, Amec

REC Flexible Work Commission Report

Making it work: meeting the organisational challenge (contd.)

'Flexibility is indeed driven by the "Facebook generation" towards senior management. We let it happen at the line manager's discretion.'

Mike Jackson, Hurst Accountants

Recommendation

Engage workers in designing flexibility and reinforce to the whole workforce that flexibility is not just for certain groups but for everyone. Invite workers to discuss flexible arrangements informally with line managers.

Start with trust, underpinned by robust performance management

Managers and indeed companies often fear that offering flexibility means losing control over employees and their work, or that flexible workers will take advantage of the situation to the detriment of company performance. Among employers who have implemented flexibility, such outcomes were surprisingly uncommon. Instead, if anything, workers made extra efforts to ensure the new flexibility worked.

Robust performance management is central to monitoring performance, especially among flexible workers. If colleagues feel that those who work flexibly (whether as an employee, temp or contractor) gain an unfair advantage, it can undermine team morale. This means ensuring performance levels are maintained, and swift action is taken if they start to slip.

'I think the key mindset change is trust – we've only had one real example of a flexible worker's performance suffering.'

Gail Moss, Mid-Counties Co-op Group

'It is easy to quantify output, especially as the role our home workers are doing is exactly the same as those in the office. We have the same metrics in place and the technology enables visibility – we can see when every worker logs on to begin their shift, and details of all calls made and received during a session are logged and recorded as normal.'

Enterprise Rent-a-Car

'There will be 5% who try to work the system and if people see that, it sends a bad message and creates resistance.'

Alex Wilson, former HR director, BT

It also means being clear about the benefits available in terms of salary and contract conditions. Where employed workers think that contractors are being remunerated at a higher level, it may be worth pointing out that they do not enjoy staff benefits such as paid holidays, sick leave, company pensions, etc.

Recommendation

Where flexibility is implemented, empower managers with robust performance management processes and defined metrics.

REC Flexible Work Commission Report

7. Barriers, limitations and trade-offs

7.1 Company size

CIPD's recent research surveyed a range of employers, large and small, on perceived barriers to the implementation of flexible working arrangements. There was some common ground on certain barriers: 'customer service requirements' were cited by 40% and 39% of large/SMEs respectively. Some 29% of large businesses felt financial constraints were holding them back; 33% of SMEs were also feeling the pinch. Technology issues were a barrier for 10% of larger businesses and 12% of SMEs.

The starkest differences emerged when it came to management. Fully 44% of large businesses stated that 'line management attitudes' create a barrier to flexible working, compared to just 11% of SMEs. This gap narrowed only slightly when it came to 'senior management attitudes', with 37% of large organisations finding an issue there against 17% of SMEs.

The CIPD's findings were in line with those of the Commission.

'We need to bring along those who still have an old school view, plus key people like local and district retail managers.'

Gail Moss, Mid-Counties Co-op Group

Larger organisations often have the resources to train managers in how to successfully handle flexible work patterns. This can be more difficult and costly for medium-sized firms, but they have less trouble overcoming that initial hurdle of entrenched managerial reliance on presenteeism and the standard 9-5 office routine.

Small and micro businesses often already have informal flexibility within their companies, given that they rely on a small number of workers with little replication of job roles. There is a premium on retaining talented individuals, especially given the knowledge they may have built up around the organisation, and they are able to respond to changes in market conditions much more quickly than their larger, more established counterparts, expanding into new regions, or indeed countries, as demand allows:

"In terms of expansion, Z-Card proactively identifies territories where there is demand for our services, then we look for the skills we need within those local labour markets. We use a range of models for identifying talent, from personal contacts and social media through to recruitment consultants for specialist skills. Whatever model we use, the key question we ask is: "Can the revenue justify a permanent staff member"? If the income or demand is not sustainable, we'll stick with flexible solutions.'

Liz Love, Z-Card

While many SMEs are instinctively willing to consider flexibility to retain talent, the barriers they face tend to be around managing HR and legal issues, such as choosing the right structure, knowing what type of contract to use, and understanding their rights and obligations towards workers, compounded by the lack of dedicated personnel support. Often the owner/manager of the firm has to deal with these issues as well as the day-to-day running of the business, which can make it more difficult to implement new working patterns and approaches.

REC Flexible Work Commission Report

Barriers, limitations and trade-offs (contd.)

7.2 Sector

Flexibility is already culturally engrained in a number of sectors, notably the creative industries, high-end engineering, energy and IT. All these sectors see a high volume of project work and highly skilled operatives – circumstances that suit freelance contractors, remote working and flexible shift patterns.

Yet there are clearly sectors where the constant physical presence of a worker is required for work to actually take place. A production line or manufacturing plant needs operatives on the shop floor for any products to get made. On the face of it, this appears to be a significant barrier to flexibility, but the Commission spoke to a number of manufacturers and factory owners who had found ways around the problem and were embracing the flexible agenda with great success - Thos Storey and Jaguar Land Rover being prime examples:

'When an employee requests flexibility, our default management position is "yes, how do we make it work?" In most cases we find a way. While flexible working patterns are harder to implement on the shop floor due to the need for physical presence and the sheer logistical challenges posed by varying shift patterns in a thousands-strong workforce, we do our best to accommodate requests where they are made.'

Jaguar Land Rover



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7.3 Client demand

The majority of businesses we spoke to in sectors like manufacturing, engineering and energy told the Commission that the nature of their businesses and that of their clients was as much a factor in implementing flexible solutions as employee or management demand. Thos Storey's clients initially feared they would not be able to produce the same output on a reduced working week and that the business-to-business relationship would suffer, but these fears were quickly assuaged as the staff productivity gains resulting from the move to a four-day week outweighed the loss of a production day.

In other sectors – energy maintenance is a good example – companies have changeable requirements that require constant on-call support. This might on the face of it reduce a company's ability to implement flexibility; employers we spoke to actually found the opposite.

'In the energy sector, flexibility is driven by customer requirements. Power station maintenance is a prime example, requiring flex hours due to the unpredictable nature of the work.'

David Bremner, Serco Energy

Where the nature of demand is uncertain and there is a need for businesses to respond quickly and urgently to their clients' needs, the challenge is to ensure they have sufficient resource on call to meet all client eventualities. Flexible and contingent workforces can be a solution.

'Since we adopted home working, our corporate customers have noticed our ability to respond quickly to outages - they've said the response has been seamless. If there is a spike in demand, we send a text to home workers asking if they can log on to help alleviate it; we generally see quite a high uptake. We pay this as overtime and home workers receive recognition from their team supervisor.'

Enterprise Rent-a-Car

'Flexible work patterns are dictated by our clients. They want to minimise disruption to the service, so flexibility is important. We work in alliances to achieve the best flexibility, from permanent staff to agency workers and contractors.'

Leanne Byrne, Amec

7.4 Familiar faces

The need for the highly skilled independent workers and contractors to remain flexible and mobile is growing in the UK. As projects get shorter in terms of completion schedules, profit margins get smaller and skills become more specialised in respect of delivery, it is important that access to this group of workers is not limited by ill thought-out government intervention. By choice these constituents of the flexible workforce forgo the traditional securities of employment - holiday pay, sick pay, redundancy pay, maternity leave, paternity leave, bank holiday pay – choosing instead the independence and freedom of contracting. Organisations that use contractors do so because they wish to access a talent pools talent that relies on their talent and ability to deliver a good job consistently, and contractors and their customers – particularly repeat customers – should be confident that the tax regime in the UK will not penalise them through clumsily defined and poorly implemented employment status tests.

REC Flexible Work Commission Report

Barriers, limitations and trade-offs (contd.)

'We use limited company contractors when there is a client need for short-term demand. These individuals do not want to be permanent, but we like to use the same contractors over time if they are good.'

Leanne Byrne, Amec

Professional bodies including PCG and the REC have made repeated efforts to work with HMRC to simplify the tax laws surrounding contractors and freelancers (commonly known as IR35) in a bid to promote entrepreneurialism and foster growth. Despite initial positive noises from the government, they now seem to be moving in the opposite direction, consulting as they are on proposals around the nature of 'controlling persons' that could have a severe impact on the freelance and high-end contractor market and deprive both public and private sector organisations of a valuable talent pool.

Recommendation

The government must ensure that the tax and welfare systems in the UK encourage increased flexibility in all its forms. HMRC's 'controlling persons' proposals - to tax all contractors and freelancers deemed to be 'controlling', as employees - should be scrapped and personal allowance thresholds and the universal credit policy should be adjusted to emphasize the financial incentive to work.

7.5 Current definitions

Much of the existing research and debate around flexible working centres on family-friendly working practices within permanent employment rather than the wider definition encompassing all forms of work flexibility. One aim of this report is to raise awareness of the sheer diversity of flexible options on offer to organisations in both the public and private sectors. In the public sector certainly, there is scope to dramatically expand the use of work flexibility, like the increasing trend of work 'projectisation' being seen in certain sectors of private industry. Far from cutting the use of temporary workers and implementing additional barriers to the use of freelancers and interim managers in the public sector, the government should be embracing these forms of work flexibility and the huge efficiency savings and increased access to in-demand skills they can bring to central and local government-funded projects.

Recommendation

A wider understanding of flexible work should be adopted by government to help move the debate beyond the current focus on family-friendly working practices. The government should lead the way by demanding increased work flexibility through public procurement and the public sector supply chain.

REC Flexible Work Commission Report

7.6 Employer vs worker

One pattern that emerged from our discussions with employers is in the types of flexibility that can viably be implemented across the employment spectrum. Clearly there are major differences in the options for structuring the workload of a trainee accountant and someone on a car factory production line. No amount of innovation in workforce design will enable that factory worker to perform his role from home, and that fundamental barrier has led many to assume that there is no place for flexibility at the lower end of the jobs market. Yet our case study on Thos Storey has shown this assumption need not be true.

Where organisations use significant temporary labour, they often lay themselves open to attacks from trade unions about the 'casualisation' of labour. However, unions must recognise that temporary roles can be a valuable way of gaining experience, testing the waters of a particular sector before jumping headfirst into a career. Employees are not unduly bound to a company and there is a mutual benefit for employers in that they can get a clearer sense of the worker's ability and enthusiasm for a role before taking them on for the longer term. Trade associations must do more to represent the interests of businesses to trade unions and open productive dialogue around the benefits of work flexibility to individuals across all sectors of the UK economy.

Recommendation

Trade associations and professional institutes should look to work cooperatively wherever possible with unions and employee organisations to advocate the benefits of flexibility for both businesses and workers and move the debate beyond the over-simplified accusation of 'casualisation'.

7.7 Management and progression

A clear logistical problem, particularly for remote working and flexible arrangements which reduce office contact time, is how to ensure such workers still progress within a company and don't miss out on training, development and team-building opportunities.

A number of the organisations we spoke to combat this problem through face-to-face team meetings every few weeks or months. Many will also train new starters at the office before moving to home-working or other flexible arrangements. All have clear metrics and appraisal processes in place.

REC Flexible Work Commission Report

Barriers, limitations and trade-offs (contd.)

7.8 Team cohesion and internal communications

Another potential risk, particularly if flexibility is introduced in a piecemeal manner within a department rather than wholesale through new business processes designed with flexibility in mind, is that rifts that can develop between flexible and non-flexible workers.

Many firms we spoke to reported initial scepticism from some employees when management-led flexibility was first proposed. Any workforce has staff members that are comfortable with the 40-hour office week and view change with suspicion, because they fear a lack of accountability and an imbalance in workloads.

Overcoming these fears is paramount; strong, open internal communication between line managers and their office-based and remote or flexible staff must be a top priority. Enterprise Rent-a-Car provides a compelling example of this.

CASE STUDY: Enterprise Rent-a-Car

The decision to promote homeworking was taken by senior management due to growth, the increasing requirement for further space, and the desire to broaden flexible working opportunities at the company. Homeworking was not new to us as a global company - nearly 500 homeworkers were already working successfully in the USA. We began in the UK with a pilot programme, with the assistance of Gillan Bell from a company called "At Home". We started with just 12 home working places and sought 6 internal and 6 external candidates.

We received over 260 applications from a diverse range of candidates. Once the benefits of the pilot had been recognized - in the form of a dramatic reduction in absenteeism, disciplinary issues and increases in punctuality and productivity - we rolled out the project across our entire Reservations team. The pilot project manager became the home working team supervisor and now for every office based worker who leaves, we recruit a home-working replacement with a view to achieving a target of 50% of the reservations department being home working.

Barring some company events and exceptional circumstances - i.e. serious technological failures or disciplinary issues - home workers are never seen at the office. This has required strong internal communication systems to be put in place; home workers have a weekly catch up over the phone with their manager and monthly performance appraisals are also carried out over the phone. They are able to listen back to their calls with their manager and have virtual team meetings via online conferencing software. Home workers can always see who else is online at any given time and communicate with them via internal instant messaging software and email which ensures a sense of team spirit is preserved. We also maintain a company-wide intranet hub for business and company policy updates and staff recognition announcements.

REC Flexible Work Commission Report

8. The role of government

8.1 Current direction of regulation

The coalition government has repeatedly asserted its support for building a flexible workforce but too often this has been too narrowly defined, focusing almost wholly on cultural flexibility and 'family-friendly' practices. The Commission believes that construing flexibility in the widest possible sense – including contractual work flexibility – gives employers more options and opportunities to pursue growth and create jobs.

The Commission's investigation has clearly demonstrated that employers are using both strands of flexibility to meet the needs of their businesses and their workforce. Government policy and support programmes for employers should reflect this.

8.2 Right to request

At present, although any employee can ask for flexible work arrangements, some employees have a statutory right to make such a request and have it considered. These include parents of a child under 17 (or a disabled child under 18), or employees who are carers for a spouse, partner, relative or someone else living with them. The law requires employers to 'seriously consider' an application to work flexibly and may only reject the application on the basis of a legitimate business reason for doing so.

Most of the firms we spoke to have a demonstrable interest in flexible working and have well-established flexible working practices. Generally, the Commission found that a shift in workplace culture has taken place irrespective of the right to request legislation, for business reasons and to accommodate the changing needs of a more diverse workforce. Indeed, some managers see right to request as a potential regulatory risk, despite a recent CIPD report noting that in reality, very few employment tribunals have been brought, successfully or otherwise, as a result of the legislation.

The Commission felt that fundamental cultural change in workplaces, founded on a comprehensive understanding of the business case for flexibility was central to expanding the scope and implementation of flexible working practices amongst UK businesses; such cultural change is impossible to legislate.

Perceptions are key though, and most employers the Commission met saw informal negotiations between line managers and staff as the preferred route to flexibility. Indeed, many view such informality as empowering: it breaks down rigid workplace power structures and promotes employees as individuals who can negotiate with managers as equals, without recourse to an inflexible statutory process.

'None of our flexibility is as a result of the current right to request legislation – we want to open up our home-working programme to all our employees, and anyone can ask to join. We encourage informal negotiations on shift patterns and hours which are then signed off by management once all parties are happy with the arrangement.'

Enterprise Rent-A-Car

REC Flexible Work Commission Report

The role of government (contd.)

'If the right to request didn't exist, we'd be just as flexible!'

Jon Goodchild, Head of HR, Nuvia

'As a small business, if the right to request is extended, we would insure ourselves against the risk and then follow the list or process the insurer put down. We would add to our employment insurance – we are simply not prepared to carry that risk.'

Steven Hale, Crofton Design

Informal arrangements outside of the statutory Right to Request can provide far greater flexibility both for employees and employers. Under the Right to Request legislation, an employee can only make one application for flexible working every 12 months, locking them into that arrangement even if their circumstances change. Likewise, whilst an employer can turn down an initial request for one of eight statutory 'business reasons' (e.g an inability to meet customer demand), if a request is granted, there is no scope for the business to amend the flexible working arrangement even if, for example, customer demand is failing to be met.

Arrangements made outside of the Right to Request are not so rigid and can flex in line with the needs of both employees and employers. They also provide more scope for trial periods and encourage a constant dialogue between employer and employee around how the flexible arrangement is working for both parties

The coalition government has also recognised the positive impact of a dialogue and trust-based workplace culture.

'We want to see a wider change in the employment relations culture in this country. A culture that establishes dialogue rather than confrontation as the norm between employers and employees. That trusts people to do the right thing rather than relying on regulation to deal with every single issue that may arise. And that ensures businesses have the confidence to hire the talented and committed workforce they need in order to thrive.'

Employment Relations Minister Norman Lamb speaking at CIPD conference, 3 July 2012

However, the coalition has already pledged to extend the right to request to all employees after 26 weeks. The government has attempted to make guidance on the new legislation employer-friendly by keeping it brief and non-prescriptive, but employers actually need a clear understanding of their duties under the new rules. Small firms in particular will want to know the exact process required and may wish to insure themselves against any possible tribunal action.

Recommendation

The new statutory code for the extension of the Right to Request to all employees must be and clear and concise as possible, laying out the full extent of obligations employers must meet using language that avoids any possible confusion or debate around the process that must be followed.

There should also be a clear option for employers to use trial periods for new flexible work arrangements.

REC Flexible Work Commission Report

Recommendation (cont.)

The non-statutory guidance must make it clear that informal routes to flexibility outside of the Right to Request legislation are perfectly valid and can actually enable far greater flexibility for both employers and employees.

There should be a comprehensive and objective review of the Right to Request after any extension to assess how it has affected overall workforce flexibility and employer attitudes towards flexible work. If it is found that the Right to Request extension is not delivering on the goal of increasing workforce flexibility and improving employer understanding, or that it is actively hindering growth in flexibility, the government should look seriously at reforming the legislation.

8.3 Perceptions vs actual levels of regulation

The Commission found a gap between perceived and actual legislative or regulatory barriers to flexibility in the UK labour market. However, the employers we spoke to all preferred to reach flexible arrangements informally with the formal processes required under the right to request legislation often perceived as a barrier by managers. However, few other tangible labour market obstacles were identified, although there may be some on the horizon.

Some of the bottlenecks, notably the abuse of the Employment Tribunal system, are already being addressed by the coalition government.

'In October 2011, we said that we would focus on ensuring that we do not have any unnecessary employment regulations. Since we last updated the House, the red tape challenge has examined all of the regulations in scope of the review of workplace rights, compliance and enforcement.'

Written ministerial statement by Employment Relations Minister Norman Lamb, 10 July 2012.

In Europe, the UK labour market is already viewed one of the most flexible and deregulated, behind only Denmark, although some employers who have had experience operating across the EU do feel there is room for improvement in the UK in terms of fostering start-up and micro business growth.

'Some EU countries are far easier than others to operate in. As a sub-10 person micro-business in Germany, we were able to operate much more flexibly than larger competitors. As a small business, we knew we had more freedom from regulation, which gave us the confidence to take a risk on expansion. We could attract people that valued the opportunity for growth and progress a small company can offer over the comparative security but lack of future development a larger organisation might present and looking back at that experience, I'm certain the UK would reap huge benefits from exempting micro and start-up businesses from certain business regulations, if only to deal with that perception of regulation as a barrier to growth.'

Liz Love, Z-Card

REC Flexible Work Commission Report

9. Appendices

1: Members of the Flexible Work Commission

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The Commission's recommendations represent a consensus view and do not necessarily reflect each member organisation's precise individual position on each issue.

REC Flexible Work Commission Report

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REC Flexible Work Commission Report

Appendices (contd.)

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REC Flexible Work Commission Report

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REC Flexible Work Commission Report

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9/12

Joseph Rowntree Foundation



INSPIRING
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FINDINGS

BUILDING A SUSTAINABLE QUALITY PART-TIME RECRUITMENT MARKET

This study explores what triggers employers to generate quality part-time vacancies, and what can help grow this market. It also highlights the potential business benefits of creating part-time and flexible jobs, and the quality of the part-time candidate pool.

Key points

- The part-time recruitment market is skewed strongly in favour of vacancies with salaries below £20,000 Full-Time Equivalent earnings (£20k FTE) – 20% of the market, compared with 3% at £20k+ FTE. This is in sharp contrast to the full-time market, where the majority of vacancies pay over £20k. The flexible recruitment market appears to be under-developed for skilled jobs where it could be of greatest benefit to the economy.
- Part-time working (at £20k+ FTE) is primarily used as a retention tool. This restricts employment mobility for skilled candidates who need to work part time: they may be able to reduce their hours with existing employers but will have difficulty switching to new jobs or returning to work if they leave employment temporarily.
- Some 27% of employers claimed that they always advertise full-time roles with the option to work flexibly. Of these, 45% reported that they 'sometimes or frequently' filled £20k+ full-time vacancies with part-time candidates – indicating that the pool of part-time applicants is of high quality.
- Resistance to part-time recruitment was related to workplace culture, with most resistance amongst employers who had not previously recruited part-time staff at £20k+ FTE. Concerns reduced with experience – those who had recruited at this level cited many benefits and few disadvantages.
- To stimulate the market, the debate around part-time working needs to move away from new regulation and towards the business benefits of flexibility. Employers need to be convinced of the quality of part-time candidates and to see hard evidence that it can work for their business.

The research
By a team from Women Like Us

MARCH 2012

BACKGROUND

Flexible and part-time working is heralded as a solution to a number of social problems, and there has been much policy debate about how to stimulate demand from employers. However, much of this debate is focused on legislative change.

This study investigated the recruitment market for 'quality part-time vacancies', setting a defining salary threshold at a minimum of £20,000 FTE. It aimed to provide evidence to move the debate away from legislation enforcing obligations around flexible working, and on to the business benefits of part-time job creation and the quality of the part-time candidate pool. It sets out how recruiting staff in 'quality' part-time jobs can help rather than hinder business growth.

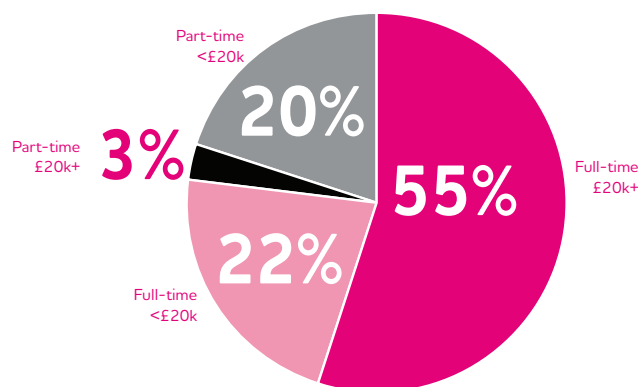
About 8 million people work part-time in the UK, and the number is growing. Part-time working can help more women back into the workforce after having children, to balance their work and home lives; let older people continue to work longer; and allow more people to share the diminished amount of available work, thereby reducing unemployment levels. The Government is keen to stimulate the part-time and flexible labour market, which (in addition to the social benefits) is often suggested as being a competitive advantage for the UK (*Flexible, effective, fair: promoting economic growth through a strong and efficient labour market*, BIS October 2011). Consequently, there has been much policy debate about growing the part-time market through potential legislative change. However, many employers voice very strong concerns about this.

Less formal consideration has been given to the business benefits of part-time working as a tool for recruitment. Yet, recruiting skilled part-time staff can help growing businesses to:

- acquire experienced talent at an affordable cost;
- recruit for hard to fill/niche roles; and
- realise cost efficiencies by more precisely matching tasks to appropriate skills/salary levels.

All of the above is set against a background of incomplete knowledge. For example:

- The market tends to be viewed as a homogenous whole, regardless of salary and skill levels, glossing over the distinction between the employment and recruitment markets.
- While the part-time employment market is well documented, the part-time recruitment market is not as well understood: the Office for National Statistics does not collect data on part-time vacancies outside of Jobcentre Plus.

Figure 1 Share of job vacancies

Skill-levels divide in the supply of part-time vacancies

A snapshot of employers' current vacancies found that about one-quarter (23%) were part-time roles. However, there was a large discrepancy in the supply of part-time jobs above and below £20k FTE. As Figure 1 shows, only 3% of vacancies were for part-time roles paying £20k+ FTE, compared with 20% for part-time roles at lower salaries. This pattern differs considerably from full-time job vacancies, where the substantial majority were paying £20k+ per year.

The implications for people seeking part-time work are considerable. A low-skilled or inexperienced candidate would find a comparable supply of part-time and full-time vacancies paying below £20k FTE. Intermediate and higher skilled candidates, however, would face an acute shortage of quality part-time opportunities: there is only one part-time vacancy paying £20k FTE for every 18 full-time vacancies at this level. The shortage of quality part-time vacancies means that many skilled and experienced candidates who need or want to work part-time face a difficult choice: taking a role below their skill level (and so being paid less) or not working at all. Lower skilled candidates can be crowded out of the part-time labour market due to increased competition against those with higher skills. This also has considerable implications for businesses and for the overall economy: through loss of skills in the UK workforce, lost earning potential and the cost of welfare provision. Significant wider benefits from increasing part-time quality vacancies include having a flexible workforce and increasing opportunities for more qualified or experienced candidates to get better quality part-time roles.

The role of retention and recruitment practices

One of the main reasons for the small size of the quality part-time recruitment market is that employers primarily use the offer of part-time work as a retention tool at this level. The research found that almost half (48%) of existing staff in part-time roles paying £20k+ FTE had originally worked full-time for their employer. However, when part-time employees left, only 35% of employers said that they usually replaced the role on a part-time basis. A further 29% say that they tended not to replace part-time staff (either converting the roles to full-time or passing the workload onto other employees). The remaining 36% of employers said they had no standard approach to this situation.

It is hard to imagine a similar approach being applied to full-time posts, and the evidence

suggests that it contributes to the relatively low numbers of part-time vacancies at £20k+ FTE. The implication for employees is that, while they may be able to return to an existing employer on a part-time basis, they face a considerable challenge when trying to switch jobs, or when looking for part-time work after a break from work.

Full-time vacancies advertised as 'open to flexibility'

One surprise finding of the research was that a sizeable proportion of employers (16%) reported that vacancies advertised as £20k+ and full-time were sometimes or frequently filled by candidates on a part-time basis. Just over one-quarter (27%) of employers said they adopted a policy of 'always advertising full-time roles with the option of flexibility'. Amongst these employers, 45% 'sometimes or frequently' filled full-time vacancies with part-time candidates – the implication being that part-time applicants often proved to be the best candidate for the role.

Underlying attitudes to part-time employment

Two deciding factors for the recognition/acceptance of part-time employment emerged: senior managers' mindset, and the operational needs of the business. The attitudes of directors and the official or unofficial policies set by them were reported to be the most important influence on recruitment practices. Where businesses were resistant to part-time working, some HR respondents reported a 'disconnect' between what their department advocated (e.g. flexible working practices) and their ability to implement this because of a workplace culture operating on a model of full-time employment. Unsurprisingly, resistance was greatest amongst businesses that had never actually recruited any part-time staff at £20k+ FTE. Amongst these, half (52%) said that they had an unofficial preference against it and 9% said there was an official company policy against it.

The attitude of some directors appeared to be strongly influenced by the operational needs of the organisation. Certain roles were seen as unsuited to part-time employment – particularly professional client-facing employees who needed to be on-call. There also seemed to be a general perception that part-time employment was incompatible with senior managerial responsibility, especially when a team needed to be supported every day of the week. However, other employers did not express such concerns over operational capability, as long as the individual business case was well thought through. These employers were able to cite examples where senior part-time roles worked successfully.

More generally, there was recognition that change is happening in this area, driven by changing attitudes and societal shifts such as lifestyle demands, an ageing population and new technology enabling remote working. As one employer said:

Ten years ago, I just wouldn't have seen an investment director taking a part-time role, but we now have a group tax manager on three days a week and a marketing manager on three-and-a-half days a week and it works fine.

Benefits and disadvantages of part-time jobs: a confused picture

A contradiction emerged in employers' views of the benefits and disadvantages of part-time recruitment. The three most frequently cited **benefits** (flexibility, cost efficiency and employee commitment) were also amongst the three most frequently cited disadvantages (inflexibility, cost concerns and lack of commitment). This suggests confusion over the real benefits and disadvantages of recruiting part-time staff in £20K+ FTE jobs (see Table 1). At least some of the explanation for this contradictory set of responses comes from managers' perception versus actual experience of employing part-time staff.

Table 1 Employers' views on the benefits and disadvantages of recruiting part-time employees at £20k+ FTE

Benefits		Disadvantages	
Hours worked are flexible/adaptable to business needs	62%	Inflexibility to work the hours needed	35%
Save money/cost efficiency	19%	Lack of continuity/ workload problems	21%
More loyal/motivated/ hard working staff	11%	Less committed staff	18%
Better quality/more knowledgeable staff	10%	Additional cost concerns	16%
There are benefits for the staff	5%	Additional management time/training/red tape	14%
Depends on the role/type of business/the person	3%	Doesn't work for senior/client facing roles	5%
Access a wider candidate pool	1%	Less skilled/experienced/ qualified staff	4%
NA/Don't know	0%	Depends on the role/type of business/the person	4%
Other	17%	Other	16%

Virtuous circle of part-time recruitment

The study found that concerns about part-time working reduced with actual experience of it. Employers who regularly employed and had recruited quality part-time staff were very positive about the business benefits, and cited almost no substantial disadvantages. These employers were open to recruiting again at this level. Several respondents suggested a 'tipping point' scenario, as proof of success went a long way to supporting future arguments for part-time recruitment.

The major hurdle for growing the part-time recruitment market therefore appears to be persuading more employers to try it for the first time. As staff increasingly request to work part-time, more businesses are experiencing part-time employment at senior levels. It seems likely that positive experience of these part-time working arrangements will lead to increased acceptance, and in turn to additional recruitment for quality part-time roles.

The recruitment process for part-time roles

Most respondents described the decision-making process for new job roles as the same or similar for part-time and full-time roles. The decision to create a part-time role was sometimes due to budgets, such as when funding was tight and these roles were seen as likely to contribute to cost-efficiency and flexibility. However, the recruitment process for part-time

vacancies was seen as a greater challenge than for full-time, as the full-time candidate pool was seen as larger than the part-time pool; and recruitment agencies were keen to focus on the full-time market, as fees were higher for full-time roles, for the same amount of recruitment work.

Stimulating the quality part-time recruitment market

The following factors may influence employers to consider creating new part-time jobs.

- Employers need hard evidence demonstrating:
 - how recruiting part-time can result in efficiency/revenue improvements; and
 - how part-time working can impact favourably on staff relationships and morale.
- Many (46%) employers said they would consider recruiting more quality part-time staff if presented with a greater supply of suitable part-time candidates.
- There was particular interest in using part-time posts to attract candidates in specific areas of work which suffered from a skills shortage.
- Almost one-third (30%) of employers said they had an interest in receiving free support/advice on part-time working from an independent source.

It appears that many employers are unaware or unconvinced of the benefits of recruiting part-time staff at intermediate and senior levels, or of the quality of the potential supply of skilled candidates seeking this kind of employment.

Against this backdrop, any attempt to stimulate the part-time market through further legislation is likely to increase employers' concerns. It is certainly unlikely to help create an environment in which employers will try this type of recruitment. Instead, the evidence strongly suggests that debate in this area needs to move away from legislation and towards showing the business benefits of flexibility, of which there are many.

About the project

This study comprised two phases of primary research: a quantitative study involving telephone interviews with 1,000 employers; follow-up, in-depth interviews with a sample of ten employers who had experience of employing and recruiting part-time staff at salaries over £20,000 FTE. The research was conducted in London, where part-time work is known to be less prevalent than in other parts of the country. The defining threshold for a 'quality part-time job', set at £20,000 FTE, is in line with the definition cited by the Government Equalities Office.

FOR FURTHER INFORMATION

The full report, *Building a sustainable quality part-time recruitment market* by Emma Stewart, David Curtis, Richard Buck, Lorraine Lanceley and Paul Gallagher, is published by the Joseph Rowntree Foundation. It is available as a free PDF from www.jrf.org.uk

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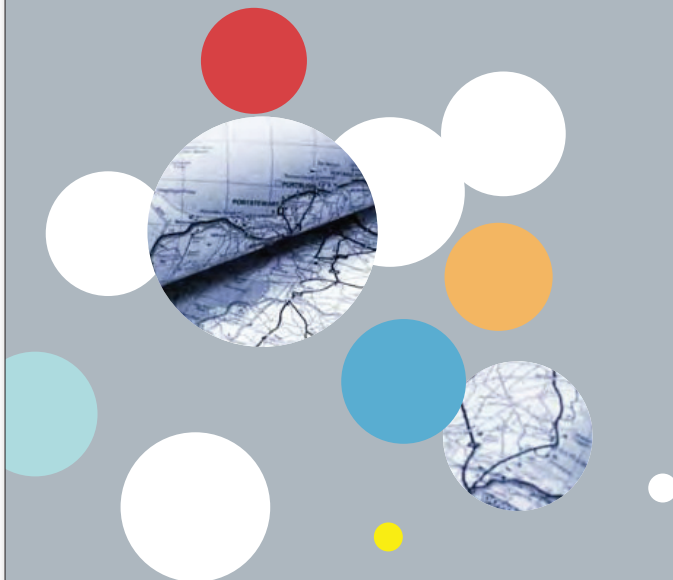
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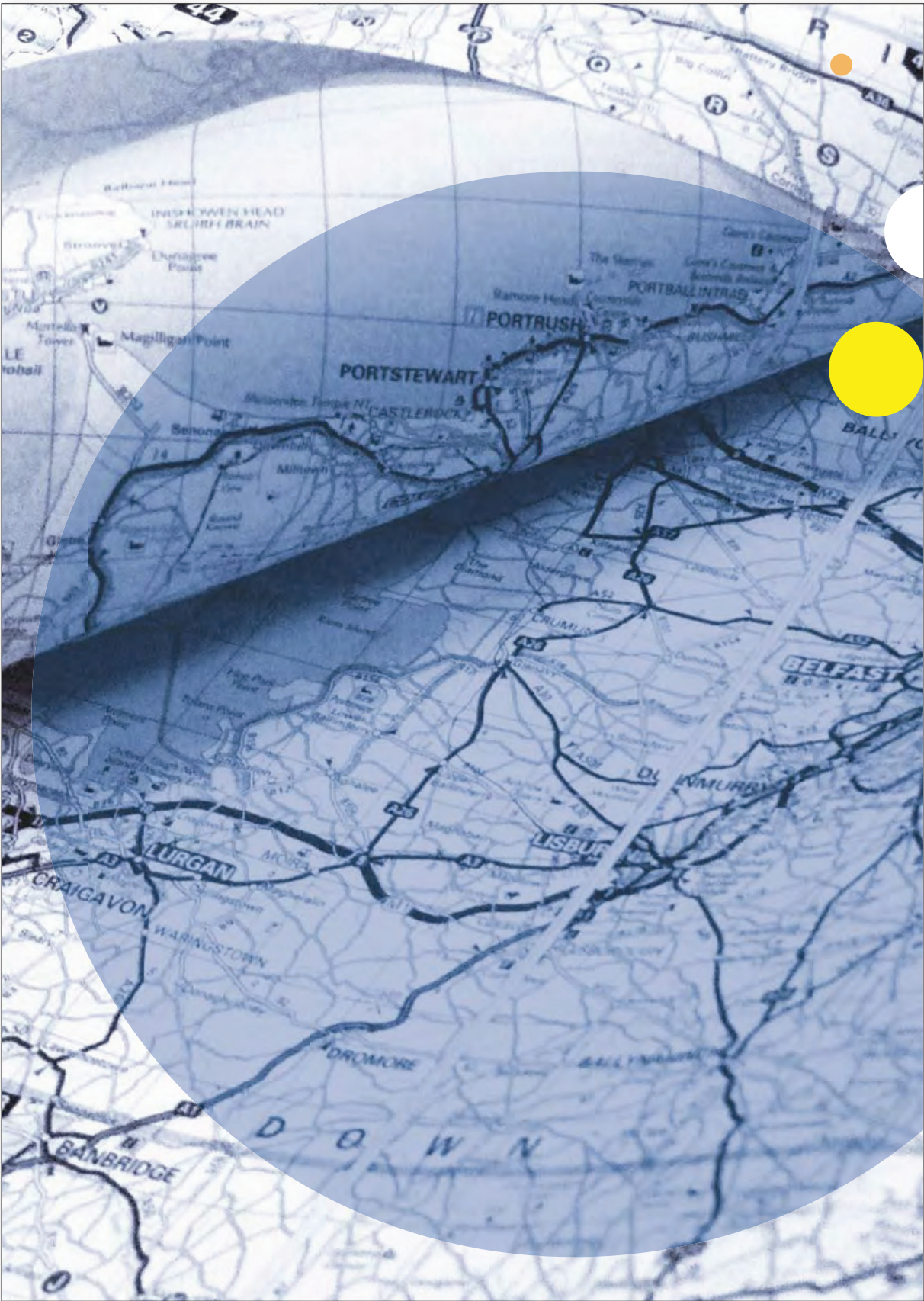
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Independent Review of Policy on Location of Public Sector Jobs

INDEPENDENT REVIEW OF POLICY ON

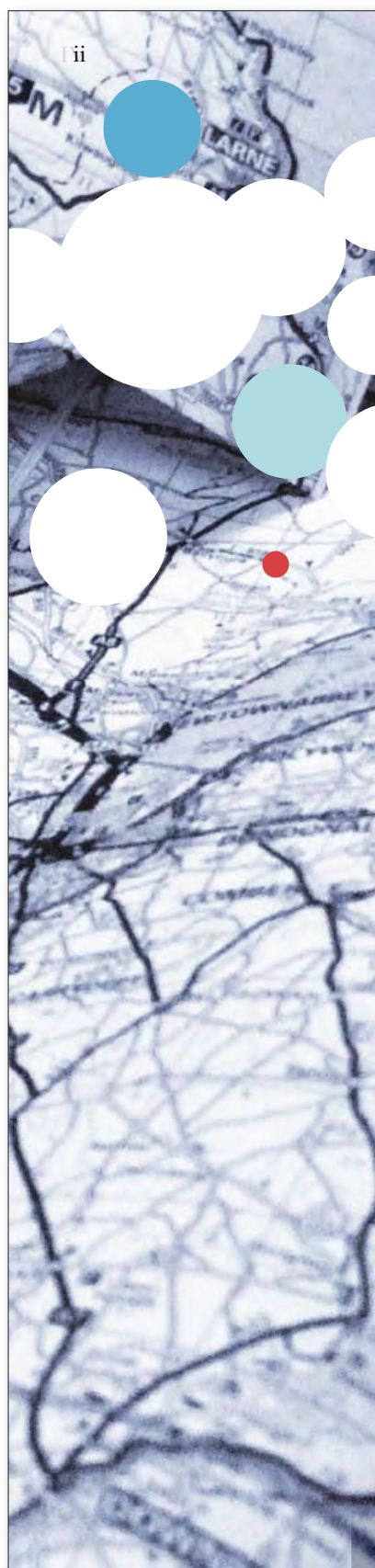
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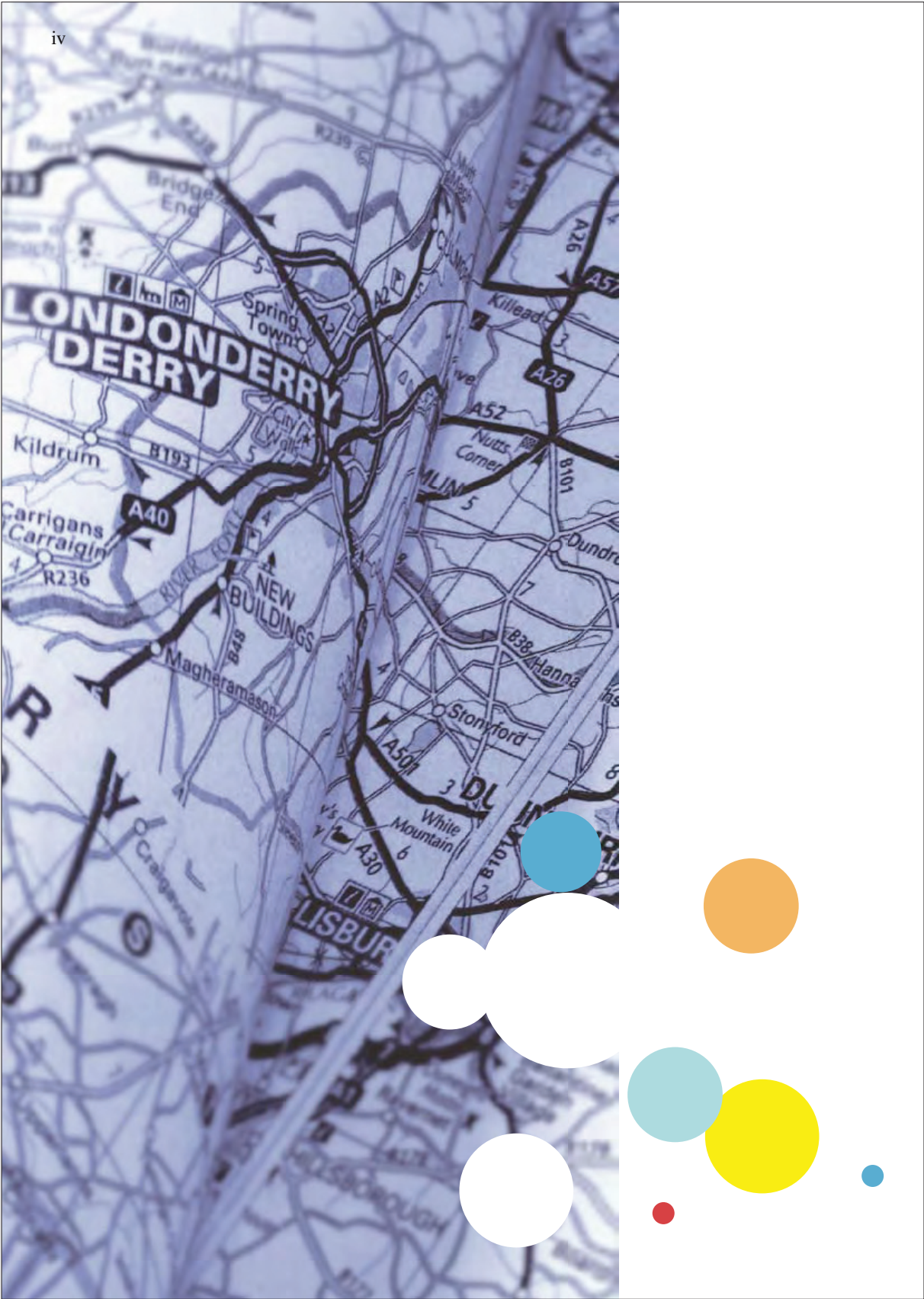
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GLOSSARY

Admin & Sec	Administrative and Secretarial
Assoc Prof & Tech	Associate Professional and Technical
BREEAM	BRE Environmental Assessment Method
CABE	Commission for Architecture and the Built Environment
COSTA	Community Organisations of South Tyrone & Areas Ltd
CSO	Common Services Organisation
CURDS	Centre for Urban and Regional Development Studies
DARD	Department of Agriculture and Rural Development
DCA	District Council Area
DCAL	Department of Culture, Arts and Leisure
DE	Department of Education
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DIUS	Department for Innovation, Universities, and Skills
DOE	Department of the Environment
DRD	Department for Regional Development
DSD	Department for Social Development
ERYC	East Riding of Yorkshire Council
ESA	Education and Skills Authority
EU	European Union
FDA	First Division Association
FTE	Full-time Equivalent
GCSE	General Certificate of Secondary Education
GDP	Gross Domestic Product
GVA	Gross Value Added
HMIE	Her Majesty's Inspectorate of Education
HMRC	Her Majesty's Revenue and Customs
HMSO	Her Majesty's Stationery Office
HR	Human Resource(s)
IB	Incapacity Benefit
ICT	Information and Communications Technology
LFS	Labour Force Survey
LPS	Land and Property Services
MLA	Member of the Legislative Assembly
MP	Member of Parliament
NDPB	Non-Departmental Public Body

GLOSSARY

NHS	National Health Service
NI	Northern Ireland
NICS	Northern Ireland Civil Service
NICVA	Northern Ireland Council for Voluntary Action
NIO	Northern Ireland Office
NISRA	Northern Ireland Statistics and Research Agency
OFMDFM	Office of the First Minister and deputy First Minister
ONS	Office for National Statistics
PC	Personal Computer
PDA	Personal Digital Assistant
PFI	Private Finance Initiative
RPA	Review of Public Administration
SIB	Strategic Investment Board
SPICe	Scottish Parliament Information Centre
TTWA	Travel-to-work Area
UK	United Kingdom
VAT	Value Added Tax
XML	Extensible Markup Language

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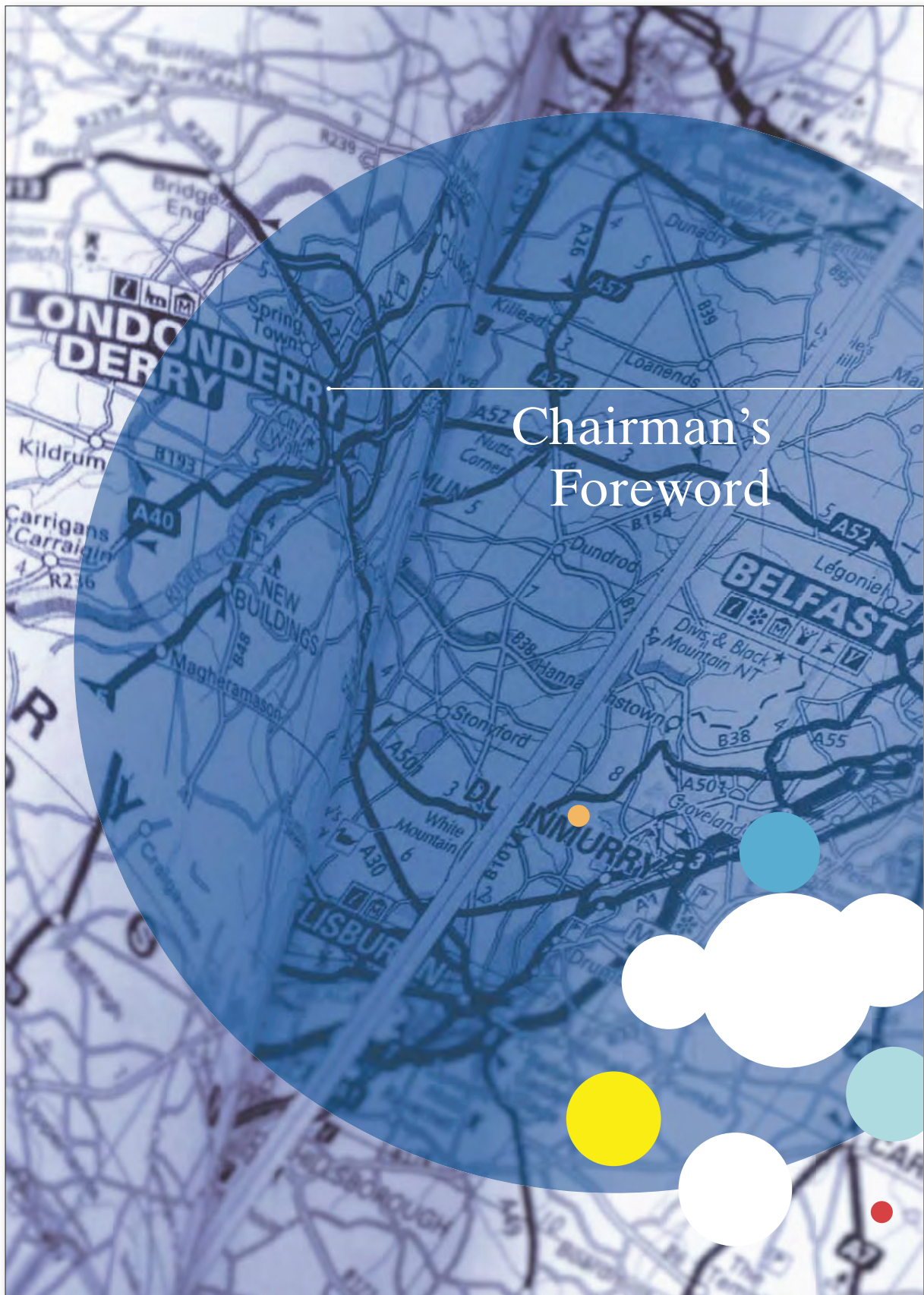
MEMBERS OF THE REVIEW

Chair

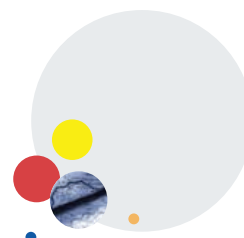
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Brian Hanna	Chairman, Local Government Staff Commission, and former Chief Executive and Town Clerk, Belfast City Council.
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Janice Tracey	Chief Executive, Londonderry Chamber of Commerce (member from March 2008).
Joan Ruddock	former Chairman, Belfast City Hospital.



Chairman's Foreword

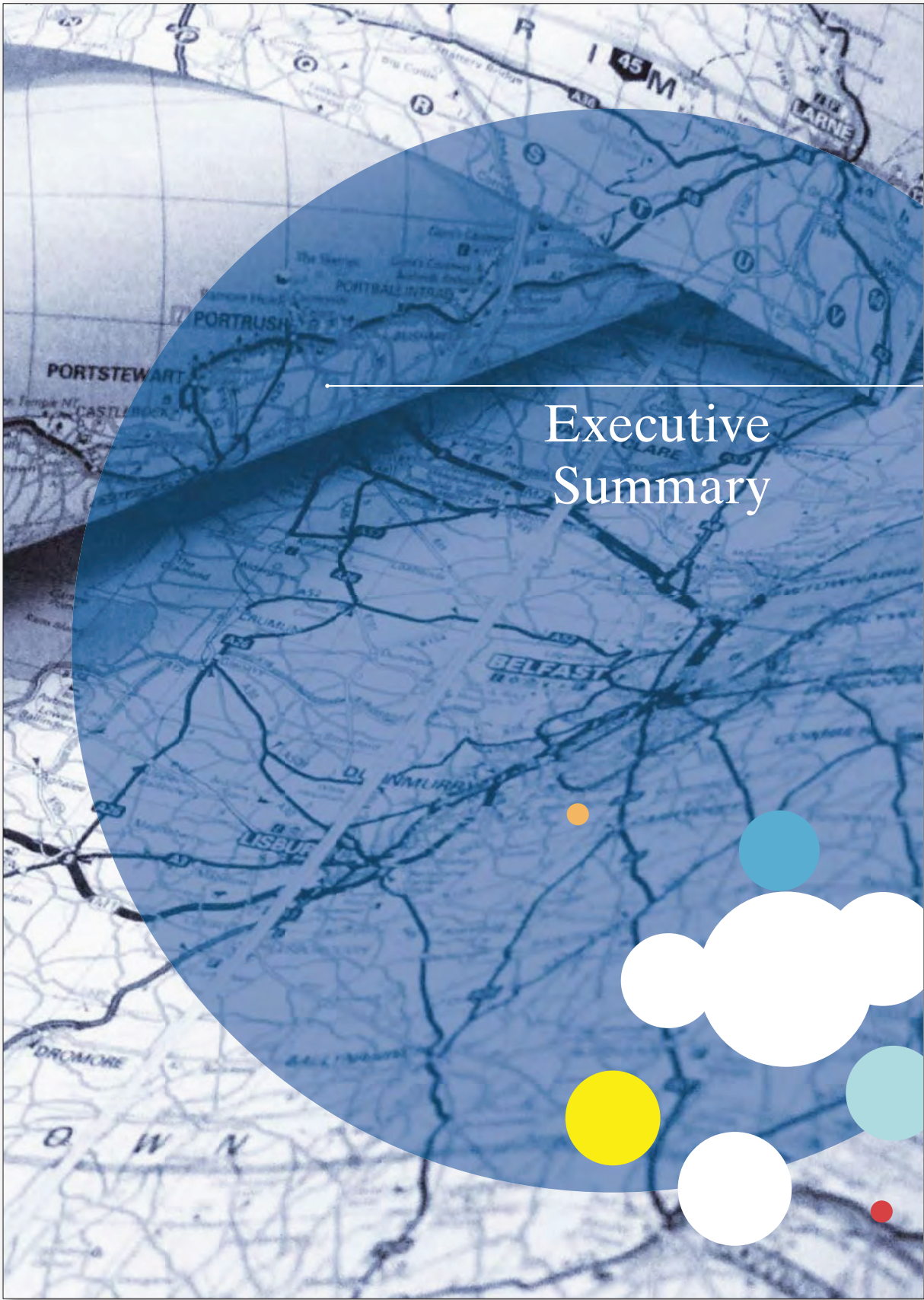


1. The relocation of public sector jobs from capital cities to peripheral regions has attracted increasing attention in western societies over a number of years. Northern Ireland is no exception, where, in particular, the dispersal of civil service jobs from Belfast has been the subject of long-standing debate. Until now, however, relocations here have been ad hoc; a systematic and proactive approach has not been adopted.
2. We were established in December 2007 as an independent review to put forward "an agenda for action" and "a set of practical recommendations for the longer-term approach to the location of public sector jobs". The members of the Review have experience in a number of sectors: health, education, the civil service, the wider public sector, and business. But we do not represent any particular interest: we bring experience to the table, not representation.
3. The Review has been undertaken at an opportune moment. Northern Ireland, led by a new Executive, has entered an era of political stability and economic growth. In addition, a wide-ranging programme of reform across the public service and the innovative use of new technology and workspace offer new possibilities for how we work and deliver public services, and they support many of the Review's objectives.
4. We are grateful to everyone who gave their time and expertise to help with our work. These include elected representatives, permanent secretaries, chief executives, trade unions and staff representatives; those who advised, and gave presentations to, the Review; officials from the English, Irish, Scottish, and Welsh governments; those who attended our public meetings and provided written submissions; economic advisers and other staff from the Department of Finance and Personnel; and, in particular, statisticians from the Northern Ireland Statistics and Research Agency who supplied the large quantity and quality of statistical data that underpin our analysis, conclusions, and recommendations.

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5. Important as all these people were to the success of the Review, however, the key factor was our Secretariat. We wish to recognise their initiative, hard work, excellent organisation, creative thinking, and drafting skills. They made our task much easier and ensured that our recommendations were soundly based.
6. Although the small size of Northern Ireland limits some of the benefits that can be obtained from relocation, the structural economic conditions (i.e. a fast growing economic centre and slower growing peripheral regions) are present. Indeed, regional economic balance – reducing the disparities in economic growth and social deprivation between areas, thereby ensuring that the economic benefits of the new Northern Ireland are accessible to a wider group – has been the primary consideration driving our work.
7. Having considered the evidence and the representations made to us, we unanimously agreed twenty-seven recommendations. Implementing our recommendations will require considerable political will, because accurate cost-benefit assessments will be difficult to undertake before the relocations, since the short-term costs will be much easier to quantify than the long-term benefits. Hence strong leadership and management, at the highest level, will be necessary to create and maintain the momentum required for success.
8. We believe that our recommendations on the relocation of public sector jobs will enhance the sustainable economic and social development of Northern Ireland. We have adopted a modest and prudent approach, because we want our proposals to be successful and to become a model of good practice from which others can learn. If they are successful – and we believe that with the right leadership and management they can be – then other opportunities will occur to proceed with a further wave of relocations in the future. Hence we commend our recommendations to the Government and people of Northern Ireland as the basis upon which both current and future relocation policy can be made.

Professor Sir George Bain



Executive Summary



Chapter 1: Introduction

1. The relocation of public sector jobs from capital cities has attracted increasing attention, both nationally and internationally, over a number of years. Northern Ireland is no exception and the dispersal of civil service jobs from Belfast has been, in particular, the subject of long-standing debate. The Northern Ireland Executive approved an independent Review to bring forward a set of practical recommendations for the longer-term approach to the location of public sector jobs (including civil service jobs) in Northern Ireland and to propose an agenda for action. Subsequently the Review, which was established in December 2007, agreed to develop an approach to public sector job distribution that would best enhance sustainable economic and social development. Underpinning this goal were three sub-objectives relating to service delivery, economic growth, and sustainability.
2. We asked the Northern Ireland Statistics and Research Agency (NISRA) to provide statistics on the distribution of public sector jobs, private sector employment, and a range of other related issues. We took advice on the economy, conducted research on how relocation has been addressed elsewhere, and examined the relevant academic literature. Through a series of meetings and submissions the Review sought the opinions of those with an interest in the subject. We would like to thank all those who took the time to meet us, attend public meetings, and provide written submissions and presentations. Their input contributed to a comprehensive body of information that helped to shape the outcome of the Review.

Chapter 2: The Context

3. This Review has been carried out in a dynamic and complex environment. The new Executive, having set out its Programme for Government, made clear that growing the economy is of primary importance. Regeneration, building capacity, addressing disparities in regional infrastructure, and delivering high quality public services are also key priorities. The Investment Strategy for Northern Ireland – which supports the Programme for Government – has, at its heart, economically competitive and socially cohesive cities and towns as well as thriving and sustainable rural communities.

4. The Northern Ireland economy has enjoyed a period of strong and stable economic growth over the past fifteen years, but structural weaknesses still need to be addressed. To do so will be challenging, especially within a tightening fiscal environment, but it must be done if the economy is to prosper and achieve its full potential. One of Northern Ireland's key strengths is a well-educated and skilled labour force. At the same time, however, over a fifth of the working age population has no qualifications, and only about a third of the young people from Northern Ireland who are in third-level education in Great Britain return to work here. Consequently, high-skilled employment opportunities need to be created to prevent the loss of skilled labour.
5. The public sector is operating within a complex policy landscape of organisational, structural, and workspace change. A wide-ranging programme of reform is already well established across the civil service, education, health, local government, planning, rates, and water services. The introduction of large-scale structural changes as a result of the Review of Public Administration (RPA) has generated interest, not only in how services will be administered, but also in where the new bodies will be located. Reform of the physical workplace and the introduction of new technology are also major parts of the civil service agenda, along with the rationalisation of such support services as human resources and finance. Regional development, spatial policies, and sustainable development are additional factors helping to shape the future development of Northern Ireland.
6. In short, the structural changes across key sectors, combined with the drive towards shared services and the emphasis on improved efficiency, effectiveness and quality, present significant challenges as well as opportunities for the civil service and the wider public sector. It is in this dynamic and challenging context that the debate about the location of public sector jobs is taking place.

Chapter 3: Employment and Population

7. As part of our research, we drew upon statistical information on the size and composition of the public sector, and the distribution of public sector jobs. The public sector includes the civil service, local government, health and education services, the police, and a wide range of non-departmental public bodies and public corporations. The public sector in Northern Ireland accounts for 31 per cent of employee jobs and 13 per cent of the overall population (of all ages), figures that are higher than the comparable ones in Great Britain and the Republic of Ireland. People travel from every district council area in Northern Ireland to work in the public sector in Belfast, and these often number hundreds from areas remote from the capital city.

8. There are eleven travel-to-work (TTWA) areas: local labour markets within which the majority of people both live and work. Data by TTWA illustrate that public sector jobs are widely dispersed across Northern Ireland but that the distribution is uneven. The pattern of private sector jobs (and subsequently total employees) is quite different, but it also varies considerably by TTWA. In comparison to other capital cities in these islands, Belfast has the highest proportion of public sector employees per head of the working age population. Projections of the working age population suggest a growth of about 5 per cent across Northern Ireland by 2021.

Chapter 4: Theory of Relocation

9. The theoretical literature suggests three main reasons for relocation: to enhance the delivery of effective public services; to promote more balanced regional economic development and reduce social deprivation; and to promote sustainability. In the context of effective public services, theory suggests that significant cost savings can be achieved if significant labour and property price differentials exist between regions. Where these factors do not exist, the scope for savings is more likely to arise from re-engineering business processes. Relocation provides a catalyst to maximise the potential of technology and to adopt new working practices, thus creating greater effectiveness and efficiency. Creating a locational hub of related activities (i.e. clustering) also facilitates a flow of knowledge, skills, and expertise across organisations.
10. The process of relocation involves a number of risks, particularly in the transitional stages. Difficulties in retaining staff, for example, can affect efficiency through the loss of organisational memory and experience. Additionally, the recruitment and training of new staff not only increases the upfront costs, but may also result in a decrease in performance in the short term.
11. The key elements necessary to make a relocation of jobs economically viable are overheated labour and property markets in the originating location and corresponding slack in the receiving locations. Where these conditions exist, relocation can create a multiplier effect in the receiving location and, by enhancing the skills base, can contribute significantly to long-term growth. Theory also suggests that the clustering of jobs can have a positive impact by using the relocation of public employment to build upon the strengths of the receiving location.

12. But a policy that changes the economic structure of a region can also create problems: for example, public sector crowding out, excess demand in the housing market, bidding up of wages in the local labour market, and competition between the public and private sectors for skilled labour. Nevertheless, relocation may enhance the sustainability of local communities by providing local access to high quality, public sector jobs. It can also bring about a reduction in commuting times, thereby benefiting the environment, improving work-life balance, and enhancing the social fabric of local communities. The impact will not be the same for everyone affected by the relocation of jobs: some workers may actually have their commuting journey increased as a result of relocation, making the overall net impact on the environment and related community and social impacts uncertain and perhaps small.
13. In short, the theoretical literature suggests that relocation has risks and potentially negative consequences. But these tend to be short-term in nature, whereas the benefits occur over the longer term. Hence a time-based trade-off is involved in the decision to relocate public sector employment.

Chapter 5: Experience of Relocation

14. As part of our research, we looked at the experience of relocation, concentrating mainly on Northern Ireland, the Republic of Ireland, Wales, England, and Scotland. The extent to which we have been able to draw conclusions has been determined by the degree of maturity of the various relocation strategies. In Scotland, for example, the location agenda is about nine years old and has been subject to audit scrutiny. Lessons learned are therefore relatively easy to identify, and they demonstrate the sort of issues that can arise where diverse objectives have to be balanced. The recent English experience shows the success that can be achieved where a clear and measurable objective (to reduce costs) is set from the outset, and the right environment (regional cost disparities) exists to achieve this objective.
15. Several common themes run throughout all the strategies: the desire to promote economic growth, reduce deprivation, increase sustainability, and bring government and policy making closer to people. Success is difficult to justify solely on cost, however, unless efficiency gains can be clearly demonstrated. Realising social and economic benefits is a long-term objective that is not easily measured and, as such, requires strong political commitment, leadership and central direction. Phasing is also a key factor.

16. Experience shows that the physical relocation of people gives rise to significant human resource and industrial relations issues. The skill sets required and the availability of labour to support and sustain relocated bodies should not be underestimated. And establishing clear objectives from the outset and a timeframe in which to evaluate progress, thus creating the framework in which to assess success, is important.

Chapter 6: Flexible Working

17. Using flexible working (i.e. technology and workplace design) to facilitate relocation was a point that emerged strongly at our public meetings. Increasingly, a significant amount of work can be done in various locations: in an office (any office), at home, on the move. As technology advances, software and tools are becoming available to support more flexible and collaborative working. The next generation is growing up with this technology and will expect to use it in their working lives as they do in their personal lives.
18. Opportunities around distributed networks that allow people from different organisations to share space in the same building are particularly important. A network of serviced, regional hub offices, could serve a range of public sector (and possibly private and voluntary sector) organisations. Elsewhere in the United Kingdom (UK), “one-stop shops” are also delivering a range of government services, both central and local, to the public.
19. Statistical information on the take-up of flexible working is limited. But most central UK government departments and agencies have a formal policy on flexible working. Furthermore, the majority of UK local authorities are piloting or implementing flexible or mobile working. Evidence also suggests that flexible working produces substantial productivity gains as well as improvements in staff satisfaction. It does, however, require strong leadership and radical thinking about how and where staff work, challenging traditional approaches and processes. Flexible working also incurs additional interim costs, and significant efficiencies occur only when it is implemented as part of a wider workplace strategy.
20. In short, the opportunities offered by the innovative use of technology and workspace support many of the Review's objectives. We have concluded, therefore, that flexible working should be an important feature in a broader relocation strategy.

Chapter 7: Proposals

21. This chapter considers our findings in the context of Northern Ireland. Although its small size limits some of the benefits that can be obtained from relocation, the structural economic conditions – a fast growing economic centre and slower growing peripheral regions – are present. Regional economic balance – reducing the disparities in economic growth and social deprivation between areas – is our primary consideration in attempting to relocate public sector jobs. We strongly believe that the overall level of public service should not be diminished by relocation and that operational effectiveness and efficiency should be at least maintained. And if sustainability can be enhanced through relocation, then it should be. But the primary driver must be delivering economic growth and achieving a better regional balance.
22. On that basis, and having examined the available evidence, we conclude that some public sector jobs should be relocated to improve regional economic balance, thereby ensuring that the economic benefits of the new Northern Ireland are accessible to a wider group. But taking account of the experience elsewhere in these islands, we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.
23. Our recommendations were shaped by several preliminary considerations. Accurate cost-benefit and value-for-money assessments will be difficult to undertake ex ante because the short-term costs will be much easier to quantify than the long-term benefits. Hence long-term, non-monetary benefits should receive primary consideration, and any business-case process should not be determined by value-for-money considerations alone. The relocations we recommend need to be seen initially as pilot projects and supported by a central corporate fund.
24. The number of public sector posts moving from Belfast in the first phase of relocation should be relatively modest. Since we wish to maximise the potential for economic growth, the number of receiving locations should also be restricted. The posts have to be sufficiently numerous, however, to create a critical mass of high quality jobs, while ensuring that Belfast, as the capital city, is not destabilised at a time when it is realising significant economic prosperity. And phasing needs to be a key component of any future strategy in order to minimise disruption and ensure a smooth transition.

25. The infrastructure in the receiving locations needs to be sufficiently robust to absorb and sustain public sector employment over time. We therefore suggest a number of infrastructure requirements that are necessary to support a successful relocation: labour market capacity, suitable office and other accommodation (with the necessary technological infrastructure), availability of suitable housing, and adequate transport links with other administrative centres. And given the benefits of clustering similar types of employment in close proximity, a critical mass of public sector jobs is needed to encourage synergies and coherent career structures, and to attract private sector employment.
26. We recommend six locations to which public sector jobs should be relocated – Londonderry, Omagh, Craigavon, Newry, Ballymena, and Coleraine – and suggest that the scale of relocation should be commensurate with the infrastructural capability of each location. We also considered three smaller towns – Cookstown, Downpatrick, and Enniskillen – that have particular problems in terms of accessibility but where the nuclei of economic clusters are beginning to emerge. Should they do so, then, providing the infrastructural and access limitations can be addressed, their longer-term potential should be considered in the event of a future wave of relocations.
27. A pool of candidates for relocation was then identified using a range of criteria that included:
- a presumption against locating in Belfast when establishing new bodies or carrying out a fundamental review of existing functions and services resulting in the creation of a “new” entity;
 - opportunities presented by the Review of Public Administration (i.e. the location of the new regional headquarter bodies);
 - “delivery” or “arm’s-length” organisations, such as executive agencies and non-departmental public bodies, back-room processing, and call-centre activity;
 - rationalisation of common services, such as human resources and finance, currently being adopted across the civil service and wider public sector;
 - the potential to enhance public service delivery or improve accessibility for customers and stakeholders (i.e. bringing government closer to people);
 - substantial restructuring or a merger of government departments;
 - technological advancements and flexible working;

- opportunities for clustering, co-location and “one-stop shops”;
- lease-breaks (i.e. when the lease of a building is being terminated or reviewed); and
- institutions with a cross-border role.

28. Given the time and resources available to the Review, we were not able to carry out a full audit of all public sector bodies. But having met with all the permanent secretaries (and, in some cases their ministers) in the civil service and taken evidence on the new RPA structures, we identified twelve organisations that meet our criteria and create the critical mass of high quality jobs necessary to achieve locally sustainable economic growth. These are listed in our recommendations and have about 5,500 posts (excluding civil service and local government shared services). From this number, we recommend that about 3,000-4,000 posts (i.e. about 2 per cent of the total number of public sector jobs, or around 3 per cent of those based in the Belfast travel-to-work area) should be identified as pilot projects to be taken forward in a first phase of relocation.

29. In due course, an examination of the full range of public sector organisations – including agencies, non-departmental public bodies, commissions, regulators, and inspectorates – should be undertaken to assess their potential for relocation. Opportunities may also exist as part of a future strategy to pursue the dispersal to Northern Ireland of public sector jobs from Great Britain.

30. In short, we have recommended a modest, phased relocation of some public sector jobs from Belfast to a small number of centres. The scale of the relocations should provide a sufficient number of high quality jobs to encourage clustering and co-location, and to provide a coherent career structure for public servants outside Belfast.

Chapter 8: Implementation

31. Even a modest and phased approach to relocation will require significant political will, careful planning, and management. As a first step, policy makers will have to undertake the relevant impact assessments on our recommendations, including equality proofing in line with the requirements of Section 75 of the Northern Ireland Act 1998. The financial implications of relocation will also be an important factor in the Executive’s decision making, and so we have provided some indicative costs and savings. These demonstrate the wide range of variables and types of costs that can be involved, including initial investment to facilitate relocation and, ultimately, to derive more far-reaching benefits.

- 32. A critical element of implementation will be collective and sustained political leadership as well as openness and transparency of decision making. We have therefore proposed that an Executive sub-committee, supported by a small central unit, should be established as a mechanism to ensure co-ordinated leadership and continued momentum. Relocation plans should be integrated into business planning processes and managed through proven programme and project management methodologies already in widespread use across the public sector.
- 33. The experience of relocation suggests that human resource and staffing issues will be a crucial consideration. Hence staff rights, terms and conditions, and similar matters must be given due consideration. Early and sustained engagement with the trade unions and a well-planned communications strategy are also key elements of any implementation strategy. Linked to these elements are the Public Service Commission's guiding principles relating to the RPA, which have been accepted by government and will apply to RPA-related bodies that have been proposed as candidates for relocation.
- 34. In short, implementation will require a significant amount of detailed analysis, planning, and effort. But, above all else, successful implementation will require committed and continued leadership at all levels within government.

Chapter 9: Conclusion

- 35. In undertaking this Review, we have been privileged to take an impartial view of a very complex subject. Given that Northern Ireland is entering a new era in its history, both politically and economically, the timing of the Review has also been fortunate. Current reforms within the public sector and technological advances offer new possibilities for how we work and deliver services.
- 36. We believe that our proposals make economic, social, and political sense, fit with the wider objectives of the Executive, and will contribute positively to the new Northern Ireland by helping to create a better regional economic balance, encouraging wealth creation, and reducing economic disparity. But the results will not be immediate: the economic and social benefits will emerge only over time; hence the importance of taking a long-term view. We do not underestimate the challenges and the risks; indeed, it would be foolhardy to do so in light of the experience elsewhere in these islands. Hence we advocate pragmatism, and strongly recommend that we proceed modestly and prudently – because we want our proposals on relocation to be successful and to become a model of good practice from which others can learn in due course.

- 37.** We must also manage expectations. Implementation will take time. But if our proposals are successfully implemented – and we believe that with the right leadership and management they can be – then other opportunities will occur to proceed with a further wave of relocations in the future. Hence we commend this report to the Government and the people of Northern Ireland as the framework upon which both current and future relocation policy in Northern Ireland can be made.



Recommendations



1. Flexible working should be an integral part of any relocation strategy adopted in Northern Ireland.
2. All public sector bodies should consider implementing flexible working approaches and include these within their business plans.
3. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should explore developing a network of regional satellite offices that could serve mobile public sector workers from a range of organisations. This might involve building on the Department for Regional Development's teleworking scheme and making better use of the existing regional estate.
4. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should develop an information and communications technology strategy for flexible working, which would deal, among other things, with security issues.
5. As part of any relocation strategy within the Northern Ireland public sector, consideration should be given to developing a networked touch-down office space on the Stormont Estate for flexible use by officials supporting ministers and the Assembly.
6. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should move to finalise and agree policies on remote and home working as a matter of urgency.
7. Telephone, video and web conferencing should be utilised more widely by managers in the Northern Ireland Civil Service and the wider public sector to facilitate communication between business areas and employees located in different towns and cities.
8. A shared online repository of case studies and good practice in relation to flexible working should be developed and promoted for use by the Northern Ireland public sector to stimulate wider take-up of flexible ways of working.

9. Public sector jobs in Northern Ireland should be relocated, but we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.
10. Relocations should be implemented in a phased approach over a period of, say, five years.
11. A central corporate fund should be created for the pilot relocation projects.
12. Public sector jobs should be relocated to Londonderry, Omagh, Craigavon, Newry, Ballymena, and Coleraine, and the scale of the relocations should be commensurate with the infrastructural capabilities of the receiving locations.
13. The longer-term potential of Cookstown, Downpatrick, and Enniskillen as relocation centres should be considered in the event of a future wave of relocations, providing their infrastructural and access limitations can be addressed.
14. A presumption against locating in Belfast should exist when establishing new public sector bodies or reviewing existing functions and services.
15. New bodies created as a result of the Review of Public Administration should be candidates for relocation.
16. Relocation should be considered in relation to operational/processing units, common services organisations, and cross-border bodies.
17. Relocation should be considered in the event of the restructuring of government departments, lease breaks, and where opportunities exist to enhance service delivery, cluster services or co-locate services.
18. The following bodies should be candidates for relocation, providing a pool from which initial pilot projects should be identified:
 - Victims and Survivors Commission
 - Charities Commission
 - Regional Health and Social Care Board
 - Regional Public Health Agency
 - Common Services Organisation

- Northern Ireland Civil Service Shared Services
- Local Government Shared Services
- Education and Skills Authority Headquarters
- Northern Ireland Library Authority Headquarters
- Land and Property Services
- Northern Ireland Environment Agency
- Northern Ireland Water Headquarters
- A Departmental Headquarters (possibly the Department of Agriculture and Rural Development).

19. About 3,000-4,000 posts should be identified from the pool of candidates as pilot projects to be taken forward in a first phase of relocation.
20. Each government department, in conjunction with the central unit, should conduct its own audit, based on the criteria used by the Review, to identify further opportunities for relocation in the longer term.
21. Consideration should be given to pursuing dispersal of jobs from Great Britain as a way of further encouraging relocation and economic growth.
22. Longer-term non-monetary costs and benefits should receive primary consideration in relocation business cases.
23. Clear objectives and benefits-realisation plans should be developed at the outset of relocation projects as part of the business case.
24. An Executive sub-committee should be established to lead the relocation initiative, and ministers and accounting officers should provide visible leadership and be held accountable for relocation activities within their departments.
25. Relocation plans should be integrated into the business planning of departments and other public bodies and progress reported regularly to boards, ministers, the Executive, and the Assembly.
26. A small central unit should be set up to provide direction, oversight, and support on relocation.

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27. Staff rights, terms and conditions, and interests should be given due consideration in the relocation decision making process, and there should be early and sustained engagement with the trade unions.

CHAPTER 1

Introduction



1.1 Background to the Review

1.1.1 The relocation of public sector jobs from capital cities to peripheral regions is a theme that has attracted increasing attention in western societies over a number of years. Northern Ireland is no exception, where, in particular, the dispersal of civil service jobs from Belfast has been the subject of long-standing debate. The announcement of the Review of Public Administration (RPA) in March 2006 brought the issue to the fore by making clear that decisions on RPA-related bodies could result in some relocation of public sector jobs.

1.1.2 A public consultation on draft guiding principles to assist the decision making process on the location of RPA institutions gave rise to a view that a proactive dispersal policy should be considered. The view was reinforced by the Committee for Finance and Personnel which, in its *First Report on Workplace 2010 and the Location of Public Sector Jobs* in July 2007, called for an affirmative policy on dispersal and a strategy on public sector job location that would cover the civil service, local government, and the wider public sector. The Northern Ireland Executive subsequently approved an independent, time-bound review of policy that was established in December 2007.

1.2 Membership of the Review

1.2.1 The members of the Review have experience in a number of sectors: health, education, the civil service, the wider public sector, and business. But they do not represent any particular interests: they bring experience to the table, not representation. The Review was chaired by George Bain and had six other members: Brian Hanna, David Dobbin, David Watkins, Feargal McCormack, Janice Tracey (who replaced Geraldine Keegan in March 2008), and Joan Ruddock.

1.3 Terms of Reference

1.3.1 The terms of reference were agreed by the Executive and required the Review “to put forward a set of practical recommendations for the longer-term approach to the location of public sector jobs (including civil service jobs) in Northern Ireland and propose an agenda for action”. In doing so, we were asked to:

- consider the current location and nature of public sector jobs and functions in Northern Ireland, including planned movements in the short term;
- consider current policies on the location of public sector jobs, including the framework for decision making on the location of RPA-related bodies (published in November 2007);
- take into account the public sector reform agenda, including:
 - the future context of the Northern Ireland Civil Service in light of the reforms underway to develop a modern civil service;
 - the practical outworking of RPA on the ground; and
 - changing patterns of service delivery, including increasing co-location, co-operation and integration of services and use of electronic delivery channels;
- consider the costs, benefits and lessons learned from previous dispersal exercises of public sector jobs within Northern Ireland;
- consider the potential longer-term impacts, costs and benefits of dispersal in the Northern Ireland context, including the social and economic cases for dispersal, the implications for communities, how best to maximise the longer-term benefits of a dispersal policy and value for money considerations;
- consider the potential equality issues in relation to the location of public sector jobs;
- consider the potential human resource issues in relation to the location of public sector jobs;
- consider the sustainable development and environmental issues in relation to the location of public sector jobs, including the road and public transport impacts;
- consider the organisational/operational impacts of decentralisation;
- take into account the Programme for Government and the Executive’s plans and priorities, including considering how location policy could best be linked with other Executive priorities;

- consider the lessons learned from decentralisation policies in other jurisdictions – Scotland, Wales, England and the Republic of Ireland and their respective implementation;
- take into account the Regional Development Strategy;
- consider the availability of suitable office accommodation to which public sector jobs could be dispersed;
- reflect best practice in relation to policy making and implementation in relation to decentralisation of public sector jobs and functions; and
- take proper account of existing legislative and regulatory regimes, including employment law and other relevant Government policy and strategic frameworks, including “Lifetime Opportunities”.

1.3.2 We were also asked to complete our work in about six months, which meant that we should produce our report during the summer of 2008.

1.4 Objectives of the Review

1.4.1 Having considered the terms of reference, we concluded that we should have an overarching objective that would briefly describe the purpose of the Review. We agreed that this should be to put forward “an agenda for action” and “a set of practical recommendations for the longer-term approach to the location of public sector jobs” that best enhances the sustainable economic and social development of Northern Ireland. To underpin this objective, we set three sub-objectives: service delivery, economic growth and reducing social deprivation, and sustainability.

1.4.2 Since the primary purpose of a public sector job is to provide a public service, we concluded that we should not recommend any relocation that would reduce the overall level of public service. Indeed, relocation should, at least in the longer term, improve the operational efficiency and effectiveness of public services.

1.4.3 A further purpose of relocating public sector jobs should be to promote – directly and also indirectly through providing a better basis for private sector initiatives – more balanced economic development across the major regions of Northern Ireland. Promoting economic growth within these broader regions should be the main method of trying to reduce social deprivation in more localised areas (e.g. political wards), because the evidence suggests that placing public sector jobs in smaller areas of this kind often does not significantly benefit those who live there. Reducing social deprivation in these areas requires a multi-faceted, socio-economic approach.

- 1.4.4** The final sub-objective is sustainability. If we can reduce the carbon footprint through the more efficient use of buildings and by lessening commuting (which would also enhance work-life balance), we should do so. But given the relatively small number of public sector workers commuting long distances in Northern Ireland, relocating public sector jobs can make only a minor contribution to enhancing global sustainability and improving work-life balance, especially since reducing one person's commuting by relocating public sector jobs within a small area such as Northern Ireland may result in increasing another person's commuting.

1.5 Review Process

- 1.5.1** We recognised at the outset of our work that the debate on the location of public sector jobs was of significant interest to a wide range of people and that different groups had different and, often, opposing views on the issue. We also needed to understand fully the range of issues identified in the terms of reference. So we established a process to enable us to gather the information and conduct the research that would help inform our thinking and, ultimately, our conclusions. And since the discussion was likely to include both the location of newly formed bodies and the relocation of established organisations, we decided to refer to both scenarios, when it was appropriate to do so, by using the term "relocation".
- 1.5.2** We began by commissioning from the Northern Ireland Statistics and Research Agency (NISRA) detailed statistics on the distribution of public sector jobs. Although our primary interest was the location of public sector jobs, we wanted to understand their relationship with the private sector; so we gathered information on private sector employment as well. NISRA also provided data on a range of other related issues, including future population growth, the religious and gender composition of the labour force, and travel-to-work patterns.
- 1.5.3** We undertook research, including case studies, on how relocation of public sector jobs had already been addressed in practice, and took evidence from officials in Northern Ireland, the Republic of Ireland, Wales, England, and Scotland. We surveyed the relevant academic literature and assessed the policy framework in which our Review was taking place. We took advice on the state of the Northern Ireland economy and gathered information on the extent of deprivation.

1.5.4. We also sought the opinions of those with a vested interest in the issue, including permanent secretaries in the civil service (and, in some cases, their ministers), the Irish Congress of Trade Unions, and the Public Service Commission. We invited views from each of the political parties and discussed our work with the Committee of Finance and Personnel on two occasions. We also took evidence from such bodies as the Strategic Investment Board, the Northern Ireland Local Government Association, and Invest NI.

1.5.5 Since we wanted to canvass a wider range of opinion, we organised twelve public meetings across Northern Ireland at which about 250 people – including politicians; representatives from district councils, chambers of commerce, regeneration groups, health and education bodies, the civil service, trade unions; and interested members of the public – attended and gave views (both oral and written) to the Review. We would like to thank all those who took the time to meet us, attend public meetings and provide written submissions and presentations. Their input contributed to a comprehensive body of information that helped to shape the outcome of the Review. A list of those we met and who provided evidence are set out in Appendix A.

1.6 Outline of Report

1.6.1 We met as a Review on eighteen occasions to discuss the issues and consider the evidence and views that were put before us. Our report reflects our findings, conclusions, and recommendations. It has nine chapters.

1.6.2 This introduction is followed by Chapter 2, which describes the context in which the Review took place. Understanding the complexity of the environment is important, as the relocation of public sector jobs is not a one-dimensional issue. It is multi-faceted, cutting across many aspects of government, and solutions need to take account of a dynamic and changing environment.

1.6.3 Chapter 3 gives a statistical overview of public sector employment in Northern Ireland. It sets out and analyses the detailed empirical evidence and comparative employment data that have helped to underpin our thinking.

1.6.4 Chapter 4 describes the theoretical rationale for the relocation of public sector jobs, based on a review of the academic literature. It outlines the main arguments in favour of relocating these jobs, as well as the potential risks and management considerations of doing so.

- 1.6.5** Chapter 5 examines the experience of relocating public sector jobs in various countries. In each country, it looks particularly at why relocation was considered, how it was implemented, and what can be learned from the experience that could help to shape future decision making in Northern Ireland.
- 1.6.6** During our research a strong and consistent message emerged about the need for more flexible working practices and better use of technology to facilitate new ways of working. Chapter 6 looks at how information and communication technologies and flexible working are currently being deployed, and how they could support the achievement of the Review's objectives.
- 1.6.7** In Chapter 7 we develop criteria and identify specific locations and a pool of public sector bodies that could form the basis of a future relocation strategy. We conclude with recommendations on how relocation in Northern Ireland should be taken forward.
- 1.6.8** Implementation will be a demanding task that will take time to plan and deliver. We consider the various issues in Chapter 8 and set out our views on how our recommendations should be taken forward.
- 1.6.9** Chapter 9 makes some concluding observations on the Review's work and offers some reflections on the future.



CHAPTER 2

The Context



2.1 Introduction

- 2.1.1** This chapter describes the environment in which the Review has been conducted. It discusses the contextual issues and policy considerations that relate to the location of public sector jobs and that could influence the direction of the Review and its conclusions. The issues discussed are not exhaustive but nonetheless demonstrate the complexity of the environment in which we are operating. Consideration of equality and good relations, rural proofing, and staff interests are covered later in the report.

2.2 Political Background

- 2.2.1** Devolution in Northern Ireland was restored on 8 May 2007 following the election of a four-party Executive Committee of twelve ministers. The Executive subsequently published its first Programme for Government, setting out its plans and priorities for 2008-11 alongside the Budget and Investment Strategy for Northern Ireland for the next three years. The Programme for Government contains five strategic priorities that broadly reflect the need to pursue an innovative, productive economy, and fair society; protect and enhance the physical and natural environment; and use resources as efficiently and sustainably as possible.
- 2.2.2** Growing the economy is the Executive's primary priority, but linked to this objective are issues of regeneration, building capacity, addressing disparities in regional infrastructure, and delivering high-quality public services. The Programme for Government also makes clear that the Executive wishes to bring government closer to people, revitalise public services, and ensure more accessibility, accountability and responsiveness. All these issues are relevant when considering the location of public sector jobs.
- 2.2.3** Aligned to the Programme for Government is the Investment Strategy for Northern Ireland, which seeks to create economically competitive and socially cohesive cities and towns as well as thriving and sustainable rural communities. It commits to investing in the shaping of a competitive economy that is less reliant on natural resources, physical capital and low-skill labour, and is supported by a modern and efficient public sector.

2.2.4 There is no specific reference to the location of public sector jobs in either the Programme for Government or the Investment Strategy. Many of the stated priorities are relevant and complementary, however, to the issue that was raised most recently when announcements were made about the Review of Public Administration (RPA) in 2006. At that time, a view developed that the implementation of RPA-related decisions could result in some relocation of public sector jobs. As work on a framework to underpin decision making was developed, the Committee for Finance and Personnel produced its *First Report on Workplace 2010 and the Location of Public Sector Jobs* in July 2007. It called for an affirmative policy on the dispersal of public sector jobs and a strategy for jobs location that would cover the Northern Ireland Civil Service (NICS), local government, and the wider public sector.

2.2.5 The Executive subsequently considered the Committee's report alongside responses to a public consultation on the issue and approved a two-pronged approach:

- to put in place a framework to provide a robust process for decision making on the location of RPA-related bodies; and
- to undertake a time-bound review of policy on the location of public sector jobs in Northern Ireland.

The framework was published in November 2007 and, following Executive approval, the Review was established in December 2007.

2.3 Socio-economic Context

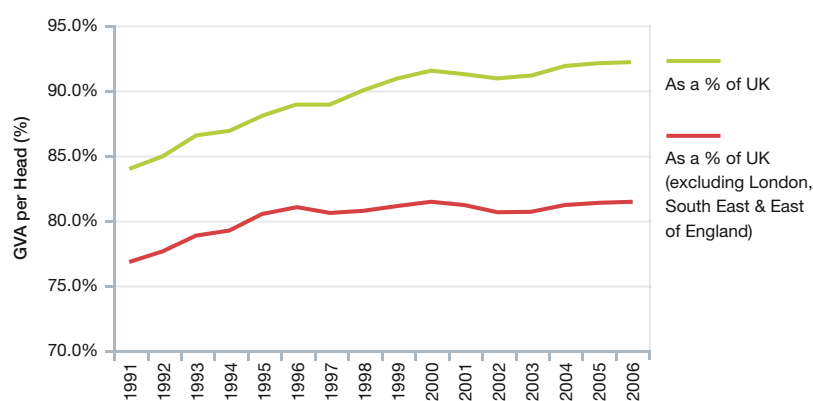
2.3.1 The Northern Ireland economy has enjoyed a period of strong and stable economic growth over the past fifteen years, demonstrating record levels of employment and low unemployment in recent years. Output growth has remained strong, annual growth in Gross Value Added (GVA) is estimated to be around 5.6 per cent in 2006, ranking Northern Ireland as the second best-performing region in the United Kingdom (UK), behind only London. Recent developments within international financial markets have created an uncertain economic environment, however, and Northern Ireland is currently feeling the negative impact of the "credit crunch".

2.3.2 Productivity

2.3.2.1 In spite of favourable output performance, Northern Ireland currently has the second-lowest GVA per head of the UK regions (£15,175 or 81 per cent of the UK average). A comparison excluding London, the South East, and East of England shows GVA per head of 92.3 per cent, an improvement of 8.3 percentage points

over the last fifteen years. The rising trend is illustrated in Table 2.1. The fact remains, however, that Northern Ireland is still behind most other UK regions and faces significant challenges in several areas to close the gap.

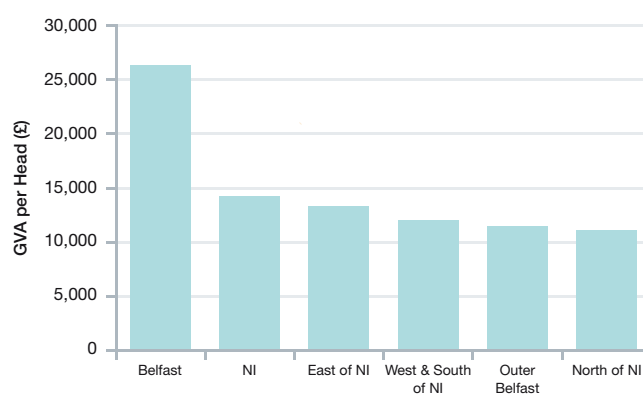
Figure 2.1: Trends in GVA per Head, 1991-2006



Source: ONS.

2.3.2.2 There are also significant variations in GVA per head within Northern Ireland. Figure 2.2 shows that the figure for Belfast is considerably above that for other areas. As the economy's regional driver, Belfast is the source of much of the employment and many workers commute from across the region to work there.

Figure 2.2: Intra-regional Variations in Productivity



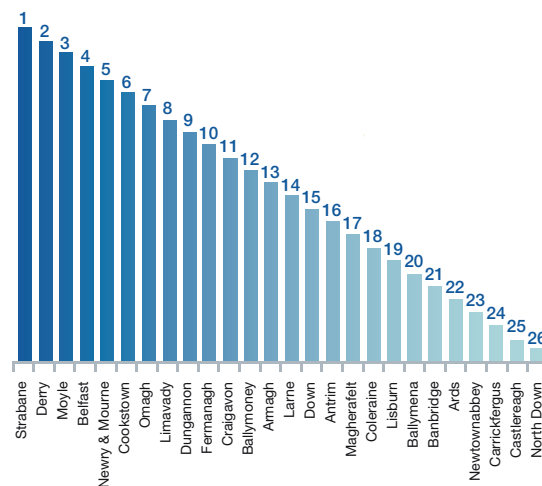
Source: ONS.

2.3.2.3 Reducing the productivity gap is a major challenge for Northern Ireland and is made increasingly difficult by the nature and structure of private sector companies. There is a high proportion of small firms: approximately 88 per cent of VAT registered firms have fewer than 10 employees and less than 1 per cent have over 100 employees. This restricts both the levels of research and development as well as the total capacity of the private sector. A large proportion of the labour force is concentrated in the agricultural sector, and the steady decline of agricultural undertakings is affecting overall economic activity. Dependency on the services sector – in particular, on relatively low value-added sectors such as wholesale, retail, and hospitality – is a further problem.

2.3.3 Deprivation

2.3.3.1 The 2005 Northern Ireland Multiple Deprivation Measure provides a useful insight into overall economic and social prosperity within the region. It shows that seven of the ten most deprived district council areas are in the west of Northern Ireland (see Figure 2.3), which suggests that an east-west prosperity gap still exists.

Figure 2.3: Average Rank of Deprivation, 2005



Source: NISRA.

2.3.3.2 Of the 20 most deprived Super Output Areas in Northern Ireland, however, 18 are located in Belfast and 2 in Londonderry. Hence pockets of deprivation still exist within Northern Ireland's two largest cities.

2.3.4 Innovation

2.3.4.1 Total expenditure on research and development in Northern Ireland exceeded £300 million in 2005, 95 per cent of which was split equally between business and the higher education sector. The remaining 5 per cent was spent by government. In 2006 businesses accounted for a greater share of total research and development expenditure for the first time in four years. Between 2002 and 2006, however, overall business expenditure in this area fell by 10.5 per cent in real terms to £155 million. The level of activity is very low by international standards, illustrating that much more effort is needed to bring the region into line with other UK regions.

2.3.5 Skills

2.3.5.1 One of Northern Ireland's key strengths is its supply of skilled labour. A-level entries, for example, were the most successful in the UK in 2006 with a pass rate of 98.0 per cent, compared with the UK average of 96.9 per cent. A third of Northern Ireland pupils also achieved A grades thus topping the A-level league tables. Northern Ireland is also the highest performing region in the UK for obtaining GCSE passes (72.4 per cent compared with 63.3 per cent for pupils achieving between grades A*-C).

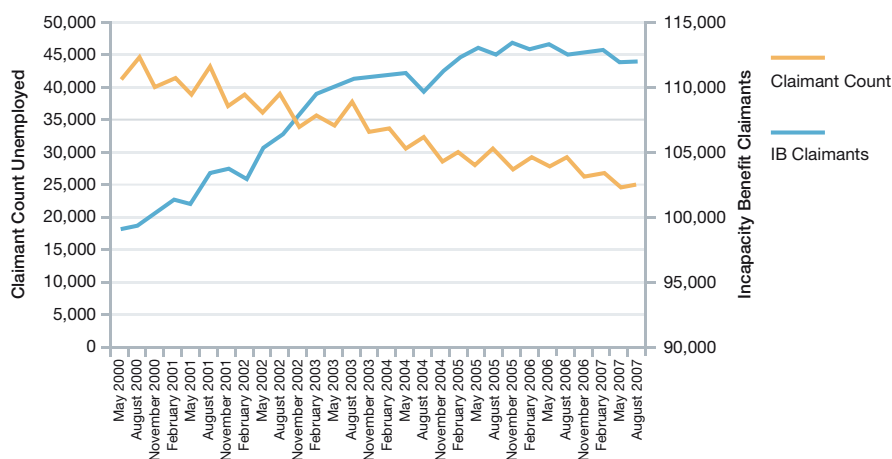
2.3.5.2 Despite these impressive performances, past failures in Northern Ireland's education system are evident: over a fifth of the working age population has no qualifications, a trend that is well above the UK average of 13 per cent. And of those who study for an undergraduate qualification at higher education institutions in Great Britain, only 36 per cent return to work in Northern Ireland. Consequently, the private sector is under pressure to create high skilled employment opportunities to prevent the loss of skilled labour.

2.3.6 Employment and Unemployment

2.3.6.1 Northern Ireland has a population of about 1.74m, of which 73 per cent aged 16+ are economically active. This is the lowest economic activity rate of the twelve government office regions in the UK. As a result, a considerable proportion of Northern Ireland's working age population is currently inactive and, consequently, the local economy suffers from using its resources inefficiently. Of those who are inactive (about 540,000) a high proportion have reported they do not want a job. These include a roughly even split between those who are looking after family or home, people who are permanently sick or disabled, and those who are students, retired or temporarily sick. Unemployment rates, on the other hand, are lower than in Great Britain, although greater proportions are long-term unemployed.

2.3.6.2 The declining unemployment rate masks an upward trend in claimants of incapacity benefit not only in Northern Ireland but also across the UK. Indeed, a clear inverse relationship has developed between claimant-count unemployment and the number of incapacity benefit claimants, which suggests that rather than finding employment, some people are, in fact, registering for incapacity benefit (Figure 2.4).

Figure 2.4:
Unemployment and Incapacity Benefit Claimants in Northern Ireland



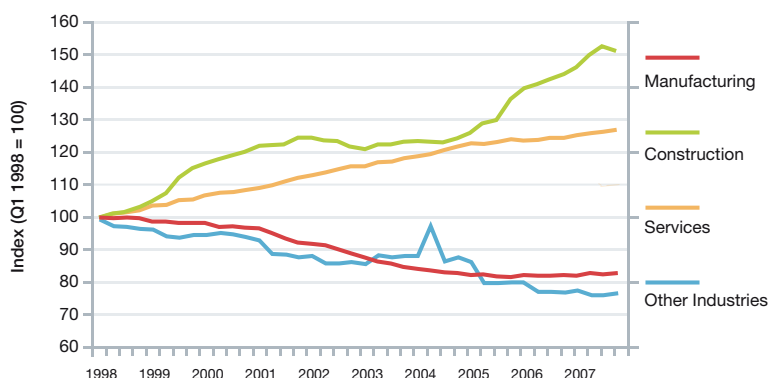
Source: *Nomis, DSD.*

2.3.6.3 An additional important feature of Northern Ireland's labour market is that almost half (48.3 per cent) of those leaving the claimant count return to it within one year, indicating a significant level of recycling of claimants. Taken together, the indicators discussed above suggest that there are problems encouraging a core of the "hard-to-reach" economically inactive population to engage in the local labour market.

2.3.6.4 Taking a more detailed look at employment trends, the performance of Northern Ireland's labour market over the past five years has led to record levels of employment and low levels of unemployment. There were an estimated 788,000 people in employment at February 2008 (an increase of 16,000 in the past year). But the working age employment rate, which is estimated at 70 per cent, is still the lowest of all the regions in the UK.

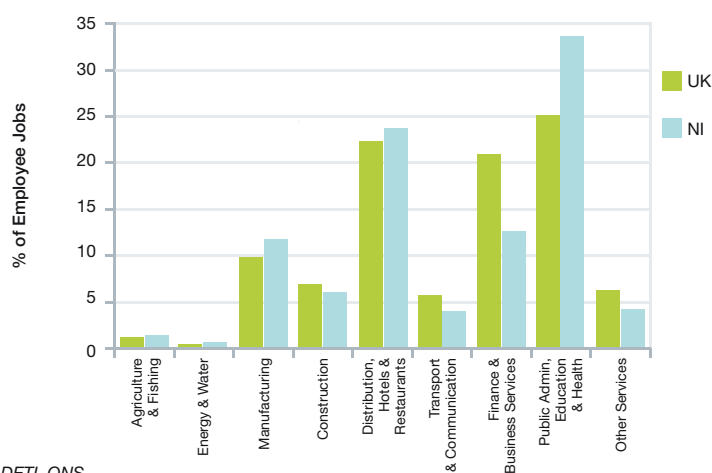
2.3.6.5 Focusing on the source of employment creation, Figure 2.5 demonstrates the importance of the service sector to employment growth in Northern Ireland. Although the manufacturing sector has experienced a decline of over 18,000 jobs since 1998, this has been offset by the growth of over 15,000 jobs in construction and almost 120,000 jobs in the service sector.

Figure 2.5: Index of Employee Jobs (Q1 1998 = 100)



Source: DETI.

2.3.6.6 A disproportionate number of employees work in low value-added industries such as construction, agriculture and the public sector (Figure 2.6). And much of the growth in service sector employment has been in low value-added sectors such as retailing and distribution, which require a relatively low skill level and receive a relatively low average wage.

Figure 2.6: Employee Jobs by Industry, Q4 2007

Source: DETI, ONS.

2.3.7 Public-Private Sector Balance

2.3.7.1 The proportion of people employed in the public sector in Northern Ireland is considerably higher than in other UK regions, accounting for 26 per cent of all jobs here compared with 19 per cent of total employment in Great Britain. That public sector employment accounts for such a large proportion of total employment is the result of the relatively low number of private sector jobs that complement the large public sector in Northern Ireland. This suggests that the private sector in Northern Ireland is underdeveloped relative to other regions in the UK, or the public sector is overdeveloped, or both.

2.3.7.2 The importance of the public sector in Northern Ireland is also enhanced because local pay levels are skewed in favour of the public sector. Data from the Annual Survey of Hours and Earnings indicates that average annual pay for full-time workers in the public sector is £26,942 compared with a private sector mean of £23,069. An analysis using the median indicates an even greater differential, with a public sector median annual wage of £25,307, well above the private sector median of £19,000. These higher earnings in the public sector may result in resource crowding out, with the public sector attracting a disproportionate share of higher skilled workers that might otherwise have been employed in the private sector.

2.3.7.3 Nevertheless, public sector expenditure has benefited the Northern Ireland economy. It is around 70 per cent of Gross Domestic Product (GDP) in Northern Ireland, substantially above the level in other UK regions. It has cushioned the

local economy by providing stable employment during cyclical downturns, during the Troubles, and by forming a solid economic base with a significant number of jobs receiving national rates of pay. And although both public employment and public expenditure may shrink in the future as part of government efficiency-saving measures, the public sector will remain of fundamental importance to the future growth and development of the Northern Ireland economy for many years to come.

2.4 Policy Framework

2.4.1 Dispersal Policy

2.4.1.1 The debate on location and, more specifically, the dispersal of civil service jobs is longstanding. Guidance produced by the Department of Finance and Personnel in 1999 set out detailed advice on option appraisals for the NICS. The policy, which is still current, states that the possibility of dispersing civil service functions should be considered in the context of reviews and appraisals in which the location of the work is a significant cost element. This policy is reliant, however, on taking advantage of opportunity and does not constitute a proactive dispersal policy.

2.4.2 Review of Public Administration

2.4.2.1 Initial announcements about the RPA in March 2006 created the impetus for change when a new system of public administration was introduced based on the principles of subsidiarity, equality and good relations, common boundaries, and strong local government. Opportunities for well-planned services, delivered as close as possible to those receiving them, underpinned the structures that were put forward. Appropriate location of functions and services would be essential to generating such benefits as reduced bureaucracy, streamlined management structures, improved partnership working, delivery of fully integrated services, and fuller public engagement in determining priorities and shaping services.

2.4.2.2 Following the restoration of devolution, a review of the RPA was undertaken and in March 2008 the creation of eleven new local government districts was announced to facilitate the efficient and effective delivery of services to communities. Consequently, a range of functions will transfer to the new councils, including aspects of planning, rural development, the public realm aspects of local roads, urban regeneration and community development, a range of housing-related functions, and local economic development and tourism. The reform of local government will be implemented over the next three years, underpinned by a requirement to modernise local government, improve efficiency, develop effective delivery structures, and build local government capacity.

2.4.2.3 The RPA is also pivotal in terms of reform in education and health. In education, for example, major structural changes, including the new Education and Skills Authority, will create a fundamentally different approach to the way education is administered in Northern Ireland. Likewise, the first phase of implementation of the RPA within health and social care has established five new integrated Health and Social Care Trusts with effect from April 2007. The introduction of a new Regional Health and Social Care Board, a Regional Public Health Agency, and the rationalisation of support services will radically reform the way in which health services are administered. These changes, along with the reforms in education and local government, have not only generated interest in how services will be administered but also in where the new bodies will be located. Indeed, the location of the new RPA-related bodies has been a major catalyst for this Review and will be discussed in more detail later.

2.4.3 Workplace 2010

2.4.3.1 The physical workplace, together with office design, is another pertinent aspect of the policy framework. Workplace 2010 is part of a major programme of civil service reform aimed at rationalising and improving the civil service's office estate. It is based on the principle that well-designed office space and the use of new technology can have a significant impact on operational efficiency and effectiveness. And by so doing, Workplace 2010 is intended to drive organisational change in the civil service and improve the way in which services are delivered.

2.4.3.2 Workplace 2010 draws on established good practice in the public and private sector, which suggests that space can be more efficiently utilised through the introduction of open and flexible working and that this, in turn, provides opportunities to maximise the use of existing public sector assets. Effective design and construction can also contribute positively to improving environmental sustainability. Workplace 2010 will be delivered through a Private Finance Initiative contract that will include the flexibility to respond to operational and organisational change, including changes in the location of civil service business. The delivery of estate-related services and the implications of workspace design are important components in the debate about public sector job location to be considered by this Review.

2.4.4 Regional Development Strategy

2.4.4.1 Notwithstanding the importance of structural and estate-related issues, relocation decisions must also consider regional development and spatial policies. The Regional Development Strategy *Shaping Our Future*, published by the Department for Regional Development in 2001, is intended:

- to guide the future development of Northern Ireland to 2025, creating an outward-looking, dynamic and liveable region and sustaining a high quality life for all;
- to include a hub, corridor and gateway framework designed to promote balanced and integrated growth across the network of cities and towns and their rural hinterlands; and
- to enhance equality of opportunity in all parts of the region and encourage the creation of balanced local communities.

2.4.4.2 Feedback from public consultation in 2007 on *Guiding Principles for the Location of Public Sector Jobs in Northern Ireland* showed a consensus that the Regional Development Strategy is an important element in the location debate. A review of the strategy is currently underway, the outcome of which is expected in 2010.

2.4.5 Sustainable Development

2.4.5.1 A recurring theme in the Regional Development Strategy is sustainability. The Sustainable Development Strategy for Northern Ireland, launched in 2006, provides a framework to help build sustainable communities. It is based on the premise that moving to a sustainable economy will drive the social progress that reduces deprivation and inequalities and improves quality of life while protecting the environment and its resources. The strategy sets out a number of priority areas for action, including climate change and energy; sustainable consumption and production; natural resource protection and environmental enhancement; and sustainable communities. Government is committed to delivering on its sustainable development strategy and the various strands of the strategy need to be carefully considered when coming to conclusions on location.

2.4.6 Public Sector Reform

- 2.4.6.1** Northern Ireland is currently implementing a wide-ranging programme of reform across the civil service, education, health, local government, planning, rates, and water services. These changes are reshaping the public sector to enhance the infrastructure and release resources to deliver improved public services. The key driver behind the reform agenda is rising citizen expectations in the context of constrained public finances, necessitating the delivery of significant efficiencies by all departments in 2008-11. Understanding the scale of reform and the requirement to improve services while achieving efficiencies is an important element of this Review.
- 2.4.6.2** There is, for example, significant reform underway in rating, water services and planning. A review of the domestic rating system has resulted in a package of short- and longer-term measures announced at the end of 2007 by the Minister of Finance and Personnel. Work is underway to deliver these improvements during 2008-09. The Executive has also confirmed that proposed new annual charges for water and sewerage would not be imposed in 2007-08. A review was established to address the longer-term financing of these services now provided by a government-owned company, Northern Ireland Water. Proposals on the design of a water and sewerage charging scheme are currently being discussed.
- 2.4.6.3** The Environment Minister launched a comprehensive programme of planning-system reform in November 2007. A Planning White Paper on the proposals for reform is expected later in 2008. This is closely linked to the implementation of future decisions relating to the RPA and the announcement that some aspects of planning will transfer to the new councils when they are established.
- 2.4.6.4** Underpinning wider public sector reform is a major programme of work to create a modern civil service. The Programme for Government refers to the need for change in the quality, efficiency and effectiveness of corporate services in the civil service. By making better use of technology, developing staff skills, and rationalising support functions, departments are seeking to focus resources on frontline priorities.
- 2.4.6.5** Changes to how corporate services are organised and delivered can also have implications for how and where business is conducted in the future. Rationalising such services as human resources, finance, and information technology is being considered in health and local government. The NICS has already made substantial progress in these areas. It has introduced a single electronic documents and records management system. Training and development is also managed centrally through a shared service centre. Human resource and personnel services will

be delivered from one centre (run by a private sector partner) by November 2008. Similar projects are underway for the provision of financial services and information and communications technology (ICT), both of which will be completed by April 2009. These projects, together with the availability of a single network of broadband services and the implementation of Workplace 2010, are creating a very different environment in which civil servants will work in the future.

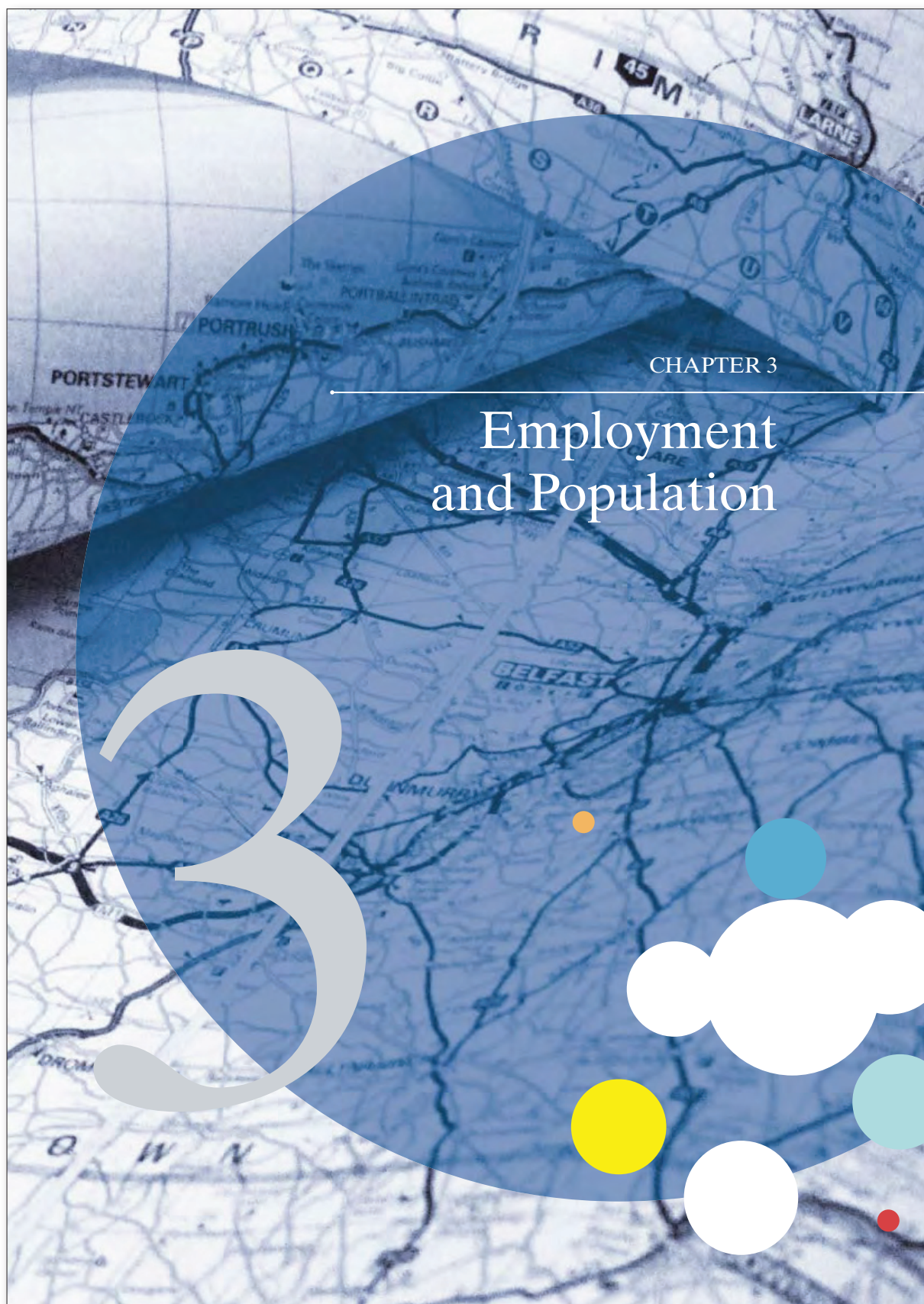
2.4.6.6 The reform agenda also includes a range of projects about how public services are delivered. “NI Direct”, for example, aims to simplify and improve public access to services. It will include a single telephone number through which people can get a large proportion of their inquiries dealt with at the first point of contact. Government web services are also being brought together to make it easier for people to interact with government online. This service will be implemented on a phased basis from December 2008. It has the potential to realise significant service improvements and cost savings.

2.4.6.7 Other modernisation initiatives include the Department of Agriculture and Rural Development (DARD) programme to roll out a network of “one-stop shops” for DARD services by 2011. DARD Direct, as it is to be known, is intended to provide farmers and others with every service they need under one roof, thus improving accessibility to more efficient and joined-up services. And the Social Security Agency’s Strategic Business Review, which is developing options for future service delivery, will also mean changes in how the Agency operates and potentially where staff are located.

2.5 Conclusion

2.5.1 This chapter has sought to demonstrate the complexity of the environment in which the Review is being conducted and to give a sense of the scale of change underway. The political landscape in Northern Ireland has changed significantly and the new Executive’s priorities are clearly stated in the Programme for Government. Headline figures indicate that the Northern Ireland economy, particularly its labour market, has performed well in recent years. There remain a number of structural weaknesses, however, which need to be addressed, including the high proportion of economically inactive; the large number of jobs in low value-added or declining industries; an over-reliance on the public sector; an underdeveloped private sector; and spatial variations in economic prosperity. Addressing these issues will be challenging, particularly within a tightening fiscal environment, but is essential if the economy is to prosper and achieve its full potential.

2.5.2 The public sector is operating within a complex policy landscape of organisational, structural and workspace change alongside regional strategies on spatial development and sustainability. Radical change in government is also a key theme for all public services. The structural changes across key sectors, combined with the drive towards shared services and the emphasis on improved efficiency, effectiveness and quality, present significant challenges as well as opportunities for the NICS and the wider public sector. The reform agenda will mean considerable change in the strategic focus of organisations as well as how individual members of staff carry out their jobs on a daily basis. These changes will inevitably create a degree of uncertainty among staff. It is in this dynamic and challenging context that the debate about the location of public sector jobs is taking place.



CHAPTER 3

Employment and Population



3.1 Introduction

3.1.1 This chapter draws on information from a range of data sources to provide a statistical overview of public sector jobs in Northern Ireland. It provides statistics on the size and composition of the public sector, and the distribution of public sector jobs. These figures are put in context by comparing them with the distribution of the working age population and of all (i.e. public and private sector) employee jobs. In addition, projected population changes are considered, and analyses are presented of home-to-work travel patterns.

3.1.2 Size and Scope of the Public Sector

3.1.2.1 The public sector includes not just the civil service and local government but also the health and education services, the police, and a wide range of non-departmental public bodies and public corporations. At March 2008 there were 222,525 (full-time and part-time) public sector jobs in Northern Ireland compared with 499,195 private sector employee jobs and 119,210 (2007 figure) jobs in self-employment. In other words, the public sector accounts for 31 per cent of employee jobs, and 26 per cent of all jobs. The best available comparisons show that public sector employment accounts for 19 per cent of employment in Great Britain and 18 per cent of employment in the Republic of Ireland. Expressed as a proportion of the overall population (of all ages), public sector employment represents 13 per cent in Northern Ireland [a substantially higher figure than in Great Britain (10 per cent) and the Republic of Ireland (9 per cent)].

3.1.2.2 The working age population of Northern Ireland at mid-2006 was 1,077,416. Official projections released by the Northern Ireland Statistics and Research Agency (NISRA) give a projected working age population in 2015 of 1,133,600 and in 2021 of 1,132,900, in each case a rise of 5 per cent from 2006. A recent forecast, produced by Regional Forecasts Ltd, suggests that the total in employment in 2015 will be 7.9 per cent higher than in 2006: 9 per cent higher in the private sector and 5.7 per cent in the public sector. Last year, however, the then Finance Minister, Peter Robinson, stated that “our public sector is too large, given the overall size of the economy in Northern Ireland” (Hansard, vol. 24, no. 1, p. 3, col. 2). The Programme for Government refers to reducing bureaucracy and has as

a key goal “delivering 5 per cent efficiency savings on administration costs each year for the next 3 years for all Government departments”. These statements suggest that the number of jobs in the public sector is likely to decrease.

3.1.3 Data Sources and Methodological Approach

3.1.3.1 There is no single data source that provides comprehensive information on the public sector, so we have had to draw on a variety of official sources in order to shed light on the range of issues that are relevant to the present Review. The main source we have used is the Census of Employment, a statutory inquiry covering all employers in non-agricultural sectors in Northern Ireland, which is conducted biennially by the Department of Enterprise, Trade and Investment (DETI); for further details see Appendix B. The Census of Employment permits a spatial breakdown of public sector jobs, so it is ideal for our purposes. The most recent available results are from the September 2005 Census of Employment. For more up-to-date figures, though only at Northern Ireland level, we have been able to use the Quarterly Employment Survey (March 2008) conducted by DETI. Data on the occupational and religious composition of employment have come from the 2006 annual monitoring report published by the Equality Commission. To explore home-to-work travel patterns we have turned to the 2001 Census of Population as well as data relating specifically to the staff of the Northern Ireland Civil Service (NICS).

3.1.3.2 For population figures, the 2001 Census of Population has been our source since it can be disaggregated into small areas. To give a more up-to-date picture and indeed to look ahead a number of years, the population estimates and projections published by NISRA have been used.

3.1.3.3 In our analysis we have used two spatial units: travel-to-work areas (TTWAs), of which there are eleven in Northern Ireland (see Figure 3.1) and district council areas (DCAs). TTWAs are defined by the Office for National Statistics (see <http://www.statistics.gov.uk/geography/ttwa.asp> “2001-based TTWA allocations”), and are local labour markets – areas within which the majority of people both live and work. Given the nature of the Review, areas where the bulk of the resident population also work are very helpful in understanding overall imbalances in the number of public sector jobs. TTWAs meet that need; DCAs, in many cases, do not. For example, compared with the working age population there are relatively few public sector jobs in Ards, but to view that DCA in isolation would ignore its proximity to Belfast and Bangor and the fact that most employees in Public

Administration/Defence, Education, and Health and Social Work who live in Ards actually work in Belfast, Castlereagh or North Down. Accordingly, this chapter mainly presents data at TTWA level. The importance of DCAs for analytical purposes has not been discounted, however, and figures at this level have also been provided.

- 3.1.3.4** As can be seen from Figure 3.1, the Belfast TTWA is particularly large, ranging from the Ards peninsula to Lough Neagh and from Glenarm to Newcastle. Given the distance of some centres of population from Belfast, it would therefore be inappropriate to completely disregard areas within Belfast TTWA for potential relocation of public sector jobs.

Figure 3.1: Travel-to-work Areas*



Source: ONS.

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* Travel-to-work Area names are given in BLUE.

3.1.3.5 We considered whether it would be better to use the working age population or the economically active population of an area. We decided that working age population would be the preferred measure because people's decision whether to seek work can be affected by the availability of jobs, thus causing the size of the economically active population to fluctuate. Nevertheless, the economically active population is also a relevant measure and analyses based upon it are given in Appendix B.

3.1.4 Summary

3.1.4.1 The main points of Section 3.1 may be summarised as follows:

- The public sector includes not just the civil service and local government but also the health and education services, the police, and a wide range of non-departmental public bodies and public corporations.
- The public sector in Northern Ireland comprises 31 per cent of employee jobs, a higher proportion than in Great Britain or the Republic of Ireland.
- A variety of data sources have had to be used as no single source provides information on all the dimensions relevant to the present Review.
- Although local labour markets, defined in terms of travel-to-work areas, are useful and appropriate units of analysis for the Review, key analyses have also been presented by district council areas.

3.2 Distribution of Employment

3.2.1 Employer and Geographical Area

3.2.1.1 Table 3.1 gives a breakdown of the public sector by broad categories of employer. Taken together, NHS trusts, Education staff (in Boards and schools), and the eleven departments of the devolved administration account for almost three-quarters of public sector jobs. The remainder of public sector jobs are in a wide variety of bodies, including local government, the Police Service of Northern Ireland, public corporations, and UK central government.

Table 3.1: Public Sector Employee Jobs^a at March 2008 by Type of Employer

Type of Employer	Number of Employee Jobs
NHS Trusts	71,626
Education & Library Boards (non-teaching)	40,363
Teaching Staff in all Schools	27,454
The 11 Government Departments (NICS)	25,610
Local Government (District Councils)	11,666
Police Service of Northern Ireland	11,554
Other Bodies ^b under aegis of NI Central Government	11,038
Public Corporations	9,267
UK Central Government (excluding the NIO)	6,377
Fire Service	2,172
Northern Ireland Office	2,129
Prison Service	1,883
Other Public Sector Bodies	1,386
Total	222,525

Source: DETI Quarterly Employment Survey.**Notes:**^a Excludes HM armed forces.^b This category includes, for example, the Housing Executive, Invest Northern Ireland, the Central Services Agency, and the Probation Board.

3.2.1.2 The most recent estimated number of employees in the voluntary and community sector in Northern Ireland, which is heavily supported by government funding, is 28,932 (NICVA, 2005). Such employees are covered, though not separately identifiable, in the Quarterly Employment Survey and the Census of Employment, where they are included within the private sector figures. They equate to 6 per cent of private sector employees, and 4 per cent of all employees.

3.2.1.3 Comparative figures for the concentration of public sector jobs in capital cities in these islands are given in Table 3.2. Caution must be exercised in drawing conclusions from the data, given the very different geographies of each country. And although the picture in Northern Ireland is similar to that in the Republic of Ireland, there has been a dispersal of public sector jobs from Dublin since the year to which the figures relate (2006). In each of the three countries of Great Britain, however, the proportion of public sector jobs in the capital is only half (or less) than that in Northern Ireland. To help set these figures in context, Table B19 of Appendix B shows the proportion of the population of each country that lives in the capital city.

Table 3.2: Public Sector Jobs^a in Capital Cities^{b,c}

	Northern Ireland	England	Wales	Scotland ^d	Republic of Ireland
Public sector jobs in capital as proportion of public sector jobs in country (%)	31	16	16	13	34
Public sector jobs in capital as proportion of economically active population ^e in country (%)	8	3	4	3	6
Public sector jobs in capital as proportion of population of working age ^f in country (%)	6	2	3	2	4

Source:

DETI Census of Employment; mid-year population estimates; Labour Force Survey; Public Sector Employment Series; Quarterly National Household Survey; Irish Census.

Notes:

^a As at September 2005 for Northern Ireland; Q3 2006 figures for England (seasonally adjusted); Q4 2007 for Wales and Scotland; April 2006 for Republic of Ireland.

^b For the Republic of Ireland, Dublin city and county.

^c For Northern Ireland, Belfast City Council area.

^d The number of people in public sector jobs in Edinburgh is not currently available. The estimated number is based on Scotland-level information from the Public Sector Employment Series and information about Edinburgh from the Annual Population Survey.

^e As at December 2007-February 2008 for Northern Ireland, England, Scotland and Wales (seasonally adjusted figures). As at September-November 2006 for Republic of Ireland.

^f As at 2006. Republic of Ireland figure is all aged 15-64.

3.2.1.4 Table 3.3 shows the number of public sector jobs in each TTWA. Some 60 per cent of these are in the Belfast TTWA. The area with fewest public sector jobs is Strabane, with 1 per cent of such jobs.

**Table 3.3: Public Sector Employee Jobs^a at September 2005
by Travel-to-work Area**

Travel-to-work Area	Full-time	Part-time	Total	Full-time Equivalent (FTE) ^b
Ballymena	4,753	3,370	8,123	6,438.0
Belfast	87,487	41,716	129,203	108,345.0
Coleraine	5,695	3,767	9,462	7,578.5
Craigavon	10,403	7,415	17,818	14,110.5
Derry	12,083	5,553	17,636	14,859.5
Dungannon	2,327	2,403	4,730	3,528.5
Enniskillen	3,668	1,891	5,559	4,613.5
Mid Ulster	2,877	2,882	5,759	4,318.0
Newry	5,838	5,562	11,400	8,619.0
Omagh	5,029	2,410	7,439	6,234.0
Strabane	1,301	973	2,274	1,787.5
Northern Ireland	141,461	77,942	219,403	180,432

Source: DETI Census of Employment.**Notes:**^a Excludes HM armed forces.^b FTE figures provide a total that is based on a distinction between full-time and part-time jobs. In this report, FTE figures have been calculated by counting each part-time employee job as 0.5 of a full-time employee job.

3.2.1.5 Table 3.4 sets the number of public sector jobs in context by comparing them with the population of working age and giving a prevalence rate. (An equivalent table using the economically active population, Table B1, is given in Appendix B.) The range is from 8.2 to 21.5 full-time equivalent jobs for every 100 people of working age. The lowest figures are for Strabane (8.2), Mid Ulster (9.7), Newry (12.0) and Dungannon (12.0). The highest figures are for Omagh (21.5), Belfast (20.7) and Derry (17.2). Figures 3.2 and 3.3 present the data in a chart and a map respectively.

Table 3.4: Full-time Equivalent (FTE) Public Sector Jobs^a per 100 of the Working Age Population by Travel-to-work Area

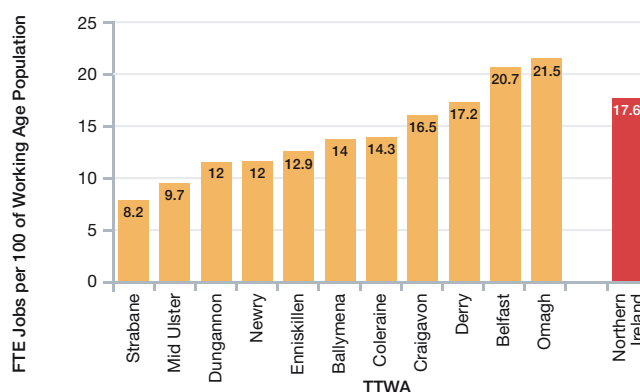
Travel-to-work Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Working Age Population
Ballymena	46,054	6,438.0	14.0
Belfast	522,567	108,345.0	20.7
Coleraine	53,010	7,578.5	14.3
Craigavon	85,575	14,110.5	16.5
Derry	86,207	14,859.5	17.2
Dungannon	29,402	3,528.5	12.0
Enniskillen	35,738	4,613.5	12.9
Mid Ulster	44,565	4,318.0	9.7
Newry	71,800	8,619.0	12.0
Omagh	29,055	6,234.0	21.5
Strabane	21,727	1,787.5	8.2
Northern Ireland	1,025,700	180,432	17.6

Source:

Census of Population 2001 and DETI Census of Employment 2005. In this and subsequent tables, Crown copyright material is reproduced with the permission of the Controller of HMSO under the terms of the Click-Use Licence, Number C2007001949.

Notes:

^a Excludes HM armed forces.

Figure 3.2: Full-time Equivalent Public Sector Jobs^a per 100 of the Working Age Population by Travel-to-work Area

Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Excludes HM armed forces.

Figure 3.3: Full-time Equivalent Public Sector Jobs^a per 100 of the Working Age Population by Travel-to-work Area



Source: Census of Population 2001 and DETI Census of Employment 2005.

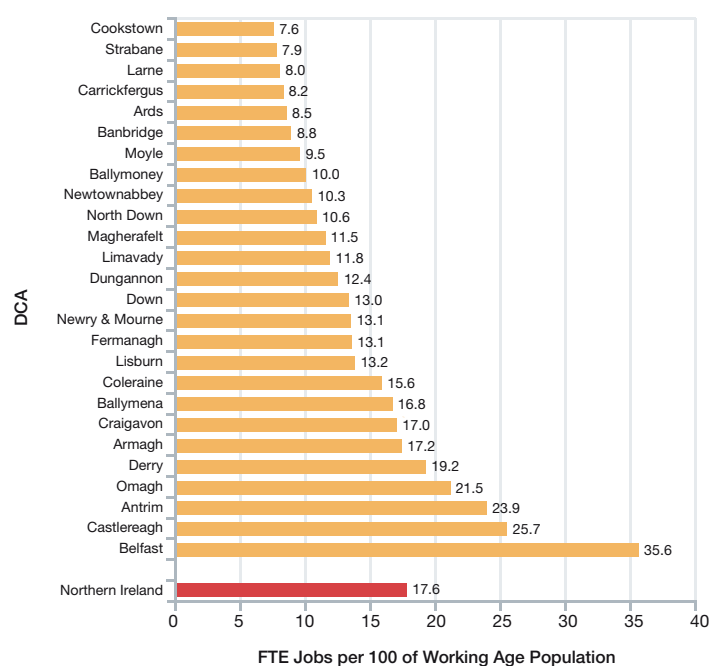
Notes:

^a Excludes HM armed forces.

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3.2.1.6 Figure 3.4 presents the same information as Figure 3.2, but for district council areas; the underlying data are given in Table B2 of Appendix B. For DCAs within, or mainly within, the Belfast TTWA, by far the highest rate of public sector jobs for every 100 people of working age is in Belfast (35.6) followed by Castlereagh (25.7) and Antrim (23.9); all the other DCAs – Ards, Carrickfergus, Down, Larne, Lisburn, Newtownabbey, and North Down – are much lower, with Larne (8.0) being the lowest. For DCAs within, or mainly within, the Coleraine TTWA, the highest rate of public sector jobs is in Coleraine (15.6), well above Ballymoney (10.0) and Moyle (9.5). The two DCAs that are wholly or mainly within the Craigavon TTWA – Armagh and Craigavon – have very similar rates of public sector jobs (17.2 and 17.0 respectively). Of the two DCAs that are wholly or mainly within the Derry TTWA, Derry (19.2) has a much higher rate than Limavady (11.8). Of the two DCAs that are wholly or mainly within the Mid Ulster TTWA, Magherafelt (11.5) has a higher rate of public sector jobs than Cookstown (7.6). Of the two DCAs that are wholly or mainly within the Newry TTWA, Newry and Mourne (13.1) has a higher rate than Banbridge (8.8). The rate of public sector jobs in the five DCAs that are approximately TTWAs in their own right varies widely: Ballymena (16.8), Dungannon (12.4), Fermanagh (13.1), Omagh (21.5), and Strabane (7.9).

Figure 3.4: Full-time Equivalent Public Sector Jobs per 100 of the Working Age Population by District Council Area



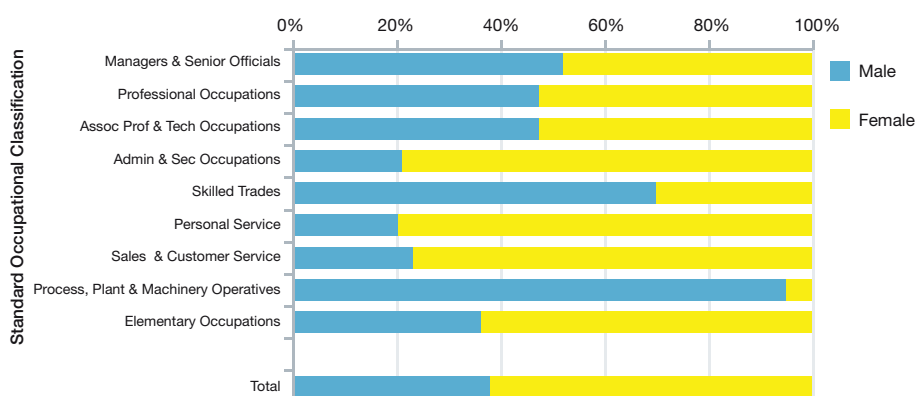
Source: Census of Population 2001 and DETI Census of Employment 2005.

3.2.2 Gender Composition of Public Sector Jobs

3.2.2.1 The Census of Employment does not collect data on occupational classification. This information is available, however, in the annual monitoring reports published by the Equality Commission; but these reports do not include data on school teachers. As can be seen from Figure 3.5 (and Table B3), public sector employees are predominantly female: of the jobs covered in the Equality Commission's monitoring report, some 62 per cent were filled by females. To put this figure in context, the Labour Force Survey estimates that females constitute 45 per cent of the economically active population.

3.2.2.2 The composition of occupational groups ranged from 93.8 per cent male and 6.2 per cent female (Process, Plant and Machine Operatives) to 20.2 per cent male and 79.8 per cent female (Personal Service Occupations).

**Figure 3.5: Gender Composition of Public Sector Employees
(Full-time and Part-time) by Standard Occupational Classification**



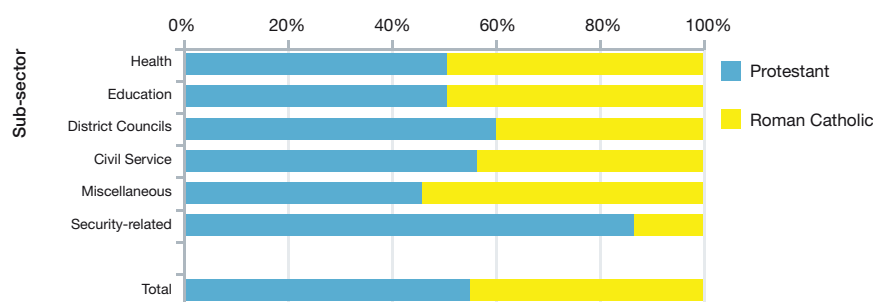
Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

3.2.3 Religious Composition of Public Sector Employment

3.2.3.1 The Equality Commission's 2006 Monitoring Report notes that the LFS Religion Report (2005) estimates that the Catholic share of the economically active population lies somewhere between 40.4 per cent and 44.0 per cent. Although the overall religious composition of the public sector is in line with the religious composition of the economically active population, it varies considerably in various parts of the public sector, as can be seen from Figures 3.6 and 3.7. (The exact proportions are given in Tables B4 and B5.) For example, in Figure 3.6 it ranges from 85.1 per cent Protestant and 14.9 per cent Catholic in the security-related sub-sector to 47.0 per cent Protestant and 53.0 per cent Catholic in the miscellaneous sub-sector. In most sub-sectors, the composition lies outside the estimated composition of the economically active (i.e. there appears to be an imbalance of some kind).

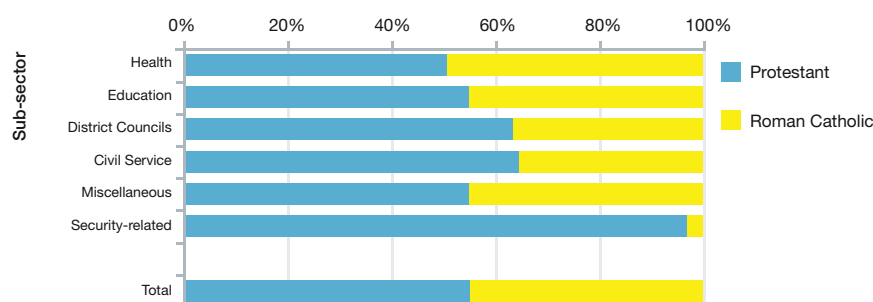
3.2.3.2 As is well known, there is a large under-representation of Catholics in security-related public sector jobs. Looking at the public sector excluding security-related jobs, there is an under-representation of Protestants: see Tables 3.5 and B6, which show 53.1 per cent of employees in this category were Protestant compared with 56.2 per cent in the public sector as a whole. Relocation of non-security-related public sector jobs would have the potential either to increase or decrease this imbalance. The magnitude and direction of change would depend on the number of jobs involved and the religious composition of the catchment area from which new recruits would be drawn.

Figure 3.6: Composition of Public Sector Full-time Employees (excluding those of Non-determined Community Background) by Sub-sector



Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Figure 3.7: Composition of Public Sector Part-time Employees (excluding those of Non-determined Community Background) by Sub-sector



Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

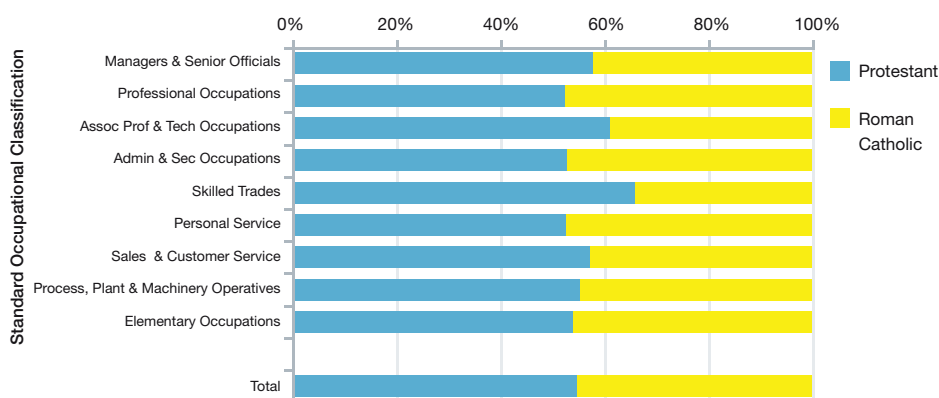
Table 3.5: Composition of Public Sector Employees (excluding those in Security-related Occupations and excluding those of Non-determined Community Background)

	Protestant (%)	Roman Catholic (%)
Full-time	52.9	47.1
Part-time	54.3	45.7
Total	53.1	46.9

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

3.2.3.3 As can be seen from Figure 3.8 and Table B6, when those of non-determined community background are excluded, the religious composition of occupational groups ranged from 66.9 per cent Protestant and 33.1 per cent Catholic (Skilled Trades Occupations) to 52.5 per cent Protestant and 47.5 per cent Catholic (Professional Occupations). A gender breakdown is given in Tables B7 and B8.

Figure 3.8: Religious Composition of Total Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification



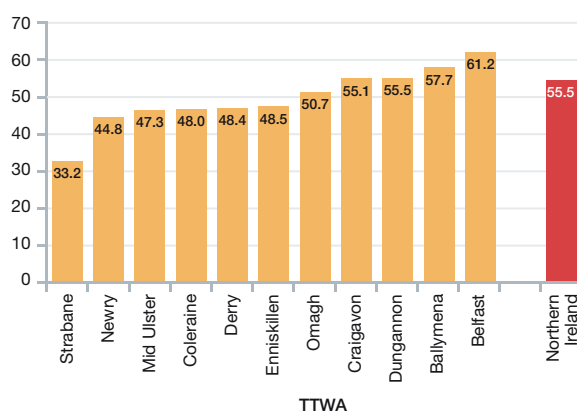
Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

3.2.4 Total Employee Jobs (Public and Private Sector Combined)

3.2.4.1 So far this chapter has considered only the distribution of public sector jobs. In reaching a view on whether public sector jobs should be relocated, however, it is appropriate to look at the distribution of total employee jobs. This information is given in Figures 3.9 and 3.10. (The underlying figures are given in Table B13, along with further data classified by DCAs and the economically active population.)

3.2.4.2 The pattern that emerges in Figure 3.9 shows some marked differences from Figure 3.2, which relates to public sector jobs only, as well as some similarities. Belfast has the highest rate of jobs for every 100 people of working age (61.2), and Strabane the lowest (33.2). Ballymena and Dungannon, however, have considerably higher rankings than in Figure 3.2 – second (57.7) and third (55.5) respectively – whereas Coleraine, Derry, and Omagh have considerably lower rankings – eighth (48.0), seventh (48.4) and fifth (50.7) respectively.

Figure 3.9: Full-time Equivalent Jobs^a (in Public and Private Sectors^b) per 100 of the Working Age Population by Travel-to-work Area



Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Employee jobs; does not include self-employment.

^b Excludes HM armed forces and Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

Figure 3.10: Full-time Equivalent Jobs^a (in Public and Private Sectors^b) per 100 of the Working Age Population by Travel-to-work Area



Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Employee jobs; does not include self-employment.

^b Excludes HM armed forces and Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

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3.2.5 Population Change over Time

3.2.5.1 The previous tables in this chapter have used population figures from the 2001 Census of Population, since that is the most recent count of the population and the only source from which small area, and hence TTWA, figures on working age population are available. Mid-year estimates of population as at 2006, however, are available for DCAs, as are projections to 2021. A version of the data underlying Figure 3.4 (DCA-level figures on the number of public sector jobs per 100 of the working age population) using mid-2006 population estimates is given in Table B15. It shows a very similar pattern to Figure 3.4.

3.2.5.2 For each year of the projections the previous year's figure is "aged on" by one year; births, which are projected to occur during the year, are added; deaths, which are projected to occur during the year, are removed; and, finally, changes in migration (including internal migration within Northern Ireland) are incorporated. Northern Ireland and DCA projections are the result of applying long-term demographic assumptions only. They are based solely on historical trends in fertility, mortality, and migration; they do not take into account any planned policy changes that may influence population distribution. DCA figures tend to be less reliable than Northern Ireland figures, as smaller areas will be more affected by changes in migration. Also the reliability of projections decreases over time.

3.2.5.3 Table 3.6 shows how the working age population is projected to change over the period 2006-2021. The 2021 figures (fifth row) are the 2006 figures (first row) with the "demographic momentum", that is the impact of "ageing on" the population (second row) added, projected net migration (third row) added, and projected deaths (fourth row) subtracted. Combining the numbers in the first four rows in this way does not give exactly the same number as appears in the fifth row, simply because all the numbers have been rounded to the nearest hundred.

Table 3.6: Projected Change in Northern Ireland Working Age Population, 2006-2021

Population Working Age 2006 (mid-year estimate)	1,077,400
Demographic Momentum (2006 to 2021) (Ageing Factor)	73,400
Projected Net Migration (2006 to 2021) (Working Age)	16,900
Deaths (2006 to 2021) (Working Age)	34,600
Population Working Age (2021 population projection)	1,132,900
Change 2006 - 2021	5.2%

Source: NISRA.

3.2.5.4 DCA figures, and aggregations approximating TTWAs, are given in Table B16 of Appendix B; these show considerable variation across DCAs, with a particularly high level of population growth (45 per cent) projected for Dungannon. Projected net migration is a major influence on these projected changes: in many areas it has a bigger effect than the age structure of the population.

3.2.6 Summary

3.2.6.1 The main points of Section 3.2 may be summarised as follows:

- Public sector jobs are not evenly distributed across Northern Ireland, with the number of public sector jobs per 100 people of working age ranging from 8.2 in the Strabane TTWA to 21.5 in the Omagh TTWA. The equivalent figure for the Belfast TTWA is 20.7.
- The pattern of distribution of all jobs (public plus private sector) is not the same as that of public sector jobs only, but there are some similarities. The number of employee jobs for every 100 people of working age ranges from 33.2 in the Strabane TTWA to 61.2 in the Belfast TTWA.
- The representation of females in the public sector is considerably greater than in the economically active population as a whole.
- In aggregate, the religious composition of the public sector is in line with that of the economically active population. The aggregate figure, however, masks an under-representation of Catholics in security-related jobs, which is offset by an under-representation of Protestants in non-security-related jobs. Relocation of non-security-related public sector jobs would have the potential either to increase or decrease this imbalance. The magnitude and direction of change would depend on the number of jobs involved and the religious composition of the catchment area from which new recruits would be drawn.
- In each of the three countries of Great Britain, the proportion of public sector jobs in the capital city is only half (or less) of the proportion of public sector jobs in Belfast; but given the very different geographies of each country these figures need to be interpreted with caution.
- Population projections suggest that there will be growth of around 5 per cent in the working age population between 2006 and 2021, but there is considerable variation across DCAs, with a particularly high level of population growth (45 per cent) projected for Dungannon. Projected net migration is a major influence on these projected changes.

3.3 Travel-to-work Patterns

3.3.1 Wider Public Sector

3.3.1.1 The Census of Employment does not contain any information on where employees live. For the public sector as a whole the best that can be done on this aspect is to use the 2001 Census of Population. It does not identify public sector employees as such, but it is possible to produce a reasonable proxy for these by using employees in Public Administration and Defence, Social Security, Education, and Health and Social Work. (DETI figures show that 87 per cent of public sector jobs are in these industry groups, and that 78 per cent of employee jobs in these industry groups are in the public sector.)

3.3.1.2 The 2001 Census can then be used to compare where such employees live with where they work (see Table 3.7). It shows approximately 30 per cent of these employees working in Belfast, 5 per cent working in Lisburn, and 5 per cent working in Castlereagh. There were people living in every DCA who worked in Belfast: including, for example, 644 from Newry and Mourne, 449 from Armagh, 361 from Dungannon, and 264 from Derry. Some 6 per cent of employees in Table 3.7 had a work address in Derry. Of these, 76 per cent had their home address in Derry and 8 per cent had their home address in Limavady, while 6 per cent (771) had their home address in Strabane, and 3 per cent (409) had their home address in Coleraine.

3.3.2 Northern Ireland Civil Service

3.3.2.1 Table 3.8 shows the home-to-work travel patterns of staff in the Northern Ireland Civil Service. The workplace of almost 60 per cent (17,711) of the staff is in Belfast. There are staff from every DCA who work in Belfast. At January 2007, 331 people from Newry and Mourne, 317 people from Magherafelt, 230 people from Derry, 216 people from Armagh, 196 people from Dungannon, 132 people from Cookstown, 127 people from Strabane, and 116 people from Fermanagh were working in Belfast. Other DCAs with over 1,000 NICS jobs were Derry, with 1,863 staff (whose home addresses were mainly in Derry, Limavady and Strabane); Coleraine, with 1,202 staff (whose home addresses were mainly in Ballymoney, Coleraine and Limavady); and North Down, with 1,038 staff (whose home addresses were mainly in Ards and North Down).

Table 3.7: District Council Area of Home Address and Work Address of Public Sector Employees^a

DCA of Home Address	DCA of Work Address											
	Antrim	Ards	Armagh	Ballymena	Ballymoney	Banbridge	Belfast	Carrickfergus	Castlereagh	Coleraine	Cookstown	Craigavon
Antrim	4,490	12	11	423	11	7	1,408	46	123	22	20	46
Ards	41	2,928	21	22	0	24	3,429	23	1,509	0	0	46
Armagh	12	8	3,941	4	4	131	449	0	28	9	26	1,060
Ballymena	1,308	14	14	3,714	115	3	773	24	50	103	23	27
Ballymoney	121	3	5	295	1,148	0	190	3	8	579	14	4
Banbridge	38	14	233	11	0	1540	1,036	6	123	3	10	756
Belfast	347	243	87	140	0	47	25,444	152	2,165	30	15	221
Carrickfergus	177	19	17	83	0	0	1765	1,418	123	8	6	11
Castlereagh	97	210	21	33	0	15	6,034	48	2,842	4	8	80
Coleraine	89	7	25	210	663	3	299	0	13	4,360	18	10
Cookstown	61	0	121	50	9	4	209	3	12	21	1,342	82
Craigavon	83	15	624	19	0	276	1,244	9	92	3	22	4,827
Derry	13	0	9	12	16	3	264	0	17	118	8	9
Down	33	154	26	15	0	56	2,148	10	782	0	0	42
Dungannon	15	0	535	7	0	9	361	3	11	9	176	427
Fermanagh	9	10	48	3	0	0	243	3	12	12	7	19
Larne	244	5	3	167	5	0	726	260	54	4	3	15
Limavady	31	4	15	25	33	0	120	3	8	240	3	3
Lisburn	322	58	131	37	3	164	5,746	38	743	7	26	449
Magherafelt	382	5	18	242	56	0	476	9	16	146	249	35
Moyle	44	0	3	130	200	0	127	3	7	243	3	3
Newry and Mourne	14	0	411	3	3	192	644	4	44	10	6	196
Newtownabbey	466	39	23	244	6	7	4,543	287	335	15	7	37
North Down	83	985	10	25	3	6	3,993	47	1,041	6	3	38
Omagh	10	0	29	4	0	4	173	3	5	5	44	28
Strabane	4	0	4	4	3	3	89	0	5	9	4	3
Total	8,534	4,733	6,385	5,922	2,278	2,494	61,933	2,402	10,168	5,966	2,043	8,474

Source: Census of Population 2001.**Notes:**^a All employees aged 16 to 74 who work inside Northern Ireland in industry groups L 'Public administration and defence, social security'; M 'Education'; and N 'Health and social work'.

DCA of Work Address														
Derry	Down	Dungannon	Fermanagh	Larne	Limavady	Lisburn	Magherafelt	Moyle	Newry and Mourne	Newtownabbey	North Down	Omagh	Strabane	Total
19	19	6	0	26	11	198	116	5	8	268	56	6	3	7,360
12	245	3	5	3	10	206	0	0	10	65	1,218	4	10	9,834
16	8	304	18	0	9	91	7	0	313	12	20	39	5	6,514
21	7	7	4	96	35	62	138	33	4	143	33	9	3	6,763
33	0	3	0	7	58	9	35	94	3	13	16	14	3	2,658
8	172	37	3	0	3	560	3	0	417	22	29	3	0	5,027
76	202	33	18	54	11	912	30	3	66	861	685	25	0	31,867
8	5	0	0	123	7	92	5	0	5	916	80	3	3	4,874
23	189	12	5	12	12	366	7	0	23	143	405	6	0	10,595
409	9	12	15	5	495	15	127	136	6	32	23	60	17	7,058
36	3	389	5	0	14	16	367	0	3	6	11	113	6	2,883
22	77	153	5	10	4	497	3	0	140	30	51	26	0	8,232
9,902	3	7	20	0	294	16	25	0	7	7	24	230	214	11,218
16	4,930	7	3	6	3	369	0	0	203	47	113	0	3	8,966
32	7	2,594	106	0	7	46	37	0	35	6	15	230	6	4,674
54	7	110	4,862	0	6	13	6	0	15	11	10	494	36	5,990
4	4	0	0	1,370	8	47	5	4	3	390	39	3	4	3,367
1,089	0	3	9	3	2,254	7	16	3	3	6	13	78	59	4,028
23	199	59	10	15	11	6,378	6	3	112	152	180	15	0	14,887
119	0	57	5	6	69	15	2,141	7	4	47	8	45	10	4,167
15	3	3	3	52	22	4	5	683	3	16	5	0	3	1,580
58	263	35	6	0	3	62	5	3	5,795	16	28	21	3	7,825
28	26	7	0	117	18	203	20	4	9	3,192	146	7	0	9,786
15	89	7	4	7	15	218	0	0	8	175	5,004	10	3	11,795
137	4	174	239	0	16	10	14	0	18	4	12	4,617	210	5,760
771	3	11	35	0	18	10	10	0	4	0	12	571	1,659	3,232
12,946	6,474	4,033	5,380	1,912	3,413	10,422	3,128	978	7,217	6,580	8,236	6,629	2,260	200,940

Table 3.8: NICS Staff by Work District Council Area and Home District Council Area^a

DCA of Home Address	DCA of Work Address											
	Antrim	Ards	Armagh	Ballymena	Ballymoney	Banbridge	Belfast	Carrickfergus	Castlereagh	Coleraine	Cookstown	Craigavon
Antrim	137	1	0	59	0	0	478	4	4	35	4	3
Ards	3	131	1	3	0	0	1,536	3	46	1	0	2
Armagh	5	0	155	7	0	1	216	2	2	0	5	142
Ballymena	75	0	0	354	5	0	387	3	3	48	5	2
Ballymoney	12	0	0	66	49	0	137	0	0	140	1	0
Banbridge	9	1	7	4	0	68	456	4	12	0	3	75
Belfast	11	10	2	20	0	0	4,051	34	111	7	3	7
Carrickfergus	7	0	0	6	0	0	534	98	9	0	0	2
Castlereagh	1	6	0	8	0	0	1,504	15	99	4	2	5
Coleraine	12	1	0	64	31	0	171	0	2	531	0	0
Cookstown	20	0	6	25	0	0	132	2	0	10	75	6
Craigavon	11	0	38	3	0	13	702	3	17	3	5	362
Derry	5	0	0	13	0	0	230	0	0	62	0	6
Down	8	15	1	3	0	4	968	7	60	1	1	26
Dungannon	12	0	46	6	0	3	196	0	3	3	24	54
Fermanagh	10	0	3	8	0	0	116	0	5	2	3	3
Larne	5	0	0	37	0	0	282	30	0	18	1	0
Limavady	2	0	0	5	1	0	118	1	0	121	1	0
Lisburn	20	5	4	8	0	4	1,254	17	51	4	5	39
Magherafelt	44	0	0	73	2	0	317	0	1	78	29	0
Moyle	4	0	0	41	12	0	60	1	1	69	0	0
Newry and Mourne	7	1	33	4	0	14	331	1	7	0	3	82
Newtownabbey	27	0	0	23	0	1	1,136	42	18	6	2	4
North Down	2	43	0	5	0	0	1,328	18	38	1	0	3
Omagh	6	0	2	5	0	0	105	0	2	12	5	2
Strabane	3	0	0	7	0	0	127	0	1	12	0	5
Outside NI or data missing	14	18	15	29	5	7	839	50	34	34	6	37
Total	472	232	313	886	105	115	17,711	335	526	1,202	183	867

Source: NICS Human Resource Management System.

Notes:^a As at 1 January 2007.

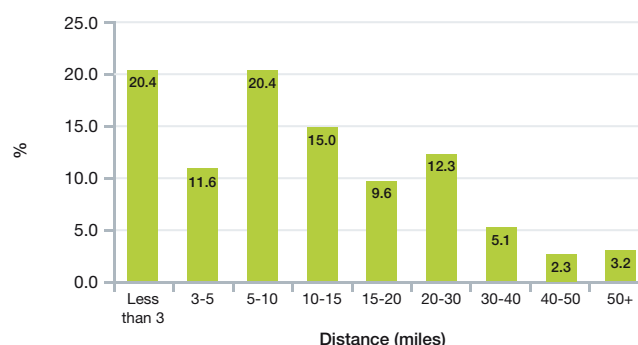
DCA of Work Address															
Derry	Down	Dungannon	Fermanagh	Larne	Limavady	Lisburn	Magherafelt	Moyle	Newry and Mourne	Newtownabbey	North Down	Omagh	Strabane	Outside NI or data missing	Total
2	4	0	1	3	0	26	1	0	0	9	7	0	0	5	783
7	39	0	2	0	1	28	0	0	3	4	293	0	0	4	2,107
20	5	6	12	1	0	10	0	0	46	0	5	4	0	5	649
9	1	1	0	7	0	12	4	1	0	2	7	0	0	0	926
3	0	0	0	0	1	2	0	4	1	0	2	0	0	0	418
8	35	0	1	1	0	70	0	0	58	3	2	1	0	9	827
7	32	1	0	2	3	62	0	0	1	27	62	2	0	24	4,479
2	1	0	1	11	0	8	0	0	1	17	6	0	0	2	705
1	20	0	1	0	0	23	0	0	2	1	51	1	0	10	1,754
39	0	0	1	1	34	5	2	2	0	0	0	1	1	1	899
8	0	46	6	0	0	2	20	0	16	0	0	40	0	1	415
5	8	15	2	2	1	112	0	0	40	0	4	2	0	11	1,359
980	1	0	7	0	10	4	3	0	1	0	2	17	11	0	1,352
3	375	1	0	0	0	42	0	0	25	1	27	2	0	8	1,578
16	0	135	25	0	0	4	2	0	17	0	0	42	0	1	589
32	1	7	383	0	1	1	0	0	19	0	2	67	2	0	665
4	1	0	0	89	0	11	0	0	0	5	1	0	0	1	485
249	0	0	0	0	105	0	1	0	0	0	2	3	0	1	610
2	38	0	0	4	1	201	1	0	4	6	20	1	0	15	1,704
23	0	4	2	0	1	3	85	0	4	2	3	15	0	1	687
2	0	0	0	1	1	7	0	12	0	1	0	0	0	0	212
6	61	4	1	1	0	17	0	0	278	0	2	0	0	6	859
4	5	0	0	14	0	19	0	0	0	74	11	0	0	3	1,389
7	15	0	0	0	0	13	0	0	0	0	482	0	0	7	1,962
57	0	12	74	1	0	1	0	0	5	0	2	399	8	0	698
267	0	1	28	0	3	2	0	0	2	0	2	132	99	0	691
100	19	9	43	8	20	45	4	2	29	5	43	32	8	12	1,467
1,863	661	242	590	146	182	730	123	21	552	157	1,038	761	129	127	30,269

3.3.3 Distance Travelled to Work

3.3.3.1 The distance travelled to work by most NICS staff (i.e. those for whom both home address and workplace address are available) can be measured. These address data have been analysed using a geographic information system model known as “Simplified Modelling for Spatial Systems” (SMOSS). This model calculates road distances between two points: in this case, for each civil servant the centroid of the Census Output Area of the home address and the centroid of government buildings in the ward of the workplace. We would have ideally examined the time taken for the journey to work, since this is arguably more important than the distance, but owing to the myriad of factors involved it has not been possible to measure this.

3.3.3.2 Figure 3.11 presents the home-to-work distance by road for all NICS staff. (Equivalent information for various grade levels is given in Appendix B, Table B17, and data for each DCA in the Belfast TTWA is given in Table B18.) The data do not directly answer the question “How far would public servants be willing to travel to work?”, but they do show that almost half of NICS staff currently travel 10 or more miles, almost a third travel 15 or more miles, and almost a quarter travel 20 or more miles. Only 11 per cent travel 30 or more miles to work. Clearly, there are dangers in generalising on this subject: hundreds of people are prepared to commute at least 50 miles to work, whereas there are likely others to whom a 10-mile journey would be unacceptably long. Without the appropriate transport infrastructure, even a relatively short journey to work could be highly problematic. Of those who do travel quite long distances to work, a reasonable assumption is that many would prefer a shorter journey.

Figure 3.11: Distance Travelled to Work by NICS Staff^a



Source: NICS Human Resource Management System.

Notes:

^a As at 1 January 2007.

3.3.4 Summary

3.3.4.1 The main points of Section 3.3 may be summarised as follows:

- Around 30 per cent of employees in Public Administration and Defence, Social Security, Education, and Health and Social Work (combined) work in the Belfast City Council area, as do some 60 per cent of staff in the Northern Ireland Civil Service.
- There are people from every district council area who work in the public sector in Belfast. Often these number hundreds, even from district council areas remote from Belfast, such as Derry.
- We do not have direct evidence to answer the question “How far would public servants be willing to travel to work?”, but data relating to the Northern Ireland Civil Service show that almost half of NICS staff currently travel 10 or more miles, almost a third travel 15 or more miles, and almost a quarter travel 20 or more miles.

3.4 Conclusion

3.4.1 The public sector is particularly important in Northern Ireland, accounting as it does for some 31 per cent of employee jobs. It comprises a wide range of employers across health and education services, central and local government, the police, and other organisations.

3.4.2 Public sector jobs are widely dispersed across district council areas, but this distribution is uneven, with Belfast having by far the highest proportion per head of the working age population. There are difficulties in making comparisons between different countries, but in each of the three countries of Great Britain the proportion of public sector jobs in the capital city appears to be only half (or less) than the proportion of public sector jobs in Belfast.

3.4.3 Analysis of travel-to-work areas shows that the Belfast TTWA has a very high proportion of public sector jobs per head of the working age population, but slightly behind Omagh. By way of contrast, Strabane is the TTWA with the lowest proportion of public sector jobs.

3.4.4 In considering the relocation of public sector jobs, equality issues – not least gender and religion – need to be taken into account. Given the comparatively high representation of females in the public sector and the large variation in the

gender composition of occupational groups, there is potential for any relocation to have a gender effect.

3.4.5 In aggregate, the religious composition of the public sector is in balance with that of the economically active population, but many sub-sectors have an imbalance. In particular, there is an under-representation of Catholics in security-related jobs. This is offset by an under-representation of Protestants in non-security-related jobs. Relocation of non-security-related public sector jobs would have the potential either to increase or decrease this imbalance. The magnitude and direction of change would depend on the number of jobs involved and the religious composition of the catchment area from which new recruits would be drawn.

3.4.6 The analysis of travel-to-work patterns has revealed that there are people travelling from all district council areas in Northern Ireland to work in the public sector in Belfast. Hence the relocation of jobs out of Belfast has the potential to reduce the commuting burden experienced by many public sector workers.

CHAPTER 4

Theory of Relocation



4.1 Introduction

4.1.1 This chapter assesses the case for relocating public sector jobs. It draws on the relevant academic literature to ascertain the reasons a government might consider dispersing public sector jobs from a capital city as part of public policy. It outlines the main arguments in favour of relocating these jobs, as well as the potential risks and management considerations of doing so.

4.1.2 The literature suggests that there are three main reasons for relocation: first, to enhance the delivery of public services by improving operational efficiency and effectiveness; second, to promote more balanced regional economic development and reduce social deprivation; and third, to promote sustainability by achieving environmental benefits through changing commuter patterns, operating in more energy-efficient buildings, and helping to revitalise the economic and social infrastructure of local communities.

4.2 Service Delivery

4.2.1 Cost Savings

4.2.1.1 Important factors in business relocation decisions in the private sector include cost savings, competitiveness and changes in business processes, which positively impact on profit margins. The rationale in the public sector is slightly different. Although profit margins are not applicable in this sector, a key aim is to deliver value for money to taxpayers through the delivery of effective and efficient services.

4.2.1.2 Relocation can generate efficiency savings. In particular, cost savings in premises and labour are viewed as key relocation drivers. In both the public and private sectors, the bulk of operating costs arise from labour and property. Within national economies, these costs can vary considerably between regions. Therefore, depending on the extent of inter-regional cost disparities, there may be scope for cost savings to be achieved as part of a relocation policy. In particular, a movement of jobs from overheated locations with tight labour markets and pressurised property markets to locations with labour and property markets characterised by a greater degree of slack presents significant potential to achieve cost savings.

4.2.1.3 Much of the available literature on cost savings is concentrated on the example of relocating jobs from London and the South East towards more peripheral regions of the UK. Some recent research has estimated that transferring one thousand staff out of London could save as much as £35 million in labour costs over a decade, and that prime office space in London is, in some instances, five to six times more expensive than in other UK cities (Experian, 2004).

4.2.1.4 In some peripheral economies the potential for cost savings is not as great as that which could be achieved by relocating jobs from a large economy such as London. Some economies have little scope for cost savings on labour as pay is negotiated nationally; and sometimes commercial property costs do not have significant spatial variations, therefore limiting the potential for cost savings. In such economies the scope for cost savings is likely to arise from business process re-engineering rather than directly from relocation.

4.2.2 Catalyst for Change

4.2.2.1 Relocation can spur the adoption of new business practices, processes and technology as well as improvements in organisational culture (Gershon, 2004). Relocation can bring significant benefits to organisations, enabling them to reduce operating costs, reshape their culture, and modernise working practices with new technology (Experian, 2004). Relocation can therefore be a useful tool for public sector organisations faced with demands to operate more efficiently, particularly within a tightening fiscal environment.

4.2.2.2 In particular, relocation can provide an opportunity for organisations to implement change, especially technological change. Reorganising the way work is conducted by using telephone and video conferencing facilities and electronic means of communication (especially e-mail) is particularly effective where the information and communications technology (ICT) network is updated at the same time as relocation (Marshall, 2007).

4.2.2.3 Technology, as Chapter 6 makes clear, can also be used as a basis for changing the way, and location from which, staff work. Telecommuting is defined as the utilisation of telecommunications for work-related activities for the purpose of reducing commuting-related costs (Salomon, 1998). In earlier years, this tended to be restricted to the home-based working made possible by information technologies and telecommunications links. In more recent years, the definition has been stretched to include those working remotely in telecentres, and mobile workers (for example, those who operate from touch-down office facilities). The central idea behind the concept is work that has been relocated because of the opportunities inherent in technology (Perez et al., 2004).

4.2.2.4 Implementing telecommuting procedures as part of a relocation policy can bring a number of benefits, including reducing traffic congestion and air pollution (Handy and Mokhtarian, 1996; Novaco et al., 1991); reducing business costs and providing businesses with access to a larger labour pool (Salomon, 1998); responding to employees' needs for work-life balance (Madsen, 2003); and providing a more flexible and inclusive society by offering employment opportunities for mobility-limited groups (Matthes, 1992).

4.2.2.5 Technology can also act as an enabler in moving middle and senior level jobs outside capital cities. There is often a perception that senior staff in the public sector require proximity to ministers and other senior staff. Although this requirement may constrain the scope to relocate some posts in the upper echelons of the public sector, it is now possible to derive benefits from relocating even relatively communications-intensive functions (Marshall et al., 2005b).

4.2.3 Workplace Design and Staff Performance

4.2.3.1 A number of benefits can arise as a result of relocating premises, especially if existing premises are no longer sufficient to meet operational requirements. Relocation is not a prerequisite for introducing a new workplace, but it can provide an opportunity to start again with state-of-the-art modern premises, which can then act as a catalyst in achieving efficiency savings. Major efficiency, cultural and customer-service benefits are likely to accrue if staff like where they work and the building environment facilitates communication and modern working practices (Experian, 2004; Marshall et al., 2005a). Research suggests that a more pleasant and healthier internal environment is, among other things, more likely to improve staff retention and reduce sick leave (Gullickson and Tressler, 2001; PricewaterhouseCoopers, 2000; University of West of England and PriceWaterhouseCoopers, 2005).

4.2.3.2 While the working environment has an important influence on staff, the actual spatial locality of their employment is also important. Personal factors associated with geography are linked to the creation of job satisfaction. For example, in a recent study both male and female nurses cited having a work location close to home and being able to respond to children's or elderly parents' needs in an emergency as important contributors to their satisfaction (McNeese-Smith, 1999).

4.2.3.3 Relocation can also lead to an improvement in the quality of service delivery resulting from operating within a different labour market (Lyons, 2004). A relocation from a capital city can attract better quality labour from peripheral regions where labour markets are less tight, and this can contribute to improvements in the quality of public service delivered. A number of post-move evaluations suggest that relocations can

achieve improvements in business operation, including significant improvements in response times and in the quality of service provided (Marshall, 2007).

4.2.4 Innovative Approaches

4.2.4.1 Relocating public sector jobs provides an opportunity to relocate a mix of posts, including both senior and junior posts. This helps staff to further their careers through promotion at the new location, thereby contributing to reduced staff turnover. Relocating a significant number of professional and senior administrative jobs also helps to reduce any under-representation of such occupations and skills in the destination-locations, thereby helping to bolster the pool of skills and local institutional capacity (Marshall et al., 2003).

4.2.4.2 Cities represent the spatial manifestation of economic activity – large, urban agglomerations in which businesses choose to locate in order to benefit from proximity to other businesses and external economies of scale (HM Treasury, 2006). As a consequence of their role as regional drivers of economic activity, capital cities can often act as an “escalator region”, attracting civil service staff from the provinces as they progress up the promotion ladder. Subsequent staff mobility is then likely to be close to the capital where job opportunities are greater (Marshall et al., 2003). Therefore, job dispersal can contribute to labour mobility and retention in local labour markets. By contributing to the provision of a high quality employment base, local workers will have less need to move from their hometown in search of employment of sufficient quality that is appropriate for their skill-set. Therefore, a relocation of jobs to a peripheral locality could potentially encourage local workers to continue to live and work in that area. And the retention of well qualified and skilled workers will contribute towards the long-term sustainability of these areas.

4.2.4.3 To achieve a balance between sustainable and high quality employment and efficiency savings a clustering approach may be necessary. A “cluster” is a concentration of firms that are able to produce synergy because of their geographic proximity and interdependence (Rosenfeld, 1997). In the public sector, a cluster approach involves the development of a locational hub of related activities that facilitates a regular flow of knowledge, skills, expertise, and staff. An example of a public sector cluster is the range of operational functions in employment and education that were relocated from London to Sheffield in the 1980s. This relocation is regarded as a success and achieved a number of positive outcomes, including providing staff with the opportunity to acquire national policy skills not normally found in the workforce of regional cities; and enabling a flow of knowledge into the local labour market through natural staff turnover (Lyons, 2004).

4.2.4.4 Clustering can reduce the relocation risk for employees by providing them with improved career opportunities across the public sector; and staff will therefore feel more comfortable being located in a peripheral location (Experian, 2004). The local business sector could benefit from knowledge spillovers that will contribute to productivity growth, and shorter travel to work times will enable staff to undertake more community and social functions (Core Cities, 2003). In this context, the relocation of public employment could be used in a targeted and strategic way to build upon the different strengths and economic potential of destination localities, thereby contributing to the attainment of both local and regional economic development strategies (Marshall et al., 2003; Burnside, 2004).

4.2.4.5 To ensure service delivery standards are maintained it is essential that any relocation is considered within the government's current policy framework. In particular, when considering a relocation on a clustering basis, it is essential that current government strategies are taken into account and an examination carried out of which departments, or parts of departments, currently work closely together or are likely to work closely together in the future. Without an explicit articulation of policy objectives, and a robust assessment of the spatial repercussions on the economy and polity, public sector relocation cannot deliver joined-up policy (Lloyd & Peel, 2006).

4.2.5 Transition of Relocation

4.2.5.1 The discussion in this chapter has largely been focused on the potential benefits that may arise as a result of a relocation of public sector employment. But the process of relocation includes a number of risks, particularly in the initial transitional phase following relocation.

4.2.5.2 Relocation can lead to staff-retention difficulties that impair operational efficiency through the loss of organisational memory and experienced and knowledgeable staff. Staff may be unable or unwilling to relocate because of family responsibilities or other reasons that attach them to their existing place of residence. In addition, spouse employment is an important consideration, and this can adversely affect staff mobility (Green & Canny, 2003).

4.2.5.3 The relocation process may also give rise to a number of transitional costs. There may be a transitional reduction in operational efficiency as new staff replace existing staff, and settle into their new posts. If there is an available pool of suitable replacement staff within the local labour market, however, then any adverse impact on operational efficiency will be relatively short-term. Additional transitional costs include the recruitment and training costs for new staff.

4.2.5.4 In general, any gains in cost savings and operational efficiency associated with public sector relocation are long term, but the pain of disruption and the costs of financing relocation are short term (Marshall, 2007). Therefore, there is a time-based efficiency trade-off (i.e. short term cost versus long-term gain) associated with any relocation of public sector jobs.

4.2.5.5 The role and remit of the public sector is much broader than ensuring first-class service delivered in a cost-effective manner. Unlike a private firm, the public sector is charged with considering questions of equity, public costs, and wider benefits to the public (Jefferson and Trainor, 1996). Therefore, an analysis of the location of public sector bodies should be based on a wider economic analysis that includes all economic and social costs, and benefits.

4.3 Regional Economic Balance

4.3.1 Economic Activity and Growth

4.3.1.1 Conventional thinking on the economic impact of relocation might suggest that at the national level the impact of relocating jobs from one location to another would be neutral, as gains at the destination location would be offset by losses at the origin. But at times when parts of the regional economy are overheating, some rebalancing might contribute to economic growth. If relocation can bring into employment underutilised resources in destination regions and free up scarce resources in high-income origin locations, it can contribute to national economic growth and a more favourable regional economic balance (Jefferson and Trainor, 1996).

4.3.1.2 At the origin, in overheated labour markets characterised by excessive demand on infrastructure and competition between the public and private sector for staff and resources, a rebalancing of public sector jobs away from these areas will help redress regional economic disparities. In addition, releasing scarce skills to the private sector will contribute to the competitiveness of the local private sector (Marshall et al., 2005b).

4.3.1.3 In France, Finland, Ireland and the UK, relocation has been used to create jobs and encourage economic development in provincial regions, while at the same time reducing inflationary pressures in property and labour markets close to capital cities (Lyons, 2004; Decentralisation Implementation Group, 2005). Therefore, job dispersal can increase economic growth and contribute to a rebalancing of economic activity within a region without adversely impacting on the origin location.

4.3.1.4 Moving jobs from capital cities is unlikely in the long run to have significant negative consequences for these areas. This is due largely to the tightness of their labour and property markets and the attractiveness of capital cities for new investment in finance, business, and creative services (Buck et al., 2003).

4.3.1.5 But the available research suggests that there are a number of risks to destination regions in relocating public sector jobs. These include the possibility that increased demand in destination regions may increase both labour and property prices. Hence the increased demand in these regions could create difficulties for local people trying to purchase a property and also make it difficult for the local private sector to compete with the public sector for high quality skilled labour if the public-private wage differential is significant.

4.3.1.6 Growth in the non-market sector may crowd out the private sector and have negative impacts on enterprise and initiative in the local economy (Marshall, 2007). In particular, the creation of public sector employment paid according to national wage rates may undermine the creation of white-collar, service-sector employment in lower-paid, private sector regions (Henley & Thomas, 2001). In addition, any restructuring of the local employment base arising as a result of relocation will make the local economy more vulnerable to reductions in government expenditure (Marshall et al., 1999).

4.3.2 Knowledge Spillovers

4.3.2.1 Public sector investment can act as a catalyst for private sector regeneration of deprived and disadvantaged areas in run-down parts of peripheral regions (Experian, 2004). A higher skilled local workforce resulting from a relocation of high quality, public sector jobs implies greater levels of innovation, knowledge creation, transfer of skills, and thus productivity and economic growth. This point was stressed in the evidence provided by Experian to the Lyons Review:

The more senior posts involved, the greater the economic benefit to the receiving location, because higher grade staff tend to be better paid and to have more disposable income to spend locally. In addition they are more likely to move with their post, or be based outside the area and travel longer distances to work, so they will not be exacerbating competition for local labour (Lyons 2004: p. 34).

4.3.2.2 The economic impact will be maximised if public sector service units with adequate training provision are transferred. This will facilitate the creation of a flow of learning to the private sector through networking and the movement of staff between sectors (Experian, 2004).

4.3.2.3 A relocation of public sector jobs to an area could potentially contribute to a better matching of local labour demand to local labour supply by creating jobs appropriate for the skills-set of the local labour market. If this enables people who are temporarily out of the labour market to gain employment, it will have a positive impact on economic activity in that location. In destination regions where there is a slack labour market and sustained high levels of unemployment, the benefits of increased employment opportunities are likely to be significant (Jefferson and Trainor, 1996). In short, the relocation of higher-skilled public sector jobs can play a large role in contributing to the enhancement of the skill and knowledge base of regions and thus ultimately increasing productivity and economic growth (Illeris, 1996), especially when connected to wider strategies aimed at enhancing regional competitiveness (Storper, 1997).

4.3.3 Regeneration

4.3.3.1 Traditional regional policy generally does not seek to promote relocation of economic activity (Amin et al., 2003). UK regional policy has existed at varying levels of intensity for nearly seven decades, and government expenditure is now relatively low in relation to previous decades and delivered to a large extent through EU programmes (Taylor & Wren, 1997). Therefore, in the absence of an active redistributive industrial policy, public sector relocation may be seen as the spatial articulation of a managerialist process that primarily seeks to secure efficiency gains in the public sector, while acknowledging a potential for geographic equity (Lloyd & Peel, 2006).

4.3.3.2 When public sector jobs are located in a disadvantaged area, it does not follow that these jobs will be filled by people from that area. The extent to which employment benefits a deprived area depends on the location of the employees' residences and the extent to which the labour profile of the business matches that of the deprived areas.

4.3.3.3 One of the major barriers faced by disadvantaged communities is that their skills do not match the requirements of the new jobs being created. This gap can be especially severe for particular groups at particular stages of their lives: young people leaving school, women returning to work, immigrants and older workers (URBACT, 2007). Hence a large proportion of relocated posts may be filled by

existing public sector workers seeking a transfer to the new location, which will lessen the positive economic impact on this location.

- 4.3.3.4** To have a positive impact upon pockets of deprivation in localities characterised by structural labour market problems, additional labour market interventions may be necessary to encourage people from the local community to take up the employment opportunities associated with a relocation of public sector jobs. Targeted advertising and assisting disadvantaged groups to compete for any new employment opportunities by providing work-skills training may be helpful in addressing deprivation. Encouraging engagement from the economically inactive will be critical to improving socio-economic performance in areas of deprivation. Indeed, successfully tackling deprivation requires a multi-faceted and sustained approach in a number of areas, including education, health and welfare. Such an approach alongside a relocation of public sector jobs will contribute towards helping deprived areas realise their full economic potential, reduce benefits costs, increase government income through taxes, and help support further growth through increased spending and upward pressure on wages.

4.4 Sustainability

4.4.1 Environment

- 4.4.1.1** Existing public sector staff transferring to posts closer to home, who would otherwise have commuted longer distances to work, could result in reduced commuting and thereby directly decrease carbon emissions. Although the net impact on the environment as a result of a change in commuting patterns may be relatively small, reducing carbon emissions remains an urgent and sizable challenge (King, 2007). There is no single solution to this problem, but by making smart choices as individuals about what, when and how to drive, significant reductions in carbon emissions can be achieved within a relatively short period of time (King, 2007). Therefore, any government policy that supports a reduction in the overall level of emissions can only be viewed as positively contributing to the environment.
- 4.4.1.2** As well as directly changing workers' commuter routes, relocation policy has a number of indirect impacts. In overheated local economies there is often excessive pressure on local infrastructure, especially on the main commuter routes. These routes are often suffering from severe traffic congestion, which in turn are associated with unreliable travel times. The extra time taken to travel under congested conditions is non-productive time, which could have been used to engage in some form of economic activity that would positively contribute to GDP. Congestion also causes an increase in emissions from petrol and diesel engines, mostly as

a result of frequent acceleration and the tendency for engines operating at low speeds to emit more of certain pollutants (Stopher, 2004). Therefore, any reduction in congestion associated with a relocation policy could potentially involve time savings, environmental improvements, and improved use of economic resources. The extent of any potential reduction in emissions, however, is totally dependent on the overall change in commuting patterns. Although a relocation of jobs may result in a reduction in one person's commuting, it may simultaneously result in an increase in another worker's commuting. This makes the net impact on the change in overall emissions uncertain and perhaps small.

4.4.1.3 Commuting is not the only environmental implication associated with a relocation of public sector employment; a change in the office building is also an important consideration. Energy consumed by buildings can account for a significant proportion of the total primary energy requirement in economies (Chan and Yeung, 2005). Therefore, an economy with a large public sector currently utilising old, energy-inefficient buildings could potentially make a significant long-term environmental contribution to a regional economy through a relocation programme involving a movement of jobs and people to new state-of-the-art, energy-efficient office accommodation.

4.4.2 People and Community

4.4.2.1 Reducing employees' journey times to and from work each day will allow them more time for leisure and for spending with their families, thereby improving work-life balance. Work-life balance is an area that has received much attention from researchers in recent years, reflecting increasing recognition that work and other life commitments cannot be easily separated. From an employee perspective, work-life balance is the maintenance of an appropriate balance between responsibilities at work and at home (De Cieri et al., 2005). From an employer perspective, valued employees need to be attracted and retained in a highly competitive labour market to help organisations succeed. With benefits on both sides of the employer-employee relationship, measures to enhance staff work-life balance are becoming of increasing strategic importance to organisations and now form part of many businesses' core human resources strategy.

4.4.2.2 Another effect of shorter travel to work times may be to enable staff to undertake more community and social functions, thereby helping to enhance the local community's social infrastructure. Case study evidence presented as part of the Lyons Review (2004) highlighted that following relocation staff were able to contribute their knowledge and skills to the local community through such voluntary activities as school governorships.

4.4.2.3 Job relocation can also contribute to labour mobility and retention in peripheral regions. These regions often suffer from a “brain-drain” whereby people endowed with a high level of human capital migrate from their region of origin in search of better quality and higher-paid employment (Beine et al., 2001). A relocation of high quality and well-paid public sector jobs to a peripheral locality could encourage local labour to continue to live and work in that area, while reducing the escalator effect that capital cities have on peripheral locations. Local economic development agencies have increasingly recognised the importance of retaining skilled labour as a key contributor to achieving higher rates of economic growth. Measures aimed at retaining skilled labour and attracting back labour that had previously migrated now form part of most local economic development strategies. Hence an injection of the correct occupational mix of public sector jobs would support these local development strategies.

4.5 Conclusion

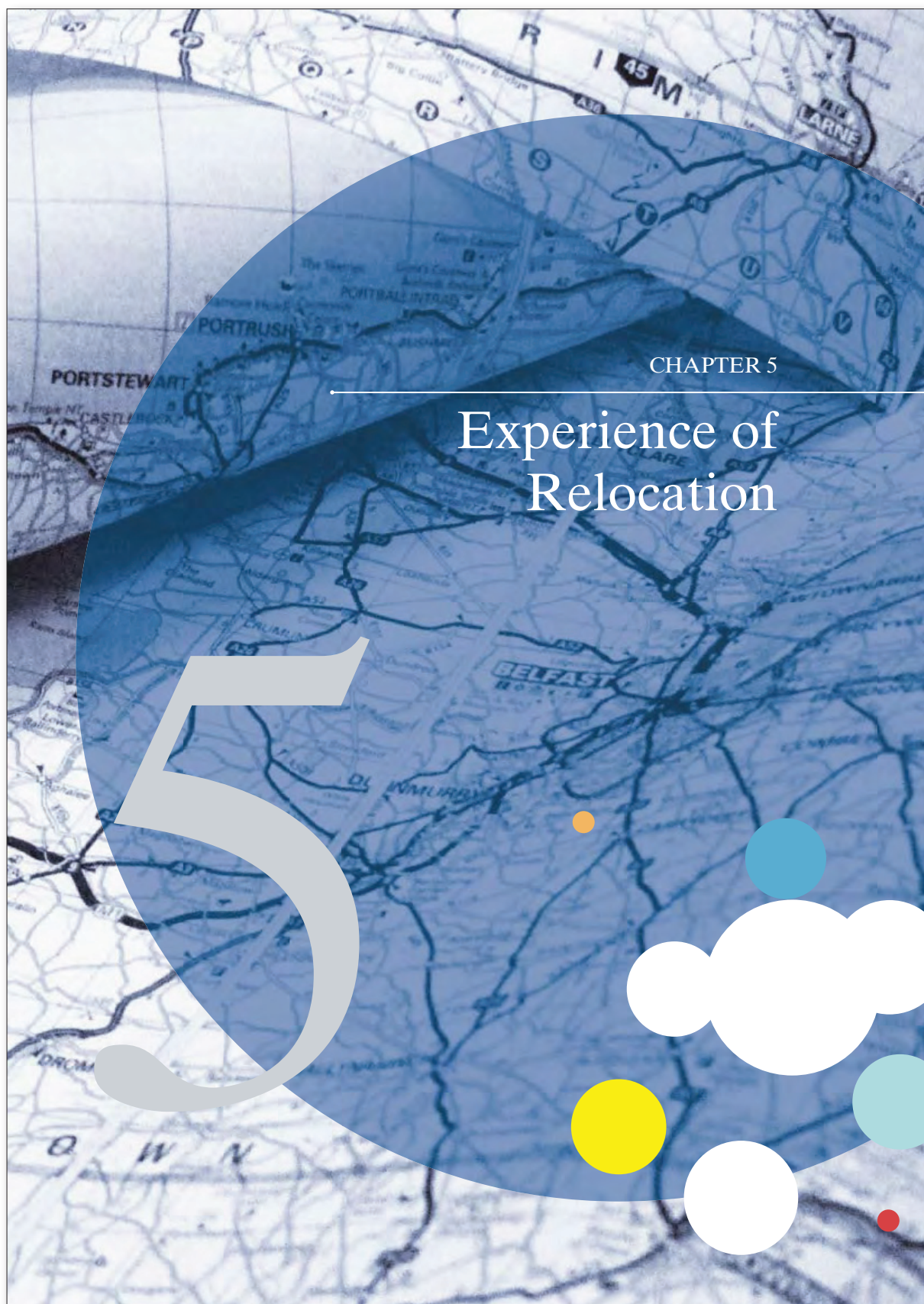
4.5.1 Much of the discussion on public sector relocation revolves around the cost implications. Although this is an important consideration since taxpayers’ money must be spent in an effective and efficient manner, the case for relocation deserves a much broader discussion as it can also improve service delivery, regional economic balance, and sustainability.

4.5.2 In the long run a relocation policy can have a positive impact on operational efficiency and effectiveness. Traditionally, job relocation seeking to reduce operational costs involves movement on an inter-regional basis. There are often large differences in labour and property costs between regions, and since these usually comprise the bulk of operational costs, there is potential for large cost savings. But significant cost savings can be achieved only if there are favourable labour or property price differentials between the origin and destination regions.

4.5.3 Relocation can provide an opportunity to implement changes in working practices and introduce technology to improve efficiency as part of a business re-engineering process. Although there is likely to be an adverse impact on efficiency in the short term as the relocation process is implemented, efficiency savings can be achieved over the longer term. In addition to efficiency savings, relocation in a new building can have a positive impact on staff recruitment, retention and performance that will, in turn, contribute to the overall strength of the organisation. Relocation can also encourage organisations to try new and innovative approaches such as teleworking and clustering.

- 4.5.4** A relocation of public sector jobs can contribute to regional economic balance without adversely affecting the origin destination. The key elements necessary to make a relocation of jobs economically viable is that the origin location is characterised by overheated labour and property markets, while the destination location has slack in both these markets. In this situation, resources are freed up at the overheated origin that can transfer to the local private sector, and previously idle resources are utilised at the destination. Once jobs are dispersed to the destination region, there may be a multiplier effect through knowledge transfer and the movement of staff between the public and private sectors and between civil service departments. The enhanced skills base of the destination region, and associated improvements in productivity, have the potential to contribute significantly to the destination region's long-term growth, especially when they occur in the context of regional competitiveness and economic development strategies.
- 4.5.5** Although a policy that changes the economic structure of a region has significant potential to stimulate economic activity, it also contains a number of risks. These include potential public sector crowding out, excess demand in the housing market, bidding up of wages in the local labour market, and competition between the public and private sectors for skilled labour. Additionally, creating an economic base that is heavily weighted towards the public sector can leave local economies vulnerable to reductions in government expenditure.
- 4.5.6** Relocation may enhance the sustainability of local communities by reducing the incentive for their young, well-educated and skilled labour to migrate to other regions by providing local access to high quality public sector jobs. Relocation can also bring about a reduction in commuting times, thereby benefiting the environment through reduced emissions. In addition, by reducing travel-to-work times, employees will have more time for leisure and for spending with their families, thereby improving their work-life balance. Shorter travel-to-work times may also enable staff to undertake more community and social functions within their local areas of residence, thereby helping to enhance the social fabric of local communities. Although these benefits may arise for some workers and communities, the impacts will not be the same for all workers affected by a relocation of jobs. Some workers may actually have their commuting journey increased as a result of relocation, making the overall net impact on the environment and related community and social impacts uncertain and perhaps small.

- 4.5.7** The available literature on the subject of relocation suggests that there is a business, economic and social case for the dispersal of public sector employment. Although there are a number of associated risks and potentially negative consequences, there are also a number of benefits from which local and regional economies can benefit. Many of the risks and potentially negative consequences are relatively short-term in nature, whereas the benefits associated with relocation occur over the longer term; therefore, there is a time based trade-off involved in the decision to relocate public sector employment.
- 4.5.8** The outcomes targeted when developing policy often differ significantly from those that actually occur when the policy is implemented. The arguments presented in this chapter have been largely theoretical. We turn in the next chapter to what has occurred in practice when public sector jobs have been relocated.



CHAPTER 5

Experience of Relocation



5.1 Introduction

5.1.1 This chapter examines the experience of the relocation of public sector jobs in various countries. As part of our research, we looked briefly at relocation in Canada, Finland and France and concluded that the issues and experience in these countries were similar to those in these islands. Hence, in addition to the experience in Northern Ireland, this chapter focuses on that in the Republic of Ireland, Wales, England, and Scotland because of their proximity and similarities in geographical scale, government structures, and the organisation of public services. In each country we look specifically at why relocation was considered, how it was implemented, and what can be learned from the experience that could help to shape future decision making in Northern Ireland.

5.2 Northern Ireland

5.2.1 We examined three case studies of the relocation of public sector bodies in Northern Ireland. The first of these was the relocation of seven civil service branches from the Belfast-North Down area to Londonderry in 1993-94. The rationale for the initiative was:

- to help revitalise Derry by introducing extra spending power by staff transferring to the area, creating additional employment opportunities, and boosting the construction industry; and
- to have a positive impact on equality of opportunity by having a more substantial civil service presence in the west.

5.2.2. The relocation was completed by mid-1994 when all 279 posts were transferred to two new buildings – Orchard House and Waterside House – located on either side of the River Foyle. It resulted in virtually a complete turnover of staff as people chose not to relocate and posts were filled from other parts of the civil service in Belfast, Derry and elsewhere. The transferred functions have been retained in Derry and are generally still operational some fourteen years later.

5.2.3 To assess the lessons learned from the relocation, we noted the findings of a government-commissioned evaluation carried out by Coopers & Lybrand in 1997. It concluded that:

- the full economic benefits and the creation of additional employment opportunities were restricted because the majority of transferring staff were already living in the area and contributing to the local economy – known as the “hometown effect” because the wealth that would have been generated by new residents was less pronounced;
- the “routine” nature of the transferred functions ensured that there was no significant adverse effect on operational effectiveness;
- the moves were difficult to justify on a value-for-money basis given the high costs involved [£17 million, the majority of which was construction (£11 million) and staff (£3.7 million) costs]; and
- the wider employment, income and revitalisation benefits were not commensurate with the costs.

5.2.4 From this analysis we conclude that:

- the “hometown effect” is a significant factor that must be considered carefully;
- the type of jobs transferred and associated skill sets are key issues; and
- success can be difficult to justify on a purely cost basis.

5.2.5 More recently, in 2003, the Social Security Agency relocated Pensions Credit to Carlisle House in Derry. The decision to locate in Derry was driven by two key objectives. The first was the introduction of a new telephony-based service that created flexibility in terms of location. As the Department for Social Development has responsibility for urban regeneration, the second objective was to encourage regeneration in Derry. The centre opened in spring 2003 in a refurbished shirt factory on Carlisle Road staffed by 230 staff, comprising a mixture of existing civil servants (193) and new appointments (37). Pensions Credit continues to operate from Carlisle House today.

5.2.6 From our research, we have drawn a number of conclusions. Service delivery was significantly affected by a high level of inexperience at the outset caused by large numbers of staff choosing not to relocate to Derry. This was exacerbated by the specific skills and knowledge required and the lead-in times for training on social security benefits. It has been suggested to us that 75 per cent of the

original staff had no experience of the benefit, but it could be argued that since Pensions Credit was new, the level of inexperience cannot be wholly attributed to the relocation. We understand, however, that the promotion and publicity surrounding the new Pensions Credit added to the initial teething problems and backlogs of work that ensued. The service delivery problems took a long time to resolve.

5.2.7 Turning to the positive side, the regeneration aspects of the project have been successful and made a significant contribution to the development of the city. The security of a government tenant provided an incentive for local developers to refurbish a disused shirt factory at a very competitive price and without grant aid, thus ensuring value for money in accommodation costs. Additional revenue was introduced from the 230 new jobs and another 50 jobs were created as a result of the multiplier effect.

5.2.8 A number of lessons can be learned from this case study. These include:

- to be clear about the objectives of a relocation project and how its success will be measured;
- to not underestimate the human resource and staffing issues and the need to have human resource policies in the public sector that support relocation projects;
- to understand the skills and knowledge base required in the receiving location and how these can be sustained over time; and
- to ensure experienced staff are in place to maintain service delivery.

In short, a relocation project needs to be carefully managed so that operational effectiveness and service delivery are not adversely affected and can be sustained over time.

5.2.9 The third case study looked at the experience of InterTradelreland, one of six cross-border bodies established in 1999. It is located in Newry and currently employs 42 people. Given the cross-border nature of its business, Newry offered a central location with good transport links on the economic corridor between Belfast and Dublin. Many of the staff employed by InterTradelreland previously commuted to Belfast and welcomed the opportunity to relocate closer to home. This contributed to effective recruitment and retention of high quality local labour which, along with the effective use of information and communications technology (ICT), generated successful service delivery. Flexible working encouraged local women, in particular, to apply for jobs, and local career opportunities for young people were encouraged through placement opportunities.

5.2.10 The location of InterTradelreland in Newry has generated confidence in the local economy and some additional spending power in the city despite the majority of staff already living in the area (i.e. the “hometown effect”). The decision to locate in the city has also contributed positively to the profile of the city and has attracted other businesses to the area. It is generally regarded as a good example, albeit a relatively small one, of successful location. Its success would seem to be the result of: the availability of a high quality labour supply; good infrastructure and transport links; and the availability of good quality accommodation; or put very simply – people, place and infrastructure. We have concluded, therefore, that two useful learning points from the InterTradelreland experience are: understanding how success will be assessed and measured, and ensuring that the location of the organisation is aligned with its overall objectives.

5.3 Republic of Ireland

5.3.1 In December 2003 the Minister for Finance announced the decentralisation of government departments, civil service offices, and state agencies to provincial locations throughout Ireland. This is the most ambitious case study we have considered insofar as it includes the relocation of eight departmental headquarters from Dublin. The initiative encompasses 10,300 jobs to 53 locations in 25 counties.

5.3.2 The reasons for relocating, as announced by the Minister, were that:

- growth should be regionally balanced;
- there should be a change in culture in terms of policy formation – “no longer will policy be made entirely in Dublin on the basis of a Dublin mindset”;
- the initiative would create better career opportunities for regionally based staff; and
- staff would have a better quality of life (e.g. reduced commuting and lower house prices).

5.3.3 Locations were selected taking account of the National Spatial Strategy and with the aim of clustering services within a region. To date two thousand staff have been relocated to thirty towns; but we understand that no complete government headquarters have been included, although some have adopted a phased approach to relocation and put advance offices in place. And the Decentralisation Implementation Group expects the scale of relocation to increase as property becomes available over the next two years. But we understand that, in light of the current economic climate, the phasing of the programme may be under review.

- 5.3.4** A number of major issues have emerged primarily concerning industrial relations and human resources. The programme is being implemented on a voluntary basis; staff are not required to move. Consequently, there is no redundancy or voluntary severance scheme; nor are removal or relocation expenses paid. Filling posts has proved difficult despite eleven thousand staff having applied to relocate. Gaps remain when experienced staff choose not to relocate or the receiving location has a mismatch of skills and grades. Arrangements have been agreed with the civil service unions on redeploying general service staff who wish to remain in Dublin. Progress on the relocation of professional and technical posts has been particularly challenging since there has been a low take-up of specialists volunteering to move.
- 5.3.5** The Government decided that ICT will co-locate with each of the departmental headquarters, and issues about the operation and location of data centres are currently being examined. With the move of departmental headquarters from Dublin, concerns have been expressed about the impact on the role of the civil service in supporting ministers, government, and the Oireachtas. A report on the arrangements to facilitate the operation of departmental headquarters from decentralised locations is being prepared. Some working arrangements will probably have to be modified to facilitate decentralisation and inter-departmental working.
- 5.3.6** Implementation in the Republic of Ireland is at an early stage so the impact on key areas such as service delivery, operational efficiency, and economic growth is difficult to establish at this time. A phased approach to implementation has been adopted, taking account of the business, staffing, and property issues in each case. The experience to date shows, however, that despite a clearly stated objective to improve career opportunities and quality of life, the human resource and industrial relations issues arising from such an ambitious initiative should not be underestimated. In short, all we have concluded from the Irish case at this stage is that there is merit in a measured approach with phased implementation over a reasonable timeframe.

5.4 Wales

5.4.1 A relocation strategy was instigated in Wales in 2001. The initial review made a number of recommendations, the main one being the proposal to move nine hundred jobs in the Welsh Assembly from Cardiff to three new regional offices in North, Mid and South Wales. The aim of the strategy was to:

- reduce overcrowding and reliance upon the Cardiff estate;
- redistribute wealth;
- regenerate local economies;
- create equity of employment opportunities across Wales;
- improve working environments for staff;
- improve accessibility and openness; and
- encourage sustainable development.

5.4.2 To date one of the three regional offices has opened in Merthyr Tydfil in South Wales. The second site at Aberystwyth is under construction and is due to open in summer 2009. Work on the third regional office in North Wales is expected to start later in 2008. Implementation is, therefore, at an early stage, but we have been able to draw some useful lessons from the experience so far. Decisions on which organisations and functions should be relocated must be taken well in advance of the move; maintaining service continuity is essential; affordability is a key issue (i.e. balancing investment costs with the constraints of a tight financial settlement and the requirement to make annual efficiency savings); and the relocation strategy needs to be aligned with other initiatives, including the estates strategy.

5.4.3 Other potential issues have been identified such as the effect of dispersed working for senior civil servants who are required to support Cardiff-based ministers and the Assembly. This will not be fully tested until such times as the offices in North and Mid Wales become operational. Similarly, the success of the Assembly's human resource policies and relocation incentives for staff has yet to be tested. In short, the Welsh case is interesting but too recent to allow definitive conclusions to be drawn on the strategy as a whole.

5.5 England

5.5.1 The experience of relocation in England can be traced back to the Fleming Review in 1963, from which about 22,000 low-level, administrative functions were relocated from London. This was followed by two subsequent initiatives in 1973 and 1988, which resulted in more substantial relocations, particularly in the Departments of Health and Social Security.

5.5.2 More recently, Sir Michael Lyons was asked in 2004 to advise ministers on the relocation of public servants out of London and the South East. The objective was clear: to reduce operating costs. Moving 20,000 posts was estimated to save £2 billion over fifteen years because of large cost and pay differentials between London and other regions in England. Relocation was also expected to:

- reduce staff turnover through better recruitment and retention;
- improve service delivery through the introduction of new ways of working, better business practices, and changed organisational culture;
- bring positive economic benefits to receiving locations; and
- regenerate run-down areas and revitalise communities.

5.5.3 Lyons recommended that 20,000 jobs should be dispersed and that there should be a presumption against new government bodies and activities being located in London and the South East. So far 16,000 of the 20,000 posts have already been moved, well ahead of the 2010 target date. To date relocations have been driven by property breaks in London, at which point occupants are required to seek alternative accommodation outside the capital. The selection of locations is for individual departments, taking account of business needs and location assessments. But departments are also required to consider the need for better regional economic balance. The local authorities in the top 20 per cent of the deprivation index are identified as the top priority, and the main regions to benefit have been Wales, Yorkshire and Humberside, and the North West.

5.5.4 The distances involved in relocations have generally required people to move, and the impact on the receiving economy has been greater than where the “hometown effect” applies. In many cases departments have moved posts rather than people, thus encouraging local recruitment. There is some evidence that the recruitment of staff outside London has contributed to a higher quality workforce and led to a reduction in staff turnover. Relocation packages for those staff choosing to relocate vary by department, but we understand that a number of the big departments have not had to move large numbers of people. The target set by

Lyons (20,000) is fairly modest in the context of a public sector of 142,000 posts in London and the South East, with the impact being less than it would be in a smaller jurisdiction.

- 5.5.5** One lesson to be learned from the English experience is that a specific efficiency agenda facilitated by regional cost disparities creates a clear and measurable criterion on which to base a relocation initiative. Cost savings have been the overriding objective and have been an important factor when weighing up the costs and benefits. We conclude, therefore, that disparities in costs between regions can successfully drive a relocation initiative.

5.6 Scotland

- 5.6.1** The Scottish experience of relocation is the most mature of the cases we examined. It was introduced in 1999 to:

- ensure that government was more efficient and decentralised;
- provide cost effective delivery solutions; and
- assist areas with particular social and economic needs.

A Small Units Initiative was introduced in 2002 to bring the benefits of public sector employment to fragile rural communities. The overall policy was driven by an efficiency agenda similar to that proposed by Sir Peter Gershon's review, and a belief that relocation would contribute strongly to the development of weaker communities.

- 5.6.2** Government departments and agencies were required to undertake location reviews when a new body was being set up; where there was a merger or reorganisation; or when a significant property break was reached. In doing so, there was a presumption that where a body was based in Edinburgh, it would move away from the capital. Since 1999 about 2,500 posts in 28 organisations have been located outside Edinburgh and about half of these were set up in Glasgow. The moves have included a large number of small bodies (16 bodies of less than 50 posts). There are also a few examples of larger organisations dispersing: in one case 500-600 posts were relocated to seven different locations.

- 5.6.3** The Auditor General for Scotland produced a report in September 2006 that raised a number of issues about the relocation policy. His recommendations were subsequently the subject of an inquiry by the Scottish Parliament's Audit Committee. In brief, the Audit report concluded that there was limited evidence of efficiency gains. Staff turnover and absence levels had reduced but the wider

socio-economic benefits had not been measured. There had been no evaluation of whether relocation objectives had been met or if value for money had been achieved. Relocation triggers were not directly linked to policy objectives such as potential efficiency improvements. The majority of relocation reviews related to organisational changes or lease breaks, resulting in significant investment and disruption that was not necessarily appropriate. There were also concerns about the length of time taken to make relocation decisions (on average twenty-one months) and about the cost of relocations, specifically those elements related to recruitment and the duplication of resources where service delivery has to be maintained while new staff were being trained in parallel.

5.6.4 The Audit Committee subsequently carried out an inquiry and made a number of recommendations:

- decision making should be more sensitive to workloads, priorities, timing and relevance of reviews;
- potential redundancy costs should be taken into account;
- timeframes for taking decisions should be determined at an early stage;
- non-financial losses, such as the loss of expertise and the impact on staff morale, should be factored into evaluations;
- the receiving area should be considered in terms of policy objectives, the proportion of staff choosing to commute, whether the relocation will bring mainly posts or people, and whether the local population will fill incoming posts; and areas within cities should be differentiated from the overall state of a city's economy;
- interim evaluations of socio-economic changes in local economies should be undertaken and benefits and losses identified at individual locations as well as on a national basis;
- areas with particular socio-economic needs within Edinburgh should be assessed on the same basis as the rest of Scotland;
- organisations that support the work of the Scottish Parliament and other Edinburgh-based bodies should be excluded from full-scale review; and
- consideration should be given to how dispersal policy can complement the government's efficiency agenda (e.g. enabling the use of shared services and assisting with the delivery of best value in the use of public funds).

5.6.5 A further review of public sector asset management led to announcements in early 2008 of changes to the relocation policy because the original strategy had not achieved the major benefits intended: dispersing public sector jobs widely and assisting the areas in most economic need, despite a great deal of money, time and effort having been spent on moving organisations. An exception to this criticism was the Small Units Initiative, which will continue. It has been broadly welcomed in rural communities because it has brought high quality jobs to remote rural areas, where even a small number of posts bring demonstrable benefits.

5.6.6 The strategy changes that have since been introduced in 2008 mean that relocation is still an option providing it can demonstrate efficiencies and value for money. The location of public sector bodies in the future will be linked to the efficient use of available assets and relevant environmental considerations. Organisations will have to demonstrate that they can operate effectively from another location, that relocation costs can be afforded, and that there will be no compulsory redundancies.

5.6.7 In selecting a location in the future, greatest weight will be placed on:

- the suitability of the location to meet the organisation's needs, including business continuity, the potential for recruitment match with local employment trends and skill-sets, and the availability of appropriate local housing;
- the availability of suitable and reasonably priced commercial properties or sites within a reasonable timescale; and
- the potential to achieve efficiencies and value for money.

Consideration will also be given, however, to the opportunity to contribute to local regeneration and economic growth, to the development of a local centre of excellence, and to potential reductions in carbon emissions.

5.6.8 A particularly interesting evaluation in Scotland was carried out in 2003 on the relocation of the Public Pensions Agency to the Borders. This was acknowledged by Audit Scotland as a successful example of the benefits that can be gained from relocation. The evaluation demonstrated positive economic impacts relating to the initial construction of the building and the ongoing benefits of receiving almost three hundred jobs. Reductions in unemployment were cited as well as the responsiveness of the local labour market, and there was a view that the success would help to promote future inward investment. Feedback from staff working in the Pensions Agency was positive on such matters as security of employment and opportunity for career progression. The need for better public transport, however, was identified as an area where significant improvement was needed.

5.6.9 The experience of Scotland is particularly interesting given its similarities with Northern Ireland. And it has been particularly helpful to us given the various inquiries that have sought to assess the success of the policy since it was established in 1999. It is the most mature strategy of those we have examined and provides a number of valuable lessons, which include the need to:

- align location policy with the government's overall objectives;
- consider the budgetary implications and the requirement to identify efficiencies and demonstrate value for money;
- provide central direction, support and co-ordination with links to estate and asset management;
- identify clear criteria and rationales for considering a relocation initiative;
- have clearly defined success measures from the outset;
- engage early with staff and unions when relocation is being considered;
- have an open and transparent decision making process; and
- have a detailed process of monitoring and evaluation in terms of both value for money and socio-economic benefits.

5.7 Conclusion

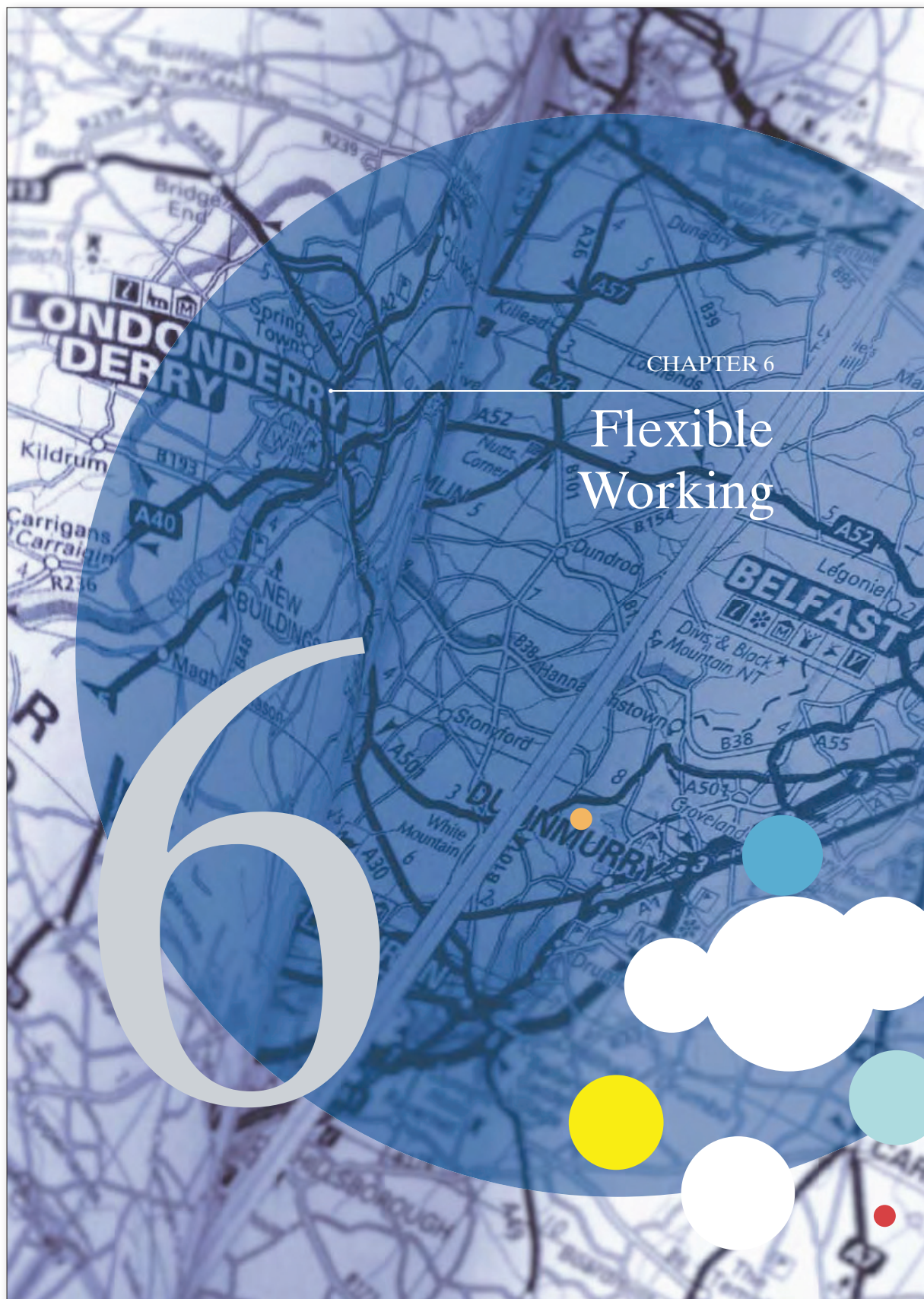
5.7.1 The extent to which we have been able to draw conclusions from the experience of relocation elsewhere has been determined by the degree of maturity of the various relocation strategies. In Scotland the location agenda is about nine years old and has been subject to audit scrutiny. Lessons learned are relatively easy to identify, and demonstrate the sort of issues that can arise where diverse objectives have to be balanced. Lyons, on the other hand, although more recent, shows the type of success that can be achieved where there is a clear and measurable objective from the outset (to reduce costs) and the right environment (regional cost disparities) exists to ensure this objective can be achieved.

5.7.2 Several common themes run throughout the strategies we have examined. The desire to promote economic growth, reduce deprivation, increase sustainability, and bring government and policy making closer to people underpin the rationale for relocation in each jurisdiction. The socio-economic benefits have not yet been evaluated as these only become apparent over a number of years. Although there is insufficient evidence to demonstrate that these benefits have been achieved, defining critical success factors at the outset and establishing a timeframe for evaluation are clearly of fundamental importance.

5.7.3 The experience to date also shows the significant issues associated with the physical relocation of people even where career opportunity and quality of life have been specified as drivers for change. The Lyons Review has been able to address recruitment and retention issues by relocating from London where departments had problems attracting the right people in the first place. Some success has also been demonstrated where it has been possible to move posts rather than people, but this is dependent on the type of function being dispersed. The scale of the relocation programme in the Republic of Ireland has highlighted the human resource and industrial relation issues that can arise and provides a useful lesson for this Review.

5.7.4 From the evidence available we conclude that:

- decisions on relocation should be closely aligned with government objectives;
- success is difficult to justify solely on cost unless efficiency gains can be clearly demonstrated through, for example, regional differentials in property values and pay;
- realising social and economic benefits requires strong political commitment as it is a long-term objective that cannot be easily measured or quantified in the short term;
- a small units initiative can be very effective in remote and fragile areas;
- the approach to relocation should be phased;
- the skill sets required and the availability of labour to support and sustain relocated bodies should not be underestimated;
- strong leadership, central direction, and strategic planning are key elements of a relocation initiative; and
- success measures should be clearly identified and appropriate arrangements put in place to monitor and evaluate progress on a short - and long-term basis.



CHAPTER 6

Flexible Working



6.1 Introduction

6.1.1 As technology advances, new ways of working are developing, changing both the timing and location of work. Increasingly, a significant amount of work can be done in various locations – in an office (any office), at home, on the move. We are aware from our own experiences that the traditional boundaries and expectations about the working environment are changing and that the fixed link between work and place is beginning to break down. Furthermore, the potential role of technology and flexible working as part of a relocation strategy was a theme that emerged strongly at the regional meetings undertaken as part of the Review. This prompted us to look at the issue in some detail, and thus this chapter considers the concept of flexible working and the role it has to play within a broader relocation strategy.

6.2 Flexible Working: Definition

6.2.1 The term flexible working is used in a variety of ways. We do not use it here to cover the issue of flexible working hours as we considered this to be outside the remit of our terms of reference. For the purposes of this report the term is understood to include the use of technology and workplace design to enable staff to work in a range of locations without being tied to a particular desk.

6.2.2 We consider flexible working to include the following modes:

- **Mobile/remote working:** where an individual would usually have an office base but would also be equipped to work from a range of locations (e.g. hotel, airport, café) and/or avail of “touch down” space at satellite offices.
- **Touchdown working:** an arrangement that supports short-stay, drop-in style working in which individuals do not need an allocated work station as their work involves being out of the office for much of the time.

- **Satellite offices:** where one or more offices or sites are equipped for use by staff on a flexible basis, usually as an alternative to commuting. This may be an extension of another site within the organisation's portfolio or an office shared with other organisations, and it may offer such facilities as meeting rooms, networked workstations, printing and photocopying.
- **Home working:** where individuals are based at home for all or part of their working time and are provided with the necessary equipment and support to enable contact with colleagues and customers.
- **Teleworking:** where work is performed at a distance over a network such as the telephone or internet (e.g. sales, technical support, and helplines).
- **Hot-desking:** where individuals do not have a permanently allocated workstation but there is a designated area where they can work at one of a number of workstations.

6.2.3 We have concluded from our research that flexible working will be appropriate in different ways in different organisations. Organisations vary in the types of work staff undertake and thus the types of tools they require, the amount of interaction they have with others, and the amount of time they spend out of the office. This variation is often not reflected in working environments, however, and the challenge for organisations is to find the appropriate balance whereby they can obtain the benefits of a more flexible approach (University of Reading, 2004).

CASE STUDY:

Department for Innovation, Universities, and Skills (DIUS)

DIUS has issued its entire staff with encrypted, lightweight laptops and encourages staff to think innovatively about where and how they work. Many staff, including the Permanent Secretary and Board members, "hot-desk". The department has also made big investments in video conferencing, including the first telepresence suite in Whitehall (with life-size, high-definition images) enabling regular collaboration between the London and Sheffield offices and reducing travel costs and unproductive staff time. There are also plans to install WiFi in the London headquarters.

(DEGW/Office of Government Commerce, 2008)

6.3 Technology as Enabler

6.3.1 Technology is a key enabler for flexible working, allowing people to communicate from a wide range of places in many different ways. As technology advances, an increasing range of software and tools become available to support more flexible and collaborative working, including WiFi, audio/video/web conferencing, high speed broadband connectivity, mobile phones, and mobile devices such as laptops, tablets, Personal Digital Assistants (PDAs), and digital pens. We were also made aware of telepresence technology, which is still relatively expensive but offers a potentially powerful tool to support remote working as it utilises high-definition video and audio technologies to enable a person to feel as if they are actually present in the meeting they are joining virtually. The next-generation workforce is growing up with this range of technology and will expect to make use of it in their working lives as they do in their personal lives.

6.3.2 The Northern Ireland Civil Service (NICS) is also implementing a project called Network NI, which will provide wide area network services for all NICS buildings by October 2009. This co-ordinated approach to telecommunication services for data, voice and video will facilitate more flexible working across the NICS and provide a more resilient technological foundation.

6.3.3 This kind of connectivity opens up a range of options, some of which are already being piloted and implemented, which have a potentially important contribution to make to the broader policy on the location of public sector jobs. We are particularly interested in the opportunities around distributed networks, including:

- People from different organisations sharing space in the same building.
- Staff from dispersed organisations using touchdown space to work flexibly to support ministers as required.
- A network of serviced, regional hub-offices, serving a range of public sector (and possibly private and voluntary sector) organisations.
- A shared, serviced office or centre that staff from a range of organisations can pay to use space and other facilities on an as-needs basis.
- New service delivery configurations such as “one-stop shops” that deliver a range of government services (central and local) to the public.

6.3.4 Our research indicates that as part of the analysis and planning process for introducing flexible working, each role needs to be carefully examined and the appropriate technology selected to match. The implications for service delivery also need to be considered, recognising that a significant proportion of people do not have access to services delivered electronically and require telephone or face-to-face options. The infrastructure costs and, in particular, the security issues associated with technology also need to be recognised as constraints within the public sector context. This is discussed in more detail later in the chapter.

6.4 Trends in Flexible Working

6.4.1 There has been an increase in recent years in the adoption and implementation of flexible working practices, including remote and home working, in both the private and public sectors. The Office for National Statistics (Ruiz and Walling, 2005) found that 3.1 million people in the UK in 2005 (up from 2.3 million in 1997) worked mainly in their own homes, or in different places using home as a base. UK government departments and agencies have reflected this trend and there has been some research on the issue, including the University of Reading's *Report on the Impact of Flexible Working on Core Government Offices* (2000) and *Flexible Working in Central Government: Leveraging the Benefits* (2004). The research highlights the transition by many departments from ad hoc flexible working arrangements to the introduction of formal flexible working strategies and policies.

6.4.2 Statistical information on the take up of flexible working is limited. Nevertheless, a few studies give an indication of its occurrence in the UK public sector. For example, a study found that most central UK government departments and agencies (55 per cent in 2004 compared with 9 per cent in 2000) had a formal policy on flexible working, while almost a third indicated that between 5 and 15 per cent of staff now worked flexibly, with just over 10 per cent stating that between 30 and 60 per cent worked flexibly (University of Reading, 2004). The Mobile Data Association (2007) report into mobile and flexible working in UK local government found that the majority of UK local authorities are piloting or implementing flexible or mobile working and over 85 per cent already have a mobile project underway.

6.5 Examples

6.5.1 A range of organisations, including public sector organisations, have overcome the challenges associated with flexible working to undertake pilots and wider implementations that have delivered a range of benefits as well as lessons for others. We have included a few examples in this chapter and more in Appendix C to illustrate how some organisations are seeking to test new ways of working, exploiting technology, and rethinking how they use their physical assets.

6.5.2 We have drawn the following conclusions from the examples of flexible working:

- Public and private sector organisations have successfully implemented flexible working to deliver benefits for the organisation, customers and staff.
- Flexible working requires organisations to think radically about how and where staff work, challenging traditional approaches and processes.
- Flexible working tends to feature as part of wider accommodation strategies and as an integral part of wider cultural change initiatives within organisations.
- A wide range of jobs and types of work can be done flexibly, including senior roles.
- Introducing and embedding flexible working requires strong leadership, including senior managers leading by example.
- Piloting flexible working can be a useful way to test new approaches in a way that minimises the risks.
- All flexible working initiatives require careful planning and implementation, including monitoring and evaluation of the impacts.

CASE STUDY:

IBM

On any given day, around 30 per cent of IBM employees work away from their office, typically with a client. Nearly 90 per cent of IBM UK employees are equipped with ThinkPad laptops and 80 per cent of these have the ability to connect to email from outside an IBM location. Increasing numbers can get online anywhere they can receive a signal via a mobile connection. Essential day-to-day activities, including email, internet and so on can often be carried out from home and over 25 per cent of the IBM UK workforce is “truly” mobile with no designated office desk. Instead they use “drop-in centres” in IBM offices.

(www.ibm.com)

CASE STUDY:

Hertfordshire County Council

Hertfordshire County Council decided that real benefits would be gained from integrating changed ways of working with its accommodation strategy.

A review of the council's operation, as part of implementing the government's Gershon Review, identified that significant financial savings could be made by rationalising the accommodation, moving staff from 51 sites into 3 purpose built sites, and refurbishing County Hall. A strategic decision was made to use the opportunity for a wider change programme aimed at reviewing the working practices of all the council's staff. Launched in 2005, the change programme, "The Way We Work", will cover a seven-year period.

The accommodation has been designed to be ergonomically more conducive to staff and more economic to run. It has fewer desks than the number of staff based in the building. Staff who are always in the building have an allocated desk with "team desks" areas established for staff who are classified as "in and out". For staff that are mobile, based at home, or visiting the offices, there are touchdown areas where they can log in using their roaming identifications. There are also various other touchdown areas in other council premises, equipped with all the necessary technology.

Jobs have been reviewed and staff allocated the specific equipment they need to do their jobs, such as laptops with remote access to main files. Other devices allocated include PDAs, mobile phones and BlackBerries.

The Flexible Working Directory was launched in March 2003. This identifies all options available to staff and how they can access them. The human resource policies included have been reviewed, updated and relaunched. Induction training was provided for all staff before they moved into their new offices. Following the office move, further training was provided through workshops, and floor-walking for technical support was provided to staff in the first few weeks after the relocation.

493 staff have moved into the first purpose built office building, which has a reduced number of workstations resulting in a reduction in office space and workstation requirements of approximately 16 per cent.

Reduction in business travel within Trading Standards: work travel has seen a reduction of 10 per cent; work miles have reduced by 9,000, representing a 5-8 per cent reduction.

There has been an average 50 per cent reduction in environmental pollutants for trading standards staff working non-traditionally.

(Project Nomad, 2006a)

6.6 Gains from Flexible Working

6.6.1 Our study of flexible working reveals that those organisations that have implemented flexible ways of working point to a range of quantitative and qualitative benefits:

- better space utilisation leading to savings in accommodation costs;
- efficiency gains;
- improved staff productivity;
- improved service delivery;
- enhanced employee work-life balance and wellbeing, including reduced sickness absence;
- enhanced ability to attract, motivate and retain talented staff, thereby reducing turnover and associated costs;
- improved employee satisfaction and morale;
- savings in travel time and transport costs; and
- reduced carbon emissions.

6.6.2 As indicated by the local government case studies cited above, some hard data are available on these benefits from pilots and wider implementations that have been completed. Project Nomad, based on a study of flexibility pilots in English local government, has concluded that productivity gains of up to 20 per cent are frequently reported in case studies (Project Nomad, 2006b). The University of Reading study of flexible working projects in central government in Great Britain found that flexible ways of working raised staff satisfaction levels and had a positive impact on staff recruitment, motivation and retention. It also noted, however, that flexible working usually meant additional interim costs with significant efficiencies possible only through implementation of flexible working on a larger scale as part of a wider workplace strategy that includes breaking the link between the individual member of staff and a desk or workstation (University of Reading, 2004).

6.6.3 The benefits discussed in this section support several of the main objectives of the Review as set out in Chapter 1, in particular improving service delivery, increasing public sector efficiency and effectiveness, and reducing traffic congestion and the carbon footprint. We have concluded, therefore, that flexible working enabled by the innovative use of technology should be an important feature in a broader relocation strategy.

6.7 Implementing Flexibility

6.7.1 Achieving such benefits requires careful planning and competent implementation. The potential barriers to implementing flexibility are often cited by organisations reluctant to pursue new ways of working and such concerns have to be taken seriously. Nevertheless, a significant number of organisations have shown that these obstacles and risks can be identified and proactively managed and mitigated. Critically, the move to successful flexible working requires cultural change, a willingness to innovate, and acceptance of the premise that work is about what we do and how we do it – not about where we work.

6.7.2 We consider the following to be critical success factors in implementing flexible working:

- **Involvement:** sustained involvement of staff and, where appropriate, customers and end users in the design and implementation of flexible working to gain commitment and develop the most effective solution.
- **Leadership:** clear leadership from a senior level is necessary to champion the change and lead by example.
- **Changing behaviours and mindsets:** integrating flexible working as part of a wider change programme that is seeking cultural change in the organisation.
- **Supporting managers:** flexible working poses new challenges for managers and they need to be provided with guidance, trained, and supported to shift to an output-focused style of management.
- **Security:** flexible working strategies should ensure the technology to enable flexible working is secure and sharing office space does not create security risks.
- **Developing human resource policies on flexible working:** formalising the policies and processes around flexible working helps to provide the necessary support to staff and minimise the risk of issues and grievances arising.
- **Analysis of roles:** careful assessment of whether particular types of work are suitable for some form of flexible working should be undertaken.
- **Piloting:** adequately resourced, well planned pilots with senior leadership provide space for experimentation and enable lessons to be learned in a way that minimises risks.

CASE STUDY:**Southern Health and Social Care Trust Macmillan Nurses Digital Pen Pilot**

Prior to the pilot, Macmillan nurses visited patients in their homes and then returned to the office to complete and submit forms. The answer to this time consuming problem was a digital pen and paper. With reduced time needed for paperwork, the nurses were able to capture and send back patient information using this simple-to-use, innovative, mobile technology.

As part of the pilot, Macmillan nurses in Newry & Mourne were equipped with a BlackBerry handset, a digital pen and digital forms for Pain Assessment, Palliative Care, and Specialist Patient Records. At a patient visit, once the nurse fills in the digital form, they tick a simple box on the form and the data are securely sent via their mobile device to the in-house server at Daisyhill Hospital. Within a few seconds a confirmation is sent back to the nurse's BlackBerry device informing them that the patient form has been received. The handwritten data are converted into XML data and are available for automatic insertion into any back-end database, thereby eliminating any time or effort re-typing the information.

The evaluation of the pilot demonstrated that benefits were realised in the following areas:

- reduced professional time spent recording, and re-transcribing patient/client notes, thereby enabling more professional time to be spent on core patient/client care;
- improved quality of patient care;
- streamlined administrative processes;
- improved ability to manage resources; and
- enabled Trust professionals to become used to interacting with ICT in a unobtrusive way.

**(Southern Health and Social Care Trust
and Delivery and Innovation Division, DFP)**

6.8 Conclusion

6.8.1 Flexible working is about working in new ways to make the best use of organisational assets – staff, accommodation, and technology – with the key aim of better serving the customer. As public sector organisations in Northern Ireland face mounting pressure to “do more with less”, meet increasing customer expectations, attract and retain talented staff, and adopt more sustainable approaches, we believe the opportunities offered by flexible ways of working should not be ignored. The potential of new technologies needs to be more fully utilised by the public sector. They can make a vital contribution to the objectives of this Review by enhancing service delivery, sustainability, and staff work-life balance.

6.8.2 A number of forward-thinking public sector organisations, including some in Northern Ireland, have demonstrated that the challenges associated with flexible working can be overcome and the risks managed to deliver positive results for organisations, customers and staff. We recommend that wider innovation in this area needs to be encouraged and flexible ways of working should feature as an element within the broader relocation strategy. To achieve this we recommend that:

1. Flexible working should be an integral part of any relocation strategy adopted in Northern Ireland.
2. All public sector bodies should consider implementing flexible working approaches and include these within their business plans.
3. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should explore developing a network of regional satellite offices that could serve mobile public sector workers from a range of organisations. This might involve building on the Department for Regional Development’s teleworking scheme and making better use of the existing regional estate.
4. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should develop an information and communications technology strategy for flexible working, which would deal, among other things, with security issues.
5. As part of any relocation strategy within the Northern Ireland public sector, consideration should be given to developing a networked touch-down office space on the Stormont Estate for flexible use by officials supporting ministers and the Assembly.

6. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should move to finalise and agree policies on remote and home working as a matter of urgency.
7. Telephone, video and web conferencing should be utilised more widely by managers in the Northern Ireland Civil Service and wider public sector to facilitate communication between business areas and employees located in different towns and cities.
8. A shared online repository of case studies and good practice in relation to flexible working should be developed and promoted for use by the Northern Ireland public sector to stimulate wider take-up of flexible ways of working.

6.8.3 In addition, we believe there would be value in incorporating flexible working practices for both senior and more junior staff within wider relocation pilot projects. These are discussed in the next chapter.

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CHAPTER 7

Proposals



7.1 Introduction

- 7.1.1** This chapter places the findings of the Review in the context of Northern Ireland, sets out some preliminary considerations on the approach to relocation, and establishes criteria both for receiving areas and for the selection of candidates for relocation. Using these criteria, we identify specific locations and a pool of public sector bodies that could form the basis of a future relocation strategy. The chapter concludes with recommendations on how relocation should be pursued in Northern Ireland.

7.2 Northern Ireland Context

- 7.2.1** As the Review developed, it became clear that the Northern Ireland context would be an important consideration. In Chapter 2 we concluded that the economy is performing well but there are structural weaknesses that need to be addressed, including spatial variations in economic prosperity. These variations are reflected in the deprivation index, where an overall east-west prosperity gap still exists. We also noted the importance of the public sector, and that it is in a period of unprecedented change driven by the need to improve efficiency, quality and effectiveness, which could ultimately result in significant changes in the way it delivers services and a reduction in the size of the sector.
- 7.2.2** Statistical data show that public sector employment in Northern Ireland, as a proportion of the total population, is higher than in the rest of the United Kingdom (UK) and the Republic of Ireland. It is also unevenly distributed and a disproportionate number of public sector jobs are located in the capital city compared with the rest of the UK and the Republic of Ireland. People travel to work in Belfast from every district council area, but the available evidence suggests that few (11 per cent) are willing to travel further than thirty miles.
- 7.2.3** The theory of relocation is based on studies of regions with differing economic characteristics, in particular, differences in labour and property markets. Given the small size of Northern Ireland, some of the theory does not apply in the same way as to relocations in larger geographical areas. When considering financial cost savings, for example, public sector pay is negotiated on a national basis here,

so there is no scope for labour cost savings as a result of relocation. Similarly, in a small economy the differences in property costs are less pronounced, thus reducing the scope for achieving large-scale savings. A report by the University of Ulster (2008) on the residential and office markets in Northern Ireland, commissioned by the Review, suggests that there are some variations in property values between Belfast and the rest of Northern Ireland. But the difference in values would not yield savings comparable to those realisable from moves out of London and the south east of England.

7.2.4 As well as differences in economic characteristics, spatial characteristics are an important consideration. In England, for example, the distances involved in relocating from London and the south east to, say, the north of England would typically require people to move house with their jobs, thus bringing significant positive economic benefits to the receiving location. In Northern Ireland, residents can travel by car to most places within ninety minutes. Consequently, the impact of relocation is likely to be less pronounced as relocated staff may choose to commute to work rather than relocate. The issue of distance also constrains the potential sustainability benefits. Although there is clearly pressure on the transport routes into Belfast, a relocation could result in a change to commuting patterns as people travel out of Belfast and possibly, depending on the quality of the infrastructure, create congestion in other areas. During our research, however, a strong case was made for the positive benefits of improving work-life balance for commuters, reducing congestion, and enhancing environmental sustainability.

7.2.5 The small size of Northern Ireland also exacerbates the “hometown effect”, where the majority of transferring staff are already living in the receiving area and contributing to the local economy, thus reducing the economic growth that might otherwise be generated by new residents. The “hometown effect” restricts the full economic benefits that would be generated where the geographical distance is greater. This assumes that there would be no change in the composition of the workforce. Allowing for natural wastage and staff turnover, however, there would be opportunities to attract applications from people living in the local area over time. The general availability of skilled labour across Northern Ireland (as indicated by educational qualifications) would facilitate such a development.

7.2.6 Short geographical distances in Northern Ireland are, in our view, also a limiting factor when considering the usefulness here of a small units initiative similar to that in Scotland, where it was introduced to bring the benefits of public sector employment to fragile, rural communities. Given Scotland’s physical terrain and geography, it is easy to see why such an initiative was welcomed there. Although weaknesses in Northern Ireland’s transport infrastructure inhibit access to some

areas, we believe a strong case for a small units initiative is difficult to make here on the grounds of fragile and remote communities. Little scope also exists, when dealing with such small numbers of staff (typically less than fifteen), to encourage sustainable structures that would support career progression. Hence we have not pursued a small units initiative as an option for Northern Ireland.

7.2.7 Another consideration, based on the theory and experience of relocation, is uneven economic development (i.e. a fast growing core area supported by a slower growing periphery), which contributes to the structural economic conditions in which relocation could bring about a better regional economic balance. Although the relocation of jobs may occur across a relatively small geographical area, differences in the economic structure of Belfast and potential receiving locations means that any transfer of activity is likely to contribute to a better regional balance. This point was stressed at the public meetings, where it was suggested that public sector jobs could provide higher-paid, higher-quality jobs in areas with predominantly low-paid, private sector opportunities. It was also argued that relocation would help stimulate investment in local areas and attract and retain talented, qualified people by creating sustainable jobs with opportunities for career progression outside Belfast. A full summary of the views offered at the public research events is set out in Appendix D.

7.2.8 The evidence suggests that the potential improvements in service delivery associated with relocation are most likely to be realised when delivered as part of a wide-ranging reform programme that can help to bring about organisational and cultural change. Hence relocation in Northern Ireland could be used to maximise the benefits of the public sector reform programme currently underway. In addition, clustering of the public sector (as described in Chapter 4), which is a relatively new concept in Northern Ireland, could create a critical mass of high quality jobs, including senior posts outside Belfast. This would help contribute to the quality of the local employment base, which would, in turn, create positive spill-over effects in the local labour market and encourage local labour mobility and retention, thereby helping to slow the rate of internal migration into Belfast.

7.2.9 The Northern Ireland Civil Service (NICS) and the wider public sector has not been as innovative as some organisations in the UK and elsewhere in embracing the opportunities offered by technology-enabled flexible working. Problems with infrastructure were identified during our research as a major obstacle to attracting jobs, and concerns exist that, as a result of the RPA and other rationalisation projects, existing public sector jobs could be drained from local areas. Benefits could be obtained, therefore, from ensuring that flexible working is an integral part of a relocation strategy and is also adopted more widely in organisations

not relocating to help drive improvements in service delivery and to contribute towards reducing commuting and enhancing work-life balance among public sector employees.

7.3 Preliminary Considerations

7.3.1 A review of the academic literature and of the experience, mostly very recent, of relocating public sector jobs provides arguments and evidence both for and against relocation. Having considered these in the context of Northern Ireland, we have concluded that there is an imbalance in the distribution of public sector employment. Structural economic conditions (i.e. a fast growing economic centre and slower growing peripheral regions) exist, which, together with the scale of public sector reform, present a unique opportunity to encourage a degree of relocation. But we recognise that the small size of Northern Ireland limits the scope to make significant savings on property and labour costs or to maximise economic benefits.

7.3.2 On balance, we conclude that the relocation of public sector employment would contribute to improved regional economic balance and wealth creation and ensure that the economic benefits of the new Northern Ireland are accessible to a wider group. The structural and organisational changes already underway within the public sector provide the environment to facilitate the movement of business supported by increasingly sophisticated technological solutions. Considering the environment in which this Review has taken place, we therefore recommend that there should be some relocation of public sector jobs in Northern Ireland, but that we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.

7.3.3 We should recognise that accurate cost-benefit and value-for-money assessments of relocations will be difficult, if not impossible, to undertake ex ante because the short-term costs (e.g. construction, removal expenses, training, recruitment, and project management) will be much easier to quantify than the long-term benefits (e.g. potentially greater regional economic growth, reduced deprivation, enhanced public service, and improved sustainability). Hence any business-case process should ensure that the long-term, non-monetary benefits receive primary consideration and should not be determined by value-for-money considerations alone. Relocations need to be seen initially as pilot projects, and they will require considerable political will to launch and to implement successfully.

- 7.3.4** We should aim in the first instance to move a relatively modest number of public sector posts from Belfast. The number of posts should create a sufficiently large critical mass of high quality jobs in other locations, while ensuring that Belfast, as the capital city, is not destabilised at a time when it is realising significant economic prosperity. To take advantage of the economic and other benefits of clustering, these posts should be relocated to a maximum of, say, five to eight towns or cities based on key hubs in the Regional Development Strategy.
- 7.3.5** In establishing the objectives for this Review, we referred specifically to service delivery. We strongly believe that the primary purpose of the public sector is to provide a public service, and one of the key priorities in the Programme for Government is the delivery of modern, high quality and efficient public services. Thus we do not recommend any relocation of jobs that would reduce the overall level of public service, particularly where organisations are engaged in front-line service delivery. Relocation should at least maintain operational efficiency and effectiveness and, ideally, increase cost-effectiveness and value-for-money in the longer term. The potential disruption that can occur from moving posts, or people or both, and the impact on service delivery must not be underestimated as is evident from experience elsewhere. Phasing should be a key component, therefore, of any future strategy, particularly where well established organisations are to be relocated. Hence we recommend that to minimise disruption to services and staff, and to help ensure a smooth transition, relocations should be implemented in a phased way over a period of, say, five years.
- 7.3.6** We should recognise that relocation will, in some cases, involve moving posts rather than people, because, given the small size of Northern Ireland, the post-holders may, at least in the short term, prefer to commute rather than move to the new location. Although this factor may reduce the economic benefits to the receiving location, it may also reduce (but not eliminate) the inflationary impact on property and labour markets in these areas and prevent reduced service levels resulting from employing inexperienced staff.
- 7.3.7** Recognising the initial costs involved in relocation and the pressure on public sector budgets, we recommend that a central corporate fund be created for the pilot projects. Costs will vary depending on the scale and requirements of individual relocations but, given the increasingly tight fiscal environment, there is likely to be limited spare capacity in departmental budgets to cover the transitional costs. A relocation budget, as recommended by Lyons in England and the Irish Government, should be a pre-requisite to get the projects up and running. Indicative costs are discussed further in Chapter 8 and Appendix E.

7.3.8 The importance of objectives and criteria on which to measure success is one of the lessons we have learned from experience in other countries. In relocating jobs to specific locations, the objectives of doing so (e.g. operational effectiveness and efficiency, and regional economic growth) should be explicitly stated at the outset and monitored on an ongoing basis. Then, after an appropriate period – say five yearly intervals – the relocations should be formally reviewed and evaluated to determine to what extent the objectives are being achieved. Future policy on the relocation of public sector jobs would be based, in due course, on these evaluations.

7.4 Criteria for Receiving Locations

7.4.1 Regional economic balance – reducing the disparities in economic growth and social deprivation between areas – is our primary consideration in attempting to relocate public sector jobs. Hence, in developing a number of centres outside the Belfast area, we need to maximise the potential for economic growth by restricting the number of receiving locations.

7.4.2 In addition, a number of infrastructure requirements are necessary to support a successful relocation. The first of these is labour market capacity: the receiving location must have, or be capable of developing, the capacity to absorb and sustain public sector employment over time. Employment can only be sustained if the labour force has the necessary skills or can be easily trained, or appropriate labour can be readily imported. The evidence suggests that, with one or two exceptions, the quality of the labour market (as determined by educational qualifications) is fairly consistent across Northern Ireland. The only concern might be the relocation of specialist posts requiring specific skill sets that are not readily available in specific locations.

7.4.3 Second, our research suggests that relocation needs to create a critical mass of a sufficient number and quality of jobs to be sustainable over time. Hence suitable office and other accommodation, with the necessary technological infrastructure, needs to be available within a reasonable timescale. The property report carried out by the University of Ulster shows that outside Belfast, only Londonderry currently has the capacity to sustain large Grade A offices of the type required for a large-scale relocation. Almost no speculative development currently occurs beyond Belfast and Derry, although development land and rental values seem to be considerably lower outside Belfast. Bearing this point in mind, some constraints relating to the office market clearly exist, but we understand that some potential to support office development is available in a number of other towns and cities.

- 7.4.4** Third, depending on the geographical location of the receiving centre, the availability of suitable housing within a reasonable timescale is an important consideration. Should people choose to move with their jobs, the receiving area needs to be able to absorb them. Spatial variations in average house prices (£188,750 in the Belfast travel-to-work area compared with £113,750 in Strabane) could provide an incentive for people to move from Belfast (University of Ulster, 2008). But given the small size of Northern Ireland and the intention to phase relocation, it is unlikely that large numbers of staff would move in the short term. This should mitigate against the potential risk of overcrowding the market and inflating local house prices.
- 7.4.5** The fourth criterion for selection is the availability of adequate transport (including public transport) links with other administrative centres. Weaknesses exist with the infrastructure, and the Investment Strategy for Northern Ireland is aiming, for example, to address major gaps in the transport network over the next ten years. The priorities include substantial improvements to a number of strategic road networks, all of which are significant when considering potential growth centres. Gaps in property infrastructure can be fairly easily addressed in the short to medium term, but the provision of appropriate transport networks requires a longer-term solution.
- 7.4.6** Finally, our research suggests that major benefits can be gained from clustering similar types of employment or related functions and services in close proximity, thereby creating critical mass and obtaining synergies from an interrelated skills base and coherent career structures that include promotion opportunities, as well as attracting related private sector employment. The potential for clustering was identified at a number of our public events as a means of retaining jobs in local areas and facilitating dispersal, and it plays an important role in our consideration of relocation.
- 7.4.7** In summary, regional economic balance, infrastructure, the labour market, and clustering are key components that, in our view, provide a sound basis on which to make geographical selection. Considering these in the context of our primary objectives (i.e. service delivery, economic growth, and sustainability), we recognise that service delivery should be a constant: the overall level of public service should not be diminished and operational effectiveness and efficiency should be at least maintained regardless of location. Similarly, if we can address sustainability through relocation, then we should do so. Hence the primary driver for relocation must be delivering economic growth and achieving a better regional balance.

7.5 Proposed Locations

7.5.1 In this section we propose various receiving locations based on the criteria outlined in Section 7.4. More specifically, we recommend that public sector jobs should be relocated to the following towns and cities on a scale commensurate with their infrastructural capabilities:

- Londonderry
- Omagh
- Craigavon
- Newry
- Ballymena
- Coleraine



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The justification for each receiving location is set out below.

7.5.2 Londonderry

7.5.2.1 Londonderry is Northern Ireland's second city and one of the largest population centres (about 32,000 dwellings) in the province. There is already a solid public sector presence in the city and a high incidence (17.2) of public sector jobs per 100 of the working age population. Hence there is a well established critical mass upon which to build and clustering could be more easily achieved. There are recent signs of growth in private sector employment, and the city is becoming more economically buoyant. The number of VAT registered businesses in the district council area has risen by 11.4 per cent between 2003 and 2007 (as reflected in the Office for National Statistics, Inter-departmental Business Register). The proximity to the University of Ulster at Magee College is also beneficial in terms of labour market skills. There is the opportunity, because of its geographical location, to facilitate cross-border institutions. Derry is also one of the few areas where the existing infrastructure, particularly the commercial property market, could readily absorb a substantial relocation of public sector employment. Former military sites at Ebrington and Fort George are key development opportunities, and plans are in place to upgrade the road network within, and to and from, the north west. Proximity to the City of Derry Airport is also advantageous.

7.5.2.2 We note the high levels of deprivation (39 per cent) and relatively high unemployment (3.7 per cent) in the Derry travel-to-work area, and the low working age population growth projections (less than 1 per cent in the next ten to fifteen years), all of which need to be addressed; relocation may help to mitigate these trends by encouraging employment and people into the area. We also note the significant weaknesses in the Strabane travel-to-work area in infrastructure, unemployment (over 4 per cent), number of public sector jobs per 100 of the working age population (8.2) and deprivation (56 per cent), but believe that these can be best addressed by building on the sound base in Derry to develop critical mass that will effectively benefit the region as a whole. Plans to build a dual carriageway between Strabane and Derry and the integration of the two councils as part of the new local government structure will also be helpful in this regard. Hence we recommend that Derry should be a primary site for relocation to absorb a substantial number of jobs in the relatively short term.

7.5.3 Omagh

7.5.3.1 Omagh is the largest town (about 8,000 dwellings) in the west of Northern Ireland, and the Omagh travel-to-work area has the highest concentration of public sector employment (21.5 per 100 of the working age population). This sound public sector base provides a critical mass on which to build and develop an employment cluster. Omagh's relatively central location means that it can offer employment opportunities to surrounding areas, including Enniskillen and Strabane, and it could also support cross-border bodies. Omagh has enjoyed above-average private sector growth: the number of VAT registered businesses in the district council area has risen by 9.5 per cent between 2003 and 2007 (Office for National Statistics, Inter-departmental Business Register). Over this period, 250 new businesses – primarily small and medium-sized enterprises – have been registered in Omagh, reflecting its success in attracting investment and employment. These factors, combined with the size of the town and an estimated working age population growth of 10 per cent (based on NISRA's projections) over the next ten to fifteen years, suggest that economic growth in the west and south west can be best achieved by concentrating public sector employment in Omagh. This conclusion is strengthened by plans to upgrade the road network to and from Derry.

7.5.3.2 Some weaknesses in infrastructure, particularly the availability of office accommodation and the limited office property market, could, at least in the short-term, constrain the scale of relocation. But we note the possible opportunities that may be created by the former military sites at Lisanelly and St Lucia. So we recommend that Omagh should be a primary site for relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.4 Craigavon

7.5.4.1 Craigavon is well connected geographically, with excellent transport links by both road and rail, and it can offer job opportunities to people in surrounding areas such as Armagh, Banbridge, Dungannon, Lurgan, and Portadown. Craigavon is one of the largest settlements in Northern Ireland (about 26,000 dwellings) with a relatively strong public sector base and a large number of public sector jobs (16.5 per 100 of the working age population in the travel-to-work area). There is also a relatively high incidence of private sector employment, a good rate of economic activity, and low unemployment, which demonstrates its ability to attract investment and employment. NISRA estimates that growth in the working age population over the next ten to fifteen years in Craigavon will be about 20 per cent.

7.5.4.2 All these factors suggest that there is an opportunity to take advantage of Craigavon's location, as well as building upon the public sector presence and promoting clustering in both the public and private sectors. We also note the relatively high incidence of deprivation, which relocation may help to address. Some constraints relating to the availability of office accommodation exist, although the University of Ulster report suggests some limited Grade A office space is available. These limitations could restrict the capacity to absorb a large number of jobs in the short term, but we believe that the balance of advantage lies with Craigavon's transport links and the scope for development. Therefore, we recommend that Craigavon is a primary site for relocation of public sector jobs, and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.5 Newry

7.5.5.1 Newry is already experiencing significant economic growth, promoted by its position on the eastern seaboard and the Belfast-Dublin corridor. It has excellent transport links by road and rail and can potentially offer job opportunities to people in Armagh, Banbridge, and the wider Mourne district (including a number of small coastal settlements). The city is reasonably large (about 11,000 dwellings) and indicative projections suggest a significant growth in the working age population (over 20 per cent) in the next ten to fifteen years. Unemployment rates are low (2 per cent). Newry's success is primarily attributable to its ability to attract and retain private sector employment. The number of VAT registered businesses in the district council area has risen by 15.6 per cent between 2003 and 2007 (Office for National Statistics, Inter-departmental Business Register). A relatively low number of public sector jobs exist in the Newry travel-to-work area (12 per 100 of the working age population), and we understand that private sector employment tends to be primarily in both low-grade and low-skilled occupations. There are also relatively high levels of deprivation (18 per cent) in the Newry travel-to-work area, which relocation may help to address. Newry's infrastructure, its transport links, and its location also provide opportunities to accommodate cross-border institutions. The office market is quite limited although the University of Ulster report indicates that some Grade A office space exists, with scope to develop the commercial property market.

7.5.5.2 We believe that the balance of advantage lies with Newry's geographical position, transport network, infrastructure, and the economic growth that is already well established. We also believe sufficient capacity is available to create a sustainable critical mass of higher-quality, higher-paid employment and to promote clustering in both the public and private sectors. We therefore recommend that Newry is a

primary site for relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.6 Ballymena

7.5.6.1 The north east of the province is a large geographical area served by two major settlements, Ballymena and Coleraine. Ballymena is geographically well positioned and is easily accessible by road and rail. It can potentially offer job opportunities to the surrounding area, including Antrim, Ballymoney, Larne, and Magherafelt. Ballymena is a large settlement (about 12,000 dwellings), with a projected increase in the working age population of about 6 per cent in the next ten to fifteen years. A well established public sector base exists – although the number of public sector jobs per 100 of the working age population is relatively modest (14 compared with the Northern Ireland average of 17.6) – and the incidence of private sector employment is pronounced: Ballymena has the highest number of private sector jobs (43.7) per 100 of the working age population in Northern Ireland and, overall, demonstrates a high rate of economic activity and low unemployment (1.6 per cent). An opportunity is available to build on the public sector base that exists, which would promote clustering in both the public and private sectors.

7.5.6.2 We note Ballymena's proximity to Belfast, but believe there is a strong case for growing the wider catchment area that includes a number of settlements along the Antrim coast and glens with very restricted access to other locations. The town has good transport links by road and rail and good access to the two Belfast airports. There are some weaknesses in the availability of office accommodation and a limited market exists. But the University of Ulster report suggests some Grade A office space and some scope for development are present, particularly if the site at St Patrick's Barracks becomes available. These infrastructural limitations could, however, restrict the capacity to absorb a large number of jobs in the short term. We recommend, therefore, that Ballymena is a primary site for the relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.7 Coleraine

7.5.7.1 Coleraine is the other major settlement in the north east. It is well positioned geographically and can offer job opportunities to the surrounding areas including Ballymoney and Limavady. It is a relatively large settlement (about 10,000 dwellings) with a sound public sector base. It has a relatively high incidence of public sector employment per 100 of the working age population (14.3), and it also has a high

rate of economic activity and low unemployment (2.5 per cent). Its proximity to the University of Ulster provides an opportunity to attract and retain skills. Relocation to Coleraine will, as in Ballymena, build on the existing public sector base, which will facilitate clustering in both the public and private sectors. We note, however, that the projected working age population is in decline (-2.7 per cent), which relocation may help to address.

- 7.5.7.2** The town is well served by road and rail networks and is accessible from the City of Derry Airport. It has similar infrastructural weaknesses in office accommodation and property market to other regional towns. But there is some limited Grade A office space and the University of Ulster report suggests some scope for development. We have also considered Coleraine's proximity to Derry and the development of the north coast as a major area of tourism. Nevertheless, there is a strong case for a critical mass of high quality, public sector jobs in the region that would create long-term sustainable growth for some of the more remote coastal areas. As in other locations, however, infrastructural limitations could restrict Coleraine's capacity to absorb a large number of jobs in the short term. Nonetheless, we recommend that Coleraine is a primary site for relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.8 Future Locations

- 7.5.8.1** The overarching objective of the Review is to enhance the sustainable economic and social development of Northern Ireland. We believe that concentrating the relocation of public sector employment in the six proposed locations will help to achieve this objective by encouraging better balanced economic growth that is accessible to the majority of the population. We also believe that the vast majority of the working-age population live within reasonable travelling distance of one or more of the six centres we have identified. Nonetheless, we consider below three smaller towns – Cookstown, Downpatrick, and Enniskillen – that have particular problems in terms of accessibility.
- 7.5.8.2** Cookstown is effectively in the centre of Northern Ireland, but it is relatively difficult to reach because of poor transport links. It hosts the agricultural campus at Loughry College, and there are plans to locate the new training college of the Police Service for Northern Ireland in the area.
- 7.5.8.3** Downpatrick is part of the Belfast travel-to-work area but, because of poor infrastructure, it has no easy access to either Belfast or South Down. But there

are currently plans to develop a public services campus on the site of the old Downshire Hospital, taking advantage of the new Down Hospital.

7.5.8.4 Enniskillen is also due to benefit from a new hospital that should help to draw employment into the area, and it is likely to continue to grow as a major area for tourism. But the town is poorly served by its transport networks.

7.5.8.5 Our intention at this stage is not to increase the number of receiving locations. We believe the six locations we have proposed are best placed to achieve the objectives of the Review. But, in the longer term, the possibility of new locations in Cookstown, Downpatrick and Enniskillen, where the nuclei of economic clusters are beginning to emerge, may develop. Should they do so, then, providing the infrastructural and access limitations can be addressed, they may have the potential to grow further in the future. We recommend, therefore, that the longer-term potential of these towns is considered, but only in the event of a future wave of relocations.

7.6 Opportunities for Relocation

7.6.1 There are some 120 public sector bodies in Northern Ireland, excluding schools and Health and Social Care Trusts. They range in size from about 10 jobs to many thousands of jobs. The health and education sectors account for two-thirds of public sector employee jobs, many of which are already widely dispersed delivering services in local areas, including provision of services to the people of Belfast. This limits, to some extent, the Review's scope for relocation, as many organisations and groups are not appropriate for relocation. Nevertheless, opportunities for relocation exist within the public sector, and we identify these below.

7.6.2 New Bodies

7.6.2.1 The first opportunity for relocation occurs with the formation of new bodies. We believe a presumption should exist against locating in Belfast when establishing new bodies. This should be the first principle of any relocation policy and new bodies should not be located in Belfast unless a compelling, evidence-based case for doing so can be made. Similarly, if a major review of existing functions and services results in the creation of a "new" entity, the assumption should be that it will relocate outside Belfast. This approach will encourage the longer-term growth of public sector activity outside the capital city. Hence we recommend that there should be a presumption against locating in Belfast when establishing new bodies or reviewing existing functions and services.

7.6.3 Review of Public Administration Institutions

7.6.3.1 The Review of Public Administration (RPA) has provided a unique opportunity to reshape radically the structure of public administration. It creates significant challenges for the public sector, especially in the areas of health, education and local government. The sub-regional Health and Social Care Trusts are already established, and work on the service-delivery model for education is underway. We recognise that co-terminosity (i.e. common administrative boundaries) and closer working with local government are important elements of the new arrangements and we commend this approach.

7.6.3.2 Decisions have yet to be taken on the location of the administrative headquarters of new regional institutions such as the Regional Health and Social Care Board and the Education and Skills Authority. We understand that the organisations concerned will draw posts and people from the legacy institutions, and we do not underestimate the inherent challenges of establishing the new bodies. The opportunity created by the RPA cannot be overlooked, however, and we recommend that new regional bodies, such as the headquarters of the new Health and Social Care Board and the Education and Skills Authority, should be located outside Belfast.

7.6.4 Operational/Processing Units and Common Services

7.6.4.1 An opportunity for relocation is also presented by operational or processing units and agencies that do not need to be close to policy headquarters or ministers. “Delivery” or “arm’s-length” organisations – such as executive agencies and non-departmental public bodies, back-room processing, and call centre activity – can effectively be located anywhere, especially where they provide a province-wide service. Traditionally, many of these bodies have been located in Belfast, close to the parent department, but, given the nature of their business, many of them could be relocated.

7.6.4.2 Similarly, the rationalisation of common services currently being adopted across the NICS and the wider public sector provides an excellent opportunity to relocate support functions such as human resources, finance, and so on. Hence we recommend that operational/processing units or agencies, non-departmental public bodies, and common services are further options for relocation.

7.6.5 Improved Public Services

- 7.6.5.1** Linked to these opportunities for relocation are others that would enhance public service delivery or improve accessibility for customers and stakeholders. The Programme for Government sets out the Executive's wish to bring government closer to people, revitalise public services, and ensure more accessibility, accountability and responsiveness. Where this can be assisted through relocation, then we recommend that it should be considered.

7.6.6 Restructuring of Government Departments

- 7.6.6.1** We have also considered, albeit speculatively, the possibility for relocation in the event of a substantial restructuring or a future merger of government departments. As government looks for ways to be more joined up, and, as set out in the Programme for Government, a review of the number of departments will occur by 2011, we recommend that relocating some departmental business should be considered in the context of enhanced technology and more flexible working arrangements.

7.6.7 Clustering and Co-location

- 7.6.7.1** Earlier in the report we considered the benefits of clustering. Co-locating and establishing "one-stop shops" also feature increasingly strongly across government as organisations seek to join up services and improve the way these are delivered to the public. We already have examples, including the Jobs and Benefits Offices and DARD Direct, where departments or business areas are co-locating in an attempt to deliver a much more customer-focused service, and we commend this approach. Where an opportunity also exists to consider relocation as a result of streamlining, integrating and improving front-line services, then we recommend that organisations should do so.

7.6.8 Technological Advancements

- 7.6.8.1** In Chapter 6 we discussed the technological advancements that promote opportunities for flexible working (e.g. remote, mobile, and home working). We regard these as key elements of any relocation strategy, and a major opportunity that cannot be overstated. Thus we are of the view that technological capability should be an integral part of all plans to relocate.

7.6.9 Lease Breaks

- 7.6.9.1** The termination or review of a building lease was one of the main criteria in the Scottish strategy for triggering a relocation review. Although we would not advocate that every lease break should automatically trigger a formal review, we recommend that when a lease comes up for renewal, a review should at least be considered and the lease break treated as a potential opportunity to relocate.

7.6.10 Cross-border Institutions

- 7.6.10.1** Finally, in establishing opportunities for relocation, we propose that institutions with a cross-border role lend themselves, by the very nature of their business, to locations closer to the land border with the Republic of Ireland and should be considered accordingly. A number of bodies – such as Waterways Ireland, InterTradeIreland, and the North-South Ministerial Council – are already located in border areas and operating successfully. We recommend, therefore, considering the relocation of cross-border bodies that are currently based in Belfast.

7.7 Candidates for Relocation

- 7.7.1** Given the time and resources available to the Review, we have not been able to carry out a full audit of all public sector bodies. As part of our research, however, we met with all the permanent secretaries (and, in some cases, their ministers) of Northern Ireland departments, and took evidence from the Department of Environment and the Northern Ireland Local Government Association on the new RPA structures. This enabled us to identify a number of organisations that, in our view, are potential candidates for relocation (in line with the opportunities set out in Section 7.6) and create the critical mass of high quality jobs necessary to achieve locally sustainable economic growth. But critical mass has to be seen, at least in the short term, relative to the infrastructural capacity of the receiving location's ability to absorb and sustain additional jobs. Hence we propose below a range of organisations – from ones with less than fifty employees to those with many hundreds – to provide a pool of candidates from which initial pilot projects can be identified. In doing so, we recognise the challenges of, and concerns about, relocation in relation to service delivery, human resources, proximity and access to ministers, and so on. Proposals for addressing these issues are set out in the next chapter.

7.7.2 Victims and Survivors Commission

7.7.2.1 The Victims and Survivors Commission (about 20-30 posts) is a new body established in June 2008 under the auspices of the Office of the First Minister and deputy First Minister. The Commission will promote the interests of victims and survivors throughout Northern Ireland, and its work involves consulting with individuals, groups and organisations in the community, voluntary and statutory sectors. As a newly formed body with a regional interest, we recommend that the Commission should be a candidate for location outside Belfast.

7.7.3 Charities Commission

7.7.3.1 The Department for Social Development is bringing forward legislation to create a new Charities Commission (about 20-30 posts). This non-departmental public body will be responsible for the regulation of charities in Northern Ireland and for promoting best practice in the management and governance of the charitable sector. As a newly formed body with a regional interest, we recommend that the Charities Commission should be a candidate for location outside Belfast.

7.7.4 Regional Health and Social Care Board, and Regional Public Health Agency

7.7.4.1 The Regional Health and Social Care Board (about 400 posts) is a new, regional RPA-related body that will be established in April 2009 with specific responsibility for performance management and improvement, commissioning, and financial management in the health sector; it will replace the existing four Health and Social Services Boards. The majority of posts are likely to transfer from the existing boards, although we understand that a number of posts will be retained locally to facilitate partnership working with the Local Commissioning Groups and the Health and Social Care Trusts.

7.7.4.2 Similarly, the Regional Public Health Agency (about 300 posts) is a new, regional RPA-related body that will bring together the functions of the Health Promotion Agency, Health Action Zones, Investing for Health, and associated functions in existing boards and trusts. It will maintain a local presence, but the majority of posts will be drawn into a single body from April 2009. Both the new Board and the Agency have direct regional links and as “delivery” or “arm’s-length” organisations do not require, in our view, to be physically close to ministers or the parent department. They also offer possibilities for clustering of related skills and services. We recommend, therefore, that both the new Regional Health and Social Care Board and the new Regional Public Health Agency should be candidates for location outside Belfast.

7.7.5 Common Services Organisation

- 7.7.5.1** The health and social care reforms include the establishment of a Common Services Organisation (CSO) of about 2,300 posts from April 2009 to provide a broader range of support functions for the health and social care service. The new body is intended to streamline and simplify processes, improve quality, and achieve savings in a range of services such as human resources, finance, estates, ICT, information, and procurement. A number of these functions are currently dispersed across the existing Trust and Board areas, and we understand that these will be brought together once the appropriate technological and telecommunications infrastructure can be put in place. Shared services can effectively be located anywhere and the creation of a large body such as this provides an opportunity for the clustering of related skills and services. Hence we recommend that the CSO should be a candidate for relocation.

7.7.6 Northern Ireland Civil Service Shared Services, and Local Government Shared Services

- 7.7.6.1** The development of shared services is not unique to the health sector. Within the NICS, for example, a major programme of reform is underway through which support functions such as human resources, finance, ICT, records management, and training are being brought together in shared services with further plans to improve access to public services and information through a project known as "NI Direct". The NICS shared services projects are in advanced stages of implementation and thought is being given to the future structure of the shared services with a view to achieving enhanced co-ordination and integration across the services. As the NICS shared corporate services mature, there could be an opportunity to relocate key aspects such as the in-house shared service centres, since these are back-office functions that could be located outside the Belfast area.
- 7.7.6.2** We also understand that the provision of common services will be considered as part of the restructuring and modernisation of local government. Shared services, as we have suggested, can effectively be located anywhere and the opportunities created within the NICS and local government should be considered accordingly. We recommend that, in moving to the next phase of the shared services programme, the NICS considers relocating key aspects of these services. We also recommend that the introduction of local government common services should be considered as candidates for relocation.

7.7.7 Education and Skills Authority Headquarters

7.7.7.1 The Education and Skills Authority (ESA) is a new organisation resulting from the RPA. It will have a strong local presence and the majority of services will be delivered at a local level, primarily to schools and the youth sector. It is expected that common services are also likely to be rationalised but located in a way that broadly supports the existing distribution of education service jobs. There will be a small corporate headquarters (about 100 posts) reporting directly to the Chief Executive of the new Authority. The nucleus of the ESA headquarters has already been established in temporary premises in Belfast. It is responsible, however, for a regional organisation and as a “delivery” body it does not require, in our view, to be physically close to ministers or its parent department. It also offers possibilities for clustering of related skills and services. We recommend, therefore, that the headquarters of the ESA should be a candidate for location outside Belfast.

7.7.8 Northern Ireland Library Authority Headquarters

7.7.8.1 Under the RPA, the Northern Ireland Library Authority will be established in April 2009 to take forward the delivery of library services across the province, aiming to provide a modern, efficient service to library users. Library functions will transfer from the existing education and library boards to the new Authority, but it is likely that the majority of staff will remain in their current locations (i.e. local libraries), with a small corporate headquarters of about thirty posts. The implementation team is currently based in a temporary location in Lisburn, but we are of the view that, as for the new health and education bodies, the Library Authority is a delivery organisation that does not require day-to-day access to its minister or its parent department. It also offers possibilities for clustering of related skills and services. As such, we recommend that the headquarters of the Library Authority should be a candidate for location outside Belfast.

7.7.9 Land and Property Services

7.7.9.1 Land and Property Services (LPS) was also created as a result of the RPA so that an integrated set of land and property related services for citizens and government would aid the regeneration and economic development of Northern Ireland. This resulted in April 2008 in the merger of rating, valuation, registration, and mapping services into a single agency. LPS is an agency of the Department of Finance and Personnel and provides services from eight centres across Northern Ireland,

although the majority of staff and functions are based in four buildings in Belfast (about 700 staff). We understand, however, that the agency wishes to bring the functions in the Belfast estate together into a single building.

- 7.7.9.2** We believe that LPS fulfils a number of our criteria insofar as it is an RPA-related body delivering a regional service throughout Northern Ireland. It is an operational agency that does not require day-to-day access to ministers or its parent department. It also aims to move its business when a lease break occurs in one of its buildings in the next three to four years. These factors create sufficient momentum for relocation to be considered and provide an opportunity to encourage clustering of related skills and services. But about a third of the posts in LPS are specialist functions (e.g. valuers and mappers). Hence relocation would have to be managed carefully, given the specialist nature of the skills required. We nevertheless recommend that Land and Property Services should be a candidate for relocation.

7.7.10 Northern Ireland Environment Agency

- 7.7.10.1** The Northern Ireland Environment Agency is the largest agency of the Department of the Environment, protecting and conserving our natural heritage and built environment, controlling pollution, and promoting the wider appreciation of the environment and best environmental practices. Previously known as the Environment and Heritage Service, it is an operational unit providing a regional service throughout Northern Ireland. Staff are currently based in two buildings in Belfast (about 400), one building in Lisburn, a depot in Moira, and a number of heritage sites across the province.

- 7.7.10.2** As an operational agency, it does not require day-to-day access to ministers or its parent department but, more importantly, the nature of its business means that it could effectively be located anywhere in Northern Ireland. Protecting the environment and natural heritage lends itself very well to bringing government closer to people, enhancing public service delivery, and improving accessibility for customers and stakeholders. We note, however, that the 400 posts in Belfast are split fairly evenly between general service grades and scientific and technical posts. Hence given the specialist nature of the skills required, relocation would have to be managed carefully. We also recognise that the agency has moved, relatively recently, to its current accommodation in the Gasworks – a point that should be considered in the timing of a future relocation. We nevertheless recommend that the Northern Ireland Environment Agency should be a candidate for relocation.

7.7.11 Northern Ireland Water

7.7.11.1 Northern Ireland Water is a government-owned company (through the Department for Regional Development) set up in April 2007 to provide water and sewerage services in Northern Ireland. It has a regional presence across the province responsible for the management and maintenance of reservoirs and treatment and pumping stations. The company's headquarters (about 400 posts) is in four buildings in Belfast, and we understand it wishes to bring these functions together in a single location.

7.7.11.2 As a government-owned company, it operates independently; thus it does not require physical proximity or day-to-day access to ministers or its sponsoring department, and the nature of its business does not require its administrative headquarters to be in Belfast. Given these features, together with the business need to establish new headquarters, there is sufficient momentum for relocation, which would provide an opportunity to encourage clustering of related skills and services, to be considered. We recognise that Northern Ireland Water is an autonomous body, but we nonetheless strongly encourage it to consider a headquarters location outside Belfast.

7.7.12 Departmental Headquarters

7.7.12.1 Relocation of departmental headquarters has not been tried anywhere in the United Kingdom. Although proximity to the seat of government is a major issue, questions arise over how much, and what parts, of a department actually require day-to-day access to ministers and senior policy makers. Notwithstanding all the risks, which are well rehearsed, we believe that principally because of the small size of Northern Ireland, an opportunity exists to pilot the movement of a departmental headquarters. It would address the fundamental issue of bringing government closer to the people and, in some cases, enhancing service delivery (and perhaps policy making) by improving access to customers and stakeholders. And in doing so, it would provide an excellent opportunity to encourage clustering of related skills and services. A pilot would also provide an opportunity to test the effectiveness and efficiency of flexible working when the department is physically remote from the seat of government.

7.7.12.2 We do not wish to be prescriptive about which government headquarters should be considered for relocation but, throughout our research, people consistently questioned why the headquarters of the Department of Agriculture and Rural Development (about 800 posts) is located on the Stormont Estate. The Department's principal aim is to promote sustainable economic growth and the development of

the countryside in Northern Ireland, and to assist the competitive development of the agri-food, fishing, and forestry sectors. Given the nature of its business and its agencies (e.g. the Forest Service and the Rivers Agency), a strong case can be made for relocating the headquarters and agencies. The department is also due to move from its current building on the Stormont Estate in 2013 as part of the Workplace 2010 programme. Hence we recommend that a departmental headquarters should be relocated and that the Department of Agriculture and Rural Development should be considered as a candidate.

7.7.13 Way Forward

7.7.13.1 To summarise, if all the candidates proposed in Section 7.7 were to be relocated, this would amount to approximately 5,500 posts (excluding posts involved in NICS shared services and potentially in local government shared services, as these services are not yet established). This represents approximately 3 per cent of the total number of (full-time equivalent) public sector jobs in Northern Ireland and just over 5.0 per cent of the (full-time equivalent) public sector jobs currently based in the Belfast travel-to-work area.

7.7.13.2 We have not attempted to match candidates to specific locations, as each relocation will require a full and detailed study. In addition, we have concluded that the initial wave of relocations should be phased, approached in a modest and prudent manner, and implemented as pilot projects. We recommend, therefore, that about 3,000-4,000 posts (i.e. about 2 per cent of the total number of public sector jobs or around 3 per cent of those based in the Belfast travel-to-work area) should be identified from the pool of candidates as pilot projects to be taken forward in a first phase of relocation.

7.7.13.3 We are satisfied, from the analysis we have conducted, that the pool of potential candidates provides a sound basis on which to develop an agenda for action. We are also satisfied that the majority of these organisations provide a sustainable critical mass that will offer high quality jobs and a coherent career structure in the receiving locations to address the issues of economic growth and sustainability.

7.7.13.4 But the pool of public sector bodies suggested above is not exhaustive. We believe that a critical examination of the full range of public sector organisations – including agencies, non-departmental public bodies, commissions, regulators, and inspectorates – will identify other suitable candidates for relocation. Hence we recommend that each department, in conjunction with the central unit described in Chapter 8 should conduct its own audit, based on the criteria used by the Review, to identify further opportunities for relocation in the longer term.

7.7.13.5 We also believe opportunities exist to pursue the dispersal of public sector jobs from Great Britain as part of a future strategy. A number of these – such as Her Majesty’s Revenue and Customs, the Identity and Passport Service, and processing work of the Department for Work and Pensions – are already based in Northern Ireland. Further opportunities could exist to exploit the cost and staffing advantages that Northern Ireland has to offer. Hence we recommend that these opportunities be sought out as a way of further encouraging economic growth.

7.8 Conclusion

7.8.1 We have developed proposals in this chapter for the relocation of public sector jobs, taking into account the issues specific to Northern Ireland as well as the theory and experience of relocation in the rest of these islands. The evidence suggests that structural weaknesses in Northern Ireland need to be addressed. We also know that a prosperity gap exists between the east and west of the province, and, by comparison with other capital cities in these islands, a disproportionate proportion of public sector employment is concentrated in Belfast. The Executive’s top priority is growing the economy, and we have concluded that some relocation of public sector jobs would create a better regional economic balance that would help to achieve this objective.

7.8.2 Hence we have recommended a modest, phased relocation of some public sector jobs from Belfast to a small number of centres to ensure that the economic benefits of the new Northern Ireland are more evenly distributed. The scale of the relocations should provide a sufficient number of high quality jobs to encourage clustering and co-location as well as a coherent career structure for public servants outside Belfast. The infrastructure (e.g. labour market, property market, and transport networks) in the receiving locations must also be sufficiently robust to absorb and sustain public sector employment over time.

7.8.3 We could not, however, rule out the possibility of new locations in the longer-term and noted the emergence of small economic clusters in particular areas – Cookstown, Downpatrick, and Enniskillen – where, presently, there are weaknesses in infrastructure and access.

7.8.4 Although recognising that many public sector bodies are already well dispersed, we have concluded that there are many opportunities for relocation, extending from the formation of new bodies and the RPA institutions to operational/processing units and common services organisations and cross-border bodies. Opportunities to improve customer service, as well as opportunities created by the restructuring of government departments, clustering and co-location of services, technological

advancements, and lease breaks, should also be considered. The list of proposed relocation candidates is not exhaustive as we believe that a critical examination of the full range of public sector organisations would identify other suitable candidates.

7.8.5 Hence we recommend that:

9. Public sector jobs in Northern Ireland should be relocated, but we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.
10. Relocations should be implemented in a phased approach over a period of, say, five years.
11. A central corporate fund should be created for the pilot relocation projects.
12. Public sector jobs should be relocated to Londonderry, Omagh, Craigavon, Newry, Ballymena, and Coleraine, and the scale of the relocations should be commensurate with the infrastructural capabilities of the receiving locations.
13. The longer-term potential of Cookstown, Downpatrick, and Enniskillen as relocation centres should be considered in the event of a future wave of relocations, providing their infrastructural and access limitations can be addressed.
14. A presumption against locating in Belfast should exist when establishing new public sector bodies or reviewing existing functions and services.
15. New bodies created as a result of the Review of Public Administration should be candidates for relocation.
16. Relocation should be considered in relation to operational/processing units, common services organisations, and cross-border bodies.
17. Relocation should be considered in the event of the restructuring of government departments, lease breaks, and where opportunities exist to enhance service delivery, cluster services or co-locate services.
18. The following bodies should be candidates for relocation, providing a pool from which initial pilot projects should be identified:
 - Victims and Survivors Commission
 - Charities Commission
 - Regional Health and Social Care Board
 - Regional Public Health Agency

- Common Services Organisation
- Northern Ireland Civil Service Shared Services
- Local Government Shared Services
- Education and Skills Authority Headquarters
- Northern Ireland Library Authority Headquarters
- Land and Property Services
- Northern Ireland Environment Agency
- Northern Ireland Water Headquarters
- A Departmental Headquarters (possibly the Department of Agriculture and Rural Development).

19. About 3,000-4,000 posts should be identified from the pool of candidates as pilot projects to be taken forward in a first phase of relocation.
20. Each government department, in conjunction with the central unit, should conduct its own audit, based on the criteria used by the Review, to identify further opportunities for relocation in the longer term.
21. Consideration should be given to pursuing dispersal of jobs from Great Britain as a way of further encouraging relocation and economic growth.

7.8.6 In reaching our conclusions, we recognise the major challenges and potential risks that relocation presents. We have noted concerns about service delivery, costs, human resource issues, need for access to ministers, and so on. The next chapter sets out an agenda for action in which we address these and other challenges and set out our recommendations for moving forward.



CHAPTER 8

Implementation



8.1 Introduction

8.1.1 We recognise that even a modest and phased approach to relocation will require significant political will coupled with careful planning and management. We appreciate the scale of the task and the complexities involved, including human resource (HR) considerations, maintaining service delivery, and putting in place arrangements that will facilitate successful implementation. This chapter therefore outlines proposals on how the Review's recommendations should be taken forward. It covers the factors that will inform the Executive's decision making as well as a number of implementation issues, including the development of the business case and the need for leadership and careful handling of the HR aspects of relocation.

8.2 Impact Assessments and Consultation

8.2.1 Following publication of the Review, it will be necessary for policy makers to undertake the relevant impact assessments on the proposals. These could include rural, economic, and social inclusion impact assessments. It will also include another vital aspect of impact assessment in the form of equality proofing and an Equality Impact Assessment in line with the requirements of Section 75 of the Northern Ireland Act 1998. This assessment will include consideration of the potential impact of the relocation proposals on the composition of the workforce within the Northern Ireland Civil Service (NICS) and the wider public sector. This process should include public consultation that would be undertaken in line with the relevant guidance of the Office of the First and deputy First Minister (OFMDFM) and the guiding principles for consultation of the Equality Commission for Northern Ireland.

8.3 Costs of Relocation

8.3.1 The financial implications of relocation will also be an important factor in the Executive's decision making. We believe that the Executive has to make an investment in relocation if it is to pursue a successful policy of dispersal to achieve broader socio-economic goals. Recognising this, and drawing on the experience

of relocation elsewhere, we have completed some preliminary work on indicative costs and savings and this can be found at Appendix E. The cost model is purely illustrative and is based on a number of assumptions. Nevertheless, it helps to demonstrate the wide range of variables involved in relocation and the types of costs that can be involved.

8.3.2 Although it is difficult to generalise because of the range of variables, the model shows the indicative costs and savings of relocation, and suggests that the cost per post will decline significantly over time. Larger-scale relocations tend to become less expensive over time on a cost per post basis relative to smaller-scale relocation projects.

8.3.3 As set out in Chapter 7, recognising the need for initial investment to enable relocation to take place as well as the current pressure on public sector resources, we have recommended that a central corporate budget is identified to fund the pilot relocation projects.

8.4 Business Case

8.4.1 A key aspect of the implementation process will be the business cases that will be required for bodies intending to relocate. We recognise that the conventional approach is for this process to be undertaken in line with the *Northern Ireland Practical Guide to the Green Book*. As indicated in Chapter 7, however, implementing relocations will take significant political will, because accurate cost-benefit analyses of relocations will be difficult to undertake ex ante since the short-term costs will be much easier to quantify than the long-term benefits (including broader socio-economic benefits). We recommend, therefore, that the longer-term non-monetary costs and benefits of the business case receive primary consideration. This is not the conventional approach; however, as experience elsewhere has demonstrated (see Chapter 5), major relocations require up-front investment and are unlikely to produce financial benefits in the short term.

8.4.2 To learn from the relocation implementations, particularly in the first phase, decision makers must be clear about how success will be measured and put in place robust mechanisms to monitor and evaluate the impacts and outcomes. We recommend that clear objectives and benefits-realisation plans are developed at the outset of relocation projects as part of the business case process. The evaluations should look at all the key aspects of the relocations, including the impact on the organisation's business, customers, receiving location, staff, and the broader region.

- 8.4.3** A central relocation unit (discussed in Section 8.5) should have a role in assisting with the development of business cases. As part of this process, the unit should update and adapt the *Framework to Underpin Decisions on the Location of Public Sector Jobs Resulting from the Review of Public Administration* (DFP, November 2007) to reflect the criteria established by this Review, and to provide a consistent basis for relocation business cases which ensures that longer-term non-monetary, as well as monetary, benefits receive consideration.

8.5 Leadership and Co-ordination

- 8.5.1** A critical element of the implementation strategy will be ensuring collective and sustained political leadership. We recommend that the relevant minister for each department involved in the relocation of a body should provide visible leadership on the issue. In addition, we recommend that an Executive sub-committee, similar to those set up to focus on water and sewerage services reform and local government reform, should be established to provide a mechanism to ensure co-ordinated leadership and continued momentum.
- 8.5.2** Political leadership needs to be supported by committed leadership among officials. The accounting officers in Northern Ireland departments, agencies and other public sector bodies involved in relocation must be held accountable for the relocation activities within their areas of responsibility. We recommend that the work of relocation should be integrated into the business planning of departments and other public bodies, and progress should be regularly reported to departmental boards, ministers, the Executive, and the Assembly. It is essential that the work around relocation is progressed in an open and transparent way. Hence permanent secretaries have a further important role to advise on propriety throughout the process, including ensuring that ministers do not become involved in decisions about location that may have connections with their own constituencies.
- 8.5.3** To support these leadership arrangements and provide co-ordination across the relocation programme, we recommend that the Executive establishes a small central unit. This unit would drive the process forward, providing central direction, oversight and support, and acting as a mechanism to share learning and good practice. It would work with key stakeholders to develop an overarching relocation plan and timetable, maintain momentum, and provide support to the Executive and ministers to facilitate decision making on relocations. The unit would require support across departments and should have close links with the organisations involved in the first phase of relocation. It may need to exist only for a limited period, and once relocation is well underway and integrated within departmental

operations, the unit could be scaled down and its core functions embedded in the ongoing business of appropriate departments.

8.6 Human Resources

8.6.1 The HR and staffing issues will be a crucial consideration within the relocation implementation strategy. We recognise that the subject of relocation and this Review will create uncertainty for some staff across the NICS and the wider public sector. On the one hand, the relocation agenda may offer potential opportunities to work closer to home for some staff; but for others it could mean a longer commute or result in staff looking to move to another post in their existing organisation or in another organisation that is not being considered for relocation. Hence staff rights, terms and conditions, and interests must be given due consideration in the decision making and implementation processes. At the same time, the Executive needs to recognise that the primary objectives of the Review – promoting regionally balanced economic growth, reducing deprivation, enhancing sustainability, and improving service delivery – should be paramount in implementing relocation.

8.6.2 Existing HR policies will set the parameters for the relocation strategy, and it is not for this Review to make detailed recommendations about the HR aspects of implementation. But we would highlight the need to learn from the experience of relocation elsewhere to avoid the relocation agenda being impeded by particular aspects of existing HR policies, protracted HR negotiations, and industrial relations disputes. Hence we recommend early and sustained engagement with the trade unions and a well-planned communications strategy to ensure open and timely communication with staff and their representatives throughout the process. In addition, the relocation plans should be informed by relevant information, including an analysis of affected staff in terms of where they live and their mobility. This should be complemented by a clear understanding of the skills and knowledge base in the receiving location.

8.6.3 The Public Service Commission has published nine guiding principles concerned with safeguarding the interests of staff to ensure their smooth transfer to new organisations established as a consequence of government decisions on the Review of Public Administration (RPA). These guiding principles have been accepted by government. A further guiding principle on voluntary severance is likely to be accepted and published shortly. For those RPA-related bodies that have been proposed as candidates for relocation in Chapter 7, the Commission's guiding principles will apply.

8.7 Project Management

8.7.1 As this chapter has shown, relocation initiatives are complex undertakings that necessitate detailed planning and active management of risk. We recognise that there will be concerns about relocation disrupting service delivery and causing uncertainty and anxiety among staff and stakeholders. It is essential, therefore, that the process is carefully planned and managed. Adopting a phased approach to relocations, as outlined in Chapter 7, will also help to minimise disruption, maintain service levels, and assist with handling the HR challenges. We would expect proven programme and project management methodologies (e.g. the Office of Government Commerce's frameworks such as PRINCE2 and Managing Successful Programmes) to be followed as these are already in widespread use across the Northern Ireland public sector.

8.7.2 As in all major change programmes that have major implications for stakeholders and, in particular, staff, intensive effort must be invested in communications. Staff and stakeholders should be involved in the development of plans and communicated with in a clear, timely, and accurate way throughout the relocation process.

8.8 Other Relevant Requirements, Policy and Guidance

8.8.1 In addition to the factors already outlined in this chapter, decision makers need to take into account a range of other requirements, policies and guidance. We do not consider these to be formal recommendations, but we highlight them as they have particular relevance to the implementation of relocation.

8.8.2 **Sustainable Development Strategy:** Decisions on location and accommodation should be taken in line with the Sustainable Development Strategy for Northern Ireland. This includes a number of relevant requirements, including that public sector office accommodation achieves a BRE Environmental Assessment Method (BREEAM) rating of "very good" and a target to make the government estate carbon neutral by 2015. In addition, there is a statutory duty on Northern Ireland government departments and district councils to ensure that the principles of sustainable development underpin all decisions and actions.

8.8.3 **Effective asset management:** In implementing the relocation recommendations, officials will need to make best use of existing public sector assets and avoid, where possible, unnecessary expansion of the estate. This requirement points to the need, when relocating organisations, to look at any public sector bodies that

are already operating in a receiving location and the options for co-location, and whether there is any potentially suitable vacant or surplus (or soon-to-be vacant or surplus) accommodation within the public sector estate.

8.8.4 Workplace 2010: The Department of Finance and Personnel is obtaining a private sector partner to upgrade and manage the civil service office estate through a Private Finance Initiative (PFI) contract. The contract, which has yet to be awarded, is intended to provide sufficient flexibility to accommodate the future movement of NICS business and services. Early decisions on the NICS organisations to be relocated should be aligned with the contract, thereby reducing the degree of uncertainty and, ultimately, costs.

8.8.5 Lifetime Opportunities: Those implementing relocation should also act in accordance with the policy framework for eliminating poverty and promoting social inclusion as set out in the Lifetime Opportunities strategy. The strategy retains the key principle of New Targeting Social Need, which is to direct resources within government programmes at those areas, groups and individuals in greatest objective need.

8.8.6 Rural Proofing: As part of taking forward relocation, rural proofing should be carried out at the appropriate stage. *A Guide To Rural Proofing* (DARD, 2003) sets out the approach, which is aimed at ensuring that all significant policy proposals submitted to ministers for endorsement will specifically identify any likely impact that policy might have on rural areas or communities, and an assessment of how any differential impact can be addressed.

8.9 Conclusion

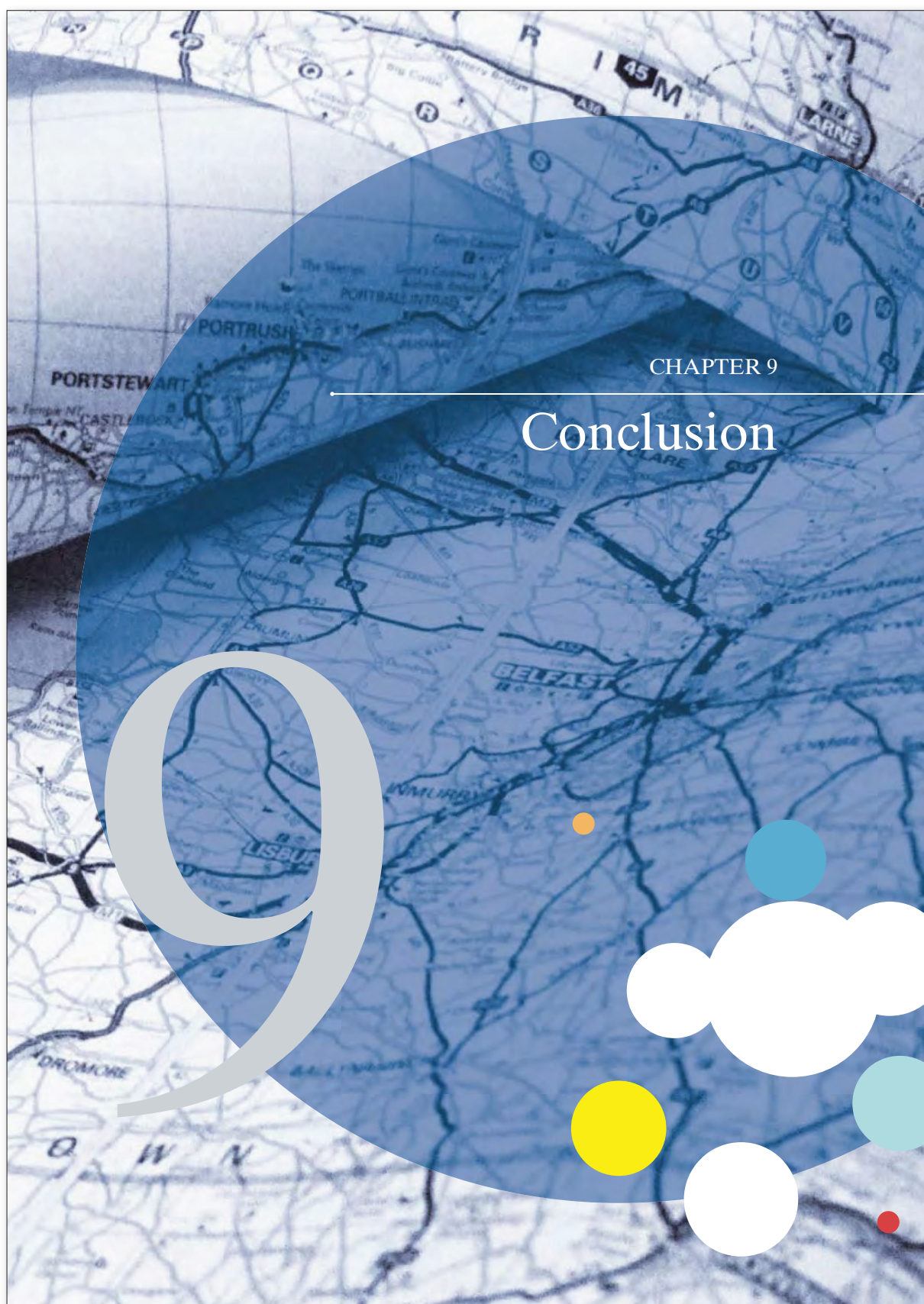
8.9.1 This chapter has demonstrated that implementing our recommendations will be a demanding task that will take time to plan and deliver. A significant amount of detailed analysis, planning and effort will be required over the coming months and years to turn the relocation strategy into a positive reality, and we have highlighted those issues that we see as essential in achieving this objective.

8.9.2 Above all else, committed and continued leadership at both the political and senior management levels will be critical in achieving success. The significant HR and industrial relations aspects of relocation must be proactively addressed and sensitively handled throughout to help ensure smooth transitions. The challenges around resourcing and building a business case, particularly in the context of constrained budgets, have been acknowledged, but experience shows that some initial investment will be necessary to relocate and ultimately to derive more far-

reaching benefits. Finally, expert project management of a phased approach, and integration of an innovative flexible working strategy within the plans, will be further requirements for success.

8.9.3 Therefore we recommend that:

- 22.** Longer-term non-monetary costs and benefits should receive primary consideration in relocation business cases.
- 23.** Clear objectives and benefits-realisation plans should be developed at the outset of relocation projects as part of the business case.
- 24.** An Executive sub-committee should be established to lead the relocation initiative, and ministers and accounting officers should provide visible leadership and be held accountable for relocation activities within their departments.
- 25.** Relocation plans should be integrated into the business planning of departments and other public bodies and progress reported regularly to boards, ministers, the Executive, and the Assembly.
- 26.** A small central unit should be set up to provide direction, oversight, and support on relocation.
- 27.** Staff rights, terms and conditions, and interests should be given due consideration in the relocation decision making process, and there should be early and sustained engagement with the trade unions.



CHAPTER 9

Conclusion



- 9.1** We remarked at the outset of this report that the relocation of public sector jobs, although not peculiar to Northern Ireland, has been the subject of long-standing debate here. To date there has been no proactive approach to the subject: previous relocations have been conducted on an ad hoc basis. Through this independent Review we have been privileged to take an impartial view of, and to gain a fascinating insight into, a very complex subject. The Review has also been conducted at a time when Northern Ireland, led by a new Executive, has entered an era of political stability and economic growth. The reform of the public sector and technological advances also offer new possibilities for how we work and deliver public services. In short, we have undertaken this Review at an opportune moment.
- 9.2** The scale of our task was made clear by the wide-ranging terms of reference given to the Review. Having examined these carefully, we agreed early on that our proposals must make economic, political and social sense, and fit with the wider objectives of the Executive. With that in mind, we set out to develop an agenda for action and a set of practical recommendations on the location of public sector jobs that would best enhance the sustainable economic and social development of Northern Ireland.
- 9.3** The complexity of our task and the wide range of factors that can affect, or be affected by, relocation became clear early in our inquiries. Relocation is not a one-dimensional issue: we learned that moving jobs, even a short geographical distance, impinges on numerous aspects of public life, such as economic growth, value-for-money, service delivery, people, and organisations. And we found that an opportunity for one person could just as easily be regarded as a threat by another. Hence being able to draw on previous experience of relocation in coming to our own conclusions was most helpful.
- 9.4** Having considered the available evidence and the arguments for and against relocation (and there are many), we concluded that, on balance, there is a strong case for the movement of some public sector jobs in Northern Ireland. And the case is strengthened by the opportunities presented by devolution, the growing economy, and changes underway to the public administration system. We believe that relocation can contribute positively to the new Northern Ireland through helping

to create a better regional economic balance by encouraging wealth creation and reducing economic disparity. We also believe that relocation has the potential to reduce social deprivation, but we recognise that the solution to this problem requires a multi-faceted approach. Some redistribution of public sector jobs may also, albeit in a small way, contribute to a more sustainable Northern Ireland.

9.5 Although we have concluded that substantial benefits can be obtained from relocation, these will not occur immediately: the economic and social benefits will emerge only over time. A return on an investment in relocation over ten to fifteen years is not unreasonable; hence the importance of taking a long-term view. We recognise the upfront costs – particularly given the constraints of the current financial climate – and the transitional risks and challenges concerning service delivery and human resources that are inherent in relocation projects. And we do not underestimate these; indeed, to do so in the light of experience elsewhere in these islands would be foolhardy. Hence we advocate pragmatism and strongly recommend that relocation is undertaken in a modest and prudent manner – because we want our proposals to be successful and to become a model of good practice from which others can learn. A phased approach will be critical in reducing the risks associated with relocation, and our recommendations have been developed accordingly.

9.6 We also need to manage expectations. What we are recommending is, in our view, relatively small-scale. We nevertheless believe relocation has the potential to make a positive contribution to the Executive's overall goals and to help to shape the new Northern Ireland. But implementing our recommendations will require considerable political will. Decisions have to be made, for example, to make upfront investments in the pilot projects, in light of all the known risks, to reap what are currently unquantifiable, long-term benefits. Once those decisions are taken, strong leadership and management, at the highest level, will be necessary to create and maintain the momentum required to implement the pilot projects successfully.

9.7 We have therefore put forward recommendations for implementing our proposals and, in doing so, have identified the various factors that need to be considered. Not the least of these is a formal evaluation of the pilot projects. If these are successful – and we believe that with the right leadership and management they can be – then other opportunities will occur to proceed with a further wave of relocations in the future. Hence we commend this report to the Government and to the people of Northern Ireland as the framework upon which both current and future relocation policy in Northern Ireland can be made.



APPENDIX A

List of Contacts

Meetings with Permanent Secretaries and Chief Executives

- Aideen McGinley (DEL Permanent Secretary)
- Alan Shannon (DSD Permanent Secretary)
- Andrew McCormick (DHSSPS Permanent Secretary)
- Bruce Robinson (former DFP Permanent Secretary and now Head of the Civil Service)
- David Gavaghan (SIB Chief Executive)
- Gavin Boyd (ESA Chief Executive)
- Leo O'Reilly (DFP Permanent Secretary)
- Malcolm McKibbin (DARD Permanent Secretary)
- Nigel Hamilton (former Head of the Civil Service)
- Paul Priestly (DRD Permanent Secretary)
- Paul Sweeney (DCAL Permanent Secretary)
- Stephen Peover (DOE Permanent Secretary)
- Stephen Quinn (DETI Permanent Secretary)
- Will Haire (DE Permanent Secretary)

In addition to meetings with Peter Robinson (former DFP Minister and now First Minister) and Nigel Dodds (DFP Minister), the following Ministers were met on request:

- Margaret Ritchie (DSD)
- Michelle Gildernew (DARD)



Other Meetings

Sir George also met with:

- Finance and Personnel Committee
- Invest NI
- Performance and Efficiency Delivery Unit

Representations

Representations were received from:

- Adrian McQuillan MLA
- Alan Bresland MLA
- Ards Borough Council
- Armagh City and District Council
- Ballymena Borough Council
- Banbridge District Council
- Belfast City Council
- Cathal Damian Boylan MLA
- Coleraine Borough Council
- Committee on the Administration of Justice
- Conor Murphy MP MLA, Minister for Regional Development
- COSTA Rural Support Network
- Craigavon Borough Council
- Derry City Council
- Down District Council
- Dungannon and South Tyrone Borough Council

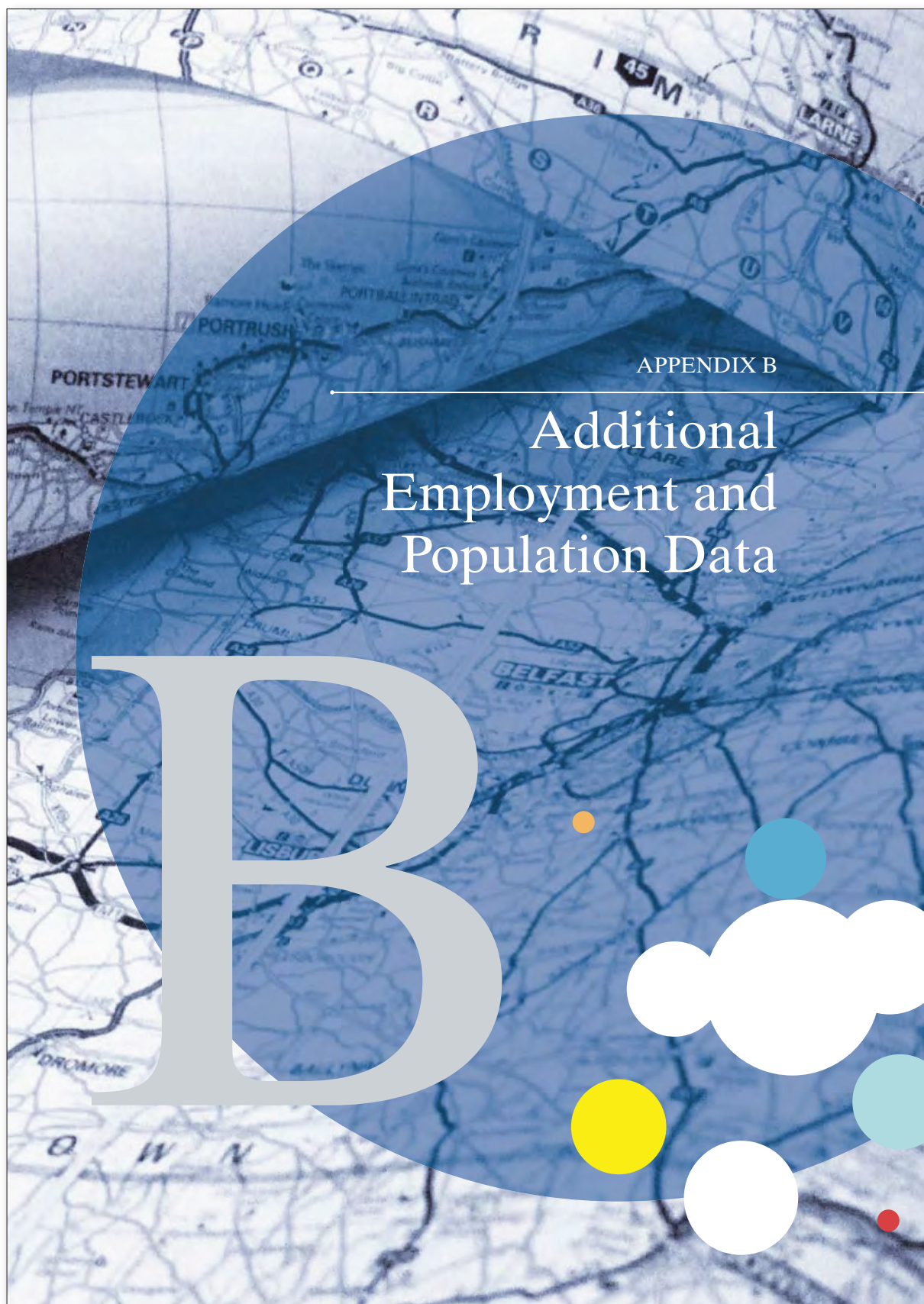
- Eddie McGrady MP
- Equality Commission for Northern Ireland
- Exitoso
- FDA Northern Ireland Senior Officers Section
- Fermanagh District Council
- Green Party
- Gregory Campbell MP MLA
- Ilex
- Lisburn City Council
- Londonderry Chamber of Commerce
- Northern Health and Social Services Board
- Northern Ireland Committee, Irish Congress of Trade Unions
- Omagh District Council
- Pat Doherty MP MLA
- Professor Robert Gavin, University of Ulster, Magee Campus
- Public Service Commission
- Rural Community Network
- Sinn Fein
- Social Democratic and Labour Party
- Society Of Local Authority Chief Executives
- Southern Education and Library Board
- Strabane District Council
- Ulster Unionist Party
- Western Health and Social Services Board

Presentations

The Review had presentations from:

- DFP
- DOE
- DSD
- future@work (Clare House)
- Irish Civil Service
- Land and Property Services
- Northern Ireland Local Government Association
- Office of Government Commerce
- Scottish Executive
- Strategic Investment Board
- Welsh Assembly Government

We would also like to extend our thanks to all the individuals who attended the public meetings and to those who contributed their opinions and views.



APPENDIX B

Additional Employment and Population Data



Census of Employment

- 1** The Census of Employment has been carried out biennially since 1987 and covers all employers in the non-agricultural sectors of the economy. Results are available at detailed levels of disaggregation and geographical location (subject to confidentiality being maintained), including a classification by public and private sector. The sub-Northern Ireland analysis from the Census of Employment is based primarily on the location of the jobs, not on the home address of the employees. Furthermore, in a small number of instances, when employers were not able to provide figures by actual location, the employees were allocated to the address where pay records were held (e.g. head office). The relocation or change of reporting procedures by large employers can, therefore, affect the sub-NI analysis.
- 2** The Census of Employment collects information on the number of persons in full-time and part-time employment. It counts the number of jobs rather than the number of persons with jobs. Therefore, a person holding both a full-time and a part-time job, or someone with two part-time jobs, will be counted twice. Persons working thirty hours or less per week are generally regarded as being in part-time employment.

Additional Tables

Table B1: Full-time Equivalent (FTE) Public Sector Jobs^a per 100 of the Economically Active Population by Travel-to-work Area

Travel-to-work Area	Economically Active Population Aged 16-74 Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Economically Active Population
Ballymena	35,478	6,438.0	18.1
Belfast	385,033	108,345.0	28.1
Coleraine	38,506	7,578.5	19.7
Craigavon	62,009	14,110.5	22.8
Derry	56,589	14,859.5	26.3
Dungannon	20,222	3,528.5	17.4
Enniskillen	25,855	4,613.5	17.8
Mid Ulster	31,234	4,318.0	13.8
Newry	49,979	8,619.0	17.2
Omagh	20,225	6,234.0	30.8
Strabane	14,004	1,787.5	12.8
Northern Ireland	739,134	180,432	24.4

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Note:

^a Excludes HM armed forces.

This table shows a similar pattern to Table 3.3.

Table B2: Full-time Equivalent (FTE) Public Sector Jobs^a per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Working Age Population
Antrim	30,622	7,319.0	23.9
Ards	45,595	3,879.5	8.5
Armagh	32,823	5,643.5	17.2
Ballymena	35,782	6,026.5	16.8
Ballymoney	16,269	1,619.5	10.0
Banbridge	25,490	2,239.5	8.8
Belfast	168,305	59,846.5	35.6
Carrickfergus	23,294	1,916.5	8.2
Castlereagh	39,421	10,113.0	25.7
Coleraine	34,224	5,345.0	15.6
Cookstown	19,700	1,495.5	7.6
Craigavon	48,671	8,260.0	17.0
Derry	64,546	12,419.0	19.2
Down	38,450	5,009.0	13.0
Dungannon	28,434	3,526.0	12.4
Fermanagh	34,514	4,519.0	13.1
Larne	18,748	1,496.5	8.0
Limavady	20,371	2,410.5	11.8
Lisburn	66,720	8,822.0	13.2
Magherafelt	24,086	2,763.5	11.5
Moyle	9,426	897.0	9.5
Newry & Mourne	51,983	6,788.0	13.1
Newtownabbey	49,342	5,078.5	10.3
North Down	46,812	4,947.5	10.6
Omagh	29,055	6,234.0	21.5
Strabane	23,017	1,817.5	7.9
Northern Ireland	1,025,700	180,432	17.6

Source: Census of Population 2001 and DETI Census of Employment 2005.**Note:**^a Excludes HM armed forces.

Table B3: Gender Composition of Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification

	Male	Female	Total
Managers and Senior Officials	4,646 (52.0%)	4,291 (48.0%)	8,937
Professional Occupations	9,280 (45.8%)	10,978 (54.2%)	20,258
Associate Professional and Technical Occupations	24,328 (45.5%)	29,184 (54.5%)	53,512
Administrative and Secretarial Occupations	9,767 (23.1%)	32,487 (76.9%)	42,254
Skilled Trades Occupations	3,249 (69.0%)	1,460 (31.0%)	4,709
Personal Service Occupations	4,832 (20.2%)	19,053 (79.8%)	23,885
Sales and Customer Service Occupations	98 (23.0%)	329 (77.0%)	427
Process, Plant and Machine Operatives	5,066 (93.8%)	334 (6.2%)	5,400
Elementary Occupations	12,044 (36.1%)	21,342 (63.9%)	33,386
Total	73,310 (38.0%)	119,458 (62.0%)	192,768

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Table B4: Composition of Public Sector Full-time Employees (excluding those of Non-determined Community Background) by Sub-sector

	Protestant (%)	Roman Catholic (%)
Health	50.8	49.2
Education	51.0	49.0
District Councils	60.6	39.4
Civil Service	57.3	42.7
Miscellaneous	47.0	53.0
Security-related	85.1	14.9
Overall Total	56.1	43.9

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Table B5: Composition of Public Sector Part-time Employees (excluding those of Non-determined Community Background) by Sub-sector

	Protestant (%)	Roman Catholic (%)
Health	51.3	48.7
Education	55.1	44.9
District Councils	63.4	36.6
Civil Service	65.3	34.7
Miscellaneous	55.5	44.5
Security-related	95.6	4.4
Overall Total	56.6	43.4

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Table B6: Composition^a of Total Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification

	Protestant	Roman Catholic	Non-determined	Total
Managers and Senior Officials	4,839 (54.1%) [57.4%]	3,584 (40.1%) [42.6%]	514 (5.8%)	8,937
Professional Occupations	9,440 (46.6%) [52.5%]	8,532 (42.1%) [47.5%]	2,286 (11.3%)	20,258
Associate Professional and Technical Occupations	30,880 (57.7%) [60.8%]	19,906 (37.2%) [39.2%]	2,726 (5.1%)	53,512
Administrative and Secretarial Occupations	21,743 (51.5%) [53.2%]	19,163 (45.4%) [46.8%]	1,348 (3.2%)	42,254
Skilled Trades Occupations	3,011 (63.9%) [66.9%]	1,489 (31.6%) [33.1%]	209 (4.4%)	4,709
Personal Service Occupations	12,014 (50.3%) [52.7%]	10,777 (45.1%) [47.3%]	1,094 (4.6%)	23,885
Sales and Customer Service Occupations	236 (55.3%) [57.3%]	176 (41.2%) [42.7%]	15 (3.5%)	427
Process, Plant and Machine Operatives	2,947 (54.6%) [56.7%]	2,251 (41.7%) [43.3%]	202 (3.7%)	5,400
Elementary Occupations	17,566 (52.6%) [55.2%]	14,262 (42.7%) [44.8%]	1,558 (4.7%)	33,386
Total	102,676 (53.3%) [56.2%]	80,140 (41.6%) [43.8%]	9,952 (5.2%)	192,768

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Notes:

^a Figures in square brackets show the row percentages when those in the non-determined category are excluded.

Table B7: Composition^a of Male Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification

	Protestant	Roman Catholic	Non-determined	Total
Managers and Senior Officials	2,655 (57.1%) [61.2%]	1,684 (36.2%) [38.8%]	307 (6.6%)	4,646
Professional Occupations	4,511 (48.6%) [56.3%]	3,506 (37.8%) [43.7%]	1,263 (13.6%)	9,280
Associate Professional and Technical Occupations	16,287 (66.9%) [70.4%]	6,839 (28.1%) [29.6%]	1,202 (4.9%)	24,328
Administrative and Secretarial Occupations	4,579 (46.9%) [48.5%]	4,857 (49.7%) [51.5%]	331 (3.4%)	9,767
Skilled Trades Occupations	2,133 (65.7%) [69.0%]	960 (29.5%) [31.0%]	156 (4.8%)	3,249
Personal Service Occupations	2,312 (47.8%) [50.3%]	2,280 (47.2%) [49.7%]	240 (5.0%)	4,832
Sales and Customer Service Occupations	42 (42.9%) [44.7%]	52 (53.1%) [55.3%]	4 (4.1%)	98
Process, Plant and Machine Operatives	2,771 (54.7%) [56.9%]	2,102 (41.5%) [43.1%]	193 (3.8%)	5,066
Elementary Occupations	6,511 (54.1%) [56.8%]	4,945 (41.1%) [43.2%]	588 (4.9%)	12,044
Total	41,801 (57.0%) [60.6%]	27,225 (37.1%) [39.4%]	4,284 (5.8%)	73,310

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Notes:

^a Figures in square brackets show the row percentages when those in the non-determined category are excluded.

Table B8: Composition^a of Female Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification

	Protestant	Roman Catholic	Non-determined	Total
Managers and Senior Officials	2,184 (50.9%) [53.5%]	1,900 (44.3%) [46.5%]	207 (4.8%)	4,291
Professional Occupations	4,929 (44.9%) [49.5%]	5,026 (45.8%) [50.5%]	1,023 (9.3%)	10,978
Associate Professional and Technical Occupations	14,593 (50.0%) [52.8%]	13,067 (44.8%) [47.2%]	1,524 (5.2%)	29,184
Administrative and Secretarial Occupations	17,164 (52.8%) [54.5%]	14,306 (44.0%) [45.5%]	1,017 (3.1%)	32,487
Skilled Trades Occupations	878 (60.1%) [62.4%]	529 (36.2%) [37.6%]	53 (3.6%)	1,460
Personal Service Occupations	9,702 (50.9%) [53.3%]	8,497 (44.6%) [46.7%]	854 (4.5%)	19,053
Sales and Customer Service Occupations	194 (59.0%) [61.0%]	124 (37.7%) [39.0%]	11 (3.3%)	329
Process, Plant and Machine Operatives	176 (52.7%) [54.2%]	149 (44.6%) [45.8%]	9 (2.7%)	334
Elementary Occupations	11,055 (51.8%) [54.3%]	9,317 (43.7%) [45.7%]	970 (4.5%)	21,342
Total	60,875 (51.0%) [53.5%]	52,915 (44.3%) [46.5%]	5,668 (4.7%)	119,458

Source: 2006 Monitoring Report, Equality Commission for Northern Ireland.

Notes:

^a Figures in square brackets show the row percentages when those in the non-determined category are excluded.

Table B9: Full-time Equivalent (FTE) Private Sector^a Jobs^b per 100 of the Economically Active Population by Travel-to-work Area

Travel-to-work Area	Economically Active Population Aged 16-74 Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Economically Active Population
Ballymena	35,478	20,118.5	56.7
Belfast	385,033	211,647.0	55.0
Coleraine	38,506	17,857.0	46.4
Craigavon	62,009	33,067.0	53.3
Derry	56,589	26,827.0	47.4
Dungannon	20,222	12,797.5	63.3
Enniskillen	25,855	12,715.0	49.2
Mid Ulster	31,234	16,750.0	53.6
Newry	49,979	23,568.5	47.2
Omagh	20,225	8,506.0	42.1
Strabane	14,004	5,416.5	38.7
Northern Ireland	739,134	389,270.0	52.7

Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

^b Employee jobs; does not include self-employment.

This table shows a similar pattern to Table B10.

Table B10: Full-time Equivalent (FTE) Private Sector^a Jobs^b per 100 of the Working Age Population by Travel-to-work Area

Travel-to-work Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Ballymena	46,054	20,118.5	43.7
Belfast	522,567	211,647.0	40.5
Coleraine	53,010	17,857.0	33.7
Craigavon	85,575	33,067.0	38.6
Derry	86,207	26,827.0	31.1
Dungannon	29,402	12,797.5	43.5
Enniskillen	35,738	12,715.0	35.6
Mid Ulster	44,565	16,750.0	37.6
Newry	71,800	23,568.5	32.8
Omagh	29,055	8,506.0	29.3
Strabane	21,727	5,416.5	24.9
Northern Ireland	1,025,700	389,270.0	38.0

Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

^b Employee jobs; does not include self-employment.

This table shows a similar pattern to Table B9.

Table B11: Full-time Equivalent (FTE) Private Sector^a Jobs^b per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Antrim	30,622	12,396.0	40.5
Ards	45,595	9,788.0	21.5
Armagh	32,823	9,141.0	27.8
Ballymena	35,782	18,160.0	50.8
Ballymoney	16,269	4,456.0	27.4
Banbridge	25,490	6,541.5	25.7
Belfast	168,305	104,889.0	62.3
Carrickfergus	23,294	4,579.0	19.7
Castlereagh	39,421	11,189.0	28.4
Coleraine	34,224	13,355.5	39.0
Cookstown	19,700	7,300.5	37.1
Craigavon	48,671	22,639.5	46.5
Derry	64,546	21,449.5	33.2
Down	38,450	8,817.5	22.9
Dungannon	28,434	12,685.5	44.6
Fermanagh	34,514	12,384.5	35.9
Larne	18,748	5,158.5	27.5
Limavady	20,371	5,272.5	25.9
Lisburn	66,720	23,307.0	34.9
Magherafelt	24,086	8,955.5	37.2
Moyle	9,426	1,757.0	18.6
Newry & Mourne	51,983	18,319.5	35.2
Newtownabbey	49,342	20,426.5	41.4
North Down	46,812	12,274.0	26.2
Omagh	29,055	8,506.0	29.3
Strabane	23,017	5,521.5	24.0
Northern Ireland	1,025,700	389,270.0	38.0

Source: Census of Population 2001 and DETI Census of Employment 2005.**Notes:**^a Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.^b Employee jobs; does not include self-employment.

Table B12: Full-time Equivalent (FTE) Jobs^a (in Public and Private Sectors^b) per 100 of the Economically Active Population by Travel-to-work Area

Travel-to-work Area	Economically Active Population Aged 16-74 Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Economically Active Population
Ballymena	35,478	26,556.5	74.9
Belfast	385,033	319,992.0	83.1
Coleraine	38,506	25,435.5	66.1
Craigavon	62,009	47,177.5	76.1
Derry	56,589	41,686.5	73.7
Dungannon	20,222	16,326.0	80.7
Enniskillen	25,855	17,328.5	67.0
Mid Ulster	31,234	21,068.0	67.5
Newry	49,979	32,187.5	64.4
Omagh	20,225	14,740.0	72.9
Strabane	14,004	7,204.0	51.4
Northern Ireland	739,134	569,702.00	77.1

Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

^b Employee jobs; does not include self-employment.

This table shows a similar pattern to Table B13.

Table B13: Full-time Equivalent (FTE) Jobs^a (in Public and Private Sectors^b) per 100 of the Working Age Population by Travel-to-work Area

Travel-to-work Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Ballymena	46,054	26,556.5	57.7
Belfast	522,567	319,992.0	61.2
Coleraine	53,010	25,435.5	48.0
Craigavon	85,575	47,177.5	55.1
Derry	86,207	41,686.5	48.4
Dungannon	29,402	16,326.0	55.5
Enniskillen	35,738	17,328.5	48.5
Mid Ulster	44,565	21,068.0	47.3
Newry	71,800	32,187.5	44.8
Omagh	29,055	14,740.0	50.7
Strabane	21,727	7,204.0	33.2
Northern Ireland	1,025,700	569,702.0	55.5

Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

^b Employee jobs; does not include self-employment.

This table shows a similar pattern to Table B12.

Table B14: Full-time Equivalent (FTE) Jobs^a (in Public and Private Sectors^b) per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Antrim	30,622	19,715.0	64.4
Ards	45,595	13,667.5	30.0
Armagh	32,823	14,784.5	45.0
Ballymena	35,782	24,186.5	67.6
Ballymoney	16,269	6,075.5	37.3
Banbridge	25,490	8,781.0	34.4
Belfast	168,305	164,735.5	97.9
Carrickfergus	23,294	6,495.5	27.9
Castlereagh	39,421	21,302.0	54.0
Coleraine	34,224	18,700.5	54.6
Cookstown	19,700	8,796.0	44.6
Craigavon	48,671	30,899.5	63.5
Derry	64,546	33,868.5	52.5
Down	38,450	13,826.5	36.0
Dungannon	28,434	16,211.5	57.0
Fermanagh	34,514	16,903.5	49.0
Larne	18,748	6,655.0	35.5
Limavady	20,371	7,683.0	37.7
Lisburn	66,720	32,129.0	48.2
Magherafelt	24,086	11,719.0	48.7
Moyle	9,426	2,654.0	28.2
Newry & Mourne	51,983	25,107.5	48.3
Newtownabbey	49,342	25,505.0	51.7
North Down	46,812	17,221.5	36.8
Omagh	29,055	14,740.0	50.7
Strabane	23,017	7,339.0	31.9
Northern Ireland	1,025,700	569,702	55.5

Source: Census of Population 2001 and DETI Census of Employment 2005.

Notes:

^a Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.

^b Employee jobs; does not include self-employment.

This table shows a similar pattern to Table B13.

Table B15: Full-time Equivalent (FTE) Public Sector Jobs^a per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	Working Age Population Living in Area (2006 Mid-year Estimate)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of 2001 Census Working Age Population	FTE Jobs per 100 of Mid-2006 Working Age Population
Antrim	30,622	32,266	7,319.0	23.9	22.7
Ards	45,595	47,371	3,879.5	8.5	8.2
Armagh	32,823	34,482	5,643.5	17.2	16.4
Ballymena	35,782	37,357	6,026.5	16.8	16.1
Ballymoney	16,269	17,883	1,619.5	10.0	9.1
Banbridge	25,490	28,523	2,239.5	8.8	7.9
Belfast	168,305	166,989	59,846.5	35.6	35.8
Carrickfergus	23,294	24,616	1,916.5	8.2	7.8
Castlereagh	39,421	39,451	10,113.0	25.7	25.6
Coleraine	34,224	34,337	5,345.0	15.6	15.6
Cookstown	19,700	21,576	1,495.5	7.6	6.9
Craigavon	48,671	53,793	8,260.0	17.0	15.4
Derry	64,546	67,927	12,419.0	19.2	18.3
Down	38,450	42,115	5,009.0	13	11.9
Dungannon	28,434	32,419	3,526.0	12.4	10.9
Fermanagh	34,514	37,466	4,519.0	13.1	12.1
Larne	18,748	19,223	1,496.5	8.0	7.8
Limavady	20,371	21,885	2,410.5	11.8	11.0
Lisburn	66,720	69,881	8,822.0	13.2	12.6
Magherafelt	24,086	26,573	2,763.5	11.5	10.4
Moyle	9,426	9,995	897.0	9.5	9
Newry & Mourne	51,983	57,116	6,788.0	13.1	11.9
Newtownabbey	49,342	49,990	5,078.5	10.3	10.2
North Down	46,812	48,193	4,947.5	10.6	10.3
Omagh	29,055	31,966	6,234.0	21.5	19.5
Strabane	23,017	24,023	1,817.5	7.9	7.6
Northern Ireland	1,025,700	1,077,416	180,432	17.6	16.7

Source: Census of Population 2001, 2006 Mid-year Estimates, and DETI Census of Employment 2005.**Notes:**^a Excludes HM armed forces.

**Table B16: Projected Change in Working Age Population^a, 2006-2021,
by District Council Area**

District Council Area	Population Working Age 2006 (mid-year estimate)	Demographic Momentum (2006 to 2021) (Ageing Factor)	Projected Net Migration ^b (2006 to 2021) (Working Age)	Deaths (2006 to 2021) (Working Age)	Population Working Age (2021 population projection)	Change 2006 - 2021
Ballymena	37,400	1,500	1,800	1,200	39,600	5.9
Subtotal: approximately Ballymena TTWA	37,400	1,500	1,800	1,200	39,600	5.9
Antrim	32,300	3,700	4,600	1,000	39,500	22.3
Ards	47,400	-1,000	3,100	1,600	47,900	1.1
Belfast	167,000	10,900	-19,500	5,300	153,100	-8.3
Carrickfergus	24,600	800	0	900	24,600	0.0
Castlereagh	39,500	1,200	-4,600	1,200	34,900	-11.6
Down	42,100	3,200	2,100	1,400	46,100	9.5
Larne	19,200	100	-600	700	18,000	-6.3
Lisburn	69,900	4,400	1,800	2,200	73,900	5.7
Newtownabbey	50,000	1,200	-3,200	1,500	46,500	-7.0
North Down	48,200	-1,100	-2,200	1,500	43,400	-10.0
Subtotal: approximately Belfast TTWA	540,200	23,400	-18,500	17,300	527,900	-2.3
Ballymoney	17,900	1,600	2,200	500	21,100	17.9
Coleraine	34,300	1,300	-5,500	1,000	29,100	-15.2
Moyle	10,000	100	600	300	10,300	3.0
Subtotal: approximately Coleraine TTWA	62,200	3,000	-2,700	1,800	60,500	-2.7
Armagh	34,500	3,600	2,700	1,100	39,600	14.8
Craigavon	53,800	5,400	9,500	1,700	67,000	24.5
Subtotal: approximately Craigavon TTWA	88,300	9,000	12,200	2,800	106,600	20.7
Derry	67,900	7,900	-5,000	2,300	68,500	0.9
Limavady	21,900	1,600	-1,400	700	21,500	-1.8
Subtotal: approximately Derry TTWA	89,800	9,500	-6,400	3,000	90,000	0.2

(continued)

Table B16, continued: Projected Change in Working Age Population, 2006-2021, by District Council Area

District Council Area	Population Working Age 2006 (mid-year estimate)	Demographic Momentum (2006 to 2021) (Ageing Factor)	Projected Net Migration ^a (2006 to 2021) (Working Age)	Deaths (2006 to 2021) (Working Age)	Population Working Age (2021 population projection)	Change 2006 - 2021
Dungannon	32,400	4,000	11,800	1,100	47,100	45.4
Subtotal: approximately Dungannon TTWA	32,400	4,000	11,800	1,100	47,100	45.4
Fermanagh	37,500	2,300	2,100	1,400	40,500	8.0
Subtotal: approximately Enniskillen TTWA	37,500	2,300	2,100	1,400	40,500	8.0
Cookstown	21,600	2,400	1,700	600	25,000	15.7
Magherafelt	26,600	2,800	2,600	800	31,200	17.3
Subtotal: approximately Mid-Ulster TTWA	48,200	5,200	4,300	1,400	56,200	16.6
Banbridge	28,500	2,000	4,400	900	34,000	19.3
Newry & Mourne	57,100	7,700	8,300	2,000	71,100	24.5
Subtotal: approximately Newry TTWA	85,600	9,700	12,700	2,900	105,100	22.8
Omagh	32,000	2,200	2,200	1,000	35,400	10.6
Subtotal: approximately Omagh TTWA	32,000	2,200	2,200	1,000	35,400	10.6
Strabane	24,000	2,800	-2,000	800	24,100	0.4
Subtotal: approximately Strabane TTWA	24,000	2,800	-2,000	800	24,100	0.4

Source: NISRA.

Notes:^a All numbers have been rounded to the nearest 100. See paragraph 3.2.5.3.^b Including movement between different areas of Northern Ireland.

**Table B17: Distance Travelled to Work by NICS staff by Grade^a,
1 January 2008**

Distance (Miles)	Grade 7+		Staff Officer/ Deputy Principal		Executive Officer I/ Executive Officer II	
	No.	%	No.	%	No.	%
Less than 3	219	14.5	737	15.3	1,410	19.0
3-5	205	13.5	523	10.8	853	11.5
5-10	342	22.6	982	20.3	1,524	20.5
10-15	250	16.5	794	16.4	1,118	15.1
15-20	146	9.6	476	9.9	699	9.4
20-30	195	12.9	693	14.3	986	13.3
30-40	78	5.2	293	6.1	421	5.7
40-50	36	2.4	163	3.4	192	2.6
50+	42	2.8	170	3.5	220	3.0
Total available	1,513	100.0	4,831	100.0	7,423	100.0

Distance (Miles)	Administrative Assistant/ Administrative Officer		Industrial		Total	
	No.	%	No.	%	No.	%
Less than 3	2,639	24.7	250	19.3	5,255	20.4
3-5	1,259	11.8	149	11.5	2,989	11.6
5-10	2,089	19.5	311	24.0	5,248	20.4
10-15	1,465	13.7	231	17.8	3,858	15.0
15-20	1,021	9.5	141	10.9	2,483	9.6
20-30	1,168	10.9	137	10.6	3,179	12.3
30-40	473	4.4	58	4.5	1,323	5.1
40-50	192	1.8	10	0.8	593	2.3
50+	396	3.7	9	0.7	837	3.2
Total available	10,702	100.0	1,296	100.0	25,765	100.0

Source: NICS Human Resource Management System.

Notes:

^a Including equivalent grades.

Table B18: Distance Travelled to Work by NICS Staff^a Working in the Belfast Travel-to-work Area

Distance (Miles)	DCA of Workplace							
	Antrim		Ards (includes Newtownards, Millisle, Greyabbey)		Belfast		Carrickfergus	
	No.	%	No.	%	No.	%	No.	%
Less than 3	69	18.2	51	26.2	2,536	16.5	57	21.3
3-5	12	3.2	37	19.0	1,951	12.7	33	12.4
5-10	49	12.9	54	27.7	3,315	21.6	61	22.8
10-15	69	18.2	17	8.7	2,247	14.7	52	19.5
15-20	62	16.4	16	8.2	1,113	7.3	19	7.1
20-30	55	14.5	15	7.7	2,122	13.8	29	10.9
30-40	30	7.9	{ 5	{ 2.6	930	6.1	9	3.4
40-50	17	4.5			450	2.6	{ 7	{ 2.6
50+	16	4.2			669	4.4		
Total	379	100.0	195	100.0	15,333	100.0	267	100.0

Distance (Miles)	DCA of Workplace							
	Castlereagh (includes Knockbreda, Newtownbreda, Hydebank)		Down (includes Ballynahinch, Castlewellan, Downpatrick, Newcastle, Strangford)		Larne		Lisburn (includes Lisburn, Hillsborough, Moira)	
	No.	%	No.	%	No.	%	No.	%
Less than 3	76	17.1	108	21.5	57	41.3	95	12.9
3-5	75	16.9	44	8.8	6	4.3	50	6.
5-10	102	22.9	128	25.5	25	18.1	131	17.8
10-15	66	14.8	87	17.3	21	15.2	194	26.3
15-20	46	10.3	41	8.2	11	8.0	118	16.0
20-30	55	12.4	82	16.3	9	6.5	91	12.3
30-40	10	2.2	{ 12	{ 2.4	{ 9	{ 6.5	29	3.9
40-50	{ 15	{ 3.4					11	1.5
50+							18	2.4
Total	445	100.0	502	100.0	138	100.0	737	100.0

(continued)

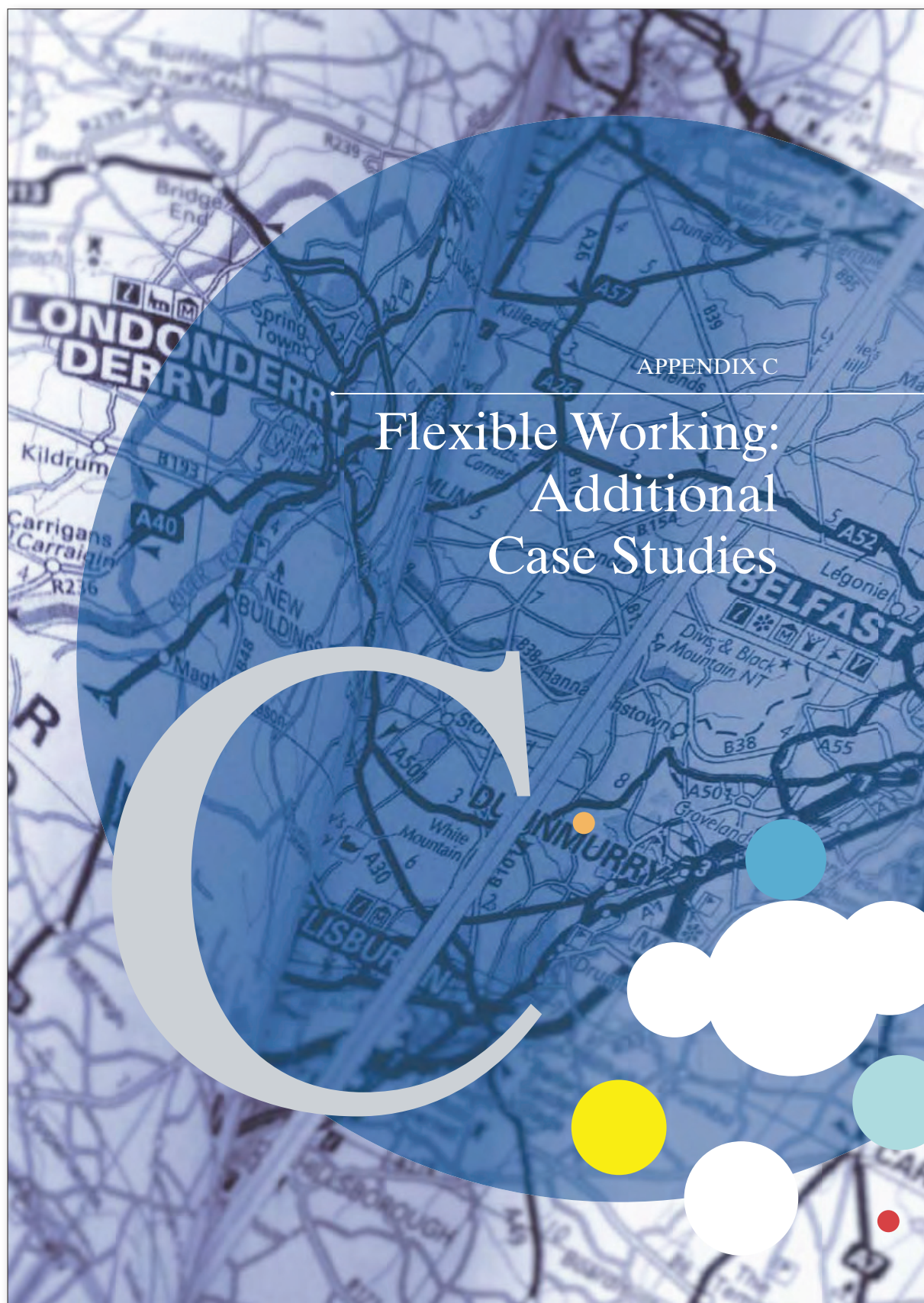
**Table B18, continued: Distance Travelled to Work by NICS Staff^a
Working in the Belfast Travel-to-work Area**

Distance (Miles)	DCA of Workplace					
	Newtownabbey (includes Mallusk, Glengormley)		North Down (includes Bangor, Holywood, Helen's Bay)		Total	
	No.	%	No.	%	No.	%
Less than 3	65	41.9	412	43.3	3,526	18.5
3-5	18	11.6	122	12.8	2,348	12.3
5-10	38	24.5	132	13.9	4,035	21.1
10-15	16	10.3	105	11.0	2,874	15.0
15-20	7	4.5	88	9.2	1,521	8.0
20-30	11	7.1	51	5.4	2,518	13.2
30-40			18	1.9	1,042	5.5
40-50			10	1.1	502	2.6
50+			14	1.5	737	3.9
Total	155	100.0	952	100.0	19,103	100.0

Source: NICS Human Resource Management System.**Notes:**^a As at January 2008.**Table B19: Population of Countries and Capital Cities^a, 2006**

	Northern Ireland	England	Wales	Scotland	Republic of Ireland
Population of capital	267,374	7,512,400	317,523	463,510	1,187,176
Population of country	1,741,619	50,762,900	2,965,900	5,116,900	4,239,848
Population of capital as proportion of country (%)	15	15	11	9	28

Source: 2006 Mid-year Estimates (UK), Irish Census.**Notes:**^a For the Republic of Ireland, Dublin City and County.



APPENDIX C

Flexible Working: Additional Case Studies



East Riding of Yorkshire Council: Revenues and Collections

East Riding of Yorkshire Council (ERYC) was created in April 1996 and became the largest unitary authority in the country. Because of its amalgamation of councils, ERYC faced a variety of problems from employees having to travel long distances to the work place through to lower salaries due to job downgrading.

By 1999-2000 staff turnover in the Revenue Services division of the Finance Directorate reached 35 per cent. There were 7,800 housing benefit claims outstanding and it was taking 103 days to assess a new claim. Because of this, there were 1,000 face-to-face inquiries every week.

With the service failing, the Chief Executive and Council members were motivated to do something urgently. It was necessary to look at the systems, structures and skills of the staff, and the customer service centres had to be integrated. The solution focused on working at and from home, touchdown centres, working close to home, fewer days at work, and different work cycles.

The business case was then developed, and in November 2000 the first home workers were established with five people in a pilot. Issues were tackled by surfacing and confronting them. The staff were involved and helped devise and deliver solutions to the problems through initiatives related to working smarter.

By 2003 there were 21 staff working at home, almost 10 per cent of the staff. There are 10 occasional home workers (e.g. managers) and 65 per cent of all staff now work compressed hours: either four days in five or nine-day fortnights.

Proven Efficiencies:

- productivity of home workers is 20 per cent higher than they were previously achieving in the office;
- 3 per cent reduction in sickness (equal to five FTE);
- 27 per cent reduction in staff turnover (increase of 48 FTE);
- reduction in cost of replacing staff of up to £400,000 per year;
- rent arrears halved from £1.4m to £750k;
- new claims assessment time down from 103 to 26 days;
- council tax collection is 97.8 per cent for 2002/3;
- reduction in benefits work in progress from 7800 to 300 claims; and
- quality improved as measured by complaints down from 56 to 6 per month.

(Project Nomad, 2006b)

Ofsted

Over a period of four years Ofsted has transformed its estate and the way it works by adopting a distributed home-based working approach. The inspection services have become entirely home based, and other supporting activities have been reduced from eleven to four locations.

Until four years ago – because of technology constraints and tradition – most Ofsted inspectors were based in a local office, even though their work took them away from the office to work with schools and carers for significant periods of time. Changing technology, demanding targets, and the desire of staff for more flexibility in organising their work meant that when the Early Years inspectors joined Ofsted in 2001, some of their existing home-based working arrangements were considered as a pilot for a strategy of widespread change. After the success of this trial, all inspectors became officially “home-based”. Although they no longer have an office base, Ofsted supports staff with investment in effective ICT and a range of office services, and administrative and management support. This change also meant that the office estate could be restructured around a single National Business Unit with a small number of regional centres and a London central office.

Working in this way and maintaining consistent quality and high productivity has needed a high quality ICT system that is delivered to all staff wherever they are located. Home-based staff are issued with a standard encrypted laptop PC for use on site and connected at home through wireless broadband. They also have a printer, scanner, global positioning device (Tom Tom), cordless and mobile telephones; and some have BlackBerry devices.

Managers and staff receive training in managing and being managed at a distance, and managers and inspectors are selected for their ability to manage in this way. Managers also have a regime of regular monthly face-to-face individual meetings with each member of their team, regular monthly team meetings, and periodic wider area meetings.

(DEGW/Office of Government Commerce, 2008)

BT

BT has harnessed communications technology to transform the way the company runs, moving from a more static, site-based workforce to an “e-BT” of employees who work flexibly and/or from home. Equipping people with access to the information necessary to do their jobs seems obvious, but prior to “e-BT” much of the information was not available to people where they were working. Often engineers had to leave customer premises to find the information they needed, wasting time, and decreasing customer satisfaction. Providing employees with online, real time access to information and training not only increased productivity, it also increased sales and customer satisfaction, and facilitated flexible working.

To meet increasingly demanding and varied customer expectations in a 24/7 society, BT realised it had to be more and more agile as a company and to achieve this they applied the same flexible thinking to their people and the demands on them. BT now has:

- over 9,000 home workers;
- nearly 500 job sharers; and
- over 5,000 part-time workers.

BT has used its own technological products and services to effect this change: BT Broadband is used by employees at home, in the office, on customer premises, or while travelling.

70 per cent of BT's training is delivered online (253,000 course completions in the last year) to employees at work or home.

BT has changed processes and attitudes to facilitate flexibility. Managers are encouraged to agree flexible working requests; performance focus has shifted to outputs; and extensive information and support facilities are provided through the BT "Achieving the Balance" Intranet site.

The approach at BT produced several business benefits:

More talented workforce

Surveys show that people want to work for companies with a sound work-life balance ethos, so BT can draw from a wide talent pool. Flexible working helps attract and retain people often under-represented in the UK workforce such as disabled people, lone parents and carers.

More flexible and responsive workforce

- natural attrition is now only 2.8 per cent annually;
- 98 per cent of women return to BT after maternity leave; and
- flexible working over the last two years has helped retain 1,000 people.

Reduced absenteeism:

- BT homeworkers average just 3 days sick absence annually; and
- absenteeism rate is 20 per cent below the UK average.

Increased productivity:

- BT's "Self Motivated Team" project, involving about 6,000 employees, associates reward with output rather than attendance – participants now work fewer hours and are more productive; and
- over 9,000 BT employees now work from home with productivity gains of 15-31 per cent. Home-based call centre operators handle 20 per cent more calls than site-based colleagues.

Happier customers:

- flexible working helps BT respond to customer demand 24/7;
- customer and employee feedback shows improvements: customer dissatisfaction down 22 per cent in a year, home-based employees are 7 per cent happier than site-based colleagues.

Reduced costs:

- The annual cost to support an office-based worker in central London is around £18,000. It costs less than £3,000 a year to support a homeworker. On average each homeworker saves BT £6,000 a year.
- Improved retention saves about £5m a year on recruitment and induction.

http://www.employersforwork-lifebalance.org.uk/case_studies/bt.htm
(April 2005)

Department for Regional Development Northern Ireland Teleworking Scheme

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Definition of Teleworking

Teleworking can be described as an initiative that uses the appropriate information and communication solutions to allow staff to distance-work from their permanent place of employment up to a maximum of three days per week, dependent on the needs of their branch or division.

Aims

The aims of scheme are to enhance the work-life balance of staff by providing them with greater flexibility in how they organise their working lives and balance the demands of their career with their domestic responsibilities and personal well being. The scheme creates the opportunity for agencies and core businesses to provide flexibility in working arrangements that would meet business needs and possibly reduce operational costs. The scheme also helps achieve some of the government's "green" transport goals and objectives.

Background

A successful Teleworking Pilot Project was conducted within the Department for Regional Development (DRD) from October 2002 to March 2004. Following the positive evaluation of the Pilot Project by the Equal Opportunities Branch, an "expression of interest" circular was issued to DRD staff in July 2006. A number of priority locations were identified for Teleworking Centres and accommodation was subsequently secured at Roads Service Depots in Newry, Omagh, Seaforde, and Londonderry.

Applications

Applications were invited following the issue of an office memorandum in September 2007, and the first centre, located in Newry, came into operation on 22 January 2008, with the other three sites going live shortly thereafter. Fourteen members of staff are currently working in the scheme.

Scheme Lifespan

The overall viability of the Teleworking Scheme will be monitored on an ongoing basis and reviewed in full by the Equal Opportunities Branch after a period of three years.

(Department for Regional Development)

APPENDIX D

Summary of
Public Research Events

1.0 Dates and Locations of Events

- 1.1 As part of the Independent Review of Policy on the Location of Public Sector Jobs in Northern Ireland, the Chairman of the Review held twelve public research events as follows:

WEDNESDAY 16 APRIL 2008 11.00am - 12.30pm Verbal Arts Centre LONDONDERRY	WEDNESDAY 16 APRIL 2008 3.00pm - 4.30pm Strabane Community Library STRABANE
FRIDAY 18 APRIL 2008 11.00am - 12.30pm Market Place Theatre and Arts Centre ARMAGH	FRIDAY 18 APRIL 2008 3.00pm - 4.30pm Sean Hollywood Arts Centre NEWRY
MONDAY 21 APRIL 2008 11.00am - 12.30pm The Braid Ballymena Town Hall, Museum and Arts Centre BALLYMENA	MONDAY 21 APRIL 2008 3.00pm - 4.30pm Coleraine Leisure Centre COLERAINE
MONDAY 28 APRIL 2008 11.00am - 12.30pm Spires Conference Centre BELFAST	FRIDAY 2 MAY 2008 11.00am - 12.30pm Council Offices DUNGANNON
FRIDAY 2 MAY 2008 3.00pm - 4.30pm Burnavon Arts and Cultural Centre COOKSTOWN	THURSDAY 8 MAY 2008 11.00am - 12.30pm Down Arts Centre DOWNPATRICK
FRIDAY 9 MAY 2008 10.30am - 12.00pm Omagh Community House OMAGH	FRIDAY 9 MAY 2008 3.00am - 4.30pm The Clinton Centre ENNISKILLEN

- 1.2** About 250 people in total attended the events, and the Review welcomed the high level of interest and valued the contributions to the discussions. This appendix summarises the views offered, but it is not possible to describe all the responses in detail. The views and comments have been grouped into a number of broad themes.

2.0 Current Dispersal Policy

- 2.1** The view was expressed by some participants that the current Northern Ireland Civil Service (NICS) dispersal policy lacked accountability and was not systematically monitored. It was suggested that a future approach should enable decisions and actions on relocation to be monitored.

3.0 Impact of Initiatives Underway on Location of Public Sector Jobs

- 3.1** Concern was expressed at several events that the rationalisation underway as part of the Review of Public Administration (RPA) would remove public sector jobs from local areas and centralise jobs in Greater Belfast, despite the rhetoric about decentralisation and improved service delivery.
- 3.2** A number of participants were concerned that the temporary location of RPA-related bodies such as the Education and Skills Authority (ESA) and the Northern Ireland Library Authority in the Greater Belfast area would prevent the permanent headquarters being based elsewhere. It was observed that the implementation teams to set up these RPA-related bodies consisted of predominantly Belfast-based staff and the meetings tended to take place in the Belfast area.
- 3.3** Further concerns were expressed about the proposed structure of the ESA, suggesting that it would reduce the opportunities for face-to-face contact with key customers in local areas.
- 3.4** The importance of the local dimension to service delivery was raised at several events. It was noted that trust, knowledge, and support within local communities was vital, particularly in health and education. It was suggested that decentralisation was an important dimension of devolution as it helps to bring government closer to the people.
- 3.5** Participants at almost all the events highlighted the loss of public sector jobs from their local areas and expressed their concern that further public sector jobs within their areas were under threat. Several organisations were mentioned in this regard, including HMRC, the Housing Executive, the Water Service, the Social

Security Agency, Roads Service, and the Forest Service. The need to retain those jobs already dispersed was repeatedly emphasised.

- 3.6** Concern was expressed by some participants that the Workplace 2010 programme would restrict the capacity to disperse civil service jobs and thus would act as a constraint on the Review.

4.0 Potential Positive Impact of Relocation of Public Sector Jobs

- 4.1** Participants highlighted a number of advantages that the dispersal of public sector jobs could contribute towards:

- **More balanced and sustainable regional economic growth:** It was suggested at several events that public sector jobs could provide higher-paid, quality jobs in areas with predominantly low-paid, private sector job opportunities.
- **Attracting private sector investment:** It was argued by many participants that the dispersal of public sector jobs would help stimulate private sector investment in the area, a key priority for Northern Ireland and particularly important in those areas where traditional industries have declined. Such jobs would help attract and retain talented, qualified people. It was argued that InvestNI had a poor record in encouraging potential private sector investors to consider areas outside Belfast and, to a lesser extent, the north west.
- **Improved work-life balance for staff:** Travelling time was cited at most events as a major contributing factor to public sector staff absence levels caused by the stress it generates and the pressure it places on family life and personal finances. The number of civil service staff wishing to return to live in their local areas was highlighted.
- **Positive social development:** Participants at several events claimed that the dispersal of public sector jobs could have a beneficial impact in terms of reducing deprivation, targeting social need, contributing to regeneration, and boosting confidence in towns outside Belfast. It was also recognised, however, that parts of Belfast also had high levels of deprivation. It was stressed that the social development aspect, as well as the economic aspect, had to feature in the Review's objectives.
- **Reducing congestion and enhancing environmental sustainability:** The difficulties of commuting into Belfast and the associated travel costs for staff were highlighted at several events. It was suggested that dispersal could make a contribution to reducing the collective carbon footprint of public sector employees.

5.0 Obstacles to Dispersal of Public Sector Jobs

- 5.1** Participants highlighted a number of factors that acted as barriers to the dispersal of public sector jobs.
- 5.2** Many participants made reference to a “Belfast/metropolitan mindset”, particularly among senior officials who were seen as resistant to the concept of dispersal.
- 5.3** Problems with local infrastructure were mentioned at several events as major obstacles to attracting jobs, both public and private sector: for example, underinvestment in local roads, the absence of rail links, distance from airports, and poor public transport provision.

6.0 Opportunities to Support the Dispersal of Public Sector Jobs

- 6.1** Participants highlighted a number of factors that could facilitate and support the dispersal of public sector jobs:
- **Skills:** Participants at several events stressed the skills base in particular parts of Northern Ireland and the existence of supporting educational facilities. Some towns pointed to the current location of public sector jobs in the area and the resulting strong local public administration skills base.
 - **Technology:** The potential of technology to support the dispersal of public sector jobs through remote working and home working was highlighted at most events. The view was expressed that the public sector had been slow to embrace the opportunities offered through better utilisation of technology to improve efficiency and effectiveness and to enhance work-life balance.
 - **Accommodation:** Participants at several events mentioned the existence of suitable accommodation and/or the prospect that suitable accommodation could be made available quickly. It was felt by some that a public sector tenant in local developments would provide a major confidence boost.
 - **Local infrastructure:** Although problems with local infrastructure were highlighted, some participants pointed to the existence of examples of good local infrastructure, including educational facilities and property. The planned improvements to key roads were also mentioned at a number of events.

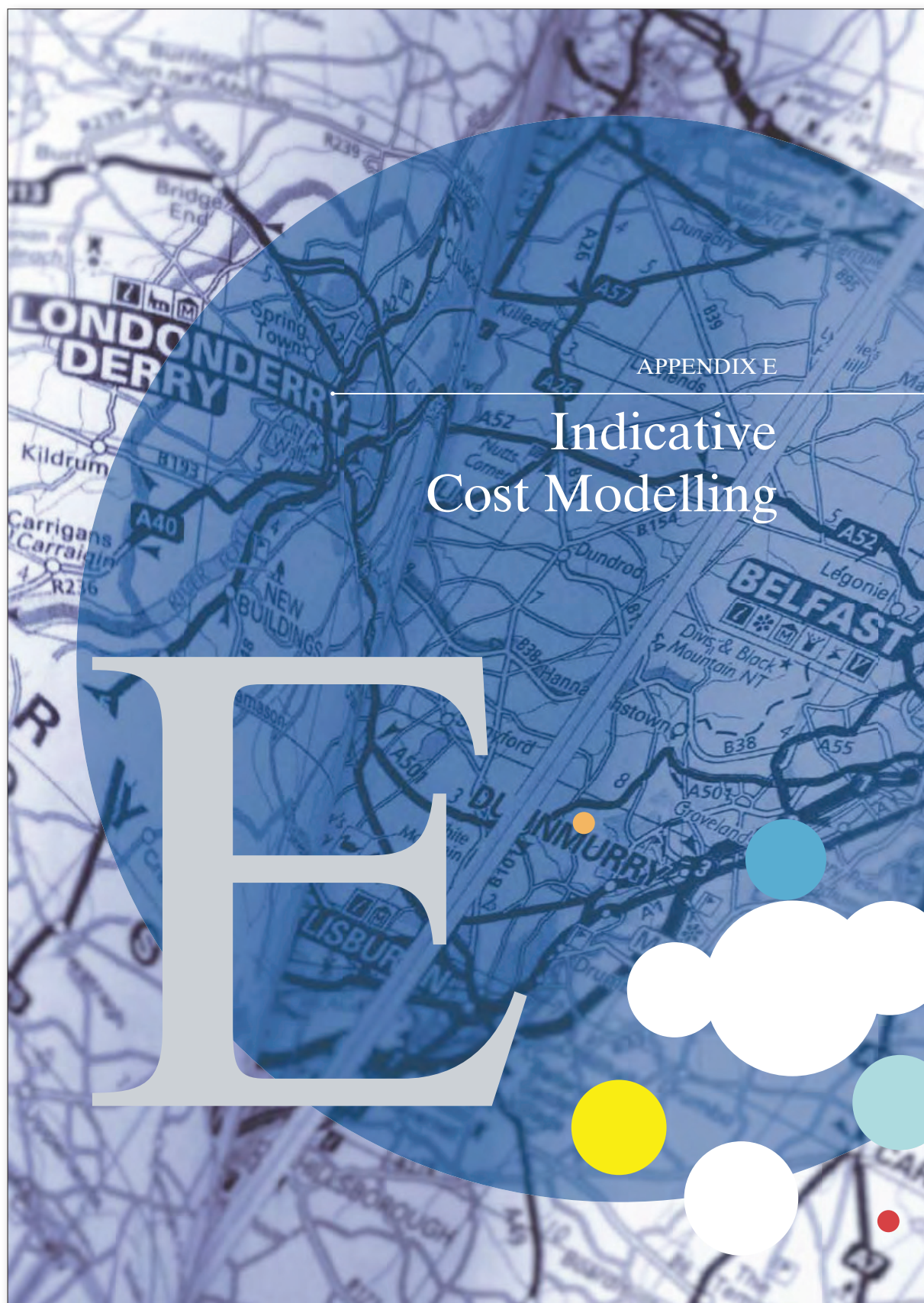
7.0 Suggested Approaches to Relocation of Public Sector Jobs

- 7.1** Participants offered a range of views on the conclusions that the Review might reach and how the relocation of public sector jobs should be taken forward.
- 7.2** Participants urged the Review to make bold recommendations and set out a clear policy.
- 7.3** There was strong support for clustering public sector jobs, possibly around key regional hubs identified in the Regional Development Strategy. Some participants highlighted the potential benefits in terms of customer service, efficiency, and sustainability of co-locating services.
- 7.4** Some participants suggested that a significant number of public sector jobs could be dispersed on a planned, phased basis to several key clusters around Northern Ireland. A number of participants made the point that careful management of the transition phase in relocating jobs would be critical. There was support for the idea of phasing dispersal and evaluating the process and results, possibly through a number of pilot projects.
- 7.5** A particular point stressed at most of the events was the need to ensure that where jobs are to be dispersed these should include high quality, sustainable jobs with opportunities for career progression.
- 7.6** Participants suggested that the Review should look at the options for dispersing both new and existing bodies. Although some people called for the relocation of an entire government department, others argued that particular types of functions, including operational jobs, could be more easily dispersed. Many participants questioned the claim that large numbers of staff need to be based in departmental headquarters.
- 7.7** At a number of the events the point was made that the Department of Agriculture and Rural Development should be located outside Belfast given the nature of its work and customer base. Several participants highlighted the current movement of a number of Forest Service operational staff to Belfast and questioned the need for this centralisation.
- 7.8** Participants at three events suggested the Review should explore the potential around the location of cross-border bodies and locating jobs in a way to assist with cross-border service delivery.

8.0 Implementation Considerations

8.1 Participants raised a number of issues that needed to be taken into consideration in undertaking the Review and in implementing its recommendations, including:

- managing human resource and industrial relations issues;
- financing the proposals, particularly in the context of a drive for greater efficiency in the public sector;
- equality, including the application of Section 75; and
- rural proofing.



APPENDIX E

Indicative Cost Modelling



1.0 Introduction

1.1 The financial implications of relocation will be an important factor in the Executive's decision making. Recognising this, and drawing on the experience of relocation elsewhere, we have completed some preliminary work on indicative costs and savings that is reflected in this appendix. The cost model, which is purely illustrative, is based on a wide range of assumptions and demonstrates the variables involved in relocation and the types of costs that can be incurred.

1.2 Generalising is difficult because the costs associated with relocation are influenced by an array of variables that are specific to each individual project (e.g. rental values, distance involved, fit-out costs, and so on). Nevertheless, this analysis gives a breakdown of the type of costs on a per post basis that can be incurred. The financial model is designed to illustrate key areas of expenditure and potential savings, and suggests that the cost per post will decline significantly over time; and larger-scale relocations tend to become even less expensive over time on a cost per post basis relative to smaller-scale relocations. The model should not be interpreted as a definitive guide to the costs and benefits of relocation as it is based on a number of assumptions, changes to which can have a significant impact on the modelling results.

2.0 Scottish Experience

2.1 As part of our research, we have included a review of the experience in Scotland, which gives a good indication of the actual cost of relocations that have occurred in the last ten years. The data, as shown in Table E1, illustrate a large degree of diversity between individual projects, some of which range from small-scale relocations involving only a handful of posts to large-scale projects involving hundreds of posts.

2.2 The proportion of people who transfer with their posts range considerably between projects; there is no consistent pattern. This suggests that a number of project-specific factors influence whether staff relocate with their posts such as the occupational mix of the workforce, distances involved with relocation, and so

on. Aggregating the relocations together, however, suggests that approximately one-third of staff will relocate with their posts. This finding is consistent with that from other relocation projects within Northern Ireland and also with data used as part of the Lyons Review.

Table E1: Staffing and Relocation – Scottish Experience

	Accountant in Bankruptcy	Croft House Grant Scheme	HMIE	NHS Central Register	Office of the Scottish Charity Regulator	Scottish Building Standards Agency	Inquiry Reporters Unit	Scottish Natural Heritage	Scottish Public Pensions Agency	Total
Posts at original location	92	8.5	60	16	2	21	26	245	194	664.5
Posts expected at new location	140	8	60	17	30	44	26	245	218	788
Current staffing	132	9	111	16	34	29	22	250	220	823
Transferred	2	0	63	1	2	17	6	110	33	234
Ongoing/parallel running	31	0	0	0	0	0	0	25	0	56
New jobs	99	9	48	15	32	12	16	115	187	533
Internal recruitment	0	0	0	0	0	0	0	66	0	66
Executive	21	2	18	5	6	7	12	0	38	109
Other public sector	39	0	14	10	11	5	4	-	-	83
Other/not known	39	7	16	0	15	0	0	49	149	275
% of staff transferring	1.5	0.0	56.8	6.3	5.9	58.6	27.3	44.0	15.0	28.4
Ongoing/parallel running (%)	23.5	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	6.8
New jobs (%)	75.0	100.0	43.2	93.8	94.1	41.4	72.7	46.0	85.0	64.8

Source: Audit Scotland Report 2006 and Scottish Parliament Finance Committee Report 2007.

2.3 Table E2 illustrates the overall costs of relocation on a per post basis. Again, there is considerable diversity in the costs associated with relocation, even between relocation projects that are broadly similar in size. Interestingly, the cost per post is initially relatively high in all projects. But as the organisation becomes more established in its new location, recruits additional staff, and nears full operational capacity, the cost per post will decrease, often to a significant degree.

Table E2: Costs of Relocation on a Per Post Basis – Scottish Experience

	Number of Posts at Start-up	Current Staffing	Cost Per Post at Start-up (£)	Cost Per Post at (Current Staff) (£)
Office of Public Guardian	35	68	1,600	800
Mental Health Tribunal Service	75	76	7,700	7,600
Risk Management Authority	N/A	10	-	5,100
Central Enquiry Unit	N/A	9	-	20,000
Office of Scottish Charity Regulator	26	26	14,200	14,200
Care Commission	454	558	33,000	26,900
Waterwatch Scotland	1	6	160,300	26,700
Food Standards Agency	30	79	15,500	5,900
Scottish Executive Inquiry Reporters Unit	26	22	71,500	16,500
Her Majesty's Inspectorate of Education (HQ)	97	134	11,800	11,200
Her Majesty's Inspectorate of Education (Area Office)	9	9	12,800	12,800
Scottish Building Standards Agency	19	29	29,300	12,700
New jobs (%)	75.0	100.0	43.2	93.8

Source: Audit Scotland Report 2006 and Scottish Parliament Finance Committee Report 2007.

3.0 Indicative Cost Model for Northern Ireland

3.1 This model has been developed across a seven-year time period, which is consistent with that used for analysis in the Lyons Review, and it allows potential savings over the longer term to be factored into the analysis. It is based on the following assumptions:

- **Staff movement:** The model assumes that one in three staff will transfer with their posts, while the remaining two-thirds will transfer to other departments or bodies within the public sector. This assumption is consistent with data from the Lyons Review, the Scottish experience of relocation, and experience within Northern Ireland. It is also assumed that of the posts to be filled, 80

per cent will be filled by internal transfers and the remaining 20 per cent will be filled by external recruitment. This is consistent with existing experience of other relocation projects within Northern Ireland.

- **Property:** Workplace 2010 suggests that employees will need 10-12 square metres (sqm) of floorspace; the model has therefore assumed 11 sqm (118.4 sq ft), which means that a building required for 800 staff will need to have 8,800 sqm (94,720 sq ft) of floorspace. Office rental values used in the model have been derived from a study commissioned by the Review from the University of Ulster. The study gave both maximum and average rental values; the model has assumed the maximum rental values, as any public sector relocation will involve Grade A office accommodation, which is generally associated with rents at the top end of the market.
- **Physical transfer:** The model assumes that physical-transfer costs include fit-out and removal costs, information and communications technology (ICT), telecoms, and project management. We have assumed that fitting-out and removal costs will be £500 per sqm, which is consistent with figures used in the Lyons Review. ICT and telecoms costs are assumed to be £300 per sqm, and project management costs, based on information provided by the Department of Finance and Personnel (DFP), are assumed to be £100,000.
- **Human resource costs:** Based on DFP data, the model assumes that the cost of advertising for new vacancies will be approximately £3,500, and the cost of recruitment has been assumed to equal £500 per post. Training and parallel-running costs, based on two relocation projects in Scotland, are assumed to be £3,420 per post.
- **Staff relocation costs:** We assume that the proportion of staff moving house as a result of relocation would be relatively low, perhaps no more than 5 per cent. The model also assumes that staff moving house would be entitled to a homeowner relocation package (£39,175 for homeowners and £9,800 for those renting their home). We also assume that the make up of staff's residency status is representative of Northern Ireland's housing stock according to DSD statistics.

3.2

We have also assumed that relocations will move from Belfast to another travel-to-work area in Northern Ireland and so have built in average rental values based on the travel-to-work areas for the six recommended locations as shown in Table E3.

Table E3: Office Rents in Travel-to-work Areas in Northern Ireland

TTWA	2003 Prices		2007 Prices	
	Maximum Rent £ sq ft)	Average Rent (£ sq ft)	Maximum Rent (£ sq ft)	Average Rent (£ sq ft)
Ballymena	9.75	5.07	11.11	5.78
Belfast	15.05	6.93	17.15	7.90
Coleraine	7.43	4.42	8.47	5.04
Craigavon	7.25	3.83	8.26	4.36
Derry	15.33	4.80	17.47	5.47
Newry	11.71	5.49	13.34	6.26
Omagh	8.97	5.66	10.22	6.45
Average of 6 TTWAs	10.07	4.88	11.48	5.56

Source: University of Ulster.

3.3 Table E3 demonstrates that there are significant differences in the property costs between the six recommended locations. Hence while the model at Table E4 is based on an average rental value, a separate analysis based on each of the individual locations could present different results.

3.4 Based on all the assumptions set out in paragraphs 3.2 and 3.3, we have developed a financial model illustrating the indicative costs and savings per post for three relocations of varying sizes. These are given in Table E4.

Table E4: Set-up Costs

Cost	Relocation Involving 50 Posts (£)	Relocation Involving 400 Posts (£)	Relocation Involving 800 Posts (£)
Fitting out costs & removal costs	275,000	2,200,000	4,400,000
Project management costs	100,000	100,000	100,000
ICT & telecoms	165,000	1,320,000	2,640,000
Recruitment costs	6,833	30,167	56,833
Training/parallel running	171,014	1,368,116	5.47
Homeowner relocation package	26,120	208,958	417,916
Total set up costs	743,968	5,277,241	10,350,982

3.5 Table E4 indicates that fitting-out and removal costs are the largest component of set-up costs; ICT, telecoms, training and parallel running also account for a significant proportion of costs. Project management, recruitment and homeowner relocation costs are relatively minor in comparison.

3.6 It is also important to assess the potential savings associated with relocation and this is best done by considering costs and savings over time: in other words, the net cost beyond the initial set up. The major savings are related to rental values (i.e. savings in respect of property costs). The savings and net costs over seven years are shown in Table E5. There may also be potential to make savings on labour costs: for example, the introduction of new working practices and technology that could help to achieve efficiency savings. Equally, benefits can also be gained from operating within a more energy-efficient building. But we have not included either of these savings in the model.

Table E5: Net Relocation Costs over Time

Cost/Savings	Relocation Involving 50 Posts (£)	Relocation Involving 400 Posts (£)	Relocation Involving 800 Posts (£)
Set up costs	743,968	5,227,241	10,350,982
Cost per post at set up	14,879	13,068	12,939
Property savings	235,012	1,880,099	3,760,199
Net cost	508,955	3,347,141	6,590,783
Cost per post (Year 7)	10,179	8,368	8,293

3.7 The costs of relocating differ substantially in Year 0 between projects of differing scale. Relocation projects involving 50 posts could cost about £744k, 400 posts around £5.2m, and 800 posts approximately £10.4m. But once we include property savings (rent differentials between Belfast and the average of the travel-to-work areas of the six recommended locations) accrued over a seven-year period, the net cost differs significantly. In each of the scenarios modelled, the overall cost has fallen by at least 30 per cent after property savings are taken into consideration.

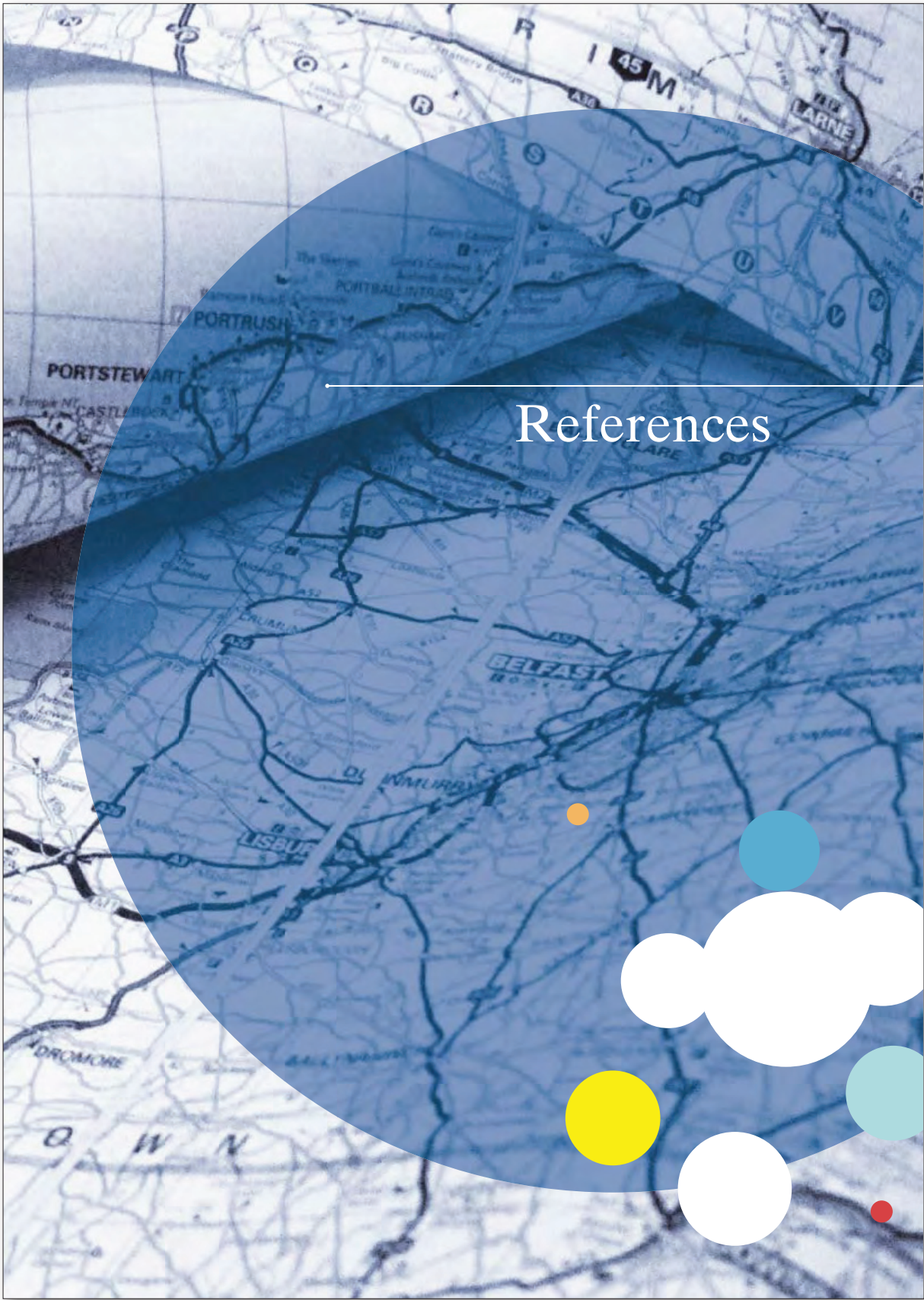
3.8 On a cost per post basis in Year 0 the cost ranges from £12,939 (800 posts) to £14,879 (50 posts). When we consider net cost after Year 7, this has reversed, with the relocation project involving 800 posts being the least expensive and the relocation project involving 50 posts being the most expensive. This is due to the economies of scale that can be achieved in the bigger projects (e.g. larger office floorspace); hence the larger the project, the greater the potential to generate savings.

4.0 Conclusion

4.1 Given the range of variables involved, as borne out by the variations in the Scottish projects, the cost of relocation is best assessed on a case-by-case basis. But, with the information available to the Review, we have identified the types of expenditure that could be incurred and have developed a set of assumptions on which indicative costs and savings have been modelled. The analysis shows that, typically, physical transfer is the major cost element of a relocation project, accounting for over two-thirds of set-up costs. Over time, however, there is potential to accrue savings primarily from rental differentials, and also from both labour and energy-efficiency savings.

4.2 The scale of the relocation is also important in terms of value for money. Larger projects will inevitably cost more on a per post basis at the outset, but these projects also have the potential to generate greater savings as they benefit from economies of scale, thus becoming less expensive over time relative to smaller projects.

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MAKING FLEXIBLE WORKING WORK

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The Original Creative Co-op B.V., **OCCo**, is an international consulting firm and consortium of independent consultants dedicated to the advancement of knowledge and understanding of *people place and work*.

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MAKING FLEXIBLE WORKING WORK

FOREWORD

Is flexible working simply about cost savings from introducing desk-sharing and saving space? Or is it actually about working flexible hours and introducing alternative work strategies? What is driving flexible working – is it technology, changing work patterns, or meeting government legislation on sustainability and work–life balance?

One thing that is becoming clear is that governments, employers and employees are all beginning to see clear advantages in flexible working. This document seeks to get everyone 'on the same page' and guide you through the complexities of flexible working. It is a practical guide, acting as a checklist to aid all constituents involved in programmes to adopt flexible working.

There can be considerable confusion surrounding the definition of flexible working and the different names and iterations. Unfortunately, primarily as a residual of 'hot-desking' in the 1980s and 1990s, it has assumed a bad connotation, with many employees thinking of it as merely a way of saving costs. The reality is that introducing flexible working is a valuable step towards the workplace of the future. Nonetheless, there remain serious barriers to successful introduction at every level.

When examined in more detail from the perspectives of the principal stakeholders, definitions become clearer, and we see that the three active constituents in enabling it, human resources (HR), information technology (IT) and corporate real estate (CRE), are connected to the mindsets of how it is interpreted. Technological advances now enable us, in a way that was never before achievable, to adopt the 'work anywhere/anytime' scenario. Yet, in the context of success or failure, technology is primarily an enabler and not a driver. The barriers to successful introduction of flexible working revolve around the 'management of change', combined with a clear lack of detailed knowledge surrounding the subject in general.

The objective of this document is to clarify the definitions and terminology, to describe what the benefits are, and to give guidance on the change management process and legal aspects that will enable flexible working programmes to be successful. Finally, the aim is to uncover the hidden costs behind flexible working and what the strategy should be for managing it in the long term.

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INTRODUCTION

In a 2007 report by the Equal Opportunities Commission (EOC), evidence was accumulated stating that there is an unmet growing demand for flexible working in the UK. At the present time, nearly three years on, there is still a wide gap between mainland Europe, where 90% of employees are offered flexi-time compared with 48% in the UK, this is in spite of UK legislation being broadened in 2007 and again in 2009. Taking into consideration today's economic climate, it makes even more sense to introduce flexible working now than it did in 2007.

The benefits of flexibility are a two-way street. Some pioneering employers are leading the way using technology and better management to make a difference. They have changed their work culture and report better staff engagement and increased productivity as a result. But it's crucial for both our economic survival and individual well being that more follow their lead and embrace a new approach.

Jenny Watson, Chair EOC, 2007

The EOC sets its report in both the social and business context, highlighting the urgency with which society is driving this. They state that the key drivers are:

Social context:

- more women are working
- men are more likely to be active fathers
- the extension of the state retirement age
- the government's target of getting 50% of young people into higher education by 2010 means even more young people will need to combine work and study
- the number of people having caring responsibility for older relatives (estimated 10 million in 2010).

Business context:

- reducing property costs
- reducing absenteeism
- retaining staff
- reducing stress and increasing well-being
- improving customer service and satisfaction.

Although many employees are demanding the right to work flexibly because they can see a clear advantage for improving their work-life balance, many others are fearful that it will decrease their chances of career advancement, or that they will become disconnected from their organisation's community.

The issues surrounding the introduction of a flexible working programme are much broader than connectivity. Different organisational cultures will be more or less amenable to the idea of flexible working. This will determine the nature and level of the involvement of managers and staff in this process. Staff will react differently to the changes, and their behaviour and expectations will need to be managed so that the organisation remains effective during the introductory period, and is able to move forward, making proper use of the flexible opportunities provided.

One of the hardest adjustments to flexible work is the concept of 'work to results', as opposed to time in the office. Managers require training in result management prior to and during the change process. Flexible workers need a clear understanding of what is expected of them and how it will influence their performance review. The age demographics will have an influence on the ease of adapting to a flexible workstyle. Typically, younger workers will easily gravitate to flexibility, while older workers may struggle with the freedom flexible work allows.

The key success factors for implementing a flexible working programme are:

Understand the requirement

- Determine the business drivers for introducing flexible working. If it is simply about saving space and money then there are other alternatives, such as increasing space density or relocation.
- Explore the work patterns and understand the needs of the organisation and end-user to help develop a vision for the future. Once the vision is established, then drive it and stick to it. Diluting the vision will jeopardise the project.

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- Develop a positive approach to flexible working. This has to be part of the company culture and not just a response to changing legislation.

Identify client champions and partners

- Flexible working requires management support at the highest level. Strong leadership is required, not only to set the vision, but also to lead by example. It is difficult to take away ownership of desks when the managers all sit in large underutilised offices.
- Seek out the early adopters and use them as project champions. Tackle the resisters/saboteurs head on, and convert them.
- A joined-up team, including CRE, HR, IT and facilities management (FM), is likely to have more success than disparate groups focusing on their own agenda.

Change management programme

- The Change Programme is a primary key to the success of flexible-working initiatives. This involves communication, consultation and lobbying of the staff at all levels.
- Change management is not just one-way communication. Involve the staff and give them

ownership of deliverables so that they buy into and have part ownership of the project.

- Consider the various methods that can be used to convince the staff, including site visits, piloting and a guidance document or welcome pack.
- Train line-managers to manage flexible workers, and train flexible workers how to self-motivate and manage themselves.

Use the optimum solution

- Flexible working practices are just that – flexible. They will vary from organisation to organisation and will continue to change over time.
- Consider where the organisation is currently and where it wants to go. Put it in the context of the key drivers and constraints.
- Challenge the vision, but be realistic so that a project can be implemented successfully. This can require a phased approach rather than a 'big bang'.

This report is an introduction to flexible working to be used as a guideline, taking you through the practicalities and key learnings of introducing a flexible working programme.

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DEFINING FLEXIBLE WORKING

DEFINITIONS AND TERMINOLOGY

There are many terms used to describe different types of flexible working, but in essence flexible working is 'offering the choice of where, when and how to work'. It incorporates non-standard working patterns, remote connectivity (within and outside the office), access to and sharing of alternative work settings, and the non-ownership of space, particularly offices and workstations.

Figure 1 illustrates how we have clustered the terminology in order to define three basic categories of commonality in the definitions of terms: remote working, office-building based and non-standard hours. In general usage, these terms are sometimes confused and interchangeable. In the UK, flexible working is often interpreted as meaning flexible working hours (e.g. flexitime), as opposed to remote working or sharing space.

All the terms used in Figure 1 describe flexible working; some of the key definitions are as follows:

Alternative work strategies, largely an American term, and **agile working**, developed for BT, are two terms used to describe the options revolving around all three concepts – remote working, non-dedicated space in office buildings and non-standard hours.

Alternative work settings are collaborative and individual work settings within which activity-based work occurs.

Free address refers to the ability of a flexible worker to choose any empty desk or workspace when in the office.

Home-working initially started as 'teleworking' or 'telecommuting', and was generally working from home at least one day a week in a PC-based 'home office'. With the migration from PCs to laptops and the advent of wireless technology, it has adopted a much broader context of 'working from home', but it should be noted there are still regulations surrounding a company's responsibilities for official 'home-workers'.

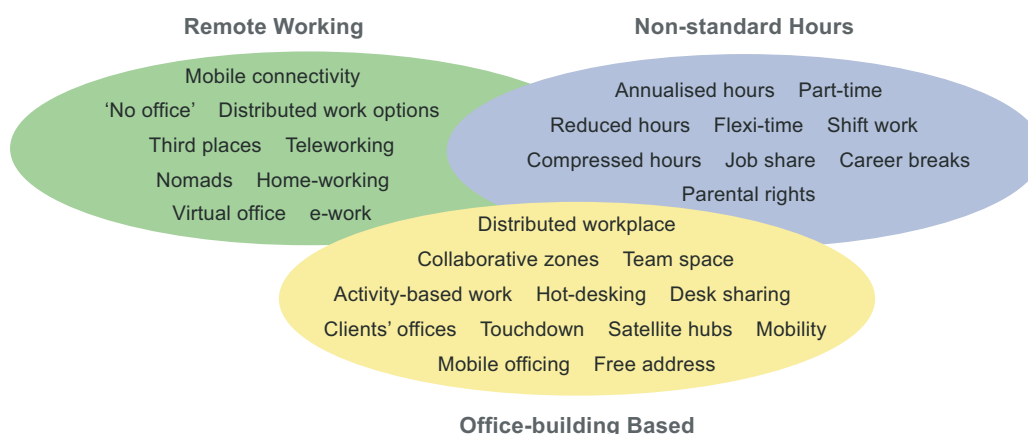


Figure 1 The three basic categories of commonality

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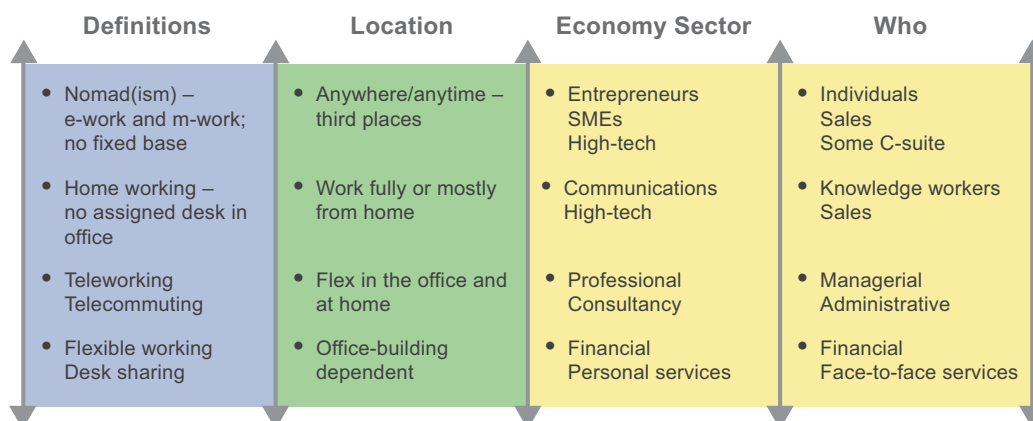


Figure 2 How flexible models are being adopted: most flexible (top) to recent adopters (bottom)

Mobile officing, **mobility** or **move to mobility** are terms used for unassigned workplaces in office buildings. These are often used in the USA in place of flexible working.

Nomadic working or **nomadism** generally refers to working in non-purpose-built 'third places', such as hotels, cars, trains, home or planes. It is closest to the concept 'work anywhere/anytime'.

Satellite hubs tend to be around the outskirts of large cities, and are different from suburban branches because of the provision of flexible/non-assigned space only – often booked on a 'hotelling' basis.

Serviced offices are a range of solutions, from use of non-occupied space in other companies' office buildings, to serviced office suites with shared meeting rooms and public spaces.

Third places, **drop-ins** or **third spaces** are non-traditional flexible work locations not including the office or home, and are part of the new mix of physical settings. Examples are libraries or coffee shops, but there is also a concept emerging for buildings designed specifically for mixed use.

Virtual office or **no office** is a reference to the concept that one's office is actually wherever you access your technology.

Some of the confusion surrounding terminology exists because there are few companies that have adopted a straightforward model embracing all forms of flexibility. Neither is it easy to draw a road map to lead from a traditional office environment to a totally virtual one, but there is evidence that some industry types, especially those that require the least security of information, are more advanced in using multiple concepts of flexibility. In trying to form a matrix to assess who uses what type of flexible working, it gets more complicated when classifying the type of employee against the industry/flexible model, as many companies are testing it on only a limited segment of their population. Figure 2 gives a broad overview of how flexible models are being adopted, starting with most flexible at the top, down to recent adopters. It is not intended for benchmarking, and none of the categories are mutually exclusive.

DEFINING THE ROLES

Choosing the appropriate model for your business requires careful analysis of your organisation, its business, and a strategy for long-term implementation.

The interpretation of flexible working must also be overlaid with the different perspectives of the groups enabling the programme. Broadly, to HR the definition

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of flexible working is about flexi-time, legal compliance and employee welfare and retention; to CRE and FM it is about shared spaces and saving costs; and to IT it is about data security and the type of technology required for remote working.

To the real-estate team, the focus for implementing flexible working is space saving, and the starting point is a study of how well the workstations, offices and meeting rooms are used over time. The utilisation can be surveyed using hourly observations of all work settings over a 1 to 2 week period, or by using security-pass data or automated systems such as PIR (passive infrared motion) sensors. Three key occupational states are generally noted: (i) occupied, someone present; (ii) unoccupied, no signs of use; and (iii) temporarily unoccupied, no one present but signs of use such as a jacket or documents. The more automated systems may only recognise the occupied and unoccupied states, whereas some utilisation experts may also record the different activities taking place in the work settings (e.g. using computer, on telephone, in meeting). The utilisation rate is calculated as:

$$\text{Percentage utilisation} = \frac{\text{Total number desks occupied at any one hour across the working week}}{\text{Total number of desks} \times \text{Hours observed}} \times 100$$

This equation is used so that utilisation can be expressed as a percentage. The utilisation figure is then used to calculate the 'desk-share ratio' and the corresponding number of desks required to meet a target utilisation figure, typically set at 80% to allow some contingency.

$$\text{Desks required} = \frac{\text{Number of desks observed} \times \text{Observed percentage utilisation}}{\text{Target percentage utilisation}}$$

Note: Some utilisation experts include the occupied desk and temporarily unoccupied in the utilisation equation. Guidance on how to measure utilisation and other space metrics are provided in the British Council of

Offices Guide to Post-Occupancy Evaluation (BCO, 2007) More recently, the *Occupier Density Study* (BCO, 2009) introduced the concept of 'effective density', which is a function of workplace density and utilisation (workplace density divided by the maximum utilisation of workplaces, expressed as a percentage) and reflects actual space usage and the demand of the space on the building services.

For HR, ensuring that employees' terms and conditions of employment reflect any flexible working arrangements will be a primary focus. HR will also be responsible for ensuring that any concomitant legality, such as health and safety guidelines, are conveyed and complied with. As important, is the management of employee motivation and behaviour. HR must be involved in terms of heightening awareness at management level, and providing tools and techniques to facilitate the differing role of managers under these changing circumstances. They should also be involved in helping to plan the internal communications programme in order to ensure that a sufficient variety of methods is used to reach all employees, bearing in mind things like demographics (e.g. the different approaches required for different generations). HR are also likely to be knowledgeable about the organisational culture, ensuring that change should be sympathetic to that culture, and are generally more aware of the level of change that might be required.

For IT, the primary internal focus is likely to be the protection of the organisation's information and knowledge systems. If people are working remotely, how does IT ensure security of information when messages and information are being sent via various means outside the normal internal infrastructure? IT will need to know how to support people remotely, as well as locally, using the same numbers of staff. Will there be any additional knowledge that they as a department or team will need to acquire in order to support the flexible working plan?

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CREATING THE BUSINESS CASE

The key drivers for flexible working, at both the organisational and national level, are summarised in Figure 3. The government's initiative on the 'right to flexible working' is predominantly aimed at reducing

carbon emissions and improving work–life balance, whereas the property industry tends to focus on reducing costs, but there is a range of other clear drivers and benefits.

BENEFITS ANALYSIS

The first step to making any significant change is to present the business case, including a cost–benefit analysis, sometimes called 'return on investment' (ROI), justifying the proposed change. This also applies to implementing flexible working. A business case for flexible working that aligns with the organisational goals is likely to be more successful than one that stands separately. Consider how flexible working can support different organisational goals, such as

improved team-working, efficiency in terms of space, cost and performance, or the merging of cultures.

The benefits of flexible working are well documented, and are usually classed as the tangible (hard) financial and less tangible (soft) benefits, which can be further subdivided into organisational and personal benefits. However, at the business-case stage, the benefits also fall into those that are fairly predictable and those that are

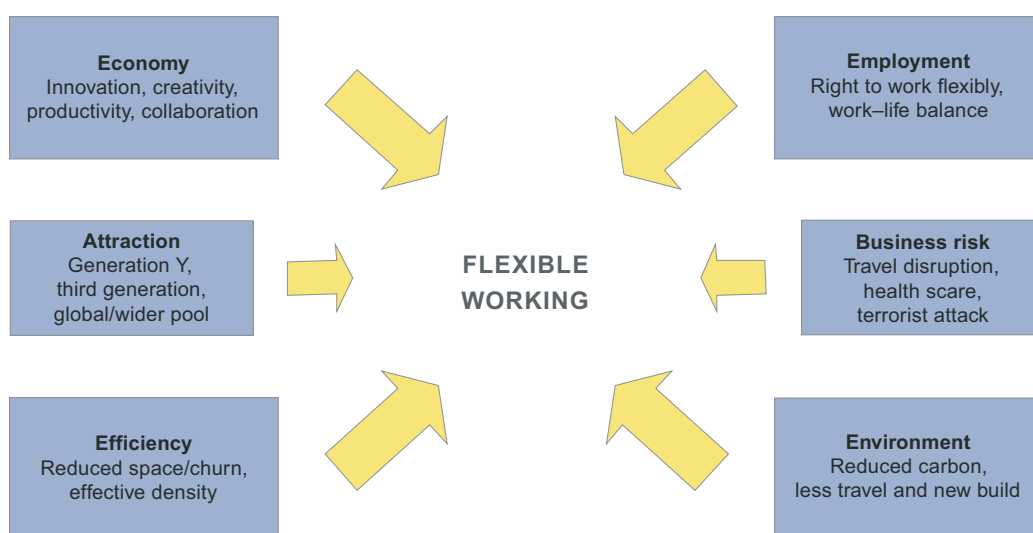


Figure 3 The key drivers for flexible working

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potential. Increasing the number of predictable benefits will depend on collating good data from previous examples of flexible working, preferably within the same organisation. It is important that organisations do not simply focus on cost cutting, but are cognisant of the importance of a good-quality workplace, attracting the best staff, supporting interaction, collaboration and innovation.

Organisational benefits

Reduced property costs. The starting point for most flexible working initiatives is to understand how the office space is utilised over time. Typically, the utilisation for most offices is around 50%, indicating that space saving can be gained by introducing desk sharing (BCO, Occupier Density Study, 2007). As the ratio of staff to desks (i.e. desk-share ratio) increases, the space required to accommodate the workforce reduces, and therefore savings can be made on property-related costs. Property costs not only cover rent and rates, but also the total cost of occupancy, which includes service charges, utilities (heating, cooling, water, waste), insurance and facilities management, such as reception, security, cleaning, catering, etc. There will also be reduced fit-out costs but, generally speaking, flexible working is associated with better quality workspace and a wider range of work settings. In addition, in return for non-ownership of a desk, more amenities should be introduced. The saving in property costs is, therefore, not simply correlated to the reduction in desks, but is also associated with significant and predictable savings.

Reduced churn. The cost of and disruption due to churn will reduce after implementing flexible working. In team environments, the expansion and contraction of teams can be accommodated through manipulation of desk-share ratios, rather than having to move teams around as would be the case in a traditional workplace. In free-address environments, teams can choose to sit together in different locations, rather than have a designated zone. Flexible working environments usually have less dedicated private offices, reducing the number of partition moves needed to meet any organisational restructuring. As the desks in a flexible workplace tend to be similar and non-personalised, moves become a matter of moving people rather than furniture, equipment and partitions. The workplace is therefore more responsive to organisational change. The facilities management team will already have records of the level of churn, and flexible working will prove to reduce this considerably.

Smaller carbon footprint. If flexible working results in requiring less space then, theoretically, fewer buildings will need to be built, heated/cooled and maintained. If home-working is introduced, there will be reduced travel as a result. Mobile workers who need to meet face to face may choose to meet at a location that is more convenient to them than the office, again saving on travel. The carbon saving can be calculated based on the reduced space requirements and reduced travel. According to Hood and Tompkin (CoreNet, 2004), in case studies carried out by Hewlett Packard (HP) and Sun Microsystems, flexible working (mobility) projected a 65% lower carbon footprint and a 37% reduction in cost per person over time. Sustainability, the 'triple bottom line', has become one of the key drivers for organisations to introduce flexible working.

The bottom line of a workplace strategy that demands highly utilised space is a significant reduction in the property footprint. Recalling that the greenest buildings are the ones you don't have, it is easy to understand that returning office space to the available global space pool lessens the need for more workplaces to be built and places the emphasis where it is most beneficial, making the best societal use of what we already have. This is a win for the environment, can be a huge fiscal benefit for individual organizations, not only in terms of cost structure and reduced carbon footprint, but also through the rethinking of work itself which tends to be an organisational by-product of such initiatives.

Chris Hood, Program Manager
The HP Workplace, Hewlett Packard

Reduced absenteeism. Flexible workers with the option to occasionally work from home have been found to take less time off sick. For example, staff may feel too ill to travel into work or too ill to work at the office (or not want to spread germs) but they may be willing to work for a few hours or more at home. Whilst a reduced absenteeism is a valid part of the business case, the benefit is difficult to calculate without good longitudinal data from previous implementations of flexible working. The level of sick leave varies by job function and seniority, but the national average is around 7 days per annum, or 3% of the work year. This appears small on first glance, but will add up to a significant saving for a large workforce.

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Reduced staff attrition. Case studies have shown that the attrition rate decreases after implementing flexible working. The average cost of recruitment and training varies between organisations, but the CIPD (Chartered Institute of Personnel and Development) puts the average recruitment cost of filling a vacancy per employee at £4,333, increasing to £7,750 when organisations are also calculating the associated labour turnover costs, such as vacancy cover, redundancy costs, recruitment/selection, training and induction costs. This figure rises to £11,000 for senior managers and directors (CIPD, 2007). The cost of time spent in getting new employees up to speed and operating at full capacity should also be considered. The attrition rate (percentage rate at which something is lost, or is reduced by, over a period of time) is 18% on average, but again varies between sectors and organisations. The data from case studies and previous projects can be used to calculate the savings due to reduced attrition. Knowledgeable staff considering retiring early may also be more willing to stay on and work for a couple of days per week or work from home.

Increased staff attraction. Surveys have shown that the latest generation of workers are more independent, work differently, are more environmentally aware and place more value on a flexible working environment. Therefore offering flexible working can help the organisation to become an employer of choice. Offering flexible working to staff also widens the recruitment pool to those living further away who may be unwilling to relocate their family and to those whose family commitments make it more difficult to work full time. This in itself attracts a more diverse level of expertise, and can help reduce salary costs.

Longer work period. There is much anecdotal evidence which indicates that, contrary to popular belief, flexible workers tend to work longer hours. It is believed that flexible workers who save time on travel work for some of the time that would have been spent travelling. If they can work from anywhere and at any time, more diligent workers are also more likely to come back to finishing a task at home or after other personal commitments. Supporting work on the move (particularly remote connectivity) also means less downtime when travelling. Hours can be monitored through timesheets, allowing the increase in hours after implementing flexible working to be calculated.

Extended business hours. If staff in the same department start and finish at different times outside of core hours, then the operating hours will be longer; this could be

planned with shift patterns, or a more informal arrangement. Staff working from home may be more willing to work outside of the normal operating hours. This is particularly beneficial to support services, or those with customers in different time zones. Calls and sales figures could be used as an indicator of the business benefit associated with longer hours.

Improved team-working. Flexible working environments help maintain the co-location of teams over time. With a properly designed flexible environment they also offer more space for interaction, collaboration, innovation and cross-selling between teams, as space previously allocated to desks can, in part, be given over to collaborative space (EOC, 2007).

The approach to innovative flexible and connected working practices focuses on remapping business priorities to create a new physical model, understanding and responding to the ways in which people work collaboratively, in teams, individually, privately and socially.

The principles of choice, sharing and inherent flexibility are key to PwC's lifestyle as 'Best place to Work'. The success of flexible working is implicit on the regime of the FM in continually monitoring and effectively managing the space to meet both the needs and aspirations of the mobile worker.

Paul Harrington, Real Estate Director,
PricewaterhouseCoopers

Better business continuity. Experienced staff who might wish to leave for personal reasons can be offered hours they can manage. This is particularly true of the 'ageing workforce', who often have no choice but early retirement as an alternative to full-time working in the office. It is also believed that offering flexible working can lead to more commitment and loyalty to the organisation. The ability to work outside of the office can also improve resilience in the case of disaster, and reduce down-time due to travel, security and weather disruptions.

Improved staff performance. Flexible working should offer better work-life balance, improving staff motivation, morale and satisfaction, and reducing stress in the workplace. Staff satisfaction is correlated with performance, and reduced stress can help enhance creativity and productivity.

The above organisational benefits can be input into the business case. However, for flexible working to

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be successful it also needs to be attractive to the organisation's employees. Although personal benefits do not necessarily form part of the business case, it is important that they are communicated as part of the change management process.

Personal benefits

Improved work-life balance. The ability to work at different hours and in different locations gives employees the chance to fit in other commitments and activities around work and make better use of their free time. Flexible working is particularly helpful for employees who have dependants, such as young children, the disabled or elderly parents. Flexible working means that employees do not have to lose time and pay if waiting in for deliveries or if they have personal appointments in the traditional work time.

Improved control of workload. The ability to choose where and when to work and not be 'tethered to the desk' helps staff feel more in control of their workload and allows them to find the best place to complete their work duties (e.g. at home or another quiet space for carrying out work requiring focus and concentration). The ability to choose is a sign of trust between the employee and management, and should motivate or engender loyalty.

Reduced travel time and cost. Staggered working hours can help avoid the stress of commuting at peak times and paying peak fares. Occasional home-working allows staff to reduce their weekly commuting time. With less unnecessary travel, personal travel expenses are reduced.

Better office environment. Flexible office environments tend to have a wider variety of work settings, including more meeting space. Some of the property savings can be allocated towards creating a higher quality and more attractive work space, offering the employee more flexibility in matching the work activity to the setting. Furthermore, the number of private offices tends to be minimised and the workstations similar in size and style, thus creating a more egalitarian and equitable work space.

For flexible working to succeed you need to have the right office environment in place first; you need to invest to reap the future property cost savings. Our staff feared the worst but the POE shows that they are much happier working in the new environment and management believe this is being reflected in increased productivity. Our people now want to move into the flexible working environment rather than the old style.

Peter Hawkins, Facilities Manager
CRE Programme Delivery, HSBC

COSTS ANALYSIS

In addition to benefits analysis, the costs also need to be presented in the business case. The cost of implementing flexible working is more complex than it first appears, and includes 'hidden' ongoing operational costs in addition to the initial capital outlay. Whereas, flexible working can lead to savings for the property team, it is likely to increase costs for the IT and FM teams. Quite often in flexible working projects, there is a debate about who will carry the additional capital and operating costs associated with the project.

Technology infrastructure. Flexible working is fully dependent on an up-to-date and flexible IT infrastructure. It requires the ability to work outside the office, including remote access to information, and remote or mobile technology, such as a laptop, virtual PC or hand-held device. Telephony will also need to support mobility, in the form of dial-in and 'follow-me' phones. As flexible

workers become more mobile, their preference is to use electronic storage rather than hard-copy filing, and more files need to be shared by workers who may not meet regularly face to face. A good document management system is therefore advisable. Investing in an on-line booking system, for desks and meeting spaces, offers comfort to those travelling to the office and nervous about finding the appropriate space available. Remote working generally means that IT security protocols have to be changed and/or enhanced. New and emerging technologies based on Web 2.0 applications have already permeated the public domain, and are now being adopted by some companies to facilitate internal communication and collaboration, as well as for external marketing purposes. These combined factors can be especially challenging for those in companies who put a premium on data security.

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BT Property very quickly realised the benefits of flexible working and rolling out home working to its staff. The key challenge was to ensure that the IT infrastructure supported working seamlessly from home, on the move and in the office. Our key offices have wireless networks and many staff are enabled with Softphone so that even when in the office they are not chained to the desk and can work in various work settings including breakout spaces, the deli/restaurant areas and informal meeting spaces. They can easily access printers and other resources so are fully supported. We are continuing to push the Agility agenda and are setting aggressive desk utilisation targets going forward.

Gary Wingrove
Head of Construction Programme Management
BT Group Property

Support services. Desk-sharing environments are dependent on a clear-desk policy, which needs to be managed. A concierge or helpdesk service may be offered to provide a one-stop-shop for workers on the move or working from home, including dealing with booking, IT, health and safety, travel and storage problems. Hygiene is another issue for flexible workers, and they expect the shared furniture, keyboards and phones to be cleaned more regularly.

Operating hours. If flexible hours are offered, then the building, or parts of it, may be required to open for longer. This can increase costs in terms of security, utilities and catering.

Home-working. If the flexible worker's normal place of work is their home, the organisation is responsible for the health and safety of the employee and may need to provide furniture and technology. Depending on the employee terms and conditions, they may also need to contribute to utilities. Home-workers will always need to be offered IT and sometimes other support.

Office furniture. The furniture in a flexible working environment does not differ significantly from a traditional space, but there are some differences (e.g. filing and lockers will generally be remote from the desking). Staff with specialist equipment and furniture will need to be supported, and this may mean additional furniture to ensure that desk sharing can take place.

Summary: cost–benefit analysis

There are several means of presenting a cost–benefit analysis.

- The simplest method is to present the financial data showing only the year-on-year property savings (and other quantified benefits) against the implementation and operational costs for each proposed option. The payback period may be calculated and used as a key metric when comparing the options.
- The next step is to include the less-tangible benefits in the analysis. Each costed option may be given a score reflecting how it is perceived to support the other benefits. If two or more options show similar financial savings then the benefits score can be used to inform the selection of the best option.
- A more structured alternative is to apply a percentage weighting to a series of financial and non-financial benefits, where the total weighting equals 100%. For example, the financial savings may account for 50% of the weighting, reduced absenteeism for 10%, increased staff performance for 20%, and staff attraction and attrition for 20%.
- A final method is to actually estimate the financial benefit of the so-called 'non-tangible benefits'. As an example, estimate the percentage reduction in absenteeism, or the additional hours worked, and convert them to the equivalent in salary costs or revenue generation.

Regardless of the type of cost–benefit analysis used, when dealing with property it is standard practice to use discounted cash flow (DCF) when comparing investments. DCF is a method used to evaluate the attractiveness of an investment opportunity. It takes into account the time value of money. Because cash can be invested (or needs to be borrowed), the value today of a sum received in the future is reduced. DCF analysis uses future cash flow projections and discounts them to arrive at a present value, which is then used to evaluate the potential for investment. The discount rate used can either be the simple cost of capital or a higher rate that reflects the risk inherent in the investment. Results can be expressed as the net present value (NPV) of the income from the future or as the internal rate of return (IRR).

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UNDERSTANDING AND PREPARING FOR FLEXIBLE WORKING

LEGISLATION

Flexible working legislation was introduced in England in 2003, and extended in 2007 and 2009. It is highly likely that this legislation will be extended further over the coming years. The legislation is focused on the government's view of flexible working, including changes to the number of hours or times an employee is required to work and where the employee is required to work (at home or a place of business of the employer).

There are many common misconceptions about the right to flexible working. The most common misconception is that there is a 'right' to flexible working, but in fact the right is to request to work flexibly. Furthermore, that right is not legally offered to all employees, but only to those who have certain parental or caring responsibilities.

The latest explanation of the right to request to work flexibly is given below:

- Parents of children aged 16 years or under, or of disabled children aged under 18 years, and carers of adults, have the right to apply to work flexibly. There is a length of service requirement of 26 weeks to have this right. An application to work flexibly can only be made once every 12 months. If the request is denied, no further application can be made within a 12-month timeframe. *Note:* The right to request does not extend to agency workers.



- It is up to the applicant to write the request to work flexibly. They should also outline the change they wish to make to their hours, and/or to the times they are required to work or to work from home. They have to note the effect on their work they believe these changes will make, why they are making the application, and the date upon which they wish the changes to be made.
- The change forms a permanent change to terms and conditions of employment. The individual cannot request changes every month and keep changing backward and forward at will.
- Within 28 days of the request, a meeting should be arranged with the individual's manager/director to discuss the request. A written confirmation of acceptance or refusal will be given within 14 days of the meeting. The applicant can appeal against refusal.

The company can refuse to grant the request to work flexibly, but it is notable that four-fifths of requests in 2007 were granted. Refusal should be based on business reasons only. Specifically, accepted grounds for refusal are:

- planned structural changes
- the burden of additional costs
- a detrimental impact on quality
- the inability to recruit additional staff
- a detrimental impact on performance
- the inability to reorganise work among existing staff
- a detrimental effect on ability to meet customer demand
- lack of work during the periods the employee proposes to work.

Staff with children may express a desire to work during term-time only. As mentioned, an employer has a duty to consider a flexible working application, but can refuse it if there is a legitimate business reason. As a general

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rule, it is good practice to ensure employees are treated fairly and consistently, but the solution should not have a detrimental effect on the business. Thus, if a number of employees wish to work term-time only, it is likely that there will not be enough cover for work all year round. In this instance, it is acceptable to consider how many requests for term-time working the business can sustain without affecting business needs. Other flexible working options can be offered to avoid disappointing individuals who are refused.

A common issue that companies face today is whether to offer the right to request to work flexibly to all staff regardless of their parental or caring responsibilities. It is true that this broadening of the policy to encompass all employees is greeted positively. An employer who approaches flexible working in this way will be deemed more attractive than one who is restrictive and dismissive in their approach to what is, after all, an increasing trend.

HEALTH AND SAFETY

Health and safety guidelines apply to flexible workers, in particular those using laptops or working from home, just as they do in the traditional workplace. There is no specific number of hours above which these rules apply, and it should be assumed that your responsibilities as an employer for those working remotely are the same as those required for those working in your office. However, if the employee chooses to work from home occasionally, independent of the workplace strategy, it is their choice and the onus then shifts to them to ensure they have created a safe working environment. There

is an ongoing debate as to where the demarcation line is between the responsibility of the employer and the home-worker. If the home is used as a primary place of work, the following five steps must be taken to ensure you are following the proper home-work health and safety procedures:

1. **Identify hazards.** Consider the risks involved with home-working. For example, will the home-worker need to use substances harmful to children or pets, and is electrical equipment properly connected?

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2. **Decide who might be harmed and how.** Give due consideration to who, other than the employee, will be in the home during the day and how might they be harmed.
3. **Assess risks and take measures to remove or reduce them.** If hazards are identified, they need to be reduced or eliminated.
4. **Record findings.** This only applies to organisations with five or more employees. However, it is good practice to record any health and safety risks that are discovered.
5. **Continue to check risks and identify.** Continue to monitor the workstation, equipment and general working environment, and rectify any new risks that may come to light.

The following health and safety issues are applicable to the home-worker as well as the office worker:

Handling loads. The probability of someone working from home having to lift their computer screen or printer is probably higher than in the workplace where IT professionals are likely to be present to assist. The employer has a duty of care towards their employee, so they should ensure that basic manual-handling techniques have been passed on, whether in the form of an advice sheet or some training.

Providing equipment. It is common for employers to provide equipment for employees who will be working from home. A policy stating what equipment will be provided should be prepared, but typically this will

include computer equipment and broadband. Again, the employer needs to ensure that any equipment provided is appropriate, regularly checked and any necessary training given in the use of the equipment.

Workstation inspection. The employer's health and safety representative should visit the home of each home-worker to carry out an inspection of the workplace. If this is not possible, the employee can take a photograph of their home workstation and any other area needed to carry out their duties and submit it to the employer for inspection.

Ergonomics. Employers have a responsibility to ensure that their staff comply with display screen equipment (DSE) regulations. Commonly, they will supply guidelines and training to fulfil this requirement. The mobile worker may need to use a laptop on occasion or prefer it as their home workstation. Laptops are built more for convenience than comfort, so it is important that staff receive training in how to set up and use a laptop and ensure that they take sufficient breaks. Prolonged laptop use should be supported with full-size keyboards and a raised screen – this does not necessarily need to be a full docking station, as less expensive interfaces exist. Many companies are now opting to use a virtual PC system (e.g. CITRIX), which connects an office and a home desktop computer.

First aid. An employer should also ensure that any employee working from home has sufficient first-aid cover and is aware of what they need to do in certain circumstances.

TAX, INSURANCE AND OTHER FINANCIAL MATTERS

These matters are complex, and individual circumstances may result in different solutions. In instances where people are unsure, the best advice is available from the tax office. However, here are some basic principles that hold true:

- If the employee works for an organisation that has a registered address but they carry out work at home to a greater or lesser extent, they do not have to register their home as a work address, even if they hold meetings there.
- Employees may be able to claim a proportion of their utility bills that relate to their work activities (e.g. phone, electricity).

- Those who work from home may have to pay both business rates and council tax; they may also need to get premises insurance, because their domestic insurance will usually only cover residential use.
- Home-workers may also need to get contents, stock and materials insurance, even if work is already being done from home and there is already a home contents insurance policy.
- Those who own their property and work from home may be able to obtain some tax concessions, but should seek the advice of a tax expert.

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CHANGE MANAGEMENT AND COMMUNICATIONS PROCESS

OVERVIEW OF CHANGE MANAGEMENT

Implementing a flexible workplace involves a change in work style, work patterns, management style and work culture. Change management is an essential component of a project, yet too often it becomes a separate entity, limited to surveys, focus groups and communication. True change management needs to look at the organisation as a whole, including goals of the specific project as well as goals of other concurrent initiatives.

Throughout the project, departmental, organisational and business goals need to be considered, and business continuity, corporate culture and employee morale must be incorporated in the process.

The change process has four key steps: visioning, assessment, preparation and implementation.

VISIONING PHASE

The purpose of visioning is to objectively understand the organisation prior to the introduction of flexible work and determine a realistic view of the desired change. Visioning can be accomplished in a meeting, workshop, through questionnaires and/or observation. The key focus is:

- What is the organisational structure?
- How are decisions made?
- Why is there a need for change?

There are several common reasons for change and implementing flexible working (see Understanding and Preparing for Flexible Working). Regardless of the drivers, the key question still remains: What should the organisation look like after the change?

At the onset of the visioning phase, preconceived ideas of the new types of flexible work programmes are examined. At the end of the visioning phase, the types of flexible work programmes are reviewed, with strategy and goals for alignment. The possible work styles and flexible working strategies are explored during the visioning phase. Visioning is the time to gain buy-in from the leadership team.

The visioning phase can last a week, a month or longer depending on the alignment of leadership goals, the size of the organisation, the type of change desired and

the availability of key employees to provide necessary information. It is recommended that an external consultant leads the visioning session and assists in the assessment, as members of the organisation are often too close to clearly evaluate the situation, which can be complicated by internal politics. A good consultant will require feedback from the organisation. If a key member of the visioning phase is unavailable it is better to wait than have them insert their point of view after the completion of the visioning process. It is important that, once the vision has been set, it is adhered to undiluted and promoted by senior management. Flexible working projects are prone to failure when the vision is not set and approved by management.

Change management must lie in the hands of people managers and should be considered a core management skill. It is at the heart of how organizations continuously need to reinvent themselves to stay ahead of the competition. At HP we invest our energy in trying to arm our managers with all the facts and figures which best support meaningful dialogue with their employees, most particularly 'Why are we doing this?'

Chris Hood, Program Manager
The HP Workplace, Hewlett Packard

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ASSESSMENT (OF THE VISION)

The purpose of the assessment phase is to take the image of what the company will look like after the change and align the desired results with the reality of business operations. This is the time to examine every aspect of the organisation in order to determine how flexible work will affect both production and employees. The data collected during the assessment phase is used to create policies and procedures documents and training information.

The result of a successful assessment is a sharper and clearer view of what the organisation will look like after the change. When there is agreement between strategic goals and a clear view of the new organisation, then it is time to implement the change process. Without agreement it is necessary to review the strategic goals and examine other changes that could be incorporated in order to assist in creating a successful flexible work programme.

At this stage, the outside consultant will be responsible for asking the hard questions, reviewing the impact of the determined flexible work scenarios against operational requirements, assisting in the alignment of goals and operations, and developing an outline of action items for the change process.

Some key questions for consideration when developing the vision and strategy are:

Organisational factors

- Understanding current operations, product and/or service procedures:
 - What areas will be affected?
 - Where will the change be beneficial?
 - Which areas are of concern?
- Changes in the organisational structure:
 - How will existing work processes change?
 - Will the change shift the corporate culture?
 - What will the new culture look like?
 - How will this be positive for the organisation?
- Current workforce demographics and workforce requirements:
 - What part of the workforce will be receptive to the changes?
 - What is the current level of employee technological knowledge?
 - What part of the workforce will be resistant?
 - Is the resistance related to job requirements?

- Is the resistance related to job status?
- Is the resistance related to personal life?

Real estate and facilities

- Examine the real estate:
 - review the changes that are required
 - review possible restrictions on the proposed project.
- Assessment of likely costs:
 - What is the impact of new technology on existing infrastructure?
 - Will financial restrictions curtail proposed changes?

The assessment phase can last a week to 3 months. The typical results of the assessment are delivered in a report that includes:

- overview of corporate culture
- flexible work staff assignment overview
- flexible work policy overview
- current communication processes
- changes required and likely costs
- action items
- options.

The organisation may conduct the change process with internal staff, engage the consultant to train the trainer or hire the consultant to administer the change process.

As head of the space planning team, my typical approach was always to figure out how to make the space as efficient as possible. The most important lesson that I have learnt is the change of focus from space to people. By that I don't mean how many people can I fit into a space as opposed to desks, I mean what is the space that most suits individual, team and departmental work styles. Simply squeezing desks in does not give any opportunity to enhance business processes or staff satisfaction.

Nik Robotham
Vice President, Head of EMEA Strategic Planning
Morgan Stanley

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PREPARATION OF CHANGE PROGRAMME

The purpose of the change process is to establish a programme to help the successful implementation and integration of flexible working to the existing organisation. The report developed during the assessment phase is used to create a map as an outline for the change management programme.

To begin implementing flexible working, knowledge of the changes in work patterns is essential. Employees should be informed of the vision, workplace strategy and how it directly affects them. The staff will ask many in-depth questions which need answers and documentation.

Typical questions include the following.

Work areas

- Will there be a reservation system?
- Are there different types, sizes or styles of work areas?
- Can anyone sign up for any of the work areas, or are there restrictions by position or department?
- Can an employee continually sign up for the same location?
- Where are the files of flexible workers kept?
- How do telephone extensions operate?
- Will employees be allowed to keep things at the desk for more than one day?
- How do employees work on ongoing projects?
- Where do staff have team meetings?
- How do managers know where employees are seated?

- Are there exceptions to the rules (i.e. senior executives, accounting or HR departments)?
- How do assistants and secretaries work with their managers?

Remote workers

- Does the organisation supply furniture and equipment or provide an allowance for the employee to purchase furniture and equipment when working at home?
- What IT support will be provided for flexible workers?
- Do remote workers need to come into the office for meetings?
- How is risk management (health and safety) assessed for the home worker?
- How do remote workers and managers communicate?
- Where do remote workers maintain their files and how do files get archived?
- Are home-workers reimbursed for utilities, copies, faxing?
- What are the protocols (e.g. security) for working in third places?
- May the employee rent equipment (teleconferencing equipment, projectors) to conduct a meeting in a third place?
- How secure is the organisation's wireless network?

Once the criteria are clearly defined, then policies and procedures need to be written or revised.



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IMPLEMENTATION OF CHANGE PROGRAMME

During periods of change rumours begin to circulate before concrete decisions are made. In order to maintain productivity it is important to ensure that employees focus on their current situation without fear or speculation of what the future might hold. A preliminary communication plan should be established prior to discussing the situation with anyone outside of top management; this can occur as early as the assessment phase. It is recommended to use the organisation's standard mode of communication (town hall meeting, newsletter, website, intranet, lunchtime) to acknowledge that rumours are circulating and at this time no decisions have been made. Let all employees know that they will be informed as the decisions are being made and by which mode they should expect to receive the information. If they have specific concerns or questions they can speak to their manager, send an email, or log a question on the intranet site. It is important for employees to recognise that there is only one source of accurate information.

Employee morale and business continuity are important for a successful change. Review client deadlines and internal business deadlines with the proposed project schedule. Accommodate business needs as often as possible, and provide contingency plans for employees to continue to work if there are schedule conflicts.

Employee morale is multifaceted. In every company there are resistors to change and champions. The champions are the ones who get behind the new idea and motivate others to become excited about a project or process or event. They are trusted and respected by their colleagues regardless of the position they have within the organisation. The resistors are happiest complaining, spreading rumours and inciting discontent. Depending on the corporate culture, it is advisable to recruit both champions and resistors to assist in activities around the change process. Getting their buy-in will substantially increase the success of the project. In order to gain buy-in, remember that all employees:

- want to know they will be able to successfully complete their work in the new environment
- are concerned with how the change will affect their daily work environment
- are concerned how the change will affect their life outside the office.

The ability to provide solutions so that individual employees believe they are being considered during

the process is paramount. Corporate culture plays a large role in how this is accomplished. Employees can be resentful if they believe they are asked to participate in committees or meetings that will have no impact on the decisions. For example, within an organisation where all decision-making comes from the executive suite, asking employees to participate in focus groups for a 'feel-good' experience is not as beneficial as asking a few key employees to fill out a questionnaire. Workshops, on-line tutorials, providing lunch, and training sessions can be incorporated in the change process. Providing a vehicle for individual employees to safely express their concerns during the process is a win-win for all involved. This can be done through HR, department managers, outside consultants or the internal change management team.

In large organisations it is often not practical for all employees to be canvassed for their views through questionnaires, or have large numbers of staff directly involved in the project and attend workshops and meetings. It is more practical that a champions group is established. Their role is to represent their colleagues at the workshops, raise their colleagues' concerns and communicate back any information.

There are always barriers to change, but especially in introducing flexible working. These fears and barriers will need to be addressed and overcome by managers and staff:

- fear of change and the unknown
- loss of personal space and personalisation
- loss of storage and privacy
- loss of desk equating with potential loss of job
- lack of available desks on arrival at the office
- no trust in the supporting infrastructure
- manager resistance and/or no appetite for change
- management style – lack of trust, 'presenteeism/visibility' – targets not time
- worry of longer hours and intrusion into home life
- potential social isolation, reduced team spirit
- inequality (e.g. some staff may be able to home-work and others not)
- complying with legislation (e.g. health and safety)
- lack of/or poor-quality alternative work settings
- share ratios too high, no transparency in team zones.

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The key to overcoming the barriers is providing information and support through good communication and engagement. Listen to the staff's concerns, and provide answers to their concerns or offer to find the answers. For those less willing to adopt the new working environment, essential to the change process is the understanding of what will motivate staff to change. Ultimately, it may be necessary for the leadership team to promote and enforce the new workplace strategy, but it is better that the staff realise the benefits themselves and embrace the new workplace rather than have it forced upon them.

Typical communication vehicles for engaging staff are:

- email
- town hall presentation
- intranet
- bulletin board
- poster campaign
- meet the architects 'surgery', FAQ and guidance
- merchandise (mugs, mouse mats, t-shirts, etc.).

In addition to the communication process highlighted above, there are other tools for enhancing change:

Guidance and information sheets. When establishing a flexible working programme, employees need to be educated as to the work options available to them. They should be aware of the locations where they may work, the provisions and support they can expect from the locations and any restrictions imposed by the organisation. Employees should have contact information to ask questions about the new workplace for the first month. It is helpful for information sheets (or guidance documents) to be available at all locations. They can be web accessible and include: IT hotline and remote access instructions, telephone instructions, conference call information, desk- and room-booking systems, flexible-desk etiquette, filing/storage and archiving.

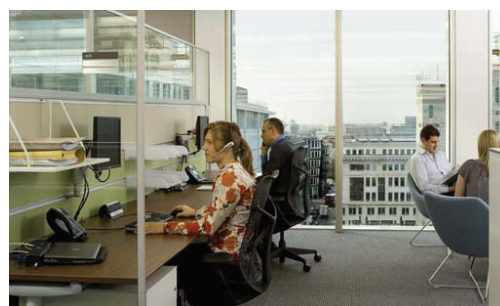
Pilot schemes. A pilot scheme is a 'test bed project' of flexible working practices on a small group of staff before roll-out through the rest or a larger part of the organisation. There is some debate over the benefit of pilot schemes. With a large investment or magnitude of change, pilot projects might be considered essential. However, pilot projects present their own set of change management issues, since only part of the company is transitioning to something new. Strong comparisons between old and new can create delay in adoption of the

new, or frustration for those not participating. There are many successful projects that do not begin with a pilot project. Sometimes the choice is dictated by schedule or budget; other times it is a strategic decision. When working with pilot projects, communicate clearly to those participating that their feedback is essential in creating a successful roll-out. Provide opportunities for feedback through a variety of methods to encourage responses. When rolling out a flexible workplace programme without a pilot project, the 'size of' and 'number of' locations of the roll-out will determine the schedule. If a building with multifloor occupancy is going to have a prolonged roll-out, then encourage employees from other floors to visit areas already completed.

Site visits. There are two key types of site visit: a visit to the new space and a trip to other organisations. Site visits are usually made by the project team or champion group. Visiting the proposed space during construction provides the visitors with an appreciation of the space they are moving to and generates a sense of involvement. A site visit to another organisation, or part of the same organisation that has undergone flexible working, allows the staff to see the outcome and also to speak first hand to those affected. Those undergoing change, particularly with regard to flexible working, can be convinced of the benefits by seeing that they are not the first (i.e. the guinea-pigs) and that others have successfully undergone change. A site visit is at its most useful at the envisioning stage of the project.

Other typical means of engagement are:

- interviews
- workshops
- questionnaire surveys
- mock-ups
- family days.



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MANAGING FLEXIBLE ENVIRONMENTS

There are many considerations that need to be taken into account when implementing specific flexible working patterns. Working from home presents particular practical issues, because the work area is remote but nevertheless lies within the responsibility of the employer. Flexible working hours, including compressed hours,

job-share and term-time-only working, can lead to problems with availability and communication if not well managed. It is important to emphasise that the points mentioned below are mutual responsibilities, and require a commitment to ongoing monitoring and management.

REMOTE WORKERS

The operational issues that need to be considered for remote workers are as follows:

IT equipment and support. There may be no face-to-face IT support for remote workers, whether on the move or home-working, so it is vital that IT planning, infrastructure and installation is thorough. Consider what equipment will be required, including PC, printer, scanner, broadband, telephone and back-up. Agree whether remote workers can use their own equipment or company equipment only, and consider how equipment will be maintained and supported (e.g. through an IT helpdesk or hotline dedicated to remote workers). Check that the phone is fit for purpose, especially if workers need to be able to accept more than one call at a time or take part in conference calls. A headset may need to be provided and it must be established how calls are redirected from the office. Ensure you have the right to recover the equipment if an employee leaves the company or to recover the cost from any final pay if the employee wishes to retain the equipment when they leave.

Remote connectivity. It is essential that flexible workers have efficient and secure remote access to the company server for downloading and sharing confidential information. Lack of access may mean that key documents are not made available to team mates or that time is lost attempting to retrieve vital documents. Consider if regular back-ups will be made to the server and whose responsibility this is. If the company permits use of social media or is introducing it internally as part of the change to flexible working,

give clear written guidance and training on protocols, which applications the company approves and when it is not appropriate for transferral of company material.

Furniture and ergonomics. In the case of home-workers, ensure they have a suitable desk, chair and lighting that comply with current health and safety regulations. The employee will need to be trained in setting up their own workstation and other occupational health issues, such as the frequency of breaks. Similarly, more mobile flexible workers with laptops will need to understand the constraints around using laptops for long periods of time, and be provided with compliant equipment, such as full-size keyboards and an elevated screen. For home-workers, the employer will need to visit the home and conduct the same risk assessment as they would at the office (e.g. assess any possible fire hazards, ensure there is a clear runway to the exit, ensure the chair is adjusted correctly, the desk is at the right height and the monitor is at the correct distance).

Stationery and printing. Agree whether stationery will be bought by the employee, collected or sent from the office or dropped off by the supplier. Domestic printers are often unsuitable for large amounts of printing. Alternative arrangements may need to be made, such as printing from the office or an outsourced/specialist printing company. The nature of the employee's role will influence the choice of home printer and whether any additional equipment, such as a shredder, should be provided. The policy needs to include provision of printing supplies (e.g. cartridges), including recycling options.

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Security. Consider how hard copy and computer files should be stored in the home or on the move. Company information must not be able to be accessed by house occupants or visitors. Advise employees to use password protection and to lock documents away.

Insurance. If customers or clients need to visit the employee's household there will be insurance

implications; the best option is that all meetings take place in the office or a public space. Insurance may also be required for any company equipment provided, and some insurance companies may state that home contents insurance is invalid if company equipment is kept in the home.

MANAGING EFFECTIVELY

Although managers will not have daily face-to-face contact with their flexible workers it does not mean that they will not be able to manage their work effectively. The key managerial issues are as follows:

Working hours. An organisation will not be able to manage the working hours of their flexible workers directly. Although flexible workers will have more control over their working hours, they must continue to take adequate rest breaks and be advised by their company to work within the EC Time Directive (unless a company or individual consciously opts out).

Cover of workload. For those involved in process work or service provision, you will need to establish who will cover the employee's role when they are out of the office. Those covering for each other must establish regular communication procedures to ensure that they each have a good understanding of what needs to be done in the other's absence.

Reintroduction. When employees have taken a long period of time off work (e.g. school summer holidays, maternity leave), consider any changes that may have been made in their absence. Perhaps they will need



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retraining or need to be debriefed on important meetings or organisational changes. This could be carried out over a few phasing-in days before their official restart date.

Task management. Managers will have to develop a relationship of trust with their staff. Rather than the more traditional management by 'presenteeism', where it is considered that if the employee is sitting at their desk then they must be working hard, the manager will need to consider outcomes and results as the determinant of success. Some tips to managing by results or objectives are:

- **Plan the day.** The employee may have been allowed to work flexibly because they have certain personal commitments; however, plan when they will be working, arrange suitable times to contact each other and agree deliverables and timescales.
- **Workload.** Flexible workers should keep a timesheet noting what is being done and when, as this will

enable managers to determine the effectiveness of their work via results and outcome.

- **Trial period.** Managers will not know whether a flexible working arrangement will work until their staff actually start doing it. Make the first few months a trial period, hold regular reviews and make adjustments where necessary.
- **Communication.** Managers need to keep in regular contact with their staff and let them know that they are available to talk over any issues if need be. Home-working can be quite isolating, and some people find it hard to motivate themselves. Managers need to be trained to spot potential problems and to offer guidance on how to overcome them. Home-workers need to be included in company communications and invited to events and meetings. Regular (weekly) team and one-to-one meetings should be held. This can be a tele- or video-conference rather than just face to face.

MAIN OFFICE OPERATIONS

The way in which the main office is operated for flexible workers also needs careful consideration. Operational changes include the following.

Storage. Flexible workers will not be in the office every day, and when in the office, may sit at different desks. Therefore, any storage cabinets for hard-copy filing will be located near to but not at the desk, and any personal storage will be in the form of lockers rather than pedestals at the desk. For the environment to run successfully, the staff need to be advised of the location of their storage units and issued with keys. The allocation of cabinets needs to be monitored so that cabinets are not left unused (and locked). It is customary to provide the staff with some form of caddy for transporting files and stationery items from the cabinets to desk. These can be quite sophisticated (e.g. with locks and the ability to hook on to the desk) or a simple box. Lockers should be adequately sized to hold a laptop and personal items.

Clear-desk policy. If desks are not left clear at the end of the evening they are less likely to be used the next day by other staff. It is therefore important that the clear-desk policy is enforced. There are a range of strategies for policing a clear-desk policy. Some organisations collect up items at the end of the evening and store them with

security or managers for collection. Other organisations have made not clearing the desk a disciplinary process, especially if the clear-desk policy forms part of their information security strategy. Other organisations are less stringent and leave it to the teams to self-police. The key is to determine a strategy that best fits the organisational culture but nevertheless ensures that desks are left clear each evening.

Booking systems. Booking systems are used to reserve desks and meeting rooms in advance. The systems can be sophisticated on-line systems, or bookings can be managed by the local administrative teams, a central helpdesk or using a simple paper-based system. The appropriate booking system will depend on the organisational culture, its size and the socio-demographics of the staff. Booking systems provide the comfort of knowing that a desk will be available on a visit to the office. However, a mismanaged system can cause logistical problems (e.g. if desks are block booked but then not used); some systems use a 'check-in' procedure to overcome this.

Whereabouts. One small issue with flexible working is how and where do you find colleagues if they are not sitting at the same desk each day? Key to solving this is telephony. Phones need to be of the log-on style and

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redirectable to the employee's mobile phone, home phone or voicemail when not activated. Desk-booking systems are another means of tracking down the location of colleagues, and some smaller organisations use locator maps. Technological applications can be used, such as presence indicators, that show when colleagues are on-line or location trackers on smart phones can be used to indicate the location of colleagues.

Support. The systems for providing support for flexible workers while in the office must cover IT problems, HR issues and meeting-room bookings. Some organisations choose to create a central help desk or concierge for remote workers, whereas others manage with their existing systems. The key is to ensure that the various support teams are aware of the slightly different requirements for flexible workers. The IT team may not be prepared to make home visits, but they should have systems for offering good remote support and be prepared to arrange for any equipment to be returned and replaced quickly.

Occupational health. The importance of ensuring that flexible workers follow legal regulations has been mentioned. Some organisations choose to create an occupation health portal with on-line guidance and self-assessment. It may be necessary to provide a pool of special chairs, footrests and other specialist personal equipment for the staff to collect when they are in the office. Some staff may require higher or height-adjustable desking. Where possible, it is better to avoid leaving specialist equipment out at the desks; however, if the number of workers requiring specialist equipment is small then these workers may be allocated a specific desk.

Cleaning. If staff are sharing desks they will expect the desk to be left clean and tidy. This may mean increasing the cleaning regimen, especially for keyboards and telephone handsets. Surprisingly, the hygiene of telephones is often highlighted as a barrier to flexible working. Alternatives to increasing the cleaning regimen are to provide personal (removable) headsets or a pool of wipes and cleaning fluids.

Access. If staff will be working extended hours the building may need to be left open for longer during the week and at weekends. This may require additional security staff and heating, cooling and lighting. This should be taken into consideration before embarking on a flexible working plan within any specific building, particularly if the cost-benefit analysis and long-term sustainability analysis for that building are not favourable.

With the wide spread coverage of Swine Flu in the press, staff were concerned with hygiene matters, for example, sharing telephones and keyboards, which were resolved by providing headsets and hygiene wipes. I also found that staff were particularly willing to embrace new working practices and leverage the new spaces to improve business processes. I believe that this was due to staff seeing the potential to save space costs and contribute to increases in efficiency in a time where there is a huge focus on cost. Early reports show a 10–15% increase in efficiency.

Nik Robotham
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CONCLUSION

Although this document is specifically aimed at why and how companies should and can introduce a flexible working programme now, our conclusion is pointing to the future. Legislation is often slow, but flexible working continues to be high-profile news and the UK government is not ignoring it.

Flexible working is gaining momentum everywhere in the western world. The US mobile workforce is expected to grow to 73% of the total US workforce in 2011, and across the world people adopting flexible working patterns will grow to 30.4% by end of 2011 (IDC worldwide forecast).

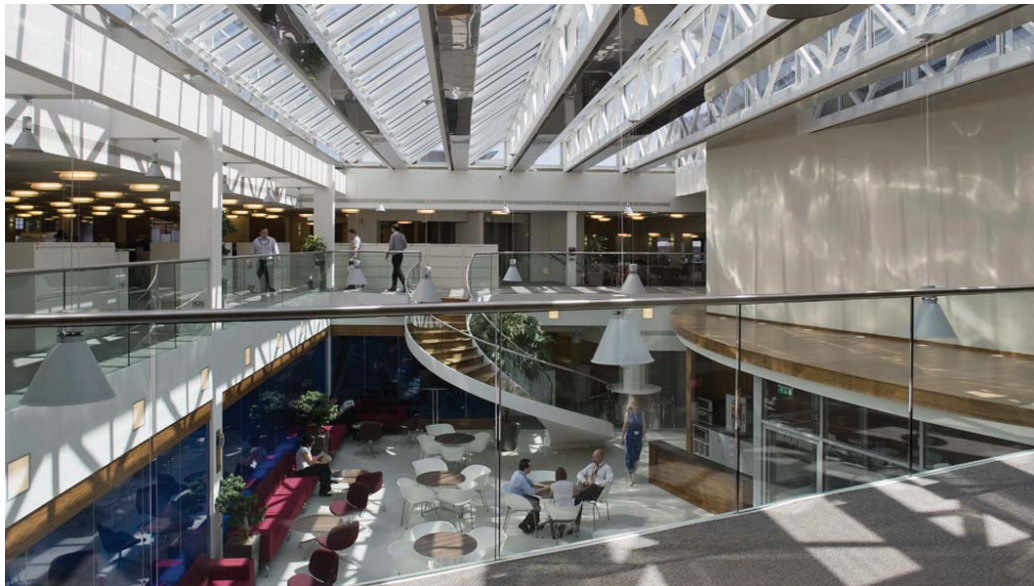
It is predicted that the IT industry will lead us out of the present recession in 2010, with cloud computing maturing and offering a bridge between private and business applications. Rising energy costs, pressure

from the 2010 Climate Change Conference, more sophisticated electronic storage and the coming of age of mobile devices as strategic platforms for enterprise development will inevitably push the adoption of alternative ways of working further and at a quicker pace.

At present, only one in five UK firms give all staff the chance to work away from the office (BBC News Online):

The burden of proof should be on the employer to show why flexible working is not practical.
Harriet Harman, 2008

The transformation of business is not only underway, but is already happening. UK employers must face up to the challenge of changing work patterns in order to survive.



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