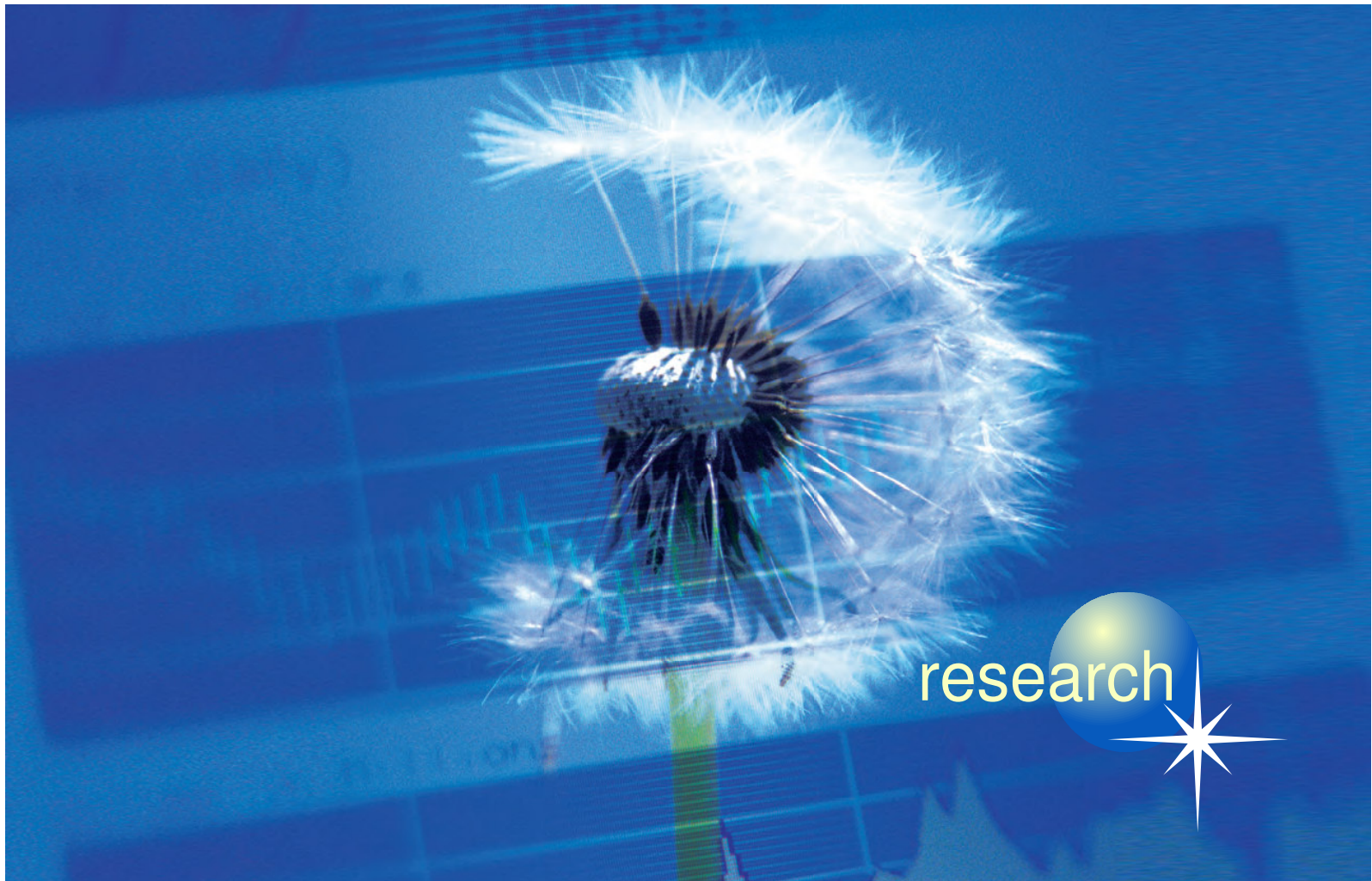


# **Flexible Working**

## **Summary Report for Project Nomad**

This document was researched and produced by Wisework Limited for and on behalf of the Project Nomad - Flexible and Mobile Working for Local Authorities programme



research



# Nomad Summary Report – Flexible Working

## 1 Overall Efficiency Picture for Flexible Working

### 1.1 Introduction

Good examples of the introduction of flexible working practices delivering significant efficiency savings and performance improvement are available across local government. Most of the reported outcomes have been achieved as the result of increasing productive time, releasing resources to clear backlogs, improving ongoing performance or transferring to other activities.

Those councils that are taking a lead in this area are embracing a wide range of flexible working approaches, changing both the timing and location of work with initiatives including:

- Annualised and compressed hours
- Home working for part or all of the time
- More flexible working patterns to meet employee, client and customer needs
- Relaxation of existing flexitime rules (e.g. removing core time)
- Use of touchdown and satellite offices and depots
- Desk sharing
- Selection and use of appropriate technology solutions

There are many examples of the implementation of flexible working leading to both cashable and non-cashable gains across most local authority services, both customer facing and back office. These include housing services, revenue collection, central support functions, environmental services, social services and leisure. Notable for its absence from examples observed is education.

### 1.2 Performance Gains from Flexible Working

Whilst for many councils the start point has been to regard flexible working primarily as an employee benefit those that have monitored their results have almost always seen efficiency and effectiveness outcomes including:

- Reduced staff turnover with consequential reductions in recruitment and training costs
- Reduced sickness absence creating more productive time
- Productivity gains compared to “normal working patterns”
- Direct savings in accommodation costs
- Extended opening hours
- Working times better matched to client needs
- Higher staff satisfaction leading to improved performance

Many of the above have or will lead to cashable gains as a result of freeing up resources for other uses. The less tangible benefits such as improved employee morale or better customer satisfaction have a substantial, but generally unmeasured impact on productivity and performance.

There is also ample evidence that people working in more flexible ways tend to be better motivated, more productive, have a better work-life balance and take less time off for sickness and other reasons.

### 1.3 Technology

Mobile and static computing solutions are often integrated with the changed working practices, but there are many examples of improved working patterns that have not required technology investment to support them. Where technology is fundamental it is not the driver of the change. It is an enabler that properly planned and directed is capable of making a substantial contribution to improved productivity and efficiency savings. Mobile computing, for example, can underpin flexible working practices that lead directly to performance improvement. This is particularly true when roles are carefully examined and technology selected to match.

## 1.4 An Organisation-Wide Approach

Most examples of flexible working in local authorities are at the service level rather than for the whole organisation. This has often been the case because funding has been available to run small and medium scale pilots and because project champions have been at that level in the organisation. Whilst some of the dramatic benefits seen in smaller pilots are not likely to be replicated across the organisation as a whole there are still gains from going organisation wide that are being missed.

The move to flexible working at the organisation level is complex, involving as it does culture and organisation change, effective integration of IT solutions, accommodation strategies, financial implications, project management skills and the role of elected members.

Nevertheless the evidence suggests that the gains from an organisation wide approach are worthwhile and achievable and can be a key enabler for the achievement of both the transformation agenda and efficiency savings over the next few years.

## 2 Efficiencies Achievable (cashable & productivity)

### 2.1 Overview

Case studies and other research evidence show that flexible working has a major part to play in delivering both cashable and productivity improvements. These include:

- Cost reductions
- Productivity gains
- Increased revenues

Because of the complexity of flexible working involving as it does, working patterns, organisational change, use of technology, different places of work, culture and management practices, hard data is often difficult to pin down. For example, flexible working is often seen to lead to better staff morale and satisfaction. The groups involved in flexible working frequently record productivity improvements, but establishing cause and effect is difficult. Nevertheless, the performance data that is available is compelling. Taking the bullet points above in turn:

### 2.2 Cost reductions

Cost reductions arise from a variety of sources. Improved use of accommodation such as desk sharing, home and home-based working and flexible working hours can generate substantial cost benefits. In a recent study, City University has established that the average cost of providing a desk in the UK is £10,000 per annum. Another study by Chestertons (2004) suggests that some 70% of all UK employers have at least one empty desk in each of their offices at any one time and, overall, the daily under-utilisation of desk space could be as high as 50%.

Experience from the case study councils suggests that these figures are likely to be applicable to local authorities. Given that a home-worker costs up to £3,000 to set up, a first year saving of £7,000 could be made per home-worker. Office occupation rates can be maximised by providing more flexible facilities better suited to the needs of teams of flexible and mobile workers and office-based staff.

Hertfordshire County Council, for example, has reduced office space by 20% on its move to an office which was purpose built to accommodate support staff and teams working flexibly.

The majority of councils that have effective flexible working practices report reductions in staff turnover and staff absence. Reductions in both, or either of these, produce direct cost savings as well as contribute to improved productivity (see below). As an example reduced employee turnover leads directly to lower recruitment, training and management costs as well as less time without staff. For one council this represented a saving of £300k in a service of 250 staff.

## 2.3 Improved Productivity

There is a strong link between flexibility and productivity improvements. Typical gains of up to 20% are frequently reported in case studies. Sometimes figures of 40% to 50% are reported for specific processes in individual services.

In general the productivity gains have been a direct result of increased productive time. This has come about as a result of the turnover and sickness improvements referred to above, technology and system changes needed to support flexible working and better matching of working patterns to when the service is required.

## 2.4 Increased Revenues

Cases from Revenue and Council tax departments all show increased revenues as a result of flexible working. There are many reasons for this including higher availability of staff at the right time and use of time freed up by reduced turnover and absence. Reported improvements include a halving of rent arrears, better collection of council tax and higher recovery rates in fraud cases.

## 2.5 Measurement is an Issue

Flexible working is not yet perceived to be a source of improved efficiencies and productivity for many councils. Flexibility in working times and practices is all too often seen as an employee benefit, helping to improve morale, providing a more attractive workplace and aiding recruitment. About a third of councils say that they are unable to identify any clear evidence of the impact of flexible working on business performance. (Survey on Flexible Working in Local Authorities, conducted by Wisework Ltd [www.wisework.co.uk](http://www.wisework.co.uk) for Local Government Employers (LGE) )

For the remaining 2/3 of councils surveyed, the top ranking business results identified were:

1. Decreased staff turnover and increased retention
2. Decreased absence
3. Employee satisfaction
4. Morale
5. Increased productivity

Whilst they identified these as areas of improvement that had been observed, they were often not measured. However, for the minority that did measure and monitor effectively, the results were often impressive.

## 3 Profile of Exemplars – including referenced case studies / exemplars

### 3.1 Overview

This section refers to three Nomad case studies focusing on:

- an organisation-wide approach to flexible working
- measurement and productivity
- developing from a small pilot scheme

These are followed by brief descriptions of initiatives from other organisations with valuable experience.

### 3.2 Hertfordshire County Council

Hertfordshire County Council decided that there would be real benefits to be gained from integrating changed ways of working with their 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 three 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. The change programme, 'The Way We Work', was launched in 2005 and will cover a seven year period.

The physical arrangement of the office space, facilities, as well as the HR policies and procedures have all been designed to encourage flexible working practices from an early stage. There are fewer desks than the number of staff needing them and shared team desk areas have been set up. There are touch down centres at various locations and staff are provided with technology appropriate to their role.

The aim is to create a customer-centred organisation which maximises the potential of its staff, is efficient in the use of resources and optimises its use of new technology. There is an estimated cost saving of several million over a six year period, which can be redirected into front line services. The move into the first phase of the new building required 20% less floor space than had previously been the case.

### **3.3 East Riding of Yorkshire**

East Riding of Yorkshire used the introduction of flexible working as a direct means to improve business performance. Flexibility was provided through a combination of home working, mobile staff operating from touchdown centres and compressed hours including a nine day fortnight. The implementation of these changes led to measurable improvements in a number of performance indicators. The council put particular emphasis on measuring their results in financial terms, providing a more compelling picture than simply using percentage changes.

Employee turnover fell to a quarter of its previous rate, and sickness absence was halved. It was calculated that each percentage point fall in either employee turnover or sickness was equivalent to about 1.8 full time staff. This translated to an increase in effective capacity of 53 full time staff and enabled a dramatic reduction in backlogs and sustained improvements to service.

Other measured changes include:

- A reduction in benefits work in progress from 7800 to 300 claims
- Time to assess new claims reduced from 103 to 26 days
- Rent arrears halved from £1.4M to £750K
- Quality improved as measured by complaints down from 56 to 6 per month
- Home worker productivity 20% higher than they were previously achieving in the office

### **3.4 Salford City Council**

Salford wanted to develop the concept of home working as way to contribute to their drive to:

- modernise service delivery (introduce e-government and the use of technology-based working solutions)
- explore a range of environmental issues
- compete in terms of staff recruitment and retention
- further develop its flexible working agenda
- seek continuous improvement for the "Best Value" process
- support and benefit from the Council's evolving accommodation strategy

A small pilot scheme for was set up for staff working in the Housing and Council Tax Benefits area of Salford Direct. This area was selected because the newly introduced technological infrastructure lent itself to the concept.

The pilot home working project was judged a success by staff and managers and was quickly adopted by fifty more staff. It was subsequently decided to extend home working to other service areas across the Council including telephony staff in the Customer Contact Centre. Today, home working is one of

a number of flexible working options made available to staff, subject to a business case being approved.

Performance benefits included:

- Council Tax and Benefits processing productivity improvements of 15% to 20% with no adverse effects on performance
- 48% increase in Benefits and Tax Overpayments productivity levels
- After 12 months, among the initial pilot group of home-based staff, sickness absence levels were reduced by 75%

### 3.5 Other Organisations

**Rochdale Metropolitan Borough Council** has allowed substantial freedom to teams and managers to determine working patterns that meet business and customer needs. Rules have been minimised and flexitime constraints relaxed to create a climate in which working arrangements can be set up that at least meet and usually exceed service needs. From small pilots the council has flexible working in 17 services, proving another example of the organisation wide approach.

Environmental charity **ENCAMS** had substantial pressure on its finances and needed to save accommodation cost and find ways to relieve this. In addition it needed to recruit staff in a competitive market place and demonstrate employee benefits that would retain them. Home working and flexible hours accomplished both.

**London Borough of Lewisham** is involved in a wide range of initiatives including mobile computing for maintenance workers and flexible working hours supported by more effective time management. The integration of IT with operational solutions is a feature. Chief Executive Barry Quirke is the DCLG efficiency Champion for local government.

**London Borough of Islington** has embarked on a programme, referred to as "SMART Working", to introduce more flexible working arrangements. These arrangements are making the most of information and communications technologies, to allow employees to work wherever and whenever it is most effective. Examples of SMART Working include working for some of the time at home, mobile working and working non-standard hours. New office designs, new management methods and streamlined, paper free processes are all necessary to make SMARTWorking effective.

## 4 Critical Success Factors for Achieving Efficiencies in Service

### 4.1 Project Management

Good quality project management is a key theme in successful projects. There is clear leadership, a champion for the change and good cross-functional working. Desired outcomes are clear and measured routinely. Dedicated project teams and resources allocated to the project are highly desirable.

### 4.2 Staff Involvement and Communication

Engaging staff is critical. This requires both effective involvement and thorough communication. Where teams have been involved in determining work patterns there has been strong buy-in and the changes have been sustained. Training and education of staff and managers to support them operating in a new way has sped up implementation and effectiveness.

### 4.3 Culture Change

In all of the cases reviewed organisations were clear that they wanted to change the culture. Flexible working was often seen as a lever to achieve this and move towards more responsive, customer focused ways of working. The flexible working project needs explicitly to be seen as part of the councils overall drive for change.

#### **4.4 Pilots**

Many of the case studies identify the importance of testing solutions through the use of small-scale pilot programmes in introducing changed practices. Starting small:

- Reduces the financial risk
- Limits the risk of resistance from staff, unions, members and customers
- Increases the possibility of a quick success.

#### **4.5 Dealing with Barriers**

Potential barriers need to be identified and faced up to. The survey on Flexible Working in Local Authorities, cited earlier, identified barriers to greater flexibility. The top five in rank order were:

- Managers' attitudes
- Managers' skills
- Effect on service delivery
- Constraints of ITC systems
- Lack of trust

Other mobile & flexible working summary reports are available from [www.projectnomad.org.uk](http://www.projectnomad.org.uk)