Consultation: Making Flexible Working the Default

A public consultation issued by Department for Business, Energy & Industrial Strategy
Comments from ACCA to The Department for Business, Energy & Industrial Strategy

1 December 2021

About ACCA:

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community **of 233,000 members and 536,000 future members based in 178 countries** and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. In December 2020, we made our commitments to the UN Sustainable Development Goals which we are measuring and will report on in our annual report. We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at **accaglobal.com**

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ACCA response summary:

- Government should **encourage a broader informal culture of flexible working** as the default with statutory Right to Request as an additional safeguard.
- There is significant potential for wider adoption to **reduce inequality of opportunity, career progression and outcomes** as well as improving productivity.
- Government must account for the **risk of reduced support for new entrants with less social capital, remote working opportunities creating 'brain drain' from routine manual occupation dense areas and the potential creation of a 'two-tier' workforce**.
- Additionally, we would query the **interaction with other statutory rights and the difficulties for SMEs** in identifying which statutory right is being applied.
- Managers should be **enabled to manage informal temporary changes** to working patterns to accommodate worker requests on a more flexible basis.
- We are supportive of a **reduced response timeframe of between 1-2 months**, excluding time for further negotiations or appeals.

ACCA RESPONSE

General Comments

1. Embedding flexible working options as a routine optional framework can help enable a high-skilled, high productivity economy with empowering career routes, regardless of geographical location. The consultation explores options to encourage or 'nudge' certain behavioural changes from employers to build in flexible working as early as possible in the recruitment process. While ACCA would wholly support a day one right to request flexible working, it is our view that delivering this culture change does not always require an enforced statutory right. Employers should be encouraged to adopt flexible working patterns more broadly, allowing managers, empowered by company culture, to accommodate flexible working on an informal basis in a majority of cases.

2. Some employees may feel that entering into a statutory process is a significant step and would be more likely to adopt flexible working patterns where they exist as an informal workplace benefit open to all employees. They may then wish to use their right to request flexible working to accommodate specific individual needs.

3. Wider adoption of flexible working is going to be a crucial offering for employers competing for new talent; ACCA's recent research 'Ground-breakers: Gen Z and the future of accountancy', found that Gen Z prize organisations that provide them with job security, a good work-life balance and opportunities to pick up skills. 85% of respondents aged 18-25 said their peer group value flexibility and work-life balance[1] when considering employment opportunities.

4. Additionally, trends towards a greater proportion of the workforce working more flexibly also align with the growing need for advanced digital skills and adaptable workforces that are able to work with new technologies that can promote productivity. Technology-centric roles across the accountancy profession are growing rapidly, and with automation increasing there are emerging opportunities for young accountants to build skills and capabilities in applying technology to drive business efficiency. ACCA's recent research 'Ground-breakers: Gen Z and the future of accountancy' highlighted career roles that employers should start working to unlock within their workforce to drive productivity and innovation. One such area is the 'digital playmaker', an area Gen-Z are increasingly keen to apply their 'digital native' skills to support digital transformation and better insights across the business.

5. However, the trend toward flexible working will also require greater focus on early careers support for both employers and new entrants to the workplace to ensure there is sufficient support for onboarding and career progression. In particular, it is vital that

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[1] https://www.accaglobal.com/sg/en/professional-insights/pro-accountants-the-future/gen-z.html

learners without personal professional networks (whether via work experience or family and friends from professional careers) are not placed at a comparative disadvantage to peers when navigating their first roles in a workplace without the same level of in-person support or in cases of remote working, exposure to workplace environments.

Opportunities and Challenges with Flexible Working

6. If widely adopted and enforced, strengthened statutory rights for flexible working would also present a significant opportunity for greater diversity & inclusion among workforces, as well as allowing employers to tap into a much wider remote-worker talent pool.

7. Over the last 18 months, flexible working has proven to not only be good for individual employees but also for employers. Employees have reported feeling more empowered and better able to manage a sustainable work-life balance. A recent survey of over 600 business leaders conducted by the Institute of Directors, 60% indicated they had found remote working to be either more productive or the same level of productivity for their own work[2].

8. Wider adoption of flexible and in particular, remote working roles, can also bring opportunities to disadvantaged areas. For this reason, in 2020 the Social Mobility Commission recommended that flexible working be taken more seriously by employers[3]. ACCA would support this view, however there is still work to be done to further close gaps in geospatial opportunity due to 1.9m households in the UK still living without internet.

9. While flexible working can open opportunity up to a broader talent pool including those in disadvantaged areas, social capital will also play a significant role in individuals ability to navigate new modes of working. Individuals in the earlier stages of their career and from disadvantaged backgrounds are more likely to struggle where on the job learning and development is required to build networks and skills. Employers with senior staff that would typically support onboarding, working reduced or non-standard hours or a high proportion of remote workers, must seek to strengthen new joiner inductions and provide tailored support to individuals to improve their ability to adapt and develop in new and existing roles.

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[2] https://www.iod.com/news-campaigns/press-office/details/IoD-Directors-look-to-hybrid-working-for-the-future

[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902943/Moving_out_to_move_on_report.pdf

10. There is also potential in the near-term to generate opportunities by new entrants to the workforce that may have faced career development or progression as a result of the pandemic. Research from the Sutton Trust in early 2020 found that due to the immediate uncertainty of the pandemic, 61% of employers surveyed had cancelled internships or work placements[4]. However, by early 2021, research from CIPD showed many employers had adapted to flexible working arrangements with 47% intending to enable more home and hybrid working throughout 2021.[5]

11. While the number of remote working vacancies for new entrants to the workplace may present them with a much broader range of opportunity, the longer-term impacts on learners are still unclear when it comes to workplace-led learning such as work experience placements and vocational routes with on-the-job training.

12. We would query where apprenticeships might land under the statutory requirement. Currently apprentices must work 30 hours per week, with a 20% off-the-job training requirement for apprentices at present. If flexible working arrangements are to be extended to apprentices this will need to be reflected in the educational programme and assessment timelines. Additionally, employers will need to be assured that the 20% off-the-job element will remain proportional to the apprentices working hours.

13. Additionally, ACCA would highlight the risk of 'brain drain' from areas densely populated by businesses in routine and manual occupations that cannot adopt flexible working. For many of these businesses it will remain vital to have staff on site for standard working hours, for example when working together on assembly lines or in just-in-time models. Often office-based staff will also need to be present to maintain effective business partnering between corporate and operations functions, as well as proper health and safety supervision. The rise of flexible working is likely to affect these businesses ability to attract skilled workers and ultimately, may draw talent away from businesses that drive the local economy.

Flexible Working and Lifelong Learning

14. ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We are committed to the United Nations Sustainable Development Goals[6]. Our values are aligned to the needs of employers in all sectors, and we ensure that, through our qualifications, we prepare accountants for business.

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[4] https://www.suttontrust.com/wp-content/uploads/2020/07/Access-to-the-Workplace-Impact-Brief.pdf

[5] https://www.cipd.co.uk/about/media/press/010221flexible-working-day-one-right#gref
[6] https://www.accaglobal.com/pk/en/about-us/sustainable.html

We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

15. We recognise the importance of all interconnected UN Sustainable Development Goals, and collectively, ACCA and its community can make our most significant commitment towards their achievement. This includes a commitment to promoting gender equality across our global community and to achieving gender equality across our employee population. Through our commitment to quality education, we will offer access to a quality finance and accountancy education that is free from artificial barriers.

16. Ensuring that individuals can work with employers to adopt flexible approaches to work is critical to enabling those individuals to undertake lifelong learning and development alongside their work.

Supporting employees to make flexible working requests

17. It is important that both workers and employers enter into an employment contract with clear expectations of the scope for varied working patterns or remote working, ideally where the employer has built in informal frameworks that can extend to all (or a majority of) employees. To this point, we would support the proposals stated objective to build visibility of flexible working into job design/ early recruitment processes without necessarily making this a statutory requirement. However, to prevent a patchwork of intermittent and unpredictable adoption across organisations, it is important that employers are strongly encouraged to set out available flexible working frameworks upfront.

18. It is clear that over the past 18 months, employers' experiences with flexible working have altered significantly and market forces and competition for talent should drive further adoption where it is possible. Additionally, employers should be reminded of the potential to further close gender pay gaps, geospatial inequalities through remote working opportunities and grant greater flexibility for professional development around work. These are all considerations which could support businesses' contributions to UN Sustainable Development Goals and related reporting to stakeholders and investors.

19. While a significant proportion of the workforce will benefit from flexible working, individual and sectoral requirements will mean it is not possible for everyone. Additional safeguards must be adopted to ensure a 'two-tier' workforce does not develop. Where employees are unable to undertake flexible working practices such as remote working, alternative frameworks should be explored (prior to a flexible working

request being declined). Ultimately, alternative flexible options may be viable for the organisation and provide the individual with the flexibility they desire. This approach would in turn support engagement in learning and development. Ongoing and transparent EDI data reporting alongside alignment with the UN SDGs will be crucial to closing gender and geospatial inequalities in the workforce.

Managing requests and statutory response times

20. We note that the Chartered Institute of Personnel and Development (CIPD) has suggested building more flexibility into the system and allowing employees to make up to two requests for flexible working per year, based on the balance of evidence from a member consultation. Though it would not be feasible to require that any appeals also be concluded within this period. Feedback from ACCA employers suggested a similar framework, with an acceptable option including response times totalling no less than one month and no greater than two months.

21. We would be supportive of a move to allow up to two requests per year from employees. ACCA recommends managerial training to allow managers to field requests for temporary flexible working arrangements to encourage a more responsive and adaptable workplace culture around flexible working and lessen the administrative burden on resourcing teams. This would allow working parents to better manage family care responsibilities and coordinate working patterns to match evolving childcare needs, ultimately supporting more women to take the choice to continue on in their careers and professional development.

22. It is also important that government manages this change in qualifying statutory period by ensuring businesses are clear on differing qualifying statutory periods that accommodate similar personal responsibilities, for example family friendly rights which statutorily kick in from 26 weeks service. This is of particular importance to the SME audience that may not have regular in-house HR support and may find it more difficult to identify which statutory right is being applied.

23. Further, SMEs without regular sources of HR advice are more likely to be unaware of updates to statutory rights. It is absolutely vital that the Department manages an education campaign surrounding any planned changes to statutory frameworks. In practical terms, pursuing default flexible working through a strengthening of statutory right may add to the development of a 'two tier' workforce as SMEs see the framework solely as a legal obligation. By considering the influencing factors for late adopters and nudging employers to consider the benefits of informal arrangements more flexibility may actually be achieved.

Business reasons for refusing a request

24. The current statutory framework provides a specific but broad set of business grounds on which an employer can reject a statutory request to work flexibly. We would support the consultations' view that there is no current need to drastically alter the business reasons for refusing a request.

25. Feedback from organisations suggested that often businesses will endeavour to implement alternative flexible working arrangements where the initial proposed working pattern is not viable, though on occasion flexible working would not be possible. Though this relies heavily on the goodwill of the individual business. It is important that businesses are obliged to explore alternative arrangements with an employee before a request is refused.

26. Managers should be empowered to explore informal working patterns (ahead of a formal request being made) or workable alternatives (where a formal request has been made but rejected) with employees, if applicable demonstrating where business reasons cannot be practically mitigated. This will ensure a second line of defence to ensure employers are taking all reasonable steps to accommodate requests and support staff retention where staff are able to gain a better understanding of valid reasons while working with employers to explore other acceptable flexible working patterns.