

# Flexible working

Flexible working is growing in popularity in the UK. Driven at first by demand from employees, it is now seen by many businesses to have considerable advantages. But there are potential drawbacks too, so any plan to introduce flexible working requires careful consideration, and in some cases appropriate professional advice. This guide examines some of the more important issues small businesses might need to consider.

## Common flexible working arrangements

- Part time working – fewer hours a day, or fewer days a week
- Flexitime – choosing the hours worked, usually with an obligatory core period
- Term time working – the ability to take extended breaks during school holidays
- Annualised hours – a fixed number of hours over a year, either completely or semi flexible
- Compressed hours – working agreed hours over fewer days
- Staggered hours – varying starting and finishing times

- Job sharing – two or more people sharing a job designed for one
- Homeworking – working all or part of the time from home
- Career breaks – Sabbaticals and other forms of extended unpaid leave

## STATUTORY RIGHT TO REQUEST

In recent years legislation has granted increasingly larger numbers of employees a statutory right to be considered for flexible working arrangements. Currently this right is enjoyed by all parents with children up to the age of sixteen, parents with disabled children up to the age of eighteen who receive Disability Living Allowance, and some carers.

Before they can make a request under the right the employee must have worked for the business for at least twenty-six weeks continuously and must not have made a previous request during the past twelve months. The right does not apply to agency workers or members of the armed forces.

Any employer large or small who receives such a request, whether formal or informal, is obliged by law to give it due consideration by following a prescribed procedure, and may decline the request only if there are good business reasons for doing so. In short, eligible employees have a right to request flexible working arrangements, but they do not have a right to be granted them.

Failure to follow correct procedures could result in a claim against the employer and an order to pay the employee up to eight weeks' pay, capped at the statutory maximum (currently £380 per week). Note also that far more women than men request flexible working arrangements and failure to follow procedures also runs the risk of invoking a discrimination claim. If you are not fully familiar with the procedures, check with us and we'll point you in the right direction.

## BENEFITS

Of course anyone can request flexible working arrangements whether they have a statutory right or not, and employers are finding more and more reasons to accede. Indeed, many employers, seeing the business benefits of such arrangements are introducing schemes from their own side.

Some of the more common benefits reported by businesses both large and small include:

- Higher productivity due to reduced absenteeism, better time keeping, and improved staff motivation



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- Greater efficiency through being able to optimise shift patterns etc
- Cost effectiveness, especially where employees work from home thereby reducing overheads
- Improved employee morale and staff loyalty, leading to better staff retention and greater continuity
- Reduced levels of stress among employees
- Better recruitment prospects, especially of skilled staff
- Opportunities for extended hours or broader geographic reach at little or no extra cost
- Greater flexibility to respond to changing market conditions and a corresponding improved competitiveness
- A more environmentally friendly organisation due to fewer commutes etc
- Improved reputation among employees and the wider community

### AREAS NEEDING SPECIAL ATTENTION

Businesses that introduce flexible working generally find that the following require special attention:

- Finding the right balance between customer and employee demands
- Treating all employees fairly where some jobs are more suited than others to flexible working, especially home working
- Maintaining coherence and good communications within a workforce when they are spending less time together and/or distributed geographically
- Providing the necessary training
- Ensuring appropriate confidentiality, data protection, and security procedures are in place
- Monitoring performance, time keeping, etc

### TIME AND ATTENDANCE MANAGEMENT

Flexible working brings special challenges where time and attendance management is concerned. A recent survey revealed that almost half of employers have no special system in place. Of those that do, 18% rely on paper-based systems, 14% on clocking machines, and 14% on online timesheets. Only 2% use advanced software that can integrate with payroll and other functions.

### IMPLEMENTING FLEXIBLE WORKING

Long before the phrase 'flexible working' became popular, many small businesses already had informal arrangements in place, though they might not have called them such. However the changing shape of the labour force, increasingly favourable Government policy, growing demands and expectations from employees, and the sheer force of economic necessity have all contributed to flexible working becoming much more widespread in recent years, and there is every reason to assume that it will continue to increase in popularity in the years ahead.

As a result there is growing pressure on small businesses to introduce more formal arrangements and to offer a wider range of options if they are to attract and retain the right employees and remain competitive.

If you have not yet introduced flexible working we suggest you start with an assessment of which jobs would be suitable for such arrangements. Remember, what works for other businesses might not necessarily work for yours. Look at the employee's needs, your needs, and your customers needs. It might be wise to start with one or two pilot projects to test the system and iron out any potential problems.

If you already have some flexible working arrangements in place, we suggest

that you review them regularly and consider whether extending them would be to your advantage.

We can help conduct a cost benefit analysis to assess the viability of any proposed changes.

### HOME WORKING – SPECIAL CONSIDERATIONS

For many employees and an increasing number of employers the holy grail of flexible working is working from home. It is certainly a rapidly growing sector. According to HSE by 2015 around three quarters of all workers could be at least partially working from a remote location.

There are a number of special considerations that apply to homeworkers including:

- Effective and regular communications to maintain productivity and mitigate against the effects of working in isolation
- Ensuring the employee attends the office on specific occasions, such as team meetings
- Clear arrangements for the provision, ownership, and maintenance of equipment, including IT, at the remote location
- Insurance of the employee, equipment etc
- Procedures for securing confidential information, data protection, etc
- Arrangements for expenses for travel, home office, communications, etc
- Establishing the right to enter the employee's house to conduct health and safety checks, install or maintain equipment, or recover property

### HEALTH AND SAFETY

Under the Health and Safety at Work Act, employers have a responsibility to protect the health, safety, and welfare of their employees, and this includes homeworkers.

Most of the regulations made under the Act apply as much to homeworkers as they do to employees at the workplace.

Employers are required to undertake a risk assessment of the work activities carried out by homeworkers, which includes identifying the hazards relating to the homeworkers' work activities and deciding whether enough steps have been taken to prevent harm to them or to anyone else who may be affected by their work.

For homeworkers there are also particular risks of stress resulting from isolation and other problems such as a blurring of the distinction between home and work life, which can quickly escalate without the normal support mechanisms available in the work place. Employers need to ensure they have mechanisms in place to identify and deal with such problems.

### TAX IMPLICATIONS

Many decisions related to introducing or amending flexible working have potential tax implications and professional advice is advised to ensure the positions of both employer and employee are optimised

For home working in particular there are special tax considerations including:

- The deductibility of work related expenses for the employee
- Tax exemption for costs met by the employer
- Possible exposure of the employee's premises to business rates instead of council tax
- The potential impact of setting aside part of the home for remote working on eligibility for residence relief for CGT

### HOW WE CAN HELP

We will be happy to advise on tax, accounting and other matters relating to flexible working. If you are thinking of introducing or extending flexible working arrangements in your business why not contact us to discuss your plans?