

PER151  
FOR DECISION  
WARD(S): GENERAL

PERSONNEL COMMITTEE

18 September 2008

HOME-WORKING ALLOWANCE

REPORT OF HEAD OF ORGANISATIONAL DEVELOPMENT

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RECENT REFERENCES:

CAB1540 - Changing our Working Practices: Flexible Working - 17 October 2007

EXECUTIVE SUMMARY:

There are a number of benefits which can accrue from flexible working, enhanced customer service, increased productivity and the ability to recruit and retain staff along with efficiency savings including savings in accommodation costs. These benefits are maximised by using a combination of flexible working patterns and hot desking achieved by home working and mobile working where appropriate.

To assist with effective flexible working an allowance has previously been paid to employees contracted to work from home. During the 'proof of concept' trials of extended flexible working, this allowance has been temporarily suspended for all new staff undertaking regular home working pending a fuller assessment of the costs and benefits of making such payments.

Experience with the proof of concept has demonstrated that home working is a key component of the flexible working initiative allowing the Council to achieve a reduction in the amount of office accommodation required. It is therefore proposed to retain the homeworking allowance both in recognition of the costs an employee will incur and to incentivise staff to adopt new working practices.

RECOMMENDATIONS:

That the Committee endorse the continued payment of the Home Working Allowance of £100 per annum per day worked at home, in accordance with the Council's existing Local Agreement with staff.

## PERSONNEL COMMITTEE

18 September 2008

### HOME-WORKING ALLOWANCE

#### Report of Head of Organisational Development

#### DETAIL:

##### 1 Introduction

1.1 Home working is a key element of the Council's Flexible Working project – which is designed to make the Council and employer of choice, improve customer service and harvest savings through better use of accommodation. Recent 'proofs of concept' have tested how best it can be applied in a variety of circumstances. When combined with mobile working and other changes in working practices, it has enabled a reduction in the number of desks required and so in accommodation overhead.

##### 2 Background

2.1 Home working has been practiced at the Council as a method of working for a number of years. There has been a formal Agreement with staff representatives in place since 1995 setting out the procedure for setting up a home working arrangement including the allowance paid to employees who homework on a regular and formally agreed basis. In 1995 this allowance was set at £500 per annum pro rata to days worked at home (ie £100 per annum for each day per week worked at home). This allowance was originally intended to cover the cost of heating, lighting etc incurred whilst home working.

2.2 Since the Flexible Working project was commenced in 2006 as part of the 2010 Change Programme, the payment of a Home Working Allowance has been temporarily suspended for all new home-working arrangements, although those employees who already had a home-working arrangement in place at that time continued to receive the allowance under the 1995 policy. This suspension was to allow the costs and benefits of more widespread home working to be better understood.

2.3 Officers are now planning to roll-out flexible working to all of the Council's divisions allowing better use of accommodation and a formal allowance will both recognise legitimate costs associated with home working and incentivise staff to make this significant change in their working practices.

### 3. Considerations

- 3.1 There are a number of benefits a member of staff realises from working at home, notably a reduction in travelling time and possibly cost in coming into the office. With the current cost of fuel, this can represent a significant financial saving. However, the cost saving must be offset to some degree by the additional costs incurred in heating, lighting etc whilst working at home.
- 3.2 When the Home Working Agreement and associate allowance was introduced in 1995, home links to the internet were less commonplace and therefore the cost of connection to the internet was met by the City Council. With the significant increase in home connections over the last 12 years, the Council's new Home Working Policy requires the employee to have an existing broadband connection in place to be able to home-work. The cost of connection and the ongoing charge for broadband is therefore now borne by the employee. Most staff will also use their own computer rather than one provided by the Council, an additional saving to the organisation.
- 3.3 The Council also benefits from home working. Reducing travel time can increase productive time and so improve individual productivity. We also save in not providing a subsidised parking space and some costs of IT provision. Other indirect benefits include reduced turnover and hence recruitment costs because our retention rates improve through offering staff choice. But the most significant cost is in reduced accommodation overhead: our estimate is that one desk contributes £3,000 to annual overhead costs.

### 4 Recommendation

- 4.1 It is recommended that the existing Home Working Allowance of £500 per annum be retained and its payment reinstated. The Local Agreement at Appendix 1 sets out the provisions for payment of the allowance and the requirement for an annual review. The £500 allowance will be pro-rata'd for part time staff or those, who only work part of the week at home. This equates to £100 per annum for each day worked at home or a payment of £1.75 per day (based on a 285 working day year) for each day of home working. It covers the cost of heating and lighting and the ongoing broadband connection cost and other IT costs. It also encourages those who have reservations about such a change to adopt home working.
- 4.2 It is important that we understand the likely impact on budgets, and drawing on the proof of concept we have estimated likely maximum costs which would be incurred. The proof of concept has demonstrated a reduction of up to 30% in the number of desks required (i.e. for every ten staff there are now seven, rather than ten desks.). This provides a benchmark for roll out, although individual teams needs will vary according to business needs. Allowing for the likelihood that some staff do not require desk space and others will be permanently office based for the foreseeable future we estimate that the Council could see a reduction of 112 desks from a total of 372. From this, the maximum cost of paying the home working allowance is estimated as

approximately £55,800 per annum. Appendix 2 shows how this figure is derived.

- 4.3 This needs to be offset by potential savings. Provided we are able to rationalise accommodation and so reduce our overhead costs as the rate of home working increases, then we could expect to unlock annual overhead savings of up to £300,000. Ending occupation of Avalon House and, potentially of Abbey Mill, will already go some way to realise this. In addition there will be less quantifiable improvements in productivity to improve support for flexible working.

## 5 Staff Consultation

- 5.1 The proposal has been discussed with UNISON who has agreed that the current level of payment should be maintained and not changed for the reasons set out above

## 6 Conclusions

- 6.1 Increasing the incidence of flexible working, including home working will, or proofs of concept have shown, allow overhead accommodation costs to be reduced. It will also help the Council to become an employer of choice and allows improvements in customer service. Payment of a home working allowance is a key mechanism for incentivising staff to home work, which unlocks significant potential cost savings. It is therefore recommended that the approach already agreed to paying such an allowance is retained and applied to all staff home working.

## OTHER CONSIDERATIONS:

### 7 CORPORATE STRATEGY (RELEVANCE TO):

- 7.2 Extending home working, as part of a broader programme of flexible working, is a key part of our aspiration to be an Efficient and Effective Council. The overall financial benefits thus delivered are part of our Efficiency Programme.

### 8 RESOURCE IMPLICATIONS:

- 8.1 The maximum ongoing cost implications of flexible working roll-out are estimated as being £55,800 per annum (see Appendix 2). These costs will be taken into account as each division assesses the feasibility of the different types of flexible working for the continued roll-out of flexible working practices. The Council already pays the allowance to 9 staff and these costs have been included in this figure.
- 8.2 The second table at appendix 2 sets out the numbers of staff currently working under a formal home working arrangement. The cost of paying the proposed home working allowance is set out in the table along with the financial implications for any back pay. The cost of paying this allowance to

staff on existing home working arrangements will be met from existing divisional pay budgets.

BACKGROUND DOCUMENTS:

Held in the HR Division

APPENDICES:

Appendix 1 Home Working Allowance Agreement

Appendix 2 Estimated costs of proposal for home working allowance

**LOCAL AGREEMENT****PAYMENT OF HOMEWORKING ALLOWANCE UNDER THE HOME WORKING  
POLICY**

Parties to the Agreement: UNISON  
Winchester City Council

This Local Agreement relates to the payment of an allowance for staff working under a regular home working arrangement formally requested and agreed under the Council's Flexible Working Policy.

1. Scope

- 1.1 This Agreement covers all employees of Winchester City Council who undertake regular home working as part of an agreed pattern of Flexible Working.
- 1.2 This Agreement does not include Members, who are covered under separate Member Allowance arrangements.
- 1.3 This Agreement does not include contract or temporary staff not employed directly on the Council's payroll.

2. Terms

- 2.1 Under this agreement the Council agrees to pay employees who fall within the scope of the agreement up to £500 per annum (pro rata) to cover the running costs of heating, lighting etc.
- 2.2 All other terms are as set out in the Council's Flexible Working and Home Working Policies.
- 2.3 This agreement will be reviewed on an annual basis.

Signed  
On behalf of Winchester City Council

Signed  
On behalf of UNISON

Head of Organisational Development

Branch Chairman

Date

Date

**COST OF CURRENT HOMEWORKING ARRANGEMENTS**

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<b><u>Division</u></b>	<b><u>Total Days</u></b>	<b><u>Current Payments (1)</u></b>	<b><u>Total Annual cost (2)</u></b>	<b><u>Potential Back Pay (3)</u></b>
Access & Infrastructure	0		£0.00	
Building Control	0		£0.00	
Customer Services	0		£0.00	
Environment	1		£100.00	
Estates	0		£0.00	
Financial Services	0		£0.00	
Housing Landlord	2.5	£250.00	£250.00	
Legal Services	4		£400.00	
Organisational Development	4		£400.00	
Revenues	31	£1,669.12	£3,100.00	
Democratic Services	0		£0.00	
Strategic Housing	0		£0.00	
Strategic Planning	2		£200.00	
Partnerships & Communications	7		£700.00	
Performance & Scrutiny	4.5	£196.68	£450.00	
Planning Control	10	£99.96	£1,000.00	
Cultural Services	3.5	£50.64	£350.00	
		<b>£2,266.40</b>	<b>£6,950.00</b>	<b>£8,158.60</b>

*Note:*

1. Payments in place and continuing to staff on agreed homeworking arrangements prior to suspension of homeworking allowance
2. Cost of payments to staff who have formal homeworking arrangements which were agreed following suspension of homeworking allowance - also includes staff currently paid allowance
3. Potential cost of back pay to staff identified in (2)

**ESTIMATED HOMEWORKING COST OF FLEXIBLE WORKING ROLL OUT**

Total Headcount	556
<b>LESS STAFF GROUPS NOT SUITABLE FOR HOMEWORKING</b>	
Civil Enforcement Officer	24
Scheme Managers/central control	40
Meadowside	21
Customer services	29
Administration (including Planning)	38
Museums	11
TIC	8
Guildhall	13
<b>NET TOTAL HEADCOUNT</b>	<b>372</b>
Ratio 7:10	112
Potential homeworking allowance costs	£55,800.00 includes £6,950 costing for current arrangements