



# Discussion Paper

## Flexible Working Strategy



Public  
Service  
Commission

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# 1. Executive Summary

On 8 March 2016, Premier Mike Baird committed publicly to making all roles flexible in the NSW government sector (the sector) on the basis of “if not, why not” by 2019. Flexible working is about rethinking the needs of individuals, the team and the organisation to come to an agreement on when, where and how to work. Rather than a flexible role being a concession or exception, it needs to be a case of “if not, why not”.

More flexibility will benefit the people that work within the sector, the teams and agencies they work within, and NSW more broadly. Flexible working when implemented well has a positive impact on employee health, productivity and retention, as well as improved workforce diversity and “bigger picture” contributions to society, such as travel time savings and supporting people into the workforce.

There is much that can be done within existing parameters to enhance flexible working in the sector, with the research finding the key barriers to flexible working are culture and mindsets followed by manager skills and experience. Flexible working practices relying on changes to industrial arrangements or enabling technology will require sustained engagement and investment and are medium to longer term goals.

The Public Service Commission (PSC) contracted Deloitte to develop a Draft Flexible Working Strategy (the draft strategy) to build the sector’s maturity in working flexibly to realise the Premier’s commitment by 2019. The draft strategy focuses on evolving the culture of the sector where employees are valued for their output and empowered to make choices about where, when and how they work to deliver outcomes.

The draft strategy defines the sector-wide initiatives to be led by the PSC to strengthen the foundations for flexible working, and agency-led initiatives to embed flexible working depending on their operating environments and flexible working maturity levels. The strategy will be implemented over three phases into 2019.

Given the diversity and complexity of the sector, the PSC wants to ensure that implementation of the draft strategy will realise the Premier’s commitment. The PSC is seeking feedback from NSW government sector departments, agencies, unions and other key stakeholders on the draft strategy to confirm the findings and to identify any areas for refinement. More specifically, the PSC hopes that responses to the consultation questions posed in this Discussion Paper (the paper) will generate further ideas on how flexible working can become the default across the sector.

The PSC would like to thank those who have contributed to the development of the draft strategy through the consultation process to date. The PSC encourages others to contribute in a positive manner to provide the sector the best chance to realise the “if not, why not” approach and the benefits this will bring to individuals that work within the sector, the teams and agencies they work within, and NSW more broadly.

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*“Flexible working results in higher engagement which means higher productivity”*

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## 1.1 Consultation questions

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- 1** What other considerations, if any, specific to the NSW government sector should we take into account in designing the flexible working strategy?

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  - 2** How do we resolve the tension between flexible working and some aspects of industrial arrangements which can inhibit flexibility?

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  - 3** What are the barriers to flexible working for service delivery roles involving direct contact with the public? Are they related to culture and mindsets, structural barriers to role design, or other factors?

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  - 4** What conclusions should we draw about the key barriers and enablers to flexible working in the NSW government sector?

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  - 5** How can we leverage flexible working to rethink the design of work, drive new business models and service delivery improvements to further realise the benefits?

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  - 6** How will we know if the sector has been successful in implementing the “if not, why not” approach? How will this evolve over time?

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  - 7** Is the new way of thinking about flexible working appropriate for the NSW government sector?

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  - 8** Do the draft strategy principles address the key aspects required to move the sector from the current state to meet the Premier’s commitment?

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  - 9** Are there other initiatives you would include to promote flexible working?

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  - 10** Do the sector-wide initiatives provide the foundations for agencies to implement the “if not, why not” approach? If not, please explain what more should be done.

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  - 11** Would you expect agencies to take ownership of any other initiatives? If so, please describe the initiatives.

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  - 12** Does the maturity model provide a useful frame for agencies to guide implementation?

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  - 13** Would you change the sequencing of any of the initiatives? If so, please explain what changes you would make.

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  - 14** Are there other indicators you would include to measure flexible working which can apply across different operating contexts?
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## 2. Purpose of the Discussion Paper

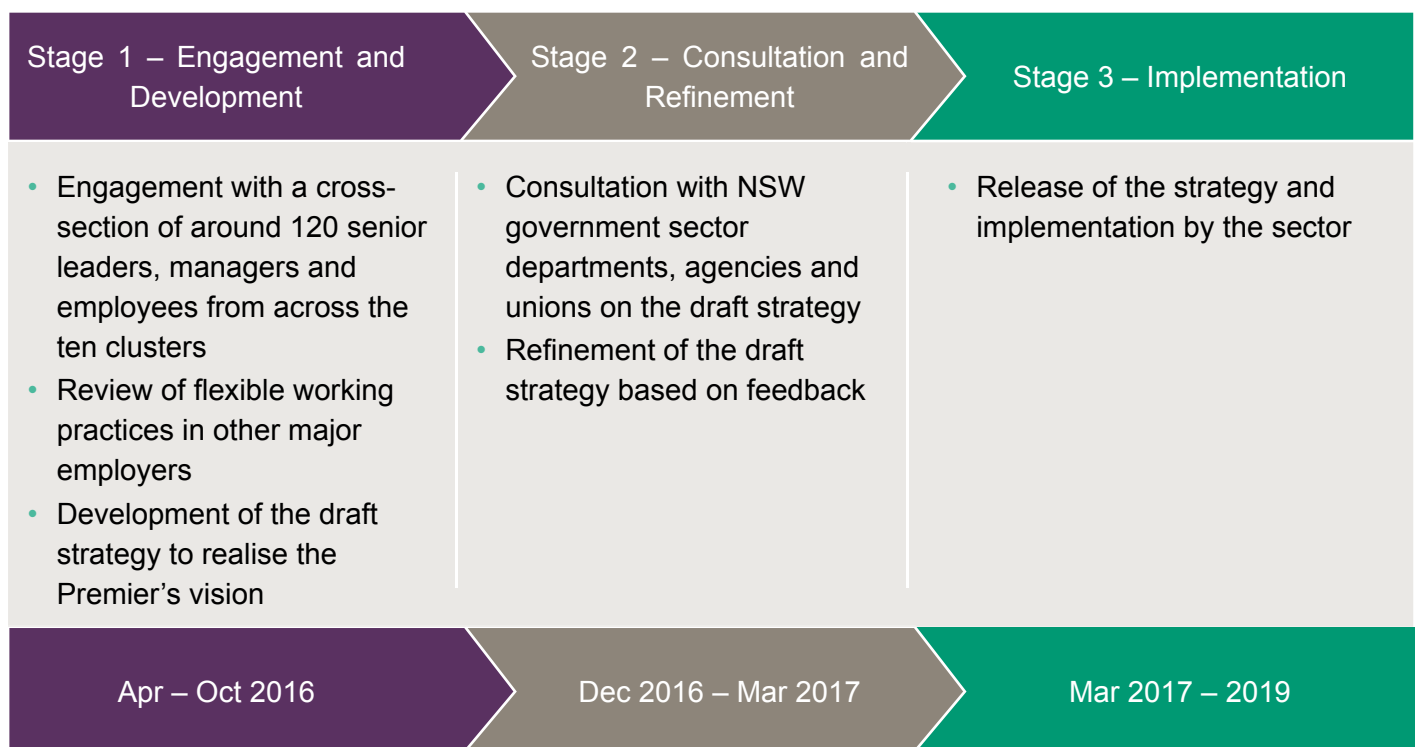
The PSC is leading the development of a strategy to support delivery by the sector of the Premier's commitment. This includes identifying areas where there is utility in designing a common approach, and where agencies need to develop their own initiatives based on their operating contexts. Department Secretaries and Agency Heads exercise, on behalf of the NSW Government, the employer functions in relation to the employees of the agency<sup>1</sup>. The Premier's commitment is dependent on all government sector agencies implementing the "if not, why not" approach in their workforce.

*“Engage middle management – start communication on the expected benefits and get their consultation on the process”*

The shift to making flexibility the norm may also require consideration of some aspects of industrial arrangements over the longer term. Unions play an important role in this discussion towards more choice and flexibility around how, when and where to work for employees.

The delivery of the Premier's commitment falls broadly into three stages, as shown in figure 1 below.

**Figure 1 – Delivery Strategy Stages**



<sup>1</sup> Sections 26 and 31, *Government Sector Employment Act 2013*.

## 2.1 Engagement and development

The consultation process began with a mixture of interviews, focus groups and surveys with a cross-section of around 120 senior leaders<sup>2</sup>, managers<sup>3</sup> and employees from across the ten clusters. This, combined with research into flexible working practices in other major employers in Australia, informed the development of the draft strategy.

The purpose of the draft strategy is to build the sector's maturity in working flexibly to realise the Premier's commitment. It provides the framework and initiatives to shift the sector and agencies from the current state to the "if not, why not" approach.

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*“ We have the policies but translating them into action requires significant cultural change ”*

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## 2.2 Consultation and refinement

This paper explores the key considerations in developing the draft strategy and sets out the proposed approach. It does not examine in detail what individual agencies are doing, or the provisions of each industrial arrangement that applies to the different segments of the workforce.

The purpose of the paper is to seek the views of NSW government sector agencies, unions and other key stakeholders on how - as a sector - we realise the Premier's commitment. Getting this right will pave the way for leveraging the opportunities provided by flexible working to rethink the design of work and drive new business models.

### Who should respond?

We are wanting to hear from:

- NSW government sector agencies. You may wish to submit one response for your cluster, or for each agency to submit its own response. Responses should be approved by the Secretary or Agency Head.
- NSW government sector unions. You should make it clear who the union represents and how the views were assembled.

### How to respond?

Your response should be submitted by email to [flexible.consultation@psc.nsw.gov.au](mailto:flexible.consultation@psc.nsw.gov.au). We want you to focus on the consultation questions which are listed in each chapter. In addition, a full list can be found in the executive summary. If you have comments on other aspects of the strategy, or evidence presented in the document, that are not reflected in the consultation questions, we welcome this feedback as well.

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2 By senior leader we mean the most senior group of leaders in the organisation (i.e. the CEO and the people who report directly to them. They may be members of the executive team (e.g. department secretary, chief executive, deputy, executive director or director).

3 By manager we mean the people in the organisation responsible for managing / supervising employees. This could include a person who manages other managers (but does not sit on the executive).

### **Closing date for responses?**

The consultation period covers eight weeks from 7 December 2016 (including the Christmas period). Please ensure your response reaches us by the closing date of 6 February 2017.

### **What will we do with your response?**

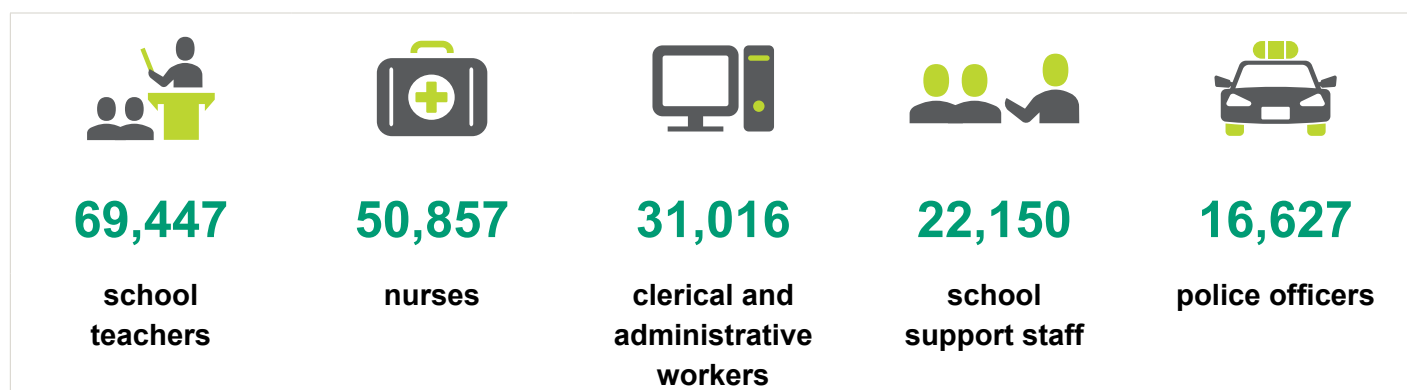
Your comments will be used to refine the draft strategy.



# 3. Diversity of NSW Government Sector

The NSW Government is the largest employer in Australia, with almost 400,000 employees. These employees provide a range of services to 7.6 million residents – including essential services such as health, education, corrective and transport services some of which require 24/7 coverage, as well as policy and other public administration. It is a large and diverse workforce with the main occupation groups indicated in figure 2 below.

**Figure 2 – Main Occupation Groups<sup>4</sup>**



Flexible working, in one form or another, already exists within the sector. What this looks like depends on the operational considerations and services provided by each agency, as well as the different industrial awards or agreements governing employment. There are hundreds of different industrial awards or agreements covering the employment of particular groups in the sector. There is no one-size-fits all approach to working in the NSW government sector.

With this diversity in mind, the draft strategy was developed taking into account the following considerations:

- **Whole of sector** – The Premier’s commitment applies to the whole government sector (excluding State Owned Corporations). This covers the Public Service (departments, executive agencies and related agencies) which comprises 19.7% of the total government sector, as well as the NSW Health Service (35.7%), Teaching Service (21.1%), NSW Police Force (6.3%), Transport Service (4.2%) and other Crown services (13.1%)<sup>5</sup>.
- **All roles and levels** – The Premier’s commitment applies to all roles and all levels. This includes frontline service delivery to knowledge based workers and support staff, as well as senior leaders and managers. There may still be some roles where flexibility isn’t achievable, but this needs to be the new exception rather than the rule.
- **Leading practice** – The draft strategy builds on leading practice examples external to the sector from a range of industries, while leveraging cases where flexible working is working well in the sector.

<sup>4</sup> Based on non-casual headcount (2016).

<sup>5</sup> Percentages refer to FTE.



- **Staff engagement** – Flexible working has been considered from the point of view of senior leaders, managers and employees from across the ten clusters, as well as regional/metropolitan perspectives and diversity groups. The PSC engaged with around 120 people from across the sector in a mixture of interviews, surveys and focus groups.
- **Principles based** – The approach needs to be principles not compliance based, recognising one size can't fit all given the diversity of the sector. Agencies are responsible for the management of their workforce and are best placed to determine how to apply flexibility to meet business needs.
- **Change enablers** – Consistent with the broader workforce management reforms, the PSC will set the foundations and enablers for change. The focus is on areas where there is utility in designing a common approach and will support agencies in implementing their own strategies, specific to their operating contexts. This builds on work already underway in the sector around leadership, capability development, talent, mobility, culture, and data and analytics.

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## Consultation Questions

1. **What other considerations, if any, specific to the NSW government sector should we take into account in designing the flexible working strategy?**
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# 4. What does Flexibility look like in the Sector?

The first step in shifting the sector to the “if not, why not” approach is to understand how flexible working is currently operating. Existing research into the sector’s workforce, including the Workforce Profile Collection 2016<sup>6</sup>, People Matter Employee Survey (PMES) 2016<sup>7</sup>, and Agency Survey 2016<sup>8</sup>, were analysed for flexible working patterns. Further insight was captured through sector consultation with senior leaders, managers, employees and HR practitioners through a mixture of interviews, focus groups and a survey.

The evidence, from a variety of sources, generally points in the same direction with some differences. When pieced together an overall picture emerges about the current state of flexible working in the sector.

While there are pockets of good practice, the current state can be defined as ad hoc. Although policy is in place, the sector is reactive and focused on compliance. There are some initiatives in place to support flexible working, however they are sporadic, lack accountability and are not part of a broader program. Technology solutions, office design and industrial arrangements do not fully support flexible working.

## 4.1 Profile of flexible working in the sector

Key insights into flexible working patterns and behaviours in the sector include:

### Uptake of flexible working

66% of employees who responded to the 2016 PMES indicated they accessed some type of flexibility. The flexible working profile varies across clusters, suggesting employees are accessing different types of flexibility to suit the operational considerations. The most common types of flexibility accessed are part-time and flex-time.<sup>9</sup>

Some types of flexibility are offered by the majority of agencies (e.g. study leave, flex-time and part-time) whereas other types of flexibility are not widely offered (e.g. career breaks, purchasing annual leave, and compressed hours).<sup>10</sup>

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*“ The sector should share and collaborate on what’s working in other agencies ”*

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6 The Workforce Profile is a data collection on the characteristics of NSW public sector employment, which has been collected annually since 1999.

7 The People Matter Employee Survey is an anonymous and confidential survey sent to all employees in the NSW public sector. It asks questions to assess levels of employee engagement and opinions on workplace practices. The response rate in 2016 was 36%.

8 The Agency Survey was designed as a companion to the People Matter Employee Survey to give an employer perspective on some of the practices assessed by employees.

9 Flex-time may include core hours when employees must be on duty, bandwidth hours within which employees can select their start and finish times, and the ability to accrue hours towards days off.

10 Agency Survey 2016.

## Flexibility and role types

Based on the employee responses to the 2016 PMES, service delivery roles involving direct contact with the general public (e.g. teaching, nursing, policing and shopfront) appear to have the lowest uptake of flexibility, while making up around 48.4% of all roles in the sector. This appears to be dependent on the method of service delivery, with service delivery to clients in non-office workplaces having the lowest uptake of flexibility (56%), compared to over the counter (63.7%) and over the phone (74.6%).<sup>11</sup>

There appears to be a higher uptake of flexible working by employees without supervisory responsibilities, which reduces as level increases from supervisor to manager and senior executive.<sup>12</sup>

## Satisfaction with flexible working

58% of employees who responded to the 2016 PMES are satisfied with their ability to access flexible working.

Satisfaction with career progression opportunities was higher for flexible workers than those not working flexibly. This is not consistent with the consultation findings, which found that flexible working is seen by employees as limiting career progression.

Flexible working is resulting in better work-life balance, with a higher proportion of those working flexibly agreeing their organisation offers arrangements to help employees achieve a work-life balance. It is also resulting in higher levels of engagement for those working flexibly, compared to those not working flexibly.

## Gender considerations

Although flexibility is accessed roughly equally by women and men, certain types of flexibility are more likely to be accessed by one gender. For example, 85.9% of part-time roles are held by women.<sup>13</sup>

## 4.2 Key barriers to flexible working

The sector consultation found the key barriers to flexible working are culture and mindsets, followed by manager skills and experience. This was supported by the Agency Survey 2016 which identified one of the most significant barriers to flexible working take-up as individual manager resistance.

The consultation found there was limited understanding of what it means to work flexibly. The traditional view of the “9-5 worker” prevails, as well as a preference for a compliance based approach. The experience of employees was that flexible working was something that a case had to be made for. Employee respondents also believed that managers needed to be made aware of the benefits of flexible working, with a special focus on the empirical evidence and how it could improve organisational results.

The consultation found that managers generally did not have the confidence, skills and tools to arrange and manage flexible working practices in a way that did not negatively affect their work. Both employee and manager respondents identified the lack of promotion, role modelling and support for flexible working practices by their managers and senior leaders.

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*“ Give managers training and support, educating them about performance management and managing for outcomes ”*

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<sup>11</sup> People Matter Employee Survey 2016.

<sup>12</sup> People Matter Employee Survey, 2016.

<sup>13</sup> Workforce Profile Collection, 2016.

Other barriers to flexible working identified through the consultation include:

- **Industrial arrangements** – Industrial arrangements governing the working hours of employees do not always support flexible working. For example, flex-time which is embedded in the sector and used to accumulate additional leave days, particularly to meet caring responsibilities, can inhibit flexibility. An estimated 70,000 employees are covered by 38 different flex-time agreements which provide for varying start and finish times and the ability to accrue hours towards days off. Similarly, employees in public health and other front-line areas, which make up the majority of the sector, tend to work on rosters which include one day off per month for full-time staff as part of the industrial arrangements. Any changes to these arrangements would potentially be a major industrial relations negotiation.
- **Roles not being redesigned** – A tension exists between flexible working and the way roles are designed. The most common example was part-time roles not being redesigned to enable the work to be delivered in fewer hours, resulting in work intensification, which can adversely impact on work-life balance and job satisfaction. Work intensification refers to where work expands into times and places previously quarantined for leisure, family or other non-work activities. There were 92,831 employees working part-time in 2016.<sup>14</sup>
- **Access to technology** – Common barriers to working from home and different locations were employees not being provided the technology, or the location not having flexible connectivity. Workplace health and safety requirements and liabilities were also concerns.
- **Role suitability** – The Agency Survey 2016 identified one of the most significant barriers to flexible working take-up as suitability for service type (role suitability). The consultation identified customer service roles as having the least potential to apply flexibility. This aligns with employee take-up and satisfaction with access to flexible working, which is lowest for service delivery roles involving direct contact with the public. The consultation was inconclusive on whether this view was a result of culture and mindsets, or structural barriers to role design, such as:
  - Constraints in industrial arrangements (e.g. preventing split shifts or flexible scheduling for rostered workers)
  - Operational requirements (e.g. flexible scheduling for rostered workers being difficult to implement in practice to meet both each individual preferences and business requirements)
  - Access to technology (e.g. require the appropriate technology for call centre staff to work from home).

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## Consultation Questions

2. **How do we resolve the tension between flexible working and some aspects of industrial arrangements which can inhibit flexibility?**
  3. **What are the barriers to flexible working for service delivery roles involving direct contact with the public? Are they related to culture and mindsets, structural barriers to role design, or other factors?**
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<sup>14</sup> Workforce Profile Collection, 2016.

## 4.3 Key themes

*“At senior leader level, we are already flexible. You don’t need permission - there’s more of a focus on outputs and delivery. It gets more complex at the lower levels ”*

Four key themes emerged from the consultation which are listed in table 1 below.

**Table 1 – Key Consultation Themes**

Themes	Insights
1. Communication and engagement	<ul style="list-style-type: none"> <li>• Employees are not hearing managers and senior leaders promoting flexible working</li> <li>• Beyond “flex-time” and a few examples of part-time work, most respondents found it challenging to cite flexible working role models, especially at manager or senior leader levels</li> </ul>
2. Manager capability and execution	<ul style="list-style-type: none"> <li>• Flexible working is predominantly initiated by individuals and managed through the individual and their manager relationships</li> <li>• There is a perception from managers that flexible working is only for certain people and roles</li> <li>• There is a lack of trust from managers and a perception that employees may take advantage of flexible working practices</li> <li>• Most senior leader respondents shared the view that the focus of work should be on outcomes achieved, rather than the where, how and when the work is done. Despite this, managers appear to be focused on presenteeism rather than managing for outcomes</li> <li>• Flexible working presents challenges for managers around resourcing, job design, administration, and performance management. Managers appear to be ill equipped to deal with flexible working conversations due to limited supporting tools or capability development</li> </ul>
3. Systems and processes	<ul style="list-style-type: none"> <li>• Access to technology, industrial arrangements, systems and other enablers (e.g. activity based working), are perceived as limiting uptake of flexible working practices</li> <li>• While there is an acknowledgement that not all roles are suited to flexible working, there is a view that managers are using customer, work demands and role design as their rationale for not supporting flexible working practices. There appears to be a reluctance to make changes to the job or the working environment to accommodate the new arrangements.</li> <li>• There is a perception that flexible working, or specifically “flex-time” is an entitlement and way to bank additional leave</li> <li>• Flex-time is seen as being used inflexibly and thus creating an additional burden for team members or managers who are present to cover absent colleagues</li> <li>• There is a lack of awareness around job sharing and most arrangements are self-initiated. It is difficult to find a job share partner and the job share set up and management has an administrative burden that is seen as discouraging to managers</li> </ul>
4. Accountability and measurement	<ul style="list-style-type: none"> <li>• Overall, managers are not held accountable for promoting flexible working practices. Instead, the implementation and promotion of flexible working relies on the initiative of individuals. There are no clear measures or monitoring systems for flexible working.</li> </ul>

## Consultation Questions

### 4. What conclusions should we draw about the key barriers and enablers to flexible working in the NSW government sector?

# 5. What is the Future State of Flexibility?

In Australia, flexibility has its roots in gender equality, and in particular a strategy to enable women to return to work after maternity leave. This legacy has shaped flexibility as workplace practices which focus on reduced work hours, part-time and job sharing. While this focus remains important, the goalposts have changed.

The looming retirement (or perhaps work adjustment) of the baby boomer cohort, a focus on sustainability and regionalisation, plus the empowerment of individual employees, is driving a broader demand for flexible working. Coupled with technologies which enable employees to work anytime and anywhere, that demand is becoming a baseline expectation.

Both men and women need access to flexible working. Supporting more men to work flexibly will help shift gender stereotypes and share of domestic duties. Australia currently ranks 13 out of 21 countries in the measures for gender equality in paid and unpaid work.<sup>15</sup> The NSW government sector, as the largest employer in Australia, by providing men greater access to flexible working can support women's opportunity to participate in the workforce and advance in their careers.

When taken to the next level, flexible working can enable new business models with broader benefits to individuals and society more generally.

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*“Flexible working is an opportunity to attract more people to roles”*

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## 5.1 The case for flexibility

Flexible working can deliver benefits to the individual to make time for what counts, the team and agency they work within, the NSW government sector and society more broadly, as shown in figure 3.

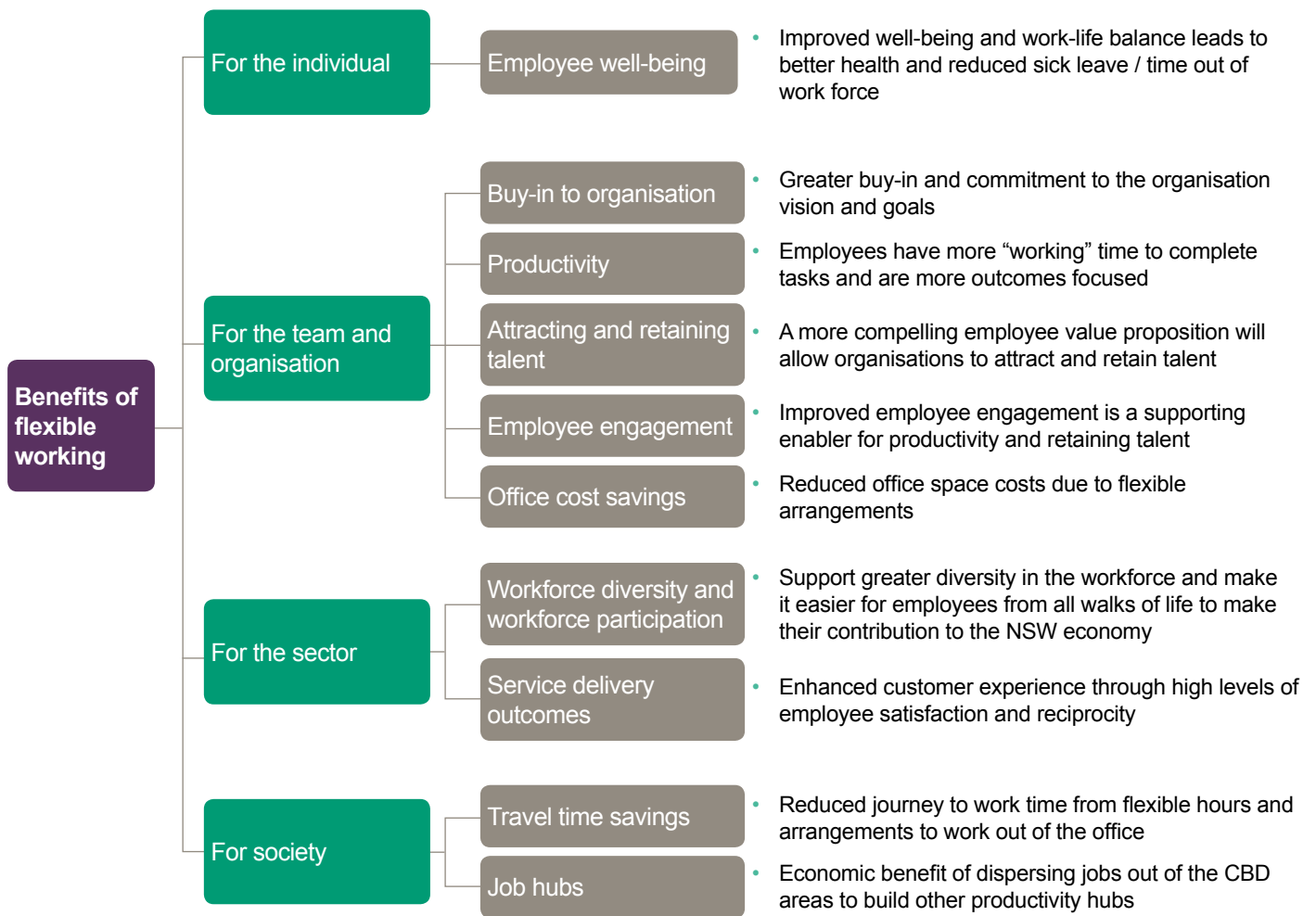
The anticipated gross value of enhancing the uptake of flexible working in the sector through the “if not, why not” approach is estimated at \$24-47 million per year from 2019. This is a conservative estimate and reflects those benefits that can be quantified and will notionally accrue to the NSW Government through improved efficiency and effectiveness, as well as economic benefits that accrue to individuals or society more broadly. This estimate takes into account the different role types and current uptake of flexible working. The value of enhancing the uptake of flexible working will differ in different agencies based on role composition, current uptake and operating contexts. The business case will be further refined as more data becomes available.

There may be some costs involved in implementing the “if not, why not” approach. This will depend on the enablers currently in place and the approach taken to implementation.

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<sup>15</sup> Fatherhood Institute, 2016 Fairness in Families Index, <http://www.fatherhoodinstitute.org/wp-content/uploads/2016/06/FINALFatherhood-Institute-Capstone-FiFI-2016.pdf>

**Figure 3 – The benefits of flexible working**



Research demonstrating the case for flexibility can be found in attachment A.

## Consultation Questions

### 5. How can we leverage flexible working to rethink the design of work, drive new business models and service delivery improvements to further realise the benefits?

## 5.2 Conditions for success

When implemented well, flexibility realises the benefits highlighted above. Behaviours and practices that indicate flexibility is working well, and signs that it is not working well, are listed in Table 2. There are five critical success factors that drive flexible working being implemented well.

*“Flexible working is about building that trust - I know you are doing your work from the outcomes being delivered”*

**Table 2 – Flexible Working Behaviours and Practices**

Behaviours and practices	When flexibility is working well	When flexibility is not working well
1. Culture and mindset	<ul style="list-style-type: none"> <li>Trust exists within teams and performance is managed by outcomes</li> <li>Leaders and managers have an open mind, are consistent and objective in flexible working</li> </ul>	<ul style="list-style-type: none"> <li>Flexible working is viewed as an entitlement</li> <li>The flexibility needs of employees are accommodated at the expense of getting the job done</li> </ul>
2. Skills and experience	<ul style="list-style-type: none"> <li>Leaders and managers are confident to have flexible working conversations with their teams</li> <li>Leaders and managers know how to solve for individual situations, including redesigning the role and environment</li> <li>Tools are available to assist leaders, managers and HR professionals to put in place flexible working</li> </ul>	<ul style="list-style-type: none"> <li>Leaders and managers are afraid of refusing flexible working practices which do not meet business needs</li> </ul>
3. Communications and awareness	<ul style="list-style-type: none"> <li>Leaders and managers understand the benefits and value of flexible working, and promote these with their teams</li> <li>Leaders and managers visibly demonstrate support and encouragement to flexible workers</li> <li>There are more senior leaders role modelling flexible working</li> </ul>	<ul style="list-style-type: none"> <li>Flexible working is seen as a way of working less or producing less</li> </ul>
4. Application and implementation	<ul style="list-style-type: none"> <li>Flexible working is available to everyone</li> <li>Governance and measures are in place and highlight real benefits</li> <li>Organisations hold leaders and managers accountable for enabling flexible working in their teams</li> </ul>	<ul style="list-style-type: none"> <li>Flexible working is a special provision for a certain type of worker e.g. women with children</li> <li>A one size fits all approach is applied e.g. everybody works part-time</li> <li>Flexible working results in increased work intensification</li> </ul>
5. Technology and systems	<ul style="list-style-type: none"> <li>Overtime, supporting technologies, industrial arrangements, systems and other enablers (e.g. activity based working) are in place to facilitate flexible working for everyone – leaders, managers, HR and employees</li> </ul>	<ul style="list-style-type: none"> <li>Flexible working results in additional cost to maintain current performance over the long term</li> </ul>

## Consultation Questions

**6. How will we know if the sector has been successful in implementing the “if not, why not” approach? How will this evolve over time?**



# 6. Draft Flexible Working Strategy

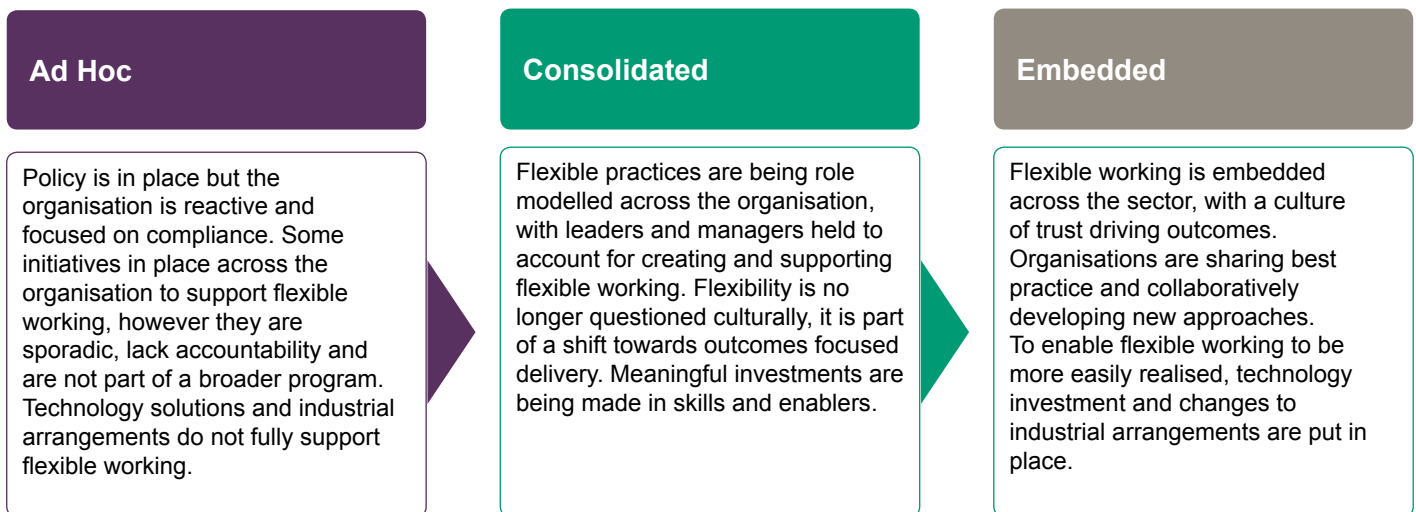
## 6.1 Purpose of the draft strategy

The draft strategy is designed to shift the sector from its current “ad hoc” state to “embedded” flexible working in order to achieve the Premier’s commitment, as shown in figure 4. While some agencies are well on the way, other agencies are in the early stages of flexible working maturity.

“Transformational” change will take longer and involves flexibility driving new business models. This is a longer term goal once the Premier’s commitment has been achieved.

The draft strategy is about evolving the culture of the sector where employees are valued for their output and empowered to make choices about where, when and how they work to deliver outcomes.

**Figure 4 – Flexible working maturity**



## 6.2 New way of thinking about flexible working

Flexibility means different things to different people and there appears to be no consistent understanding across the sector. There is a heavy focus on compliance, with many definitions consisting of the mandated list of available flexible working practices.

Within this context, for the “if not, why not” approach to be successful, a new approach to flexible working is required. The approach should be less about complying with a definition, regardless of what this is, and more about putting in place flexible working based on a principles-based approach.

The “if not, why not” approach is not about defining the new way people should work. Instead it is an evolving conversation between an individual and their manager to explore all possibilities that make sense within their team and work environment. This does not mean that every person wants flexibility, or that every role can become flexible, but the starting point should be how can we make flexibility work for us? For example, for front-line service delivery employees, this may mean expressing a preference to work certain scheduled shifts, where this can be accommodated within broader roster and service delivery constraints.

A new narrative for how flexible working should be considered within the sector is proposed:

Flexible working is about rethinking the needs of individuals, the team and the organisation to come to an agreement on when, where and how to work. It is about exploring the choices around how to work and the design of the role and work itself, while delivering outcomes and achieving work-life balance.

Given the diversity of work in the sector, including the delivery of essential services such as health, education and transport, different forms of flexible working will suit different operating contexts. The “if not, why not” approach makes flexibility the new starting point. It does not mean every role, or every individual, is entitled to every type of flexibility.

There are many types of flexibility, including flex-time, part-time work, career breaks, working from home or different locations, job sharing, and flexible scheduling for rostered workers. You and your manager may identify other types that make sense within your team.

Flexible working is a choice for the employee that delivers mutually beneficial outcomes for employers and employees, and ultimately the people of NSW. The new approach envisages scope for more local innovation and decision making within teams to deliver these mutual benefits, supported by practical guidance and systems.

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## Consultation Questions

### 7. Is the new way of thinking about flexible working appropriate for the NSW government sector?

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## 6.3 Principles underpinning the draft strategy

Realising the Premier’s commitment for flexible working across the sector is informed by five guiding principles:

- **Flexibility is the default for all roles** – The “if not, why not” approach applies to all roles and all individuals, rather than being a special provision for a certain type of worker. This places the onus on managers to demonstrate why a request for flexible working cannot be accommodated, rather than an employee to explain why it should be. It also means those working flexibly have opportunities for career development.
- **Leader-led** – Managers and employees in the sector are looking to their senior leaders to lead the way and show what is possible with regards to flexible working. Senior leaders must do more than just communicate the vision in their agencies. More senior leaders need to visibly demonstrate how they are building flexible working into their lives and enabling their teams to work flexibly. This starts with senior leaders in the sector – Secretaries and other senior executives.
- **Mutually beneficial** – For flexible working to be successful, it must create the best outcomes for employees and employers, as well as the team.

- **About the team and the individual** – Flexible working for an individual should be considered in the context of the team environment they work in. The agreed arrangements should consider the impact on team performance, because the success of any arrangement will be dependent on the support and understanding of the team as a whole. Any individual arrangement must have a team overview about how the work will be distributed.
- **Context matters** – Given the diversity and size of the NSW government sector, one size can't fit all. The strategy needs to be sufficiently broad enough to allow agencies the opportunity to develop their own individual plans.

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## Consultation Questions

### 8. Do the draft strategy principles address the key aspects required to move the sector from the current state to meet the Premier's commitment?

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## 6.4 Foundation and differentiated initiatives

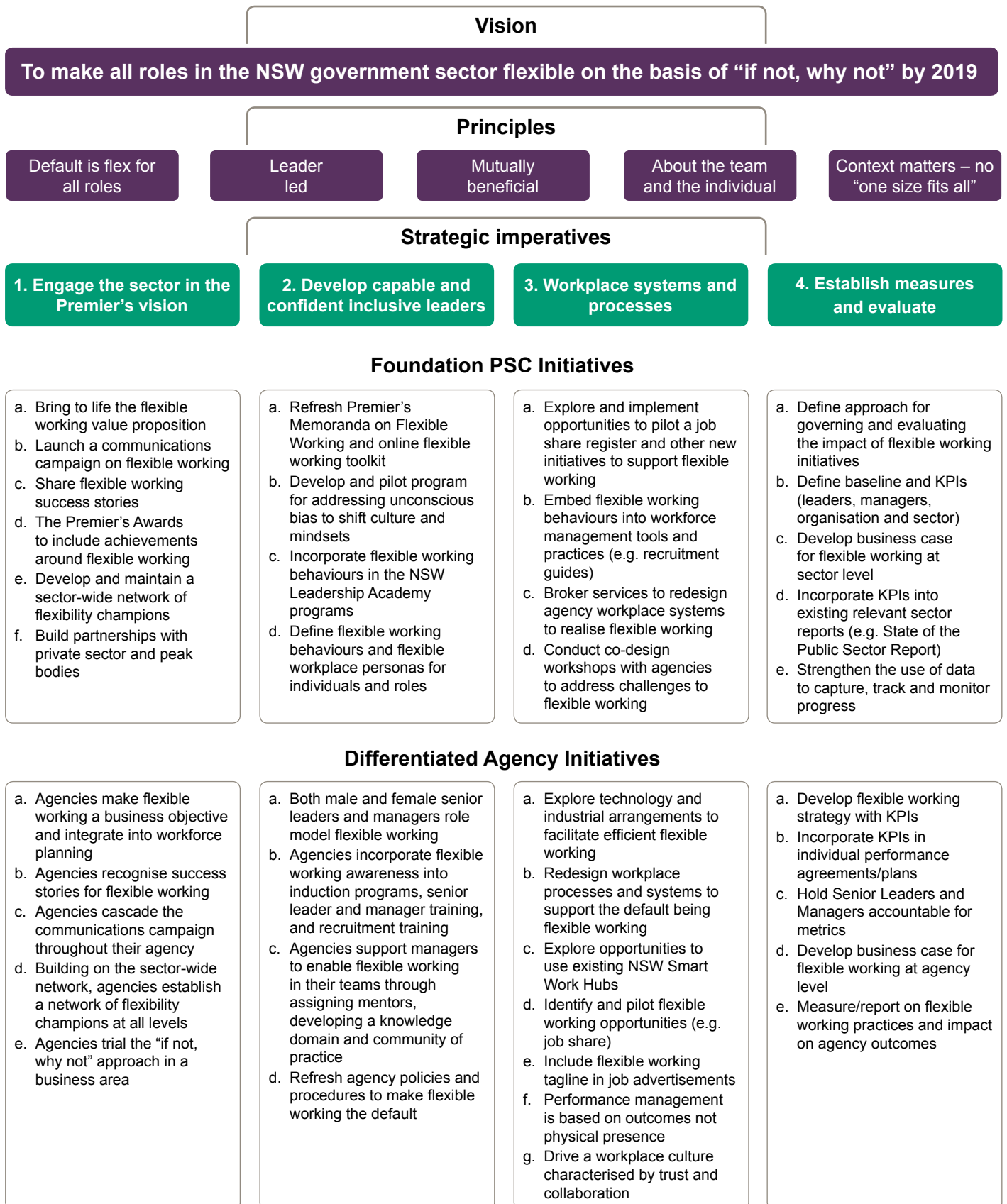
The draft strategy identifies areas where there is utility in designing a common approach, and where agencies are to take ownership of a range of differentiated initiatives. The role of the PSC is to lead sector-wide initiatives to provide the foundations for change, whereas Department Secretaries and Agency Heads are responsible for rolling out the “if not, why not” approach in their operating contexts. The draft strategy complements existing initiatives at the sector and agency level, with a particular focus on transparency and accountability for outcomes through KPIs.

A broad range of factors have been considered in developing the initiatives to enable a culture shift in how the sector promotes and brings to life the Premier's commitment.

- Understanding of what is possible, beyond the current flex-time and part-time practices. This means:
  - shifting the conversation around flexible working from a compliance orientated “flex-time” conversation towards an outcome orientated conversation
  - creating awareness of how roles can flex through success stories and roles models
  - simplifying processes and policies
- Helping senior leaders understand their role in leading the way by demonstrating what good flexible working looks like through their behaviours
- Building people's capability – individuals, teams and managers – so they are better equipped to have conversations about flexible working. This includes reconsidering the where, when and how of work to enable flexibility while delivering work outcomes and addressing the unconscious biases that many people experience in relation to flexible working
- Seeking to adapt the working environment and systems by focusing on implementing enabling technology, industrial arrangements and work environments so that everyone has the opportunity to work flexibly.

The success of the strategy will depend on individual agencies championing both their own initiatives as well as those led by the PSC. The PSC and individual agencies will work collaboratively to ensure initiatives are coordinated, targeted and supported. Figure 5 illustrates the scope of the strategy and the initiatives.

**Figure 5 – NSW Government Flexible Working Strategy**



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## Consultation Questions

9. Are there other initiatives you would include to promote flexible working?
  10. Do the sector-wide initiatives provide the foundations for agencies to implement the “if not, why not” approach? If not, please explain what more should be done.
  11. Would you expect agencies to take ownership of any other initiatives? If so, please describe the initiatives.
- 

## 6.5 Maturity approach

The draft strategy sets out a framework, as shown in figure 6, to enable agencies to develop their own flexible working strategies based on a review of their flexible working maturity levels and what works within their operating context. This supports agencies to trial the “if not, why not” approach to identify any key structural barriers, such as technology, industrial arrangements or building design. The structural barriers will require sustained engagement and investment to address and therefore, are expected in the medium to longer term.

As part of the sector-wide foundation initiatives, a flexible working diagnostic tool and guidance on how to develop and implement a flexible working strategy will be developed for agencies. The maturity-based approach also supports the pockets of good practice in the sector to further develop their flexible working maturity, with flexible working success stories shared across the sector.

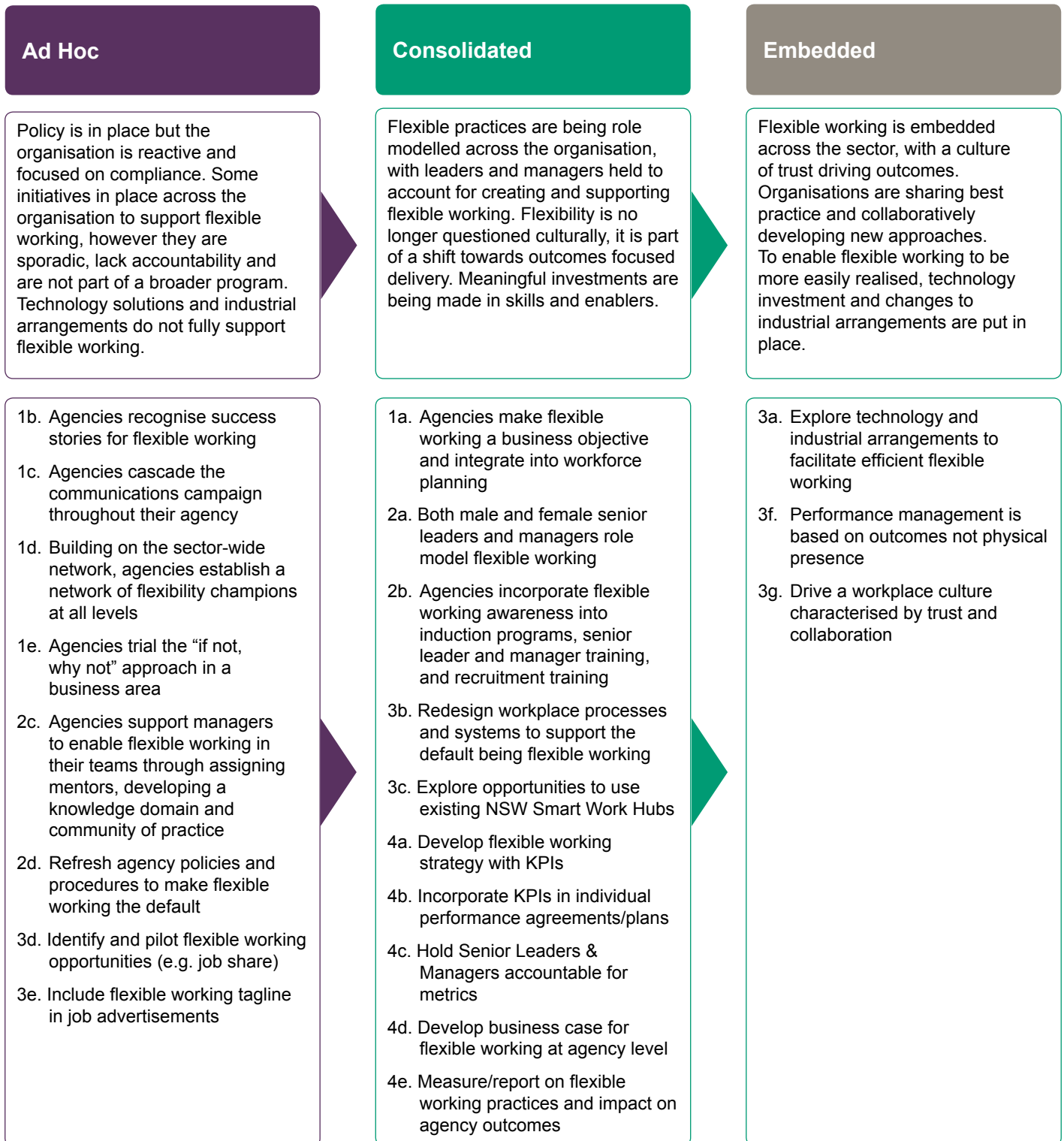
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*“ We tell employees you can split the role and easily job share. That’s what we do all the time here - but that might be because of my personal stance. “Tell us why” is what I say when managers push back ”*

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**Figure 6 – Differentiated Initiatives Relative to Flexible Working Maturity**



## Consultation Questions

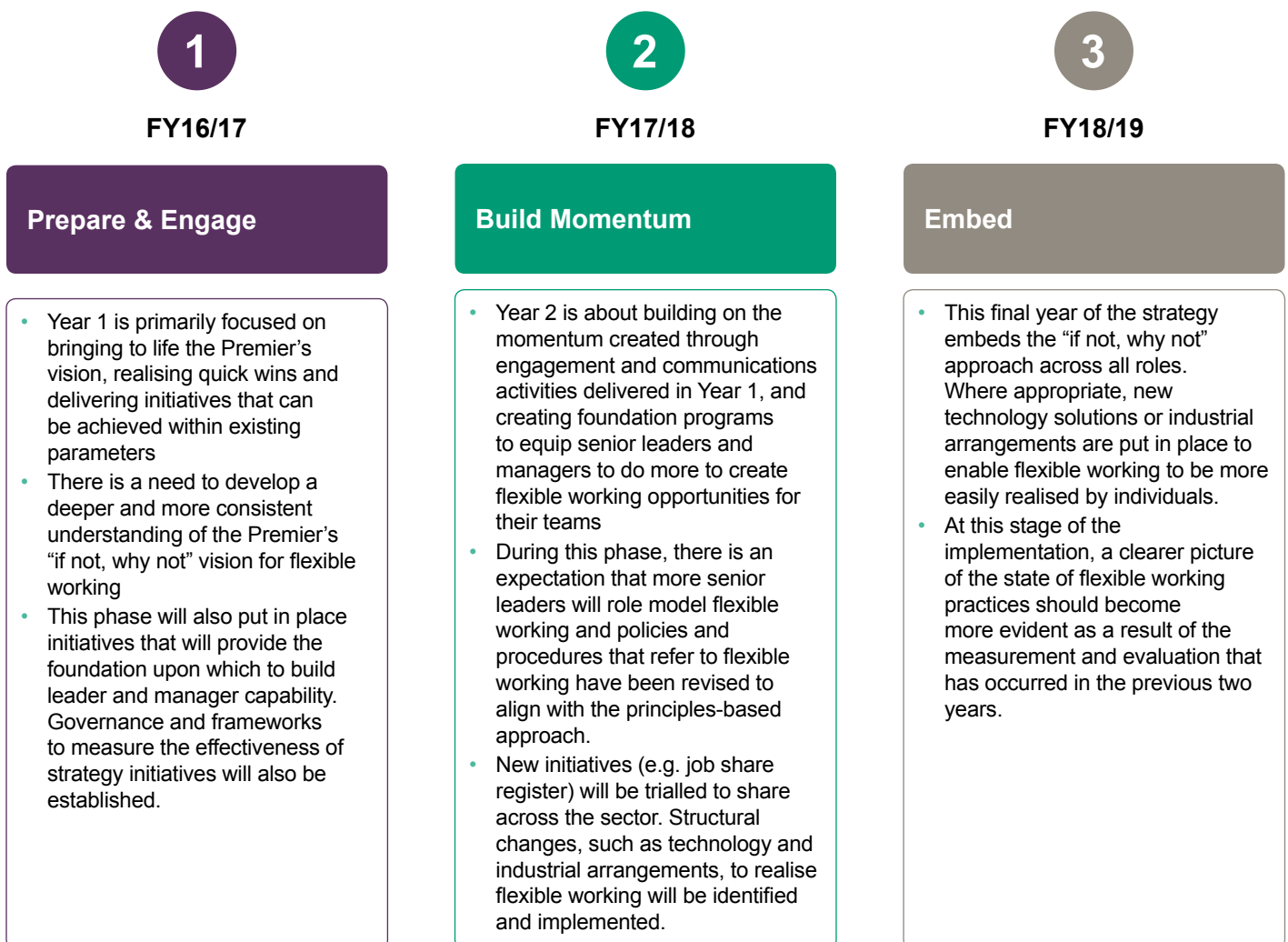
### 12. Does the maturity model provide a useful frame for agencies to guide implementation?

## 6.6 Implementation phases

There is much that can be done within existing parameters to enhance flexible working in the sector, with the research finding the key barriers are culture and mindsets followed by manager skills and experience. The shift to “embedded” flexible working will occur over three phases using a change management approach. This prevents flexible working being derailed through a focus on structural barriers, rather than changing the way people think and behave. By enhancing flexible working within existing parameters, quick wins are realised and a coalition of champions established.

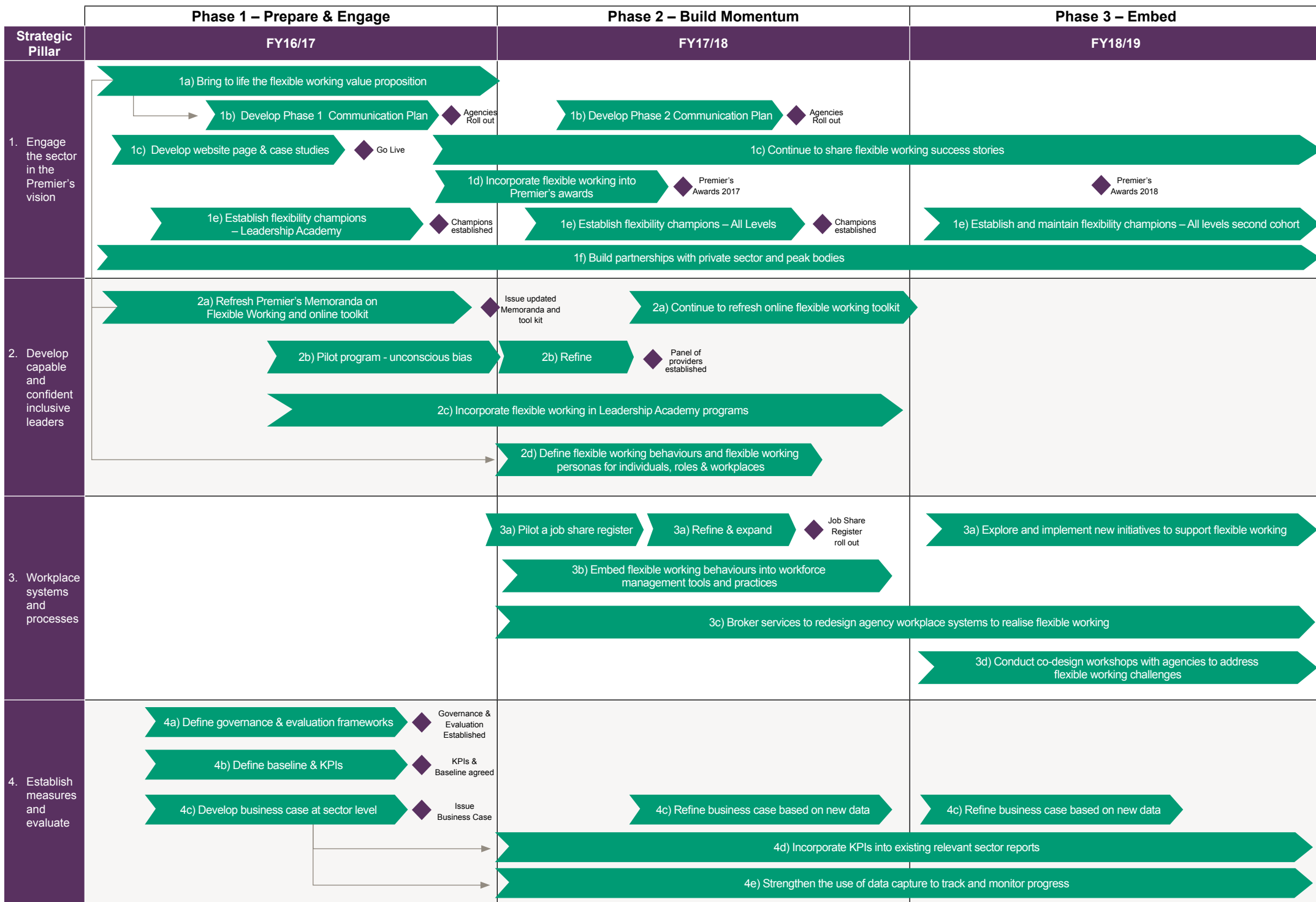
The sector-wide foundation initiatives will be implemented over three phases, as illustrated in figure 7. The implementation roadmap at figure 8 shows the sequencing of the sector-wide initiatives over the three phases. Progress will be measured and evaluated, with a review of the success of the draft strategy conducted in the second half of calendar year 2019.

**Figure 7 – Implementation Phases**



*“ We need leaders who role model in words and also actions ”*

**Figure 8 – Implementation Roadmap**





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## Consultation Questions

13. Would you change the sequencing of any of the initiatives? If so, please explain what changes you would make.

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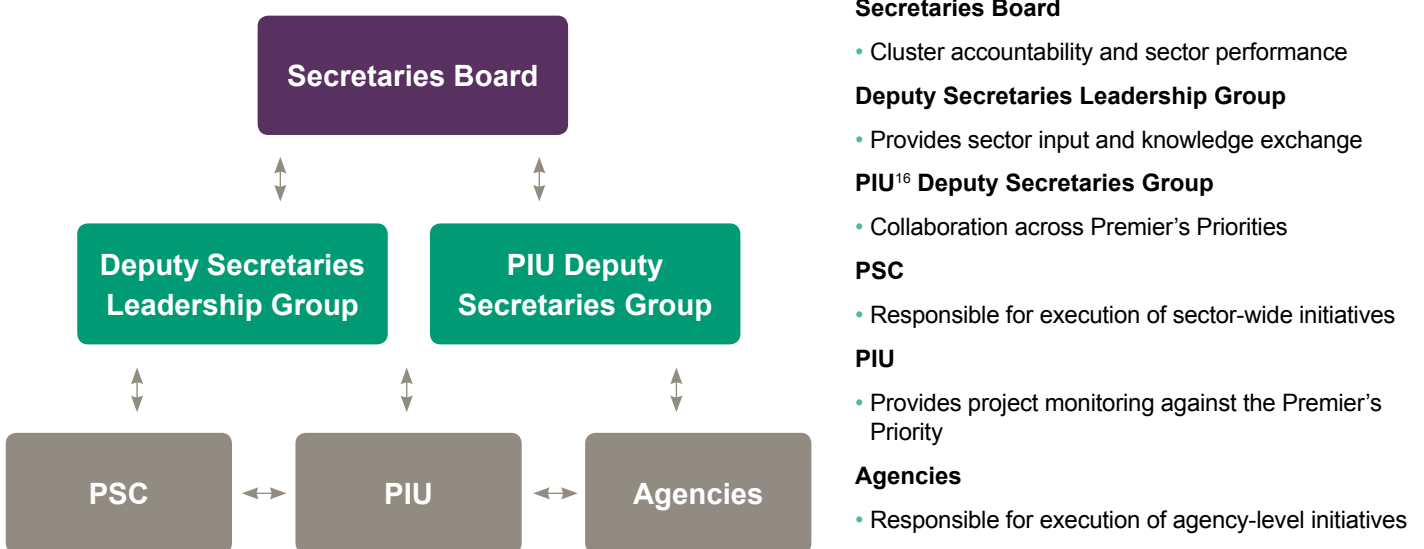
## 6.7 Governance and measurement

There is a need to define responsibilities and decision making, as well as the approach to measurement and reporting. This will ensure the sector is held accountable for performance and progress is tracked and reported.

### Governance

Oversight of implementation will be through the governance bodies for the Premier's Priority: Driving Public Sector Diversity, as shown in figure 9.

Figure 9 – Governance Framework



### Measurement

The draft strategy will be measured through a number of indicators, as set out in Table 3. This includes the sector-level workforce KPIs related to employee engagement and paid unscheduled absence, which have been adopted by the Secretaries Board. The flexible working indicators may be updated as other data sources become available. For example, the Workforce Profile currently covers part-time work but not other types of flexibility. The PSC is considering adding a collection item to the Workforce Profile that would cover other types of flexibility as well.

Given the diversity of the sector, it is challenging to develop indicators that relate to outcomes, such as productivity. What this looks like will vary significantly depending on the services being delivered. The draft strategy sets out indicators at the sector and cluster / agency level to measure and track progress. Agency Heads are encouraged to develop their own indicators relating to the outcomes to be realised by the "if not, why not" approach, which can be incorporated into their flexible working plans.

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16 PIU refers to the Premier's Implementation Unit in the Department of Premier and Cabinet.

The PSC will progressively include the flexible working indicators in future releases of the interactive workforce dashboard. This will provide cluster and agency views of the information to enable investigation of workforce factors to inform performance.

**Table 3 – Flexible Working KPIs**

Strategic Imperative	1. Engage the sector in the Premier's vision	2. Develop capable and confident inclusive leaders	3. Workplace systems and processes		4. Establish measures and evaluate	
<b>Indicator</b>	Acceptance of flexible working	Leader role models	Employee engagement	Satisfaction with flexible working	Paid unscheduled absence	Uptake of flexible working
<b>Data Source</b>	Agency Survey "What are the three most significant barriers you have identified to the take-up of flexible working arrangements" Options include 'individual manager resistance'	People Matter Employee Survey – "Do you use any of the following flexible work arrangements (select all that apply)" Employment category includes senior executive	People Matter Employee Survey - Engagement Index	People Matter Employee Survey "How satisfied are you with your ability to access and use flexible working arrangements?"	Workforce Profile Collection	People Matter Employee Survey "Do you use any of the following flexible work arrangements (select all that apply)"
<b>Frequency of Update<sup>16</sup></b>	To be determined	To be determined	Annual	To be determined	Annual	To be determined
<b>External Benchmarks</b>	No	No	Yes	Yes	No	Yes
<b>Target Recommended</b>	Yes – reduce % of agencies which select 'individual manager resistance' as one of the three most significant barriers	Yes – increase %	Yes- increase %	Yes – increase %	Yes – decrease hours of paid unscheduled absence per FTE	Yes – increase %
<b>Target Level</b>	Sector and Cluster/ Agency	Sector and Cluster/ Agency	Sector and Cluster/ Agency	Sector and Cluster/ Agency	Sector and Cluster/ Agency	Sector and Cluster/ Agency
<b>Sector Baseline</b>	40% of agencies selected 'individual manager resistance' (2016)	47% of senior executive respondents Use 1 or more types of flexibility (2016)	65% (2016)	58% positive (2016)	67.4 hours per FTE (2016)	66% of employee respondents Use 1 or more types of flexibility (2016)

## Consultation Questions

### 14. Are there other indicators you would include to measure flexible working which can apply across different operating contexts?

17 To be determined – the full People Matter Employee Survey may not be completed each year and may be substituted every second year with a shorter pulse survey.

# Attachment A: Flexible Working Research

Research from across the globe continues to highlight the business benefits associated with flexible working, in a number of areas:

## Employee engagement and commitment

- After implementing all roles flex in March 2014, Telstra experienced an increase in employee engagement scores. In 2015, formal flex workers had an 84% engagement score, exceeding global high performing norms. 84% of all employees indicated they had the flexibility they needed in their roles (+4% from 2014).
- ANZ introduced all roles flex in March 2015. Flexible workers are 2% more engaged compared with those who don't work flexibly. 86% of employees indicated that they feel they are able to make a flexible working request if they needed it. 69% of employees work flexibly (up from 37% in 2014).

NSW Government Sector (based on 2016 PMES results)

- 58% of respondents are satisfied with their ability to access flexible working.
- Respondents who work flexibly are 2.6% more engaged than those who don't work flexibly.
- 66% of respondents indicated they access some type of flexibility.

## Productivity and outcomes focus

Research consistently shows that implementing flexible working increases productivity.

- In the United Kingdom, the Department for Business Innovation and Skill's research showed the comprehensive provision of both flexible working and family friendly initiatives led to increases in productivity and a reduction in unscheduled absences.<sup>18</sup>
- 72% of firms participating in a global study by Regus said there was a direct link between flexible working practices and increased productivity.<sup>19</sup>

<sup>18</sup> Department for Business Innovation & Skills, "Costs and benefits to business adopting work life balance working practices: a literature review," 2014.

<sup>19</sup> Annabel Palmer, a New Approach to 9-5, 2014.

## Talent retention and attraction

The implementation of flexible working gives organisations the ability to attract talent across several important workforce demographics.

- After the introduction of all roles flex in Telstra the number of women joining the company exceeded the number of women leaving for the 8th successive quarter, reversing a long-running trend.<sup>20</sup>
- Making all jobs flexible, unless there are sound documented reasons not to, has been identified by the *Willing to Work Report*<sup>21</sup> as a key workforce strategy for attracting and retaining people with disability and older workers.
- Aboriginal and Torres Strait Islander employees in the NSW government sector are concentrated outside of Sydney. Flexible working enables regional workers to advance in their careers without having to relocate, which can be a disincentive for Aboriginal and Torres Strait Islander employees who want to maintain their connection with community.<sup>22</sup>
- With millennials entering the job market in increasing numbers, and displaying less organisational loyalty than other generations according to *Global Human Capital Trends 2016*<sup>23</sup>, flexible working is an important way to attract young talent with technological and specialised skills.

## Customer satisfaction

Well-supported flexibility triggers a sense of reciprocity among employees, which in turn leads to greater effort to meet the needs of customers.

- Australian insurance business Suncorp reported a range of improved measures in its commercial insurance claims area, where the majority of employees now work flexibly. These employees now demonstrate high levels of commitment and productivity, leading to high customer satisfaction ratings.<sup>24</sup>

## The big picture

When taken to the next level, flexible working can enable new business models with broader benefits to individuals and society more generally.

- In 2008, Salt Lake City, Utah adopted flexible working to cut energy consumption and utility costs. A four-day workweek program saw 17,000 of the state's 24,000 executive branch employees work 10 hour days, four day per week. In the program's first 12 months, energy use was reduced by 13% and a \$3 million saving was anticipated.<sup>25</sup>

20 <https://exchange.telstra.com.au/2015/03/31/why-flexible-working-is-good-for-business>

21 Australian Human Rights Commission, *Willing to Work: National Inquiry into Employment Discrimination Against Older Australians and Australians with Disability*, 2016.

22 NSW Public Service Commission, "Retention – valuing and retaining Aboriginal Employees in the NSW Public Sector, 2015.

23 Deloitte Human Capital Trends Report 2016.

24 University of New South Wales Business School, *Flexibility dividend: why supported employees increase customer satisfaction*, 2015.

25 <http://www.ksl.com/?nid=148&sid=7422008>