

Mr M. Taylor
Chief Executive
The Royal Society of Arts
8 John Adam Street
London WC2N 6EZ

modernemploymentreview@beis.gov.uk

16th May 2017

Dear Mr Taylor,

Submission of evidence to the Review on Modern Employment Practices/ response to questions

I am submitting evidence to the Review on Modern Employment Practices on behalf of the British Institute of Facilities Management (BIFM).

BIFM is the professional body for facilities management (FM). Founded in 1993, we promote excellence in facilities management for the benefit of practitioners, the economy and society. BIFM also promote and embed professional standards in facilities management. Committed to advancing the facilities management profession we provide a suite of membership, qualifications, training and networking services designed to support facilities management practitioners in performing to the best of their ability.

We also represent and support over 17,000 members around the world, both individual FM professionals and organisations, and thousands more through; providing guidance, supporting research that will help increase workplace productivity which will ultimately contribute to a happy workforce and healthy economy, and providing a platform for meaningful debate on issues of importance.

Facilities management professionals are responsible for services that enable and support business and are a catalyst for change. Roles cover management of a wide range of areas including: health and safety, risk management, business continuity, procurement, sustainability, space planning, energy, property and asset management. They are typically responsible for activities such as catering, cleaning, building maintenance, environmental services, security and reception.

In the context of your review, BIFM thought you would be particularly interested in three of our research resources;

- > **The Stoddart review – The Workplace Advantage** (December 2016): a study into the role of corporate office environments in UK productivity, which concludes how the workplace could improve UK productivity by 1-3.5% GDP, by creating a collaborative culture and a sense of community, leading to increased employee engagement. Employees are the No. 1 cost to any business; therefore, their working environment should help them to be effective. In doing so, business could deliver a £70 billion uplift to the economy.
- > **Agile Working Change Management – Guidance Note** (April 2017): a guidance note describing the benefits of agile working and 'do's and don'ts' for Facilities Managers helping to transition a work place to more agile working.

- > **Mind the Pay Gap: The Living Wage and Zero Hours- FM Leaders Forum: Discussion Paper** (August 2015): the discussion paper contains the conclusion of a Leaders Forum debate during which they suggested several actions to emphasise the positive value of both adapting the Living Wage and more sensitive use of zero-hours contracts.

Please find below the key findings of these resources, in addition to answers to some specific review questions.

Please do not hesitate to contact us if you would like more information or you would like to interview Institute Members. Even at this later stage of the Review, BIFM is more than happy to assist with a survey to our 17,000-strong membership, should that prove useful.

Yours sincerely,



Linda Hausmanis FRSA
Acting Chief Executive
BIFM

Review on Modern Employment - Questions

Security, pay and rights

- To what extent does the growth in non-standard forms of employment undermine the reach of policies like the National Living Wage, maternity and paternity rights, pensions auto-enrolment, sick pay, and holiday pay?
- **BIFM** can comment on the issue of the National Living Wage and zero-hours contracts. Our Leaders Forum: *Mind the Pay Gap: The Living Wage and Zero Hours* found that the National Living Wage and zero-hours contracts are not mutually exclusive. Indeed, the Forum found that businesses not paying the Living Wage (as set by the Living Wage Foundation, which is higher than the National Living Wage) not just run a reputational risk, they are also missing out on client engagement and report lower productivity compared to companies paying the Living Wage.

As an industry, ultimately, FM has a duty of care to pay a wage on which its personnel can manage. In addition, zero-hours contracts when used scrupulously and sensitively, can be ethical. When used in such a manner, zero-hours contracts can be empowering for workers who need the flexibility they provide.

Industry leaders found that Government has a role to play in this area by properly resourcing existing mechanisms – ensuring enforcement of the National Minimum Wage and boosting the work of the Low Pay Commission. Another consideration suggested for Government is to raise the National Insurance Threshold. These issues tie in with the question below of how Government can support an ecology of business models.

More information can be found in the Leaders Forum – *Mind the Pay Gap: The Living Wage and Zero Hours* (August 2015), which you can find attached with/linked within this email or in the executive summary below.

Progression and training

- How can we facilitate and encourage professional development within the modern economy to the benefit of both employers and employees?
- **BIFM** is currently working with employers and academics to develop apprenticeship standards in FM. BIFM is delighted to support the Government in its objective to create 3,000,000 apprenticeships by 2020. This will certainly help some way towards plugging the existing skills gap.
- BIFM has several recommendations for Government to facilitate and encourage professional development within the modern economy, particularly relating to apprenticeships. Government should:
 - Acknowledge facilities management and its contribution to the overall UK workforce and economy. The FM industry is the largest employer in the UK, employing up to 10% of the workforce, with an industry value up to £120 billion
 - Ensure that the FM qualifications and new apprenticeships are receiving what other similar frameworks are receiving in terms of funding
 - Listen to employers and their views and needs. A lot of employer (skills') needs are having to be rejected or compromised because the current rules and policy does not allow for it. Currently the process does not allow for any degree of flexibility
 - Develop support for those businesses for which the apprentices' time away would have a detrimental effect on the productivity of the business, as otherwise such businesses may not participate in the scheme. This issue of lower productivity may have a disproportionate effect on smaller businesses. However, this would mean that smaller businesses, who would win most by upskilling their workforce, would lose out most
 - Look at the up-take of apprenticeships in the different sectors. Those sectors where the take up is lower than capacity/budget should be supported not just to publicise the apprenticeships, but also in making the industry itself more attractive to young people and existing workers

- Review the apprenticeships scheme once it is in place to assess objectives met, uptake across different sectors, whether it is upskilling those people it intended to upskill, and to look at the effect of overall training budgets for businesses
- Measure the success of these new apprenticeships on the quality of the apprenticeship and not whether numerical metrics have been met
- Adapt the rules which would allow employers affected by the Levy to utilise the funds to meet non-apprenticeship training interventions – a competent workforce can be developed outside of the apprenticeship model

New business models

- How can government – nationally or locally – support a diverse ecology of business models enhancing the choices available to investors, consumers and workers?
- **BIFM:** On the issue of the Living Wage and Zero Hours, Government could help support a diverse ecology of business models by properly resourcing existing mechanisms. Government should make sure to enforce the National Minimum Wage and support and boost the work of the Low Pay Commission. Government should also consider raising the National Insurance threshold. Government could further help to have a meaningful debate about the positive value of both adopting the (Real) Living Wage and more sensitive and ethical use of zero-hours contracts.

Executive Summary – The Stoddart Review

The Stoddart Review is an independent, cross-industry consortium formed by the BIFM and founding partners privileged to have worked with the late Chris Stoddart MCIOB, FBIFM. BIFM hosted the initiative into the importance of the workplace and real estate as a key performance driver for increasing United Kingdom productivity.

The not-for-profit initiative was supported by business leaders, industry experts and research partners, namely Leesman and Sheffield Hallam University.

The Workplace Advantage (December 2016) – the first report from The Stoddart Review – is the first study of its kind into the role working environments play in organisational and UK productivity.

Key takeaways from the Review are:

- The workplace is estimated could improve UK productivity by 1-3.5% GDP
- Effective offices designed around the needs of users can:
 - Deliver a **£70 billion uplift** to the economy
 - Provide businesses with a **key differentiator in the war for talent**
 - Create a **collaborative culture** and a sense of community, **increasing employee engagement**
- Employees are No. 1 cost to businesses, therefore one should ensure their working environment helps them to be efficient
- The interface between people, place and process should be the preserve of a specialist- the Chief Workplace Officer (CWO)- with appropriate levels of access and influence. The CWO acts as a 'super-connector' who knows the right people to turn to and who can match the right people to the right opportunities
- Careful planning, rigorous feedback from end-users, regular measurement and acceptance that space will always be in beta, delivers a high-performing workplace
- Utilisation studies may be de rigeur, but they are falsely focusing attention on strategies to increase the number of people in the space. These strategies inhibit effectiveness and confuse space efficiency with space productivity
- The highest achievers begin by **understanding the diversity and complexity of their employees' work**, and build solutions around this core knowledge
- And all roads lead back to workplace – whether in **projecting brand values, reflecting purpose, changing behaviours or underpinning employee engagement**. Workplace is undoubtedly a differentiator, and much has been said about its role in attracting and retaining talent, particularly where that talent base is in common across sectors
- Businesses must ignore siloed advice and work with a variety of workplace professionals under the leadership of a workplace champion. This person must be able to **deliver integrated business cases** and act as the interpreter between the needs of the business and the infrastructure teams
- Technology is an enabler of the workplace, and its collective functionality is not, in itself, viewed as a differentiator between average or high-performing environments.
- Smarter buildings are just around the corner. This is not a futurology 'perhaps', they are entering the mainstream now, and the digitally-driven customisation of space to meet individual preferences offers employees a real opportunity to improve their personal effectiveness.
- Content-rich data on every aspect of building performance and employee behaviour has the ability to transform operating costs and efficiencies.
- The key question is: "Are the workplaces employees occupy, manage, or deliver, proactively supporting the roles of those they accommodate?"

Executive Summary – Agile Working Change Management – Guidance Note (April 2017)

Agile working describes a range of work arrangements that allow people and organisations to make new choices about when, where and how they work. It is underpinned by mobile technology and applies to people working in and away from the traditional office, either at home, on the road or in other locations.

Key takeaways from the Guidance Note are:

- > Improved staff productivity – who have the right tools and work settings for the task at hand and have been given the correct training to know when and how to use them
- > Improved space efficiency – office spaces see increased utilisation, allowing staff to work some of the time away from the office, which in turn reduces the daily demand upon the office space. As a result of this you require less space to accommodate the same number of people, making for a more productive and efficient space
- > Improved intra and inter team working and cohesion – by encouraging team members to work in different places in their team zone and by blurring the boundaries of team zones people get to know more people, endorsing a culture of trust which helps to improve knowledge sharing, innovation and collaboration
- > Improving business continuity – by enabling people to work effectively anywhere they are less dependent on being in the office to undertake their tasks
- > The ability to re-organise the workplace at nil cost and disruption – by moving people and not desks.
- > Enabling the organisation to retain and attract staff – allowing people to live well away from the office is advantageous to new staff who are looking to join an organisation. If the employer provides an agile working policy, this helps to maintain a work life balance
- > Sustainability – well used offices only use marginally more energy than poorly used offices so carbon emissions per head decline
- > Organisational agility – you can increase and decrease headcount without having to add or reduce the amount of space and fixed cost infrastructure you commit to

Executive Summary – Mind the Pay Gap: The Living Wage and Zero Hours- FM Leaders Forum: Discussion Paper (August 2015):

Perhaps counter-intuitively, the media's fixation on the misuse of zero-hours contracts could give FM an opportunity to reverse negative preconceptions about what they offer. The reality is that individual workers are more often empowered through their use on FM contracts, not entrapped.

Similarly, the Living Wage has come to prominence at exactly the right time for it to be used to show the appreciable difference between the worst-performing FM contracts and the best. In only two years, awareness and use of the Living Wage has grown tenfold.

FM is increasingly capable of demonstrating how successful delivery of facilities services boosts overall organisational performance. At a time of such a keen focus on the UK's lamentable standard of productivity when compared to its G7 cousins, what the current environment offers is an opportunity for FM to 'own' these issues, concluded the most recent BIFM Leaders' Forum panel.

There are difficulties in FM showing a united face when many of its service providers continue to treat the issue of staff development so differently. But ultimately, FM has a duty of care to pay a wage on which its personnel can manage.

Panellists suggested several actions to emphasise the positive value of both adopting the Living Wage and more sensitive use of zero-hours contracts:

- Clients must be alerted to the reputational risk of ignoring the Living Wage
- FM must emphasise that client engagement and productivity tend to be higher at companies paying the Living Wage
- Better pay cuts staff churn, which in turn leads to more cohesive working
- The industry must press the government to properly resource existing mechanisms – ensuring enforcement of the National Minimum Wage and boosting the work of the Low Pay Commission
- It should also lobby the government to consider raising the National Insurance threshold
- The industry must create stronger supervisory and management performance
- Service providers should do more to develop the bond with their workforces, who often identify more with the client
- FM has a duty to show the wider world how zero-hours contracts, used scrupulously and sensitively, can be ethical
- Stop agency workforces being unfairly left behind in terms of induction, integration and training
- The growing skills gap in management must be plugged through better talent-spotting and training

