

people:skills:jobs:



Department for
**Employment
and Learning**
www.delni.gov.uk

Flexible working and time to train

Final impact assessment

June 2010



TABLE OF CONTENTS

1.	IMPACT ASSESSMENT: RIGHT TO REQUEST FLEXIBLE WORKING	2
	Introduction	2
	Equality impact.....	3
	Health impact.....	5
	Regulatory impact	5
	Other impacts	14
	Alternatives considered.....	15
2.	IMPACT ASSESSMENT: PROPOSED NEW RIGHT TO REQUEST TIME TO TRAIN....	17
	Introduction	17
	Equality impact.....	17
	Social inclusion	19
	Regulatory impact	19
	Other impacts	26
	Alternatives considered.....	27

1. Impact assessment: right to request flexible working

INTRODUCTION

- 1.1. **The benefits of flexible working arrangements are generally recognised by employers as well as employees. 19 in 20 employers agree that people work best when they can balance their work and other aspects of their lives; over two-thirds of employers feel that flexible working arrangements have a positive effect on employee relations; approximately half say that flexible working practices have a positive effect on labour turnover, absenteeism, productivity and recruitment; and, according to employees surveyed, around three-quarters of requests to work flexibly are agreed in full by employers¹.**
- 1.2. Requests to work flexibly are more likely to come from women than men, from parents than non-parents and from part-time than full-time employees. Childcare is the most popular reason for making a request, as might be expected given the focus of the existing statutory regime and the pressures that parents in particular face in balancing work and home commitments². The Department, in its legislation to date, has targeted the right to request so that it applies to groups most likely to experience particular strains in balancing their work and home lives. Currently, the right is available to parents of children under six years of age, parents of children with disabilities under 18, and carers of adult dependants.
- 1.3. The consultation set out five options in relation to possible extension to wider groups of the right to request. These are:
 - *extension to parents with older children aged 12 or under; aged 16 or under; aged 18 or under;*
 - *extension to all employees;*
 - *no change.*
- 1.4. Following public consultation, the Department has concluded that the most appropriate way forward is to extend the right to request flexible working to qualifying employees with parental responsibility for a child aged 16 or under.

¹ 'Flexible working patterns: comparison of employee and employer surveys conducted in 2003 and 2006' (DEL, March 2007), pp 3, 6-7.

² Figures from *ibid.* p. 8.

EQUALITY IMPACT

- 1.5. The purpose of the proposed extension of the right to request flexible working to parents of older children is to provide this group with greater choice and flexibility in balancing the competing responsibilities generated by work and family life. The rationale for the focus on parents is that this group faces particular difficulties in achieving work-life balance that are not experienced by those without dependent children³.
- 1.6. Of the nine equality categories set out under Section 75 of the Northern Ireland Act 1998, primary beneficiaries of an extension to the law to cover parents of older children would be likely to be within the 'gender', 'age' and 'dependants' groupings.
- 1.7. Women, who disproportionately have main familial caring responsibilities for children⁴, will be likely to benefit given that they most often experience a tension between the demands of work and home. It is no coincidence that women of working age with dependent children have a five percentage point lower economic activity rate than those without dependent children⁵. Men, however, will also see benefit, albeit probably to a lesser degree than their female counterparts given the societal pressures and expectations surrounding the male familial role and employment⁶. Men remain considerably more likely than women to work full-time⁷, tend to earn more⁸, and are much less likely to fulfil the role of primary carer – all factors which tend to perpetuate male gravitation towards a working over a caring role.
- 1.8. By encouraging through example the development of a flexible working culture, extension of the right should additionally help jobseekers who are parents of young children, particularly lone parents and returners, to find a job that allows them to balance competing job and family responsibilities.
- 1.9. Children in the age-group 6-16 who are affected by the legislation may benefit from more time with their parents, less disruption to domestic arrangements, better educational outcomes and better parental supervision and support. It is also possible that better behaviour and improved career potential will see a contribution from increased familial

³ For example, 10.6% of the economically active (16 to pensionable age), who do not have children, work part-time; however, this figure rises to 20.4% where there is a dependent child in the household – NI Census statistics, www.nisra.gov.uk.

⁴ 2001 Census data reveals that just 1.6% of male economic inactivity is due to “looking after home / family”, whereas for females, the figure is 14.9% – see www.nisra.gov.uk.

⁵ 'Women in Northern Ireland' (Department of Enterprise, Trade and Investment (DETI), Labour market statistics bulletin, February 2005).

⁶ Devine, Paula, 'Mystery man?' (ARK, research update no. 38, June 2005) – www.ark.ac.uk.

⁷ 8% of male employees work part-time, whereas for female employees the figure is 39% – 'Women in Northern Ireland', p. 7.

⁸ Ibid., p. 11.

involvement in the child's everyday life⁹. The case should not be overstated, however; flexible working is unlikely to generate gains of these kinds in the absence of a generally supportive home environment.

1.10. The preliminary equality impact assessment that accompanied the consultation suggested that there may be negative impacts on groupings who do not benefit from the right, particularly those without dependants, in that these individuals could be asked to plug 'gaps' left by those having flexible working requests granted. While such impacts are undesirable, some mitigating action is possible. The Department will ensure that proper guidance remains in place emphasising that employers, in considering a request, should ensure that they are appropriately equipped to deal with the consequences of granting it. The guidance will continue to make clear that employers are not under a duty to accept a request where valid reasons make it impractical.

Anticipated equality impacts by Section 75 category

1.11. The anticipated equality impacts are set out in **Table 1**.

Table 1: Anticipated equality impacts of extending the right to request flexible working

Equality Grouping	Likely impacts
Religious belief	Cultural factors, such as attitudes towards a woman's role at work or in the home, may influence take-up of some rights amongst certain minorities. This can be mitigated to a large extent by ensuring that information on the extended right to request is widely available, including in alternative formats where appropriate. However, people cannot be forced to avail of the rights, merely encouraged to do so.
Political opinion	
Racial group	
Age	It is possible that greater involvement by parents in the lives of children in the affected age-groups, following a successful request, will be beneficial to outcomes for those children.
Marital status	Lone parents, who often face greater demands at home than do parents in a couple, are likely to benefit indirectly from the growth of a more permissive flexible working culture.
Sexual orientation	Extended flexible working rights will be made available regardless of a person's sexual orientation. There is therefore no equality impact arising.
Gender	The proposals benefit both men and women, though the most positive equality impact falls upon women, who are more likely to be the primary provider of childcare.
Disability	There is a marginal benefit to individuals with disabilities if the right to request is extended to cover parents with children aged 18 and under. Currently, the right for parents who have children with disabilities to make a request only applies where the child is aged <i>up to</i> 18.

⁹ Some research has suggested that children with involved fathers, for example, tend to be more psychologically well-adjusted, do better at school and engage in less anti-social behaviour. 'Closeness' to fathers during childhood has been found to be positively related to adult children's educational and occupational mobility. It should be noted that there is ongoing academic debate on the role and influence of parental involvement on children's outcomes, and that flexible working, independent of other family circumstances, has not been shown to lead to the kind of advantages discussed here. See Buchanan, Ann, 'Father involvement and outcomes in adolescence and adulthood: end of award report' (October 2001) – www.esrcsocietytoday.ac.uk/ESRCInfoCentre/ViewAwardPage.aspx?AwardId=1213.

Next steps

- 1.12. The Department will introduce regulations which will become effective from June 2010. In the run-up to the introduction of any new right, the Department will set out to raise awareness of the extended entitlement among employers and employees.
- 1.13. Monitoring and evaluation of the extension of the right will be carried out by way of future employment relations research amongst employers and employees.

HEALTH IMPACT

- 1.14. Extending the right to request flexible working will promote better work-life balance and thus address some of the mental stresses that can be associated with the difficulties of balancing responsibilities at home with those in the workplace. Some benefit, in terms of increased mental wellbeing, is likely to be seen by employees who make successful requests and children aged 6-16 who benefit directly from the extended right to request e.g. through spending more time with a parent. Some research shows that positive outcomes can be associated with parental involvement in a child's life (although academic debate is ongoing on the extent of such influence and no definitive claims can be made).
- 1.15. As also outlined in the equality impact assessment, there is a need to guard against placing additional stresses, by way of increased workload, on those who are not qualifying parents or carers. As noted elsewhere, the Department will update its guidance materials to make it clear to employers that they need not accept a request where the business cannot accommodate it. Inability to reorganise work among existing staff is one of the legitimate business grounds on which an employer can refuse an application to work flexibly.

REGULATORY IMPACT

- 1.16. The proposal to extend the right to request flexible working is an attempt to increase the reach of what has been a successful employment right whilst at the same time maintaining the 'light touch' approach that seeks to avoid placing significant new burdens on business, particularly important in the current difficult economic climate.
- 1.17. The methodology adopted for estimating the costs and benefits is similar to that used in earlier impact assessments concerning the right¹⁰. Take-up is likely to differ between mothers and fathers and also by current working pattern (full or part-time); however, since detailed

¹⁰ See, in particular, the methodology explained in 'Work and families: choice and flexibility – consultation on regulations and policy' (DEL, April 2006).

statistical information of the kind presented in the Great Britain Regulatory Impact Assessment¹¹ is not available for Northern Ireland, simplifying assumptions have been used. Firstly, it is assumed that there are some 279,000 working age employees with dependent children¹², broken down in [Table 2](#).

Table 2: Number of working age employees by age of youngest dependant child

Age of child	Number of working age employees
0-4	111,000
5-11	90,000
12-18	78,000
TOTAL	279,000

1.18. The above figures are then used as a basis, in [Error! Not a valid bookmark self-reference.](#), to establish the number of employees who have parental responsibility for a child aged 6-16.

Table 3: Number of employees eligible to request flexible working under the proposed new arrangements

	Parents of children aged 16 & under
Base figure ¹³	256,714
Excluding parents of children aged 0-5 ¹⁴	132,857
Excluding parents of children with disabilities aged 6-17 ¹⁵	129,587

¹¹ 'Extending the right to request flexible working to parents of older children: Government response to consultation on implementing the recommendations of Imelda Walsh's independent review' (BERR, March 2009).

¹² Labour Force Survey (LFS), October-December 2008. The figure is based on the head or partner of the head of family unit only i.e. those who have a responsibility for the dependant child. It does not include family members who are of working age but who do not have parental responsibilities such as an elder sibling. A dependant child refers to all children under 16 and those aged under 19 who are still in full-time education. Working age refers to females age 16-59 and males aged 16-64. Please note that the LFS is a sample survey and that figures are subject to sampling error.

¹³ To ascertain the base figure for the age group 6-16, the following calculation is used: figure for employees with children aged 0-4 + figure for employees with children aged 5-11 + one seventh of figure for employees with children aged 12-18 i.e. $111,000 + 90,000 + (5/7 \times 78,000) = 256,714$. Note: the five-sevenths figure for 12-18 year olds is arrived at on the basis of the simplifying assumption that each age group contains equal proportions of children of each age, in this case $5/7 \times 78,000 = 55,714$ (rounded).

¹⁴ Parents of children aged 0-5 are covered by the existing right to request. The number of employees with children in this group (123,857) is calculated using the same methodology as above.

¹⁵ Parents of children with disabilities aged 6-17 are also covered by the existing right. The total number of employees with children aged 6-17 (worked out in line with the methodology above) is scaled down to 2.3%, to reflect the proportion of children in this age group likely to have a claim for Disability Living Allowance (DLA). The 2% figure is derived by comparing the number of children aged 0-17 claiming DLA with the relevant mid-year population estimate – in this case for 2007. At this time, there were around 10,000 DLA claimants aged 0-17 and just over 430,000 children within this age group in Northern Ireland. Sources: Table A: Resident population estimates mid-2007: quinary age groups by sex (NISRA); All persons

	Parents of children aged 16 & under
Having six months' service ¹⁶	117,924
	101,213

1.19. The Great Britain RIA estimated that 6.9% of eligible employees would make a flexible working request¹⁸. It is reasonable to make the same assumption in respect of Northern Ireland. It is also assumed, as in the 2006 Northern Ireland RIA, that 80% of requests will be accepted at stage one¹⁹ (encompassing a written request from the employee, deliberation by the employer both before and after a meeting with the employee, and preparation of a decision); that half of rejected requests are appealed; and that approximately 20% of appeals are accepted. Finally, it is assumed that 2% of unsuccessful appellants will take their case to an industrial tribunal, and that 20% will be successful. Calculations on the basis of these assumptions are set out in [Table 4](#).

Table 4: Total number of flexible working requests expected

	Parents of children aged 16 & under
Eligible to request	101,213
Number of stage 1 requests	6,938
Successful stage 1 requests (80%)	5,550
Unsuccessful stage 1 requests (20%)	1,388
Appeals (50% of all rejected at stage 1)	694
Successful appeals (20% of all appeals)	139
Unsuccessful appeals (80% of all appeals)	555
Tribunal claims (2% of rejected appeals)	11
Successful tribunal claims (20% of claims)	2
Unsuccessful tribunal claims (80% of claims)	9
TOTAL REQUESTS ACCEPTED	5,691

Benefits

1.20. Where flexible working enables parents of children within 6-16 age group to remain in the labour market rather than give up employment to manage home responsibilities, there will be benefits in terms of

claiming Disability Living Allowance at August 2007 by 1992 geographic boundaries, gender and age bands (Department for Social Development).

¹⁶ As in the Northern Ireland RIA of April 2006 (which dealt with extending the right to carers), it is assumed that 91% of employees have accumulated six months' service with their employer, a pre-requisite for entitlement to make a request.

¹⁷ As noted in the April 2006 impact assessment dealing with carers and the right to request, the 2001 Census revealed that there were 82,902 carers in Northern Ireland who were employees. This figure represented just over 14.2% of the 585,000 employees in Northern Ireland in the Spring of 2001. For the purposes of this RIA, it is assumed that this proportion of employees who might otherwise benefit from extension of the right to request are already covered as carers.

¹⁸ Number of new employees entitled to make a request (4,493,000) / number of additional requests (308,000).

¹⁹ This is lower than the GB estimate in recognition of the greater proportion of small employers in the Northern Ireland economy. It is assumed that small employers find it more difficult to grant a flexible working request.

reduced staff turnover costs and increased skill retention. There may be broader savings to employers through reduced turnover among this group. At present, many working parents have some form of flexible working pattern, but to achieve this, a proportion will have had to change their job. Parents may leave their jobs for others with more flexible working patterns but which may be lower paid or lower skilled.

1.21. As with the Great Britain impact assessment, the Department has drawn upon a CIPD survey on recruitment, retention and turnover, which estimated a UK labour turnover rate of 17.3%. It is assumed that, of this 17.3%, 11.8% leave their employer either to have or to look after children,²⁰ that 5% of employees who otherwise would have left their jobs to look after family members will not do so as a result of the extension, and that the cost of filling a post that becomes vacant is £6,032²¹. When these assumptions are applied, the benefits in **Table 5** can be calculated as shown.

Table 5: Estimated savings in recruitment costs as a result of lower labour turnover

	Parents of children aged 16 & under
Employees remaining in work ²²	103
SAVINGS ²³	£623,155

1.22. Evidence has shown that flexible working arrangements can have a beneficial effect in terms of increased productivity and ultimately profits²⁴. In Northern Ireland, the research suggests that 50% of employers believe flexible working has a positive effect on productivity, while 6% believe it has a negative effect²⁵. Given the generally positive views associated with flexible working, the following assumptions have

²⁰ Due to data quality issues, this assumption is based on an average over the previous four years in the data series. Since 2002, the CIPD has carried out an annual survey on recruitment and turnover covering between 715 and 905 UK organisations (www.cipd.co.uk/subjects/recruitment/general/_recruitretnt.htm). Each year the survey calculates the rate of staff turnover in these organisations and asks the reasons given for staff leaving the employer. In the 2007 survey, only 69 organisations provided information on the percentage that left their employer either to have or to look after children. This might explain why the figure of 27% for that year shows a dramatic increase over previous years. To provide a more robust figure for this impact assessment, an average of the previous four years has been taken, hence the 11.8% figure.

²¹ The CIPD annual survey on recruitment and turnover also asks about the costs of labour turnover and of recruitment. Relatively few organisations provided information on the former but figures for 2005 (£8,200) and 2006 (£7,750) showed dramatic increase on previous years for no apparent reason. However, the 2007 figure is more in line with previous estimates. For this NI impact assessment, as in GB, the 2007 figure of £5,800 was used with an annual growth rate of 4% applied to update for 2008 prices.

²² Number of parents eligible to request x percentage labour turnover x percentage leaving their employer to have or look after children x percentage choosing not to leave work as a result of change in law.

²³ Number of parents remaining in work x recruitment and labour turnover cost.

²⁴ See, for example, 'Flexible working patterns: comparison of employee and employer surveys conducted in 2003 and 2006' (DEL, March 2007).

²⁵ Data from 2006 flexible working survey of employers.

been used to calculate the benefits of extending the right, with the results presented in **Table 6**.

- *44% of new flexible working arrangements result in increased productivity²⁶;*
- *output per worker is £80,897²⁷;*
- *a notional 5% output gain would be achieved for the new working arrangements that result in increased productivity. A 5% level was chosen because employers must have realised a significant rise in productivity to report that flexible working has had a positive impact on their firm;*
- *improved productivity leads to higher output and 15.4% of the increased output will represent gross profit. This figure represents the ratio of gross operating surplus to domestic output of product for the entire economy²⁸.*

Table 6: Increased profits as a result of increased productivity

	Parents of children aged 16 & under
Requests accepted	5,550
New working arrangements that increase productivity (44%)	2,504
Output before flexible working ²⁹	£202,569,324
Output gain as a result of flexible working (5%)	£10,128,466
EXTRA GROSS PROFITS P.A. (14%)	£1,559,784

1.23. This assessment makes an assumption that flexible working allows employees to reduce incidences of absenteeism. Evidence shows that 51% of employers believe that flexible working arrangements can have a beneficial effect on absenteeism while 3% believe that it has a negative effect³⁰. Benefits resulting from reduced absenteeism, set out in **Table 7**, have been calculated on the basis of the following assumptions.

²⁶ Calculated on by subtracting the 6% who believe flexible working has a negative effect on productivity from the 50% who feel that it has be positive effect.

²⁷ The Department has drawn on the data provided in the GB RIA here. To calculate output per worker, that RIA used ONS labour market statistics (MGRZ) February 2009, which indicate that there were 29,361 million workers in the period October-December 2008. From the ONS Blue Book 2006, UK output was £2,151,833 million in 2004 (latest available on this basis). After an average growth rate of 2.5% is applied to UK output to update for 2008, divide by the number of workers to give an output per employee of £80,897.

²⁸ Again, the GB methodology has been used. From ONS Economic Accounts series (ABNF) 2008 Q3, gross operating surplus or profit was £330,960 million in 2004. From before, UK output was £2,151,833 million in 2004 (latest available on this basis). The Department divides profit by output and assumes the same ratio still applies in 2008, giving the proportion of profits to output as 15.4%.

²⁹ Number of new working arrangements that increase productivity x output per worker.

³⁰ Data from 2006 flexible working survey of employers.

- *48% of new working arrangements will result in lower absenteeism³¹. As in the GB RIA, a constant rate of people being absent is assumed even though the Department recognises that different factors such as the age of an employee's child will affect the likelihood of absence.*
- *The cost of absenteeism prior to making a request is £666 per year; after a request is accepted, the cost is assumed to fall by 10% (£66.60).*

Table 7: Savings in absence costs

		Parents of children aged 16 & under
	Requests accepted	5,550
	Cases where positive effect on absenteeism	48%
	Saving per request	£66.60
TOTAL SAVINGS FROM REDUCED ABSENTEEISM P.A.³²		£181,930

Costs

- 1.24. The principal costs to business can be categorised under implementation costs, procedural costs and the costs of accommodating accepted requests.
- 1.25. Implementation costs are assumed to be negligible. Firms are already familiar with how to process a request for flexible working. The cost of communicating the change in eligibility criteria to employees will be negligible and it is assumed that firms will already have a method of communication in place that will merely require updating. Most of these costs will be incurred when any changes to the law come into operation.
- 1.26. As regards the procedural costs of handling requests for flexible working under a revised law, as in the 2006 RIA, it is assumed that the principal cost of dealing with requests will be in the time taken both by management and employees.
- 1.27. By way of reminder, a request to work flexibly can encompass several stages, the first of which involves a written request from the employee, deliberation by the employer and preparation of a decision. The following assumptions, which are the same as those used in the 2009 GB RIA, are applied.
- *Employees prepare requests in work rather than in their own time.*
 - *It takes three hours of management time³³ and two hours of employee time³⁴ on average to process a formal request.*

³¹ Calculated on by subtracting the 3% who believe flexible working has a negative effect on absenteeism from the 51% who feel that it has a positive effect.

³² Number of requests accepted x percentage of new working arrangements resulting in lower absenteeism x saving per request.

- *It takes one-and-a-half hours for an employer and half-an-hour for an employee to deal informally with a request.*
 - *80% of requests are dealt with formally or discussed at length, and 20% are dealt with informally.*
- 1.28. There will, of course, be considerable variation in the time this process takes depending on the nature of the request, the way the request is then handled by the employer (the level of management permitted to decide on requests, the degree of written protocol), whether an employee is accompanied at the meeting with management, and whether or not a decision is straightforward to make (e.g. whether employees have to be consulted).
- 1.29. Experience has also shown that introduction of the formal right to request creates a culture change in the workplace and an acceptance of the procedure, leading to many applications being made on a more informal basis, again significantly reducing the procedural costs. However, it is accepted that these assumptions represent an average, then it can be concluded that it is likely to cost £84.85³⁵ to process a request at the first stage.
- 1.30. The appeal stage involves a written statement of appeal by the employee, a meeting (where the employee may be represented) and a written response by the employer. Where requests reach this stage, it is likely that both employees and managers take more care and attention over their written communications. The meeting may also be longer and more wide-ranging. As in the final Great Britain RIA, it is assumed that it takes 5.29 hours of employee time and 7.93 hours of management time to deal formally with an appeal, and that it takes 2.14 hours of employee time and 6.43 hours of management time to deal with an appeal informally. Applying the same methodology as that used to calculate the cost at the first stage, the Department concludes that dealing with a request at the appeal stage will cost, on average, £237.90.

³³ According to the Annual Survey of Hours and Earnings (ASHE) for 2008 (DETI, 2008), personnel, training and industrial relations managers (SOC code 1135) on average earned £17.86 per hour. Factoring in 21% for non-wage labour costs (the assumption applied in Great Britain's final RIA, p. 35) produces a figure of £21.61 (£17.86 + £3.75). An assumption is made that this cost will have increased by 4% per annum by 2010, so that by then, average hourly earnings for SOC code 1135 will be £23.37 (subject to rounding).

³⁴ Average hourly earnings for SOC code 4122 are calculated in the same way: average hourly earnings in 2008 (£9.77) + non-wage labour costs (21% or £2.05) = £11.82, scaled up by 4% per annum until 2010 to a figure of £12.79.

³⁵ To reach this figure, the cost of a formal request is first calculated: (management time per formal request x management time per hour) + (employee time per formal request x employee time per hour) i.e. (3 x £23.37) + (2 x £12.79) = £95.69. The same formula is then applied to informal requests: (1.5 x £23.37) + (0.5 x £12.79) = £41.45. The figure of £84.85 is the result of taking into account the percentage of requests which are formal and the percentage which are informal i.e. (80% x £95.69) + (20% x £41.45).

- 1.31. The Department then takes into account the cost to an employer of an application to an industrial tribunal. The Survey of Employment Tribunal Applications 2003 was used to estimate a benchmark figure for Great Britain of £4,980³⁶, and there is no reason to assume that the situation differs significantly in Northern Ireland. The same figure is therefore used.
- 1.32. The final procedural cost is adjusted, as in the Great Britain RIA, to reflect the impact of better guidance. Procedural costs that are net of administrative burdens are calculated as 25% of the total and it is assumed that 25% of *this* figure, in turn, is saved as a result of better guidance reducing the time businesses spend on processing flexible working requests³⁷.
- 1.33. On the basis of the above information, the Department presents in **Table 8** estimates of the total procedural cost of extending the right to request flexible working.

Table 8: Total estimated procedural cost³⁸

	Parents of children aged 16 & under
Requests at first stage	6,938
Cost ³⁹	£588,666
Appeals	694
Cost	£165,104
Taken to industrial tribunal	11
Cost	£54,780
Total procedural cost	£808,550
ADJUSTED TO ACCOUNT FOR BETTER GUIDANCE	£758,016

- 1.34. Employers may also face costs in accommodating requests. These might derive, for example, from reorganising work schedules or making adjustments to IT systems (e.g. to permit flexible rostering). In some cases, for example where another employee must be recruited to cover for an employee reducing their working hours, the potential costs could be more substantial.
- 1.35. Employers can, of course, reject requests on the basis of cost, but that is not to suggest that where extra costs are involved, employers will always choose to do so. For the purposes of this assessment, the

³⁶ GB RIA, p. 34.

³⁷ For example, under the 'Children 12 & under' option, the total procedural cost before adjustment is £808,550. 25% of this is £202,138, and 25% of this, in turn, is £50,534. £808,550 - £50,534 = £758,016.

³⁸ Costs are calculated on the following basis: cost per request at stage *s* x number of requests at stage *s*. Calculations are subject to rounding.

³⁹ Number of first stage requests x cost of processing a first stage request. A comparable formula is used to calculate the cost of appeals and tribunal cases.

assumption is made that it will cost the equivalent of three days' wages to accommodate a request to work flexibly⁴⁰.

1.36. The cost of accommodating a request accepted at stage one is estimated at £254.70. This is based on the £12.79 average hourly earnings for SOC code 4122 calculated previously, multiplied by the average number of hours worked per day by employees falling within this group, 6.64⁴¹, and the estimate of three days' wages required to accommodate a request (£12.79 x 6.64 x 3). It is likely that requests accommodated at the appeal stage, or at the external dispute resolution stage, will be more finely balanced and, therefore, the first stage figure is multiplied by factors of 1.5 and 2 respectively for the appeal and tribunal stages respectively. This results in a cost per successful appeal of £382.06 and per successful external resolution of £509.41. The estimated costs of accommodating requests are presented in **Table 9**.

Table 9: Cost of accommodating requests⁴²

	Parents of children aged 16 & under
Requests accepted at first stage	5,550
Cost	£1,413,608
Requests accepted at appeal	139
Cost	£53,106
Requests accepted following tribunal	2
Cost	£1,019
TOTAL COST OF ACCOMMODATING REQUESTS	£1,287,020

1.37. The sectoral impact of implementation is likely to be minimal and reflect the situation identified in the GB assessment, which is set out below.

- *In hotels and catering, there is less likelihood of employees falling into any of the eligible parental categories identified in the assessment.*
- *In public administration, education and health, there are likely to be disproportionately high numbers of eligible parents.*

1.38. In spite of these caveats, the changes will not be such as to affect the competitiveness of any particular sector. Nor will they be likely disproportionately to affect SMEs, which play such an important part in Northern Ireland's economy⁴³. Small firms may find it more difficult to

⁴⁰ The assumption, as in Great Britain, is that 50% of requests are for part-time working and that the remaining 50% are for less significant adjustments to working arrangements. The cost of accommodating a part-time working request is assumed to be one week's wages (or 2% of annual labour costs); the cost of accommodating a less far-reaching request is assumed to be one day's wages. $(50\% \times 5 \text{ days}) + (50\% \times 1 \text{ day}) = 2.5 + 0.5 = 3 \text{ days' wages}$.

⁴¹ ASHE 2008.

⁴² Costs presented in the table are subject to rounding.

⁴³ Whereas in the UK as a whole, Small and Medium sized Enterprises (SMEs – defined as any business with zero to 249 employees) account for 58.7% of employment, the figure for

accommodate some types of request than larger firms in similar lines of work. For example, there may be less scope to re-allocate duties. However, where this is in practice a significant problem, these are already valid grounds for a refusal. Where requests can be accommodated, firms should benefit from increased morale and productivity, and will potentially retain valuable employees who might otherwise be unable to continue in their original work pattern. Small employers who cannot accommodate requests, like their larger counterparts, will be able to turn down a request where there are genuine business reasons for so doing.

1.39. As noted previously, employees trigger the duty to consider by making a request for flexible working. If the employer rejects the request and the employee is not satisfied with the explanation provided, he or she can appeal to the employer. If, following the appeal, the employee still does not think that the employer has given the matter serious consideration, he or she can seek resolution through an external dispute resolution mechanism and ultimately through an industrial tribunal. The number of industrial tribunal claims made to date has been small, and an extension of the right is not expected to lead to a significant increase in claims.

1.40. The total costs and benefits are set out in [Table 10](#).

Table 10: Total estimated costs and benefits

	Parents of children aged 16 & under
Savings in recruitment costs	£623,155
Increased productivity/ profits	£1,559,784
Savings from reduced absenteeism	£181,930
TOTAL BENEFITS	£2,364,869
Implementation costs	Negligible
Procedural costs of handling requests	£808,550
Cost of accommodating a request	£1,467,733
TOTAL COSTS	£2,276,283
TOTAL COSTS/ BENEFITS	£88,586

OTHER IMPACTS

1.41. The Department takes this opportunity to restate the results of preliminary screening for impacts under the categories listed in [Table 11](#). The consultation process has not suggested that there is a need to revise these assessments.

Northern Ireland sits at 81%. Likewise, large firms in Northern Ireland account for only 19% of employment, compared to 41% for the UK as a whole. See 'Northern Ireland Economic Bulletin 2007' (DETI), pp 82, 11.

Table 11: Result of preliminary impact assessments of proposed extension of the right to request flexible working

Category	Result of screening exercise
Crime	No impacts identified.
Community Safety & Victims	No impacts identified.
Human Rights	Convention rights are not engaged by the proposals.
Rural	No differential impacts identified. The right will apply to all employees, regardless of where in Northern Ireland they are located.
Social inclusion	Lone parents, who often face greater demands at home than do parents in a couple and who can face social exclusion as a result, are likely to benefit indirectly from the growth of a more permissive flexible working culture as flexible working practices spread. Any impact is likely to be small but positive.
Economic Appraisal	Not appropriate.
Economic	The economic impacts are largely explored in the regulatory impact assessment above. The wider benefits to the economy are set out as part of the remainder of the assessment.
Legal Aid	No impacts identified.
State Aid Compliance	No impacts identified.
Environment	A reduction in traffic on the roads at peak times as flexible hours become more prevalent may be expected to ease strains on the roads infrastructure.
Strategic Environmental	Not appropriate.

ALTERNATIVES CONSIDERED

- 1.42. The response to the public consultation is set out separately and discusses the key issues raised by consultees. In the context of this assessment, however, it is worth pointing out that, although around half of consultees supported extending the right to request flexible working to all employees regardless of their caring responsibilities, most did not explore in detail the specific implications of a universal extension.
- 1.43. Some echoed or built upon the initial impact assessment, stating that a universal right to request would increase job opportunities for the disabled, facilitate lifelong learning, extend working lives, reduce congestion and create more time for civic and community participation. One respondent, NIPSA, did go into some detail, arguing that a universal right could act as a driver for culture change, opening up flexibility as a more normal way of working and diluting stereotypes of women as carers requiring special treatment at work, and men as breadwinners required to work long hours.
- 1.44. Whilst the Department notes these arguments, it is clear that a very significant body of opinion does not support such a wide-ranging extension of the right to request flexible working at this time. Though not necessarily being opposed to wider extension of the right at a later date, this body of opinion wishes to see a more cautious approach that recognises the impact of the current economic downturn on employers yet still provides scope to build upon the existing success of the right. Moreover, the Department has not been convinced that a large volume of new requests would not, in some measure, diminish the ability of

parents and carers to make a successful request and has therefore chosen to take forward at this time a more limited extension that it believes will enjoy wide support.

2. Impact assessment: proposed new right to request time to train

INTRODUCTION

- 2.1. **The Department has decided, following public consultation, to introduce on a phased basis legislation with the intention of providing employees with a right to ask their employer for time to train. The right envisaged will be modelled on the existing and successful right to request flexible working, which requires an employer to give serious consideration to a request, with the possibility of rejecting it only on the basis of sound business reasons.**
- 2.2. The right will initially cover employees who work for firms employing 50 or more employees. It will later be extended to cover all employees, regardless of the size of business for which they work.

EQUALITY IMPACT

- 2.3. The purpose of the proposed new right is to provide employees with a right to ask their employer for time away from normal working duties to undertake training and learning activities relevant to the workplace. The right is associated with a responsibility, placed on employers, to give proper consideration to requests, and permits an employer to turn down a request only where one of a set list of business criteria apply. The policy covers all employees and employers in Northern Ireland. A preliminary equality impact assessment concluded that, of the nine equality categories set out under section 75 of the Northern Ireland Act 1998, primary beneficiaries of the right would be likely to be drawn from the following groups:
 - ***Dependants*** – *the right to request time off to train would allow an individual with responsibility for the care of dependants (children or otherwise) the potential to train at more suitable times. For example, a single parent with a young child may experience difficulty in organising his or her schedule to accommodate night classes. Securing agreed time off during working hours would allow the individual to train during the day while the child is at school or daycare. The right will therefore indirectly promote greater family cohesion, by allowing for a better work/life balance.*

- **Gender** – women are more likely than men to take on main responsibility for childcare or to act as carers⁴⁴, and will therefore be likely to benefit disproportionately as people with dependants.
- **Marital status** – lone parents are likewise particularly likely to benefit from a successful request for time to train given the particular difficulties they are likely to have in timetabling training outside working hours.
- **Age** – in a fast-changing world where the importance of lifelong learning cannot be understated, the right would create potential opportunities for older employees in particular to re-train in areas where they may lack expertise and improve their skills/knowledge base to reflect the changes that have taken place over time in the workplace. For example, IT is an area to which many younger employees will have been exposed at school/college, whereas an older employee in many instances will not have had the same exposure. Given the importance of skills such as this in today's knowledge industries, retraining could be of considerable help to employees in this age bracket. Children as a group may also experience benefits as a result of better family cohesion (see above) and the trickledown effect of their parents' improved social mobility, career prospects and income.

2.4. Responses to the public consultation have not given the Department cause to revise this view of the potential benefits of time to train, nor its initial view that there will be no differential impacts in relation to any of the other Section 75 categories, namely religious belief, political opinion, racial group, sexual orientation and disability.

Next steps

2.5. The Department will seek to introduce the appropriate enabling legislative provisions, that will allow for the subsequent implementation of this new right, subject to an assessment of the prevailing economic conditions. In the run-up to the introduction of the new right, the Department will set in place a communication strategy to raise awareness.

2.6. Monitoring and evaluation of the extension of the right will be carried out by way of future employment relations research amongst employers and employees.

⁴⁴ 2001 Census data reveals that just 1.6% of male economic inactivity is due to "looking after home / family", whereas for females, the figure is 14.9% – see www.nisra.gov.uk. 19% of adult women in Northern Ireland have caring responsibilities, compared to 13% of adult men – *Caring for carers: recognising, valuing and supporting the caring role* (Department of Health, Social Services and Public Safety, 2006), p. 5.

SOCIAL INCLUSION

- 2.7. Although the Department intends to make the right to request time to train available to all employees in Northern Ireland, it is likely to deliver the greatest benefits to those currently lacking in essential skills, particularly those with lower previous educational attainment, who often tend to be drawn from poorer socio-economic backgrounds.
- 2.8. Higher skills/educational attainment are known to produce social mobility, which in turn can lead to higher income and will allow people to provide better support for their children to learn and develop. Furthermore, as the impact assessment carried out in Great Britain points out, over a third of people with poor literacy and numeracy receive benefits, excluding pensions and child benefit, compared with less than one in ten of those with better skills⁴⁵. Higher skills can increase social mobility, career opportunities and reduce dependence on benefits.
- 2.9. As a result of the foregoing, it is anticipated that the introduction of the right to request time to train will have a positive impact on social inclusion.

REGULATORY IMPACT

- 2.10. Assessing the regulatory impact of a statutory right to request time to train is difficult. Impact will be largely dependent on how employees and employers react to the policy, once implemented. For the purposes of this impact assessment, the Department has therefore had to make some key assumptions in order to produce the cost benefit analysis. These are set out below.
- *The time taken to make and consider a request for time to train will be the same as that for making a request under the flexible working arrangements.*
 - *It is appropriate to apply the costs model developed for the flexible working arrangements to this impact assessment.*
 - *91% of employees have sufficient length of service to avail of the right⁴⁶.*
 - *Approximately 37% of this group currently do not receive any training⁴⁷ (are 'non-learners').*

⁴⁵ Impact assessment in respect of time to train (Department for Innovation, Universities and Skills (DIUS), June 2008), p. 5.

⁴⁶ This is the figure used in the flexible working Regulatory Impact Assessment.

- *40% of non-learners would like to learn, and of this group 13% will potentially be interested in submitting a request for time to train⁴⁸.*
- *The Department would expect, through advertising and promotion of the right, that somewhere around 5% of employees outside of the non-learners group may want to exercise their right to request time to train⁴⁹.*

2.11. The application of these assumptions results in the outcomes shown in **Table 12**.

Table 12: Potential group from which requests would be likely to come

	Number of employees (year 1)	Number of employees (subsequently)
Base figure ⁵⁰	275,527	632,000
Having six months' service (91%)	250,730	575,120
Of which non-learners (37%)	92,770	212,794
Potential interested client group (40%)	37,108	85,118
Of which beneficiaries of new right (13%)	4,824	11,065
Outside potential interested client group ⁵¹	213,622	490,002
Of which beneficiaries of the new right (5%)	10,681	24,500
TOTAL POOL OF POTENTIAL BENEFICIARIES	15,505	35,565

2.12. The Department does not envisage that the employees who might benefit from the right would make requests for time to train in a single year. Instead, the assumption has been made that somewhere in the region of 30% of these employees would come forward with requests for time to train in any year. This would equate to 4,652 employees in the first year and 10,670 employees subsequently.

2.13. Given that the intention is to use the same application process as that used to request flexible working, and that requests made under time to train are likely to be for shorter, more fixed periods as compared to those made under the right to request flexible working, the Department

⁴⁷ In the absence of specific Northern Ireland data, the DIUS RIA has been used to work out this figure. That assessment cited approximately 8,140,000 who did not receive training of a total 22,000,000 employees.

⁴⁸ These are the assumption used in the DIUS RIA, and are based on data from the National Adult Learner Survey. The 13% figure is comprised of 9% who say that they would like to learn if they could have time off from work to train and 4% who say that they would like to learn if they were able to do so at work. Directly comparable figures for Northern Ireland are not available.

⁴⁹ This is the DIUS assumption. It seems reasonable to apply the same assumption to Northern Ireland.

⁵⁰ 632,000 is the number of working age employees from the Labour Force Survey (LFS), October-December 2008. Working age refers to females aged 16-59 and males aged 16-64. Please note that the LFS is a sample survey and that figures are subject to sampling error. 43.6% of employment in Northern Ireland is accounted for by firms employing 50 or more. Since the right will only apply to firms with 50+ employees in the first year, the base figure for this period is calculated as 43.6% of the base figure for subsequent years.

⁵¹ Total number of employees having sufficient length of service - total number within potential interest group.

believes it is fair to assume that a similar proportion of applications will be successful. The assumption is that around 80% of requests for time to train will be successful at the first stage; that half of all unsuccessful requests are appealed; that 20% of appeals lead to a request being accepted; that 2% of unsuccessful appeals are taken to an industrial tribunal; and that 20% of tribunal cases result in a request being accepted. These assumptions are the same as those used in the flexible working RIA.

2.14. **Table 13** illustrates potential interest and take up at 30% of the total estimated demand.

Table 13: Potential take-up in any one year

	Year 1	Subsequently
Eligible to request	15,505	35,565
Number of stage 1 requests	4,652	10,670
Successful stage 1 requests (80%)	3,721	8,536
Unsuccessful stage 1 requests (20%)	931	2,134
Appeals (50% of all rejected at stage 1)	466	1,067
Successful appeals (20% of all appeals)	93	213
Unsuccessful appeals (80% of all appeals)	373	854
Tribunal claims (2% of rejected appeals)	7	17
Successful tribunal claims (20% of claims)	1	3
Unsuccessful tribunal claims (80% of claims)	6	14
TOTAL REQUESTS ACCEPTED	3,815	8,752

Benefits

2.15. Wide-ranging benefits accrue to employers from having a workforce with increased skills. As the DIUS RIA notes⁵², it is estimated that a 1% increase in the proportion of workers trained in an industry leads to a 0.3% increase in industry wages and a 0.6% increase in value added per worker. There is also limited evidence for a positive link between training and profitability.

2.16. The regulatory impact assessment in respect of flexible working cites the benefits of having flexible working arrangements in terms of reduced vacancy costs and increased skills retention; increased productivity and profits; and reduced absenteeism. It is reasonable to suggest that some of these benefits will also apply if the right to request time to train is introduced. After all, better skills help people find work, stay in work and progress. However the Department is unable to quantify these benefits at this stage.

2.17. To assess the benefits for the purposes of this impact assessment, the Department has considered only people studying at level 2 and level 3. The DIUS assessment suggested that this group would account for around 30% of additional learning that takes place as a result of the

⁵² DIUS RIA, p. 14.

right – 20% at level 2 and 10% at level 3⁵³. **Table 14** draws on these assumptions, and the take-up calculations set out in **Table 13**, to estimate the number of training arrangements that will deliver benefits.

- 2.18. The DIUS RIA observed that the remaining 70% of training will be undertaken at other levels, in the area of lower level skills or in unaccredited non qualification bearing courses. DIUS concluded, and this Department concurs, that some economic and wider socio-economic benefits are likely to result from this general increase in learning. Given the data available, these benefits cannot specifically be quantified, although the Department shares the DIUS view that they are likely to be significant⁵⁴.
- 2.19. This assessment is confined to the benefits of level 2 and 3 qualifications. For simplicity, it uses the standard adult completion rates cited by DIUS (66% for level 2 and 56% for level 3)⁵⁵ and calculates the numbers of level 2 and 3 qualifications that would result from these additional learner numbers in Northern Ireland. These figures have then been used to calculate the benefit that would result from the additional learning. DIUS suggests that the Net Present Value (NPV) for a level 2 qualification is £13,000 and that the corresponding figure for a level 3 qualification is £34,000⁵⁶. Applying this to the number of qualifications produces the results shown in **Table 14**.

Table 14: Benefits of time to train

	Year 1	Subsequently
Total requests accepted	3,815	8,752
Number studying at level 2 (20%)	763	1,750
Number studying at level 3 (10%)	382	875
Number of additional level 2 qualifications (66%)	504	1,155
Number of additional level 3 qualifications (56%)	214	490
TOTAL BENEFITS	£13,828,000	£31,675,000

Costs

- 2.20. The principal costs to business of the proposals fall under three headings:
- *implementation costs of the proposals;*
 - *procedural costs arising from exercise of the right to request time to train;*

⁵³ Ibid.

⁵⁴ Ibid., pp 14-15.

⁵⁵ Ibid., p. 15.

⁵⁶ Ibid.

- *the costs of accommodating such requests (when they are accepted).*
- 2.21. These are considered in turn. As the time to train procedure mirrors the processes for the flexible working arrangements the Department has based the costs on those in the RIA dealing with the proposed extension to the right to request flexible working.
- 2.22. Implementation costs are one-off costs which will largely be incurred around the time the legislation comes into operation. It is assumed that these costs will be negligible because firms are already familiar with the very similar process for dealing with a request to work flexibly. The cost of communicating the right to employees will be small as it is assumed that firms will already have a method of communication in place that will simply require updating.
- 2.23. To derive the cost of handling a formal request, the assessment considers the cost at each stage of the process (application, appeal and tribunal) and the numbers of requests reaching each stage.
- 2.24. The first stage encompasses a written request by the employee, deliberation by the employer both before and after a meeting with the employee and, finally, preparation of a decision. The principal cost will be the time of both management and employees. Clearly, there will be considerable variation in the time this process takes but, as in the flexible working RIA, it is calculated that the cost per request at this stage is £84.85⁵⁷.
- 2.25. The next stage, appeal, involves a written statement of appeal by the employee, a meeting (where the employee may be represented) and a written response by the employer. Where requests reach this stage, it is likely that both employees and managers take more care and attention over their written communications. The meeting may also be longer and more wide-ranging. As in the flexible working RIA, the Department concludes that dealing with a request at the appeal stage will cost, on average, £237.90.
- 2.26. Finally, the figure of £4,980 is taken as the cost of dealing with a tribunal case.
- 2.27. On the basis of the above information, estimates of the total procedural cost of extending the right to request flexible working are presented in **Table 15**.

Table 15: Total procedural cost

	Year 1	Subsequently
Requests at first stage	4,652	10,670

⁵⁷ The derivation of this and other figures quoted in this section can be found in the flexible working RIA.

Cost	£394,667	£905,282
Appeals	466	1,067
Cost	£110,863	£253,842
Taken to industrial tribunal	7	17
Cost	£34,860	£84,660
TOTAL PROCEDURAL COST	£540,390	£1,243,784

2.28. Employers may also face costs in accommodating a request for time to train, and although they may choose to reject a request on grounds of cost, this will by no means be the expected norm. Examples of costs arising out of accommodating a request might include re-organising work schedules or adjustments to IT systems (e.g. to permit flexible shift scheduling). In some cases, the potential costs could be more substantial (e.g. if another employee had to be recruited to cover for an employee reducing their working hours to undertake training). These examples should not be considered as exhaustive.

2.29. For the purposes of this assessment, as in the flexible working RIA, the cost of accommodating a request is estimated as follows:

- *£254.70 per successful stage one request;*
- *£382.06 per successful appeal;*
- *£509.41 per successful external resolution⁵⁸.*

2.30. Also included are costs for loss of productivity to employers in granting time to train requests. This is expressed in terms of foregone earnings for the level 2 and 3 qualifications gained, used as the primary source of the benefits. The foregone earnings figures adopted are the same as those used in the DIUS RIA i.e. £5,000 per qualification.

2.31. **Table 16** presents the estimated costs of accommodating requests.

Table 16: Cost of accommodating requests

	Year 1	Subsequently
Requests accepted at first stage	3,721	8,536
Cost	£947,754	£2,174,154
Requests accepted at appeal	93	213
Cost	£35,531	£81,378
Requests accepted following tribunal	1	3
Cost	£509	£1,528
Cost of accommodating requests (subtotal)	£983,794	£2,257,060
Total learners studying at levels 2 and 3 ⁵⁹	1,145	2,625
Lost productivity (expressed as foregone earnings) ⁶⁰	£5,725,000	£13,125,000
TOTAL COST OF ACCOMMODATING A REQUEST	£6,708,794	£15,382,060

⁵⁸ The derivations for these figures are set out in paragraph 1.36 on page 13.

⁵⁹ See Table 14 for numbers of learners at each of levels 2 and 3.

⁶⁰ Total learners studying at levels 2 and 3 x lost productivity per individual (expressed as foregone earnings of £5,000).

2.32. The DIUS RIA made additional assumptions about the cost to Government and the individual, as well as to employers. These assumptions⁶¹ have been adopted for the purposes of this assessment, and are as follows.

- *It costs each individual around £100 to study for a qualification (travel, books, subsistence, etc.).*
- *The cost to Government, employer and/or individual for tuition is £2,466 for level 2 and £2,672 for level 3.*

2.33. When these assumptions are applied, the results in **Table 17** are obtained.

Table 17: Costs of study and tuition

	Year 1	Subsequently
Learners studying at level 2	763	1,750
Learners studying at level 3	382	875
Cost per individual at level 2	£100	£100
Cost per individual at level 3	£100	£100
Total individual cost at level 2	£76,300	£175,000
Total individual cost at level 3	£38,200	£87,500
Cost to individual of study ⁶²	£114,500	£262,500
Cost to Government at level 2	£2,466	£2,466
Cost to Government at level 3	£2,672	£2,672
Total Government cost at level 2	£1,881,558	£4,315,500
Total Government cost at level 3	£1,020,704	£2,338,000
Cost to Government of tuition ⁶³	£2,902,262	£6,653,500

2.34. As it is not anticipated that any particular group of employees will be more likely than another to generate requests for training, it is estimated that the changes will not affect the competitiveness of any particular sector. Nor will they be likely disproportionately to affect SMEs. While small firms may in practice find it more difficult to accommodate time away from work, they may be able to agree with the employee workable compromises and if, in the end, they are unable to accommodate difficult requests, they will be able to reject them on business grounds. However, to allow small firms more time to prepare for the introduction of the right to request time to train, the Department has decided to phase the introduction of the right. As a result, it will apply initially only to employees with the correct length of service working for businesses employing 50 or more employees. In year 2 the right will become available to every employee meeting the length of

⁶¹ DIUS RIA, p. 19.

⁶² Costs are calculated as follows: (number of level 2 learners x cost of individual tuition at level 2) + (number of level 3 learners x cost of individual tuition at level 3).

⁶³ Costs are calculated as follows: (number of level 2 learners x cost to Government of individual tuition at level 2) + (number of level 3 learners x cost to Government of individual tuition at level 3).

service requirement regardless of the size of business in which they work.

2.35. As with flexible working requests, employees would trigger the employer’s duty to consider by making a request. If the employer rejects the request and the employee is not satisfied with the explanation provided, he or she would be able to appeal to the employer. If, following the appeal, the employee still does not think that the employer has given the matter serious consideration, he or she would be entitled to seek resolution through an external dispute resolution mechanism and ultimately through an industrial tribunal. The number of industrial tribunal claims made to date in respect of the right to request flexible working has been small, and while the numbers covered by the right to request time to train would be large, even if the number of requests is in line with our higher estimate, under 20 tribunal cases per annum (under 10 in the first year) are expected to result.

2.36. A summary of the likely costs and benefits for the proposed right is set out in **Table 18**.

Table 18: Total estimated costs and benefits

	Year 1	Subsequently
TOTAL BENEFITS	£13,828,000	£31,675,000
Procedural costs	£540,390	£1,243,784
Cost of accommodating a request	£6,708,794	£15,382,060
Total costs to employers⁶⁴	£7,249,184	£16,625,844
Total costs to individuals	£114,500	£262,500
Total costs to Government	£2,902,262	£6,653,500
TOTAL COSTS	£10,265,946	£23,541,844
TOTAL COSTS/BENEFITS	£3,562,054	£8,133,156

OTHER IMPACTS

2.37. The public consultation has not given the Department cause to revise the outcome of the preliminary screening for additional impacts set out in **Table 19**.

Table 19: Result of preliminary impact assessments of proposed right to request time to train

Category	Result of screening exercise
Crime	To the extent that poverty is linked with crime and upward social mobility is linked with reduced poverty through increased skills, time to train may have minor impacts in addressing the social conditions that can contribute to crime.
Community Safety & Victims	No impacts identified.
Health	There are associated health benefits from possessing a higher qualification. For example, it is known that higher skilled workers are less likely to suffer from depression and obesity ⁶⁵ .

⁶⁴ Procedural costs + cost of accommodating a request.

Category	Result of screening exercise
Human Rights	Convention rights are not engaged by the proposals.
Rural	No differential impacts identified between rural and other areas.
Economic Appraisal	Not appropriate.
Economic	The economic impacts are largely explored in the regulatory impact assessment above. The wider benefits to the economy are set out as part of the remainder of the assessment.
Legal Aid	No impacts identified.
State Aid Compliance	No impacts identified.
Environment	No impacts identified.
Strategic Environmental	Not appropriate.

ALTERNATIVES CONSIDERED

- 2.38. The Department considered two alternatives to the introduction of a right to request time to train. The first was to do nothing at all. The Department already has in place a significant programme of work to support and encourage employers and individual citizens to invest in upskilling and reskilling.
- 2.39. However, the Department decided against this option, concluding that there can be little room for complacency, particularly in today's difficult economic circumstances. Whilst existing programmes will assist many in acquiring skills and qualifications, there remains a potential gap occupied by a group of employees who wish to undertake training but who do not feel sufficiently empowered to do so. Doing nothing would also put these employees at a disadvantage *vis à vis* their counterparts in the rest of the UK, where the right to request time to train will cover employees in firms employing 250 or more employees from April 2010, and all employees from April 2011. This would have potentially detrimental implications for Northern Ireland skills and, ultimately, regional competitiveness, and would send out the wrong message about local priorities.
- 2.40. A second option considered was a voluntary approach. It would certainly be possible for the Department to focus on best practice guidance promoting the value of workplace conversations between employees and employers about skills training. Many such conversations already take place between employers and employees, and the Department could have sought to build on this existing activity through an advertising campaign designed to encourage employees to approach their employer with requests for time to undertake training and employers to give requests serious consideration.

⁶⁵ Various research reports by the Centre for Research on the Wider Benefits of Learning – www.learningbenefits.net/Publications/ResearchReports.htm.

- 2.41. To assess the costs of this option to the employer, the Department used figures from the RIA for the extension of the flexible working arrangements, which identifies the costs of an informal conversation between employers and employees. This is felt to be a representative figure that can be used to cost this option as it reflects the intention that an employee and an employer will meet to discuss training. This cost is cited as £41.45 per employee informally asking for training. This is based on the assumption that an informal conversation involving employee and employer would take approximately half an hour, with an hour's additional management time required to consider the request⁶⁶.
- 2.42. Advertising would be likely to increase short-term awareness of the policy, although a sustained campaign would be needed to maintain longer-term awareness levels. In assessing this option, it was not possible in either Great Britain or Northern Ireland to forecast how far awareness raised through advertising would translate into actual requests for time to train. The Department was therefore unable to make an accurate assessment of the impact on the take-up of training from such an advertising campaign. It is, however, assumed that take-up would be less than under the new statutory regime, which by setting down clear rules about non-compliance will encourage employees to have greater confidence in bringing forward requests and encourage employers carefully to consider them.
- 2.43. In light of the positive reception the right to request time to train has received from stakeholders, the Department believes that its introduction is the most appropriate way forward. However, the Department, aware of the concerns of the small business sector, has decided to phase the introduction of the right to allow firms employing fewer than 50 employees more time to prepare for the right's introduction. Thus, the right will be applicable to qualifying employees working for businesses employing 50 or more employees in its first year of operation, and to all qualifying employees in the following year.

⁶⁶ As in the flexible working RIA, management time is estimated to cost £23.37 per hour and employee time £12.79 per hour. $(0.5 \times £12.79) + (1.5 \times £23.37) = £41.45$.

people:skills:jobs:



Department for
**Employment
and Learning**
www.delni.gov.uk



INVESTOR IN PEOPLE

THE DEPARTMENT:

Our aim is to promote learning and skills, to prepare people for work and to support the economy.

This document is available in other formats upon request.

Further information:

telephone: 028 9025 7580

e-mail: employment.rights@delni.gov.uk

website: www.delni.gov.uk