HOUSE OF LORDS

Home-based Working in the UK Committee

Corrected oral evidence

Monday 28 April 2025

2.15 pm

Watch the meeting

Members present: Baroness Scott of Needham Market (The Chair); Lord Farmer; Baroness Featherstone; Lord Fink; Baroness Freeman of Steventon; Lord Fuller; Baroness Manzoor; Lord Monks; Baroness Nye; Lord Parker of Minsmere; Lord Stevenson of Balmacara.

Evidence Session No. 9 | Heard in Public | Questions 95 - 102

Witnesses

I: Phillippa O'Connor, Chief People Officer, PwC; Lindsay Pattison, Chief People Officer, WPP; Dr Samir Attia, Chair and CEO, SMA Worldwide Ltd.

Examination of witnesses

Phillippa O'Connor, Lindsay Pattison and Dr Samir Attia.

Q95 **The Chair:** Good afternoon, everybody. Welcome to this House of Lords committee meeting on home-based working. This session is being broadcast. A transcript will be sent to our witnesses in a few days to check for any transcription errors, and our witnesses are always very welcome to provide supplementary evidence in writing after the meeting.

Could I ask each of you to outline in brief the genesis of your home working? Were you doing any home working before the pandemic—not so much during the pandemic, because that was a very special time, but as we emerged from that—how have your policies emerged and what is your key thinking at the moment about virtual and hybrid working? I do not mind who starts.

Lindsay Pattison: I am the chief people officer for WPP, which is a big marketing services organisation. We are global, but we have around 11,000 employees in the UK. Our policy—and it is a new policy from this month—is to move to an average of four days a week in the office, with flexibility but broadly four days a week in the office.

The reason we are doing that is that we are a creative industry. We have multiple agencies that create different pieces of work and we believe that conversation, creativity and debate in person produce the most effective results for our clients, who want to see marketing campaigns that span across a spectrum of different services that exist in different agencies. We have built campuses, so we now have our different agencies—other people would call them divisions—in amazing, beautiful campuses where we encourage collaboration and flow throughout, and we try to make those environments as conducive as possible.

We have fact-based evidence that shows that there is a correlation between the offices that have higher in-person attendance with improved net sales. That is the first point. Most important for us is growth; the second is client satisfaction. Client satisfaction scores higher, broadly, for the offices that have higher in-person attendance. Finally, employee satisfaction—we tend to find employees are more satisfied in the offices where we have higher attendance.

We do not yet have four-day attendance every week. Our data shows it is more like three, but this is the beginning of a journey to encourage four days. The least popular part of our policy is that we have also asked for colleagues to try to do two Fridays a month as one of their four days, and that feels like a real sticking point. There has been publicity about this. We have encouraged this with free lunches on Fridays, for example, but Fridays still feel mentally like a slight barrier for people to come back to. We believe we are flexible within that.

We have an exemption request process and about 10% of people have applied for exemptions. Broadly, the reasons we give them are for medical—if we cannot accommodate any medical need within our campuses or the structure—if there are acute childcare needs—for example, children with severe autism who need much more of a regimented approach to picking up and dropping off at school—or where the work simply means they do not need the benefit of in-person collaboration and can work remotely, which might be IT engineers or data analytics. Our population is only around 1% fully remote. The majority is hybrid.

Dr Samir Attia: Good afternoon. I am the chair and CEO of SMA Worldwide. We are a UK-based company for logistic distribution. We have a manufacturing arm as well. We specialise in critical freight, domestic, international and high-performance 3BL and 4BL warehousing.

I am also a fellow of the Institute of Directors. I contribute a lot there and, over the past 30 years, I have led a lot of teams in global challenges, before and after Covid-19. I am here to share the real-world perspective of SMEs like ours. We have 59 employees, and our operational integrity and team unity are paramount to our success at all levels. We are all in-house workers; we do not have any remote workers anymore.

Phillippa O'Connor: I am PwC's chief people officer. We have about 23,000 people in the UK and are a professional services organisation. I think we were one of the first organisations to implement a formal hybrid policy, where we expected our staff to be in the office two to three days a week, and we did that coming out of the pandemic from March 2021.

We have recently updated that policy, which has now gone live as of 1 January 2025. The two to three days has become a much more formal three days a week, and we now have monitoring of that in place. Our rationale through the entirety of the policy has been around having purpose to why we are asking our employees to be in the office more often. There are several reasons.

We genuinely believe it is best for our business and our clients and the quality of the service that we can deliver to them. We think it is better for innovation. Importantly, we are a training organisation at our heart. We bring in about a thousand graduates a year and train them through their first five years to be exemplary professional services individuals and many of them go on to other roles in the City. We are very clear that, to do that training and development of our staff right from the get-go when they join us, it is critical for them to be together in person for the majority, but not for all, of their week.

Importantly, as we have introduced this policy, we have been as clear as we possibly can be that it does not take away from our desire to also give employees empowered flexibility. That means that how they deliver those three days and when they deliver them is intended to fit around our needs, but importantly also theirs; that can be how they spread their days, when they come to work and what their pattern of working is. Our two to three days and now three-day policy is over a rolling three-month average, and that is very purposeful to try to give a balance between an expectation of more time together, but also real empowered flexibility to the way that we ask our people to work with us.

Finally, in opening—we may come back to many things to do with adjustments and so on—how we use the measuring of data is also important here. It is not all about the stick and being overly observant of how our employees work. While there is something in there about fairness—we feel very strongly that we need to apply this policy fairly across all of our employee base—it has also been very much about us listening. How do we understand and adapt that policy to fit and reflect the population that we have at play? Where there are sticking points or challenges, how do we put in other support mechanisms to ensure that we can still focus on our position as an inclusive employer while having this policy in place?

The Chair: Can I ask each of you to reflect for a moment on recruitment and retention and whether or not the move back to the office has had any impact at all on employees staying with you or your ability to recruit new ones?

Phillippa O'Connor: We have not seen any impact on recruitment in the round. It is asked about in recruitment processes, so I think people are very alive to it as part of the contract now. In our client base, we see an immense diversity of approaches across companies. So, yes, when we are recruiting, home-based working is a question. We have not seen it be a blocking point for us, and I believe that is due to the balance of expectation with clear purpose, combined with empowered flexibility.

Similarly in retention, we have had noise about it from different populations—and I can come on to talk about that in the next hour—particularly from our parent and carer network, similar to the points Lindsay made, and probably our neurodivergent network. I am happy to talk about the adjustments we have put in place. With those exceptions, we have not seen an impact on retention from how we have tried to do things differently.

Lindsay Pattison: I will say something very similar. We have had concerns from caregivers who had had more flexibility. We have core hours but we are super flexible around them when we need to be. What is good is the openness and transparency. I think in the past, pre-Covid, particularly women, who tended more often to be the primary caregiver, would feel anxious or embarrassed about having to leave to go and pick up their kids or do something, whereas there should be no embarrassment. It is a matter of understanding what works for them because the happier an employee is the more productive they will be and the better our business will be. I do not think there has been any impact on retention, but again we have had to adjust because people became used to working in a quieter environment.

We have had lots of noise about it from our executive recruitments, who say that they have people who do not want to do it and that they hear that our policy is rigid. It is not rigid. We are a very liberal organisation and we are super flexible. Really the CEOs of our agencies have netted out that, if somebody does not want to come and join as an executive creative director because of the policy, maybe they are not the right person for our business.

Phillippa made a point about clients. Many of our clients are back five days a week. The vast majority of the workforce for many of our clients might work in factories or be nurses or doctors. These are people who do not have a choice and I think that there is, to some degree, a privilege in being able to be flexible about what we do.

Dr Samir Attia: This is exactly why I am contributing here. On the face of it, all three of us look like we are in a service industry, but the niche fundamentals are different. In logistics, you need precision, collaboration and visibility immediately in person and in contact. That is why the Government gave special permission in Covid for my staff to be at our offices, because we move the goods you consume as consumers. We move them from manufacturers that had limited ability to deliver during Covid-19, before or after. I need my mechanics to be at my yard. I need my customer service to be based in the office to be able to communicate internationally.

As a matter of fact, our KPIs suffered during Covid only because of remote workers and we measured it. We found that innovation, mentoring and training cannot be done over Zoom, and all the people who joined us were very happy that we were there with them one to one over a coffee break, during a crisis shipment or during misrouting. Our field is different. Logistics and manufacturing, which we are in, needs people committed there and then.

Two of my staff suffered mental health issues during Covid because they felt lonely. They started confusing their working hours with their social hours and they used to go to their computers at 12 o'clock at night not to miss an email that they missed during the day because they did not feel like sitting down or changing from their pyjamas into a suit. We had that, practically. That is why I said initially that I am here to give you the real-world perspective. I am not a politician and I will not colour my words. We need to deal with people as people. Human beings are social animals: we interact and we learn together, and we grow and innovate together. A Zoom screen, with all respect, connects devices but does not connect strategy. It does not connect to morality, training or anything.

That is why, when we came back, we came back strong and we managed to create a stronger strategy. Even the accounts people, which we thought one day was an easy job to do remotely, felt lonely. They needed to interact. They had to come one day with an excuse to have paperwork, then two days because they discovered that they did not have the complete paperwork, then a third day to discuss things, and I found them coming five days a week.

Q96 **Baroness Nye:** Thank you for coming in today. All the different approaches in locations that we have looked at as a committee have a sort of common goal to foster connection, communication and learning skills for the benefit of their business. In your opening statements, you all touched on how your chosen location strategy helps your organisation to realise the benefits of collaboration such as innovation, skills development and improved customer service. It was music to our ears when you mentioned that your decision had been based on evidence because we have been trying to get to the bottom of the data. Could you say a bit more about the data you used to change your decided location and how you are monitoring it? I know these mandates have not come in so you probably have limited data but how will you, in future, make sure that this is the best way for your organisation to be run and whether you would be willing to change if the KPIs are not as you think they should be?

Lindsay Pattison: That is a great question. Initially during Covid, when we went fully remote, productivity went up. People worked incredibly long hours. It was so new and there was nothing else to do; we could not go outside. We gave clear guidance on getting together, huddling in the morning, connecting throughout the day and starting to talk about what else was going on before delving into the work. Initially, it was fantastic but, after a while, we realised, to Dr Attia's point, that confusing being on a Zoom call or in a tiny box talking to other people is different from real discussion and collaboration, which we believe is important to our work.

We began to see productivity decline. It was particularly noticeable on Fridays. We can measure, although we do not actively supervise, but even just from looking at email traffic or use of our tools—our AI platforms—they start to decline on Fridays. We are broadly a time-based industry; we charge our clients by hours, and we need people to work their hours so that we can deliver for our clients. That is important.

However, we have tried to make the coming back as interesting and as vital as possible. What are the spaces where employees can come and collaborate? How do we make accommodations for those who are parents or caregivers? We have strong employee resource groups for different underrepresented groups that help them feel included. We have multi-faith rooms. We have a new building, the old FT building down by Southwark Bridge, which we have redesigned and it has specific acoustics to make it quieter as you walk through. It is super accessible as you move through. We are trying to attend to the fact that people did get used to working in a quieter place.

However, productivity is based on net sales and being together does seem to generate better and more creative ideas. At the end of the day, that is what we are paid for. We have to pitch and have to huddle. We sometimes have to work long hours, and the idea will be wrong, and we have to redo the idea. Then we may get a pizza in because people are still there late at night.

Work can also be part of your life, not a separate bit of your life. I have made some of my best friends through work and I believe work can be part of your whole life. If that changes, I think we will look again and adapt.

I was interested in the term "tracking". We are not tracking. We do not have the systems to track on a minute basis. We are allowing managers to manage, to agree people's anchor days—their core days when they are coming in. Then at the end of each month, we will see how that is looking. We can track; we can monitor desk utilisation at a broad level, but we are not, at an individual level, doing a scorecard on people. We believe that is a step too far for where we are right now.

Phillippa O'Connor: Many things there resonate for us, so let me build a little bit. Take location. Purpose has been important to us. Thinking about the shift between two to three days to three days has been around people spending the majority of their time collectively together. It has also been about really clear communication about why. What do we anticipate will happen in that time together? It is many of the things that Lindsay articulated. A huge amount of how we go to clients and deliver is about collaboration—collaboration with each other and collaboration with our clients. Collaborating in person has been very important for our purpose and why we think the majority of time together, being three days, is the right answer in that context.

We have also tried to be thoughtful about the office as a destination. What is the purpose of coming here? There are some similar things around adjustments and a piece around how do we provide quiet spaces for people, because they have become used to that in a more home-based working context. Also, how do we have events? How do we bring people together for the training and skills, as I mentioned at the beginning? Similarly, we have networks for our different diversity groups, such as lunch and learns, having purpose to why people come in. The feedback we get is that if people just come in to sit at their desks, and are not speaking to anybody else, they do not see that purpose and do not see the benefit, therefore, of co-location.

Also important for us is collocating with clients. Particularly on our big consulting or auditing jobs, a lot of the time is about how we have our people sat with our clients. The relationships we build and the quality of work we can deliver is so much better when our clients are hand in hand with us through that physical co-location.

You mentioned monitoring. We have introduced a monitoring policy as of 1 January. Importantly, I believe, we told our employees that we would do that in September, so that anyone who was not currently compliant or did not feel that they needed to meet our policy had time to adjust their arrangements. It also gave us three to four months to really listen. The fact we were going to be monitoring amplified where employees had concerns. That enabled us to make some important adjustments, particularly, as I mentioned, for our parents and carer networks and our neurodiverse population, where we needed to be more nuanced in how we applied the policy overall.

We now have about three months of data. We are measuring on a rolling three-month basis and we are just this week beginning to share that data with our employees. They will get it individually and be able to own and manage their data as well as, of course, us looking at aggregate trends.

I must caveat that it is early days for trends, but we have seen two things in the data so far that we feel positive about. The first is the connection with utilisation, which is our measure of productivity. There is a clear correlation between time in the office and the utilisation of our people. That indicates to us that what is, in essence, a hypothesis at this point—that we have a connection between coming into the office, being more productive, and being able to do more things together—appears, on the first data, to be bearing fruit.

There is another interesting point around engagement. On Friday we closed our employee engagement survey for the year. The initial data there shows us that, where we have people in the office three days a week, they are more engaged. We need to be careful because, where they are in the office five days a week, they are less engaged. We need to be careful about how we enable empowered flexibility; how do we make that work? However, there are lots of things in there.

To the point around listening, for me, a small part of the monitoring is about fairness, and that is particularly important to us, but the big part is that this not being a one-time policy. The way to make this work, the way to give the absolute best people experience but meet the needs of our purpose and our client delivery, is to keep adapting and learning as we go.

Q97 **Lord Farmer:** Talking about monitoring, I have two questions. The first is whether we have the correct balance between employees' rights and employers' need to manage performance. On the monitoring side, we had a case over the weekend of a chap who had three jobs going at once. Do we know who else is in the room? How are you monitoring confidentiality? I think this area seems to be overlooked at the moment. Could you respond to that?

Phillippa O'Connor: Let me tell you how we are monitoring. I think that comes to your second question, but perhaps we can take them in that order. This links to the employee-employer rights. We believe that that balance is appropriate at this time and that we can operate within the parameters of the legal world to do this in the right way.

In monitoring, we are looking first at whether or not an employee should be at work because, importantly, we want people to take holidays, be on training courses and doing all the other things that are relevant to their whole life. Where we have time sheets that show employees are doing things that mean that we do not think they should be at work, they are taken out of the measurement for that day.

We then look at two things. One is employees tapping into our offices, and we look at that only once. Importantly, to the point around empowered flexibility, we are not clocking people in and out. This is not an old-school manufacturing world; it is about empowered flexibility—they have attended an office in our world. Where we do not have that data, we look at shared IP. On my point about client attendance, it enables us to see where we have multiple members of staff on a client site doing things. That gives us another set of data.

Finally, and this has been important to some of the diversity points I made at the beginning, we have a form. The point of that form is that, where people feel that they need to adjust their data, because they are on a client site by themselves or they are in an international office, or they intended to come to work but were unable to for a reason we should know about—your example of neurodivergent children is a good one—they can effectively adjust their own data. We are trusting and empowering them to do that, because this is where the balance of a very clear expectation for a large number of people needs to be fixed, but we need some flexibility for some of our diversity cohorts to make sure that we are properly delivering on our inclusion agenda within the employment parameters that you refer to.

Your second question was about confidentiality. The hybrid environment has made that more challenging for us. However, we still rely on the essence of our ongoing approach to confidentiality, which is that we trust our people. We do a lot of work, as you would imagine a professional services firm doing, on the ongoing and annual training that we provide to employees around our expectations of how they maintain confidentiality for us. This is part of that. We are specific in our training about being thoughtful about whether you can be overheard, whether documents can be seen and so on, but we trust our people. That is also important to us in the way we operate, so I do not think anything beyond that is required at this point.

Lindsay Pattison: I will respond to the second part of your question because I have not thought about it maybe enough, to your point. Again, we trust. Since Covid, we have had Okta Verify. Everyone moans about Okta but, any time you log in from another location, Okta sends a signal. We have enhanced security provisions to understand where people are. I will check with Andrea Harris behind us if she knows differently, but we do not start a meeting when someone is remote saying, "Can I check no one else can overhear this conversation?" Andrea says we rely on their integrity. Yes, so I do not think we feel the need to do that but now you are making me think about it.

Dr Samir Attia: We are very big on GDPR. Our data is protected in a cybersecurity shell through our IT department, because we deal with a lot of data internationally and criticals. I do not need to mention the names of clients, but we have some very high-profile clients and their movement of certain shipments or documents is confidential, so we are very protective on this. That is why I am happy with and very proud of my team.

When we were coming out of Covid and were thinking we had 80% of people and then needed 100% of people, as was said before, our goal was to make coming to the office feel purposeful and not punitive for those people who are sitting there. They all came. That is why we do not worry about confidentiality because now we do not deal in the ether. We do not have internet, apart from for our emails and things like that. Confidentiality-wise, we are very aware of the data; we know where it is and how it is handled.

More importantly, and coming back to the purpose of why we feel that in house is really how human purpose is and how it works, we collected our data and we know our KPIs. We are not anti-flexibility; we are actually pro-performance and that is our duty for all our clients. Most of our clients came back and initially they had no issues about contact. Now they demand face to face, because they do not want that technology to be a barrier to our communication.

The Chair: I need to move us on because we are making relatively slow progress, but it is very interesting, so do not worry.

Q98 **Baroness Manzoor:** I was very interested in your answers. You mentioned interesting and vital settings with purpose, and purpose-driven attendance, which is absolutely right. However, there is a difference between the people who have contracts, who are contractually home based, and flexible working. You have been talking about flexible working; of course, people did not so much have rights but they could certainly request flexible working previously. It would be quite useful to understand what data you have and what changes have been made as a result of that.

However, my main question is about office space. Office space has mostly been devised for people working in the office and so many of the larger offices are not suited for people who are based at home, working from home. How do you ensure that your office or the offices of your organisation are suited for attendance, both working in the office and working from home, including capacity? I know we have such problems as leases. When do leases come up or not? Who takes them on?

The facilities for meetings are quite different. You spoke about having purpose-driven meetings. That talks about collaboration. How are you adapting that? I think one of you mentioned facilities and Fridays, but what facilities are enticing staff to come into the office? What is the connection between all of those things, and not just about flexible working? I want to understand the dynamics between being contractually based at home and the percentage of people working flexibly, and how they relate to office space.

Lindsay Pattison: I will try to be quick. Only about 1% of our workforce in the UK is contractually fully remote. Since we have implemented the policy, we have gone back and checked who is meant to be remote and who was always remote. Some people we hired were always hybrid. I had two people in my team who lived so far away that I asked them to come in, ideally, one day a week, sometimes two, and if they did we paid for accommodation overnight. If that was not in their contracts, we said, "Let us make sure it is now in their contracts", working closely with the legal department to understand and be transparent about those arrangements, and they may have an exemption request.

Then we are relying on those people feeling comfortable that they have a workspace environment that is conducive to them being able to work—not, for example, as it was during Covid, with young people stuck in a cramped bedroom, but where they feel that they can work.

We need improvements in broadband speed. That is one ask that we have of the Government—to continue to invest in that infrastructure. Sometimes people do not turn their cameras on because they say that the broadband speed does not allow it. Even not being able to see someone's face can be challenging when you are working in a hybrid way. We still have many hybrid meetings. I can give you an example of our exco, which is often hybrid because we are mainly in the UK and the US. If we are in a room in the UK, we realise that the people in the US cannot see us because there is one camera and we are all miles away. We encourage everyone to have their individual cameras on, so we can have eye contact with people even though they are not in the room. We have got better at the etiquette of hybrid meetings.

To the point about our campuses, we work closely on capacity because, like many people, we gave up some capacity during Covid. We were trying to work out how much space we needed. We based it on about 65% to 70% attendance, so we do not have one desk for every employee. We think about the shared spaces—the soft, warmer spaces. We have restaurants and cafes in all of our buildings. The free lunch on a Friday is particularly popular. We have invested in technology and booking infrastructure because there is quite a high demand for meeting rooms, so we have to adjust to having more meeting rooms because more people need hybrid meetings. We also try to think about multi-faith rooms and quiet rooms.

Baroness Manzoor: Are these things that you have mentioned new—prayer rooms, and so on?

Lindsay Pattison: We have always had multi-faith rooms, but we try to make sure that they are nicer, there are more of them and they are super quiet. In the spirit of inclusion or diversity, when we have Muslim colleagues, for example, we recognise when Ramadan is on that we need to be quiet; we need to recognise that people's energy levels may be different because of fasting. We are quite attuned but we are probably louder and clearer now about the expectations because some people who had not worked in an office before did not know quite how to behave. There is almost an office etiquette as well as a hybrid etiquette, which we are having to think about.

The Chair: I am getting a bit anxious about time, so if everybody, members and our witnesses, could be fairly brisk, that would be great. Thank you.

Phillippa O'Connor: Much of that applies to us too, so I will not repeat it. PwC has a very small home-based contracted working population. Everybody who wants can submit a flexible working request and we look at them case by case. However, because of our empowered flexibility and the three-day-a-week expectation, many of our meetings are hybrid because we can have some individuals choosing to be in and some not.

I can build on a couple of things. There is a piece around etiquette and how to educate those in and outside offices and how you make that work most effectively. To the point around purpose, the flexibility of our space is what we have changed as we have been refurbishing buildings over time, particularly in the last couple of years, such that there are some bigger meeting spaces so that people can have purpose and come collectively together, right down to some bespoke individual spaces—almost little boxes—that people can use to make calls to someone who is at home, where it feels much more intimate than doing that at their desks, so that they get one-on-one connection. That use of space is important.

Q99 **Lord Fuller:** We have heard a lot over the last few sessions about policies, return-to-office mandates and so on. I am picking up some of the points we raised earlier and thinking about the balance of enforcement between what the company needs and what the employee might require.

According to the written papers, which we reviewed before the meeting, WPP have said they might consider disciplinary action if people do not come to the office on an average of four days a week. I have heard warm words from the PwC witness about how PwC will work with people. Within the general principle of RTO—returning to the office and mandates—how heavy-handed are or can the enforcement and the disciplinary processes be? Have you found that those people who have not wished to positively engage in coming to the office as the business requires have had less bonus? Has anyone been dismissed? Have there been restrictions on promotion?

In so far as the trust-in-people element is concerned, are you finding that the people who have certain protected characteristics, which might have been irrelevant before the pandemic, are now being used as a get-out-of-jail card to sit out the return-to-office mandate? My question is about the balance between the employer and the employee, and how far the employer is willing to go on enforcement.

Dr Samir Attia: My opinion is quite simple: balance is not about compromise; it is about clarity. For industry, especially SMEs, to be balanced, we have to support sector-specific flexibility. For example, I cannot handle a blanket policy. I cannot. Logistics is different from other services and from advertising; it is just different. One size does not fit all in this. We need to encourage evidence-based practices and fund it if the Government need to fund workplaces. Simply, I need to say to let business leaders lead with insight, but not instructions, because you can reach a level of suffocating SMEs with regulation and codes that do not suit their practice and service delivery.

Phillippa O'Connor: Let me build on that from the PwC perspective. Until we had monitoring, the ability to have the right evidence to do any of the things that you allude to, Lord Fuller, we felt was insufficient. Where there may have been individuals who were not meeting our expectations of them, that would have been looked at much more in the round.

Our approach now that we have the data in place, our very first step, is to have the career coach who looks after each of our individuals have a conversation with them. That is to help us understand what is going on under the bonnet for people who are not in compliance with our policy and, particularly through the inclusion lens, look at whether or not we need to adjust to reflect individual circumstances, many of which Lindsay referred to in her opening.

Ultimately, however, where those things are not the case, this is, as with any other employment policy, something that we would look to follow through to disciplinary action if it were required. We feel that that is important for the very small minority of the population who are not in compliance to deliver on the fairness agenda that I mentioned earlier.

Lord Fuller: How far down the disciplinary route have you gone? That is the key thing. How heavy-handed is the organisation?

Phillippa O'Connor: In the absence of the data for the three-month running period that will be released on 1 May, I do not have a data source for you about disciplinary actions specifically linked to attendance. Over time, clearly, we will be looking at that as we roll through our monitoring process.

Lindsay Pattison: I will say the same. It is too early. People have a fear of that but what we are interested in is productivity and effectiveness and someone being a great colleague to work with. It would be a very small majority who are just not working. If they are just not working, that is a different issue that we face. I think people have a fear of that action, but we have not taken it yet. We just want transparency and productivity.

Lord Fuller: It sounds to me as if you are getting ready to roll your sleeves up, but you have not quite got there yet. Is that a fair characterisation?

Phillippa O'Connor: To the point about fear, there is a very careful balance here for us to strike between fairness and the ability to enforce, where we have people who are distinctly out of compliance with our expectations and we need to support those who have completely reasonable personal circumstances that might mean, at a point in time they cannot comply with our policy. We lean in, support and help them to ensure we have the most inclusive workplace that we can have. We have to adjust that balance continuously and extremely carefully.

Q100 **Lord Parker of Minsmere:** Thank you to all three of you for helping us today. You have made some very interesting comments. Could you say a little more about a theme that all three of you have touched on—performance, productivity and competitiveness? I am asking the question from the strategic context of the UK economy and the need for us to push forward with growth and competitiveness.

From your different settings, could you say a bit more about that and the extent to which the policies that you are now applying have been based on your best possible view of optimising the productivity, performance and profitability of the firm? Do you feel you have had to compromise that a bit, balance it you could say, with the desire of the workforce, which perhaps went a bit the other way during Covid? Are you now applying policies that maximise the commercial performance of the firm? Also, as you are client-facing firms, what do you see happening among your client communities on the same front?

Phillippa O'Connor: We have thought carefully about this policy, and you can see that over the time we have had it in place and the evolution of it in 2025. I genuinely believe that this allows us to hit the balance of doing both. We fundamentally believe that, with an appropriately engaged, diverse, broad, flexible and empowered workforce, we drive more profitability, growth and engagement, and better outcomes. It is not an either/or position for us; it has been about where to find that unique point where we believe productivity requires an amount of time together in our offices or with our clients. We need to steer our employees to that being the majority of the time in their week, but to maintain empowered flexibility that supports those non-office days. That is critical to our position as an employer to get the best talent and therefore to be able to do all those things in the right way. On the point about listening and adjusting, we believe that we have hit that point now.

On the point about competitors, there is a broad diversity in the market at the moment in who does what. Some of that is very sector driven, and I think it is important that flexibility is maintained in the market for different sectors to adjust in different ways. Equally, I see that, as we went first among professional services, we have been pretty closely looked at and that there are others that would like to follow.

Lindsay Pattison: Yes, it is always challenging to go first. I will say two things. The first is that we have started to change how we think about productivity. Productivity is not just about being in the office. I think what we really missed was the learning and development aspect, increased engagement, and learning by osmosis. I used to learn by sitting down next to someone and from them explaining what we do, building networks and connections. Having a cup of coffee with someone more senior is just a bit easier when you have a conversation, and so is dropping into a meeting that maybe you were not formally invited to but because you can see that it is going on and it looks interesting. Serendipitous discovery is helpful for ideas.

We provide lots of online training, and future-readiness academies, which everyone can do themselves, so participants self-select and they are important. However, we get higher employment satisfaction scores from any in-person training. As an organisation, we are focused as we move to a world that is much more AI-driven. We have a ton of AI learning and an AI platform, and we will have to do lots of work on it. My slight worry is that we cannot go back to people just working on an AI platform and doing their work on a Mac or a computer, which would be quite easy.

At the same time, people need human skills—empathy, listening, mentorship and EQ skills. We are thinking quite carefully about it. When we had human skills in one of our new training programmes, it sold out immediately, because we have almost gone too technical. I think there will be a good balance of that in the future.

Dr Samir Attia: I think all three of us welcome flexibility as a principle. That is what I hear. However, codes and legislation should be enabling and not enforcing. Every sector is different, of course. My logistics company is different from the creative agency and different from advertising. They have different rhythms. The right to disconnect my employees must be handled with nuance, otherwise we all risk breaking the trust-based engagement that drives all our companies. Let businesses build their own culture and the way they do things, without having to follow rigid codes, otherwise you break trust.

Q101 **Lord Monks:** The law in this area has some controversial dimensions to it at the moment. We have had a right to request flexible working for 20 years or so. The proposal in the Bill currently before the House of Lords is that, if an employer turns down a particular request, it must provide reasons and so on, which presumably will have to stand up to somebody. At the same time as that has been going on, the Government were initially committed to a right to disconnect, so a person working from home could turn off the computer system, Zoom, Teams and all the rest of it. What is your view on that? Is the legal framework okay? Would you like to see any changes or particular alterations, all three of you? A nice quick answer would be appreciated.

Lindsay Pattison: We will look at every request for flexibility that has been there for some time. To Phillippa’s point, we need to be fair and equitable about it. Our main concern about having to explain from a list of set reasons has to do with the time that it takes the legal system to review cases. There is a two-year lag for any employer tribunal issue at the moment, and that is a disaster, frankly, for anyone. We will consider a request; we believe we are fair and equitable, but we are a big employer and dragging something out for two years is not helpful for growth.

The Chair: If you are in a position where the emphasis is the other way—that it will be on employers to say why you cannot do something—do you think there is an issue about having enough data to stand up an argument that says we want a person in the office for all the reasons you have said? Do you think you will have to evidence that differently or more?

Lindsay Pattison: I do not know. We have this in some of the other markets that we operate in—Australia, for example, and we have just introduced it in Belgium—so we have very clear guidelines. In our industry, however, there sometimes will be a need to try to contact someone, but of course they have the right not to be available. We have very clear guidance for that market, which we review, to see how we can implement it. We always tell people to have in their signature, "I am sending this at a time that works for me; please do not feel the need to respond now".

We also encourage people to send later. I had a colleague who had a terrible habit of doing long, dense emails on a Saturday morning, where were then stressful for me for the rest of the weekend, but he felt great because he had got it off his chest. I said, "But all you have done is give it to me, so write it on a Sunday if you like, but can you send it at 7 am on a Monday?"

We are trying to be accommodating. We believe that we are fair and reasonable. It is back to your question of the balance. We would talk to people about why we can or cannot do something versus being put in a box. I have a list of the eight reasons here. I do not know if we would have the data. We probably do not, so then it means a long tribunal process, sticky and subjective.

Phillippa O'Connor: Similarly, our flexible working request system has been in place for a long time. In the current environment, of course we give people reasons. It is whether or not the context of legislative change will hamstring us more. It inevitably will hamstring us more and, as you say, it could result in an extensive tribunal process unless messaged and delivered in the right way.

Similarly with the right to switch off, use footers and encourage scheduled send. The client-facing nature of our work means there will be times when people are contacted after hours. That has a lot to do with culture and ways of working. We encourage people to share their whole selves—their working patterns, their kind of needs, what hours work for them—and then have a culture that empowers people to deliver on that in a way that might be Saturday morning or might not be in the context of how people like to work.

Dr Samir Attia: In SMA, we treat our staff not as robots or rebels but as part of our larger family. We always explain what is expected from them and what their reward is. We do not do a stick and carrot. We just measure clear KPIs and everybody is clear. Clarity and communication are vital and, if everybody buys into the strategies, they will do it better than us. As I said earlier, we need to allow companies to create their relevant cultures. That will drive performance and growth, and that is all good for the UK economy.

Q102 **Baroness Freeman of Steventon:** In the interests of time, this might be homework, but we are going to ask what is the one recommendation from this committee that you want the Government to really listen to? If you have one in your head now that you want to give us, feel free to, but also please write if things occur to you.

Lindsay Pattison: I have two very quick suggestions. Our broadband speed is ranked 35th in western Europe. Please improve it.

Also, we have a lot of complaints about the cost of commuting, so do anything that can be done for the railway infrastructure.

Andrea gave me an example. On Mondays, because people are still catching up with new working patterns, too many trains still have only four carriages and they need eight on Monday, as well as on Tuesday, Wednesday and Thursday. Based on our evidence, they can probably still have four on Friday.

Phillippa O'Connor: We have exactly the same two: industrial strategy—how we can improve transport infrastructure—and how we can improve technology, in terms of links.

Dr Samir Attia: We own our real estate, our vehicles and everything that we do. So please let business leaders lead with our insight, not with very rigid instructions that would suffocate us.

The Chair: I thank the three of you very much indeed on behalf of the committee. I know that we have all found it fascinating. We may well come back to you with a few more questions, particularly on some of the data points, which we are most interested in and found quite difficult to get to. Thank you all very much indeed for joining us this afternoon.