SUMMARY

Background

In March 2020, as the COVID-19 pandemic hit the UK, millions of office workers began working from their homes for the first time. Although working from home existed prior to 2020, the extraordinary circumstances of the pandemic significantly accelerated the scale of what had been a modest and gradual shift, and transformed it into a mainstream arrangement for many office workers. This represented a major and rapid transformation in the UK's working practices—and one that took place in response to a global emergency.

Since the pandemic, the UK's workforce appears to have settled into a "new normal", where a large minority work from home at least some of the time; according to the latest data from the Office for National Statistics, 13% of working adults in Great Britain work from home all of the time, and a further 26% work from home some of the time (known as hybrid working). The UK is also estimated to have one of the highest levels of home working in the world.

However, not everyone can, or wants to, work from home—many jobs still have to be done in person, with significant variation across industries. Access to remote and hybrid working is unequal, with levels higher among professionals, university graduates, and those living in London. For example, data from one study suggests that 55% of those working in occupations associated with office working practise hybrid working—more than twice the figure for the working population at large.

This report examines how home working, in its various forms, has affected:

- Workers, in terms of their health, wellbeing, professional development and work-life balance;

- Employers, in terms of productivity, recruiting and retaining talent, collaboration and management;

- The wider economy and society, in terms of the knock-on effects, domestically and, by comparison, internationally;

- The Government, as it seeks to increase national productivity, employment and economic growth.

Findings

Remote and hybrid working have varied and variable effects on health, wellbeing, and work-life balance. Individuals working at home often self-report positive outcomes resulting from greater flexibility, but some may experience increased stress or isolation. There are gaps in the available data in this area; for example, it sometimes identifies correlation between particular circumstances and mental health outcomes rather than establishing causation. Some people may find that the boundaries between work and home become blurred or that they need to make trade-offs between their personal and professional lives, such as making financial savings from avoiding the commute but also having greater difficulty in accessing mentoring. The effects are dependent on individual circumstances; many disabled people, parents, and carers may have an improved experience of work, or may even be able to work where this would otherwise not be possible. However, those seeking interpersonal connection, including many young people,

or those with unsuitable home environments may be disadvantaged. Overall, we found that the risks of remote working for individual health and equality can be mitigated by hybrid working, which has the potential to be the "best of both worlds", but only if it is done well.

The impact of remote and hybrid working on productivity is difficult to measure, particularly in many of the knowledge-based roles where home working is more common. Much of the evidence on productivity is therefore self-reported, with workers tending towards the view that they are more productive at home and employer views more mixed. What academic studies there are suggest a limited impact either way for hybrid work, and a more varied and uncertain impact for fully remote work. Overall, we found that there is unlikely to be a "one size fits all" answer to the question of productivity.

For employers, remote and hybrid working can be helpful in recruiting and retaining talent, thus reducing their recruitment costs, though we also identified a surprising reluctance among employers to include home working arrangements in job adverts. Remote and hybrid working also appear to lead, in general, to lower rates of sickness absence. There are also downsides for employers, particularly with respect to collaboration and culture, which can be harder to replicate remotely. However, by retaining the flexibility of remote work and the collaborative benefits of in-person work, hybrid work again has the potential to be "the best of both worlds"—provided that it is co-ordinated and well managed. Indeed, management is key to successful hybrid and remote working, yet it can also be more challenging in these contexts, and we identified a concerning deficit in the skills and training needed to manage hybrid and remote working.

We heard that workers, on average, are more supportive of home working than employers. This "preference gap", however, appears to be one of degree—many in both groups are broadly in favour of hybrid working, but workers tend to prefer more time at home than employers would like. Dialogue between workers and employers is important in ensuring mutually beneficial arrangements.

Some employers have recently implemented return-to-office mandates—although we heard that these often amounted to codifying hybrid work, rather than a return to full-time office attendance. Such policies present employers with trade-offs, particularly between collaboration and staff satisfaction. Initiatives such as "anchor days" can be helpful for collaboration, by ensuring teams come in on the same days. As an employer in its own right, the Government should follow such examples of best practice. Yet we heard that its 60% office attendance mandate for civil servants risks conflicting with cuts it has made to the size of its office estate.

Beyond the effects on workers and employers, remote and hybrid working may be connected to unintended consequences for society in general. Working at home has not been definitively linked to national productivity growth in either direction, but it has the potential to increase employment levels. It may affect spending, housing, and transport, including through moving economic and residential activity away from city centres and through decreasing commuting, although the extent of these changes may be limited. From a technological perspective, it is reliant on access to digital infrastructure and digital skills and does not necessarily pose widespread additional cybersecurity risks, provided proper procedures are understood and followed. Although it is impossible to

predict the future, its prevalence could be reduced due to the overlap between fully remote roles and those which could be done by Artificial Intelligence. In the long-term, there are significant social and economic risks, which could lead to further substantial changes in UK working practices.

Implications for Government

In a post-pandemic context, remote and hybrid working are largely a matter for employers and workers, rather than the Government. Broadly speaking, it should remain that way; employers and workers are capable of navigating the challenges and opportunities without major legislative or regulatory interventions, and business representatives we spoke to were keen to be left alone. However, we did identify a number of data and policy gaps where targeted Government action would help. Responsibility for this varies across Government, and there is an overarching need for greater co-ordination across departments.

The Government's Employment Rights Bill, currently before Parliament, stipulates that an employer may only reject a worker's request for flexible working (including home working) where it is "reasonable" for them to do so. It is currently unclear how "reasonable" will be defined, pending the development of planned Government guidance in this area. It is important that the Government gets this right: without a clear definition, there is a risk of years of litigation at a time when the employment tribunal system is already struggling. Elsewhere, we heard calls for a "right to switch off" to address the potential for boundaries between work and home to become blurred. The Government is right to address this through a Code of Practice, rather than by prescribing it in legislation.

The Government should also help employers and employees through guidance. Areas we identified for new guidance included the different forms of hybrid and remote work, and how these can be managed. We have asked the Government to consider how it can involve stakeholders in the development of such guidance, including by setting out its views on reconvening the Flexible Working Taskforce, which previously produced guidance on home working. The Government should also promote existing sources of guidance, including from the Health and Safety Executive, the National Cyber Security Centre, and the British Standards Institution. It should also set an example by ensuring its own policies for hybrid working in the civil service are internally consistent and in line with best practice.

Remote and hybrid working have the potential to support wider Government policy priorities; in particular, by enabling people to work who might not otherwise be able to do so, it could be a useful tool for supporting the Government's policies to increase employment. The Government should conduct further research in this area, given the significant potential implications for one of its central policies.

There are other areas where it is difficult to understand the topic properly with existing information and data. We therefore identified a number of areas where the Government should either conduct further research or data collection itself, or provide funding for this, including:

- Details on the prevalence of different levels of hybrid working;

- Better data on the impact on physical and mental health, based where possible on objective health outcomes rather than self-reporting;

- The impact of remote and hybrid working on different demographic groups;

- Linking separate employer and employee datasets on productivity;

- The wider impacts of remote and hybrid working;

- The long-term effects of remote and hybrid working.

As responsibility for collecting this data sits across multiple departments, the Government should allocate ministerial responsibility for the co-ordination of this data.

Finally, the Government can also help to ensure that the UK's wider economy supports efficient and productive remote and hybrid working. It should consider introducing incentives for employers to invest in management training. It should consider the needs of hybrid workers as it takes control of the railway system, including increasing the availability and awareness of flexible season tickets. And it should increase long-term investment in digital infrastructure, particularly broadband.