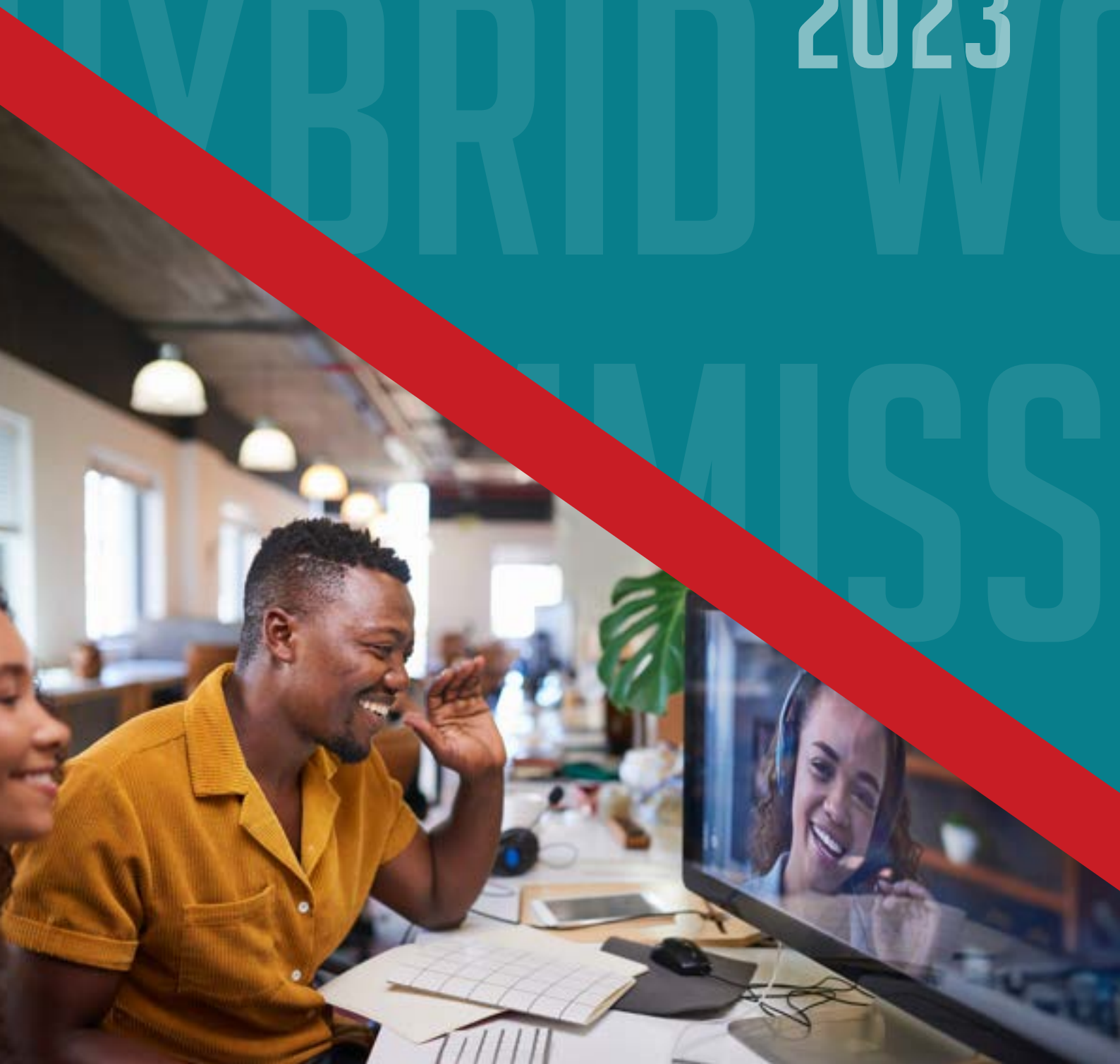


HYBRID WORK COMMISSION

2023



HYBRID WORK COMMISSION 2023

PUBLICFIRST 

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info@publicfirst.co.uk

www.publicfirst.co.uk

Authors: Vinous Ali, Scott Corfe, Amy Norman and Jude Wilson

ACKNOWLEDGEMENTS

The Commission on Hybrid and Remote Work was set up to examine and make recommendations on how the UK Government can respond to the rise in hybrid and remote working to the advantage of people, communities, and the broader UK economy. This report was co-sponsored by the commissioners member organisations and led by representatives from each:



Peter Cheese,
Chief Executive Officer



Laura Hegarty,
Senior Director,
Global Corporate Communications



Gemma Dale,
Senior University Lecturer



Sarah Mulholland,
Deputy Chief Executive



Andrew Pakes,
Deputy General Secretary /
Director of Communications & Research



Nicki Lyons,
Director of Corporate Affairs & Sustainability



Charlotte Holloway,
Head of Government Relations, EMEA

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KEY FINDINGS

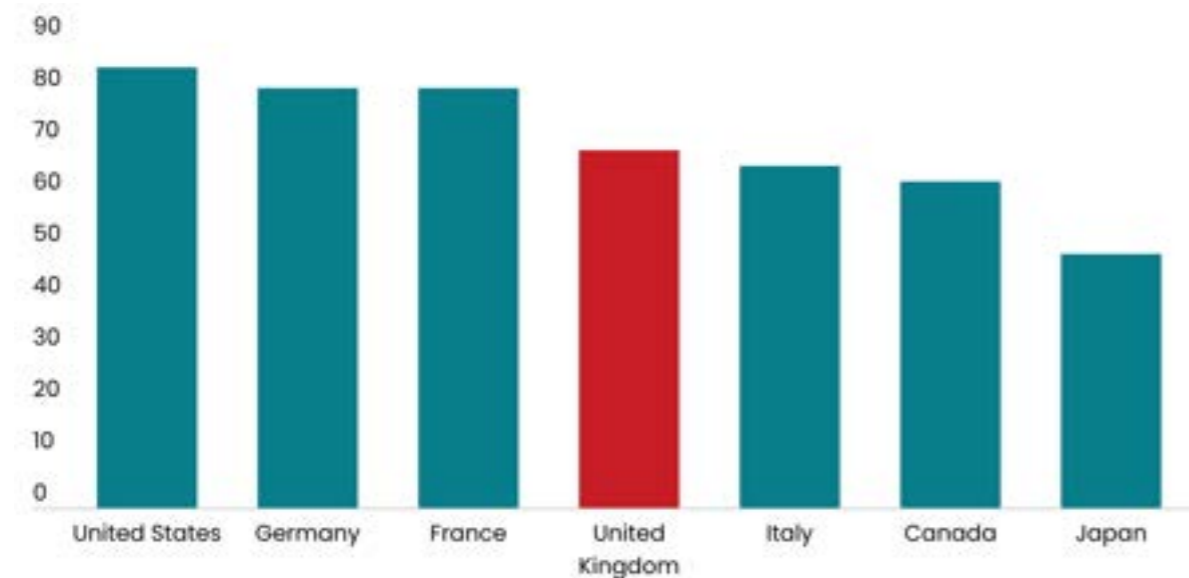
Hybrid work is here to stay. This Commission was created to better understand what hybrid work looks like in the UK from the perspective of both employees and employers, as well as identify ways in which the Government can maximise the potential hybrid work offers.

A growing body of research shows that the right hybrid and remote work environment in the UK could contribute to raised productivity, increased prosperity and a happier and healthier workforce.¹

IN PLAIN MONETARY TERMS, WE ESTIMATE THAT HYBRID WORKING IS WORTH €13.5BN TO UK HYBRID EMPLOYEES ANNUALLY. THIS IS EQUIVALENT TO €1,634 A YEAR TO AN INDIVIDUAL HYBRID WORKER OR 5.3% OF A MEDIAN SALARY.

At a time when UK households and businesses are facing a challenging economic outlook, this boost would surely be welcome. Post-pandemic, 21% of people in the UK remain economically inactive and productivity remains sluggish compared with other G7 countries.² Hybrid work, if done right, offers some solutions to these challenges.

Table 1: Productivity, GDP per hour (2021)
US\$ purchasing power parity



Through a mixture of consumer and business polling, focus groups, new economic modelling and desk research, it is clear that – despite the value of hybrid and remote work to businesses, employees and the UK economy alike – the experience of hybrid and flexible work is varied. Inequalities persist, even while the overall picture of hybrid work remains positive.

To unlock the potential that hybrid and remote work have to offer, we must close the gap in experiences between different groups and open up these opportunities to more people and businesses. This will require action in a few key areas:

1 See literature review (Annex B)
2 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/june2023>



1

A PERCEPTION GAP ON PRODUCTIVITY

There was a clear difference in opinion as to whether hybrid workers were more, less or equally productive when working at home compared to in an office; and these perceptions seemed to be dependent on whether an individual themselves participated in hybrid work.

For example, **33%** of business owners felt people worked better when working from home, while **32%** felt working in the office was more productive, and the remaining third felt it made no difference. These numbers changed significantly when you look through the lens of how their own businesses operate. Business owners whose teams were fully remote overwhelmingly believed that the workforce was more productive when working remotely (**54%**), but this came down to **35%** amongst those who used a hybrid model, and then fell lower still (**22%**) among the population of business owners who retained an in-person only approach.

Although there is little concrete evidence to suggest that employees are less productive when working hybrid or remote, the data above shows there is a clear perception gap between how employers feel about levels of productivity when working away from the office. This perception gap may be enough to stunt British businesses' ability to maximise the benefits of hybrid and remote work, if employers can't be convinced of the productivity benefits of hybrid and remote work.



2

AN AGE DIVIDE

75% of hybrid workers told us that hybrid working has had a positive impact on their work-life balance. Only **4%** said it had a negative impact. However, this rises to **8%** amongst 18 - 24 year olds who were also more likely to report that they felt disconnected from their teams - particularly senior managers, who they find it easier to speak to when face-to-face (**45%** amongst 18-24 year olds vs **33%** total).

Several studies have found that hybrid and remote work can be challenging for early career professionals who benefit from being immersed in an office environment for networking, mentorship and learning-by-osmosis. For example, we found that young people were more likely to say that there were greater opportunities to learn new skills in the office, than their older counterparts (**52%** to **43%**).

This plays out against a backdrop of decreasing training and professional development opportunities overall - employer investment in training has fallen by **28%** since 2005.³ By increasing opportunities for learning, you also increase opportunities for connection and collaboration, which young people in the workforce today feel like they're missing out on.

³ <https://learningandwork.org.uk/news-and-policy/employer-investment-in-training-plummets-28-since-2005-putting-the-governments-ambition-of-a-high-skill-high-wage-economy-at-risk-report-warns/>



3

A ROUTE TO GREATER ACCESSIBILITY

44% of those who self-reported having a long-term health condition wished they had more flexibility over their work schedule, compared to **35%** of the general population. This group also reported marginally better overall wellbeing when working from home (**47%** vs **44%**).

With the employment rate amongst the disabled vs non-disabled population standing at 28.3 percentage points, there are wider benefits for the economy and society to be reaped by closing the participation gap.⁴ Over a third (**34%**) of those we spoke to with long-term conditions that prevented them from working said they would like to work if given the right arrangements by their employer.

That said, while **64%** of the general population felt that most employers are willing to accommodate the disabilities of their employees, this number drops significantly (**43%**) amongst those with long-term conditions. Indeed, the majority (**54%**) of those we surveyed reporting long-term illness told us that the Government should give employees the right to work remotely if there is no strong reason why the job cannot be done from home.

⁴ <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/TheChangingWorkplace.pdf>



4

A MIXED PICTURE FOR PARENTS

Parents in Britain work 2 hours longer than the OECD average every week and face significantly higher childcare costs than their counterparts in much of Europe. Keeping this context in mind, the parents we spoke to broadly agreed that hybrid work was a good thing. **69%** of those with children under 18 reported that hybrid work had made juggling their parenting responsibilities easier.

However, this was not equal across genders. Mothers were more likely than fathers to report that hybrid work had made the juggling act harder (**19%** vs **11%**). Of those who said hybrid work made juggling parental responsibilities harder, three-quarters of women (**76%**) said they were expected to spend inconsistent hours in their external place of work compared to fewer than half of all men (**49%**), and **62%** of women said they were expected to spend more time caring for their children compared to only **37%** of men who reported the same.

Women, particularly mothers, already face a penalty at work. Research shows that they are more likely to be stereotyped as being less committed to their work and careers. With women more likely to report hybrid and flexible work as being important (**19%** vs **14%**), it is vital these two things are not conflated to create a double perception penalty.⁵

5

DIFFERENCES BETWEEN SECTORS

The hybrid working landscape varies by sector. For example, **60%** of those in manufacturing had never worked in a home environment, compared to **31%** of those we spoke to in finance and insurance. While much of the conversation centres on those who *can* work from home, there are important learnings to be extracted from those sectors and businesses who don't engage with hybrid work.

While **70%** say the reason they don't participate in hybrid work is because their job cannot be performed from home, our focus group with this cohort suggested there were other options that might support greater autonomy, flexibility and work-life balance. For example, co-working hubs with high levels of security, fast broadband connectivity or greater ability to set and shape shift patterns would all be welcomed by this group.

In our survey of businesses, **58%** of employers in sectors such as manufacturing, construction and education (where there are lower rates of hybrid working) said they would consider giving their employees more flexibility over working hours. Meanwhile, **44%** of businesses said they would be more likely to allow home working if there was faster broadband access at their employees' homes and **41%** if there was more reliable broadband.

More work needs to be done to improve this disparity, especially given that hybrid working patterns help expand the talent pool. **51%** of businesses said offering hybrid roles increased their ability to hire people from different regions, **53%** said the same about hiring parents or caregivers, and **42%** for hiring those with a disability.



5 <https://www.sciencedirect.com/science/article/abs/pii/S0191308512000093>

RECOMMENDATIONS

For many businesses, the changes wrought by the pandemic were introduced overnight. Since then, working practices will have evolved – but not necessarily optimised. With many organisations now experimenting with hybrid and remote work for the long-term, the opportunity has arisen for the Government to work in tandem with businesses and their employees to develop guidance, support and the relevant infrastructure to help ensure success.

Employers should seek to create moments for purposeful interaction, connection and collaboration by ensuring that employees have a reason to be in their office if they are so required.

This could take the form of organising training days, strategy days and/or organising recurring meetings on certain days to ensure that employees come into the office for very specific purposes and do not feel as though their time is wasted.

The Government, working with relevant bodies, should develop guidelines to support businesses to measure productivity in a hybrid and remote working environment.

These guidelines must not be intrusive, but give confidence to businesses that they have an objective set of tools to help them understand the productivity of staff and teams. Our research suggests that ‘trust’ is a key driver in the successful implementation of hybrid and remote working practices. In focus groups, those who chose not to use hybrid or remote practices, or did so begrudgingly, did not have the confidence that their workforce would be as productive from home. SMEs have historically struggled to objectively measure productivity, particularly in the knowledge-economy. The advent of hybrid and remote work requires new tools and strategies – delivered in conjunction with organisations such as Be The Business – to help managers understand the productivity of their employees as a first step to making improvements and adjustments.

Employers should offer line managers and those with management responsibilities training on hybrid and remote work to help them support their teams with hybrid working.

Organisations like the Chartered Institute of Personnel and Development (CIPD) offer guidance to employers and managers in areas such as: supporting wellbeing in hybrid workers, effective communication, and building inclusive workplaces. More needs to be done through local business networks such as LEPs (and their successors) to disseminate this guidance to businesses.



Include hybrid and remote working provisions as a part of Good Work Charters.

Good Work or Good Employment Charters are springing up across the country, often spearheaded by combined authorities, such as in Greater Manchester and the West Midlands. These increasingly encompass elements such as working conditions, progression, employee voice and flexibility. The Local Government Association should, with its members, explore how good hybrid and remote working practices can be captured and expressed in these Charters as a way to further encourage the uptake and proliferation of hybrid and remote work. This could for example, include ensuring that employers are explicit about their hybrid/flexible working options and what is expected from employees at the outset i.e. in job adverts.

The Government should consider reviewing parental leave policies and the impact this may have on bolstering gender divisions in the workplace.

Our evidence shows that while hybrid and remote work is welcomed by mothers and fathers alike, there have been unintended consequences resulting in mothers expressing greater challenges in balancing work and home life. This is a complex area, influenced by social norms and workplace culture and expectations; however, the policy environment clearly has a role to play in promoting greater equality in the workplace for those with childcare responsibilities.

In consultation with businesses, the Government should introduce a National Remote and Hybrid Work Strategy to ensure that remote working is a permanent feature in the UK workplace in a way that maximises economic, social and environmental benefits.

The UK Government’s approach to hybrid and remote work has been piecemeal and largely hands-off. The pending introduction of a day-one right to request flexible working shows positive progress, and the Flexible Working Taskforce has proved a useful model for bringing industry and Government together to consider flexible working conditions. However, the Government should now go one step further and introduce a National Remote and Hybrid Work Strategy, written with industry consultation, to build a holistic set of policy interventions that together support greater uptake and encouragement of hybrid and remote work.

The National Infrastructure Commission should actively consider the rise of hybrid and remote working in their second National Infrastructure Assessment due to be published later in 2023.

Understanding that the widespread availability of fast and reliable internet connections underpins the ability to adopt hybrid and remote practices, the National Infrastructure Commission should make it an explicit part of its mission to work with industry partners and Ofcom to ensure digital infrastructure rollout, including full fibre and 5G, meets the needs of businesses right across the UK. The second National Infrastructure Assessment, due for publication in the second half of 2023, which will focus on policies and funding to ensure the country is ready to face the demands and opportunities of the next 30 years, must not ignore the critical role hybrid and remote working will play in the UK’s transformation.



INTRODUCTION

Remote and hybrid work practices have been gradually increasing for some time. Before the pandemic, one in eight working adults reported working from home in the week prior to being surveyed (12%).⁶ In Spring 2022, when work from home guidance had been lifted, 38% of working adults reported having worked from home over the past seven days.⁷ Three years on from the start of the pandemic, our survey suggests that 58% of those currently working have some form of hybrid work practice in place. These figures are not all directly comparable, but they do illustrate a clear change to working culture.

It is no exaggeration to say that many of the changes made to enable home-working came in overnight. The majority (56%) of business owners who reported some form of hybrid working today had never used hybrid working pre-2020. However, even three years on, 15% of business owners admit to not formally making any changes to contracts or the workplace environment to accommodate increased home and hybrid working. This may mean that workplaces are not optimised for a changed environment that looks likely to stay in place.

The Government has also broadly taken a hands-off approach. After a clamour to get workers back to the office as the UK opened up post-pandemic, the Government has taken incremental, ad-hoc steps rather than pursue a comprehensive strategy on hybrid work. The pending day-one right to request flexible working, along with investments in connectivity infrastructure are welcome, but fall short of more comprehensive approaches to hybrid and remote work as seen in countries like Ireland.

This Commission has been formed to explore what a more holistic approach could look like to hybrid work. The insights in this report are based on new business and consumer polling, focus groups with workers and employers alike, as well as new economic modelling. The findings and subsequent recommendations build on a wealth of literature, captured in the annexed literature review, and a growing body of evidence on hybrid and remote work.

Broadly, our findings suggest that there are some clear changes that have created challenges as well as opened up new opportunities. These can be defined as:

- A changed office
- A change to hiring and retention
- A change in how we live

Taking these each in turn, this report considers what has changed, how people (employers and employees) feel about it and how the Government might intervene to maximise the opportunities offered while minimising new challenges that present themselves as a result.

DEFINITIONS

Flexible working describes working arrangements that give people a degree of flexibility over where, when and how they work. Remote working refers to a type of flexible working based on location, where employees work at home or a location other than the traditional workspace where the employer is based. 'Hybrid' working refers to a combination of office-remote arrangements. Other flexible working models can be based on the number of hours and when these are worked, including flexi-time and compressed hours.

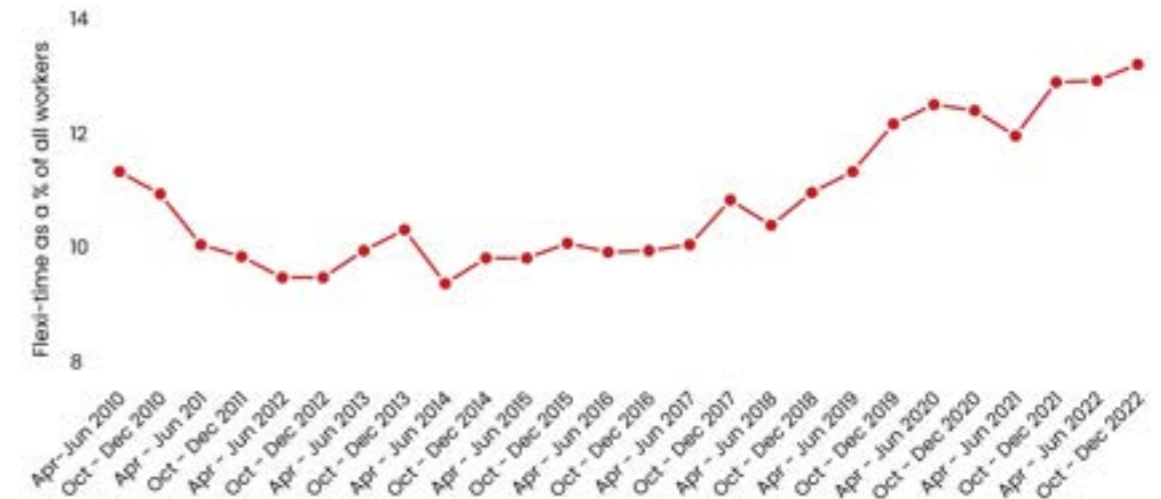
Source: POSTbrief, The impact of remote and hybrid working on workers and organisations, 2022.

⁶ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23>
⁷ Ibid.



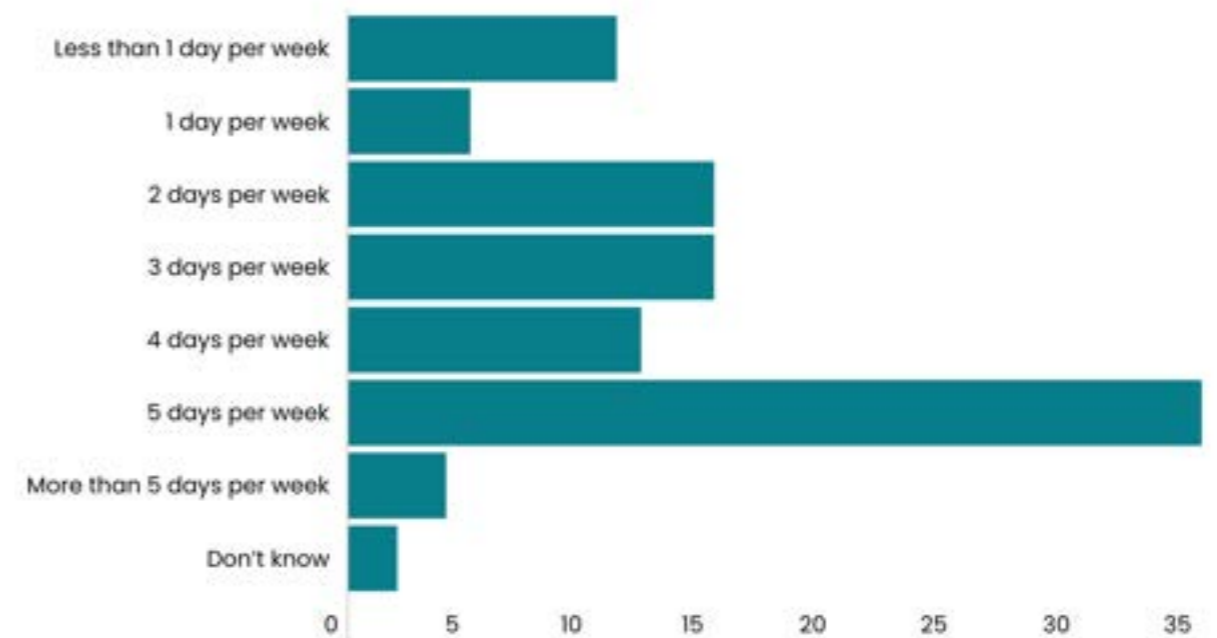
The conventions of a five day working week in a fixed location have only recently started to shift. These changes take many forms - for example, flexi-time has been steadily on the rise for much of the last decade (Table 2) and other forms of flexibility, for example, compressed hours, job share, zero hours and annualised hours, have all become increasingly common in 21st century Great Britain.

Table 2: Flexi-time series



Most of these changes have happened incrementally over time. However, the pandemic created a sharp break from what had come before. Prior to the Covid-19 outbreak, flexibilities tended to be built around an individual or a specific role; but this change was far more blanket in nature, shifting entire workplaces and office buildings to home-working on either a full-time or hybrid basis.

Table 3: Currently, how many days per week are you required to work from your external place of work?



A CHANGED OFFICE

The scale of this change has altered the very essence of the office, and how individuals organise their time.

40% of survey respondents said they found it easier to have good relationships with colleagues when working in the office and a third (**33%**) tended to find it easier to speak to more senior colleagues when in the office. Meanwhile, an overwhelming majority (**62%**) said team collaboration was better in the office and over half (**51%**) said they had better opportunities for skills development when at an external place of work.

Conversely, almost half (**49%**) said they found it easier to stay focused on their work when at home, with the idea that “deep work” was saved for home-working coming through strongly in focus groups:

“Working at home, I would say I’m a lot more focused, I get more work done at home than I do in the office, there’s less interruptions.”

FEMALE, 30, ASSISTANT MANAGER.

“I absolutely love working from home... I feel like if we’re in the office we do a lot of chatting and that is really nice but I also find it quite stressful because sometimes I really just want to get on with my work”.

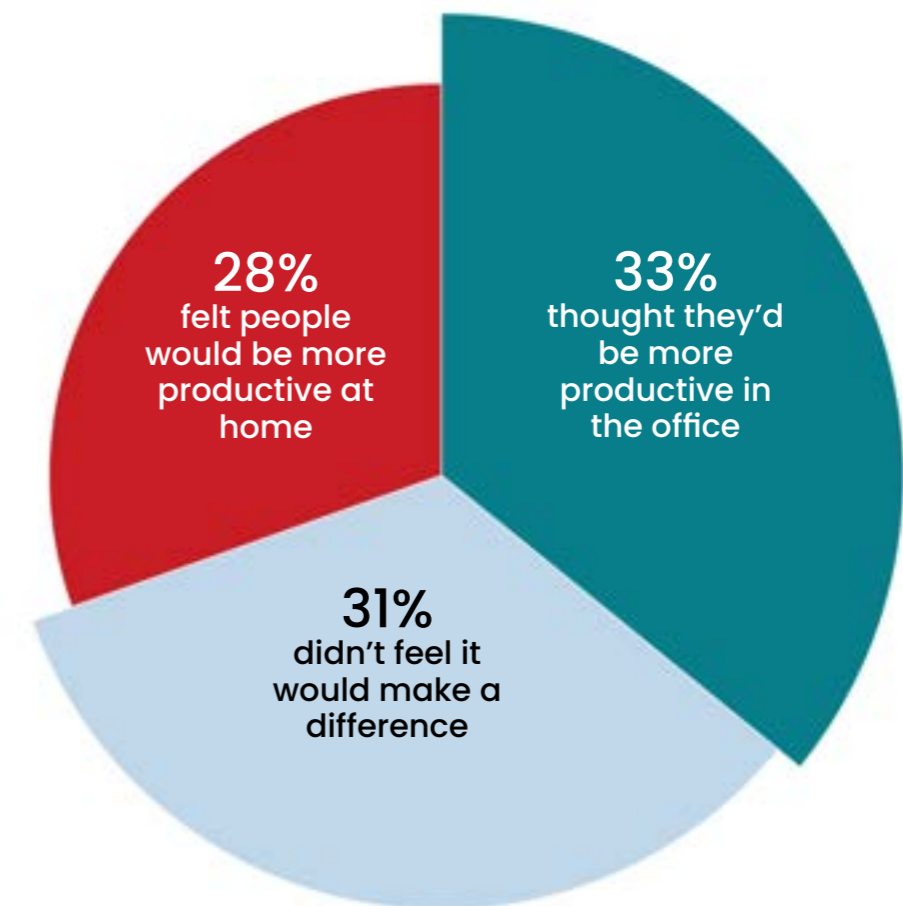
FEMALE, 41, CO-OWNER OF A SCHOOL THERAPY ORGANISATION.

Employers agree. **63%** of business owners who deployed some form of hybrid working said team collaboration was better when working in an office and **66%** agreed that staff valued their time in the office more than they did before hybrid work was on offer.

There are two spillover impacts of this change that are worth considering when asking how the Government can use this change to the broader benefits of UK plc. First, what is the net impact on productivity given this new split between a more sociable office vs a focused home-working environment? And, second, what does this mean for overall employee well-being?

PRODUCTIVITY

The British public were evenly split as to whether they felt people were more productive when working from home vs working in the office.



However, this view was heavily coloured by whether or not they were themselves a hybrid worker. **46%** of hybrid workers felt that people were more productive at home compared to only **18%** who did not engage in hybrid work. The distinction was even more stark between those who were remote only vs in-office only (**53%** vs **18%**).

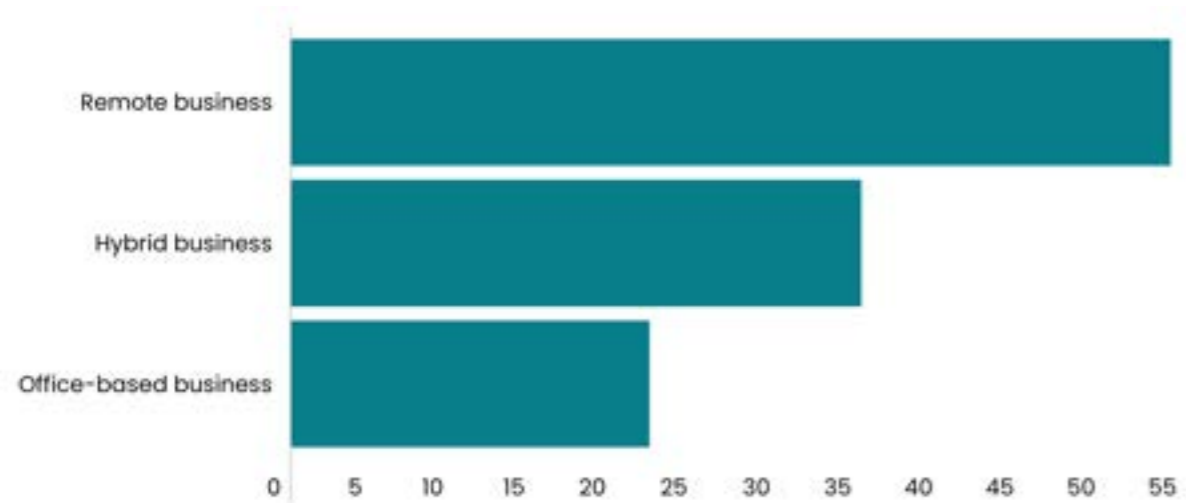
Employers were also split. **33%** of business owners felt people worked better when working from home, while **32%** felt working in the office was more productive, and another third felt it made no difference. Again, these numbers change significantly when you look through the lens of how their own businesses operate. Business owners whose teams were fully remote overwhelmingly believed that the workforce was more productive when working remotely (**54%**), but this came down to **35%** amongst those who used a hybrid model, and then fell lower still (**22%**) among the population of business owners who retained an in-person only approach.



RECOMMENDATION: WORKPLACES AS ENVIRONMENTS FOR MEANINGFUL CONNECTION

Employers should seek to create moments for purposeful interaction, connection and collaboration, by ensuring that employees have a reason to be in their office if they are so required. This could take the form of organising training days, strategy days and/or, organising recurring meetings on certain days, to ensure that employees come in for very specific purposes and do not feel as though their time is wasted.

Please indicate if you believe that work productivity is improved when people work remotely.



Exploring this phenomenon more closely in the focus groups, it became apparent that this “productivity perception gap” was based on little concrete evidence in terms of metrics or outputs, and instead seemed to come down to trust and respect.

“I don’t really mind if they’re working at 11pm or 3 in the morning if that fits their life pattern, as long as we’re servicing our customers – it comes down to that trust relationship and holding onto people.”

FEMALE, 56, MANAGING DIRECTOR.



RECOMMENDATION: A MORE OBJECTIVE MEASURE OF PRODUCTIVITY

The Government, working with relevant bodies, should develop guidelines to support businesses to measure productivity in a hybrid and remote working environment. These guidelines must not be intrusive, but give confidence to businesses that they have an objective set of tools to help them understand the productivity of staff and teams. Our research suggests that ‘trust’ is a key driver in the successful implementation of hybrid and remote working practices. In focus groups, those who chose not to use hybrid or remote practices, or did so begrudgingly, did not have the confidence that their workforce would be as productive from home. SMEs have historically struggled to objectively measure productivity, particularly in the knowledge-economy. The advent of hybrid and remote work requires new tools and strategies – delivered in conjunction with organisations such as Be The Business – to help managers understand the productivity of their employees as a first step to making improvements and adjustments.

CASE STUDY: ATOM BANK

Challenger bank, Atom, recently introduced a four-day working week after a six-month trial. As part of the trial, Atom Bank analysed approximately 170 different metrics of productivity to assess the impact of moving to a four-day working week.

“Productivity is such a difficult thing to put your finger on,” says Anne-Marie Lister, the bank’s chief people officer. “It’s a mix of lots of things”, she said, which the bank studied in detail before introducing the new working pattern. “If you also ask your people how productive they feel and what efficiencies they’ve found, that gives you a much better picture.”

Having clear metrics ensured an objective assessment and gave leaders the data points necessary to make a considered decision. The four-day working week at Atom has proved a huge success – not only increasing productivity but also reducing sick days and improving retention.

WELLBEING

70% of business owners reported that their business was happier since introducing a hybrid work model. One business leader told us that they were making the transition to a four-day working week, based on the idea that productivity could increase even as time was reduced.

"We feel people can be more productive if they have a better work-life balance".

FEMALE, 56, MANAGING DIRECTOR.

This idea is not a new one. There is clear evidence that points to an association between individual wellbeing and productivity. Economists such as Diane Coyle, for example, have written extensively about what gets left out when we focus only on GDP as a measure of growth.

Our survey clearly showed that for workers, wellbeing and productivity were intrinsically connected and that hybrid work was a helpful tool in securing that 'work-life balance', which could also be thought of as a wellbeing-productivity balance.



Over half of Brits (**54%**) believe working hybrid supports a better work-life balance



62% of hybrid workers said it promoted better wellbeing



60% of those who had a hybrid work pattern told us that they were able to better avoid work stress when working from home

However, there were also concerns that being physically apart from colleagues could lead to negative impacts on wellbeing. Whilst just **4%** of respondents said hybrid work has a negative impact on their wellbeing, this rose to **8%** amongst 18 - 24 year olds who were also more likely to report that they felt disconnected from their teams - particularly senior managers, who they find it easier to speak to when face-to-face (**45%** amongst 18-24 year olds vs **33%** total).

Indeed, increases in loneliness and isolation topped the list of concerns business owners had about a hybrid model of work. In our focus groups, a number of participants talked about how mental health and wellbeing had become more of a focus since moving to hybrid working.

"We seem to be encouraged more now to speak out if we're not having a good day or if there's an issue. We're encouraged to ask colleagues for help. I just don't think that would have been directly communicated if we had been in clear sight looking like we were fine."

FEMALE, 36, OPERATIONS COORDINATOR.

"There's a lot more emphasis on mental health, they constantly remind you that there's mental health and wellbeing support if you need help to reach out and at Christmas they did things like decorate your desk. They didn't want to exclude people that were working from home so they were really encouraged to participate and send in pictures."

FEMALE, 41, CUSTOMER SERVICE ADVISOR.

In our focus groups, people shared positive examples of how managers and those with line management responsibilities had placed a greater emphasis on wellbeing since introducing hybrid work. However, our survey data suggests that this is not universal with just under half (**43%**) of managers at businesses with some or all employees working hybrid reporting that their company offers training on how to manage hybrid employees.



RECOMMENDATION: TRAINING FOR HYBRID

Employers should offer line managers and those with management responsibilities training on hybrid and remote work to help them support and enable their teams hybrid work. Guidance from organisations like the Chartered Institute of Personnel and Development (CIPD) to support employers and managers in areas such as: supporting wellbeing in hybrid workers, effective communication, and building inclusive workplaces, already exists. More needs to be done through local business networks such as LEPs (and their successors) to disseminate this guidance to businesses.

INDEED: WORK WELLBEING SCORE

Working in partnership with leading academics and experts, job search platform Indeed has created a new index measuring wellbeing at work. The index is a novel way for employees to not only evaluate their workplaces overall, but also understand how people feel at work and since launching the Work Wellbeing Score, over 15 million survey responses have been submitted, allowing jobseekers an extra metric with which to evaluate potential employers and allowing companies an insight into their workforce.

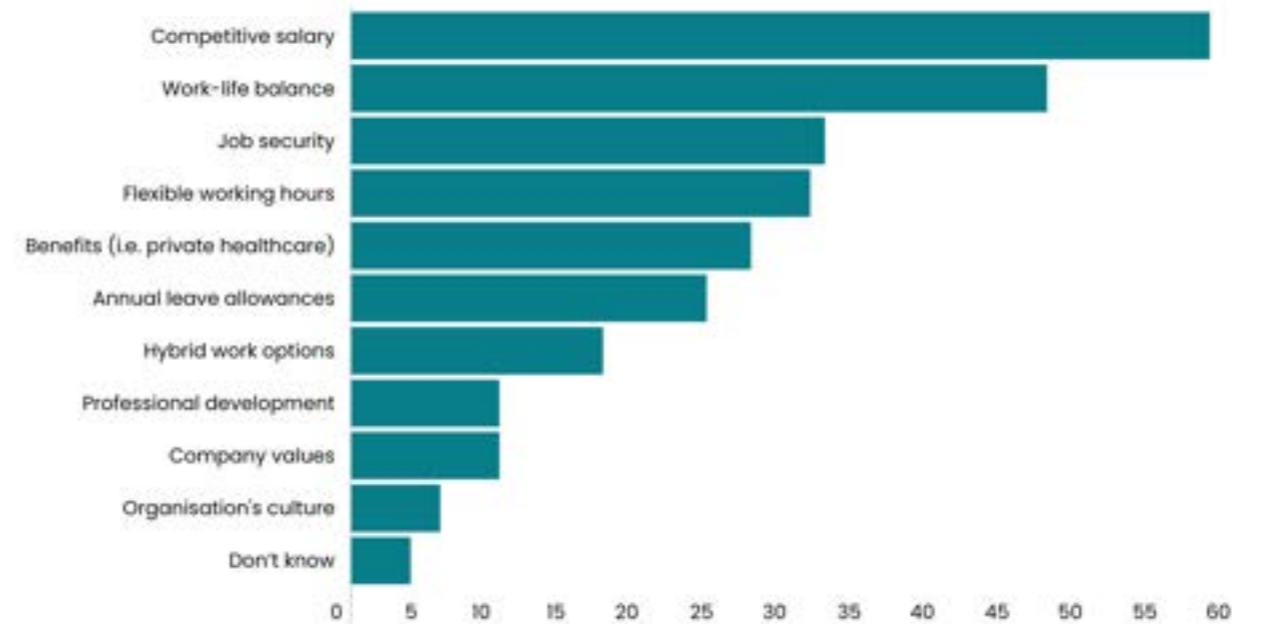
Measured on a scale of 40-100, the 'score' is a composite metric that measures the key outcomes of work wellbeing: happiness, purpose, satisfaction and stress. In their 2022, Work Wellbeing insights report, Indeed highlights that fair pay and flexibility are considered foundation needs that contribute to these outcomes.



A CHANGE TO HIRING & RETENTION

A report by Indeed in collaboration with Zoom suggests that, since the pandemic, there has been a rise in “Zoom towns” – areas that have seen a significant increase in job adverts offering hybrid and fully remote roles. This demonstrates how employers across the country are responding to demands from candidates and have spied an opportunity to recruit from wider geographical talent pools.

Table 4: Imagine you were looking for a new job. Which of the following factors would be most important to you in your search?



Our survey showed that work-life balance comes second only to a competitive salary for Brits, when asked to consider what factors would be important when looking for a new job. This has had a knock on effect on hiring practices amongst UK employers. Almost half (**45%**) of employers who offer a hybrid work model told us they would prioritise telling prospective candidates about this when hiring, ahead of professional development opportunities, benefits, and even details about remuneration.

Employers have in turn benefited from being able to cast a wider net when hunting for talent, as they are no longer constricted by geography.



70% of employers who offered some form of hybrid work said hiring has become easier since they introduced hybrid and remote work options.



Almost a third of employers also told us that using a hybrid model had allowed them to recruit from a more diverse pool of talent and **16%** said it had increased their ability to better match jobs to skills.



51% of businesses said offering hybrid roles increased their ability to hire people from different regions, **53%** said the same about hiring parents or caregivers, and **42%** for hiring those with a disability.

It is also worth noting that hiring processes themselves have embraced hybrid models. Data suggests that pre-pandemic only **22%** were conducting video interviews, increasing to **79%** in 2021.⁹

⁹ <https://www.onrec.com/news/statistics/60-of-employers-to-keep-video-interviews-after-lockdown-restrictions-lifted>



RECOMMENDATION: HYBRID AND REMOTE WORK AS PART OF GOOD WORK CHARTERS.

Good Work or Good Employment Charters are springing up across the country, often spearheaded by combined authorities such as in Greater Manchester and the West Midlands. These can encompass elements such as working conditions, progression, employee voice and flexibility. Not only do they help employers stand out in a crowd, they can also give potential employees another tool to help them determine whether a role or workplace is right for them.

The Local Government Association should, with its members, explore how good hybrid and remote working practices can be captured and expressed in these Charters as a way to further encourage the uptake and proliferation of hybrid and remote work. This could for example include ensuring that employers are explicit about their hybrid/flexible working options and what is expected from employees at the outset i.e. in job adverts.

This too was a powerful thread in the focus groups we ran:

"Even though we don't see each other as much in person, we've kind of put a focus on those big get together days which we're going to try and do once per term, and that's because we have got more money available because we're not having to pay for people driving miles and miles. We're aware that we're not crossing paths as much, and there isn't as much networking and face-to-face interaction. So we really want to make sure we have these get togethers that are really good quality interactions that everyone gets to make connections and feel valued."

FEMALE, 41, CO-OWNER OF SCHOOL THERAPY COMPANY.

The other side of the coin is retention. **78%** of businesses agreed that being able to offer hybrid/remote working has helped with staff retention.

OUR ESTIMATES SUGGEST THAT IN TOTAL, BETWEEN £6.9BN AND £10.3BN IS SAVED ANNUALLY ACROSS THE UK ECONOMY DUE TO IMPROVED RETENTION FROM HYBRID WORKING THROUGH RECRUITMENT COSTS ALONE.

This was supported by what we heard in our focus groups.

"When we first got back into this sort of hybrid model [post-Covid] I had a number of conversations with staff and a lot of them were saying to me 'if you make us go back in five days a week, I'm gonna give you my notice'. I spoke to people in other businesses and they were doing the same... it became a non-negotiable quite quickly."

MALE, 40, PROPRIETOR.

A positive unintended consequence of more companies using hybrid and remote work has been that businesses have also had to think meaningfully about increasing internal communication, encouraging company values and promoting better collaboration. Staff then feel more valued and connected to the company and their colleagues.

"If one day, my employer did turn around and say, we want you in five days a week, I would probably have a problem with that... it takes me 45 minutes to get there, driving. I didn't mind doing that one or two days a week, but if they made me do that every day, then I might not want to do the work there any more."

MALE, 25, COORDINATOR.



ACCESSIBILITY

By changing the requirements placed on employees to travel to an external place of work, hybrid work has also expanded employment opportunities to individuals with disabilities who are unable or less able to access offices.

Hybrid work has allowed disabled employees increased autonomy and flexibility in their roles and hours worked, allowing them the ability to work in more accommodating environments. Our study found that **44%** of those who self-reported having a long-term health condition wished they had more flexibility over their work schedule, up from **35%** of the general population.

"I have chronic health conditions that are impacted by having to go into the office five days a week, and being able to take a Monday and Friday... tapering out of the weekend and tapering back into the weekend... allows me that great bit of freedom in managing my health."

FEMALE, 25, STUDENT SUPPORT OFFICER

"We've now got something called job carving, where there's a couple of people that for health reasons can't come in at all. Once upon a time they would have probably lost their job entirely but now the retention is a lot better."

FEMALE, 33, OPERATIONS MANAGER

In addition to the ability to choose where they work, hybrid working allows disabled employees greater ease with managing their conditions: administering medication, changing medical dressings and equipment and attending medical appointments over the phone.

The benefits of hybrid work to employees with disabilities were reflected in the data we collected. When we asked, a third (**34%**) of people with a long-term illness said they would like to work, given the right arrangements. The impacts of increased hybrid work on the hiring of employees with disabilities was also reflected by our business survey, within which **42%** of businesses agreed that it had increased their ability to hire people who are disabled.

That being said, there is still room for improvement. Whilst **64%** of the general population felt that most employers are willing to accommodate the disabilities of their employees, this number drops significantly (**43%**) amongst those with long-term conditions. Indeed, the majority (**54%**) of those we surveyed reporting long-term illness told us that the Government should give employees the right to work remotely if there is no strong reason why the job cannot be done from home.

PARENTS & CARERS

We have also seen how hybrid and remote work can exacerbate challenges already faced in the workplace, for example, for women with caring responsibilities.

Parents in Britain work two hours longer than the OECD average every week and face significantly higher childcare costs than their counterparts in much of Europe. Keeping this context in mind, the parents we spoke to broadly agreed that hybrid work was a good thing. **69%** of those with children under 18 reported that hybrid work had made juggling their parenting responsibilities easier.

However, this was not equal across genders. Mothers were more likely than fathers to report that hybrid work had made the juggling act harder (**19%** vs **11%**). Of those who said hybrid work made juggling parental responsibilities harder, three-quarters of women (**76%**) said they were expected to spend inconsistent hours in their external place of work compared to fewer than half of all men (**49%**), and **62%** of women said they were expected to spend more time caring for their children compared to only **37%** of men who reported the same.

Moreover, our polling found that mothers were nearly four times more likely to work part-time than fathers (**43%** and **12%** respectively). At the same time, we also found that part-time employees reported being less likely to have experience of working hybrid than their full-time counterparts (**39%** vs **54%** respectively) and, conversely, more likely to *only* have experience working from an external location than full-time employees (**56%** vs **39%**). This suggests that part-time workers, specifically mothers, do not experience the benefits of hybrid work to the same degree as full-time employees.



RECOMMENDATION: REVIEWING PARENTAL LEAVE POLICIES

The Government should consider reviewing parental leave policies and the impact this may have on bolstering gender divisions in the workplace. Our evidence shows that while hybrid and remote work is welcomed by mothers and fathers alike, there have been unintended consequences resulting in mothers expressing greater challenges in balancing work and home life. This is a complex area, influenced by social norms and workplace culture and expectations; however, the policy environment clearly has a role to play in promoting greater equality in the workplace for those with childcare responsibilities.



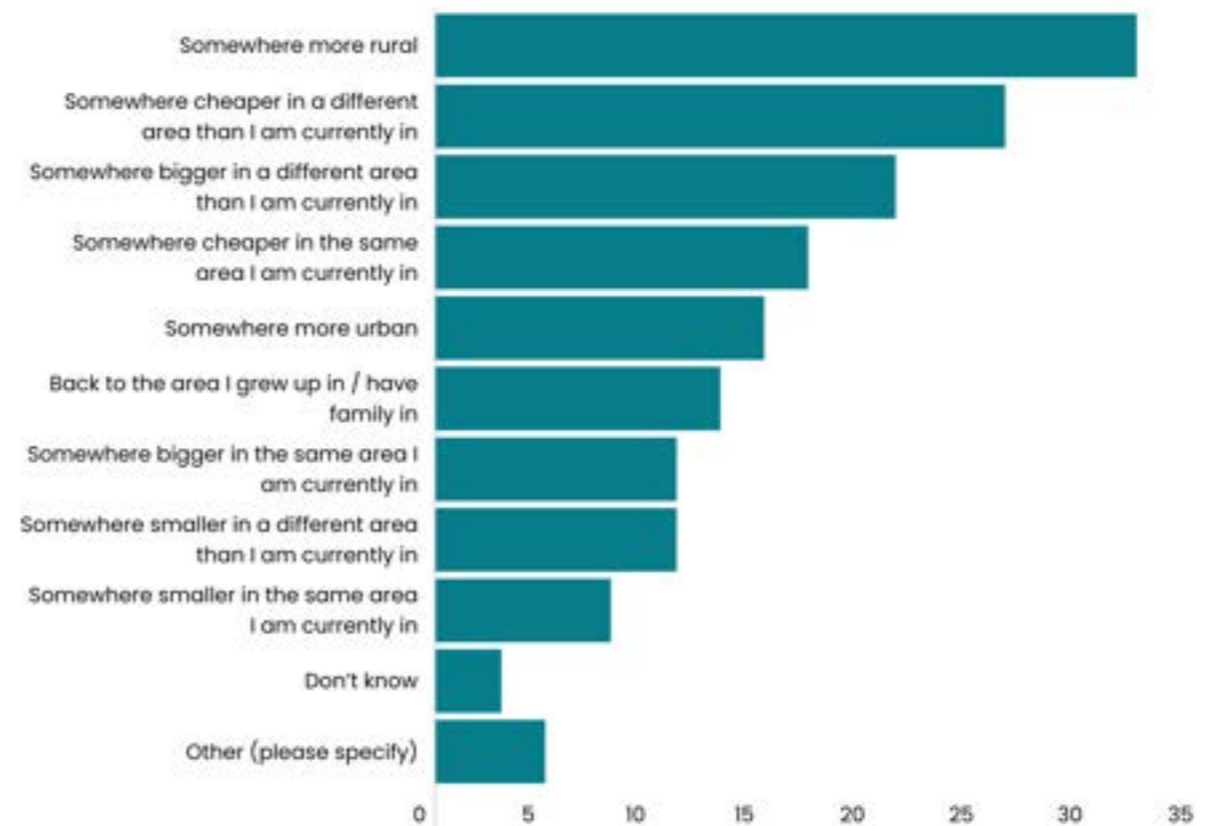
A CHANGE IN HOW WE LIVE

Covid-19 catalysed significant, ongoing turbulence in the housing market. Defined as a “race for space”, more households are hunting for larger properties in greener areas. The North West and Yorkshire and the Humber are outstripping price growth rates expected in London and the South East (**18.8%** vs **5.6%** overall 5-year price growth).¹⁰ The number of properties bought by Londoners alone increased dramatically, leading one analyst of the property market to describe it as the “largest migration out of London in a generation”.¹¹

A 2022 report by Hays outlining the benefits of “Work from anywhere” job roles found that the hybrid model allows employees to live nearer family, and reduces conflict when families seek to relocate. It can also allow them to benefit from reduced cost of living, and gives younger employees the opportunity to travel whilst working.¹²

Almost a fifth (**19%**) of hybrid workers said they would move elsewhere if their job was fully remote. This number was significantly higher in London where **26%** said they would move elsewhere if their job was fully remote and significantly lower (**10%**) in the North of the UK. Being more rural, in a cheaper area and a bigger property were high up on the list of reasons driving this decision for those interested in making a move.

Table 5: You said that you would move somewhere else if your job was fully remote. Where would you want to move to?



¹⁰ <https://www.countrylife.co.uk/news/countryside-house-price-growth-to-outstrip-london-and-the-south-east-for-years-to-come-say-savills-as-hybrid-working-is-here-to-stay-234984>

¹¹ <https://www.theguardian.com/lifeandstyle/ng-interactive/2022/feb/25/lockdown-lifestyles-how-lives-changed-covid-pandemic>

¹² <https://www.hays.com.au/documents/276732/1102429/New+workplace+realities+for+2022.pdf>

CASE STUDY: TULSA REMOTE MODEL

One initiative deploying hybrid working as a response to brain drain is underway in Tulsa, Oklahoma. Launched in 2018 by the George Kaiser Family Foundation, Tulsa Remote is a program designed to attract and retain remote workers in Tulsa by offering college graduates a grant to move to Tulsa, on the condition that they stay for at least a year.

According to data from Tulsa Remote, by June 2021, they had received over 20,000 applications, had invited close to 2,700 and successfully relocated 763 remote workers as part of the program.

A 2022 study into the success of the initiative found that workers who relocated with the program have a higher chance of remaining in their new communities beyond the required first year, higher engagement in the local community and higher real income growth without a drop in productivity.

In addition to these findings, a second study reporting on the impact of the program on the city's economy estimated that a new full-time job was created in Tulsa for every two remote employees who moved there as part of the program; they also estimated that every dollar spent on the program creates \$13 in economic activity.

Despite the appearance of a high upfront cost, preliminary investigations into the impact of the Tulsa Remote model indicate that supporting and facilitating increased hybrid and remote work may reap a range of rewards for individuals, businesses and local areas alike

LOCAL ECONOMIES

Putting relocation aside, the way we interact with 'place' and where we spend the majority of our time has also changed as hybrid and remote work has increased. Where we live and where we choose to spend our money then has an enormous impact on local economies.

Research from Demos in December 2020 found that more people (**36%**) thought they would spend increased time in their local area after the pandemic than thought they would spend less (**10%**). Our own survey work found that those currently in work were now most likely to carry out day-to-day activities closer to home, such as:



Dropping off or picking up a parcel (**73%**)



Buying groceries (**78%**)



Getting a haircut (**74%**)

This may point to greater spending in residential areas and lower spending in office-dense areas.

It also points to a change in commutes. **36%** of hybrid workers said that their commute had changed since hybrid working was introduced, with **44%** saying that they drove to work less, travelled off-peak more (**26%**) and no longer paid for a season ticket (**22%**).

WE ESTIMATE THAT THE AVERAGE HYBRID WORKER SAVES 178 HOURS A YEAR FROM REDUCED COMMUTING AS A RESULT OF HYBRID WORKING. IN TOTAL, THIS EQUATES TO 661 MILLION HOURS SAVED ACROSS ALL HYBRID WORKERS IN THE UK.

BARRIERS

While much of the conversation centres on those who *can* work from home, there are important learnings to be extracted from those communities who don't engage with hybrid work. While **70%** say the reason they don't participate in hybrid work is because their job cannot be performed from home, our focus group with this cohort suggested there were other options that might support greater autonomy, flexibility and work-life balance.

For instance, **25%** of all those who currently do not work from home say that they would be more likely to work remote if they had faster broadband at home. The same percentage (**25%**) said they would be more likely to if their broadband was more reliable. This is corroborated by employers. **44%** of businesses said they would be more likely to allow home working if there was faster broadband access at their employees' homes and **41%** if there was more reliable broadband.

Indeed, a study looking at network data changes showed that UK market towns such as Kingston (**52%**), Guildford (**52%**) and Dudley (**49%**) have seen some of the largest increases in network data usage in the country since the start of 2020. Reigate and Redhill (**48%**), Chelmsford (**48%**) and Dorchester (**45%**) have also experienced significant growth.¹⁴

14

<https://www.computerweekly.com/news/252502174/Boom-in-hybrid-working-high-speed-connectivity-drive-influx-into-UK-market-towns>

The cost of working from home was also noted as a drawback in our survey. **27%** said that spending more money on household costs like heating and internet was one of the main disadvantages of working from home. Over a third (**35%**) of respondents who engaged in hybrid or remote working said they received no reimbursements for office equipment or supplies they buy.

New types of workspaces have emerged to meet this demand; coworking spaces, cafes and pubs seizing on a new business opportunity offering WiFi and free refills, have popped up in commuter towns and communities across the country. These new spaces cater to freelancers, entrepreneurs and startups, but also to the hundreds of thousands of newly hybrid workers who want some of the office comforts of old, including reliable broadband, and a 'reserved' space, creating a boundary between home and work.

If such spaces were more widely available, this would help even more workers shift to a hybrid or fully remote working model - one where they didn't have to commute far from home to an external place of work each day, as has been the case in Ireland.



RECOMMENDATION: CONNECTING BRITAIN

The National Infrastructure Commission should actively consider the rise of hybrid and remote working in their second National Infrastructure Assessment due to be published later in 2023. Understanding that the widespread availability of fast and reliable internet connections underpins the ability to adopt hybrid and remote practices, the National Infrastructure Commission should make it an explicit part of its mission to work with industry partners and Ofcom to ensure digital infrastructure rollout, including full fibre and 5G, meets the needs of businesses right across the UK.

The second National Infrastructure Assessment, due for publication in the second half of 2023, which will focus on policies and funding to ensure the country is ready to face the demands and opportunities of the next 30 years, must not ignore the critical role hybrid and remote working will play in the UK's transformation.



RECOMMENDATION: A NATIONAL REMOTE & HYBRID WORK STRATEGY

In consultation with businesses, the Government should introduce a National Remote and Hybrid Work Strategy to ensure that remote working is a permanent feature in the UK workplace in a way that maximises economic, social and environmental benefits. The UK Government's approach to hybrid and remote work has been piecemeal and largely hands-off. The pending introduction of a day one right to request flexible working shows positive progress and the Flexible Working Taskforce has proved a useful model for bringing industry and government together to understand and respond to the challenges and barriers preventing more people benefiting from flexible working conditions. The Government should now go one step further and introduce a National Remote and Hybrid Work Strategy, written with industry consultation, to build a holistic set of policy interventions that together support greater uptake and encouragement of hybrid and remote work.

CASE STUDY: CONNECTED HUBS IRELAND

Connected Hubs is a flagship initiative led by Minister Humphreys and the Department of Rural and Community Development and implemented by the Western Development Commission, a statutory body established to promote economic growth across Ireland. The initiative is the centre piece of Ireland's 2021 National Remote Working Strategy and aims to connect and deepen the remote working infrastructure across rural Ireland to make remote working possible for workers in every community.

The network now has 315 co-working hubs across Ireland registered on its online platform, with aspirations for 400. These have been established by businesses and local authorities, supported by central Government grants. The Connected Hubs initiative aims to create a shared platform and brand to raise awareness of the hubs, the services they offer and the opportunities to relocate or establish a business from anywhere in Ireland, as well as developing and raising the profile of the hubs as convenient and professional distributed workplaces.



ANNEX A: METHODOLOGY NOTE

POLLING

Public First polled 2,016 UK adults between 13th Mar – 17th Mar 2023. All results were weighted using Iterative Proportional Fitting, or 'Raking'. The results were weighted by interlocking age and gender, region and social grade to Nationally Representative Proportions. Public First is a member of the British Polling Council and abides by its rules.

CONSUMER SURPLUS

Following the methodology of Brynjolfsson, Collis and Eggers (2019), we asked hybrid workers a single discrete binary choice question in the form:¹⁵

"Imagine you had to choose between getting an annual salary increase of £X, but you had to give up hybrid working (i.e. you would have to work from your external place of work every day). Which would you prefer?"

The price offered was randomised between £100, £300, £500, £1,000, £1,500.

We then computed both a linear regression of the results of this poll to derive a demand curve and the total consumer surplus per user, taking the average as the headline measure.

To calculate how this value equated to a proportion of a hybrid worker's salary, we then calculated the median salary of a hybrid worker using ONS data on employee earnings by major occupational groups. This was weighted by the likelihood of each occupation to report hybrid working using ONS data on the proportion of working adults that reported hybrid working September 2022 to January 2023.

The headline measure was also scaled to give a value for the UK as whole using ONS data on the number of working adults that reported hybrid working September 2022 to January 2023.

TIME SAVED FROM REDUCED COMMUTING

To establish a baseline, we estimated the total time spent commuting per week based on the assumption of working a full week at an external place of work (e.g. office) using Labour Force Survey data on travel time to work by occupational groups. To account for differences in working patterns, we calculated part time and full-time workers separately.

We then multiplied the weekly baseline commute time by the proportion of days hybrid workers were likely to go into the office (50%) and multiplied by the number of weeks worked in a year for an annual figure. The 50% figure was based on an average taken across multiple recent business surveys on the topic.

The calculation was then weighted by working patterns and occupational groups' likelihood to work from home using ONS data to estimate the headline measure of annual time savings for the average hybrid worker.

The headline measure was also scaled to give a value for the UK as whole using ONS data on the number of working adults that reported hybrid working from September 2022 to January 2023.

15 <https://www.pnas.org/doi/full/10.1073/pnas.1815663116>

EMISSIONS SAVINGS FROM HYBRID WORKING

Modelling the emission savings from hybrid working comprised two key components: the emissions related to increased energy use from home working and the emissions savings related to reduced commuting.

The carbon emissions savings related to reduced commuting was first calculated by converting the time savings per hybrid worker and at a total UK level to distance using the average speed during peak times from the Department for Transport. This was then multiplied by CO₂e per mile for car journeys using BEIS data on scope 1 emissions per vehicle type. Our model assumes that carbon savings only relate to commutes made by car.

The carbon emissions related to increased energy use at home were calculated using BEIS data on carbon emissions from homeworking per working hour. This includes carbon emissions related to heating and running office equipment. To calculate the number of working hours for both part-time and full-time workers, we drew on BEIS literature on daily and seasonal heating and working patterns. We then calculated a weighted average for the carbon savings of an individual hybrid worker. This was also scaled to give a value for the UK as whole using ONS data on the number of working adults that reported hybrid working from September 2022 to January 2023.

The calculations for carbon emissions related to increased energy use at home were then subtracted from the carbon emission savings related to reduced commuting to create the headline figure.

IMPACT OF HYBRID WORKING ON EMPLOYEE RETENTION

To calculate this, we used the findings of Bloom, Han and Liang (2023), which estimated that hybrid working led to a 33% reduction in employee attrition rates.¹⁶ To calculate the cost savings this would have for businesses, we used literature from The Society for Human Resource Management which estimated that it costs 6–9 months of an employee's salary to replace them.

We calculated the baseline of the cost of staff turnover in a non-hybrid scenario by multiplying ONS data on employee turnover per industry in 2018 by ONS data on median salary per industry. A high cost scenario and low cost scenario were calculated to reflect cost bandings of 6 months (50%) and 9 months (75%) of salary.

We then calculated the aggregate reduction in costs for hybrid workers by multiplying the high cost and low cost scenarios by Bloom et al.'s reduction in attrition rates (-33%) and the likelihood of home working per industry from ONS. All industries were then summed to produce an aggregate UK figure for the cost savings related to improved employee retention as a result of hybrid working.

16 https://www.nber.org/system/files/working_papers/w30292/w30292.pdf

ANNEX B: LITERATURE REVIEW

This Commission is tasked with exploring how the UK Government can leverage shifts in how we work to drive economic growth, regional prosperity and improved outcomes for employees and employers alike.

To do this it asks four central questions:

1. How can hybrid work support growth in towns and cities across the UK?
2. How can hybrid work help create more inclusive and accessible workplaces for all groups?
3. What impact does greater levels of hybrid work have on workplace rights and culture?
4. What impact does greater levels of hybrid work have on individuals and families?

The pandemic accelerated trends in hybrid work in the UK; it has also provided us with rich, new data that has been closely examined. This review summarises the existing literature on this topic, as it relates to our four central questions, and identifies gaps in our collective understanding of hybrid work.

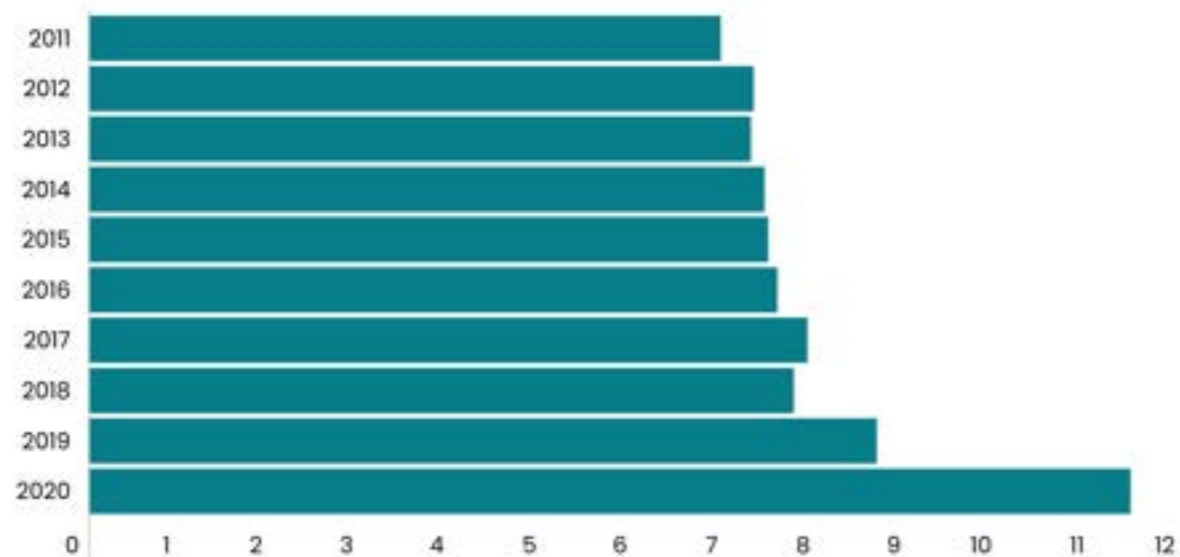
This literature review focuses on studies in the UK with a further focus on those studies from 2020 onwards, reflecting the shifts in hybrid work patterns resulting from the Covid-19 pandemic and related lockdowns.

However, it is important to first recognise that hybrid work is not a novel phenomenon.

PRE-PANDEMIC TRENDS

The prevalence of hybrid work has accelerated since the pandemic, but both were gaining traction prior to the imposition of the work from home guidance during the pandemic. The ONS highlighted a gradual increase in home working between 2011 - 2020 (Table 6).¹⁷

Table 6: Any working from home (millions)



¹⁷ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/home-workingintheukworkfromhomestatus>

These findings are supported by 2017 analysis of Labour Force Survey statistics that indicate a rising prevalence of remote working.¹⁸ The amount of employees working at least one day a week away from their workplace rose from 13.3% in 1997 to 17.1% in 2014. Similarly, the proportion working primarily remotely increased from 7.0% in 1981 to 12.3% in 2015.

However, following the Covid-19 pandemic, employee preference for hybrid work has risen, with studies suggesting it has become a central demand of job seekers. A 2021 International Workforce Group survey found that two-thirds of employees aged 25-34 would not consider applying for a job that did not allow for hybrid work, and 72% preferred hybrid work over being office-based, even if the latter meant earning 10% more.¹⁹ When applying for jobs, 83% of respondents stated they would be more likely to apply for a position if it allowed for hybrid work and a 2021 Bloomberg report also found that almost 39% of those surveyed would leave a job if it did not allow for hybrid work, with this number rising to 49% for millennials.²⁰ These findings are supported by a 2023 CIPD report that found that 6% of employees have left a job in the last year as a result of a lack of flexible working and 12% have changed careers due to a lack of flexible working across the sector.²¹

These new trends are being realised by employers. A 2022 ONS report highlighted that, in the reasons why businesses are embracing hybrid work, the “ability to recruit from a wider geographical pool in the UK” and “ability to recruit from a wider geographical pool internationally” were two of the most important.²² This is supported by a 2021 Zoom report that found a correlation between areas in the UK with strong job markets and an increase in remote jobs.²³ In the 25 areas that experienced the biggest increases in roles offering remote working options, this number was growing faster than the remainder of the local job market. Similarly, a 2022 analysis of job vacancies on LinkedIn found that 15% of job adverts were listed as hybrid, with this number rising to 64% in the City of London and reaching a peak of 90% in Oxford.²⁴ The desire for hybrid work findings are supported by a 2022 CIPD study that highlighted that 68% of organisations offering hybrid/remote work reported that it has allowed them to attract and retain talent.²⁵

This Commission focuses on how the UK Government can leverage changing trends to the betterment of employees and employers in the UK. The remainder of this chapter explores the existing data and literature, collected in the UK after the Covid-19 pandemic, to establish the benefits and challenges posed to employees and their employers, and to the economy.

¹⁸ <https://onlinelibrary.wiley.com/doi/pdf/10.1111/ntwe.12097>
¹⁹ <https://work.iwgplc.com/MediaCentre/Article/why-employees-prefer-hybrid-working-to-pay-rise>
²⁰ <https://www.bloomberg.com/news/articles/2021-06-01/return-to-office-employees-are-quitting-instead-of-giving-up-work-from-home?leadSource=verify%20wall>
²¹ <https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2023-pdfs/2023-flexible-hybrid-working-practices-report-8392.pdf>
²² <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23>
²³ https://explore.zoom.us/media/uk_leader_hybrid_work_report.pdf
²⁴ <https://www.orielpartners.co.uk/blog/research-hybrid-working>
²⁵ https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/resourcing-and-talent-planning-report-2022-1_tcm18-111500.pdf

HOW CAN HYBRID WORK SUPPORT GROWTH IN TOWNS AND CITIES ACROSS THE UK?

Key take-aways

- Hybrid work may contribute to a relocation of spending away from hubs of office space to residential smaller towns and cities.
- Employees would like to be in offices at least part-time.
- Digital infrastructure may limit the ability of some employees to work from home.

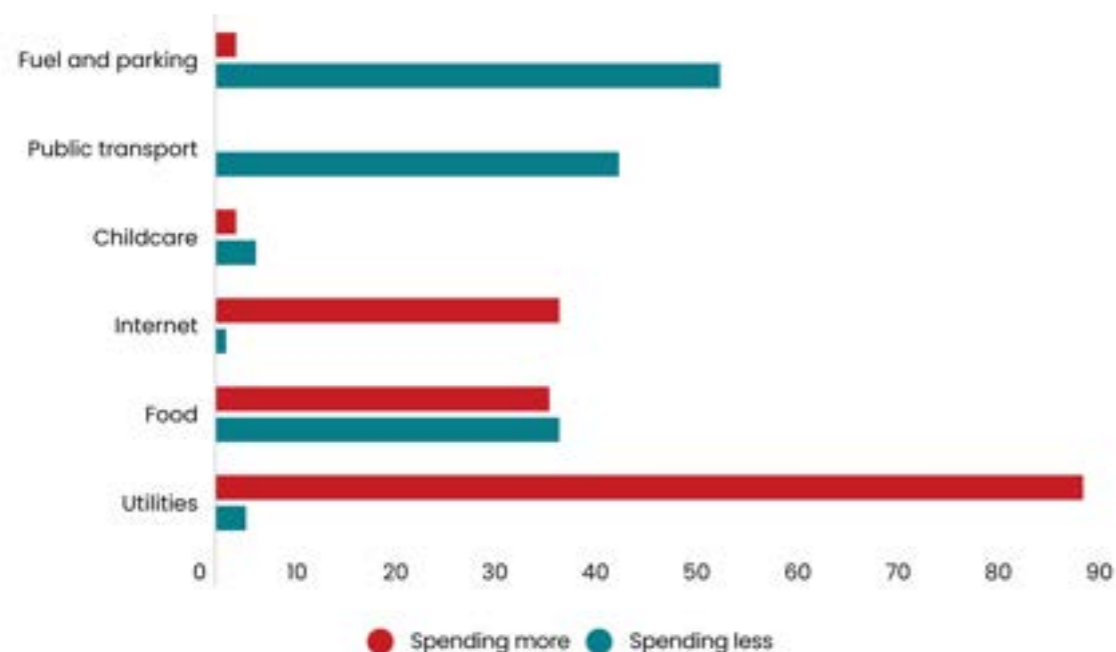
Gap in the research

- The impact of hybrid work on the redistribution of where employees are spending money has not fully been determined.

Studies exploring the impacts of hybrid work indicate that towns and cities across the UK may benefit from the resulting redistribution of employee spending.

Research suggests that hybrid work allows employers to hire from broader pools of talent as applicants are not confined to applying for roles in their local area. As employees seek to work from home more frequently, local economies outside of major cities may be boosted as employees' spending is relocated from near their offices to near their homes²⁶. A 2022 ONS report investigating home working and lower levels of spending found that 50% of home-workers reported spending less on fuel and parking and 40% spending less on commuting using public transport.²⁷ A 2022 report from the Irish Department of Enterprise, Trade and Employment estimated that employees could save up to €413 annual on reduced commuting.²⁸ Additionally, findings from a 2021 report indicate a link between employees who would like to work at home part-time after the pandemic and those who intend to spend more in their local areas than prior to the pandemic.²⁹

Table 7: Changes in household spending when working from home³⁰



26 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/Hybrid.pdf>

27 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/homeworkingandspendingduringthecoronaviruscovid19pandemicgreatbritain/april2020tojanuary2022>

28 <https://enterprise.gov.ie/en/publications/publication-files/an-evaluation-of-the-impacts-of-remote-working.pdf>

29 <https://demos.co.uk/wp-content/uploads/2021/03/Post-Pandemic-Places-Report.pdf>

30 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/homeworkingandspendingduringthecoronaviruscovid19pandemicgreatbritain/april2020tojanuary2022>

These findings are supported by a 2020 study that found that the increase in employees working from home is shifting patterns of consumption of goods and services from where they work to where they live.³¹ Subsequent changes may arise in residential areas as shops and restaurants seek to capitalise on the rise of people working from home and the redirection of their spending into local economies, as indicated in Table 7.

Whilst there are positive indications about the impact of hybrid work on towns and cities across the UK, limitations remain. 2021 ONS statistics highlighted that 70% of workers wanted to be office-based a few days a week.³² This may limit the number of employees willing or able to move beyond commutable distance from major hubs of office space, i.e. larger cities, and prevent smaller towns and cities from encouraging workers to relocate. Another 2021 study supports this finding, stating that the number of remote workers drawn away from larger cities into local areas is likely to be very low and in line with existing migration patterns and thus unlikely to significantly boost the economy of the areas receiving these workers.³³

Some rural areas may also be prevented from capitalising on this redistribution due to the lack of digital connectivity in their area. In 2020, OfCom reported that 17% of people and 30% of businesses living and operating in rural areas did not have access to superfast broadband (30 megabits or higher).³⁴ In comparison, a 2021 report found that 77% of premises in London and half of premises served by metropolitan borough councils in the North and West Midlands have gigabit coverage (1 gigabit=1000 megabits).³⁵ This indicates that some parts of the country may not have the infrastructure to accommodate hybrid workers and will be unable to benefit from the increased spending these workers would bring to their local areas.

Additionally, despite decreased spending on commuting, hybrid work has led to a rise of spending in homes (Table 7). The aforementioned 2022 ONS report exploring home working and spending during the pandemic found that 92% of homeworkers renting reported increased spending on utilities, with 86% of those paying a mortgage and 77% of homeowners reporting the same.³⁶ Additionally, of those working from home with children, 39% reported increased spending on food, 89% on utilities, and 27% on internet access. Those without children reported similar statistics (29%, 85% and 23% respectively). This may indicate that savings resulting from increased hybrid work are being absorbed by increased costs of being at home more, and may not be being redistributed into local economies.

Whilst local towns and cities may benefit from the redistribution of spending that results from increased hybrid working, little robust data has been collected that supports or disproves these inferences.

31 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3752977

32 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/businessandindividualattitudestowardsthefutureofhomeworkinguk/apriltomay2021>

33 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/Hybrid.pdf>

34 <https://www.ofcom.org.uk/research-and-data/multi-sector-research/infrastructure-research/connect-ed-nations-2020/main-report>

35 https://www.peteraldous.com/sites/peteraldous.com/files/2021-10/county_all-party_parliamentary_group_-_levelling_up_digital_connectivity-compressed_2.pdf

36 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/homeworkingandspendingduringthecoronaviruscovid19pandemicgreatbritain/april2020tojanuary2022>

HOW CAN HYBRID WORK HELP CREATE MORE INCLUSIVE AND ACCESSIBLE WORKPLACES FOR ALL GROUPS?

Key take-aways

- Minority groups tend to have a preference for hybrid work.
- Hybrid work creates more opportunities for under represented groups to seek employment.
- Hybrid work may limit progression towards promotion.

Gaps in the research

- The literature acknowledges the limitations of hybrid work for disabled employees or employees but does not detail how these can be overcome going forward.
- The literature does not fully explore the benefit of hybrid work to older employees.
- The impact of hybrid work on the progression of employees towards promotion.

Research conducted, including data analysis, literature reviews and anecdotal evidence, suggest that hybrid work removes some of the barriers that some employees may face in accessing and feeling comfortable in their workplace.

Research indicates that hybrid work enables employees with disabilities similar opportunities as their non-disabled colleagues. A 2022 report that surveyed 406 disabled workers in early 2022, found that hybrid working granted disabled employees increased autonomy and flexibility in their roles and hours worked, with benefits particularly salient for respondents with sensory-processing conditions.³⁷ These respondents found that working from home allowed them control over lighting and noise levels in their workspace – conditions they had limited control over in an office setting. Working from home also gave disabled employees greater ease in managing their conditions: administering medication, changing medical dressings and equipment and attending medical appointments over the phone. The positive implications of hybrid work for disabled employees are further demonstrated by a 2022 report that found that employees with disabilities were 11% more likely to prefer hybrid work than their non-disabled colleagues.³⁸ Other minority groups also expressed preferences for hybrid work: non-binary employees were 14% more likely to prefer hybrid work than their cisgender colleagues, and LGBTQ+ employees were 13% more likely to prefer hybrid work than their heterosexual colleagues. Additionally, black employees were 14% more likely than their white colleagues to quit a job if it did not allow for a degree of hybrid work, LGBTQ+ employees were 24% more likely to quit than their heterosexual counterparts, and employees with disabilities were 14% more likely to quit than non-disabled employees. The report found that employees seeking to manage stigmas relating to these matters found it easier to do so when remote and hybrid work was possible.

Older workers are another key group that may benefit from the expansion of hybrid work. A 2022 review of labour statistics highlighted a rise of people aged 50-64 leaving the workforce.³⁹ This rise in economic inactivity is a concern for policymakers, due to the added strain on an already tight labour market.⁴⁰ Another 2022 study exploring this trend, found the two top causes to be: “I did not want to continue working” and “I reached retirement age and decided to retire”, and concluded that many of these workers were financially positioned to retire and did not do so because of another reason, including ill-health.⁴¹ A similar report found that the increased preference for hybrid work among middle-aged and older employees compared to younger employees, even before the pandemic.⁴² This indicates that an increase in hybrid work options may appeal to older workers and support their retention in the labour market. This bears particular salience when considered alongside the demand.

37 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/TheChangingWorkplace.pdf>

38 <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/hybrid-work-making-it-fit-with-your-diversity-equity-and-inclusion-strategy>

39 <https://ifs.org.uk/articles/worsening-health-leading-more-older-workers-quitting-work-driving-rates-economic>

40 <https://www.ft.com/content/125df3f1-b0c0-4a5b-bf96-9bca0fc06404>

41 <https://www.thephoenixgroup.com/sites/phoenix-group/files/phoenix-group/Phoenix%20Insights/Publications/Phoenix%20Insights%20What%20is%20driving%20the%20Great%20Retirement.pdf>

42 https://www.cipd.co.uk/Images/understanding-older-workers-report_tcm18-107672.pdf

Hybrid work can be utilised as a tool to help create more inclusive and accessible workplaces, but progress remains to be made. Whilst research indicates that between half and two-thirds of managers no longer believe that working from home disadvantages employees' progression towards promotion, the prevalence of those who still hold this view must be acknowledged.⁴³ Analysis of hybrid work has highlighted the concept of the 'availability heuristic' which argues that judgments are made based on the information immediately accessible to employers.⁴⁴ When applied to hybrid work, the availability heuristic suggests that those who spend more time in offices are more visible to managers and, subsequently, may be given preferential allocations of assignments, pay-rises and promotions. This bears importance when considered alongside findings that minority groups have a stronger preference for hybrid work. This consideration is supported by a 2020 study that found that remote and hybrid work was more likely to have had a negative impact on the career progression of employees with caring responsibilities and disabilities.⁴⁵ These impacts are documented by ONS data that determined that employees who mainly worked from home were 'less than half as likely to be promoted than all other employees between 2012 and 2017' and 'around 38% less likely on average to have received a bonus compared with those who never worked from home between 2013 and 2020'.⁴⁶ This demonstrates that, whilst these employees may benefit from the practicalities of hybrid work, the availability heuristic may result in a "double stigma", as they may not be considered for promotions as immediately as those who are able or prefer to spend more time in the office. These findings are supported by data collected prior to the Covid-19 pandemic demonstrating that the reason why flexible working is used, i.e. due to caring responsibilities, can negatively impact career outcomes more than gender factors.⁴⁷ This report examined data from 2011 and found that the utilisations of flexible working arrangements was more likely to have had a negative impact on the careers of those with caring responsibilities and disabilities.

In addition to the challenges posed to employees, studies highlight the challenges facing employers. A 2020 study outlined the practicalities of accommodating hybrid work, indicating the need for the provision of the equipment required to work from home, overcoming home IT issues, and the need for managers to adapt their communication styles.⁴⁸ Managers set out the challenges they face supporting employees in their day-to-day work but also supporting their wellbeing, and ensuring they are able to maintain a healthy work-life balance. Employers must also navigate the strategic issues of providing office space: how much office space is required if employees often work from home, and how can they manage the flow of employees in an office to prevent overcrowding. Whilst employers may seek to limit the size of their office, this may limit the degree of flexibility afforded to employees.⁴⁹

Whilst hybrid work has made offices and roles more accessible for many, stigma and strategic challenges remain that may negate the positive impacts of these changes.

43 <https://www.birmingham.ac.uk/documents/college-social-sciences/business/research/responsible-business/managerial-experiences-during-covid19-2020-accessible.pdf>

44 <https://www.lse.ac.uk/tii/assets/documents/Hybrid-Working-report.pdf>

45 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/PolicyBrief.pdf>

46 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/home-workinghoursrewardsandopportunitiesintheuk2011to2020/2021-04-19>

47 <https://link.springer.com/article/10.1007/s11205-018-2036-7>

48 <https://www.birmingham.ac.uk/documents/college-social-sciences/business/research/responsible-business/managerial-experiences-during-covid19-2020-accessible.pdf>

49 <https://www.futureofworkhub.info/comment/2021/4/30/hybrid-working-what-are-the-pros-and-cons>

WHAT IMPACT DOES GREATER LEVELS OF HYBRID WORK HAVE ON WORKPLACE RIGHTS AND CULTURE?

Key take-aways

- Hybrid work contributes to increased autonomy for employees.
- Hybrid work has changed how managers oversee employees.
- Productivity may be dependent on the extent of each employees' desire to work from home.

Gap in the research

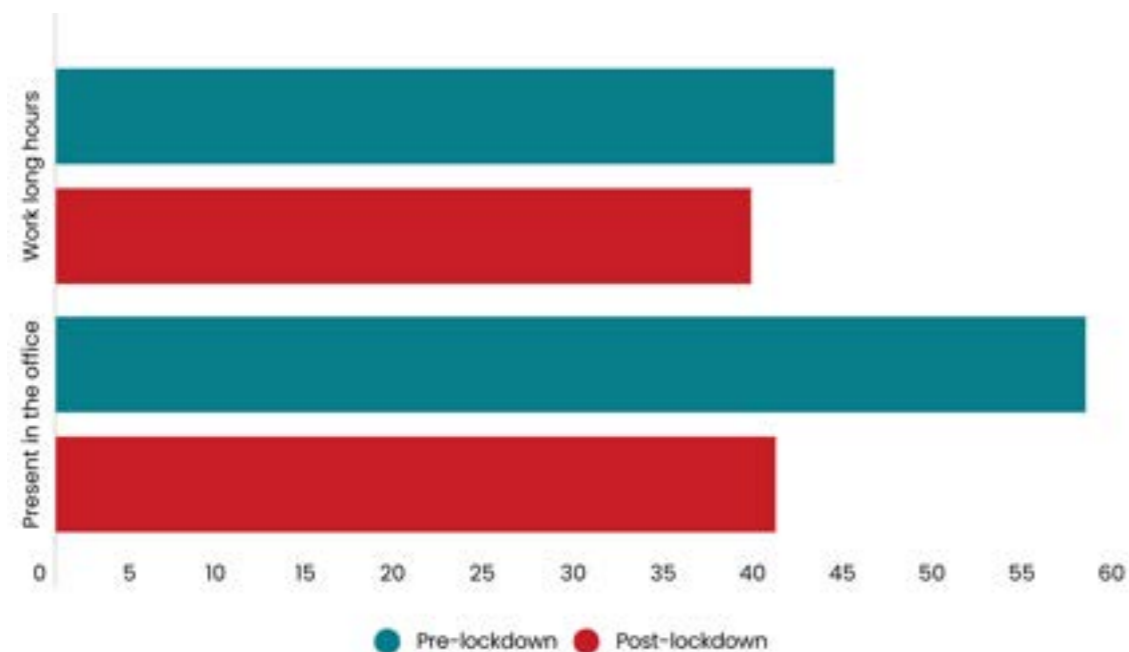
- Existing research offers a limited explanation of productivity when hybrid work is optional.

Studies exploring hybrid work highlight both the positive impacts on the experiences of employees at work and the limitations of employees working part-time from home.

A key impact of hybrid work has been the shifting relationships between managers and employees. A 2021 study found that hybrid employees reported higher levels of autonomy than those fully office-based.⁵⁰ Managers are required to have higher levels of trust in employees working from home as they are unable to monitor them as they would when sharing an office. Managers reported going to greater lengths to build trust, focusing on opportunities to develop social relationships, not just their work. Hybrid work has also shifted the priorities of managers, who are now more likely to prioritise results and outputs instead of the process of attaining these results, supporting employee autonomy in how work is completed. However, despite these increased efforts, a 2022 Work Trend index highlighted that hybrid managers are more likely to say they struggle to trust their employees to do their best work in comparison to in-person managers (49% vs. 36%).⁵¹

In addition to increased autonomy, a 2020 study indicated that remote and hybrid work may not negatively impact career progression as previously believed.⁵² The assumption that being office-based is linked to career progression appears to be regressing.

Table 8: Employers' perception of behaviour required for career progression⁵³



50 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/Hybrid.pdf>

51 <https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work-is-just-work>

52 <https://www.birmingham.ac.uk/documents/college-social-sciences/business/research/responsible-business/managerial-experiences-during-covid19-2020-accessible.pdf>

53 <https://www.birmingham.ac.uk/documents/college-social-sciences/business/research/responsible-business/managerial-experiences-during-covid19-2020-accessible.pdf>

This is supported by findings that, since the end of lockdown, 68.1% of managers surveyed believe flexible working can enhance performance and 60.8% of managers in large organisations believe hybrid employees are equally likely to be promoted as office-based employees.⁵⁴

Data collected throughout and since the pandemic also disproves the belief that hybrid work negatively impacts productivity. A 2020 study highlighted that voluntary home working did not impact, and in some cases actually boosted, productivity and, following the end of the Covid-19 restrictions, nine out of 10 employees preferred hybrid work.⁵⁵ A 2021 study yielded similar results, indicating that when businesses were forced to operate remotely during the pandemic, productivity remained stable.⁵⁶ More recent data supports these indications, a 2022 CIPD report of more than one thousand employers suggested that 41% believe flexible working policies have increased productivity, compared with 18% who say it has had a negative impact.⁵⁷

Despite positive affirmations about the impact of hybrid work on productivity, some studies indicate that this view was not held by all employees. A 2021 survey found that 84% of 18-24-year-olds believe collaborative work was easier in an office, and 82% believe that being office-based enabled them to develop skills that would help progress their careers.⁵⁸ This is supported by the findings of a 2021 ONS survey that reported that roughly 20% of businesses cited "reduced communication", "negative impact on working culture" and "reduced productivity" as drivers of their intention not to expand hybrid work options for employees.⁵⁹

These studies indicate that hybrid work can positively impact employee experiences whilst limiting the negative impact on their careers. However, these studies also suggest that productivity may be dependent on the extent of the appetite for hybrid work. Subsequently, exploring data on the productivity of employees forced to work remotely during the pandemic may not accurately reflect the impact of hybrid work on productivity. This remains a key shortfall of the existing literature, with more insight required to evaluate the impacts of hybrid work on workplace rights and culture.

54 <https://www.birmingham.ac.uk/documents/college-social-sciences/business/research/responsible-business/managerial-experiences-during-covid19-2020-accessible.pdf>

55 https://www.wiserd.ac.uk/wp-content/uploads/Felstead_Reuschke_2020_Homeworking-in-the-UK_Report_Final.pdf

56 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/Hybrid.pdf>

57 https://www.cipd.co.uk/images/flexible-hybrid-working-practices-report_tcm18-108941.pdf

58 <https://work.iwgplc.com/MediaCentre/Article/why-employees-prefer-hybrid-working-to-pay-rise>

59 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/businessandindividualattitudestowardsthefutureofhomeworkinguk/apriltomay2021>

WHAT IMPACT DOES GREATER LEVELS OF HYBRID WORK HAVE ON INDIVIDUALS AND FAMILIES?

Key take-aways

- Hybrid work has improved the work life balance of a large percentage of employees.
- The ability to work is skewed towards higher paid workers and excludes blue collar workers.
- Hybrid work has contributed to the blurring of work and home for some employees.

Gaps in the research

- The existing literature and research does not consider how hybrid working may be applied to employees in blue collar jobs.
- Beyond anecdotal evidence, there is limited explorations of the gendered nature of expanding hybrid work options.

Research conducted indicates that hybrid work may have positive impacts on the ability of employees to strike a better balance between their work and home lives.

An analysis of the 2011 UK Workplace Employee Relations Survey highlighted positive impacts of homeworking on job satisfaction for employees, who have more control over the timing and location of their work and better management of work alongside household responsibilities.⁶⁰ These findings are supported by 2022 ONS data that highlights that 78% of those who worked hybrid said doing so improved their work-life balance and 47% reported it improved their wellbeing.⁶¹ The salience of hybrid work is demonstrated by 2020 findings that 61% of respondents believe that improved work-life balance was a key benefit of home working and respondents highlighted that money and time savings and ease of dealing with caring responsibilities were the top reasons for their improved work-life balance.⁶² Linked to this, are the findings of a 2023 National Bureau of Economic Research study that showed that employees working from home in the UK saved 73 minutes per day – time that these employees were subsequently able to give to leisure, caregiving activities, in addition to more time spent working.⁶³ Employees that opt to work hybridly may also benefit from increased monetary savings, a 2022 report from the Irish Department of Enterprise, Trade and Employment estimated that employees could save up to €413 annually on reduced commuting.⁶⁴ Despite limited data, parents are one of the key groups benefiting from hybrid work. A 2020 study into the effect of hybrid working on mothers found that it reduced conflict between commitments to work and family, and that it resulted in the largest boost in job performance in mothers.⁶⁵ Similar benefits have also been seen by employees with caring responsibilities. A 2021 study highlighted the increased opportunities available to employees who are dependent on hybrid work to balance their caring commitments.⁶⁶ Where employers may previously have only minimally accommodated these requirements, many are now more willing to allow hybrid work regardless of caring commitments. A 2021 report also suggested that the rise in household income for those with caring responsibilities could result in an increase in productivity that could boost UK GDP by £5.7bn.⁶⁷

However, research indicates that the positive experiences of hybrid work were not felt universally. The impact of the savings associated with hybrid work may only be experienced by certain socio-economic groups as the ability to work from home is skewed towards higher earners. A 2020 ONS study found that jobs that pay a higher hourly wage are more likely to be adaptable to hybrid work.⁶⁸ These employees are thus more likely to benefit from the savings, better working relationships, flexibility and increased autonomy. This view is supported by the exclusivity of existing approaches to hybrid work. During and after the pandemic, it has been primarily ‘white collar’ workers able to work from home. The existing literature has so far focused on the applicability and benefits of hybrid work for ‘white collar’ workers, with limited exploration of how ‘blue collar’ workers might benefit. Anecdotal evidence and opinion pieces indicate that increased flexibility for ‘blue collar’ workers may mean four-day work weeks and greater ability to choose working days and hours, but this has not been fully explored.

Whilst studies indicated improved work-life balance, data also highlights the increased demands of hybrid work on employees. Studies also suggest that, prior to the rise of hybrid work due to the pandemic, the use of technology in homes blurred distinctions between work and home life.⁶⁹ The continual access to computers resulted in employees feeling obliged to be constantly available, thus working longer hours. This is well illustrated by a quote from a 2021 study that noted the issue is “not so much working from home, it’s living at work”.⁷⁰ Whilst productivity remained stable, employees worked longer as some carried on working in the time they would’ve been commuting.⁷¹ Studies reported that the willingness to increase efforts rose from a sense of obligation. Applying principles of social exchange theory, researchers found that employees worked longer hours out of gratitude to employers for allowing hybrid work, despite no pressure from employers to do so. Studies highlighted that issues (burnout and decreased job satisfaction) resulting from the intensification of hybrid work occurred after longer periods of working from home. A 2021 report supports these findings, highlighting that 90% of respondents believed that being office-based allowed them to maintain boundaries between work and home and being able to leave the office marked a clear end to their day.⁷²

Whilst data has indicated the merits of hybrid working, there remains drawbacks to working in spaces that overlap home and leisure spaces.

60 <https://journals.sagepub.com/doi/abs/10.1177/0950017016631447>

61 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23>

62 https://www.cipd.co.uk/images/embedding-new-ways-working-post-pandemic_tcm18-83907.pdf

63 https://www.nber.org/system/files/working_papers/w30866/w30866.pdf

64 <https://enterprise.gov.ie/en/publications/publication-files/an-evaluation-of-the-impacts-of-remote-working.pdf>

65 <https://lbsresearch.london.edu/id/eprint/1064/1/Discretionary%20Remote%20Working%20Helps%20Mothers%20Without%20Harming%20Non-Mothers%20-%20Copy.pdf>

66 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/PolicyBrief.pdf>

67 https://www.virginmediabusiness.co.uk/pdf/RevTheEv/Three-Years-of-Progress_2021-Cebr-Report-VM-Business%20VMBD_CEDG.pdf

68 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichjobscanbedonefromhome/2020-07-21>

69 <https://pure.coventry.ac.uk/ws/files/4023163/psychological%20factors.pdf>

70 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/Hybrid.pdf>

71 <https://journals.sagepub.com/doi/10.1177/0018726709349199>

72 <https://work.iwgplc.com/MediaCentre/Article/why-employees-prefer-hybrid-working-to-pay-rise>

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