



Home-based Working Committee

Corrected oral evidence

Monday 10 March 2025

2.15 pm

Watch the meeting

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

Evidence Session No. 1

Heard in Public

Questions 1 – 10

Witnesses

I: Professor Alan Felstead, Emeritus Professor, Cardiff University; Professor Jesse Matheson, Professor of Economics, University of Sheffield; Dr Daniel Wheatley, Reader, Department of Management, University of Birmingham.



Examination of witnesses

Professor Alan Felstead, Professor Jesse Matheson and Dr Daniel Wheatley.

Q1 The Chair: Good afternoon, everyone, and welcome to this Select Committee on home-based working in the UK. My name is Baroness Scott and I have the honour to chair this committee. For our first public session, we are joined by three witnesses; in a moment I will ask you to give a brief introduction, but it is very good to see you all. When the members speak for the first time they will declare if they have any interests, just to make sure that those are on the public record, so there is no need to be surprised when they do that. We will try to keep our questions concise and it would be helpful if you could keep your answers concise too, because there is quite a lot we would like to get through.

I have asked each member to lead on a question, but obviously other members will come in and ask supplementary questions. You do not all need to answer every question, so please do not feel obliged to do that. We will start with Baroness Watkins.

Baroness Watkins of Tavistock: Perhaps Dr Wheatley could start with answering this question, partly because I questioned what exactly “atomisation” means in respect of some of your work. We are trying to pick up on the impact of remote and hybrid working on individual well-being, both physical and mental. How do the steps for managing this differ from traditional on-site working?

Can I also declare my interests? I am a member of NHS England as an NED, and I chair a small housing association. Both those organisations have some hybrid working.

Dr Daniel Wheatley: Home-based working, working at home and hybrid working are each quite distinct in terms of their impacts on well-being. If we deal with fully remote work first, it has a range of potential benefits for well-being, in particular around reductions in the stress and physical impacts of commuting. It also has benefits around work/life balance, being able to use the time that would be spent commuting and arranging your time to be more focused around your own preferences and working patterns. These all provide benefits for work/life balance and associated benefits for well-being that can link to things like job satisfaction, finding meaning from work and associated concepts. These benefits are traded off against a potential set of risks from fully remote work, which include social isolation or professional isolation. Both can lead to mental health problems. There are also concerns around sedentary working patterns and the impacts those can have on physical health.

Hybrid working poses a different set of impacts, primarily because of the frequency of working at alternative locations. That mix of working at an office or the employer’s premises alongside working at home means that some risks to well-being are mitigated or reduced to a degree. The risk of social isolation and professional isolation is reduced along with the



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associated mental health risks, and similarly physical impacts will be lessened because people are moving around more.

In terms of how we manage that, there are ways of using technology to support people's well-being, such as well-being apps, and many other resources are also available. The problem with those is usually around buy-in or a limited amount of engagement with that type of technology-based intervention. There is a real need for human contact, the human dimension in people's well-being when working from home, and that requires organisations providing line managers who are able to keep close contact with people, for instance.

Baroness Watkins of Tavistock: Could you just tell us about the "atomisation and asynchrony" of remote work? I understand "asynchrony", but I do not understand what "atomisation" means. It is a word that we have picked up from your literature. Can anybody explain it to me?

Dr Daniel Wheatley: It means the reduction of activities and time.¹

Baroness Watkins of Tavistock: Can you explain that a little more?

Dr Daniel Wheatley: Asynchrony and atomisation link to detachment from the organisation and detachment from others. That impacts on the social and professional isolation that can potentially arise due to a lack of visibility within organisations.

Baroness Watkins of Tavistock: So it can be harmful to the person's ability to be seen as promotable and may cause them to disengage from the vision of the organisation.

Dr Daniel Wheatley: Yes, there is the potential for a feeling of greater disconnectedness. With fully remote work in particular, physical detachment can be manifested in a detachment from the organisation. The evidence on hybrid work shows much lesser degrees of that type of risk.

Baroness Watkins of Tavistock: Thank you; I found that very helpful. Sometimes, you can be too close to your own research. We have all been there.

The Chair: Before I bring in Professor Felstead, I should mention as I did not at the beginning that, as well as being broadcast, we will provide a transcript of this session and we will send it to you just to check through for accuracy before the members see it and it is published on our website.

Professor Alan Felstead: I would like to pick up on Baroness Watkins' discussion of concepts. I know this is one of the questions that may come

¹ Note by the witness: Work activities are reduced into smaller, often individualised tasks.



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later, but it is worth mentioning now, particularly as this is the first session. First principles and some historical context are useful to contextualise where we are now.

The workplace and home have traditionally been separated. The separation of work and home was one of the main features of the Industrial Revolution. However, we should remember that home working itself has been around for centuries. I remember doing research on the changing nature of the workplace in the 1970s. My grandad used to cut out leather for the boot and shoe trade in Leicester, and my mother-in-law was a post machinist, stitching leather on to soles. We had a lot of interest in home working at that time.

In the House of Commons, Keith Vaz, a former MP for Leicester, was keen on protecting those home workers who were often poorly paid, exploited and so on. We have moved on an awful lot, and home working now means something very different. We think of office workers, but it is important to keep that context in mind. With that, it is important to be careful about how we use terms, and this is to your point, Baroness Watkins; terms are important.

I was heartened by the title of this committee, home-based working, because it is important to be clear what we are talking about and why home working is so different and unique. The uniqueness is that it brings two worlds that have previously been separated together in the same space: the home. That is a massive change in the experience of the home workers I was looking at in the 1970s, and the experience of home workers today, who are office workers.

But we need to be careful about our terms. I am very keen on using “home working” to emphasise co-location; think of circles that overlap completely. Hybrid working is somewhat different, because it overlaps to some extent, but not wholly. In a lot of your questions and evidence, you are getting at this. It is important to be clear about what we mean by home working—the exclusive overlapping of these spaces, which Dan has talked about already—and hybrid working, which is a mixture of the two; people are working at home, but they are also in the office for a certain period of time.

Just to finish, I would like to make a plea for you to not use the term “working from home”. The reason is that “from” denotes a motion out of the home. Think of carpet fitters, plumbers and other people who do stuff in your home: they are based in their own homes and go out to other people’s homes or properties to do their work. Unfortunately, the WFH acronym has caught hold, but it is conceptually incorrect because there is not that conflation of the two worlds. That is how we get all the other questions you ask in your call for evidence about well-being. Overlapping has many consequences because of the overlapping of those two otherwise different worlds.



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You might not want to take me up on my suggestion of how I have defined them, but it is important when you listen to witnesses and read evidence to be clear about what they are talking about, because they will probably use the same term but mean different things.

The Chair: That is a good point; thank you.

Professor Jesse Matheson: I will just make one quick point in addition to thinking about the well-being aspects to employees. We have some survey evidence which asks employees, first, "How much of your salary would you be willing to sacrifice to work from home a couple of days a week?" It also asks them, "What is your optimal number of days per week to work from home?"

We find two things from this that are relevant. First is that the average employee would sacrifice about 6% of their salary to work from home—a considerable sacrifice, I would say. The other is that very few employees say five days per week is their optimal amount to work from home; most want around two or three days per week. So when we are thinking about well-being, hybrid working appears to be the preferred option for most workers.

We also need to distinguish between people who are forced to work from home versus people who are given the option to work from home. They are going to be two very different types of jobs.

Q2 Lord Parker of Minsmere: Thank you, Professor Felstead, for setting us up with a minefield of linguistic terminology. I will try to tiptoe my way through and I apologise for any missteps.

Let us flip perspective to the employer for a minute, and maybe I could start with you, Dr Wheatley. Thinking about large organisations as employers, these days they will generally be operating a mixed economy of patterns of working among their workforce, probably covering all the terms. Could you talk a bit about what the challenges are for large employers in particular and any observations you have about what employers might actually want?

Dr Daniel Wheatley: I have done quite a bit of research myself and am aware of the evidence base on large organisations, and both the challenges and opportunities that remote and hybrid work can offer for organisations of size. What comes out very strongly is that co-ordination is a massively important component. The reality is that flexibility has to look different in different occupations and different job roles—it cannot look the same—and that goes for opportunities to work at home as well. It is not possible for everyone to engage in that type of work, or engage in it to the same degree, so the co-ordination of activity within an organisation is hugely important. For example, there is a risk of delays caused by not being able to access people on the day when they are working at home. Practical realities like that can affect large organisations where you have people in different roles.



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How you mitigate that and avoid it becoming a potential productivity challenge is through co-ordination and effective implementation. That poses significant importance to the role of line management in, for instance, organising people, organising different teams and the practicalities of co-ordinating days on site, availability and those types of issues.

Large organisations can absolutely benefit from the wide implementation of home-based work of staff, and it can offer lots of benefits in terms of cost savings associated with reductions in real estate. There are potential performance benefits among staff who are doing home-based working, although the evidence is mixed and it has to be matched against the risks associated with co-ordination.

Lord Parker of Minsmere: Have you done any work that goes to the question of cohesion in large organisations and the challenges that presents? I used to run MI5, and it was very much one team, one mission, all of us together. How does that operate these days in large organisations with mixed-economy working patterns?

Dr Daniel Wheatley: The more diverse working patterns are, the more diverse job roles are, the more co-ordination becomes a potential issue. It is key to outcomes that there is effective planning of how teams are going to operate alongside each other, so that they do not become insular. That goes down to the individual level within teams, but that interaction between teams is also really important, as there is a potential and considerable risk that teams will never be present at the same time. People need to be put in contact with each other; that contact does not necessarily need to be physical, but continued interaction needs to be arranged.

Lord Parker of Minsmere: Do you have any current work on, or knowledge of, my point about what employers actually want? If large employers could actually set the pattern that suits them best as an employer, what would they do these days?

Dr Daniel Wheatley: It depends on the employer. The honest answer is that there is a lot of debate at the minute around what that pattern looks like. There is really good evidence to show that hybrid working is the way forward, but there are ongoing debates around what it should look like.

Q3

Lord Farmer: I first declare my interests: I own a farm and a small not-for-profit company with a few employees, mainly hybrid.

I would like to address Professor Matheson to start with. How do remote and hybrid working change city economies and what metrics should be used to understand this?

Professor Jesse Matheson: This is really within my area of work and research, so thank you for the question. We have documented three key changes, which we are following for the UK economy, and there is evidence of this in other countries such as Germany and the US.



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The first is working from home, because it is a large-scale shift affecting a lot of the working population, changes the working-hour population density during the day. Dense city centres with lots of office space have seen a reduction in the number of people who are there during daytime hours, whereas residential areas have seen an increase. This is going to spill over into other parts of the economy, where workers cannot work from home; think about buying coffees or going to restaurants: all those local services are going to be affected.

Another interesting aspect of the economy that we have seen affected through this, and perhaps one of the largest changes in the data, is for crime. We have seen burglaries down about 30% relative to 2019, which is very robust evidence.

The second way that we believe the UK economy is going to be affected—the evidence in the UK is less good, but there is very good evidence in the US—is that employers are starting to shed office space. Leases are coming up since the pandemic and employers are rethinking how much office space they will need. That will potentially have real consequences for somewhere like the City of London, where we have a lot of office space and a lot of workers who can work from home. We have seen that vacancies are on the rise since 2019; however, the data available for this is less good than some other sources of data.

The third way that we expect cities to change is that, because workers commute into work less, they may start rethinking their residential choices. Rather than living in an apartment close to where they work, they may look at moving out into the suburbs or even to a little village where they can get more residential property for their money and have to commute only one or two days a week. There are a number of metrics and data that we are following to track all these changes.

Now, I should say that one thing that we do not have is large-scale evidence on the geography of working from home and, as we cannot follow that dynamically, we have to infer it from other data sources. One thing we did was to put together what we called the Zoom shock early in the pandemic. This metric captures the change in economic activity when people work from home, across residential neighbourhoods of about 3,000 households. One thing becomes very clear; you see big dives in the daytime population in city centres while that population for the most part tends to increase in residential areas. We have come up with a metric for the UK and that data is available through the UK Data Service.

We have also been closely following data that captures where businesses are located at a very fine geographic level, because these geographic patterns are really important when we are thinking about the consequences of working from home. For example, we use Ordnance Survey, which has points of interest that are, in essence, mapping data that we can use to follow this; the business structure database also provides us with what is a census of UK businesses.



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The final dataset, for which the UK has very good access, is housing price data. We can look at geographic shifts in housing prices and this will tell us something about demand. For example, one very robust finding is what we call the house price gradient, which is the premium people pay to live close to central London. That has come down quite a bit since the pandemic, meaning that demand has shifted to housing and property that is a little further away from the city centre than before the pandemic.

There are other data sources we have been using such as the Labour Force Survey—I know this is going through some changes right now, some heavy revision—that provide really vital information on wages, since we can look at the wages of different types of workers across the city and how those are changing due to working from home.

Lord Farmer: Most of your answers seem to suggest that hybrid working is what is going on at the moment, which generally means that on Mondays and Fridays you have fewer people on the trains or on the roads. I drove in this morning; it was easy. When we did not have hybrid working, it took an hour longer. Now, that means that the city will be used differently on a Monday and a Friday than it had been before. Are you looking at the different uses of the city, of the urban place, and the increased usage of the more rural communities on those longer weekends that we are having now?

Professor Jesse Matheson: Absolutely. This is something that we are seeing, particularly when we are talking about increased usage in the suburbs and more rural places. We are seeing more local services popping up in these areas. There is less good evidence on what is happening in central London, central Manchester and other major centres on those Mondays and Fridays, because—you are exactly right—there seems to be this unspoken co-ordination that the weekends just get longer. So far, the response has been to see restaurants shutting down in central London.

Now, I expect that, as time goes on, we will think of new ways to be using the centre, perhaps with more opportunities for tourism, but so far nothing has come out as being a clear winner.

Lord Farmer: Just for your information, we have a plumber who comes from Hampshire. He loves coming in on Fridays now. What I am saying is that there are jobs that people who were living out of London could not do in London because of commuters coming in five days a week. Now they are able to do those jobs because the commute in and out is quicker and easier. Fridays and Mondays might be days when certain occupations can take place in the capital which would not previously have taken place.

Professor Jesse Matheson: I would expect to see co-ordination of that sort happening, with other workers taking advantage of the quiet days that we have in city centres now.

Q4 **The Chair:** What are you seeing in other cities? We have talked about



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London, and that is obviously the biggie, but what are you seeing elsewhere?

Professor Jesse Matheson: We are seeing similar outcomes for places like Manchester, Leeds and Birmingham, but this comes down to the negative effect of people emptying out. This is a big-city story; you really need that density, and that is why London is almost the poster child to point to the negative effects.

Q5 **Baroness Freeman of Steventon:** Can I just verify a couple of things? You said you have less good evidence; do you mean that the evidence quality is less good and that you would like more data, or that you have all the data you need, but the picture is less clear?

Professor Jesse Matheson: I need the data. I assume we are talking about retail or office space.

Baroness Freeman of Steventon: I am referring to what is going on in city centres and office space.

Professor Jesse Matheson: When it comes to office space, data is really the issue.

Baroness Freeman of Steventon: I have one other clarification; when you talked about Zoom shock economic data, was that just for the pandemic or have you seen similar post-pandemic issues?

Professor Jesse Matheson: That was primarily for the pandemic. It creates a baseline to think about where the hot spots are, because it captures what the change in economic activity would be if everybody who could work from home did work from home. It gives us a baseline, but it is not a dynamic measure.

Q6 **Lord Monks:** This is on the same territory. I was quite surprised, particularly in your paper, Professor Matheson, that it appears high streets are booming while city centres are struggling. At the moment we are very anecdotal about our own experiences rather than being experts on the data, but my experience is that there are an awful lot of empty shops in suburban high streets.

I spent the weekend in St Ives near Cambridge, a prosperous, little, nice town, but none the less there were many shops that were empty and others that were not doing very well. How does that relate to what you have just been saying? Are you ahead of the estate agents and so on in terms of seeing what is happening? I am interested, Professor Matheson, in what you think about that.

Professor Jesse Matheson: I will just respond to that very quickly. One thing we should keep in mind is that we are also seeing a big increase in the amount of online shopping and that has hit the retail sector hard. It is the same thing. If we break up retail and restaurants, we are seeing restaurants in the suburbs and small towns doing quite well, but retail is still down in these places. So we have this confounding effect; that is why



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thinking about the geography of these changes is important when distinguishing between what is due to working from home versus what are general changes in our behaviour.

Lord Monks: We discerned this expansion, particularly during the pandemic, I guess occasioned by the technology that was not there before suddenly becoming available in a mass sense, and which made it a physical possibility for employees to work from home on a large scale. Secondly, the pandemic gave workers permission to stay at home. Employers lost their grip on what was going on; some are now trying to get it back and not finding it very easy, I guess. What is your impression of that? Is my summation of the timetable about right?

Professor Jesse Matheson: I completely agree that without the pandemic we would not be having this discussion right now. The pandemic was really the catalyst. There was already a slow-moving shift towards working from home, but we would be years away from the 25% of the labour force we are now seeing. Did employers lose their grip? Certainly some did. There is a little state dependence here; some employers made promises that maybe they are now regretting. I am not sure to what extent that is true, but certainly this shift is of real benefit to some employers.

Dr Daniel Wheatley: One thing that would be useful to add is that employers need to take stock of where they are losing their grip. The importance is surely to design jobs and set tasks of employment that are measurable without requiring a constant physical presence. By doing that, you enable work and enable it to take lots of different forms. Potentially, home-based working is a great equaliser and it enables a lot of opportunities. It allows people to work who would not be able to work in other environments to work and it allows people to work across geographical boundaries. Employers are able, if they wish, to take advantage of many different forms of technology-enabled control or technology-enabled monitoring and surveillance activities. To what extent they use them is, to a large degree, their choice. But such technology should be balanced against good job design, giving employees a level of autonomy over how and what they do moment to moment, and giving them a clear sense of what they are expected to achieve and what is deliverable in their role.

Professor Alan Felstead: Space is a form of social control that employers have used since the Industrial Revolution when the factory system was brought in as a form of control.

On the value of working at home, I will emphasise the word “at” again—I noticed “from” creeping in—because “at” is important in the crime sense. People are at home to prevent crimes taking place. This is not a semantic point; you can see it in the statistics, and one of your questions is about data. It is important we are clear because we could mislead ourselves if we are not clear about “at” and “from”, so I just emphasise that again.



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Of course, the great value of working at home is the opportunity it gives for individuals to have more control over the tasks they do, how they do them: whether they are going to put the washing out, whether they are going to feed the kids their tea. They might work longer or different hours, but the flexibility is the great advantage and, as Dan was saying, it is an equaliser. The pandemic saw the ability to work at home extended to many more individuals and occupational groups. It did not go right down the occupational spectrum; there are some workers who can never work at home at all, such as lorry drivers or hairdressers. A whole raft of occupations cannot work in that way, but it is important to be aware of the advantages that working at home gives. One is the control that it gives employees. We might get on to this later, but there is no evidence to suggest that productivity has been battered by this at all. If anything, the evidence suggests there have been neither positive nor negative issues, so we should seize the opportunities and the benefits that working at home gives.

Q7 **Baroness Freeman of Steventon:** Just to take you up on that issue about productivity, we are really interested in what metrics we can use to look at the effects these different working patterns have for employers. I wondered about your views on different measures of corporate well-being: measuring not just productivity but innovation, creativity, long-term future stability, recruitment and retention. What measures do we have hard data on and what do they show?

Professor Alan Felstead: I will answer that, if I may. I run a job quality quiz, which is howgoodismyjob.com—just a bit of a plug there—that allows people to compare the quality of their jobs across a number of dimensions. One of the questions is, “Are you able to work remotely?” We can look at the data and at the patterns in that data, and the evidence suggests that those who are able to work at home or off site—remotely as I call it—are able to decide when to start and stop their working day. They have more flexibility and a greater ability to take time off when needed; are able to exercise more discretion over what and how to do their jobs, and have a more helpful manager. They are also less likely to report having a good chance of losing their job and having to work at high speed and to tight deadlines.

There are other benefits, too. Compared to their office-bound counterparts, they report being happier, more committed and more enthusiastic about the organisation for which they work. In terms of productivity, when we ask them, “Are you more productive in the office versus at home?” it is fair to say the response is mixed, but by and large most say that it makes little difference. Some say it makes them more productive; some say it makes them less productive.

One of the key factors in determining whether you are less productive or more productive is whether you are interrupted when you work at home, in particular by domestic responsibilities. For obvious reasons, those who have domestic responsibilities are much less likely to say that they are more productive and more likely to say that they are less productive.



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For this reason, we need more data on where people work in the home. We know that people work at home, but not whether they are able to have a separate physical space, a separate home office if you will, that allows them to insulate themselves from interruptions, because it is those interruptions that are detrimental to productivity. Employers should look at what space employees use for work. Do they work on the corner of their bed, or on the dining room or kitchen table, or do they have a home office? They are going to be much more productive if they have a home office.

Dr Daniel Wheatley: In terms of measuring productivity, the focus definitely has to be on value-added activities. The temptation is for employers to turn to metrics usually aided by technologies around moment-to-moment things like monitoring people's mouse movements, keystroke logging and those types of things. These metrics are not a measure of productivity; I could be spending all day just chatting on social media.² What is important, again, is that jobs are designed in a way where we can measure task fulfilment. If we can measure task fulfilment, we can absolutely accurately see impacts on productivity and that would give us good-quality hard data that would allow employers to understand what is happening in their organisation, and which could be scaled up more broadly in terms of the way we collect data.

Baroness Freeman of Steventon: Do you have any of that data from companies?

Dr Daniel Wheatley: I have it from a couple of case study companies, but not anything on scale. That scaled-up level of data is what we need.

Professor Alan Felstead: There are organisations that either have collected that data or are still collecting it, for example, the Chartered Institute of Professional Development. The ONS has run several kinds of employer surveys, not really during the pandemic, but it has collected data subsequently. So there are data sources out there and they are relatively robust. They basically present a picture—a summary, I would say. If you look at the self-reported employee side and how productivity is measured on the employer side, by and large there is not a lot of difference. There are some who say it has a detrimental effect and some who say it has a positive effect. From an employer perspective there is no one size fits all and that is probably the message from several of us today.

There are benefits, and they can be harvested, because people tend to be more productive when they work at home without interruptions and can concentrate on things. When they go in the office they socialise, innovate, talk to their younger colleagues and so on. That is why hybrid working is the best of both worlds and almost certainly the way forward.

Baroness Freeman of Steventon: Do you know of any sources of data

² Note by the witness: On a separate device.



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on things like innovation and creativity from an employer's perspective?

Professor Alan Felstead: I personally do not but, from an individual perspective, I have evidence that I can share with the committee after this session.

Dr Daniel Wheatley: I similarly have qualitative evidence, which is small-scale interview type data, but it provides evidence on innovation impacts and again there is quite a mixed picture.

Professor Alan Felstead: One of the unknowns is the long-term effect, particularly on younger workers and those who are new to the organisation. That is where we know far less because it is early days and we need to know more in terms of innovation and learning. We learn how to do our jobs mostly through participation at work—hearing, watching, seeing how other people do their work—and that is very difficult when you are sat at home, even if you are in a home office.

Baroness Featherstone: On that last point, when you join a company you learn from your elders and betters. You just expanded on that: your first learning years are critical to later workforces.

Professor Alan Felstead: Before the pandemic, this attracted attention but not a lot of attention like it does nowadays. I worked on this well before the pandemic and a lot of employers who were using flexible working, as it was called then, required people to come into the office at least two or three days a week, particularly those starting out. So that is the way forward; it is not a black and white thing. Evidence suggests that exclusive home working can be detrimental to individual well-being, it can be isolating and it has spillover effects on the organisation itself. The happy medium is hybrid working and this is what was happening before the pandemic and has certainly happened since the pandemic. That is where we seem to be headed.

Making hybrid working work for organisations might involve two or three days a week at home, but employees by and large want it and see it as an important part of their work package. They are sometimes willing to take a pay cut to keep it and are even prepared to strike or take industrial action to maintain it.

Q8 **Baroness Watkins of Tavistock:** I want to ask you about this symbiotic relationship between older workers and younger workers because, in my experience, both from when I was working and in knowing people who are still working, your next graduate intake challenges what you are thinking and asks you why you are not doing X. That is just as important as explaining why you are doing X and “That is not going to change because”. Have you done any work at all on what it means to older workers if they do not have the next generation coming? I have talked about the graduate workforce, but I do not mean only them.



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Professor Alan Felstead: I have not done research specifically on working at home, but I have done research on the general point and, oftentimes, younger workers teach older workers.

Baroness Watkins of Tavistock: That is exactly what I am talking about.

Professor Alan Felstead: There is an idea that younger workers are always learning from their elders, but it goes both ways. That is another reason why you need co-presence in the office, at least for some of the time, for that relationship to work between elders and those who are relatively new to the organisation.

Dr Daniel Wheatley: I will briefly add that, in research that I have conducted, onboarding has been identified as a particular challenge. The higher the proportion of a team or wider organisation working at home, the more challenging that onboarding process is. That is for all parties, not just the person who is onboarding. It is about the whole relationship building, the whole piece.

I will just make a second point, because small organisations have not been spoken about but these form a massive part of our economy. For small organisations, fully remote routines can really work well. This is perhaps a differentiator in that hybrid working absolutely seems to be the way to go for larger organisations but, for small organisations, that ability to stay agile and to benefit from lower operational costs means that in some cases, fully remote work modes work very well. The organisations are usually required to be quite small; sub 25 employees is optimal and many organisations fit into that category.

Q9 **Baroness Nye:** I read somewhere that the old office is dying and that the new office is struggling to be born. There is something in that, from what you have been saying, but the UK as a country is not alone in facing these challenges. Could you say, Professor Felstead, what some approaches are internationally? What legislation is being introduced and how are others dealing with this? You will have seen reports that the right to disconnect is possibly being dropped from the Employment Rights Bill. In Ireland, I believe they have a code of practice; does that work? If you could give your thoughts on some international approaches that would be great.

Professor Alan Felstead: Let me just start with the concept of the old office dying and the new office struggling to be born. I think it is being born in a different form. The old office is changing, maybe dying in the way we conceive of it, but the new office is being reborn in people's homes. That is where it is going.

On the international perspective, there was a spike in homeworking across the world so the UK is not unique. It followed the general path of increase during the pandemic. In the post-pandemic period, there is some evidence that suggests that the UK is a leader and second only to



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Canada in the proportion of people who work at home, with around one and a half days a week spent working at home. The USA comes third in that table.

The right to disconnect was part of the Labour Party manifesto. People thought it might be in the King's Speech, but it was nowhere near it. What is happening with that? The devil is in the detail; when the Government looked at how they might implement the right to disconnect, it became more and more tricky. What are employees disconnecting from? Telephone calls, emails, interruptions during holidays—that is probably best practice anyway. Is it particularly novel? In terms of how it might be implemented, a code of practice is the route that a lot of countries have taken. It is not clear how tough that would be or to what extent it would have any teeth. In the countries that have been looked at there are many exclusions, including small businesses and particular sectors. So when you look at the detail of other countries' approaches, it seems quite difficult to implement. The Government have probably looked at that and thought, "Maybe it is not for us".

I should add that maybe there is a fixation here. I know this is a committee about home-based working and all the witnesses have done research on this, but we should not get sidelined into looking at working at home as the only form of flexibility. My issue with working at home is that, when you look at the evidence, it tends to favour those who are relatively well off in the labour market. Those who are able to work at home are relatively well paid and there are many groups of workers for whom that flexibility is not possible.

So I am a little worried that sometimes we are promoting a two-tier labour market structure and helping those who probably need to be helped least. I would argue that maybe we should be looking at flexible working in a broader sense to open it up to many more individuals, giving them greater scope for flexible working, because there are many who cannot work in this way.

Professor Jesse Matheson: I will just add quickly that there have been a number of studies in the US and China with specific businesses on what happens to productivity when they allow some employees to work from home. One thing that comes out is that it is different for almost every company, so we want to be a little careful about trying to mandate rules across all companies because this is really not going to be a one-size-fits-all situation. We want to be wary of the exploitation of any workers but, as was just pointed out, many of the workers benefiting from working at home are in relatively powerful situations to begin with. Yes, I would be a little wary about being too heavy-handed with legislation in this case.

Dr Daniel Wheatley: Just to build on the point around the right to disconnect, and Alan's point about the importance of flexibility, flexibility is core; it is central to this. Working at home in 2020 and 2021 was a mandated requirement on grounds of public health, not a flexible working arrangement, but now it is, and I absolutely agree with Professor



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Felstead that flexibility is needed at its core, and avoidance of a one size fits all.

Perhaps from a guidance or policy perspective, an approach that uses a menu of different ways of doing things could work very effectively, so that it offers some structure. Organisations often struggle with the fact that, in principle, they could offer lots of different flexible working arrangements and lots of different approaches, but they do not know where to start. Having a menu approach to this would work much better than risking a one-size-fits-all approach.

Q10 **Baroness Manzoor:** I declare an interest: I am the chairman of the Financial Ombudsman Service and I am also a non-executive director for the England and Wales Cricket Board. We deal with policies around home working or working from home.

I was intrigued by the answers you gave in relation to data. I would like to better understand, if there is data, how many companies there are where employees have taken a pay cut of up to 6%, or how many individuals have done the same, and if you are collating that data.

Secondly, as you can tell by my accent, I am a northerner. If there are jobs that can be done from anywhere and people are moving out, is it unfair to continue London weighting when there are others who do not have those enhancements—for instance, in the north? If you happen to be based in, let us say, Leeds and you are coming down to London maybe once or twice a week but your colleagues in the same job who work in London are being paid London weighting, is that fair? Is there any data that is beginning to reflect those kinds of trends and are you capturing it?

Professor Jesse Matheson: You are getting at one of the data shortages that I wanted to bring up here, and that is really good wage data. The Labour Force Survey has been our go-to survey for wage data. We can look at, for instance, what has happened to the wages of workers who are working from home; and in the aggregate we are seeing a wage cut there. I cannot tell you how many different employers are making arrangements like this with their employees. We are likely to be picking this up from new incoming employees rather than existing employees, but I cannot even say that for sure. What we know is that we are seeing a wage cut, in aggregate, of about 2% for workers who are in jobs where they work from home, at times.

In terms of doing the same job but not getting the wage-enhancement benefit that comes from living in London, if a worker is not living in London they do not need the wage enhancement. It is to pay for the extra cost of living that comes with living in London. If you are living in Leeds and commuting to London, your cost of living is substantially cheaper, as it is virtually anywhere outside London. I would think this would be potentially one of the benefits to employers of being able to



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have employees who come into London only a couple of days a week but are living outside London, in less expensive areas.

Baroness Manzoor: It is very expensive to travel.

Professor Jesse Matheson: That is true; I noticed that this morning.

The Chair: That is a good point on which to close this session. Thank you very much, the three of you, for coming to talk to us. We will almost certainly have more questions, and if there is anything that once you go away you wish you had told us, please feel free to get in touch.

And some homework, if I may: it would be great to hear from each of you what, if you pick up our report in eight months' time, would be the one recommendation on which you say, "Yes, they've got that right" and you are pleased to see in there. It would be really useful if you could give that some thought.

With that, once again, thank you and I will bring this public evidence session to a close.