



# Home-based Working Committee

## Corrected oral evidence

Monday 24 March 2025

2.15 pm

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

Evidence Session No. 5

Heard in Public

Questions 46 - 55

### Witnesses

[I](#): Jane Gratton, Deputy Director, Public Policy, British Chambers of Commerce; Alex Hall-Chen, Principal Policy Adviser, Sustainability, Skills, and Employment, Institute of Directors.



## Examination of witnesses

Jane Gratton and Alex Hall-Chen.

Q46 **The Chair:** Good afternoon, everybody. Welcome to the Select Committee on home-based working in the UK. I particularly welcome our two witnesses; perhaps when you answer the first question you could introduce yourselves. We have received apologies from Lord Monks and Baroness Watkins, and we have no members joining virtually, which is useful.

This is a public session. A transcript will be taken and sent to you to check for errors in a few days' time, and you are more than welcome to provide supplementary evidence if you wish, after the committee meeting.

I am going to kick off and my question is primarily for you, Jane. I would like your thoughts on how employers are adapting their approaches to remote and hybrid working, based on their size and the different sectors in which they are operating.

**Jane Gratton:** Good afternoon and thank you for inviting me. I am deputy director of public policy at the British Chambers of Commerce. There are 51 chambers of commerce in every part of the UK representing around 50,000 business members, and they are predominantly SME members.

It is fair to say that home and hybrid working has become an important part of everyday business culture and business practice now, and it is highly likely to remain so for the foreseeable future. It is often promoted as an employee benefit and as part of a wider flexible working package. When we talk to businesses about flexible working, very often they mean hybrid working when they respond. In most cases it makes good business sense to be offering this: with two-thirds of employers struggling to find the skills they need, firms tell us that this hybrid offer can help them reach out to broader talent pools, because they are not constrained by geography. They can attract candidates who want more flexible arrangements.

It is also fair to say there is no one size fits all and that it works differently for different businesses and different individuals. Of firms we surveyed recently, 55% were offering hybrid working as a benefit and 36% had seen an increase in demand over the previous 12 months. It was the highest demand for any non-pay related benefit that businesses offer.

It is also important to note a massive divergence between sectors. Hybrid working is most prevalent in business services and professions, and the types of firms that cannot offer or accommodate hybrid or remote working are often those that have seen the biggest impact from economic shocks over recent years, where the business model relies on a physical presence, where they are operating with lower operating profit margins



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and where they are typically less able to adapt to technological change in the way that some firms can.

However, those that cannot offer hybrid working are often offering other forms of flexible working, such as part-time hours, term-time hours, flexing the start and finish time of shifts, annualised hours, job share—the whole range of things that they can do instead of that hybrid working offer.

In terms of size, I would say that the larger firms with access to in-house HR are more likely to have formal policies and procedures in place around this. Only 10% of the larger firms we surveyed were not offering any form of hybrid working or working from home, compared to 33% of small firms that were not offering it. Larger firms, if they are operating across multiple locations, say that it is attractive to say to a job candidate, “You can work from wherever you want to in the UK”. Smaller firms tend to offer more informal, flexible arrangements, so will respond to a request by a member of staff often for temporary working from home or flexible working to meet particular demands or changes in circumstances.

**Alex Hall-Chen:** Thank you very much for the invitation. I am Alex Hall-Chen. I am principal policy adviser for employment at the Institute of Directors. At the IoD we represent around 20,000 business leaders and directors across every sector right across the UK.

In terms of size, I completely agree with Jane’s point around the formality of flexible working offers and how that differs between large and smaller firms. However, in many cases we find that smaller organisations can have more flexibility and less rigidity in some of their approaches to hybrid and flexible working, and more of an openness and willingness to take things on a case-by-case basis. We find that, for some of our micro business and SME members, being an entirely remote organisation makes a huge deal of financial sense for them because they do not have to maintain an office and it gives them access to talent that they otherwise would not get.

As I am sure you know, SMEs can struggle to match the employee value proposition of large companies, so remote and hybrid working can be a powerful differentiating factor for them. At the same time, they often recognise the drawbacks that can come from being fully remote—such as difficulties in team building and effective onboarding. So we find that many of those members report investing and bringing their teams together at regular or semi-regular intervals, with some members telling us that they use the IoD premises as a location for that.

In terms of sectors, it is true that certain sectors are obviously well placed to make use of remote working. The tech sector is a classic example. However, in the research that we have conducted with members on this topic, a common response we get is that it is much more dependent on role type than sector. Even a manufacturing business or an education provider will have some roles where at least a degree of



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remote working is possible, so we find that it is really about openness to remote working in general and willingness to examine how it can be utilised in different roles.

Q47 **Lord Farmer:** Welcome and thank you for coming. Can I ask both of you what challenges and opportunities remote and hybrid working present to employers concerning recruitment and retention? Should home and hybrid working options be included more often in job advertisements?

**Jane Gratton:** I will start with the opportunities. As we were saying, I think the main opportunity is access to a skilled workforce. It is a highly competitive market; three in four firms are struggling to recruit and so it gives access to that broader talent pool, not restricted by geography. It also helps firms to attract and retain a more diverse workforce, so older workers, parents, carers, those with health conditions and disabilities can be more easily included in the workplace and have access to opportunities. That is one of the things that employers talk about quite a lot.

It can reduce staff turnover and recruitment costs, again as part of this wider flexible package, because it enables people to continue working when their personal circumstances change. Some businesses have said that the working patterns enable them to reduce the cost and footprint of their business premises. Some have said that they save money on business travel, and the list of benefits goes on and on.

In terms of challenges, one challenge is that it is now an expectation of job candidates. For businesses that struggle to accommodate it in all roles, it can make recruitment more difficult. Some firms have said that candidates are asking for more pay if they are required to travel into the office more often, so that is an interesting development and, as we said, it is not a pattern that is suitable for all jobs.

If they are required to be present in person all the time, businesses are reporting that staff are leaving for jobs where there is more flexibility or where an employer might be able to offer more flexibility or more hybrid, so it is a challenge. The challenge is to recruitment and retention. That is where firms are trying to be creative in offering different types of flexibility to support people.

It is not the best option for people new to the world of work or people new to a particular job role. Even if candidates want to work in this way, employers recognise the importance of face-to-face contact and importance of access to that knowledge base in the workplace, learning from peers—you know, the serendipitous conversations that happen that help to create the right sort of culture, learning and personal development. It can be harder for people to get the right support and training if they are constantly working away from the office and there is no contact.



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Of businesses we surveyed, 55% cited staff morale or mental health and well-being issues as a barrier. This goes to the point that it does not suit all employees on every occasion. At the same time, businesses are aware of the impact of loneliness and the social aspect of work. Being in work is good for health and good in all sorts of ways. That physical presence in the office and being around other people helps to maintain good health and mental well-being.

The second part of your question was whether it should be included in job advertisements. Many businesses see it and promote it as a staff benefit, so they will put it in job adverts to attract candidates wherever possible. Some businesses are using this "Happy to discuss flexible working or talk about flexible working" as a strap-line, which is something that the Cross-Government Flexible Working Network was promoting quite recently. We do not think it should be mandated for employers to advertise it because, as we have said before, it is not always practical to do that but, where they can, they should be encouraged to do so.

**Alex Hall-Chen:** We have had very similar feedback to what Jane has described. Absolutely, the biggest opportunities for recruitment and retention are about that improved employee value proposition and the ability to access a more diverse workforce, particularly in terms of geography. This was so evident in the research that we have done that, when we produced a member guide on innovative ways to attract talent at the height of the labour shortages after the pandemic, we dedicated a whole section to how employers can leverage remote working and other forms of flexible working to attract more staff. We have had particularly strong feedback from members in sectors that are struggling with long-term skill shortages. Even as the labour market has loosened in recent months, those members are still experiencing those skills shortages, so it is still a very powerful tool.

Challenges we find mostly concern retention. We have had feedback that some employees can find remote working isolating; it can affect their mental health negatively. Some of our members have reported concerns about the ability to do team-building and sharing company culture well when employees are remote. We find that the best examples of companies doing this are the ones that, even if they are remote and offer hybrid working, still invest in bringing staff together, whether that is through all-staff days on location a couple of times a year or through arranging lunches and brainstorming sessions. They are being very deliberate, recognising where the drawbacks may be and investing in dealing with those.

When it comes to job advertisements, as Jane described, we find that where an employer does offer remote or hybrid working, they see it as a key part of their offer to potential employees, so there is a very strong motivation for them to put it in their job advertisements. To be totally honest, if there are any employers that are willing to offer it and that do not mention it in advertisements, they are absolutely missing a trick.



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I would agree with Jane that it is not something that we think the Government should mandate, because it is not practical for every employer. We absolutely encourage our own members to treat it as a really core part of their value proposition and to mention it wherever possible.

**Q48 Lord Farmer:** Is there any data or feedback to suggest that the demand for hybrid and home working is discouraging the entrepreneurial spirit of starting up a company, given the reliance of the UK economy on start-ups and SMEs? Have you any feedback from before people even start to form a company and start a business that hybrid working or working from home might put them off doing it?

**Alex Hall-Chen:** We have not had feedback from members telling us that it puts them off at those very early stages, but we have had a lot of qualitative feedback in our surveys from members who are concerned about the impact that it might have on team building and innovation in the office, which is obviously incredibly important at the early stages, especially for start-ups, but probably less so in setting up businesses. We have potentially had some concern in the scaling phase, yes.

**Jane Gratton:** For young people starting off in their careers, being in the office around people who are more experienced is invaluable and extremely important. You can imagine a scenario where someone coming through a university, the spin-off company, might be used to working remotely and working with tech, but there is still the importance of being around an operating business with different functions. The intergenerational workplace is incredibly important.

**The Chair:** Before we move on, we had evidence that only 12% of jobs are being advertised as being hybrid even though we know that rather more than that are hybrid. I am not suggesting we go into it now, but it might be something you could reflect on and drop us a note as to why we have had that evidence, as it seems somewhat at odds with what you have just told us.

**Q49 Lord Fink:** My question is primarily towards Alex Hall-Chen. Thank you both for coming this afternoon. My question is what management techniques employers can use to make remote and hybrid working more effective. To what extent should these focus on employee outputs? I am particularly concerned about lessons learned from existing managers of remote working or hybrid working, like sales and so on, and whether these sorts of techniques are being trained to people who are managers and are new to hybrid working because I have not seen many training programmes out there.

**Alex Hall-Chen:** It is an interesting question, and it feeds into a wider issue that the UK has around investment in management training. There has rightly been a lot of discussion about the management practices that can make hybrid working effective. Managers who had been used to



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monitoring employee productivity in person needed to shift to a more output-focused approach.

The core of this approach is to say, “What are the outputs we want from this employee?” and to allow for any expectations around availability at certain times of the day and so on. It does not really matter when or how they get the work done, so long as the outputs are there and done to the desired standards, but that is a very different approach to management than some have been used to and it may require a degree of training for both new and existing managers.

While performance management is key, there are other management techniques that are important to make remote working effective, including being deliberate and structured in communication with employees, managing mixed-location meetings, ensuring that employees who work remotely do not miss out on opportunities because of their location, being able to spot signs of poor employee well-being online, which can be more difficult, and building team cohesion online.

All these things I mentioned are good management skills in any setting, but remote working makes these skills even more important. While there is an element of this being built into management training, there is a wider issue here about underinvestment in management training in the UK generally and there is a need for that overall investment to increase.

**Jane Gratton:** I would say that managers have learned a lot since the pandemic. It has been trial and error with managing people remotely. I agree with Alex that it is important that they develop trust on both sides, and have good communications and policies and procedures in place that ensure that everyone knows what is expected and managers can keep in regular touch with people. A lot of businesses say, “Even where people are working the majority of the time at home, we want people to come in and have that face-to-face contact all the time”.

Some of the issues that managers say are important when they are managing staff remotely, as well as the quality of the work—but you would expect that in the office as well—are around security, privacy of data, safe use of storage and connectivity. People do not always have the right connectivity to make the arrangement work properly.

Health and safety is probably one of the key ones that they report, where people are not actually in the office. Making sure that they have a safe workstation, that it is ergonomically sound and that they are sitting with the right posture—all those things, if the manager does not see them very often, might be overlooked. Also, on training and development, there is a need to make sure that you keep in mind that, just because people are not seen every day, they get the same opportunities. Then there is business culture; it is much more difficult to instil a good business culture if there is not that human connection. There are many more, but I would say that those things are a priority for businesses.



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Q50 **Lord Parker of Minsmere:** Thank you both for coming. Could I ask you to share your thoughts with us about comparative productivity of different working arrangements—to horribly oversimplify before hybrid and hybrid now being the norm for roles where it is possible to work in a hybrid way? I am asking that in the context of an economy under pressure, a need for growth and a need for international competitiveness, perhaps more than ever. The situation with working arrangements was obviously accelerated by lockdown and pandemic conditions, and it has largely, but not solely, come about from worker demand. It comes from the individual because most people seem to prefer hybrid. Could I position you more from the employer perspective? What is an honest view on what is most productive?

**Jane Gratton:** We do not have any research or data on that to share with you. I would say that productivity is not always that easy to measure, so a lot of it is about sentiment really. Talking to employers, some will say that they believe staff are more productive in the office; others will say that there is no noticeable difference if staff are working remotely. It very much depends on the business and the sector or whatever that might be.

Interestingly and importantly, firms say that staff are happier, less tired because they are not commuting so much, less stressed because they have work and home commitments more in balance and that they have time to exercise, so they are healthier. They might be taking less time off sick. They might be taking less time off because, whereas they might normally have taken a full day's absence, they can deal with an issue and get back to work within a couple of hours. Those benefits would feed into productivity because staff are around more, taking less time off.

We know that staff will typically flex their own time when they are working from home. They take an hour or two off in the afternoon to sort out childcare and then they will log on again in the evening. That is their choice they are getting the job done and, from a business perspective, that is good productivity. Again, it depends on trust. Where there is a perceived performance or capability issue that can often be more difficult to manage.

**Alex Hall-Chen:** I completely agree. The short answer from us is it depends. We did some polling of members on this topic. In January 2022 we asked almost 700 business leaders whether they felt that remote working was good for their own productivity: 43% said that they believed it boosted their productivity; 22% said that there was no change; and 31% said that it reduced their productivity, so it was a real mixed bag.

In the comments, many members told us that they felt that certain tasks, like report writing and research, are more productive at home because there are fewer distractions. While others, like collaboration and building relationships with potential customers, are less productive when they are done remotely. We also had some feedback that some felt that





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productivity gains from remote working might be short term and could be outweighed by long-term drags on activity.

When we talked to members about their views on the effect of wider staff productivity, they were similarly mixed. We have heard some concern from business leaders who believe that remote work can negatively affect productivity, especially for customer-facing roles and in terms of team-building, innovation, and brainstorming activities. I have a quote from a member here who said to us, “For us, design and collaboration have proved very stressful remotely and, without an immersive environment for graduates and junior staff to learn in, we are worried that we are creating a future skills shortfall. Hence, the three days in and two days remote approach seems to offer a good, balanced way to meet our needs as a business, while improving balance for staff”.

Many members have also told us about what they consider to be the productivity gains to be had here. In addition to the view that some of the specific tasks that I mentioned earlier are well suited to remote work, there is a widely held view that the benefits in employee satisfaction and well-being, as Jane described, outweigh or at least significantly counterbalance any disadvantages related to productivity.

I think these mixed views are a key reason why we are seeing a mix of approaches between companies, because what works for one will not necessarily work for another. Where there is a general preference emerging from employers, we are seeing that it is for hybrid working to get the benefits of both office and remote working in terms of productivity.

**Q51 Lord Parker of Minsmere:** Can you offer any insight into why some employers in recent months are just tilting a little bit toward asking people to come back to the office?

**Jane Gratton:** We are seeing businesses enforcing probably three days in the office out of five, and that is about getting the right balance. A lot of these things are about meeting the needs of the business, supporting individuals, and recruitment and retention issues as well. We are not seeing as many businesses wanting people to return to the office on a full-time basis. Those that do will have their reasons and evidence for doing so, but it is very much about respecting what works for the business and for the workforce in different circumstances.

**Alex Hall-Chen:** In terms of the media coverage that there has been around a mass drawing back of employees to the office, we are not really seeing that in our data.

We have polled members on their intended long-term use of remote and hybrid working three times—in 2022, 2023 and 2024—with the most recent data being from September last year. In that survey, 16% of members said that their long-term plans involve no remote working, compared to 11% in 2023 and 16% in 2022, so there has been no real



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change long term. But, as Jane said, we have also seen a bit of a shift from members saying that they will give staff full flexibility to choose how often they are in the office to more saying that they will mandate office presence of usually around two or three days a week. I suspect that has been driven by some employers wanting to find that balance that we discussed earlier between the benefits of remote and in-person working.

**Q52 Lord Fuller:** I just want to pick this up. We speak about productivity and the answers you have given are very much grounded in the individual, but I am just worried because individual productivity is often task based, but then there is what I am going to call the team serendipity—the water cooler moment, if I am to be a bit hackneyed about it, that sees almost a high-level creative development and spontaneous improvement that you can only get by teams together.

My question is: when we talk about productivity, are you happy that that is how it is all characterised or should we try to find a new way of expressing that combination of individual productivity and team serendipity to try to get a fundamental change in the way that the economy appears to be working for those cohort of businesses that offer flexible working?

**Jane Gratton:** Part of the reason that firms are mandating that presence in the office of two or three days is to foster that greater collaboration, that serendipity, that ideas generation.

**Lord Fuller:** They are not saying that, though, are they? They may be thinking that, but they do not appear to be explicitly stating that to be the reason, or am I just missing that?

**Jane Gratton:** When we talk to employers, they will say those things. That is why they are doing it and presumably they are communicating that to their staff when they are mandating a return. They are explaining why, because they want to be fair to staff. They recognise that lots of staff like to work from home—it saves them money, gives them more time and all these other benefits. However, it is about that balance, and I think firms will be trying to communicate that.

**Alex Hall-Chen:** I absolutely agree that we need to take both elements of productivity into account. Just as Jane described, we have also had feedback from members very explicitly telling us that they think that the creative team-building element of work is less productive when it is done online. That has been a key reason, we think, that more firms have shifted away from giving staff full flexibility about the location from which they work to mandating a set number of days in the office. Yes, we have had that feedback very explicitly.

**Q53 Baroness Nye:** I would be very interested to hear your views—and we have the proposed legislation coming down the road—on what you think the possible impact of that legislation on remote and hybrid working practices would be. Do you think that the Government should offer



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guidance on good home working practices? Obviously disconnecting out of hours is not in that legislation now, but do you think there should be some sort of code of practice on that or other practices?

**Jane Gratton:** Guidance is always helpful for employers. The risk of trying to legislate for every possible scenario for every type of business and home working arrangement would be impossible and, quite frankly, unnecessary. Legislation is not required in these circumstances, but guidance and supporting employers to have conversations with their workforce, and putting some structure around that to find the right arrangements, would be helpful.

A day-one right to flexible working should remain. Employers tell us it is crucial that they can retain that balance and the flexibility to manage the workforce in the way that best suits the business. It allows them to respond best to challenges and opportunities. It should remain. Businesses should continue to be able to turn down a request while, at the same time, be encouraged to find different forms of flexibility if they possibly can. They will want to do that where that relates to hybrid working.

A bigger concern we have is the proposal around the right to disconnect. This has raised some heated conversations among employers. Many of them operate or most businesses now operate in a 24/7 global environment, where they might have foreign owners and communicate at all hours of the day and night with different teams. Alongside that, you have lots of people working flexibly, some doing split shifts and all sorts of combinations of working.

Preventing employers communicating with employees when they need to would be impossible. It is more about management practices, going back to what we were saying earlier about the importance of management training and setting an expectation that people do not have to respond to those communications that are sent outside of their particular working pattern, and modelling the behaviour themselves to set that that good example. Legislation to prevent an employer from sending out electronic communications is totally unworkable and would be damaging for growth.

**Alex Hall-Chen:** We supported the previous Government legislating to make the right to request flexible working a day-one employment right. We are waiting for more details on the current Government's proposals to make flexible working the default before we can assess what we think the likely impact will be.

Like Jane, we think that it is extremely important that businesses remain able to reject flexible working arrangements that undermine their operations. We think that the principle of the legislation needs to be that employers are best placed to know what will work for their company and employees and that government intervention in this process should be minimal. Our research suggests that the vast majority of employers already offer various forms of flexible working, including remote working,



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and that remote working is here to stay. The exact problem the Government are trying to solve with this intervention is not completely clear to us.

When we polled members on a potential right to switch off, the absolute consensus was that work/life balance is incredibly important and that out-of-hours contacts should not be unreasonable. However, like Jane described, we have significant concerns about how that right might be framed. It is important that it is a right not to have to respond to out-of-hours contact rather than a right to not be contacted out of hours. Given that many remote workers informally exercise flexibility to work outside of their contracted hours—for example, parents who pick up kids from school and then make up the time by working later in the evening—there is a risk that, via a right to switch off, the Government might inadvertently reinforce what is now quite an outdated conception of office workers 9 am to 5 pm and, in doing so, undermine progress that we have seen in recent years.

So guidance could absolutely help facilitate these conversations but it needs to be carefully designed so that it reflects and allows for the realities of remote working.

**Q54** **Baroness Freeman of Steventon:** It seems that hybrid and these more flexible styles of working are here to stay, certainly in some roles, and they bring with them big changes for companies and employers. You have talked already about some of the new things that employers have to consider, like the working spaces that people have at home and all sorts of technological change and security risks and things that these might bring to employers.

I wondered if you could talk a little about what you felt the employers' roles were in tackling those and any examples of good, innovative ideas that you have come across where employers are tackling these new risks that we could help spread the word about and that might mitigate the trouble for other employers.

**Jane Gratton:** When we talk to employers about risks of hybrid working, they say the biggest issue is the risk of cyberattack. In 2024, half of businesses reported experiencing some form of cybersecurity breach or attack in that previous 12 months and more than half said that their exposure to cyberattacks had increased due to working-from-home arrangements. Businesses are alive to the risks around this, but four out of five firms said that they did not have accredited cybersecurity measures in place to protect against it. While they are aware of the issues, a huge number of businesses do not yet have those things in place and probably would need support and encouragement to know what to do and where to go for that.

The other problem businesses talk about is the pace of technological change and the fact that they have a digital skills gap in the workplace. They tell us it is difficult. Chambers of commerce help businesses; they



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provide training and support for businesses. They will often say it is difficult to encourage businesses to train staff on AI, for example, because firms say that they have a skills gap with the more basic Microsoft Office. That huge gap for them is a greater concern than AI.

We know that AI can massively improve productivity when used correctly, but firms say that there is a lack of confidence in the relevance of AI, the safety of it, the reliability of it and the implementation costs around all that. Some 43% of firms have no plans to introduce it at all; they are standing and waiting for the technology to settle, improve and mature, although that varies across sectors.

The fourth technological issue that they talk about or issue related to technology is access to broadband and mobile data. It can be difficult for individuals to work from home if that connection is not suitable. There is a clear urban and rural divide on all that. We have some stats around firms that think or believe that they have a good broadband connection and not all of them do.

In terms of the role of employers, firms will have to do more to support their staff with cyber training and awareness, but it is constantly moving and evolving. They will need to keep on top of making sure they continuously upskill and reskill as technology advances and put those cybersecurity measures in place as well to protect employees and the business.

The Government could probably support businesses on that training and accreditation, and how to respond and mitigate when they experience an attack. We are waiting for the cyber security and resilience Bill to come through. We would like to see the Government committing to funding for Project Gigabit up to 2030 as well so that, again, it supports individuals to use remote working.

**Baroness Freeman of Steventon:** Are there any examples of good practice in all these areas where companies get the most out of hybrid working? I am thinking of things like community hubs where people can work in a particular location in their community and that provides the broadband and that kind of thing for them. Have you seen uptake of those kinds of things?

**Jane Gratton:** I do not have any evidence of that. I know that that happens. One other risk, when it comes back to security, is when staff work at home—or not at home but sometimes at home—who in the family has access to the data. When they are not in a working environment but in some sort of public environment, employers are worried about maintaining security of the data and who is listening into conversations or able to look over your shoulder and read your screen, for example, if the screen is accessible.

To talk about the BCC itself, we have an organisation called ChamberCustoms, which is a start-up organisation of the chambers. It



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provides support and documentation for companies that trade internationally. All the staff work remotely. There is a virtual office; they see each other in real time through their desktop. Every day they can talk to each other, communicate and collaborate, but they are all working in different places. They are working in real time and seeing other people as part of the team. The technology is already there and it can work well.

**Alex Hall-Chen:** It is interesting. As with many aspects of this discussion around hybrid and remote working, a lot of what we have described is just good business practice. Every business needs to identify cyber risks and invest in training, particularly for digital skills for employees. It is just that remote hybrid working makes those even more critical to business success.

To echo Jane's point on broadband, we polled members a couple of months ago on the Government's infrastructure strategy. We said, "Here is a list of potential areas for investment. Which would be your top three areas for investment?" Broadband was selected by 30% of members, so it is still an area that the members think requires significant government investment. I am sure that the growth of remote and hybrid working is a key reason business leaders considered that to be so important. If the Government were prioritising interventions in this area, investment in broadband would be key.

Q55 **Baroness Featherstone:** I will go to Alex first because you answered part of the first part of the question, which was to what extent there has been a return to the office in recent months. We were told that it had been mandated that people return to offices, particularly in some large and financially successful employers. Was that the case?

**Alex Hall-Chen:** We have seen elements of this. It is not as clear-cut as saying that employers are demanding that people come back to the office in droves. Our data suggests that particularly among our SME members, the vast majority, about 84%, continue to offer some amount of remote working. About a fifth of members say that they give staff full flexibility, so it varies. As I mentioned earlier, we have seen perhaps a slight shift away from as many members saying they give staff full flexibility or that they are fully remote and moving more towards a hybrid approach, requiring employees to be in the office for typically two to three days a week.

We see much less of a requirement to be in the office five days a week, although I am aware of some cases that have been reported in the media. Where it has happened, we suspect it has been driven by employers when they have evidence that employees will be more productive in the office. Like I said, we do not see that across the board. It has been a real mix.

**Baroness Featherstone:** That contradicts what we have heard before. What is your experience at the British Chambers of Commerce?



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**Jane Gratton:** It is similar. We have seen the mandated two or three days, so it is hybrid. What we are also seeing, or that is reported, is that, where firms are mandating a full return to the office, some employees will move to other employers. For the people who like to work in an office, it will be good for them; others will want to find other employers. It depends on what the business needs and what the individual wants to do. One size will not fit all in the future.

**Baroness Featherstone:** Trade-offs will come into play, clearly. The committee was told that hybrid working was worth about £1,600 for an individual. Is there any evidence that employers are either trying to entice by adding money or reducing money if they do not want their employees to work at home? Is anyone trying to cut their pay if they work at home or increase their pay if they do not? I do not know what is going on in businesses at the moment.

**Jane Gratton:** I mentioned earlier that some candidates demand more money if businesses want them to work full time. Employers try to offer more benefits around that return to work; for example, they might put free breakfasts on or pool tables for more of a social aspect. They might offer different incentives, making sure the environment is good. Probably more non-financial benefits would be offered as opposed to financial benefits. That is my understanding.

**Baroness Featherstone:** You were saying that the main downside would be that they would lose popularity or application if they were not offering this because, if it becomes common, most companies would. Is that your experience, too, Alex?

**Alex Hall-Chen:** Yes, it has been similar. We have not seen much evidence of employers being willing to pay more because they ask for people to come into the office more, but, as Jane said, they might look at non-financial incentives tied to the office specifically. Ultimately, it will come down to competitiveness, particularly in sectors that are still experiencing quite severe skill shortages. Most employers will find that if they do not offer some degree of remote or hybrid working, they simply will not get the same calibre of applicants.

Q56 **Baroness Manzoor:** Is that an opinion that you are seeing people moving from the jobs that they currently hold or are you seeing some evidence and hard data that says that people are leaving the organisations that they work in, if hybrid working or flexible working is not offered? Flexible working is different. I am conscious that, at one point when you were talking, I was thinking about virtual wards—hospital wards, if you like. There is no flexibility in that if you sit there from 9 am until 5 pm but are all in different locations; it is just about a location strategy. Could you unpack that a little for me, if that is possible?

**Jane Gratton:** I do not have any data that people are moving out of jobs. It is more of a feeling, I would guess, and an expectation.



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One employer I was speaking to last week said that they had lost a good employee to another organisation that could offer more hybrid working in the role and their organisation could not. The requirements of their working and their operations meant that they could not, but they had lost a good member of staff because they could not offer the flexibility that was needed. That is the market; that is what we will see now: people will be able to choose where they want to work, whether they want flexible arrangements or whether they want to be in the office.

**Baroness Manzoor:** There are not that many jobs, sadly, at the moment, either. We are losing jobs and productivity is a key issue. I just wondered, as pay comes into it as well as flexibility, whether we have any hard data and it was not just based on opinions or on one case.

**Jane Gratton:** No, I do not have any data, I am afraid.

**Alex Hall-Chen:** We do not have hard data on this specific question, but I recall that the charity Working Families did some interesting research a while back, in essence looking at how much more likely parents in particular would be to apply for jobs that have hybrid and remote working opportunities. It is not exactly the same data that you refer to but it speaks to the same point: for employers who are willing to offer remote and hybrid working, they will access a wider talent pool, particularly for parents and people with other caring responsibilities.

Q57 **The Chair:** We have a moment or two in hand. One important thing for the committee is to try to understand the data and the overall impact of offering flexible working, including hybrid, on recruitment and retention. I understand that individual businesses will make their own decisions, but it feels to all of us that we ought to have a more global sense of what it means. Are you not collecting it because you have not collected it or is it because it is difficult to collect data in a way that is relevant to your members?

**Jane Gratton:** We have simply not asked the question. We have asked businesses a number of things. We have a workforce survey that is coming into view soon and so we can look at collecting some more data on that.

Our view has always been that there is no one size fits all. It is what works for an individual and what works for a business, and it will keep evolving. The huge uptick in the use of remote communication technologies during the pandemic is beginning to settle a bit now. It has gone from a peak to something that businesses probably feel is more sustainable going forward. As I say, I do not have any data to share with you, unfortunately.

**Alex Hall-Chen:** Similarly, we have not asked that specific question. We have polled on various other topics related to flexible and hybrid working and we would be happy to look at other questions that we could put. We have a monthly survey that we send to members and use to poll on





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topics like this. If the committee would find specific questions useful, we would be happy to have that conversation.

**Baroness Freeman of Steventon:** Following on from that, I am interested in when employers make a decision about how much flexibility to offer in terms of hybrid working and what things they take into mind. You have mentioned things like concern about the spontaneity of ideas and the long-term health of the company in terms of innovation. Are they also taking into account the investment that they have in their offices, how much flexibility they have on office space and how much they have invested in technologies to allow remote working? I do not know whether they are taking any of those factors into account at the moment or whether you could poll on that.

**Jane Gratton:** We could certainly poll on that. Instinctively, I think it is about the needs of the team and the broader organisation, and the needs of that particular individual. Are they at the start of their career? Have they moved into a new role? Will they need support and mentoring by more experienced colleagues, which is much more difficult to do. We talked about the risks around cybersecurity and broadband; they will take all that into account.

Some businesses during the pandemic, where they could, changed the use of their offices and used their space differently. It is often more about collaboration now and bringing people in for specific reasons rather than sitting at a desk to do emails that you could do at home. They are bringing people in for different for different reasons. The employer would consider all sorts of things, but predominantly—I cannot overestimate this—it is the importance of enabling an employer to manage the workforce and the needs of the business. They want to support individuals, but ultimately they need to meet the requirements of the business.

**Alex Hall-Chen:** The feedback and the qualitative comments that we have had from members are similar. It is primarily driven by a sense of whether the job, role dependent, can be done well remotely and hybrid. Will this have perceived effects on morale and productivity? The implications for recruitment and retention factor in as well.

In terms of the office, we have had feedback from both sides of this equation. Some members told us that, during the pandemic, when the lease for their office was up, they got rid of it and they felt that their business has functioned perfectly well without it and have transitioned to being a fully remote company. Others, as Jane has said, have changed the way their offices are structured. Maybe they have downsized a bit and invested more in meeting rooms—the idea being that, when people do come into the office, they focus much more on collaborative work, team meetings and brainstorming sessions. They have changed the office layout to facilitate that. Then others may have invested more in the office, as they believe that that is where their employees are most



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productive. It is a real mixed bag; there is no one way that members have told us they have approached the issue.

Q58 **Lord Stevenson of Balmacara:** We have had quite a good discussion, and lots of ideas have been bounced around, but this is a quite a short-term report. We are not trying to move ahead of where people are but, equally, if there is value out of it, it will be because we will be able to make recommendations to the Government that they might listen to. Hopefully, they will.

The nasty question is, if you can make only one recommendation—and it may be a recommendation to do nothing—to the Government or a policy ask, what would it be?

**Jane Gratton:** It would be to avoid legislation. It adds cost and complexity for businesses and it is unnecessary in this scenario, because firms offer flexible working and remote and hybrid working when it works for the business and works for the individual. We have said before that it supports recruitment and retention, it helps to create more diverse workforces and it helps people into work who may experience more barriers to employment. Businesses are aware of lots of positives. There is not necessarily any need to legislate for it; it could drive the wrong behaviours and make businesses more risk-averse and more cautious.

**Alex Hall-Chen:** In a similar vein, ours would be to base policy-making on the assumption that businesses are best placed to know whether remote or flexible working is suitable for their specific circumstances. Support from the Government to facilitate conversations is very much welcome, but it is crucial that it does not effectively force employers to offer working arrangements that undermine their business operations, especially when our research suggests that remote working is here to stay.

**The Chair:** On behalf of the committee, I thank you both very much indeed for coming here today, particularly for the quality of your evidence, which has been clear and helpful to us, also.