



Home-based Working Committee

Corrected oral evidence

Monday 24 March 2025

3.20 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. 6

Heard in Public

Questions 56 - 66

Witnesses

[I](#): Brad Taylor, Director of Consulting, Advanced Workplace Associates; Charlie Steel, Chief Financial Officer, International Workplace Group; Cathryn Moses-Stone, Head of Policy and Impact, Chartered Management Institute.



Examination of witnesses

Brad Taylor, Charlie Steel and Cathryn Moses-Stone.

Q56 **The Chair:** Good afternoon and welcome to this second panel of the Home-based Working Select Committee this afternoon. I welcome our three witnesses. We are being broadcast. A full transcript will be taken of today's proceedings and you will see a copy to check for accuracy before we move on.

I will start with the first question, which is probably for Charlie Steel mostly, but the rest of you may come in if you want to. What do you see as the risks and benefits of hybrid and remote working for the individual, particularly women? Is there a difference between hybrid and completely virtual working?

Charlie Steel: Thank you for having me here today and drawing attention to this important topic, in particular the impact on the UK economy. To give a bit of background, I am the chief financial officer of IWG, which operates around 4,000 workspaces globally in 120 countries. We have about 400 workspaces in the UK, 70% of which are outside of London, so we have a national picture here. We are used by over 8 million people, with around 40% of our revenue coming from the United States.

The first thing I would say is that, overall, we see hybrid working as the ability to work anywhere, not just at home or in a centralised office. It can be in an office that is close to people's homes. As I say, 70% of our buildings are outside of London and, therefore, also close to where people work. We find that people use our buildings both close to where they live and in more centralised locations on other days during the week.

Hybrid benefits businesses and local communities, in particular deprived communities where a lot of expenditure stays in local towns and local communities as a result. It also allows individuals to fulfil other responsibilities, such as caring. For example, the TUC has found that women are seven times more likely than men to have caring responsibilities, which goes to part of your question.

The other thing is that this is not a new concept. Hybrid working has been around for many decades, and many successful businesses have adopted hybrid working for decades. For example, consultancy firms have people on-site on some days of the week and in centralised locations on others. We found, though, that technology in particular has accelerated this process even further and, because the pandemic forced everybody to work from home, businesses saw this as a productive way to work that also had a lot of benefits to employees.

Turning to benefits to people more widely, in particular when we think about the potential costs to some individuals, first, there is no good way



to work without any costs. Working in a centralised location has costs. The commute is a good example of that. The ONS has found that the average rail commuting time in the UK is over one hour per day. Think about somebody on minimum wage, with the opportunity cost at that time plus them spending £25 on average for each rail commute ticket. It is basically three hours of that person's time and the opportunity cost to go into work each day; therefore, it takes three hours to earn back. It is a big benefit to part-time workers, for example, if they can work remotely and avoid that commute.

We found that hugely benefits women in particular. We found from some of our studies—I have provided these to the committee in advance and am happy to reiterate any of this if it is helpful—that 58% of women, for example, say that they would leave their job if they needed to undertake a long commute that goes with it. Also, 84% of women have reported, in the studies that we have commissioned alongside leading academics, that the ability to work in a hybrid way was key to their decision-making in taking that role in the first place.

Hybrid working, and in particular fully remote working, have some risks. We think that fully remote working contains a lot of risks and hybrid working is significantly better than fully remote, particularly around the perception of presenteeism and people believing that you need to have proximity to the people who make decisions. At the same time, though, it is much harder to engender company culture, best practice and ways of working without that learning osmosis that you get by being in the office some days a week. However, we firmly believe that you do not need to be in the office all the days of the week.

The Chair: Thank you very much. Do any colleagues want to come in? No? In that case, I call Lord Stevenson.

Q57 **Lord Stevenson of Balmacara:** Thank you. The key question, that we have been hearing a lot about, is that reflecting the changes that are happening is one thing, but working to make them work better is another; key to that is how managers and leadership in firms do that. Cathryn, perhaps you could answer first on this. What issues have been raised by this, and what techniques or skills will be necessary to make changes that will be effective?

Cathryn Moses-Stone: I am the head of policy at the Chartered Management Institute. If you do not know, the Chartered Management Institute is the leading professional body dedicated to raising standards of leadership and management right across the UK. We have around 220,000 members at the moment and around 150,000 people learning on our management and leadership courses across the country.

It is probably important to say that we do not advocate on behalf of our membership. We are not like a traditional membership body in that sense. We work closely with our membership to poll them on a regular basis in order to get month-by-month data on how they think and feel



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about certain things coming their way, particularly around government legislation and so on. We also carry out in-depth work with other partners such as Timewise, the Work Foundation and other organisations I know you have spoken to.

It is clear to us, across all our polling and research, that trained, confident and supportive managers are basically fundamental to delivering inclusive, supported workplaces; that includes delivering on hybrid and remote working in a really effective way. We know that hybrid working comes with a number of challenges, which have already been stated. We know that that can be particularly challenging for certain demographics—for example, young people—for whom onboarding for the first time might be much more challenging if they are remote. Getting used to a new working environment and working culture can be also more challenging.

However, we have recently seen through our data that challenges related to hybrid onboarding have decreased significantly since 2022. That stat was 70% in 2022; now, 52% of managers indicate that they have challenges related to onboarding through a hybrid way, which I guess shows progression in and adaptation to this future of work and new way of working. On the whole, 83% of our managers currently say that they support hybrid working, but we know through a University of Birmingham study that, currently, only 43% of managers have received any training on how to deal effectively with some of those challenges in a hybrid setting.

Last year, we carried out a pilot with Timewise—you have spoken to Amy Butterworth—to try to look at the difference in managers' confidence in dealing with the challenges that are thrown up through hybrid working, particularly around things such as conflict resolution, motivation and performance management—things that are much harder when you are not in a room with somebody. We have some stark data that shows clear progression, in just 30 days, in a targeted hybrid working training programme for managers. Managers were reporting an improved understanding of and confidence in managing things such conflict resolution; the figure there went from 46% to 86%. Confidence in keeping teams motivated went from 43% to 89%. Understanding how to deal with managing underperformance, which is a key concern for a lot of organisations with hybrid and remote working, improved from 36% to 79%. We have similar stats around understanding how proximity biases might impact your ability to progress someone if you do not see them work in the same way in the workplace. It is similar with team collaboration, innovation and knowledge sharing—all those things had a significant jump. I can share that data with you afterwards.

Our central argument is that you need to train managers in the specifics of hybrid working. There are a lot of brilliant benefits, particularly for different demographic groups. We know, for example, that the UK will need about 800,000 more female managers by 2026 to achieve gender



parity. To do that, you need to maintain things such as hybrid working, which enable them to keep their skill set at the right level with organisations that value them, but you need to train managers to deliver that in the most effective way. At the moment, that just is not happening across the board. When you look at that alongside the fact that 82% of managers are in management roles without any formal training at all, let alone working in a new hybrid way, we see a big gap.

Lord Stevenson of Balmacara: We would be very interested in seeing those figures.

Q58 **Lord Fuller:** We just heard from Cathryn about the importance of management—managing individuals, conflict resolution and so on—but I am interested to hear a bit from Brad about how we manage teams, particularly how we have a degree of enforcement around teams coming in on a certain day to keep them together—that might be a Monday or a Friday—not least to use the desks more efficiently. In connection with that, do we need to be aware of any trends in compensation or the removal of certain weightings or the adding of allowances to get people in? I am not sure. Does that extent of looking at compensation go as far as firing people if they do not play the game?

Brad Taylor: Thank you to the committee for having me today. I am a director of consulting with Advanced Workplace Associates. We help organisations going through change and transformation, including on things such as hybrid working, rightsizing the organisation and adapting to new ways of working. I am an HR professional by background—an HR director—so my role tends to be working with people and leaders to help them go through the change.

It is a good question. If we think back to the pandemic, we saw a rapid movement to everyone working from home and an intense focus, both with organisations and people, on individual well-being—quite rightly so, because it was obviously a trauma for a lot of people. That shifted the power dynamic between employers and employees and had an impact on how organisations relate to their people. Indeed, many people started making changes to their lifestyle as well, as they took a more blended approach to how they manage their personal time and work time. If we fast forward to where we are now, many employers are still grappling with how to get the balance right in organisations, with people being in the office and working remotely, including getting teams working effectively while being respectful to the needs of well-being.

When we work with organisations, we like to encourage managers and their people to think about organisational health. Organisational health, like individual health, is either improving or declining. It includes things such as culture, performance, integration between people and management skills—all the things that make up whether a business is succeeding or struggling. Everyone has a role in that. Therefore, we need managers who can have those conversations with their teams and say to people, “Let’s think about this from an organisational perspective and a



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team perspective. What's good for the organisation and what part do you play in that? Even if you do nothing, you have an impact on the organisation".

We find that that approach tends to work well because it takes people away from what something means for them as individuals, which is still important, to what is good for their colleagues and what is good for the organisation: "How do we work effectively as a team and how do we work as groups of teams around the organisation?" We have also found that, by adopting that more consultative, discussional approach with people and engaging in conversation, people remain open to the conversation. When organisations take more of a mandating approach, people who were previously open to having those conversations tend to become defensive.

We encourage organisations' leadership teams, first, to think about what they need to do as an organisation and to come up with a set of hybrid working principles that define what hybrid working means for this organisation. Too many organisations think that it is common sense. It is not; believe me, common sense is not common at all. It is about having that discussion: "What do we mean by hybrid working? What does it mean for us? How many days might we want to come into the office? Why would we do that? What are the reasons? It's to promote social cohesion and collaboration; things that we can do in person are important".

Then, from that, we encourage teams of people to work together to come up with their working together agreements: "How will we take those principles and apply them in our team so that there is consistency across the organisation? How can we acknowledge that the needs of the marketing team will be different to the needs of the finance, human resources or research team, but so that there's still a sense of consistency? What days will we come into the office and why will we come in? What technology will we use so that we know how we collaborate, share and work on documents together?" That tends to work well; it is great for onboarding new employees as well, because there is a common set of things to work to.

When it comes to things such as remuneration and how we reimburse people, we have typically found it works best there to say that, if you are within a reasonable travelling distance to work—the organisation will define what it means by "reasonable"—then your contract of employment will be based at the office where the business is based. Therefore, when you come into the office, that is part of your normal travel, and there is no claiming of expenses or anything for that travel, but you will be allowed to work flexibly from home in a hybrid way should you choose to do so. If you are beyond that reasonable travelling distance, perhaps the organisation will give you a home worker contract: "We'll consider a home working contract because, if you need to come to the office, we



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accept it will be a longer journey, so we will think about the expenses that can go with that”.

However, it is important in doing that to make it clear to people what we mean by hybrid working and what we mean by a flexible working request. If it is hybrid working, we are saying that we have our principles and the employee has a lot of choice within that framework. If it is flexible working—that is, you want to change the pattern of when you want to work, the number of days or whatever—that is different. You need to come to us and we will discuss it. That is how we tend to approach it and it tends to work well.

Lord Fuller: That is really helpful. For the first time, we have some new jargon there—hopefully, we have captured it—and some new ideas. You talked about this working together agreement. I love that idea but, in any team, you will get a shirker. Have you seen dynamics within a team where most people follow the letter of the agreement but they feel that they are carrying somebody else? What lessons have you learned about how to deal with that?

Brad Taylor: The first important thing is having the conversation because we find—this goes to Cathryn’s point about training line managers as well—that many managers either do not want to have the conversation, because it is easier not to, or go in way too hard, which puts defences up.

We need managers who can have what they might perceive as difficult conversations skilfully. They need to be trained and given the competence, capability and confidence to do those things. This means, then, that people feel heard. It may mean that, at the end of this, you end up with a working together agreement; not everything you wanted as an employer or as a member of this team has come through, perhaps, but people feeling that they have had opportunities to put their voice across and be heard has a better prospect of success than not.

Then we get the potential issue of somebody saying, “Is it fair? How can we make sure that this is fair, and will it be fair for me?” The advice I give is that fairness needs to be about not equality of outcome so that everyone is trying to do the same—that will not be possible because teams are different—but, rather, the principles are translated to that team fairly and consistently so that they follow the same principles that were agreed to as an organisation and went into the working together agreement. This then becomes the way that that works.

Also, teams should review those agreements over time, so it is not something that gets shoved in the drawer and forgotten about but is revisited. Is it working? Is it not working? There may be an opportunity to change or balance things but, if not, managers need to have the confidence and the skill to have a potentially difficult conversation with that individual: “How do we help you achieve what we need to be doing as an organisation, which we discussed and agreed, to make this work?”



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Q59 **The Chair:** We have heard quite a lot about retention and recruitment. On having principles, if an organisation finds somebody they want and that person says, “Yes, I will come, but I insist on this or that”, presumably that is another set of difficult conversations with the colleagues.

Brad Taylor: It is, yes, because it becomes important that managers and leaders are seen to be acting fairly and consistently. If a set of principles is agreed and we have achieved an equilibrium where it is true hybrid working, as Charlie was saying—we are coming to the office and we are working remotely, and we are doing all of that well as an organisation—we need people to understand, if they want to join the organisation, that this is how we do it. These are the systems we use. If that will be an issue, we need to explore that to see whether we can accommodate it in any way. If not, the individual needs to make a choice as to whether we are the right organisation for them.

Q60 **Baroness Manzoor:** I enjoyed the way you expressed that; it was very good. Carrying that thought a bit further, we have seen in recent times a lot of press activity around large, successful firms mandating their employees to come back to work. Is that hybrid working and looking at flexibility three days a week—earlier on, we took evidence where we were told that they are perhaps mandating three days a week—or are these firms mandating five days? Or are they really talking about greater flexibility in their working practices?

Brad Taylor: In many cases, the concern that organisations have or managers experience is that they worry about the retention of new people joining the organisation. As we heard earlier on, somebody could leave an employer on a Friday from their home kitchen or wherever they work and start with a new employer in the same location on a Monday. It is important that they feel a sense of integrating themselves with the culture of the organisation and being part of it, to avoid people bouncing out of the organisation within six or eight months. Also, there are issues around collaboration. Home-based working is fantastic for focused work but, sometimes, when initiatives need to move quickly, getting people together is an effective way of doing that. That is what we are seeing and why they are gradually calling people back to the office.

We carry out a hybrid working index survey with some of our organisations and clients. We found, from those members who have taken part—we can share this information—that only about 18% of organisations require people to be in a set number of days a week. It is creeping up gradually but, where they give people choice, they see better adherence to that level of days in the office than in trying to adopt a mandated approach.

Baroness Manzoor: Is that choice around making sure that all the teams are in on the same day? Let us say somebody said, “I bought a dog and, therefore, I can’t come into the office because it will cost me more and I have other responsibilities now”. That is a real example, by



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the way. Are you beginning to see examples like that? I am looking for real data points to help the committee decide what we may recommend to the Government.

Brad Taylor: As to why people come in on certain days over others?

Baroness Manzoor: Yes. Are employers mandating certain days or is there flexibility to come in on any day? Is it two or three days a week but any of those days, or are they saying, "We want you to come in on a specific day"?

Brad Taylor: The challenge for employers is around how we rightsize the property that we have to meet the demand that we are likely to experience. Most organisations that we survey still see most teams wanting to come in on Tuesdays, Wednesdays and Thursdays. If these assets are used only three out of seven days a week, that is not a good use of those assets at all. Spreading the capacity across the working week becomes critical. In the organisations we have worked with, if that cannot be achieved through teams self-selecting when they come in and do that, somebody at a leadership level needs to work with those teams to help direct when those teams might come in. In some organisations, we have seen it work well. We worked with one organisation where the finance team loved to come in on a Monday because it was quieter and they could take a bank of the desks and work effectively, but it is a challenge that needs to be resolved. How do we spread capacity across the working week so that organisations can properly rightsize those organisations?

Charlie Steel: Another thing we have observed is that the five-day return-to-office mandate often means 'an' office. For example, our largest client, a global technology company, allows as many days as you like in the office, which is one of our offices. It does not necessarily have to be in the company's office; it can be an office close to the person's home. Also, we have seen a big uptick in the number of people using flexible office space for the exact reason Brad outlined: you can make best use of the asset without having to have the asset yourself. That is one of the big advantages of flexible workspaces as a concept. Not only do you eliminate the commute; you can make much more efficient use of office space at the same time.

Cathryn Moses-Stone: We polled our managers just last month on this. A suggestion from that was that 42% of them said that their organisation had scaled back on hybrid working and introduced some sort of mandate, but that could have just been saying, "Everyone is in on Tuesday to make the most out of that face-to-face collaboration and communication. We know you can get your heads down and work effectively in and around that, but we want to use these moments in the office for that work, which is much more effective and creative when we are together".

What underpins all this—it alludes to a lot of what Brad has already said—is that so much comes down to good management. A lot of this is about



managing change in uncertain situations. We are in a challenging economic time. Businesses have lots of costs. Lots of things need to be managed by an organisation. This should be seen as one of those things and be considered not ad hoc but carefully, in terms of upskilling and supporting managers to make the best of it. Set clear expectations and have a lot of transparency about how it is managed. Give the team KPIs so that everyone knows what they are working towards and you can manage these hybrid situations in the right way for both the business and the employee.

Q61 Lord Farmer: Talking of efficiency and management, this Government need productivity and growth. What is the productivity impact of remote and hybrid working on how well the organisation management functions? How does this relate to the UK's wider economic growth and international competitiveness? At the top level, is it efficient and productive? Is it producing growth?

Cathryn Moses-Stone: I allude to what I said previously: from our perspective, productivity is about not where you work but how you work and how you are managed. We have a wealth of data that shows how productive things such as flexible working and enhanced family-friendly rights are in making sure that people feel supported. When people feel supported, they are seven and a half times more likely to be satisfied with their jobs. If they are more satisfied, their managers report better performance and better long-term business success. From our perspective, it is very much about how an individual and an organisation are considering how to manage this. We have data showing that, when managers say they do not trust their direct reports, they are more likely to say that staff are less productive; that was from a study of nearly 2,500 leaders just after the Covid pandemic. We know that 76% of British managers support improving workers' rights—hybrid comes into that bracket—and how that can positively impact their productivity. There is a desire across the board to make it work.

However, again, it comes back to making sure that we train our managers to deliver that in the right way. We are really concerned that, as I alluded to it, training managers in managing hybrid working practice is one piece, but the UK has a fundamental problem with the professionalisation of management more broadly. We know that poor management accounts for around 50% of the UK's productivity gap with the USA. If we matched Germany's management capability, it is estimated that we could add around £130 billion to the UK economy in the coming decades. This is all underpinned by the fact that training investment is at its lowest at the moment since the Employer Skills Survey began in 2011. Spend per employee is down by around 19%. Management is absolutely crucial to delivering this and a whole raft of other things that could be coming down the pipeline for businesses, yet, as a nation and a country, we are still not necessarily considering at the right level. We are also concerned about the reduction in funding through level 7 coming down the line for management skills, which could be



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damaging for a highly functioning future of work—especially considering hybrid and remote working practices.

Charlie Steel: We need to think about the risks to the UK of not adopting hybrid working. It enables workforces that otherwise could not be accessed to be accessed; they do not need to make a choice between, for example, caring and being able to work part-time, particularly when you take the commute into account. We work with 86% of the Fortune 500 companies; we find that hybrid working is even more adopted in the United States than it is in the UK. I go back to the exact point that has been made: it is completely down to management to do it effectively. Our view is that that is where the effort should be expended.

Lord Farmer: You mentioned the training of management. Should the Government, in our recommendations, be doing something about training management to manage hybrid working productively? If so, what sort of training?

Cathryn Moses-Stone: Absolutely. We would argue, broadly, that a lot is coming at businesses that line managers and leaders will be required to deliver effectively. We know that a lot of employers are concerned about what that will mean, the knock-on costs and the potential implications. To do that most effectively, we think that the Government should seriously consider how management and leadership training is embedded in a whole raft of measures to ensure that the industrial strategy is delivered effectively. Things such as management are core cross-cutting skills that can enhance any sector. You need good managers in construction and in a growing green economy; it does not matter what the sector is. You have managers and leaders in all those sectors but, currently, it is not considered in its own right. It is often built in as a second thought or afterthought.

We have a lot of data on what high-quality management leadership training looks like. We have been designing frameworks with the NHS and the Civil Service. Those pieces of work are ongoing at the moment to design bespoke pieces of management and leadership training for those specific scenarios, in order to enable them to deal with the raft of challenges that are coming at them from different directions.

Lord Farmer: Can you share that with us?

Cathryn Moses-Stone: Yes, by all means; I will come back to you. I can share some specifics on exactly what high-quality management leadership training looks like, as well as our data that supports that.

Brad Taylor: I second that. At AWA, back in June 2020, we carried out some research with the Center for Evidence-Based Management called “Managing the virtual workforce”. We discovered then that virtual teams that foster strong relationships, trust and clear communication among them perform as well as, if not better than, office-based teams.



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There is a clear set of factors. If teams and managers can do those well, productivity goes up. They include things such as trust; having established means of communication; feeling that your manager or leader has your best interests at heart and is there to support you; being good at communicating with other teams around the business; and being clear on the goals. Managers who can set outcome-orientated objectives and coach their teams to think about how they are performing against those outcomes—"We know what success looks like. How are you getting on with that?"—have better relationships and better performance than managers who adopt a more input-orientated approach: "I'm going to measure every keystroke you do and be on your back every five minutes about how you are doing that". That does not foster trust; it turns the relationship into a more transactional relationship. We need better managers and better leaders who are trained, with evidence-based training, on how to manage hybrid teams well.

Q62 Lord Parker of Minsmere: Cathryn, what you said about the pre-existing and substantial management deficit or gap really interested me. There has been one for years. Presumably, that is more difficult to address as hybrid working becomes the norm, because it is even more difficult to deliver training and development for people when you cannot get them together in groups and they cannot learn from each other by osmosis. They are not experiencing management and leadership directly in the same physical space, formally and informally, and they are not learning from mentors quite so readily. That is one observation.

We have heard a lot of witnesses say to us—this is mostly on a self-reporting basis from employees—that they are more productive in hybrid working, which I am personally increasingly hearing as code for, "I prefer to work hybrid". The objective evidence for being more productive seems a bit thin, other than it being self-reported. If it is true that it is more productive for those who can work hybridly to do so, why does it not feel that way in the economy?

Cathryn Moses-Stone: Taking your first point first, I talked about it a bit earlier but one of the challenges is that there is very much a balance to be met. Our data shows that that balance is most effective. It is about having some sort of contact time, which, as you said, allows you to learn—especially if you are at an early stage in your career. If you are sitting next to someone and you hear a conversation, you may hear how it is handled, or you might pop over to the other side of the office to sense check something rather than stewing by yourself in your own little private office. We have a lot of data that says that having some of that face-to-face contact time is important, but that is what our data says, I guess: it is the hybrid model and the flexible approach. Again, it comes down to good managers. Even in an office setting, it is about having a manager who opens their door and invites you to come in. The same thing works in an office space as online. It is about understanding that requirement of a skilled leader in management and how they adapt to a hybrid environment. This can work both ways.



Of course, the productivity data argument is ongoing. It is difficult to say how definitive that is one way or the other. All I can talk to is the fact that our managers report a productivity increase—I gave some of those statistics earlier; I will pass them on again—when they are shown to understand the flexibility needs of their employees, especially where, as I mentioned, they might have people with caring responsibilities who need that element of flex. For example, they are still working an 8 to 6 day but, if they had to commute from the office and got home at 8 pm, they would not be able to pick their child up, whereas, if they are at their home office, they can still fulfil their requirements and deliver on that.

However, the flip side is that there is no evidence as yet on the reverse—that any of these five-day mandates improve productivity. From our perspective, it is very much about that balance point. I go back to what Brad said earlier: it is about how well-managed and transparent an organisation is and making it clear, where there are issues, that you have a management that is capable of addressing those quickly. I take your point. It is challenging thing to prove.

Q63 Lord Fuller: This is our sixth session. For the first time, we hear Lord Farmer—quite correctly, in my view—starting to broaden the picture around this international position and our place in the world economy. Charlie, I am interested that you seemed to suggest—correct me if I am wrong here—that, in this country, we have a number of natural advantages. Presumably, they are that we speak English; that we are on the zero meridian so we can look east and west; and that we have a global outlook. What headwinds can you see that could undermine our competitiveness? You take a global outlook in your business, presumably. It is not so much about what the Government should do. What should they not do to maintain that leadership?

Charlie Steel: First, there is a difference between remote-only working and hybrid working. Remote-only working can be done from anywhere, whether in the UK or elsewhere. Therefore, you could risk jobs going to other countries as a result of that if it is remote-only. Hybrid working, though, which incorporates some time in an office with other people with whom you collaborate—it also incorporates training, collaboration and culture—will enhance the UK’s productivity when it comes to it. Also, the more we foster hybrid working at the same time, the more we can add to our workforce and have more people active within the workforce who might otherwise not be.

Another thing I want to add to the previous point is that Professor Nicholas Bloom, a leading economist at Stanford University on this topic, has found a 3% to 4% productivity increase coming from hybrid working. We have found from our own internal data and employees that, when we have clear KPIs on measurable outputs, we have seen higher levels of productivity at home than we do in the office. We do not have a lot of causation on that, but we do know that that is the case from the KPIs.

Lord Fuller: Do you agree that, in 100% remote working—not hybrid—



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those tasks might be somewhat more susceptible to AI and automation, in which case investing in management and hybrid are quite important for the UK economy, rather than relying on working at home exclusively?

Charlie Steel: Potentially; it depends on what those jobs are. It is also worth noting that the UK is a highly skilled workforce with a great education system. There are other reasons why, exactly to your point, people want to employ people from the UK rather than other countries. Lots of jobs, for example, have been done outside of a central office; leading consultancy companies, accountants and lawyers have been doing those jobs outside of a centralised office for years. We do not see any change to that, therefore, the UK, for example, is a leading economy from an accountancy perspective. Again, we do not see any reason why that would change in the near future; in fact, it would be enhanced by hybrid working because people who are trained accountants can do that part-time from home.

Q64 **Baroness Freeman of Steventon:** Can we think about some of the wider implications of the move to more hybrid working? Charlie, you have already talked about the change in office space use. I am interested in the geographical changes to employment, including how hybrid working might change the use of the geography of the country; the environmental and social aspects of that; and the impacts on secondary businesses and those that support workplaces. Perhaps you, Charlie, could start.

Charlie Steel: Sure. From an environmental perspective, it is a great way to cut carbon emissions because you remove the commute. We have seen from our studies a reduction in carbon emissions of up to 70% through the removal of the commute. Also, it is a great way to revitalise what are otherwise known as dormitory towns, because you keep expenditure in those towns. From our studies, we believe that, by 2050, up to about £30,000 per person will be added into those local economies because it involves ancillary roles such as cleaning offices and other basic things.

Our view is that this is one area that could change the face of the UK, in particular around reinvigorating deprived areas—particularly if the Government, for example, put more investment into encouraging hybrid working with offices in those deprived areas.

Baroness Freeman of Steventon: Have you already seen changes in the data in terms of how much people are moving out of city centres?

Charlie Steel: Very much so. As I mentioned at the start, over 70% of IWG's offices are outside of London. At the moment, our largest growth area by a long way is office space in rural and suburban areas. In fact, we are expanding almost exclusively in the UK in those areas, and those offices fill up incredibly quickly as well. They are popular.

Baroness Freeman of Steventon: Is there any data on the support businesses around office workers in those areas?



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Charlie Steel: Yes. We have some data that goes alongside that, particularly around cafés, shops and that sort of thing. I can provide that to the committee separately.

Cathryn Moses-Stone: Again, me saying this is probably no surprise, but these considerations all need to be taken into account for management. If you have disparate teams, how do you maximise face time and maximise those opportunities when people are together? Do you have models where you have team days in different locations at different times, so you require everyone to be together but the travel onus is limited depending on where you live at certain times of the year? Again, I come back to thinking carefully about how you as an organisation manage that in the right way. It comes back to that wider team culture and cohesion point. It requires more thought—not considering the model ad hoc but thinking about it carefully and transparently; again, this goes back to Brad’s earlier point. Setting clear expectations for people is crucial.

It is also worth considering the impact that remote working and hybrid working have on better inclusion. I am sure that you have heard the stats around greater access for disabled workers: they are 1.3 times more likely to work remotely than non-disabled workers. Of the workers we polled, 88% want to work remotely at least some of the time, but perhaps not all the time. Again, it is about thinking about these wider inclusivity arguments, which are incredibly important and are realised through hybrid, flexible, remote work.

Brad Taylor: We have a great opportunity to rethink how we do responsible business and, to Cathryn’s point, organisations’ ability to recruit into other areas and increase diversity. As Lord Fuller touched on, with AI coming in, the nature of how work gets done will change substantially. It is about not having so many offices that are empty for so long during the week. It is a huge opportunity to rethink how we do business here and how we achieve businesses that feel sustainable, that are much more inclusive and that enable people through the new technology that is coming through, such as AI.

Baroness Freeman of Steventon: I have one follow-up for Charlie. Is there something about the structure and the heavily London-centric nature of the UK economy that puts the UK ahead in hybrid working, as compared to other European countries?

Charlie Steel: We do not have data on that specifically but we find that our London locations are popular, particularly in the middle of the week. We see people who use our London locations using multiple locations around the UK, which would suggest that that is the case.

Q65 **Baroness Manzoor:** Briefly, I want to ask about estate management and looking at the offices; I am thinking of Canary Wharf and the financial sector, which is the sector I come from. Organisations are tied into long leases and it is expensive to come out of them, whether or not



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you believe hybrid works; of course, we are going down that route as a country anyway. There are some real issues associated with cost. Are you beginning to see, through data, that organisations are downscaling and taking themselves out of those leases? What is happening? That is one point.

Secondly, we have talked about disability and inclusivity, with a greater number of women potentially working from home. Is there data saying that more disabled people are included in the workforce or not? If they are, in what areas?

Charlie Steel: I will take the first question. Undoubtedly, it is a yes. We are seeing that, when organisations are getting to the end of their leases, many are reducing the size of their office footprint. That is the reason why, wherever you go—whether it is the UK, San Francisco or New York—you see a lot of spare office space becoming available.

Baroness Manzoor: What is happening to those offices? Will they be converted into accommodation? Can we say anything to the Government?

Charlie Steel: It is multiple things. For example, we are taking over a lot of those offices and making them into hybrid workspaces; that in itself is popular. We also see companies that are locked into long leases, to your point, subleasing to the likes of us. We then use that as flexible space and re-rent it out to people. At the moment, particularly in centralised business districts, the office market is weak for large office space. We are seeing that in, for example, Canary Wharf.

Brad Taylor: We do not have any data per se on diversity and the degree to which disabled people or other groups are or are not advantaged, but we know that it is something that organisations need to be paying attention to. One area that comes up a lot in the work we do is around neurodiversity—that is, understanding the nature of neurodiverse individuals and their requirements in terms of how they work effectively in the workplace.

Q66 **Lord Fink:** If you could make one recommendation to the Government about remote and hybrid working, what would it be?

Brad Taylor: Mine would be, as we touched on earlier, to promote the adoption of evidence-based training that helps managers lead, motivate and support their teams to work effectively in a hybrid environment. It goes more generally than just hybrid working. We train managers way too late. We need to encourage these skills at school, in terms of good leadership and management skills, and to think of it as more of a profession. That will make a huge difference, whether you are in the office or working remotely, to how effective and productive you are and how engaged your people remain in the success of the organisation.

Cathryn Moses-Stone: You cannot legislate a positive and productive working environment into being; it has to be accompanied by really



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skilled managers and leaders. The Government need to look at how they incentivise more employer investment in training in order to deliver that.

Charlie Steel: Hybrid working is bringing huge benefits to communities across the UK. We completely agree that additional legislation forcing this is probably counterproductive, but incentives such as providing business rates reductions for companies providing hybrid workspaces—particularly in deprived areas—would be very advantageous. This has already been done in France, for example, where they have the concept of third spaces. They have spent €300 million on promoting hybrid working in harder-to-reach towns and cities.

The Chair: I thank the three of you for being here and for some really interesting evidence, which has given us a lot to think about. You promised to come back to us on some things; there may be some other things about which, on reflection, we would like to drop you a note. Again, I thank you very much indeed on behalf of the committee. I will now bring this session to a close.