



Home-based Working Committee

Corrected oral evidence: Home-based Working in the UK

Monday 9 June 2025

3.05 pm

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

Evidence Session No. 18

Heard in Public

Questions 176 - 184

Witnesses

I: Antony Walker, Deputy CEO, techUK; Verity Davidge, Director of Policy and Public Affairs, Make UK.

Examination of witnesses

Antony Walker and Verity Davidge.

Q176 **The Chair:** Good afternoon and welcome to this afternoon's second session of the House of Lords Home-based Working Committee. I give a very warm welcome to our two witnesses. I remind you that we are being broadcast. A transcript of the session will be taken and sent to you in a few days to check for accuracy.

Thank you for coming and thank you for your written evidence. I will kick off by asking each of you an opening question—please could you outline the current situation with remote and hybrid working across the variety of organisations that you represent?

Antony Walker: Good afternoon. I am deputy CEO of techUK, the technology trade association, representing over 1,000 technology businesses that are based and operate here in the UK.

We are very pleased that you are undertaking this inquiry. We think that the change in working practices over the last decade has been a significant development. Through the pandemic, we saw the great value of having digital infrastructure that could support and enable mass home working as it did through the period of the pandemic. It was a remarkable feat of resilience by the UK economy and the global economy, which demonstrated the value of having such resilience in the economy.

Since the pandemic, we have a period when companies have been trying to work out the right way of working for them going forward and we have seen a mixture of approaches being taken by different organisations and companies. Some organisations have mandated a return to work; some have remained fully remote, and many others have continued with a hybrid approach. As an employers' organisation representing lots of companies, we see a lot of diversity in the approaches that companies are taking as they really try to find the solution that works best for them and their employees in the markets that they work in and for the roles of individual employees.

Q177 **The Chair:** Before we move on, you have an overview of 1,000 companies. They will be very different in size. Can you have a stab, roughly, at how many have completely gone back to work, how many have stayed virtual and how many are hybrid?

Antony Walker: We have not done the full quantitative assessment. A number of companies have sought to go fully back to being on premise, but I think they are probably in the minority. In tech and digital there are roles for which home working is entirely productive. Most companies are probably in the middle—having some hybrid operation with staff on a mix of bases, probably depending on the role and whether those staff members need to be full time in the office or whether some of them can be fully remote. Most companies are probably in that middle zone.

Verity Davidge: I am director of policy at Make UK. Make UK represents about 20,000 manufacturers across England and Wales. As a sector, we probably have a unique experience of home working, and I would emphasise the words “home working” because I think it can easily be used interchangeably with “flexible working”, and they are two very different things.

Obviously, a lot of production workers need to be on a production line manufacturing a product. I am sure we can come on to this later. We are not yet in that digital era of managing to move the production line remotely and being able to have everyone working from home, although I am sure Antony has some great tech ideas about how we could do that.

A second aspect is that the majority of our manufacturers are SMEs. Thinking particularly about the small business side, it is very difficult to offer remote working for all. Since the pandemic—and it is almost a bit of an unfortunate consequence—we have seen the creation of an almost two-tiered workforce because production workers typically must remain on site, but employers have been able to give greater flexibility to non-production workers and allow them to work from home, and frankly, that can cause some friction and tension in the workplace, which requires careful management.

Overall, our data shows that one in four manufacturers is offering remote working but it is predominantly offered to non-production staff, and at the same time as having mandatory on-site attendance for others. So yes, one in four is offering remote working, but 31% say they require three days on site and a further 29% require four days on site. That sort of remote working may look like a Friday working-from-home model. The particular challenges our sector faces are labour and skills shortages. There are 52,000 live vacancies in manufacturing right now. That equates to around £5 billion of lost productivity output. Employers want to do everything they can to recruit and retain their workforce but there comes a limit to offering any kind of flexibility, and remote working, I think, is one example. In particular, we are concerned about the perception of the sector looking like it is behind because it simply, practically, cannot take flexibility forward. If we look to recruit more young people and women who want more flexibility, there is a worry that we will not be able to do so unless we come up with some innovative ideas quite quickly.

The Chair: There is a lot for us to unpack there—thank you very much.

- Q178 **Baroness Freeman of Steventon:** One of the big challenges of moving to work from home and hybrid is that you do not have employers and employees, or managers and employees, co-sited and seeing each other. There is a lack of visibility of work. Could you both expand a little on the written evidence that you have both provided about the relationship and the trust relationship that is required and how performance management and accountability can be managed? Tell us about how you have seen it well managed and some case studies of challenges, perhaps.

Verity Davidge: The productivity challenge can be an opportunity, but it also can be a challenge. To begin with, employers were probably struggling to determine how best to track productivity and it is also a challenge in a way for an employee who wants to demonstrate that they are being productive and continuing to add value to the business. A lot of all that has been the focus on the middle management training. It has been important to build trust. I do not think it has just come naturally to everyone. The commitment to invest in training has been the game changer and where we have seen trust being built. So, yes, it is very much a focus on middle management training and also cultural leadership, demonstrating, from the top, that trust throughout the business. It has very much been a leadership and management piece.

However, while we have seen some investment in leadership and management—I will always say this—it is the skill set that manufacturers say that they most need, and yet they invest in it the least. Interestingly, although we need leadership and management skills, in putting their money where their mouth is, they focus all their efforts on apprenticeships, technical training, health and safety and sustainability—and not management training.

Baroness Freeman of Steventon: That is interesting. When you talk about manufacturers investing in this training, do you mean individual manufacturers or the industry? Are training resources available?

Verity Davidge: There are resources available in the industry. At Make UK, we have many strings to our bow. One of them is offering practical services and training to our members. Management is one of those. Post-pandemic, that has very much been where the focus has been. Also, there is that communications piece on who offers that remote working. What does it look like? Do we need new policies? The industry has had to introduce a lot of new policies to implement it successfully. It is there, but it is not for all industry and is very much tailor made based on demand.

Antony Walker: In the digital and technology sectors, hybrid working and remote working were quite common pre-pandemic. Many technology firms, particularly those with some global operations, might have remote teams collaborating across geographies. For many years organisations have been used to managing and working productively with remote hybrid teams, sometimes where they have a team sitting in different geographies, so that was not unusual. With the experience of the pandemic, a lot of businesses had to very quickly think about how to operate when the whole organisation is working remotely. At that point, the leadership issue came to the fore—the issue of how you lead an organisation and make sure that it remains focused and productive in a situation where everybody is working remotely. Companies had positive and negative experiences of trying to work through that and there was quite a big focus through that period on how to make sure you have the training process, not just for the senior leadership but for the mid-management bit as well.

Post-pandemic, there has been a recognition that an organisation maintaining its strategic focus can be a challenge if you are fully remote or a large proportion of the organisation is working on a hybrid basis. Lots of companies then went through the process of asking what does the new organisation need to look like to optimise the flexibility and the benefits that that brings but also the need for a strategic focus to drive an organisation. Lots of companies have been grappling with that but the crucial point is that there is not a one-size-fits-all approach to optimising it. It very much depends on the nature of the business, the market it is operating in and the nature of the tasks that the individuals in the organisation have to undertake.

Probably the reality for most companies is that they are still trying to get to the optimal way of working. There are lots of things that you need to take into consideration in the needs of your remote or hybrid working teams but also the requirements of your office and your office space: how does an office need to be organised to be productive in this new environment? There are lots of things for management teams to try to unpack, but absolutely crucial to the whole thing is trust. There needs to be a deeply embedded sense of trust for the leadership and management but also for employees to have an optimal environment that works virtually.

Baroness Freeman of Steventon: Following up on that, you mentioned that the tech industries generally are quite advanced in hybrid working; they were doing it long before many others were. Do you think that has led to, or perhaps it is more led by, the fact that it is an industry where the outputs and the working are natively digital and, therefore, easier to monitor, and you don't have to have as much trust because you can literally see what people are doing? Has that made it a more mature industry?

Antony Walker: I think the reason why tech tended to be more flexible is that the nature of the product, which is software and services, is digital by nature and does not have the same constraints that manufacturers have. Tech by nature was quite globalised. For a long time, there has been the phenomenon of virtual global teams working together and so that collaboration happened quite naturally.

The amazing bit of good fortune when the pandemic happened was that the technology had just reached a point where you could have your whole team working virtually with cloud software and cloud services but also videoconferencing and all the collaboration tools. They just happened to have come along at the time that we needed them. The nature of the product and the sector itself—and because the sector is by nature an early adopter of these technology platforms—means that it will probably be one of the most advanced in the home working and remote working environment.

Baroness Freeman of Steventon: Presumably that also has impacts on the experience of the managers who are managing in that environment.

Antony Walker: Yes. It is certainly true that it came more naturally for the management cultures. Our organisation employs about 100 people and we have always worked on a hybrid basis. We have a small number of employees who need to be in the office all the time and they are contractually required to do that. The bulk of the staff are on a hybrid basis and we have a small number of full-time remote staff, but it is very much dependent on the roles.

Q179 **Baroness Manzoor:** Thank you very much for your written submissions on retention in hybrid and remote working. They were very helpful. I was very interested in what you said, Verity, about the current number of vacancies in manufacturing. With that in mind, could you give some examples or some ideas of where recruitment and retention policies have been important for remote and hybrid working? Do you advertise those in your own industry and others? Can you compare attrition rates before Covid and now and say whether they improved as a direct result of these flexible ways of working?

Verity Davidge: Yes, 52,000 vacancies seems a lot but 18 months or so ago it was about 95,000, so we have come down quite significantly from a peak. We have had a skills shortage in manufacturing but in the last few years we have seen a labour shortage. People are not coming into the sector in the volumes that we need, so anything around recruitment and retention is at the very top of a manufacturer's strategy right now.

In a way, because of the demographic of the manufacturing workforce, which is a predominantly male and ageing workforce, the effects of the pandemic and the move towards home-based working are probably less felt. Women still have primary childcare responsibilities, so it would have been more of a challenge if the sector had suddenly seen multiple requests for home working. If you switch it on its head, we have a whole untouched talent pool right there. Women make up only 26% of the manufacturing workforce. If the labour market is demanding greater flexibility, including through home working, the sector will need to think about how to adopt it.

When I made my opening remarks, I said to be careful not to use home working and flexible working interchangeably. As a sector, manufacturers are offering compressed hours, banked hours, annualised hours, and shift patterns that work for people with caring responsibilities. Sometimes the narrative and the focus are very much on home working and hybrid, which we associate with being in the office, and part-time and partly working from home, but flexibility can come in all different types of ways. That is what the industry is doing in selling itself, particularly to the untapped talent pools. The other category is those who are deemed economically inactive—one in five now. There is potential there, if we get home working right across all sectors, to support them back into the labour market.

I think that there are great opportunities but it is just the fact that there will be always some jobs right now in our sector that simply cannot be done remotely. We are not yet in the era of the dark factory where

everything is automated and no humans are about—one day we may get there. Recruitment and retention are the very focus of the sector because of the skills challenge, but it is not just about those policies. It is very much the focus on apprenticeships, retaining and upskilling and reskilling—huge investments in people. We cannot have that number going up because we simply cannot miss out on the potential growth.

Baroness Manzoor: Have you seen any impact? What has been the impact and have you seen any changes as a result?

Verity Davidge: Yes. We track our labour turnover and we are retaining more employees in the sector because of offering greater flexibility, but at the same time we are losing to the competition—the tech sector for example, which can perhaps offer even greater flexibility. We are moving forward but others are moving forward faster than we can as a sector.

Antony Walker: We have some recent data that suggests that about 70% of tech sector employees found that offering hybrid positions made hiring easier. You have the benefit of fishing in a bigger pool and the ability to reach different geographic locations. From a hiring and retention perspective, being able to offer either partially or fully remote positions is definitely helpful. In particular for software engineers, people writing code and so on, it is a definite advantage if you are able to offer either remote or hybrid to have access to the bigger talent pool.

Clearly, there are real benefits in being able to tap into the part of the population that has caring responsibilities and where the additional flexibility is incredibly helpful for how people manage their work and home life balance. We think it definitely helps to encourage female returners to come back into the tech sector, which has been a perennial challenge for the sector, bringing people back after they have taken leave to bring up children and so on.

There are definitely some real benefits but, having said that, on the recruitment side, graduates in particular are almost the opposite. They see office-based opportunities as particularly attractive for them. They want to get into a workplace where they are with colleagues and learn from the people around them. That is also something that you have to bear in mind. While more flexible working environments can be attractive for the older demographic, many young people starting out their careers want to work in a busy office, so as an organisation you have to get that balance right.

Baroness Manzoor: It is interesting because throughout we have heard various bits of evidence about attracting underrepresented people into the workforce, perhaps by greater flexibility in tech. Are you beginning to get the evidence and data that more women, for instance, are being attracted to join IT because of this greater flexibility or hybrid working in manufacturing and the tech industry or is it a presumption that is not translating into real practice? Do you have any data on that?

Antony Walker: Our evidence is more anecdotal than quantitative. If you talk to recruiters in the sector, they say that they see it in specific datasets that they have on recruiting for specific roles. I do not think we have the aggregate across the sector. Also, employment across the economy has been through some extremes in the period post-pandemic where we had an acute labour shortage and then quite a significant correction. It is a little bit difficult to separate the base right at the aggregate level, but our evidence is very much based on what recruiters are telling us in the sector from their direct experience of what they know they need to offer in the market, the time it takes to fill roles and so on.

Verity Davidge: I agree. At the moment it is anecdotal and from recruiters, where you can hear that feedback, but we are not seeing large swathes of women suddenly applying for manufacturing jobs, even those that can be offered remotely. Anecdotally, employers say that they are seeing an increase in requests for remote working and flexible working since the day 1 introduction, and I imagine we will see even more of those requests once the Employment Rights Bill has been implemented. Again anecdotally, post-pandemic there has been a rise in requests to work remotely, flexibly and hybrid.

Q180 **Lord Parker of Minsmere:** Can I invite you both to say a bit about how the employers in your respective sectors are measuring productivity and what sort of approaches and methods are being used? How mature is that in relation to the style of working? When thinking about shifting to more hybrid, are employers tracking the comparative productivity and managing that in some way?

Verity Davidge: I am not sure that they are tracking it overall. It is so limited in our sector and their productivity focus remains on the production line and productivity as we know it—output per worker. I do not think that they are tracking remote workers in particular. Yes, they should do so, but there is also the nervousness of looking like they are over-tracking, which I think is a risk. You talk about building up that trust, but if you start saying, “We are going to use AI to work out your productivity levels”, you misplace that trust. It is an area that perhaps employers, definitely in our sector, need to focus on because I do not think that they have KPIs for remote workers and productivity.

Antony Walker: It is quite difficult to generalise across a range of employers. There may be some who take a quantitative approach to looking at the various management metrics they have and deciding. There are other companies, some possibly quite large, that take a more intuitive approach about whether they need to be hybrid or getting people back on the premises and so on. I think that there is anxiety within companies about how to maintain their competitive edge. There are lots of companies that started to feel in the post-pandemic period that they were not as sharp as an organisation as they were pre-pandemic and it was all the intangibles that you miss when you do not have people in a room together. That has probably led and informed this push to bring people back into the office—the sense of: how do you make sure you maintain the focus and have the benefit from the serendipity of

people having impromptu conversations that can spark ideas, kick off projects and so on?

That is probably what a lot of companies are still grappling with: how do you maintain that bit of the culture while also having the flexibility that you understand your workforce values? It also means that if you are giving people flexibility in their working week, when you need somebody to be there for you on a weekend they are more willing to do it because they are more used to being flexible in their hours. That flexibility can benefit the organisation as well.

I am not sure that we can say yet at a sectoral level anything about the quantitative productive benefits, but leadership teams are trying to work out how you balance the pros and cons of this new environment.

Lord Parker of Minsmere: Verity, in your space, I guess the bigger factor is the one you already referred to: the £5 billion opportunity cost of having 52,000 vacancies. To what extent do you think collectively your membership could aim to fill that by pushing themselves on hybrid working as the offer to draw more people in? How much of that 52,000 is susceptible to that?

Verity Davidge: I would guess not a lot because most of those 52,000 live vacancies will be for technical production-based roles that you cannot do remotely. If I look at the shortage occupation list—or whatever it is called now because it keeps on changing—a third of those are engineering roles and they have been for the past decade. We are short of the technical vocation roles. I do not hear from manufacturers that they are struggling to recruit an HR manager, a sales manager or a marketing director. It is far easier to poach them from the existing labour market. You want them to have knowledge of manufacturing, but they can learn that. We do not have the technical expertise. Even if the Government offered every business tomorrow a £1,000 incentive, or whatever it was, for every worker they recruited who could work from home, they still would not fix the skills gap.

The Chair: This is where your earlier point comes in about flexibility being much broader than just having a hybrid or virtual offer.

Verity Davidge: Yes, absolutely—like I say, banked hours, compressed hours, shift patterns and annualised hours are the sort of things that the industry has been doing for years. It is not new to it. What is new to it is competing with sectors that are completely home based. On Antony's point on the attractiveness of the offer, graduates and apprentices want to be learning on site. They want to have a mentor. They want to see, touch and feel a CNC machine, even if you could look at using virtual reality. They want to be on site and we should not forget that it is a good thing to have hands-on practical experience.

The Chair: We have had quite a lot of evidence about younger people wanting to be in the office. It strikes me as interesting that the next generation from whom they can learn are the ones who do not want to be

in the office. There is clearly a management issue there, is there not?

Antony Walker: It is a challenge for organisations because sometimes it is your more senior staff who want to benefit from the flexibility and sometimes, as an older member of the team, it is incumbent on you to be present in the office because you know that the younger members of the team need you there and they need to learn from your knowledge and experience. When we are thinking about the needs of the individual, we need to think about the individuals who need to be on premise as well as the individuals who might benefit from more flexibility. It is really important to look at it holistically and think about the overall needs of the people in your organisation and how you will be building your own skills as a business for the future.

Q181 **Lord Fink:** My question is primarily for Antony Walker. How does technology enable and facilitate remote and hybrid working, for example through software and digital infrastructure? I am particularly interested in what technological risk remote and hybrid working brings, for example for cybersecurity.

Antony Walker: Digital technology is fundamental at the communications level, so you have to have communications infrastructure with sufficient capacity and geographic reach so that people have the connectivity that they need. If the Covid pandemic had happened 10 years earlier, I think we would have found it a lot more challenging if we had been relying on texting each other rather than videoconferencing and so on. The nature of your communications infrastructure is really important and that is why we have to make sure that we complete the job in terms of making sure that we have truly universal broadband infrastructure in the UK, high-quality mobile coverage and so on.

At the enterprise level, companies are able to work effectively virtually if they have cloud-based infrastructure. Again, this transition was happening in the years just before the pandemic and accelerated through the pandemic. For an organisation like ours, an SME with 100-plus people, our entire infrastructure is cloud based and can be accessed from anywhere. Then you have the specific collaboration tools that enable teams to work productively together, and there are lots of companies that can provide different tools and platforms that enable that collaboration to happen.

From a technology perspective, you have all the tools you need. You can operate a very large, very successful business globally entirely virtually if you want to, but you need to get your management structure right to enable all the individuals in the organisation to work together effectively.

On the drawbacks, the obvious big risk and challenge is cybersecurity. Having said that, I am not sure that there are many areas where the cybersecurity challenges are different, whether you are running a virtual organisation or an entirely on-premise organisation. The fundamentals of how you maintain your cybersecurity are pretty similar. There are

perhaps elements where you need your staff to be a little bit more vigilant if they are working remotely but I think that many of the risks are very similar if you are on premise.

It is making sure as a company that you make the best use of all of the advice and guidance that is out there from the National Cyber Security Centre and others so that as a company you are following best practice for your security and cybersecurity practices and are fit for purpose in addressing the threats that any business faces these days.

The Chair: To be clear, you are not aware of significant risks that occur from the action of working from home. It is part of a company's general cybersecurity risk.

Antony Walker: These days, unless you are an organisation that is entirely on premise and you have specific functions that you decide to be entirely on premise because you have very specific security requirements for those, most typical businesses are likely to have a mix of people on premise and remote. That is just the new reality of the way of working. Therefore, you need to make sure that your cyber practices are fit for purpose for that kind of environment.

Q182 **Baroness Manzoor:** Very briefly, just from a technology perspective, have you found that various employers are using activity-based management to assess the work of their employees?

Antony Walker: In the monitoring of—

Baroness Manzoor: Yes. Has that increased?

Antony Walker: I do not think you can generalise. There are some companies that do and some companies that do not. Some of those practices can be genuinely useful for creating management metrics that help to inform the business, but the crucial thing there comes back to the trust question. If you have those kinds of tools in place, it is important that you are very transparent with your staff about what the tools are, why they are being used, what the intention is, what they are monitoring and what kind of decisions you might be taking on the back of that monitoring. That is the kind of guidance that the ICO has shared and that is good management practice. If you are going to use these tools, be clear and transparent with your staff about it.

The Chair: That was a good question. Thank you.

Q183 **Lord Farmer:** I will use the word "mutuality", referring to employers and employees having a sense of obligation to each other. The employee has an obligation to do their job in a way that meets the needs of the employer, who in turn has an obligation to pay them and create conditions for ongoing employment, sustainability, return on risk and so on. With that in mind, where should the balance be struck between government involvement and business freedom concerning remote and hybrid working—for example on the rules for flexible working requests and proposals for a right to disconnect?

Verity Davidge: Before the Employment Rights Bill, we had the right to request flexible working rights. The employee still had a right to do so. The employer might request them to give solutions and ideas of how they could accommodate it, and drill down into why. I think the Employment Rights Bill tips that balance far more towards the employee now. Even on flexible working alone in the provisions in the Bill, it is now on the employer to say why they cannot accommodate the request and it goes back to the employer, whereas before it would be more on the employee. That is fine—that might be the way the Government want to move forward—but, equally, they are putting in all the additional elements of the Employment Rights Bill and, therefore, it is a lot for businesses, particularly small and medium-sized firms.

If we think about the changes to the right to request flexible working, you have unfair dismissal from day 1. That makes employers far more nervous now about whom they recruit. They are less likely to take a punt on a younger more inexperienced worker. You have all these aspects where the landscape has completely changed for an employer and there are unintended consequences. Employers will be a lot more nervous about how they recruit and whom they recruit, and that will have an impact on those from more disadvantaged backgrounds and those who need a bit of help into the workforce.

On the role of the Government, the Government have done enough now with the Employment Rights Bill. It has still not got to Royal Assent and business groups such as ours have been quite vocal about what we want to see changed there, but there is a lot of nervousness that this will tip the balance and may cause some employer-employee friction.

Lord Farmer: There are some good things that the Government could do. Do they need further guidance or support to ensure that remote and hybrid working is effectively done?

Verity Davidge: Yes. The role of Government there is offering guidance and best practice, making sure that the likes of ACAS and others, who are great at giving this guidance, are sufficiently resourced.

The other area is health and safety, which remains a little bit of a grey area. There is sometimes confusion from employers about what constitutes the employee's place of work, depending on how hybrid they work and on what I was saying about the three days, four days and so on: where is the place of work? Even if they think they have defined it for, let us say, HMRC purposes, which is what you have to do a lot of the time, if it is deemed that the home is the place of work, you also—going back to the trust point—have to trust that the employee has given you the correct information about their setting. If I am working from home, I have to check my chair and answer the question: does my chair feel comfortable? I say yes, but is it really comfortable or will it hurt my back in 10 years? Will I say to the employer, "It's because you gave me a bad chair"?

That area should be the focus of whether the health and safety guidance is fit for purpose—that is what I would probably question and where the role of government should now be focused.

Antony Walker: I can fully understand the desire of the Government to say that these are some quite fundamental changes that are happening in the world of work and we need to make sure that we are putting the right safeguards in place and so on. Exactly to Verity's point, you have to be very alive to the potential for the unintended consequences of mandating even relatively small things. They can often get in the way of businesses working and being able to provide the flexibility that they need as a business but also sometimes that their staff and employees need.

Ultimately, our view is that getting this right in the way in which businesses and organisations find a way to operate using a more hybrid working environment is an issue of competitive advantage. If you build the right kind of management culture that means that your company can be really productive and competitive while also being more flexible, you will get some competitive advantage from that. Companies can be bad at managing any of these environments—all on premise, all remote or hybrid. Our view is that ultimately companies need to be given the flexibility to find the way of working that works for them, works in the sector that they operate in and works for the employees they need to attract and retain within their companies.

For the Government, it is perhaps trying to step in more in areas where there might be useful guidance that they can provide or, as Verity said, providing a little more clarity about how traditional aspects of employment law work in these situations. Beyond that, I think the Government should let companies find what works for them and for their employees.

Q184 **The Chair:** That is very helpful—thank you. To finish off, I will ask each of you to do a bit of crystal ball gazing. If you were thinking five or 10 years ahead, what do you think we will be saying and looking at for hybrid and remote working?

Verity Davidge: I think there will still be remote home-based working—more of the hybrid model. I do not think we will see everyone on site or everyone working from home. For our sector, it depends on the pace of digital change. Everyone is talking about artificial intelligence and the opportunities there. Less than a third of our members currently adopt AI successfully, so we are not seeing a fast-paced digital change to moving everything from inside a factory to outside of it. We will see more progress and companies utilising augmented virtual reality a lot more to be able to do things off site. That is one of the things we learned from the pandemic when we needed to be two metres apart and so on, but it is about doing that for the fourth and into the fifth industrial revolution.

I do not think that we will suddenly see the manufacturing sector all working from home or the emergence of multiple dark factories in the

UK. Maybe we will see the first dark factory because they are occurring in other countries.

Antony Walker: First, I think you have to put this into the broader context of the big change that is happening. We do not quite know how that will play out as more and more organisations make use of AI and what the broad implications of that will be for labour markets, jobs and so on. That is a bigger contextual question and we still do not know exactly, although our view as an organisation is that we do not anticipate that there will be a huge reduction in the number of jobs because of AI. We think that there will be lots of other new tasks that emerge and that remain the remit of humans.

We can foresee three things. We have the phenomenon of digital nomads, particularly younger people who are taking advantage of digital technology and also working more on a freelance basis. They are saying, "I can have a different kind of lifestyle where I go off and travel around the world, and wherever I am I still have my laptop, so I can log in and work productively from different places around the world". I have the sense that that may continue as a trend. It is still a small proportion of the population, but that could be significant and there are a few legal issues that arise in that scenario.

The second interesting thing is the future of the office itself. There was a period briefly after the pandemic where everybody said the office is finished and organisations do not need this huge fixed cost, whereas now we are seeing a lot of companies saying, "We do need an office but we need an office to work in a different way to the way it traditionally worked before". It is about getting more productivity out of the office. Rather than just a place where you have banks and banks of desks and screens, the office becomes a place where you want to do good collaborative work. You might want to organise the office space differently, but then also a lot of organisations are thinking, "Where do we want that office to be? What are the other benefits we get from being located in a particular area?" For the market for business premises but also from a spatial planning perspective, there are questions about what offices need to look like in the future and where they need to be. I think that we might see some changes there.

There is a third bit that we have not really touched on today, which is a question about what this means in more rural settings. There has been a sense of rural communities being able to potentially benefit because people can live and work in a more rural area, they can work from home and so on. That is great because then they can pop down to their local shops at lunchtime and support the local economy in that way. The approach they are taking in Ireland is very interesting: they decided to set up connected hubs in smaller communities to provide communal workplaces for people who were working remotely but did not want to be stuck at home and isolated at home. They could come together in a local community setting. They have a good functional office space that also enables more cohesion at a community level. You can have two people

who live in the same neighbourhood, work in adjacent fields, meet in a community hub and come up with an idea for another local business.

We think that the idea of having more of these connected hubs around the country in more rural settings could bring new opportunities to rural areas as well. We can learn something interesting from that.

The Chair: Thank you both very much indeed for giving us your time this afternoon and the benefit of the experiences of all your members.