Remote working

Introduction

The Coronavirus pandemic has required people to work from home where they can, resulting in an unprecedented increase in the proportion of people working from home in Wales. The Welsh Government has since announced a **'long-term ambition to see around 30% of Welsh workers working from home or near from home, including after the threat of Covid-19 lessens'** (Welsh Government, 2020).

While current levels of remote working are unlikely to sustain into the future once the Coronavirus pandemic abates, evidence from experts and surveys of businesses and workers suggests that a shift to a blend of office and remote working is likely. However, the opportunities for widespread remote working may be limited. Compared to other parts of the UK, Wales has a greater proportion of low-paid workers in sectors that are unable to operate from home, such as retail, hospitality and social care.

This policy briefing highlights some of the key implications of increased remote working in Wales for:

- Productivity
- Towns and urban centres
- Employment
- Business support
- Transport

Productivity

Low productivity is a long-term problem for the Welsh economy. Therefore, the impact of remote working on productivity is a key concern.

Research on workers who choose to work from home having already worked in an office found that moving to remote work improved productivity both in terms of time spent working and the intensity of work. Working from home increased job satisfaction and reduced levels of turnover. Surveys since March 2020 found that most employees working from home, including those who had never done so prior to the pandemic, would like to continue working from home, either part- or full-time, in future (Felstead & Reuschke, 2020).

> **A blended approach to remote working could generate innovation while allowing people to retain the benefits of remote working.**

However, younger workers and people who desire more social activity preferred working in an office and some studies highlight issues with motivation and concentration which emerge over time when people work remotely.

In the long-term remote work could inhibit some of the known key drivers of productivity performance improvement including innovation, creativity and knowledge diffusion. Evidence from the lockdown period found that innovation had lessened as work cultures became strained and workers felt siloed. In addition, in-person contact is a crucial contributor to developing professional networks and trusting relationships.

A blended approach to remote working where workers work from home on some days but in an office on others could generate innovation

while allowing people to retain the benefits of remote working.

Towns and urban centres

The Coronavirus pandemic has threatened many aspects of daily life in urban areas. However, it has done so temporarily, and history has shown that cities and the people in and around them often adapt to their new environment rather than permanently abandon it.

During the Coronavirus pandemic footfall has fallen significantly in Welsh cities, with Cardiff and Swansea being among the slowest in the UK to recover footfall. Changing consumption patterns associated with continued remote working could lead to more localism, which in turn could lead to city centre retail and hospitality businesses closing or relocating to suburban areas.

Long-standing research on remote working highlights that people are willing to accept a longer commute if they are only in the office part-time, which could lead to changes in the housing market in Wales if levels of remote working increase compared to pre-pandemic levels.

Modelling suggests that a long-term increase in remote working will result in a decrease in real estate prices in the urban centre and an increase in prices in the periphery, accompanied by increased urban sprawl as people are able to move out of city centres but still retain/obtain work in organisations based in urban centres. Similarly, a long-term shift in remote working is projected to lead to increased demand for larger houses as people want dedicated work/office spaces in their homes.

A more permanent shift to remote working could result in the closure of traditional large-scale city centre offices. However, as Wales has only a small number of large towns and cities these changes may have less of an impact.

The Welsh Government (2020) plans to invest in community hubs that people can commute

shorter distances to and work in without extensive household mixing. While there is reasonable thinking behind the intention, there is little evidence to suggest that they will be any more effective in preventing transmission, or particularly wanted by workers or businesses. Commissioning data collection to better understand people's wants would be welcome.

Employment

Wales has a greater proportion of low-paid workers and people who are unable to work from home than the UK as a whole.

A long-term shift to remote working in Wales could disrupt the symbiotic relationship between office workers and urban retail and hospitality sectors and lead to income reduction/job losses in those sectors reliant on urban density and footfall. The impact of changing urban density on job vacancies is not yet clear.

Research has highlighted the potential exacerbation of existing inequalities in the labour market as a result of a long-term shift to remote working, as the ability to engage in remote work is not evenly distributed throughout the workforce. Men, the more highly educated and those on higher pay are more readily able to choose to work from home while women, disabled people, under-25s and some Black, Asian and Minority Ethnic (BAME) groups are more likely to be employed in foundational sectors where remote work is not possible. This is supported by job vacancy data demonstrating that the availability of flexible and remote work is far greater for high paid, high skilled roles than for low paid roles.

Any long-term shift towards remote working as a more central practice in the Welsh labour market should therefore be accompanied by an increase in training and job creation to help people engage in remote work.

Business support

Throughout the Coronavirus pandemic the Welsh and UK governments have provided

financial support to businesses and workers. This support has included the UK Government's Job Retention Scheme, commonly known as 'furlough', and a series of business support packages from the Welsh Government.

The four broad categories of business support needs identified in Wales are:

1. Support during phased return to 'normal' activity.

2. Support for employees to retrain as normal activity not able to resume for some time.

3. Enhanced support for remote tourist areas where obvious alternative employment is lacking.

4. Targeted support in industries which may need to move towards automation.

Research unsurprisingly shows that businesses which rely on household mixing, such as restaurants, hotels, arts and entertainment, and airlines, have been hardest hit. Those sectors which have been able to manage supply and demand virtually, such as IT and professional services, research, legal and accountancy, have been less hard hit.

Evidence suggests that over three quarters of businesses in the UK have changed their products or services; over a third had faced disruptions to their supply chains; and a similar number had faced employee absence due to illness or shielding.

Firms that had previously adopted new practices and digital technologies were more likely to do so again during the pandemic. Enablers to innovating for firms included tax incentives, grants and support for skills for those entering the workforce.

Provision of conditions to facilitate safe economic activity will be a key aspect of recovery from the Coronavirus pandemic. The Welsh Government as well as local authorities and businesses may need strategies to assist in creating safe spaces for economic activity.

While there is an assumption that many businesses will seek to maintain remote working after the pandemic there are some moderating factors, including social factors, legislation issues, and business culture, which may reduce long-term uptake of remote working in Wales.

Transport

It is not yet clear if and for how long recent trends in travel associated with the move to remote working during the pandemic will be sustained in the long-term.

> **While remote working may challenge the Welsh economy, the change might be one of adaptation and opportunity more than widespread closure.**

Survey-based research found that the shift to remote working in 2020 was accompanied by a shift towards modes of transport with the least contact with others. However, it is unclear how far such a trend would continue after the pandemic as it remains difficult to predict how people's perceptions of the safety of public transport will change.

Modelling suggests that remote working could result in people being willing to accept a longer commute if they are making fewer trips to the office.

The changes in travel behaviour associated with pandemic-induced remote working and the uncertainties around longer-term trends present a challenge to transport infrastructure investment decisions. However, the current circumstances also present an opportunity to embed positive changes and to consider the modes of transport use that are wanted – public or private car – and to develop the strategies necessary to support this.

Need for ongoing monitoring

Across all areas covered in this briefing, a key message from experts and the existing literature is that there is a need for ongoing monitoring and evaluation of the impacts of remote working to inform policymaking going forward.

It is also important to maintain an awareness of the exceptional circumstances under which the current level of remote working in Wales has been achieved. The context of a global public health emergency has brought about a level of remote work and attitudes towards it that may not sustain once the Coronavirus pandemic crisis has passed. As such, caution should be exercised when basing decisions on trends or evidence which have emerged in the context of the pandemic.

Advice from experts discussing the implications of remote working for cities and urban spaces suggests that policymakers should wait before making significant decisions. They argue that urban and cultural spaces have historically survived crises, including public health emergencies and events such as 9/11, and

societal transformations such as the internet. Each in their own way has threatened the idea of concentrated space, yet time and time again people have returned to urban spaces for their cultural venues and hospitality. While remote working may challenge the Welsh economy, the change might be one of adaptation and opportunity more than widespread closure.

References

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Find out more

For the full report see Carter, I. and Johnson, C. (2021). **Remote Working.** Cardiff: Wales Centre for Public Policy.

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