

## **Economy, Infrastructure and Skills Committee, Senedd Cymru: Welsh Government's Remote Working Proposal**

### **Written Evidence Submitted by Professor Alan Felstead, Cardiff University**

This written response is based on research projects carried out before the outbreak of Covid-19. It also draws on analyses of large datasets – such as the Covid-19 Study – carried out during and after the three-month UK national lockdown earlier this year.<sup>1</sup>

My long-running research interest in homeworking began with a UK Government study of homeworkers in Britain which was published in 1996.<sup>2</sup> At that time, homeworking referred to 'outworkers' in the clothing and boot and shoe industries, and to those packing and assembling a variety of products such as Christmas crackers, electrical goods, board games and nappies.<sup>3</sup>

The vision of today's homeworkers is completely different. It refers to those who work at home using digital devices such as mobile phones and laptops which are internet enabled, thus connecting today's homeworkers with dispersed colleagues who may also be working remotely.

#### ***Question***

- What do you think are the positive and negative impacts of Welsh Government's remote working proposals on the bullets outlined below, and what is the evidence and reasons for those impacts?
  - The economy and business;
  - Town and city centres;
  - Issues affecting the workforce, and skills;
  - Health (physical and mental) and wellbeing;
  - Inequalities between different groups and different parts of Wales (including those areas of with poor connectivity);
  - The environment; and
  - The transport network and infrastructure.

#### ***Response***

The three-month UK national lockdown ushered in what has been called 'the great homeworking experiment' as there was a sudden and dramatic shift in the location of work. To arrest the spread of the virus, policy makers across the world promoted working at home as a way of minimising social contact. Almost overnight many workers converted their bedrooms into offices, their living room tables into desks and their kitchens into places of work. Unlike the UK Government, the Welsh Government has consistently repeated the 'work at home if you can' message. It has recently gone a step further by stating that its long-term ambition is 'to see around 30% of Welsh workers working from home' even in the absence of the need for social distancing.<sup>4</sup>

- However, one should not forget that before the pandemic, homeworking was on a gradual, albeit slow, upward trajectory. While it was relatively rare in 1981 when only 1.5% of those in employment in the UK reported working mainly at home, by 2019 it had risen to 4.7%.

- That said, it had taken almost 40 years to rise by a mere three percentage points. However, the UK lockdown turbo-charged this shift. Survey evidence suggests that the proportion reporting that they worked exclusively at home rose from 5.7% immediately before the UK lockdown to 42.5% in April 2020. In Wales it rose from 3.8% to 36.8%.
- Even though working at home had fallen by the end of the lockdown, it remained high by historical standards (36.5%).<sup>5</sup> The latest estimates for the last week in November 2020 suggest that the proportion has remained high with 39% of working adults in Britain reporting that they had worked at home during the last seven days because of Covid-19.<sup>6</sup>

The massive upsurge in homeworking has had a number of negative and positive effects, and the Welsh Government's target of 30% needs to be evaluated in the light of these effects.

- One of the most visible impacts of homeworking has been the negative effect it has had on the high street. During the UK national lockdown, this was frequently illustrated with photographs of deserted city centres and empty high streets with bars, restaurants and shops boarded up. Even when lockdown restrictions were eased and hospitality and retail were permitted to re-open, footfall has not bounced back to pre-lockdown levels. Many workers continue to refrain from commuting into high density offices. These are often based in centre centres and are designed to promote high levels of social, physical and visual contact.<sup>7</sup>
- However, even before Covid-19 the landscape of retail was changing with shoppers making more of their purchases online and some major high street stores going out of business altogether. But the three-month UK lockdown coupled with the growth of homeworking has seen high street year-on-year footfall cut by half, and by between a quarter and a third in the months which have followed.<sup>8</sup> Cardiff, Swansea and Newport are among the ten cities across the UK which have seen the weakest footfall bounce-back. However, this evidence should be treated with caution since the data were compiled for the last full week of October 2020 when the Welsh firebreak was in force.<sup>9</sup>
- Another possible negative consequence of homeworking is its effect on productivity which has historically been low in Wales. For example, in 2017 Wales was second from bottom of the labour productivity league table falling short of the UK average by 16 percentage points, only Northern Ireland did worse.<sup>10</sup>
- Before the lockdown, the spread of homeworking was held back by fears among employers that working at home would weaken productivity. These fears were based on concerns that employees would not be able to learn from one another, form effective teams and their effort levels might dip when out of sight. However, survey evidence collected in the UK lockdown does not support these fears. Two-fifths (40.9%) of homeworkers reported that they were able to get as much work done in June 2020 as they were six months earlier. Over a quarter (28.9%) said that they got more done, while 30.2% said that their productivity had fallen.<sup>11</sup>
- Furthermore, employers now seem to view homeworking as an effective way of working which is not detrimental to business performance. This is reflected in business surveys which suggest that employers intend to continue to allow homeworking when the pandemic has past.<sup>12</sup> Furthermore, increased productivity is cited as one of the reasons for the continuation of homeworking in the future by a third (33.7%) of employers who took part in recent ONS business survey. On the other hand, only 5.0% of employers cited reduced productivity as a reason for not making increased use of homeworking in the future.<sup>13</sup>
- However, increased productivity may come at a cost. For example, according to research carried out before the pandemic, remote workers found it more difficult to reconcile home and work life. They found it harder to unwind at the end of the work day and more often reported worrying about work. Around a third (36.0%) of conventionally sited workers kept worrying about job problems at least some of the time even when they were not working, but among remote workers the proportion was eight percentage points higher.<sup>14</sup>

- As a result, remote workers are more prone to work longer hours than their office-based counterparts. For example, 39.0% of remote workers said that it was ‘very true’ that ‘I often have to work extra time, over and above the formal hours of my job, to get through the work or to help out’ compared to 24.1% of those in conventional workplaces.<sup>15</sup>
- The descriptive statistics suggest that the sudden switch to homeworking took its toll on the mental health of those who worked at home in the three months of lockdown. For example, over 30% of those working always or often at home in June 2020 – the third month of lockdown in the UK – reported that they were able to concentrate less or much less than usual compared to less than 20% of those who reported that they had not worked at home at all. Similarly, those who worked mainly at home – always or often – reported greater difficulties in enjoying normal day-to-day activities and more often felt constantly being under strain and unhappy with life. Furthermore, multivariate analysis shows that those who were exclusively working at home during the first two months of lockdown had significantly lower levels of mental health overall than those who did not work at home at all. However, by the third month the fall was not as steep and not statistically significant from other workers. This may be because those working at home became more accustomed to working in this way and/or those who found it difficult to do so had voted with their feet and moved back to the office.<sup>16</sup>

### ***Question***

- How can the benefits of remote working be maximised, and what can be done to mitigate any potential risks and negative impacts?

### ***Response***

There are a number of factors which mediate the negative and positive effects of working at home outlined above.

- The effect that the UK lockdown had on productivity varied according to the extent that people worked at home. Those who worked exclusively at home in June 2020 were most likely to report themselves as more productive rather than less. On the other hand, those working at home less frequently reported a significant downward shift in their productivity.
- However, those who reported higher domestic commitments – such as doing housework and carrying out home schooling – reported that their productivity was significantly lower. This is in line with border theory which suggests that the invasion of home commitments is pronounced when work is carried out at home. This was particularly pronounced in the UK national lockdown when schools were closed. During this time, parents were expected to care for their children, liaise with schools and even home school their children.
- On the other hand, longer working hours was positively associated with increased productivity. This provides further empirical support for theories which suggest that homeworking may lead to over-working as workers go the extra mile to prove that they are working effectively, out of obligation to their employer or in order to get noticed.<sup>17</sup>
- According to the Covid-19 Study, nine out of ten (88.2%) employees who worked at home during the lockdown reported in June 2020 that they would like to continue working at home in some capacity, with around one in two employees (47.3%) wanting to work at home often or all of the time. Putting data on future homeworking preferences together with self-assessed evaluations of the effect of homeworking on productivity suggests that the upsurge in interest in homeworking is unlikely to be detrimental to productivity but may, in fact, boost it. Two-thirds (65.5%) of employees who reported that they were able to produce much more per hour while working at home in lockdown wanted to work at home often or all of the time in the future. In comparison, just 6.4% of those who said that their productivity was much higher when they worked at home did not want to do so in the future. This ‘selection effect’ is likely to be advantageous to employers keen to bounce-back strongly from the impact of Covid-19.

### **Question**

- Which parts of the Welsh economy or workforce would be particularly affected by remote working proposals, projects and initiatives?

### **Response**

Despite the large surge in homeworking prompted by the need to socially distance, the surge has not been uniformly felt by all workers.

- After all, some jobs such as lorry drivers, firefighters, paramedics and cleaners simply cannot be done at home. Even those jobs which can be done at home need a good and stable internet connection since, in the words of the Chartered Institute of Personnel and Development (CIPD), ‘technology is a big facilitator of homeworking’. Data on the growing importance of computers at work and their ubiquity in the home support these claims. For example, in 2017 a computer was regarded as an essential tool to do half of all jobs (51%) compared to three out of ten jobs (30%) in 1997.<sup>18</sup> Internet access in UK households has expanded even faster – rising from around 9% in 1998 to 96% in 2020.<sup>19</sup> However, in 2019 around one in ten (9.3%) adults in Wales had never used the internet; a figure higher than elsewhere.<sup>20</sup> Furthermore, according to Ofcom Wales has poorer internet connectivity with 31% of buildings in Wales having access to ultrafast broadband in 2019 compared to 54% across the UK.<sup>21</sup> Relatively poor connectivity and slower broadband speeds may therefore limit the prevalence of homeworking in Wales.
- The recent growth in homeworking has not been evenly spread. The largest surges were recorded among the most privileged segments of the labour market – the better educated, the higher skilled and the higher paid. The proportion of graduates reporting that they worked exclusively at home rose from 8.0% before lockdown to 59.2% during lockdown. On the other hand, the growth in homeworking among those with no qualifications was more muted despite starting from a relatively low base. It rose by just five percentage points during lockdown with the vast majority (84.0%) of lowly qualified workers working outside the home.
- Similarly, while homeworking grew across all occupational groups during lockdown, it grew particularly rapidly among the higher skilled occupational groups. For example, during lockdown a majority of those working as managers, professionals, associate professionals (e.g., computer assistants, buyers and estate agents), and administrative and secretarial staff (e.g., personal assistants, office clerks and bookkeepers) reported that they did all of their work at home. This was up from between 5-9% before lockdown. However, workers operating in lower skilled occupations continued to use the factory or office as their workplace both before and during the lockdown. For example, more than four out of five operatives and elementary workers (e.g., machine operators, assemblers and labourers) reported that none of their work was carried out at home in lockdown.
- The pay profile of homeworkers also changed with the net annual pay of workers who did all of their work at home rising from around £20,000 before the lockdown to around £27,250 during lockdown. On the other hand, the pay of those who worked at home less frequently fell, while those who worked outside of the home barely changed. This suggests the shift towards full scale homeworking was strongest among the higher paid.
- Certain industries and regions also saw dramatic rises in the prevalence of homeworking. For example, during lockdown approaching two-thirds of those working in banking and finance (63.0%), over a half of those based in London (54.3%) and approaching a half of those based in the South East (45.5%) reported that they were fully working at home during lockdown. These proportions were up from around 7% before the lockdown. The rise in homeworking in Wales was also dramatic, but the proportion working exclusively at home fell well short of the figures reported for London and the South East. Nevertheless, around

a third of workers in Wales reported doing all of their paid work at home during the UK national lockdown.<sup>22</sup>

### **Question**

- What do you think the equality impacts - both positive and negative - would be of the Welsh Government's remote working proposals? What specific work needs to be undertaken to assess those impacts?

### **Response**

As outlined above, the recent surge in homeworking has been more pronounced among the better educated, the higher skilled and the higher paid.

- Nevertheless, the recent growth of homeworking has been fairly evenly spread among workers with different personal demographic profiles. For example, the growth in the proportions exclusively working at home rose at a similar rate among black, Asian and ethnic minority (BAME) workers as it did among others. The same goes for disability and gender. The only exception is age where the growth of homeworking was more pronounced among younger workers.
- However, an unexpected effect of the growth in homeworking has been the rise in house prices. In September 2020 average house prices in six of the 22 local authorities in Wales reached their highest level. Five out of the six had the highest proportion of detached or semi-detached houses. The Principality Building Society suggests that the rise is being driven by people looking for more spacious homes suitable for homeworking. Furthermore, house prices in Wales are predicted to outstrip those in England in 2021 as people anticipate spending more time working at home. Some of the highest price rises have been in Welsh-speaking, areas such as Gwynedd, where the lack of affordable housing is already making it difficult for local inhabitants to buy their own homes.<sup>23</sup>

### **Question**

- How should the success of measures to implement the remote working proposals be evaluated and monitored?

### **Response**

Like many other Welsh labour market policy initiatives, the data infrastructure for evaluation and monitoring is relatively weak.<sup>24</sup>

- For example, much of the evidence reported in this response is taken from the Covid-19 Study which was carried out during the UK national lockdown with further online surveys carried out in July, September and November. Others are planned for January and March 2021. However, the sample sizes for Wales are small (circa 350 cases) and the series will end in March 2021.
- The Labour Force Survey and the Annual Population Survey, on the other hand, do have a long-term future, even though they are undergoing transformation. More importantly, they have larger sample Welsh sizes on which to track what percentage of jobs are being done at home, the socio-demographics of those involved and the type of jobs undertaken. However, these official sources of data do not collect data on the self-reported impact that homeworking has had on productivity and they collect relatively little data on various aspects of Welsh Government's definition of fair work.
- One way forward would be for the Welsh Government to plug the gap by including more homeworking questions in the National Survey for Wales (NSW). In the May-September 2020 telephone versions of the NSW respondents were asked 'how much of your work can you do at home ... none, some, most or all?'<sup>25</sup> However, the question does not ask whether work was actually carried out at home. This is crucial since the Welsh Government's stated aim is to ensure that 30% of jobs are carried out at home. Furthermore, there are no follow-on questions with which to evaluate the impact of homeworking on the health and mental well-being of workers and its effect on business outcomes such as productivity. These are

key features of this short inquiry and will be crucial for any on-going evaluation of the Welsh Government's aim for remote working.

Alan Felstead,  
9 December 2020.

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<sup>1</sup> The lockdown findings are based on analysis of three online surveys carried out towards the end of April, May and June 2020. These are part of the Understanding Society Covid-19 Study. For each survey, a representative sample of 6,000-7,000 workers provided information on where they worked either side of the lockdown. The June respondents also reported on how their productivity had changed and whether they would like to continue working at home in a post-Covid-19 world.

<sup>2</sup> Felstead, A and Jewson, N (1996) *Homeworkers in Britain*, London: HMSO; Felstead, A and Jewson, N (1997) '[Researching a problematic concept: homeworkers in Britain](#)', *Work, Employment and Society*, 11(2): 327-346.

<sup>3</sup> Felstead, A and Jewson, N (2000) *In Work, At Home: Towards an Understanding of Homeworking*, London: Routledge, Table 1.1.

<sup>4</sup> <https://gov.wales/aim-30-welsh-workforce-work-remotely>

<sup>5</sup> Felstead, A and Reuschke, D (2020) '[Homeworking in the UK: before and during the 2020 lockdown](#)', *WISERD Report*, Cardiff: Wales Institute of Social and Economic Research, pp4-8 and Figure 10.

<sup>6</sup> Data taken from:

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/datasets/coronavirusandthesocialimpactsongreatbritaindata/current>

<sup>7</sup> Felstead, A, Jewson, N and Walters, S (2005) *Changing Places of Work*, Basingstoke and New York: Palgrave Macmillan.

<sup>8</sup> <https://www.statista.com/statistics/1097669/retail-monthly-footfall-year-on-year-high-streets-united-kingdom-uk/>; <https://www.dailymail.co.uk/news/article-8880281/Coronavirus-UK-Footfall-UKs-High-Streets-drops-3-week.html>

<sup>9</sup> <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

<sup>10</sup> Felstead, A (2020) 'Fair work, low pay and productivity in Wales', in Irvine, G (ed.) *Can Good Work Solve the Productivity Puzzle? Collected Essays*, Dunfermline: Carnegie Trust.

<sup>11</sup> Felstead, A and Reuschke, D (2020) '[Homeworking in the UK: before and during the 2020 lockdown](#)', *WISERD Report*, Cardiff: Wales Institute of Social and Economic Research, pp16-19.

<sup>12</sup> IoD (2020) '[Home-working here to stay, new IoD figures suggest](#)', Press Release, 5 October 2020.

<sup>13</sup> ONS (2020) *Coronavirus and the Economic Impacts on the UK: 8 October*, Newport: Office for National Statistics.

<sup>14</sup> Felstead, A and Henseke, G (2017) '[Assessing the growth of remote working and its consequences for effort, well-being and work-life balance](#)', *New Technology, Work and Employment*, 32(3): 195-212.

<sup>15</sup> *ibid.*

<sup>16</sup> Felstead, A and Reuschke, D (2020) '[Homeworking in the UK: before and during the 2020 lockdown](#)', *WISERD Report*, Cardiff: Wales Institute of Social and Economic Research, pp14-16.

<sup>17</sup> *ibid.*, pp16-19.

<sup>18</sup> Boys, J (2020) *Working from Home: What's Driving the Rise in Remote Working?*, London: Chartered Institute of Personnel and Development, p5.

<sup>19</sup> ONS (2020) *Internet Access – Households and Individuals, Great Britain: 2020*, Newport: Office for National Statistics.

<sup>20</sup> <https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/datasets/internetusers>, Table 5b.

<sup>21</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0024/166650/connected-nations-update-summer-2019.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0024/166650/connected-nations-update-summer-2019.pdf); <https://ig.ft.com/gb-broadband-speed-map/>

<sup>22</sup> Felstead, A and Reuschke, D (2020) '[Homeworking in the UK: before and during the 2020 lockdown](#)', *WISERD Report*, Cardiff: Wales Institute of Social and Economic Research, pp8-12.

<sup>23</sup> <https://www.bbc.co.uk/news/uk-wales-55085184>; <https://www.dailypost.co.uk/news/north-wales-news/second-homes-crisis-putting-future-18754517>

<sup>24</sup> Fair Work Commission (2019) *Fair Work Wales*, Cardiff: Welsh Government, Technical Annex.

<sup>25</sup> [https://gov.wales/sites/default/files/statistics-and-research/2020-06/national-survey-for-wales-monthly-survey-may-2020\\_0.pdf](https://gov.wales/sites/default/files/statistics-and-research/2020-06/national-survey-for-wales-monthly-survey-may-2020_0.pdf)