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Remote Working: Implications for Wales  
Evidence from: RICS

Consultation Response

# Remote Working: Implications for Wales

Consultation response from the Royal Institution of Chartered Surveyors (RICS) to the Economy, Infrastructure and Skills Committee.

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## Background

As a globally recognised professional body, with over 2000 members in Wales, everything the Royal Institution of Chartered Surveyors (RICS) does is designed to effect positive change in the built and natural environments. RICS is one of the largest and most respected organisations globally for advising on residential and commercial property matters, as well as high street revitalisation and action to address climate change.

The remote working proposals by the Welsh Government represent a landmark shift in economic, social and environmental policy that very few governments around the world have yet to embrace.

The transition to remote working due to coronavirus came with little option for many businesses and employees – forcing them to adapt to sudden and dramatic changes to both their work and personal lives.

Reflecting on the impact remote working has had to date, many businesses have commented on how general productivity has been sustained, although this is not always the case depending on the profession.

Traditional city-centres have struggled with reduced footfall, although there has been a resurgence in local communities as we shop nearer to home.

Traffic has seen significant fluctuations this last year. During periods when restrictions were loosened, some parts of the UK reported private vehicle usage increasing by up to 70% when looking at month-on-month figures. In contrast, public transport saw minimal month-on-month growth during loosened restrictions. Could this increase represent an argument that as areas came out of differing restrictions, people tried to return to a sense of pre-Covid normality?

RICS regular insight discussions with businesses occupying significant office space have shown a shift in business and employee attitude to remote working.

In formulating our response to this consultation, it would be sensible to recognise there is little data on remote working ‘in a normal environment’. Any current evaluation of how well people have adapted to remote working needs to account for the extreme circumstances we find ourselves in – including the impact of lockdowns, restrictions, social distancing and home-schooling.

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;

Positive impacts:

- Many businesses and employees are now preparing for hybrid-blend of office/remote working. Rather than a permanent 30% remote working ambition, people are responding positively to the thought of a 30% remote working week.
- Remote working by choice (rather than mandated by government or businesses) would offer greater flexibility to workers. This would be particularly beneficial for creating a more diverse workforce, particularly for working parents.
- An increase in remote working would result in a decreased demand for commercial space, resulting in immediate financial relief for businesses, particularly those looking to soften the economic damage to their business as a result of Covid-19.
- Serviced office providers have recorded significant growth over the last year as offices look to get away from a traditional setup. Flexible office and financial arrangements, with shared facilities such as kitchens and boardrooms, may suit the needs of businesses going forward, rather than simply following a "one size fits all" approach to office needs.

Negative impacts:

- Some businesses adapt to remote working better than others. RICS has been in regular engagement with major Welsh office tenants since the pandemic began to understand the impact of remote working. Certain professions have struggled more than others, particularly professions which dominate the Welsh office environment.
- Financial and insurance services, including call centres (all of which are significant contributors to employment in Cardiff, Swansea and Newport), have commented on how general productivity levels have decreased during remote working. Through no fault of the employee, homes are not designed to be a call-centre environment. Likewise, many banking institutions commented on how their internal infrastructure made processing transactions difficult if not impossible due to security arrangements. Creative industries, who rely on collaborative working environments, have highlighted how the creative thought process cannot simply be replicated online.

- The Welsh Government have proposed the idea of remote working hubs within communities. In principle, this is a good idea and allows remote working to not simply be constrained to a house. However, this would require businesses to buy-into the proposals and commit to funding desk space. If a large business looks to adopt this model, this would have significant financial and logistical challenges – so the onus may fall to the employee to self-fund such a setup.
- Property leasing, facility management, construction and maintenance are a major source of employment in Wales. Decrease demand or a slight reduction in the daily need for general office space would have a direct knock-on impact to those in the sector - let alone those who rely on office workers to make a living, such as high street cafes.

## Town and city centres;

### Positive impacts

- There will always be a need for town and city centres to have offices. Offices provide a lifeline to high streets, with a knock-on impact for those working in retail, leisure and hospitality. There may well be a shift in the extent to which businesses utilise their floor space needs, but offices will always have a place in town centres.
- While there is very little current data to reflect changes to remote working, it would be reasonable to assume that as more people work from home, they will choose to shop locally, even if it is as small as buying lunch locally each day.
- Growth in remote working may lead to a reduction in commercial property use in town centres. This creates an opportunity to repurposes commercial units into residential accommodation, helping to address the housing shortage.
- Community-based work hubs, as proposed by the Welsh Government, would also introduce a relatively new working concept which could present opportunities for local high-streets to revitalise themselves.

### Negative impacts

- The traditional office worker market is vital to city centres. Commercial property rent, lunchtime trade and parts of the hospitality sector rely on footfall to make a marginal profit. If even a 30% reduction in weekday footfall were to occur, this would have a

significant negative impact on high-street businesses and start a chain reaction of closures.

- A business will look to review their need for commercial space if employees turn to remote working. This may result in businesses occupying smaller premises, out-of-town business parks or serviced offices. This would have a detrimental impact on local authorities who rely on significant commercial property occupation for taxable income such as business rates.

### Issues affecting the workforce, and skills

#### Positive impacts

- Remote working will naturally offer greater flexibility for employees. It is important that employees, who in normal circumstances work in an office, are given the option to work remotely rather than being forced too. Remote working, combined with greater flexible worker, would further increase workforce wellbeing.
- In a hybrid environment, where a worker can split their time between an office and remote working, this could further support their need for a work-life balance which benefits their requirements.
- The offer of remote working would allow employers and potential employees to expand their job search radius, lifting the geographic barrier which comes with most jobs. This would create a greater job, candidate and diversity pool, allowing people to explore opportunities which previously would have been off-limits due to geographical constraint.

#### Negative impacts

- The housing market in Wales is largely not designed for home working. For those fortunate enough to have a spare room, this could be utilised as an office, but for many, the result of the coronavirus pandemic has seen dining rooms, kitchen worktops and sofas become places of work. This is not good for physical or mental health, let alone the loss of communal areas.
- It is estimated that over 35,000 people work in Welsh office-based contact-centre professions such as insurance, civil service or financial services. This is largely tilted towards city-centres. Typically, these workers, who represent thousands of daily commuters, are often at the lower end of the pay scale. It is more than likely these people would not have the ability to afford a home which can provide a suitable home

working location such as a home office, as well as accommodating the needs to bedrooms, dining rooms etc.

- Being forced to suddenly switch to remote working was largely successful for most of the workforce impacted due to being settled, trained and knowledgeable in their existing role. For those new to a job or new to entering their professional career, remote working had a detrimental impact on their development. In an insight gathering session with RICS, one of Wales largest employers commented how they have witnessed a significant development gap between new starters and graduates who are beginning their career and are learning remotely, compared to those who started in an office-based environment.
- Workers strive from collaboration and best practice sharing, watching how their peers work. This often informal CPD is difficult to replicate in a digital environment. Likewise, managers are restricted to monitoring employee well-being and development through the lens of a screen, which can often miss critical issues otherwise spotted in person.

## Health (physical and mental) and wellbeing;

### Positive impacts

- Remote working would naturally reduce the stress and physical discomfort of commuting on overcrowded trains and buses.
- With a natural reduction in commuter traffic, there would also be a reduction in air pollution which would benefit people's physical health, especially those living along artery routes.
- Businesses in general have been supportive of employee welfare over the last year and remote working. Examples of this include additional funding for appropriate home-working setups and encouraging employees to leave their homes during a lunch break to ensure they step away from their desks when being naturally inclined to remain in the home.

### Negative impacts

- In the immediate period of remote working, failure to have a sufficient home-office set up could lead to physical discomfort and long-term health implications. Businesses invest significant resources into optimising the physical office to ensure comfort and well-being is in place - something which is difficult to monitor with remote working.

- People naturally like a routine. For many, this routine includes leaving the house in the morning and returning at the end of the day. It is important that in any permanent remote working set up, people are encouraged to develop a routine –even if it is as simple as going out to exercise before, during or after work.
- It is important that there is a distinction between where someone works, and where someone relaxes. Houses are designed to be homes, not places of work. In any hybrid home-office set up, it is critical to the mental wellbeing of the employee that they can shut off at the end of the day and not see their work in the corner of their eye or finish work and then use that same space to eat dinner.
- Remoting working, even if part of a global FTSE100 company, can often lead workers to feel isolated and lonely, with verbal communication limited to video conferences or those they live with. Employers should be encouraged to remain in frequent communication with remote workers, in both formal and informal settings.
- For some people, the opportunity to leave the house each day gives them a chance to get away from potentially hostile environments such as an abusive partner. Similarly, if for example there is a smoker in the household, this person would be confined to both working and living in a smoke-filled environment.
- Most homes in Wales are not designed for home working. Simply turning a room once designed to be a bedroom into an office is not often good enough. Architects, when designing offices, invest significant resources into planning lighting, ventilation, telecommunication points, break out spaces etc – this level of detail is simply not given to something like a box room in a home. Employers should be encouraged, if not regulated, to ensure there is a suitable home office set up – with the correct equipment, privacy, facilities and support mechanisms.

Inequalities between different groups and different parts of Wales (including those areas of with poor connectivity);

Positive impacts

- Remote working offers greater opportunity for those who often are disadvantaged by a traditional office-based setup. This is particularly prevalent for those who must balance work with other commitments such as childcare provision or looking after someone vulnerable (which disproportionately affects women). Employers should look to expand flexible working alongside remote working to make a tangible difference.



- The opportunity for remote working should further open doors to employment opportunities. Quite often we chose our employer based on their physical location. Remote working would open new doors of opportunities and create an expanded job market, which would be a significant benefit to those living in more rural communities.
- Remote working will also give people greater flexibility on where they choose to live without restricting their access to jobs.

#### Negative impacts

- As highlighted already, in cities such as Cardiff and Newport, thousands of people commute each day into the city centres to work in contact-centre based jobs. These people are often at the lower end of the pay scale, so affording homes with a suitable work-set up would either not be doable or would come with significant negatives.
- Connectivity is also a major concern. It is not uncommon for many office-based workers to use platforms such as CRMs or intranets which do not perform well under normal domestic broadband providers. This is something which became apparent to many financial institutions during the coronavirus pandemic. Homes will need to have a sufficient, ideally ultra-fast broadband connection and good phone signal to properly function for remote working. At worst, we could see employers discriminate against a potential candidate for a role if they do not have a sufficient set up for remote working. Business often provide financial resources for improving digital connectivity in homes, but they should not be expected to fund a connection if the road itself lacks the existing digital infrastructure.

#### The environment;

##### Positive impacts

- With any shift towards remote working, either at home or in the local community, there would be an associated decrease in public and private traffic, and long with it, any accompanying decrease in carbon emissions and congestion.
- It is widely acknowledged that after residential property, commercial property is one of the biggest contributors to carbon emissions and energy wastage. Remote working will allow businesses the opportunity to review their floor space needs, potentially downsizing and not using excess energy on sparsely used space.

- A reduction in carbon emissions, either through reduced office use or commuting, would support the work of the Welsh Government in achieving net-zero and meeting UN Sustainability and Well-being of Future Generation goals.

#### Negative impacts

- To date, there is very little data to fully understand the environmental impact produced by commercial buildings. To fully understand the positive impact remote working would have on the environment, we first need to be able to compare a traditional office set up to remote working. RICS has been developing, in coalition with industry leaders, the International Building Operations Standards (IBOS). IBOS is a tool which will allow for universal measurements of how a commercial building is operating, from energy wastage, heat escape, water usage and individual behaviour (including associated carbon). RICS would recommend a major data-gathering study, the likes of which IBOS is designed for, so the Welsh Government can use statistical analysis to fully evaluate and justify the benefits of remote versus office working.
- While general office energy usage may fall as a result of a reduced physical workforce, home energy usage would increase. Some offices, particularly in older buildings, have heating systems which do not automatically react to fluctuating numbers within the building. In fact, with a reduced headcount in an older office, energy usage may well increase to offset the loss of heat from fewer people being in a room and fewer computers omitting heat. As highlighted in the above points, there remains little data to fully understand the environmental impact having 100 people in an office compared to having a 50/50 remote/office working set up.
- It is well established that most homes in Wales are not achieving their maximum energy efficiency potential. A traditional set up may see people have the heating on a programme, switching off for the duration they leave the house to go to an office. Remote working would lead to the increased use of heating. Unless homes undertake significant energy improvement work and commercial buildings introduce smarter ways to manage energy and heat use, we may end up in a scenario where remote working could have a detrimental impact on the environment through energy wastage.
- At the start of the coronavirus pandemic, the National Grid reported a 30% increase in domestic energy use during the daytime – and this data was collated during spring, so the figure will increase for winter.

#### The transport network and infrastructure.

##### Positive impacts

- Remote working, either in homes in nearby communities would see a natural decrease in commuter traffic.
- As commuter numbers would decrease, travel on rush-hour public transport would become a more pleasurable experience, rather than repeating the days of severe overcrowding and early starts.
- Wales has just undergone a significant digital upgrade through Superfast Broadband. With over 93% of homes in Wales now accessing high-speed internet connections, Wales is in a stronger position than ever for having a digitally connected workforce.

#### Negative impacts

- Transport for Wales has recently launched one of the most ambitious rail infrastructure projects ever experienced in Wales. Initiatives like the South Wales Metro and new rolling stock was designed for 'normal times'. If public transport saw even a regular quarter decrease commuter numbers, this would have a significant impact on the long-term financing of these schemes given they were designed for increasing passenger numbers.
- If, as expected, people switch to an office/home hybrid working week, transport operators should review their ticketing and pricing structures. Typical transport operators offer seasonal/monthly/weekly/daily ticketing options. A hybrid working week, under current pricing structures, would see commuters regularly lose money on tickets they don't use. Transport operators should be encouraged to look at three- or four-day weekly tickets to accommodate a change in working behaviour or rolling ticket options.
- While Wales now enjoys an almost universal coverage of superfast broadband, it is important to recognise that digital blackholes still exist, particularly in rural and poorer communities. As the coronavirus pandemic has also taught us, the likes of Microsoft Teams and Zoom calls take up significant bandwidth, so it is important to ensure people have access to the fastest broadband possible. Internet connectivity isn't the only challenge in Wales - mobile phone signal is not universally guaranteed, and without the assurance of a strong phone connection, remote working would become impossible for many individuals.

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

- Businesses and government should work together to firstly undertake an in-depth analysis of how factors such as productivity, energy usage and employee well-being changes compared to an office or home working environment. Without a proper evidence base, it will be difficult to compare the benefits of remote working.
- Business and governments should look at the potential incentives offered to encourage home working. Businesses could be offered financial incentives such as grants or tax deductions for moving employees to remote working while employees should be offered financial support to ensure a suitable remote set up.
- Employers need to ensure any remote worker has a suitable risk analysis undertaken. This includes ensuring the employee has the suitable physical and mental health for remote working as well as a secure environment to work from (both physically and environmentally).
- Community-based working hubs have a real potential to be a success, particularly if remote workers would want to not work exclusively in their home. It is important to understand how these working hubs would operate, including meeting space, private and communal workstations and who pays for space – the employee or employer.

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

- Remote working opens the door for new opportunities for vast swathes of the Welsh workforce. If businesses can demonstrate flexible working, not just remote working, then individuals who cannot typically work a 9-5 office-based job now could expand their career choices.
- The physical location of a job is often one of the greatest barriers for someone when looking for a new role. Remote working can breakdown the barrier of geographic-bias and open new career opportunities for people all across Wales.
- For those in well-established roles, the transition to remote working may be seamless. For new starters, trainees, graduates and those just beginning their career, remote working can present great difficulties. Face-to-face experience for new starters is critical to their personal development. One major utility company in Wales have commented on how they have witnessed a noticeable decline in the quality of work and development



by new starters since the coronavirus pandemic began – not blaming the employee, but rather than loss of personal development gained from physical interaction.

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?

- Remote working has the opportunity to open new career potentials for those often restricted by 'normal times. This includes parents who must balance the school run with office working, those who live long distances away from centres of employment and those who the physical and mental thought of commuting five days a week harms their well-being.
- In an ideal set up, employees should be given the option of remote working or not. Businesses are not able to understand someone's personal situation at home. For an employee who lives in a one-bed flat, it isn't fair to automatically assume they would be happy with remote working when that means their bedroom or living room will permanently remind them of work.
- Businesses should be encouraged to overhaul their employee well-being support. The pandemic has taught all of us just how lonely remote working can be, even if we are in constant virtual meetings all day. Employers need to carefully monitor an employee's well-being and development – something which we could naturally assess in person yet find more difficult online.

How should Welsh Government work in partnership with the public sector, private sector and voluntary sector to deliver its remote working proposals?

- The Welsh Government needs to work with all parts of the economy to understand the need and demand for remote working. Many businesses have already announced a flexible working model as a result of the pandemic. The Welsh Government should work with small and large businesses, particularly those who accommodate large office buildings, to understand how the remote working proposal would change their business needs – such as reducing floor space, moving out of city centres etc.
- Businesses should undertake a proper evaluation of their remote working proposals. Permanent, work from home only setup by businesses could have a significant impact on employees, particularly if they are not consulted and have this decision forced down on them.

- Studying the true impact of remote working is not something that can be quickly assessed or understood in the environment of a pandemic. Businesses and the third sector need to monitor how strategic plans and objectives change with remote working, as well as employee well-being and development. Mental health charities have already reported a significant increase in support over the last year, but again, this is difficult to fully assess given then circumstances we find ourselves in.

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

- The Welsh Government firstly needs to understand what the norm looks like. With little pre-Covid-19 data, it is difficult to assess how people react and adapt to remote working. IBOS is one metric which should be employed to measure quantitative data such as energy usage and carbon emissions. As the 30% proposal by the Welsh Government is simply an ambition, not a target, the government should use this time to fully understand the evidence and case for remote working.
- Alongside physical data that tools like IBOS can support, businesses have a crucial role in monitoring progress. It is fair to assume standard black and white objectives and KPIs may change with remote working as will employee development and behaviour is impacted. Businesses will have a role to play in monitoring how business performance changes compared to 'normal times', which can be a good indicator of how successful remote working is.

What could Welsh Government learn from the approach taken in other parts of the UK, Europe and globally to support remote working and/or develop community hubs to support remote working? Are there any specific examples of evidence and research internationally that the Committee should be aware of?

RICS regularly undertake market research which can feed into the remote working proposals. Our [monthly and quarterly market surveys](#) look at how individual and business behaviour changes over time.

Since the coronavirus pandemic began, we have seen a significant shift in how people want to live. Those living in inner-city environments are now seeking homes with additional rooms which can support remote working, as well as living in physically greener, semi-rural environments.

Commercial property has struggled since 2020, although major businesses still anticipate the need for office space. In late 2020, Cardiff secured several high-profile office deals, some of the

largest in recent years such as the new Legal & General offices as well as the expansion of financial businesses including Starling bank.

What our evidence shows, is that businesses will want to retain an office environment. They may downsize or offer greater remote working and hot-desking opportunities, as well as seeking to invest in service office models. The overall market has struggled since the pandemic began; however long-term property market confidence remains strong.

It is a fair comment to say remote, flexible working is here to stay. The extent to which is difficult to predict as people, as proven from previous pandemics (e.g. 2002 SARS outbreak), naturally revert to the norm.

Even with the lack of real data, remote working brings both positive and negative impacts on physical, mental, environmental and economic health. If these ambitious plans are properly thought-out, done in consultation with employers, employees and communities, then Wales has a real opportunity to become a global leader in 21st Century working.