# Plan B: Working From Home

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**Reimposing working from home (WFH) guidance would likely reduce transmission significantly. The economic impacts of reimposing WFH are complex and likely net negative, with the most immediate concern being reduction in city centre consumption. Workers in consumer-facing services, that are disproportionately lower paid, younger, female and ethnically diverse, would likely face the brunt of reduced commuter trade. WFH also impacts the productivity of some businesses and workers.**

- **SPI-M advised in September 2021 that it is highly likely that a significant decrease in home-working in the next few months would result in a rapid increase in hospital admissions** and that the high level of home-working played an important role in preventing sustained epidemic growth in recent months.[1] SAGE advise that Plan B measures are likely to be most effective when used in combination, but that re-introducing WFH guidance is likely to have the greatest individual impact on transmission out of the proposed measures.[2]

- **Returning to workplaces increases workplace, social and commuter contacts.** Mean contacts are two to three times as high for those that attended workplaces compared to those who did not in September (Figure 1).[3] The odds of infection for REACT participants not required to work outside home were 27% lower than those working outside home.[4] ONS analysis in September 2021 found that regardless of time period, working outside the home was associated with a higher likelihood of testing positive for COVID-19, in comparison to those WFH.[5] The infection risk will compound, both for individuals and at a population level, as workplaces become more crowded and protective behaviours wane. Therefore, previous analysis based on earlier phases of the epidemic, when other non-pharmaceutical interventions were in place, may underestimate the risks of leaving the home for work.[2]

- **The percentage of workers exclusively WFH has gradually decreased** from 37% in February 2021 to a low of 17% in September (Figure 2).[6] The ability to WFH varies geographically, with workers in London, the South East and less deprived areas more able to do so.[7,8] **There are likely to be further increases in workplace attendance** throughout Autumn and Winter, reflecting the return of schools, change in government guidance and less risk-averse behaviour. However, **it is unlikely we will ever return to pre-pandemic levels of office presence**.[9] In a Plan B scenario, we estimate that WFH only rates might rise to 25-30%; this translates to an additional ~2.7-4.2 million workers compared to September 2021.[10]

- **Mandating WFH has a negative impact on consumption.** Consumer-facing services in city centres and towns face the brunt of reduced trade from commuters, although some consumption is displaced to suburban areas.[11] HMT judge that current levels of WFH have reduced city consumption by £17bn per year compared to pre-pandemic (c.0.8% of 2019 GDP). Thus far this impact has been partially mitigated by economic support. HMT estimates that **mandating WFH could increase this impact by an additional £11-18bn per annum** (c.0.5-0.8% of

2019 GDP),[12] although any re-imposition of WFH guidance would almost certainly be for a shorter period.

- **Productivity implications are complex.** Currently firms and their employees can choose WFH arrangements that suit them. More prescriptive guidance would temporarily prevent this. Hybrid models are expected to become more common,[9,13] and of firms that intend to use increased home-working as a permanent business model, increased productivity was one of the most cited reasons in August 2021.[14] However, re-imposing blanket guidance would likely have some negative effects on both firms' efficiency and for some employees' welfare.

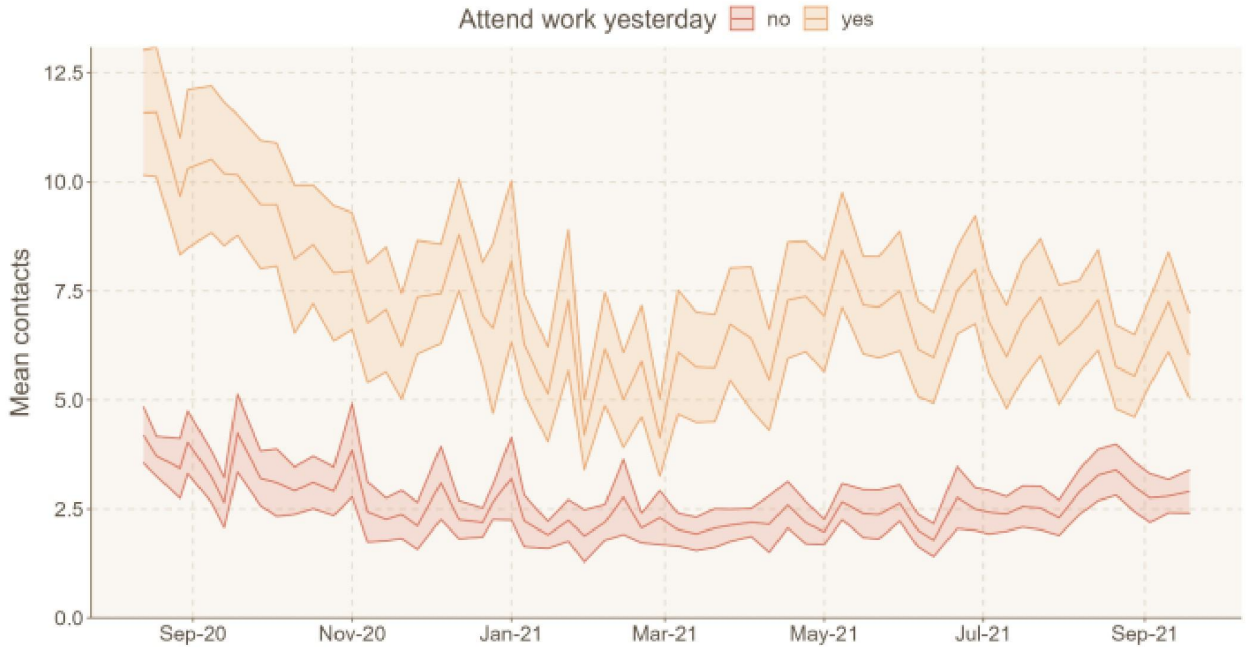
- **Mandating WFH would disproportionately affect some firms and workers**. Firms partially dependent on commuters, hit hard during the pandemic, may struggle without the financial support (such as furlough) that existed when WFH guidance and other NPIs were in place previously. Consumer-facing service workers in cities and towns, whose roles are at risk from further reduced commuter trade, typically have lower incomes, are disproportionately younger, female, and ethnically diverse, and have seen greater furlough use.[15] While many report benefits of WFH and want to do more of it than pre-pandemic,[16] some suffer due to living alone or in poor quality housing, reduced social contact with colleagues, or increased work-family tension, particularly for mothers. Younger employees, at the start of their careers and with greater need for coaching, are likely to be negatively impacted the most, with those aged under 30 less likely to report an overall positive view of home-working compared those 30 and over.[17]

- **The UK currently has the least stringent policy on workplace closures** of international comparators. Despite this, the UK has higher levels of WFH than the comparator average, and higher levels of public support for government policies encouraging WFH.[18] 78% of people support reinstating a requirement to WFH where possible, if hospitalisations rose.[19]

- **WFH is not a mitigation available to all; those living in deprived areas, outside of London and the South East, certain ethnic groups (e.g. Pakistani and Bangladeshi), the lower paid, those in routine and manual occupations, and those working in certain sectors (e.g. hospitality and retail) are less able to WFH**.[7,8] Therefore WFH guidance will have less impact in communities with enduring transmission and lower vaccination rates,[5,21] and may have contributed to lower epidemic spikes in less deprived areas and London and the South.

*Comment: WFH is likely to be very effective at reducing transmission but with a significant economic cost. Both depend on the change in rates of WFH. It is difficult to estimate with certainty the degree WFH guidance will affect employee and employer behaviours, but with new hybrid patterns of working evolving and less risk-averse behaviours, reintroduction would require clear communication to emphasise its importance.*

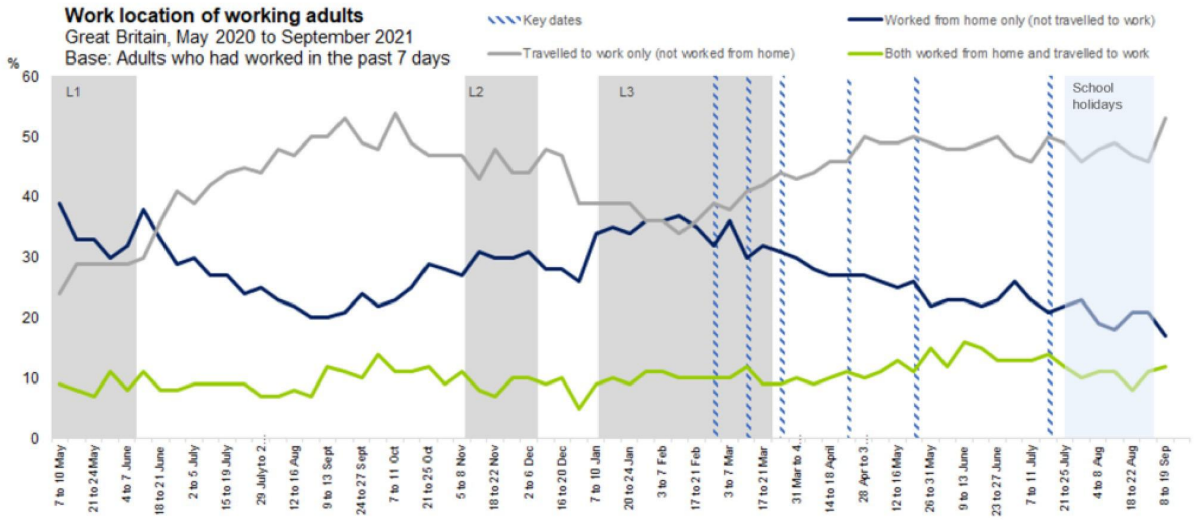
**Figure 1: Mean contacts in the UK since August 2020 for individuals attending or not attending workplaces on the day of the survey for people that are employed and their workplace is open.**




*Source: COMIX Week 78*

Note: 95% Uncertainty interval calculated assuming a standard normal mean of two times the standard error of the mean. Contacts truncated to 50 contacts per participant. Observations are smoothed over two weeks to account for panel effects. Date on x axis refers to the midpoint of the survey period. Current levels of contacts for home-workers is far fewer than this time last year and it is not clear what the driver for this is.

**Figure 2: The proportion of workers WFH, travelling to work, or doing both in the past 7 days**




*Source: ONS OPN, GB*

Note: The most recent vertical lines indicate publishing of the roadmap and its steps. Responses such as not working due to being on furlough, on leave or for other reasons were not included in this chart.

**References**

[1] SPI-M, Consensus statement on COVID-19, 8 September 2021

[2] SAGE, Considerations for potential impact of Plan B measures: WFH guidance, vaccine-only certification, and face coverings, October 2021, unpublished

[3] Jarvis et al, Social contacts in the UK from the CoMix social contact survey: Report for survey week 78, 28 September

[4] Imperial meta-analysis of REACT round 5-10, unpublished

[5] ONS, Working from Home - Impact on transmission and positivity, 23 September 2021 unpublished, official sensitive

[6] ONS, Opinions and Lifestyle Survey (OPN), 24 September 2021

[7] ONS, Homeworking in the UK labour market, 17 May 2021

[8] COVID-19 Taskforce, In depth: Socioeconomic impacts of working from home, 30 March 2021, unpublished

[9] COVID-19 Taskforce, Changing working from home rates, 23 September 2021, unpublished

[10] COVID-19 Taskforce internal calculations using ONS OPN and ONS Estimates of Employment. This estimate is based on three assumptions: 1) We assume similar behaviours and compliance levels as in mid-late October 2020 (which could be lower due to the vaccine rollout and reduced fear), 2) We assume that WFH levels remain steady over the next few months. In reality we expect them to decrease further and therefore the number of people who would have to return to WFH would likely be higher and the economic impact of re-imposition would also be higher. 3) The percentage of workers both WFH sometimes and travelling in sometimes remains steady as it has done previously.

[11] Mateson et al, Zoomshock: The Geography and Local Labour Market Consequences of Working from Home, January 2021

[12] HMT Return, October 2021, unpublished

[13] Confederation of British Industry (CBI), The revolution of work, July 2021

[14] ONS, Business Insights Conditions Survey (BICS), 7 September 2021, unpublished, official sensitive

[15] HMRC, Coronavirus Job Retention Scheme statistics: 29 July 2021, 1 September 2021

[16] Bloom et al, Returning to the office will be hard, 15 June 2021

[17] ONS, Business and individual attitudes towards the future of homeworking, UK: April to May 2021, 14 June 2021

[18] ICJU (21)073, Working from Home (WFH), 24 September 2021, unpublished

[19] YouGov, External polling, 15 September

[20] COVID-19 Taskforce, The impact of enduring transmission on ethnic minority communities, 13 September 2021, unpublished

## Confidence Statement

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| We have high confidence that WFH is an effective measure against transmission and reducing social contacts, as multiple scientific bodies have advised. However, there is less confidence in exactly how effective it is given previous analysis has been conducted during different states of the epidemic and with the concurrent use of non-pharmaceutical interventions. We have medium confidence in the changing proportions of people WFH or travelling to work and these group's demographics as they come from authoritative ONS sources, but are mainly from self-reported surveys. We have medium-high confidence that WFH has impacts on consumption and distributional impacts for different groups and workers. | **Medium-high** |
| We have low confidence in how WFH rates could change in the future and how effective guidance would be, especially in the context of changed behaviours and with a large portion of the public being vaccinated. We have medium confidence that WFH disproportionately impacts the productivity and wellbeing of some workers more than others, but have low confidence and a high degree of uncertainty on the aggregate productivity impacts. | **Low-medium** |

## Probabilistic language