



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.