



Cabinet Office

Analysis and Data Directorate, C19 Taskforce

In depth: Socioeconomic impacts of working from home

30/03/2021

ADD(21)050

Contains data not yet in the public domain

OFFICIAL SENSITIVE - DRAFT FOR DISCUSSION - NOT GOVERNMENT POLICY

INQ000625670_0001

Key Insights



- **The pandemic has resulted in a substantial increase in people working from home (WFH).** In 2019, 27% (8.7m) said they worked from home at least once. ONS data, from 10-14 March 2021, shows that 42% of workers worked from home at some point in the week prior to interview.



- **There are large variations in the ability of, and effects on, different groups to WFH.** Those that are able to WFH are disproportionately higher paid, aged 25-49, and in professional occupations. Women have shouldered more unpaid work since the start of lockdown, particularly during school closures. With the return of children to schools, increased prevalence of WFH could enable more sharing of childcare burdens between couples due to greater working flexibility. WFH offers opportunities for people with disabilities if support is provided.



- **Business and employee perspectives indicate that WFH may be more common in the future.** WFH was gaining popularity in previous years but the pandemic has accelerated this trend. With a potentially large shift towards WFH, there are implications for current office spaces and new working trends such as shared work spaces. Employees generally report wanting to WFH more in the future, but there are large differences in preferences, with younger people more likely to report mental health struggles while WFH.



- **The net effects of WFH on productivity are uncertain and it is difficult to isolate the causal effect.** Commuting time saved potentially improves productivity, but childcare and mental and physical health impacts could limit productivity growth. Large sectoral variations in ability and propensity to WFH have affected productivity differently across the UK.



- **WFH has had large geographic impacts and there could be larger, longer-term geographical restructuring if WFH persists.** Larger proportions of workers in London and the South East are able to WFH. People in more deprived areas are less likely to be able to WFH. City centres could face considerable reductions in economic activity. These trends pose both opportunities and risks for the “levelling up” agenda. Economic activity could increasingly concentrate in wealthier areas with more remote-workers. However, those previously working in London offices may increasingly live in other regions.

Evidence base and confidence levels

Section	Confidence	Data source	Commentary
Context	Low/Medium	ONS, Google, OECD, Governments of Germany and Ireland, SAGE.	We have used a wide variety of sources. We are limited to some extent by the amount of analysis that could be undertaken due to the lack of time series data. However, the quantitative data that we have extracted is robust, has a well-regarded methodology, and we supplemented our findings with qualitative and academic analysis.
Impact on workers	Low/Medium	Wiserd, Ipsos, ONS, CEPR, Scope, CBS, Unison, NBER, Resolution Foundation, Skillcast, UNUM, RSPH.	
Impact on people and businesses	Low/Medium	ONS, Wiserd, Harvard, OECD, Economics Observatory, IFS, Decision Maker Panel, Institute of Directors, McKinsey, UoB, Resolution Foundation, WSP, CCC.	
Impact on places	Low/Medium	ONS, Matheson et al. - Zoomshock, KPMG, YouGov, Centre for Cities, Financial Times, Hamptons, PwC.	

Section 1: Context

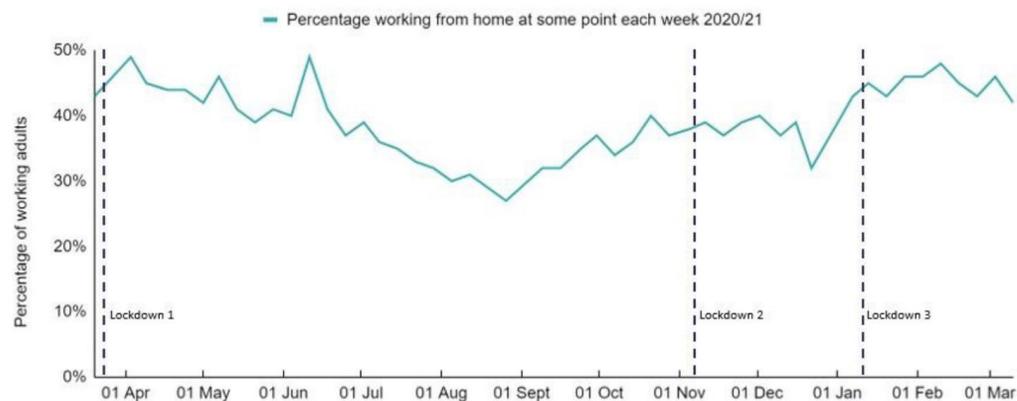




The pandemic has caused a significant shift towards WFH.

Proportion of people who worked from home at some point each week since the start of the pandemic

27% of people worked from home at least once throughout 2019



- The first lockdown was introduced on 23rd March 2020 and all non-essential businesses were required to close if employees were unable to work from home.
- **In April 2020, up to 49% of those employed were doing some work from home**, which fell to around 27% in August and rose back up to **48% in February 2021** (ONS, 2021).
- This was a substantial increase compared to pre-pandemic levels, where **only 5% (1.7m) of the workforce mainly worked from home** and 27% (8.7m) said they worked from home at least once throughout 2019 (ONS, 2020).
- There were **significant regional variations** across the UK, with 57% of those employed in London doing some work from home but only 35% in the West Midlands (ONS 2021). This is likely to be due to the concentration of the finance, IT, business, and admin services sectors in London and the South East.

Source:

ONS (2021) - Opinions and Lifestyle Survey - Non-Public data

ONS (2020) - [Coronavirus and homeworking in the UK labour market: 2019](#)



UK workplace mobility has varied since March, but has been generally lower than European countries.

UK workplace mobility

Not seasonally adjusted



Source:

Google (Feb 2021) - [Google mobility reports](#)

ONS (2019) - [Services sector, UK](#)

OECD (Jul 2020) - [Working during COVID-19](#)

ICJU(20)108 - [Economic impacts in Comparator Countries](#)

Government of Germany (Mar 2021) - [Prospects for citizens and businesses](#)

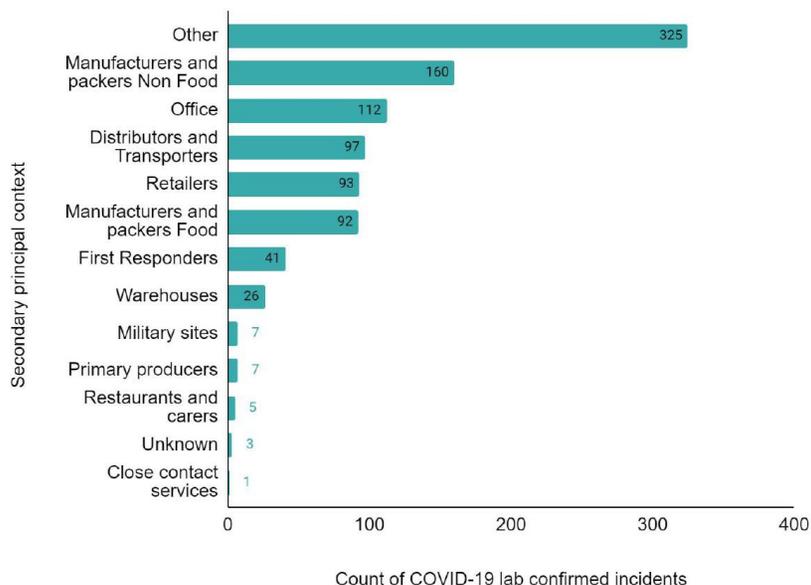
Government of Ireland (Jan 2021) - [Tánaiste publishes Remote Working Strategy](#)

- Since the January 2021 lockdown was announced, workplace mobility has remained stable at around 50% lower than the baseline, **suggesting less than half of people are travelling to work than in early 2020** (Google). This is a lower level than in November, however **workplace mobility is still higher than levels experienced in April and May 2020**. Mobility was on average 66% lower than baseline levels during this time, likely due to the slowdown in construction and manufacturing, as well as retail being relatively more restricted (no click and collect services).
- **Workers in the UK returned to workplaces more slowly than some European countries since April.**
- **The UK service sector accounts for a larger proportion of GDP than France, Germany and Italy** - 80% in 2018 (ONS, 2019). The UK had higher rates of WFH for both white and blue collar workers. This may suggest that the UK is better suited to WFH than its comparators (OECD, 2020).
- Germany has introduced a new law that means **firms are legally obliged to make WFH possible** for office workers, where face-to-face meeting is not compulsory (Government of Germany, 2021).
- **Ireland has set out a plan to make WFH a permanent option in the future.** (Government of Ireland, 2021).



WFH has reduced transmission and has been an effective non-pharmaceutical intervention.

Workplace COVID-19 incidents



Summary of JBC line level data relating to COVID-19 workplace incidents between between weeks 1 and 8 of 2021

- WFH has reduced social contact, helping to limit the spread of the virus, reduce R, and save lives.
- On 21 September, SAGE estimated that the intervention of **'encouragement to work from home wherever possible'** has a **'moderate impact'** (high confidence) and a **reduction in R of 0.2-0.4**, if all who can work from home do so.
- Transmission in workplace settings varies significantly depending on the particular environment, activities, and employee behaviours.
- Studies show that working in healthcare, social care, and hospitality is associated with a higher risk of infection, whilst food manufacturers had by far the highest rate of outbreaks. Some of the occupations with the highest mortality rates are in these sectors (ADD Spotlight; ONS).
- **However, it is unclear how much transmission takes place within the workplace and how much is associated with wider exposures in social, household, or transport settings.**
- A high number of work-related COVID-19 incidents investigated by the JBC are in offices, suggesting that WFH advice may prevent a substantial number of infections.

Source:

SAGE 58 (Sep 2020) - [Non-pharmaceutical interventions table](#)

ADD(21)040 - [Spotlight: Workplace Transmission During Lockdown](#)

ONS (Jan-21) -- [Coronavirus \(COVID-19\) related deaths by occupation](#)

Section 2: Impact on workers



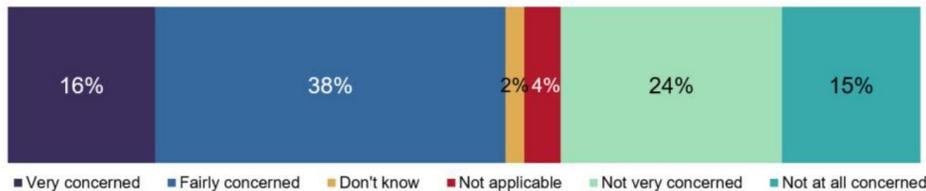


A majority of employees surveyed want to continue WFH in some form after restrictions are lifted. There is hesitancy about returning to usual places of work.

Concern about returning to the workplace

Q: *To what extent, if at all, would you be concerned if you had to return to your usual place of work in the near future?*

Data collected 12-16 August



- In June 2020, **88% of employees stated they wanted to continue WFH to some degree** (Wiserd).
- When returning to workplaces was encouraged, 'working from home only' levels fell to 20%. This may be indicative of future preferences.
- **Over half of people surveyed in August were concerned about returning to their usual place of work.** The most commonly cited reasons were: exposure to unnecessary risk (49%), concern over ability to socially distance (45%) and having to wear a mask for long periods (36%) (Ipsos).
- **As long as individuals are concerned about the risks, business may struggle to get people to return to workplaces.**
- It is unlikely that we will observe individuals' long-term preferences with regard to WFH until the threat of COVID-19 is reduced.

Source:

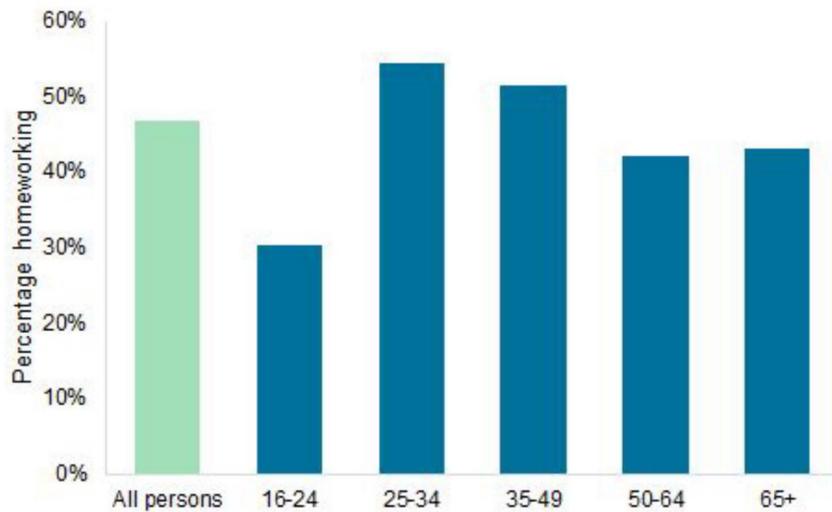
Wiserd (Aug 2020) - [Homeworking in the UK: Before and during the 2020 lockdown](#)

Ipsos (Aug 2020) - [Working post-Covid](#)

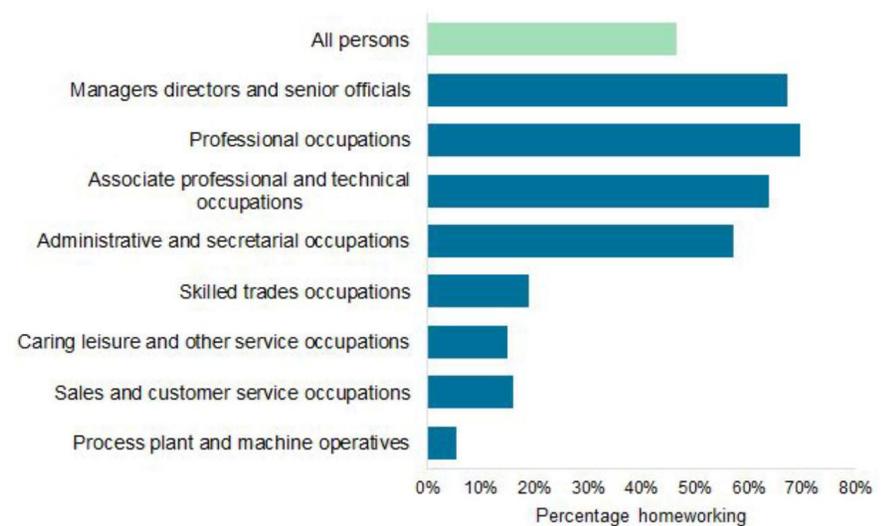


Workers aged 25-49 and in professional occupations have been better able to WFH.

Homeworking rates by age in April 2020



Homeworking rates by occupation in April 2020



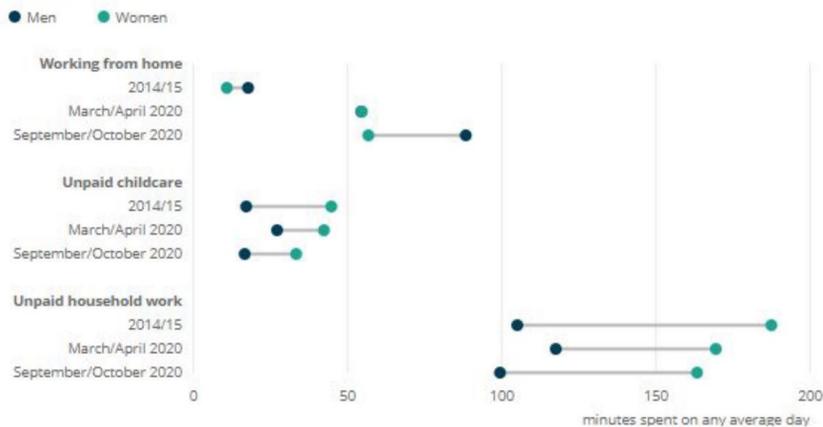
- Workers who are younger and in service and trades roles are less able to WFH.
- People who are less likely to be able to WFH are typically those who are lower paid and less skilled. These groups could have less financial and economic resilience to structural changes, like mass WFH.

Source:
ONS (Jul 2020) - [Coronavirus and homeworking: April 2020](#) - Homeworking in the LMS refers to someone doing some work in the reference week of the survey



WFH has the potential to exacerbate or improve gender inequalities.

Difference in average minutes per day spent on household work between men and women



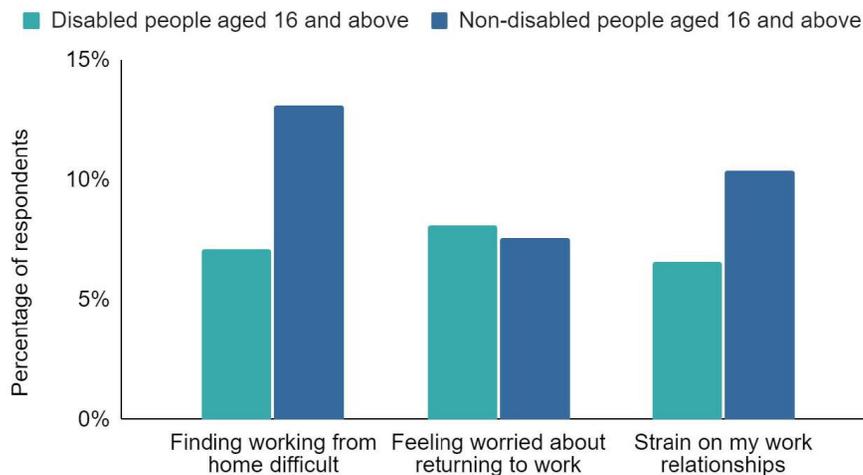
- During the first lockdown, the average time men spent on unpaid childcare and household work increased (but they began from a lower base), potentially due to men spending more time working from home (ONS).
- **However, since March 2020, women have still consistently spent more time on unpaid childcare and unpaid housework.**
- Over the long term, if women more often WFH, this **could cause detrimental female career progression** due to increased specialisation in lower tier jobs and dilution of office presence (CEPR).
- During the pandemic there has been an **increase in demand for domestic abuse victim services**, with women being more likely to experience abuse (women make up almost 3 in 4 people experiencing abuse). **It is not possible to isolate the role of increased WFH in this rise, but more frequent, enclosed contact with abusers may be contributing** (ONS).

Source:
ONS (Mar-21) - [Coronavirus \(COVID-19\) and the different effects on men and women in the UK, March 2020 to February 2021](#)
CEPR (Apr 2020) - [COVID-19 and gender gaps: Latest evidence and lessons from the UK](#)
ONS (Jul 2020) - [Parenting in lockdown: Coronavirus and the effects on work-life balance](#)
ONS (Jul 2020) - [Which jobs can be done from home?](#)
ONS (Nov 2020) - [Domestic abuse during the coronavirus \(COVID-19\) pandemic, England and Wales: November 2020](#)
ONS (Nov 2020) - [Domestic abuse in England and Wales overview: November 2020](#)



WFH can offer opportunities for those with disabilities if adequate support is provided.

Percentage of disabled and non-disabled people reporting on issues that have affected wellbeing



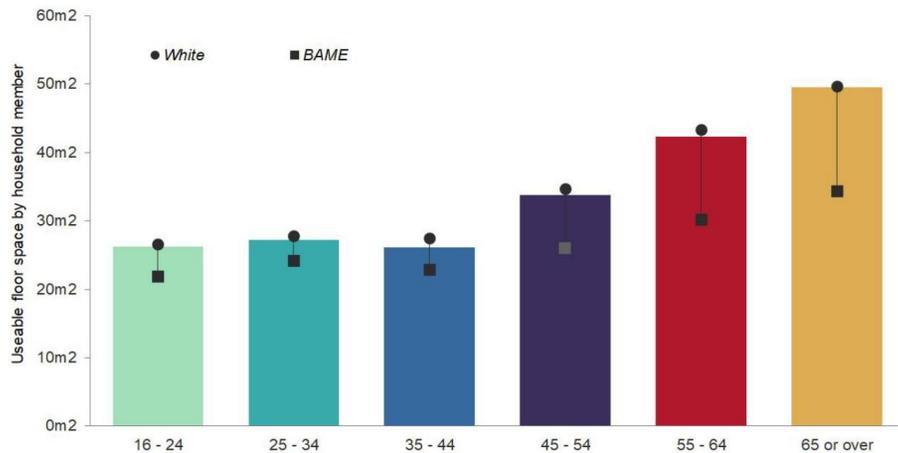
- People with disabilities were less likely (7%) to report difficulty working from home compared to people without disabilities (13%) (ONS).
- Unison has called for disabled people to be given the right to WFH after the pandemic as a reasonable adjustment. **54% of disabled people who have been working from home felt they would benefit from this in the long-term.**
- 25% of disabled workers are concerned about losing their job because their employer is unable to make it safe for them to return to work (Scope, 2020).
- With further adjustments, WFH could be a much more accessible option for those with disabilities in the future.

Source:
ONS (Nov 2020) - [Coronavirus and the social impacts on disabled people in Great Britain: September 2020](#)
Scope (Sep 2020) - [Disabled people are facing unthinkable dilemma between health and wages](#)
Unison (Aug 2020) - [Give disabled people the right to work from home after Covid-19, says UNISON](#)



People living in lower quality housing, particularly young people and ethnic minorities, are likely to be at a disadvantage.

Useable floor space per household member, by age band and ethnicity. England 2014-18



- Inequalities exist in **housing quality** between groups. **Young people**, those on **lower incomes** and **ethnic minorities**, all disproportionately live, and therefore have had to work, in lower quality housing that is more likely to have less space, damp, no garden, or be in a derelict neighbourhood (Resolution Foundation).
- Younger people and ethnic minorities are more likely to not have access to a garden:
 - Londoners are less likely to have access to a garden.
 - Access to public parks is more evenly distributed across the population (ONS).
- Some people may have previously been willing to live in these conditions due to proximity to workplaces, but this could change if there is more WFH long-term:
 - Pre-pandemic remote workers spent 7% more on larger dwellings compared to non-remote workers to accommodate their home office (NBER).

Source:

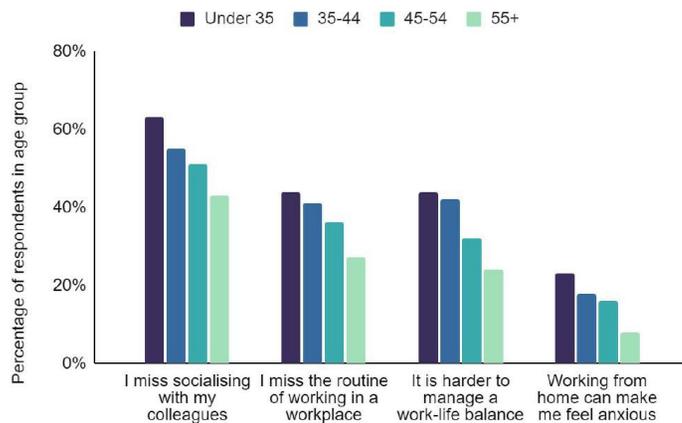
ONS (May 2020) - [One in eight British households has no garden](#)
NBER (Feb-21) - [Housing consumption and the cost of remote working](#) (uses USA data)
Resolution Foundation (Jul 2020) - [Lockdown living](#)





Many employees report benefits of WFH, but younger workers are more likely to report negative effects. WFH can disrupt physical health and exercise routines.

Experiences of working at home by age group



- Skillcast (2020) WFH insights survey found that employees largely experienced some of the following **benefits of working from home**:
 - WFH is liberating (48%); and less stressful than a workplace (38%).
 - WFH is more productive without the usual workplace interruptions (33%).
- There was a reduction in occupational injuries for some sectors, although with restrictions on these sectors being relaxed, this effect is unlikely to be sustained.
- **Young adults (under 35)** were most likely to **report negative impacts of WFH**, with 23% of young adults feeling that WFH made them feel anxious, as they did not fully understand what was expected from them.
- The pandemic has likely impacted people's physical health. Latest ONS data estimates **over 3 in 10 respondents experienced disruption in their exercise routine**. 50% of employees say they have gone for a walk less frequently and 47% say they are not taking a break every hour as much as they would do in the office (UNUM, 2020).
- **Lower quality housing for remote-workers has implications for productivity, and mental and physical wellbeing**. RSPH revealed that almost half (48%) of those who worked from a bedroom or sofa developed a musculoskeletal problem, which is likely to be more of an issue for those in lower quality housing without adequate equipment. Women were more likely to develop musculoskeletal issues than men (RSPH, 2021).

Source:

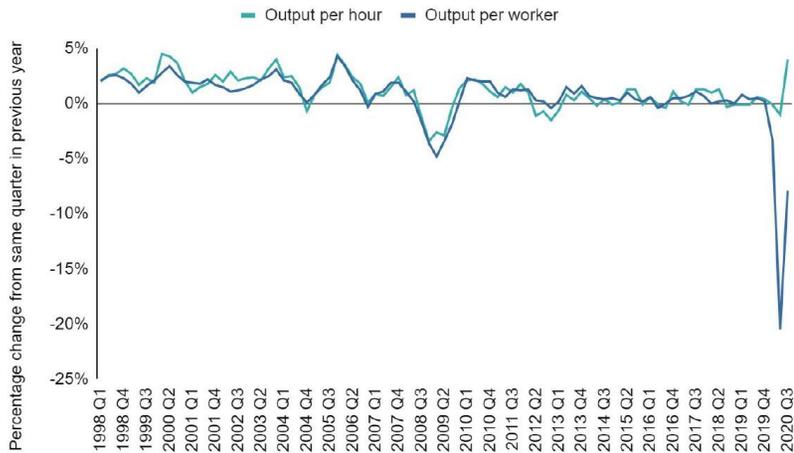
Skillcast (May 2020) - [Ups & Downs of Working from Home](#)
 ONS (2021) - [Opinion and Lifestyle Survey, February 2021](#)
 UNUM (Oct 2020) - [Remote working and the risks to physical health](#)
 RSPH (2021) - [Survey reveals the mental and physical health impacts of home working during Covid-19](#)

Section 3: Impact on business and the economy



The impact of WFH on productivity is uncertain.

Comparison of output per hour and output per worker



- **The net effects of WFH on productivity are uncertain and it is difficult to isolate the causal effect.** Productivity fell significantly in 2020 and growth remained negative up to Q3 2020. It is likely that this fall is due to sectors being closed or paused during the first lockdown, rather than solely due to WFH (ONS).
- Output per hour jumped in Q3 2020 as less productive sectors of the economy such as hospitality and recreation saw larger decreases in hours worked (ONS).
- In June, 41% of homeworkers stated that they were able to get as much work done as six months earlier; 29% said they got more done and 30% said less (Wiserd, Aug 20).
- **WFH has the potential to improve or hamper worker efficiency with the impact dependent on a number of factors,** including: efficient IT and digital systems, managerial oversight, effective communication and knowledge flows, and worker well-being (OECD).
- The pandemic has also introduced other factors that affect productivity, such as additional childcare responsibilities (particularly for women), reduced wellbeing due to the impact of lockdown, and the fact that WFH has been enforced rather than the choice of the worker (Economics Observatory).

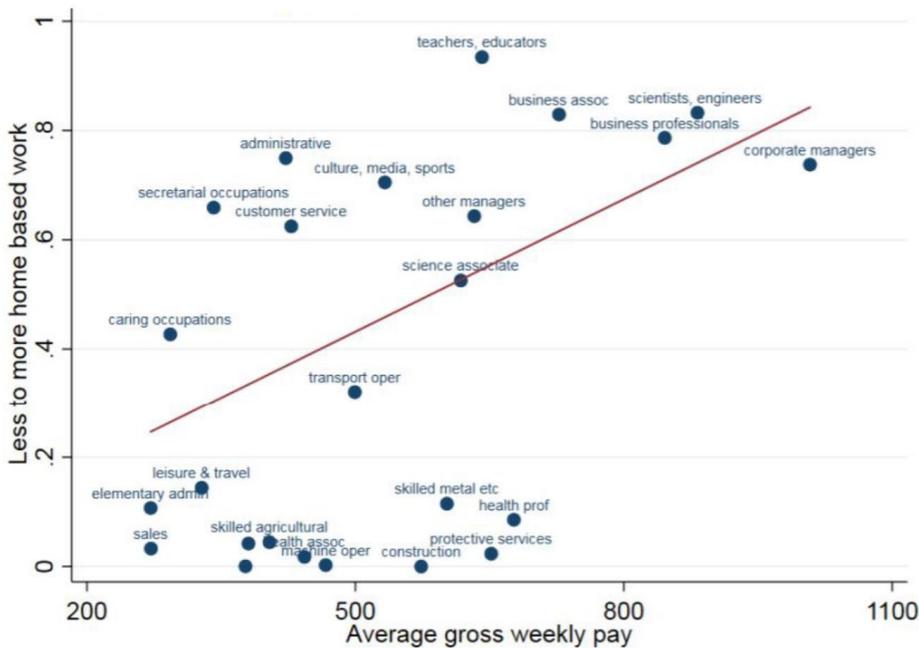
Sources:

ONS (Oct 2019) - [Families and the labour market, UK](#)
Wiserd (Aug 2020) - [Homeworking in the UK: Before and during the 2020 lockdown \(self reported\)](#)
ONS (Jan 2021) - [Productivity economic commentary, UK: July to September 2020](#)
OECD (Sep-20) - [Productivity gains from teleworking in the post COVID-19 era : How can public policies make it happen?](#)
Economics Observatory (May-20) - [Who can work from home and how does it affect their productivity?](#)



There are large sectoral and occupational differences in ability to WFH.

Average pay by ability to WFH



- WFH at the start of the pandemic (April 2020) was most prevalent among the information, finance, and scientific sectors.
- **Hospitality, recreation and retail had some of the largest percentages of workers furloughed** - indicating limited ability to WFH. Workers in these sectors are disproportionately young, female and ethnic minorities (IFS 2020).
- Average salaries are higher for those working in industries where employees can avoid workplaces. For example, the average salary for the finance and insurance sector in 2020 was c.£46,000 but c.£26,000 for wholesale and retail (ONS, 2020).
- **Industries that have less ability to WFH, such as accommodation and food services, have seen the highest job losses and have been the most reliant on the furlough scheme.**
- Since April 2020, some businesses and institutions have adapted further. The education sector has developed infrastructure to facilitate online learning, while retailers have turned to online sales, with a record 36% of sales taking place online in February 2021 (ONS, 2021).

Source:

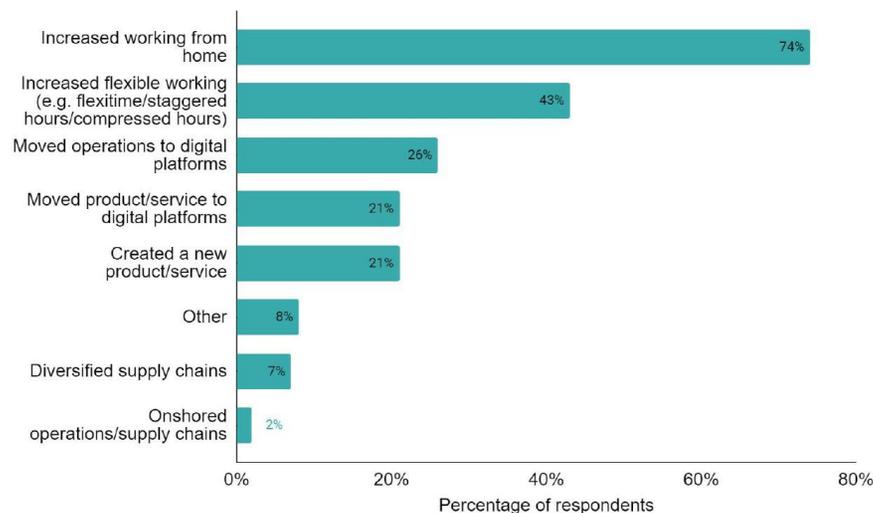
ONS (2020) - [Annual Survey of Hours and Earnings time series of selected estimates](#)
 IFS (May 2020) - [Getting people back to work](#)
 ONS (2021) - [Earnings and employment from Pay As You Earn Real Time Information](#)
 ONS (2021) - [Retail sales, Great Britain: February 2021](#)





Businesses intend to keep higher levels of WFH after the pandemic.

Have you made any of the following changes to your organisation due to the pandemic that you intend now to keep in place?



- **74% of company directors have stated that their organisation intends to increase WFH.** 43% intend to keep increased flexible working (IoD, 2020).
- 40% of those who were using their workplace less reported that their new setup was proving more effective than before the pandemic.
- Across all sectors, 15% of executives suggested at least 10% of their employees could work remotely two or more days a week going forward, almost double the 8% of respondents who expressed that intention before COVID-19 (McKinsey, 2020).
- **It is likely that a hybrid approach will be a more common feature in the future.**
- If WFH is to be a prominent trend in the near future, it is important that productivity growth is maintained. Some **smaller businesses may require Government support** to access the technology needed to harness the advantages of working from home.

Source:

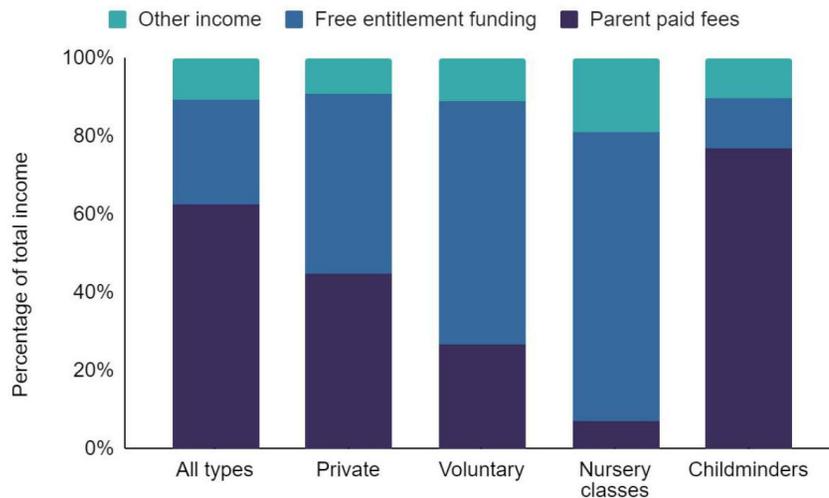
Institute of Directors (Oct 2020) - [Home-working here to stay, new IoD figures suggest](#)

McKinsey (Sep 2020) - [The postpandemic workforce](#)



Increased WFH could lead to reduced demand for the childcare industry.

Sources of income, by type of childcare provider



- During the first lockdown, almost all children aged 0-4 ceased use of childcare, except for vulnerable and key worker children. After restrictions were eased, only 47% returned to their childcare provider settings in September 2020 (UoB, 2020).
- Many providers that rely on parents fees are financially unstable in the short-term as demand remains low (IFS, 2020).
- The fall in demand may only be temporary as many parents who can WFH may have decided to continue without childcare.
- However, if some firms are forced out of the market in the short-term, this could cause periods of unmet demand for childcare in the future, potentially **impacting parents' ability to work and children's development**, as well as the price of childcare.
- Intensive early childcare interventions, such as high-quality childcare, have large, long-lasting impacts on children's educational and employment outcomes. Childcare allows parents, particularly mothers, to participate in the labour market (Economics Observatory 2020).

Source:

University of Birmingham (Dec 2020) - [The Impact of the COVID-19 Crisis on Childcare and Implications for Participation in the Labour Market](#)

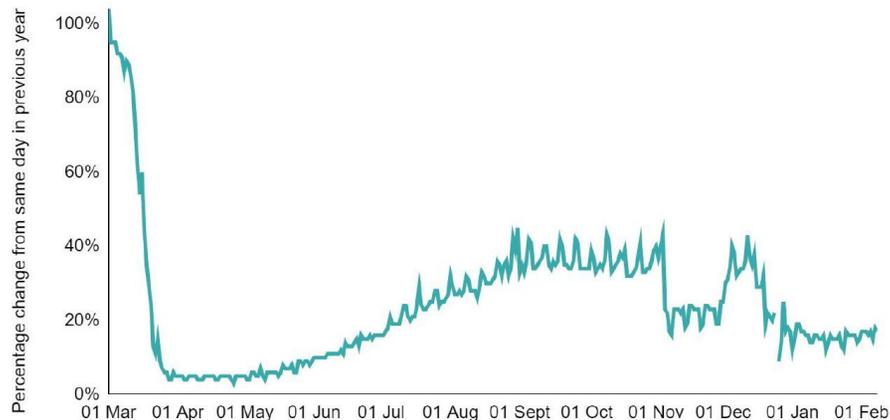
IFS (Sep 2020) - [Challenges for the childcare market: the implications of COVID-19 for childcare providers in England](#)

Economics Observatory (Sep-20) - [How has the Covid-19 crisis affected pre-school childcare?](#)



Public transport use has fallen during the pandemic, with likely savings on time and commuting costs for those who WFH, but at additional cost to the Government.

TfL Tube usage



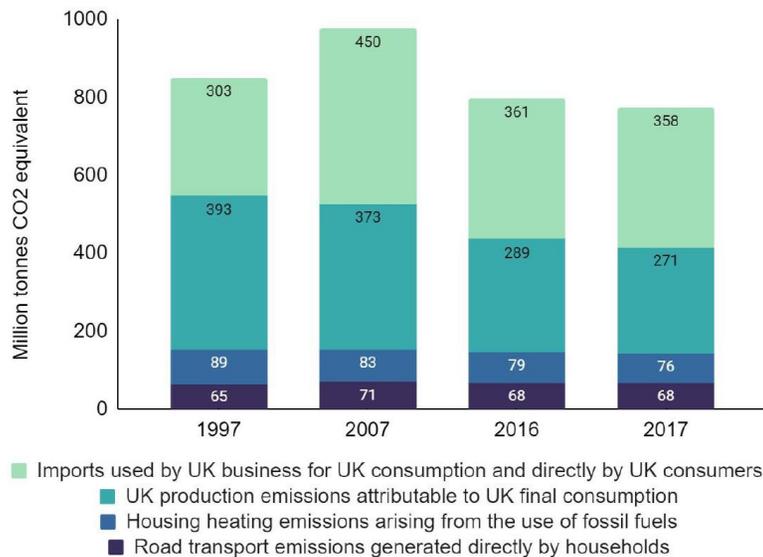
- **TfL Tube** use in January 2021 was around 15% of that in 2020. This could potentially be due to a greater emphasis on WFH, as well as a decline in children and tourists using public transport (DfT, 2021).
- On average, household spending fell by 10% in 2020, with the highest fall in transport expenditure (32%), including commuting costs (Resolution Foundation).
- There will likely be a smaller fall in the use of public transport elsewhere, as London and the South East had the highest ability to WFH.
- Total Government support for buses and trams has exceeded £700 million in 2020 (DfT, 2020). This support will likely have to continue until significant public transport usage returns.

Source:
DfT (Feb 2021) - [Transport use during the coronavirus \(COVID-19\) pandemic](#)
Compliance with working from home and covid-secure measures (Unpublished)
Resolution Foundation (Jan 2021) - [Pandemic pressures](#)
DfT (Aug 2020) - [Government extends coronavirus support for buses and trams, total funding tops £700 million](#)



WFH can reduce carbon emissions if homes are heated efficiently.

Sources of carbon emissions



- The reduction in the use of cars and public transportation to travel to work has caused emissions from transportation to decline (DEFRA, 2017).
- It is estimated that if someone worked from home all year, heating their entire house during the winter, they would produce 80% more carbon emissions than the average office worker (WSP 2020). This is also likely to increase the cost of workers' heating bills. However, if homes are heated efficiently i.e. heating only the home office, **WFH could reduce carbon emissions by around 55% per worker in comparison to the average office worker.**
- On the other hand, if those who are able to **WFH did so during the summer but returned to the office in winter, 400kg of carbon emissions would be prevented per person** (5% of a typical commuter's carbon footprint).
- Household heating emissions have been steadily declining in recent years, but a move towards WFH could see this trend reversed.
- The Climate Change Committee notes that shifting towards positive, long-term behaviours, such as WFH, is important for the UK's green recovery (CCC, 2020).

Source:
DEFRA (2017) - [UK's Carbon Footprint 1997 – 2017](#)
WSP (2020) - [Can office working save our carbon footprint?](#)
Climate Change Committee (CCC) (2020) - [Take urgent action on six key principles for a resilient recovery](#)

Section 4: Impact on places



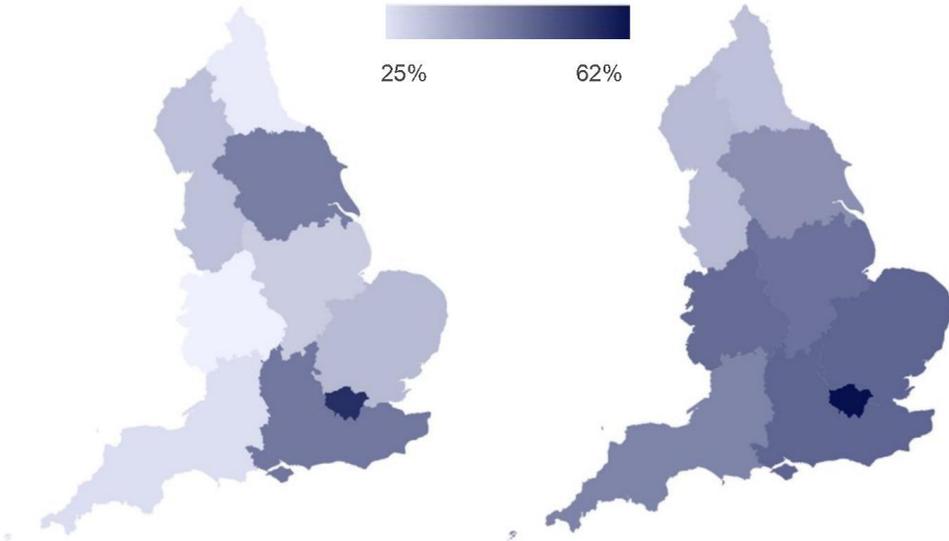


Regions with greater ability to WFH will be most affected if this becomes more common in future.

Proportion of workforce working from home by region

10 to 13 Dec 20

3 to 7 Feb 21



- **There are regional differences in the percentages of people WFH.** London and the South East have the greatest ability to WFH, largely due to the concentration of certain sectors, such as finance and IT.
- Therefore, **these regions may be most affected by the potential long-term impact of increased WFH.**
- Typically the regions with a lower proportion of people working from home, such as the North and Midlands, have to commute a greater distance on average to go to work.
- As it becomes less necessary to live in a commutable distance to London, more workers in these areas may choose to live in the Midlands or North. This could have positive consequences for these regions and **promote the 'levelling up' agenda.**

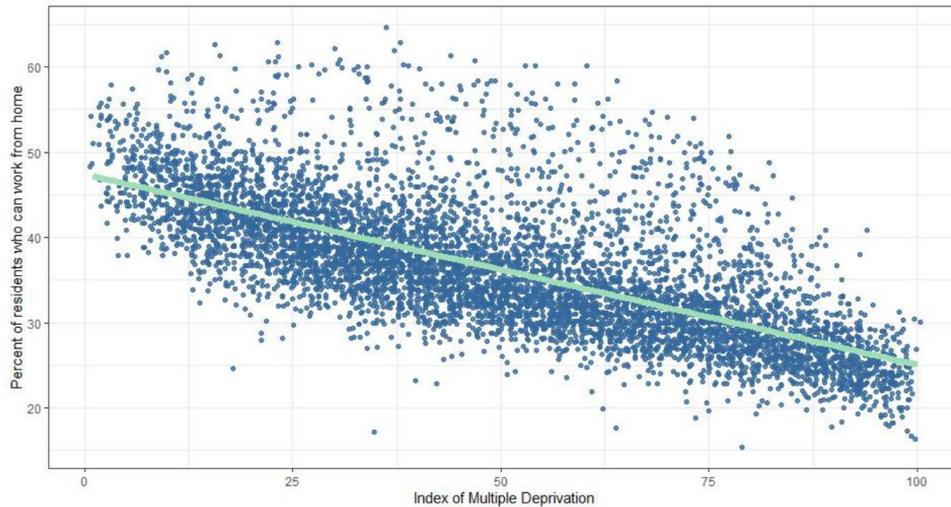
Source:
ONS (Jan 2021) - Opinions and lifestyle survey (Unpublished data) - Proportion (%) of working adults who worked from home in the past 7 days by region.



Those in more deprived neighbourhoods are less able to WFH. Over the long-term this could exacerbate existing inequalities.

Relationship between working from home and deprivation

Higher IMD score = More deprived. Each dot is a mean IMD score for a MSOA



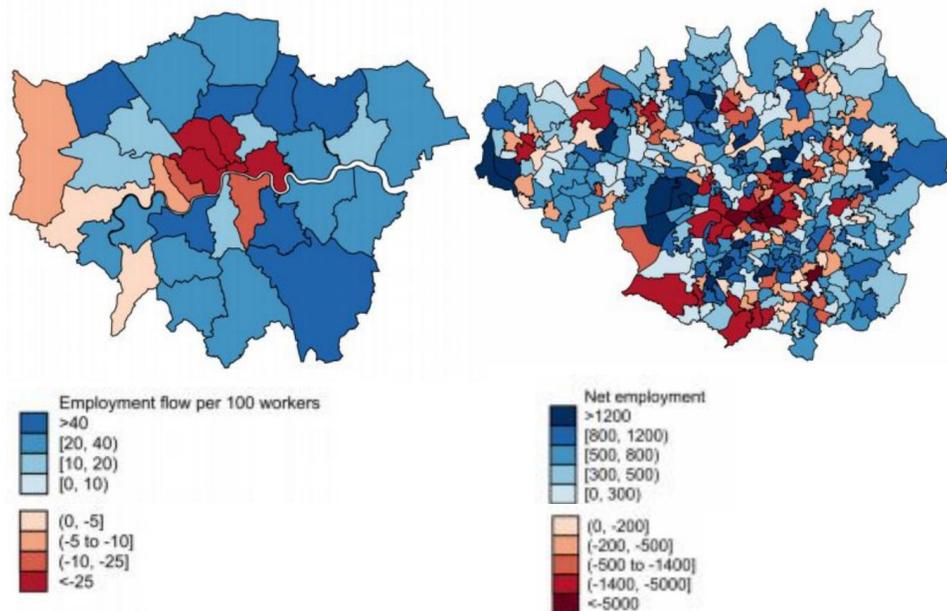
- There is a strong correlation between deprivation and the percentage of residents able to WFH.
- If working from home becomes the new normal, **consumer services** (restaurants, gyms etc.) may **migrate from city centres to wealthier residential areas, exacerbating existing inequalities.**
- We could also see wealthier homeworkers relocate, possibly to rural, coastal and suburban areas, which could result in amenities shifting to these areas.
- **These potential impacts may pose challenges and opportunities to the “levelling up” agenda:**
 - Existing inequalities within cities could widen.
 - At the same time, there could be a geographic rebalancing as high-skilled workers migrate to towns, rural or coastal areas.
 - With some people no longer tied to certain locations for work, regional inequality could be reduced.

Source: Matheson et al (Feb 2021) - [Five charts that reveal how remote working could change the UK](#)



WFH results in a geographical mismatch of supply and demand for services in cities.

London and Manchester 'Zoomshocks'



- Maps of London and Manchester illustrate the **'Zoomshock' effect** on employment flows. Red areas are where workers who live somewhere else but usually work in that area are now WFH. Blue areas show the reverse; areas where those who live there usually work elsewhere but are now WFH. **City centres have negative employment flows while peripheries benefit** (Matheson, 2021).
- As more people WFH, fewer people work in city centres and demand for consumed services (cafes, restaurants, gyms, hairdressers etc.) is displaced to surrounding areas. **Economic activity becomes less concentrated in centres and becomes geographically dispersed.**
- A similar effect occurs at a more granular level within boroughs and across other UK cities.
- 6 of the 10 local authorities with the largest negative 'Zoomshocks' are in London. The other 4 are Manchester, Cambridge, Newcastle and Nottingham.
- The implications for policy depend on the extent of WFH in the future. If WFH becomes a more permanent feature then policy could encourage the supply of locally consumed goods to match the new demand in surrounding areas.

Source:
Matheson et al (2021) - [Zoomshock: The geography and local labour market consequences of working from home](#)



City centre footfall has plummeted, partly due to WFH. London has been particularly badly hit.

Google Mobility reports - Retail and Recreation Mobility % change on Baseline



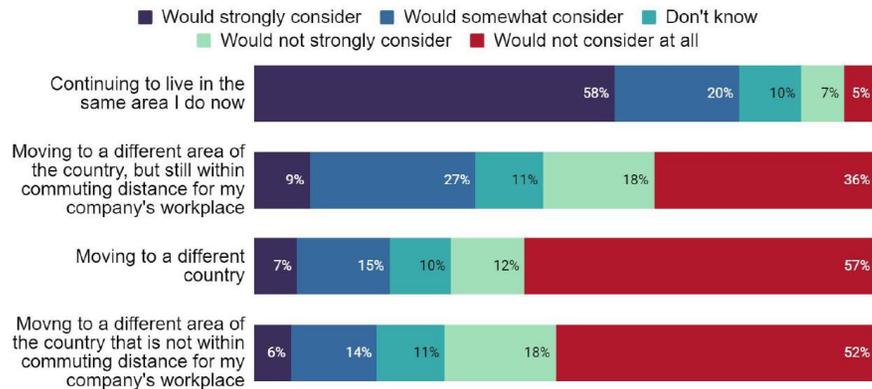
- Retail and recreation mobility has consistently been **lower in large cities and urban areas**, like London and Birmingham, compared to smaller urban areas, like Doncaster and Bradford, as shoppers and office workers move away from cities to suburbs (Google, 2021).
- London, particularly **inner London**, has seen the **largest drop and a slow recovery in card spending**. In the week ending 28 Feb year-on-year in-store spending was -42% in London, while all other regions ranged from -13% to -26%. During looser restrictions in September, spending in London remained lower than other regions (ONS Neptune).
- Local authorities in central London, such as Westminster and Camden, consistently show the largest decreases in spending since March. These decreases are partially due to increased WFH but also other pandemic impacts, such as reduced inbound travel (such as tourism).
- Illustrative BEIS & MHCLG analysis* estimates that up to 5m workers may not commute daily (given they work 3-5 days a week remotely). This could displace spending from hospitality, retail, and entertainment, and cause displacement in local service sector jobs, while alleviating pressure on public transport systems (BEIS, 2021).

Source:
 KPMG (2021) - [The future of towns and cities post COVID-19](#)
 BEIS Analysis of Google Mobility data (Internal)
 ONS Neptune card spending data (Non-public)



The geographical distribution of workers could change, with many moving out of cities.

If working from home was a permanent option, which of the following would you consider?



- When asked about the possibility of working from home full time, **36% (49% in London)** would somewhat or strongly consider moving to a different area, still within commuting distance of their workplace (YouGov, 2020).
- If remote-working is possible then this could prevent the “**brain drain**” of **graduates** moving to London and assist with “**levelling up**”. It is estimated that 38% of first or second class Russell Group degree holders move to London after graduation (CfC). Although, many move out of London when considering having a family/moving into a larger property.
- Another consideration is the possibility of **employees currently working in the UK moving abroad**. More respondents either somewhat or strongly considered moving abroad (22%), than moving to an area within the UK that is not within commuting distance (20%).
- Furthermore, if work can be done from home, then **some jobs could potentially be outsourced by companies to cheaper labour abroad**. (Financial Times, 2020).

Source:

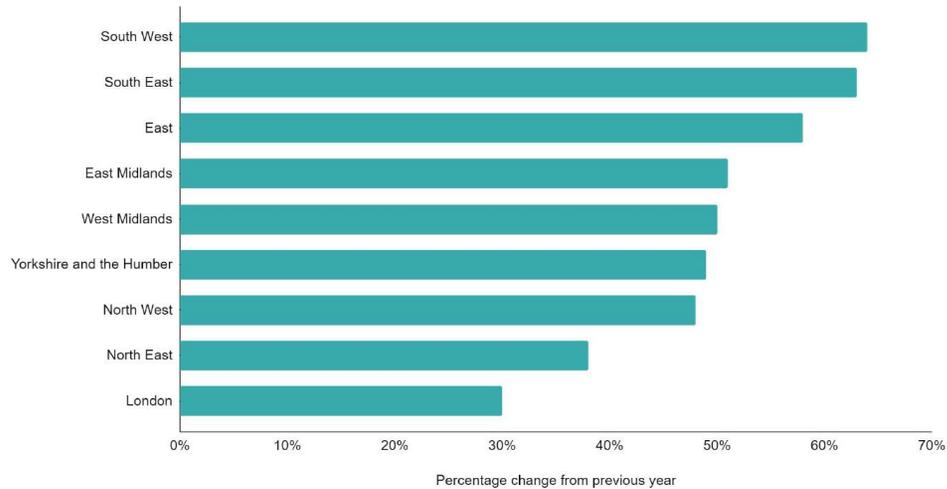
YouGov (2020) - [Survey report](#)
 YouGov (2020) - [Most workers want to work from home after COVID-19](#)
 Centre for Cities (2016) - [The Great British Brain Drain](#)
 FT (Aug 2020) - [If you can do your job anywhere, can anyone do your job?](#)
 FT (Jun 2020) - [Working from home could help the UK to level up](#)





Geographic house demand could change, affecting house prices.

Year-on-year change in sales demand, week commencing 14th Dec



- House prices grew strongly in 2020 (+7.6%), reflecting pent up demand after the market reopened in May, the Stamp Duty holiday, and a shift in consumer preferences towards homes with more space, in less urban areas and with gardens (MHCLG).
- However, **demand was weaker in London and for flats** - likely reflecting demand for more space and potentially a sign of a future trend. The average moving distance for those leaving London is around 40 miles, further than ever before (Hamptons).
- In the longer term, if the pandemic leads to a permanent increase in the number of people working from home, there will likely be a **structural shift in demand towards more spacious properties** and away from properties close to city centres or commuter stations. This could cause a decrease in house prices and rent in London and city centres, with increases in surrounding areas.
- Analysis by PwC suggests that over the next decade, there could be 400,000 fewer people living in both city centres and suburbs, and 800,000 more people living in towns and villages.

Source:
MHCLG (Feb 2021) (Non-Public) - Britain after Covid-19: what may be different post-pandemic?
Hamptons (Dec 2020) - [London leavers buy 73,950 homes outside the capital](#)
PwC (Sep 2020) - [UK economic update, September 2020](#)



Cabinet Office

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