

Remote Working: Implications for Wales

March 2021



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March 2021



About the Committee

The Committee was established on 28 June 2016. Its remit can be found at: www.senedd.wales/SeneddEIS

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Welsh Conservatives

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Chair's foreword

The “Great Homeworking Experiment” has busted myths about remote working and demonstrated huge environmental benefits. But Welsh Government's ambition for 30% of workers to continue working ‘at or close to home’ has far-reaching implications.

Home schooling children, cats and dogs all hovered in the background of our evidence sessions, highlighting the difficulties of homeworking without the right conditions. The widespread hope and expectation is that a healthier hybrid model of flexible working will emerge, and that this will be a good thing. Our findings challenge that. For some disabled workers forced homeworking has been a “game changer”, but a lot of work is needed by Welsh Government to protect all workers' rights, ensure managers have the right skills to support healthy remote working, and prevent a “two tier” workforce.

Emerging evidence suggests the 30% ambition is achievable, but as well as obvious environmental gains, the wider socio-economic impacts must be measured and mitigated. Higher skilled, better paid workers will benefit most, and the implications of this for the rest of the workforce, and for public funding, need to be considered. Better digital infrastructure and digital skills are a priority for government to level the playing field. The shifting of office workers from city centres to local neighbourhoods has potentially huge implications for urban areas, service sectors and the public transport network, but could present some exciting opportunities to re-imagine our cities and communities. We welcome an integrated impact assessment by Welsh Government, which must be based on robust definitions and better data. As more information emerges a coordinated policy response will be needed on retail, spatial planning, community cohesion policy and investment in digital and transport infrastructure.

We are extremely grateful to everyone who contributed. Working remotely allowed us to gather expert views from as far afield as Finland and the Netherlands. Our inquiry benefitted greatly from the academic research of

Professor Alan Felstead and Dr Darja Reuschke. We hope their reports, and ours, will together help shape thinking for this Welsh Government and the next one.

Russell George MS

Chair, Economy, Infrastructure and Skills Committee

1. Introduction

In September 2020, Welsh Government stated its long-term ambition to see “around 30% of Welsh workers working from home or near from home on a regular basis “after the threat of Covid-19 lessens”. This report explores that ambition - is it desirable and achievable, and what will the impacts be?

1. The Deputy Minister for Economy and Transport announced the remote working policy in a press release on 13 September which stated the aim for 30% of Welsh workers to work “from home or near from home”. This was followed by a more detailed written statement on 14 September on embedding remote working, setting out the benefits for congestion, air quality and productivity, and stating “We aim to see around 30% of the workforce working remotely on a regular basis. “ Since the inquiry began, Welsh Government has also commissioned [research on economic impacts from the Wales Centre for Public Policy](#) (WCPP). This Committee’s report explores the importance of clear definitions, careful measurement and monitoring, and impact assessment to inform development of the policy.

Terms of Reference:

2. The inquiry terms of reference were to explore the Welsh Government’s proposals around remote working, including the ambition of ‘30% of Welsh workers working from home or close to home’ on a regular basis, and the proposed development of remote working hubs. To look at the potential effects of this policy on Wales, in terms of impacts on:

- 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 with poor connectivity);
- The environment; and
- The transport network and infrastructure.

3. The inquiry also examined what Welsh Government could learn from the approach taken in other parts of the UK and internationally.

The Evidence Base

4. The Committee received 18 detailed and thoughtful consultation responses from a diverse range of stakeholders, including business, academia and the third sector, along with evidence submitted by oral witnesses.

5. Members also decided to commission further Wales-specific academic research, and were assisted by the Senedd Research Service in scoping work with a range of experts. In particular the Committee was keen to understand how different businesses and sectors might be affected, what impacts the proposed community hubs might have on town and city centres, and on any evidence available from countries with a relatively high proportion of workers who work remotely.

6. The Committee is hugely grateful to all those academics who expressed an interest in working with the Committee on this inquiry, and who gave oral evidence, including Dr Jane Parry and Professor Abigail Marks. Particular thanks are due to Professor Alan Felstead and Dr Darja Reuschke, who with their academic colleagues went on to provide the Committee with detailed reports of their research findings. The Committee is publishing this commissioned work alongside its report, and is sure that everyone interested in this field will find it highly informative.

7. Oral evidence was also taken from business representatives and co-working space providers; transport operators; unions and equality bodies; Swansea Council and international experts in Finland and the Netherlands. The Committee would have liked to receive more input from local authorities, who are working hard to address the uncertainty surrounding the pandemic's effect on their high streets and town and city centres, but understands the pressures

they are under to respond to the immediate impact on businesses and communities.

8. This report comes late in the Senedd term, being published within weeks of what we expect to be the pre-dissolution period before Senedd elections. The report recommendations will therefore be for an incoming Welsh Government to consider, but the implications for Wales of increased remote working will need to be grappled with, alongside the challenges of rebuilding the economy, supporting the resilience of communities and tackling the climate emergency.

2. Definitions and Policy Goals

9. The term ‘remote working’ was chosen for the inquiry to reflect Welsh Government terminology, however the exact definition, and Welsh Government’s policy objectives, remained unclear from Welsh Government’s initial statements and press release in mid-September. On 14 September it stated:

“We want to retain the benefits of working from home. We want employees to have more opportunities to work from home or in a local office more of the time, where it works for them and for their employer – not less.”

10. In evidence to the Committee on 9 December Professor Felstead said:

“I think this committee should make a strong recommendation about measurement and press Welsh Government to what it means by 30 per cent, because it's incredibly vague, I can tell you.”

11. Professor Felstead also questioned how far from home can be counted as ‘working near from home’, and suggests that such imprecision in a definition can make it hard to hold a government to account.

12. Dr Jane Parry also told the Committee that as organisations are already gathering their own data, robust definitions of ‘remote working’ are needed to allow systematic comparison across the Welsh labour market. The Committee agreed with these views that greater clarity was needed.

13. Welsh Government says it wants to “capture the benefits” of remote working for its “Transforming Towns” vision, and in written evidence to the Committee in February 2021 stated the policy:

“provides an opportunity to ensure the behavioural change we have seen in our communities becomes a platform for rebuilding our economy and taking action against climate change.”

14. In its public consultation on people’s preferences for co-working hubs, via ‘Commonplace’, Welsh Government listed the benefits in more detail:

- More flexibility and better work/life balance;
- Less traffic, especially at peak times;
- Less air and noise pollution;
- Reduction in travel time;
- Provides the opportunity to redesign our towns and city centres.

15. The Deputy Minister for Economy and Transport told the Committee on 24 February that its working definition of remote working was:

“working outside of a traditional office or central place of work, which includes working at home or close to home in your local community.”

16. He said that it was emerging policy area for Welsh Government and that “we don’t yet have all the answers and it’s an evolving picture.”

17. When questioned on how the ambition of 30% had been arrived at, he explained that cabinet had identified an opportunity to “bottle some of the good things” that had come from the first lockdown experience in tackling the adverse effects of poor air quality, congestion and rising emissions, by “trying to maintain the level of remote working, flexible working, homeworking as a permanent feature of work in Wales.”

18. The Deputy Minister said the cabinet had considered “a range of options” in deciding on the 30% target, although he did not detail the source(s) of data, beyond pointing to the “something like 45%” figure for homeworking during the first lockdown period. He acknowledged that included people working at home “under duress”. He said there had been significant concerns in cabinet about the equality impacts in particular of setting too high a level of ambition - home is not a happy place for everyone - so it had “settled on the lower end” of 30%, pointing to the 40% who were currently still homeworking in February 2021.

19. The Deputy Minister said the target was “achievable but not easy”, but to avoid letting things “drift back” it was important to lock in the behaviour change. Simon Jones of Welsh Government explained the policy was integral to the Wales Transport Strategy, which was why it was being led by Transport Ministers, and without some targets it would be difficult to demonstrate success. He

pointed out that “removing the need to travel is the top of our transport hierarchy” and this was a “crucial piece” in delivering the statutory 2050 requirements for reduction in carbon emissions, therefore it would be “a bit odd” not to have a target set.

20. Some evidence to the inquiry focused on wider issues around ‘flexible working’ that fell somewhat outside the terms of reference, but definitions matter and are important for monitoring and evaluating outcomes. Cerys Furlong of Chwarae Teg, which works with businesses to demonstrate how flexible working promotes gender equality to boost business growth and productivity, said:

“...the terminology and the difference between flexibility, agile, remote and distributed. All of those matter. Naturally, agile working is perhaps a better term to use and it focuses on the results and the output of that working rather than the hours worked, and that's a big shift for employers to make, but that's all that really makes a difference.”

21. Chwarae Teg says the term “agile working” means “work is an activity, not a place” but doesn’t necessarily mean home working. It means one size doesn’t fit all - a common theme from witnesses - and an organisation that is ‘agile working’ offers lots of different job design options and is therefore agile in its approach to delivery of its products and services. At least 12 job design options are suggested, ranging from part time and job share to job rotation and skills-based tasking.

22. The FSB Wales said it was important to maintain the distinction between ‘home’ and ‘remote’ working, in order to mitigate the risks and provide clarity on the benefits.

Evidence Base - Collecting data and monitoring impacts

23. Additional academic research commissioned by the Committee demonstrated that the evidence base is currently quite limited, relating primarily to data on traditional ‘homeworking’, i.e. working ‘at’ home, for office workers, and with recent data reflecting forced homeworking under Covid-19 restrictions.

24. More long-term Wales-specific data collection is needed - Welsh Government needs to be very clear on its policy objectives and provide robust definitions, and ask the right questions accordingly. Professor Felstead suggested this should include survey questions more closely aligned to its remote working policy in the National Survey for Wales, and in the new Fair Work Wales Survey proposed by the Fair Work Commission, in order to collect better employer data. With so much uncertainty about the shape of the economic recovery and the future behaviour and decisions of employers and employees regarding remote working, gathering robust data from employers and employees from as many sources as possible will be vital.

25. Lea Beckerleg from Welsh Government said there was:

“an appetite across the UK and the devolved administrations to track these trends in changed work patterns and at the moment none of the indicators fit - they’re all about working from home.”

26. She said statisticians were working together and there was a “tentative agreement” for inclusion in UK surveys, for questions to also go into the National Transport Survey and Annual Population Survey, The Committee welcomes a wide range of detailed data collection and stresses the importance of making it available to stakeholders early and often, in order to help businesses plan.

27. When asked why it had set a target before gathering an evidence base, the Deputy Minister said Welsh Government wanted “a ballpark figure to aim towards” before doing further work to consult and better understand the evidence, to ensure the policy does not serve to “entrench some existing inequalities and disadvantages”.

The potential for 30% remote working in Wales

28. The gradual slow upward trajectory for “homeworking” before the pandemic (1.5% in 1981 to 4.7% in 2019) was accelerated massively by the pandemic: Professor Felstead points out that across the UK it rose to 42.5% in April 2020, remaining at 36.5% after the lockdown. In Wales it rose from 3.8% to 36.8%

- 29.** Dr Reuschke's research shows that before the pandemic Wales had fewer people in urban and rural areas working from home than in English local authorities, and that there has been a substantial increase in both urban and rural areas. Overall in the UK the rise in homeworking has been more in urban than rural areas, however noticeably in Wales there has been a slightly higher increase in rural areas. Proportionally more people who were new to homeworking in rural areas of Wales also want to continue with it in future when there are no social distancing measures.
- 30.** The vast majority who can already work from home want to see a more flexible hybrid working model for the future, creating better work-life balance and balancing the positives and negatives of remote working versus being in the workplace. The Equality and Human Rights Commission (EHRC) warned that employees are worried employers will return to previous inflexible working practices, which would be "regressive" given the benefits.
- 31.** There is a widespread assumption that increased remote working is a long-term trend - as Llyr ap Gareth of the FSB Wales noted, many cultural barriers to remote working have "gone by the wayside", and it is a case of how to manage the change. Professor Felstead points out that employer surveys carried out by the CIPD, IoD and CBI also suggest that "homeworking is here to stay with productivity, if anything, expected to rise not fall as a result." [CIPD survey data](#) suggested working from home on a regular basis is expected to increase to 37%, roughly double the pre-pandemic total, with employers expecting on average 22% to work at home all the time, compared to 9% before.
- 32.** The 30% target (as much as it is clear what that target means in terms of performance measurement) can be achieved says Professor Felstead, but it will be higher skilled managerial and "white collar" workers with the ability to work from home who are in that target group - the significant social equality implications of that must be considered.
- 33.** Paul Slevin of Chambers Wales thought the target was achievable based on analysis. Ian Price of CBI Wales said it would depend on "how you cut it" - he said if hybrid working is adopted it doesn't mean everyone will be homeworking at the same time.

34. The FSB Wales say it is right for it to be an ambition and a soft target, rather than a mandated target placing regulatory burden on small businesses, but it is a “useful strategic marker” for holistic policy development.

35. The Future Generations Commissioner welcomed the target, though said “potentially, that that could be higher”. The North Wales Wildlife Trust said that it was “not sufficiently ambitious to address the climate and biodiversity emergency” and should be “at least” 30%. It called for a fundamental review of all highways schemes to assess the degree to which they could compromise the target.

36. It is worth noting that the Future Generations Commissioner, while promoting flexible working and a green recovery, is also proposing a Universal Basic Income and a four day working week to reduce carbon footprint without compromising productivity. She points to a company in New Zealand that has trialled a four-day working week, where staff worked four, eight hour days but were paid for five, and reported increased productivity, with 78% of employees feeling they were able to successfully manage their work-life balance. The Commissioner’s website cites analysis from the University of Massachusetts which argues that if we spent 10% less time working, our carbon footprint would be reduced by 14.6%, meaning a full day off a week would reduce our carbon footprint by almost 30%.

The importance of choice and flexibility

37. Witnesses stressed the importance of a strategy to support remote working that is based on inclusivity and choice about where individuals choose to work.

38. A large proportion of the workforce can’t work from home and this number is much higher in Wales than elsewhere in the UK. The Office for National Statistics’ Opinions and Lifestyle Survey found 56% of adults in Wales said they simply can’t work from home, considerably more than any English region - the nearest being 44% in the East Midlands. Having said that, the 37% who were able to work from home at the start of lockdown is considerably higher than the Welsh Government target.

39. Research commissioned by Welsh Government from the Wales Centre for Public Policy also outlines how, although not able to work from home

themselves, many low-paid workers are impacted by increased remote working and localism, i.e. those in service sectors such as retail, hospitality and delivery services. The Committee welcomes work to identify the inequalities likely to emerge in the labour market.

40. Rises in prevalence of homeworking during the pandemic have been more dramatic in some sectors than others - particularly high in banking and finance but less pronounced in public administration: Wales has disproportionately fewer workers in the former than in the latter. Evidence from RICS however also points to difficulties for financial, insurance and banking businesses to adapt to homeworking, and reporting decreased productivity. It said homes do not make a good environment for call-centres or processing secure commercial transactions.

41. In contrast, evidence from Mitie, a facilities management company employing 77,500, including 2,500 in Wales, said it had embraced 'agile working' and use of hubs - either offices or client sites, for its staff. It uses a 'Workplace Index Score' system to evaluate the impact of workspace on employees. From surveying customers Mitie said there is an appetite and understanding among many UK businesses that "a focus on agile working and the workplace experience will be a priority going forward."

42. Dr Jane Parry said Welsh Government should scrutinise the "viability and desirability" of the target across different sectors. This also raises the question of whether there should be a better analysis of the demographic evidence base and breakdown of occupational data to help inform where co-working hubs are located in Wales.

43. Evidence from Finland and the Netherlands, and other European research data, shows that the positive benefits of increased remote and flexible working practices are widely recognised. And the barriers and concerns about increased long-term remote working beyond Covid-19 are also fairly universal - such as the need for training to manage remotely, and health and safety issues around the risks of longer working hours, unsuitable workspaces and developing musculo-skeletal problems. The report highlights some lessons learnt from international experience.

3. Workforce, skills and Impact on individuals

44. CIPD points out that employee views on home working are heavily influenced by their personal circumstances, for example, the suitability of their home environment for home working and whether they have caring responsibilities. It is no great surprise that its data shows employers report reduced mental wellbeing as their biggest challenge and improved work-life balance as the biggest benefit.

Occupational health and safety

45. The Society of Occupational Medicine welcomes Welsh Government’s proposals but urges it to invest in occupational health professionals and support for home workers, with a number of specific recommendations. Professor Abigail Marks and Dr Jane Parry set out the negative and positive impacts on mental and physical health in detail in their evidence.

46. Shavanah Taj of Wales TUC said there should be the same focus on health and safety risk assessment at home as in the workplace, and Dr Noortje Wiezer highlighted that this is covered by law in the Netherlands, where the employer is responsible for the working conditions of home workers, and preventing the health risks of home working. However Dr Wiezer told Members that as a result of the increase in remote working “employers are not as aware of the risks of working at home as they should be” and as a result the Dutch Labour Inspectorate and the Ministry of Social Affairs were working with employers to help them create health and safety plans to support their staff.

47. Workplace ‘sociability’ has been the loser during lockdown and will continue to be with increased remote working. Concerns about the effects of isolation and stress for homeworkers are well documented, and issues around protecting workers’ mental health were considered as part of the inquiry, with a lot of evidence received in this area.

48. Several witnesses pointed to an [OECD survey](#) which concluded that remote workers’ wellbeing is important in sustaining productivity gains, and [the Equality and Human Rights Commission](#) also pointed to the Mental Health

Foundation evidence that “Addressing wellbeing at work increases productivity by as much as 12%”

49. Doctor Wiezer warned Members that there was a risk of remote workers increasing their hours as people in the Netherlands have been working the hours they would tend to previously have used for commuting. She explained this meant “on average, people work about five to 10 hours per week more than their regular working hours.”

50. However Professor Blomqvist said that in Finland (which has had historically high levels of remote working rising to over half the workforce during the pandemic), the number of work hours had not increased as much as in the Netherlands, but that more research was still needed on how to ensure “sustainable productivity” that does not compromise health.

51. It is very important to separate out the mental and physical health impacts of remote working in ‘normal circumstances’ from the lockdown situation. Professor Marks did not think there should be a move away from the ‘agile working’ agenda because of the current extreme scenario, but many workers were really struggling: “..There is really insufficient support and we are about to hit a massive mental health crisis.”

52. Shavanah Taj called for investment in management skills and occupational health to deal with this crisis. Bereavement, unemployment or fear of it, and Long Covid are among the long-term challenges facing people. Employers should not just be able to assume that because reasonable adjustments had been made to allow people to work at home that that is enough. Cerys Furlong said managers must be given new tools to support workers with ‘the new normal’.

53. There was a strong call for leadership from public sector organisations on openly addressing this mental health crisis. In the Work After Lockdown survey, only 36% of employees reported having access to an Employee Assistance Programme (EAP), and 59% were unaware if they did. Dr Parry suggested Welsh Government could provide additional mental health support by “setting up alternative support forums where organisations are struggling to step in here—free employee helplines; seminars on topics such as sleep, exercise and time

management, backed up by lots of e-mails offering tips and signposting; leadership example is really important.”

54. A snapshot survey by Cardiff University’s Jonathan Morris and Manchester University’s John Hassard highlights ‘stimulus overload’ from prolonged use of Skype/Zoom and other communications technology in place of face-to-face contact, and “considerable downsides for employees and organisational inefficiencies”. Evidence from Zoom Video Communications recognises this:

“We could not have predicted that video conferencing would become such a significant part of the working day, and it was not designed to be used in this way. Post-pandemic, as working patterns continue to evolve and possibly move towards a more hybrid home working model, Zoom will be a partner to business, government, regulators and other technology companies to develop the best practices and regulation as necessary to encourage the safe use of digital technology.”

55. Zoom points out employers’ responsibility to ensure that remote working does not have a negative impact on mental health.

56. Simon Jones of Welsh Government acknowledged an important role in bringing together a suite of guidance for employers and employees in Wales as part of the policy agenda, and also looking at support with training.

Socialisation, Collaboration and Innovation

57. The Committee is concerned about the unintended consequences of more widespread remote working on social capital - it is extremely important that we do not manage innovation out of the system. FSB Wales pointed to dangers of remote working leading to ‘atomised workforces’, ‘silo working’ ‘a lack of collaborative working spaces’ and ‘lack of innovation and cross-fertilisation of ideas’. Long term impacts of this on our economy are unknown, but FSB Wales suggests plans must seek to mitigate that or provide new arenas to promote innovation.

58. However it is important to remember the current version of remote working, with a large proportion of offices closed, is probably not the way we will

work remotely in the future. The CBI's research indicates that around three quarters of businesses see their staff working from an office/workplace away from their home for at least half of their working week.

59. Partnerships that bring together academic, business, enterprise and community interests in co-working spaces could help offset this, but the implications also need to be considered in workplaces with hybrid working and fewer staff in the office together at any one time. The purpose of the physical workplace for those hybrid workers, and the activities that are undertaken when teams meet physically, need to be considered.

60. In setting out its approach to hub development in more detail, Welsh Government told the Committee: “We aim to gauge if this way of working encourages greater collaboration and dialogue, the creation of new relationship and better networking across sectors.”

Managing Remote Workers

61. Dr Jane Parry highlighted the role line managers have played in the pandemic, and the burden that has fallen to them following the uptick in working from home, saying:

“line managers have really borne the brunt of this. What we've really learned from the pandemic is workers have very complex needs, and those need to be carefully managed. Line managers have kind of absorbed this and haven't had any of their workload taken off. So, there's a lot of practical support that could be done around adjusting output expectations of line managers, giving them guidance around managing flexible working, rewarding their performance, and also greater recognition from leaders.”

62. There is a need for leadership skills and training in how to manage remotely - the challenges of remote “on-boarding” of new staff; supporting progression when staff have more limited face-to-face interaction with colleagues; revisiting recruitment and training processes; effective management of remote workers and leading remote teams. Impact on career progression is a particularly big concern and needs to be mitigated. This also relates to concerns about the

inadvertent creation of a 'two-tier workforce' which is dealt with later in this report.

Productivity and Employment Rights

63. Wales is near the bottom of the UK productivity league table. Current consensus seems to be that productivity is not adversely affected by increased remote working, and employer data supports self-reporting by employees. Professor Felstead points to ONS business survey data suggesting that employers intend to continue to allow homeworking after the pandemic, with a third (33.7%) citing increased productivity as one of the reasons, and only 5% of employers cited reduced productivity as a reason for not making increased use of homeworking in the future. However, this increased productivity comes at what cost?

64. Increased working hours is a concern - Professor Felstead points to research he undertook before the pandemic showing that remote workers were 8 percentage points more likely to worry about work than those physically in the workplace, and more likely to work longer hours (39% vs 24%). Given we are currently under Covid-19 restrictions, and many people are working longer hours to manage pandemic-related demands alongside home school and other domestic issues, is it too early to say what the long term impacts are?

65. Trust is a key cultural element for successful remote working - there is a question as to whether we have the culture and the right legal basis to support a strong culture of trust in Wales. Professor Felstead's data on employer surveillance of employees is concerning. Whether by using software to monitor activity, checking meeting attendance or even filming people, he says according to a YouGov survey in November 2020, 12% of employers are doing it and 8% planning to. Wales TUC also pointed to use of AI to monitor employees' work, and the dangers of its use to over-allocate work. Finland's successful remote working model relies heavily on a culture of trust. The pandemic has challenged the idea that workers can't be trusted to be productive unless they are physically present with supervisors, but will trust be a factor in future employer decision-making, and what role should government have in this regard?

66. Employment relations is non-devolved and so Welsh Government has fewer levers to provide the framework to protect workers' rights with increased remote working. This is a matter of concern to the Committee in relation to a normalisation of increased remote working in the future.

67. UK legislation has been in place since 2014 to allow employees to request flexible working, but with wide scope for employers to turn down such requests, Finland has had legislation in place much longer, since 1996, and has collective agreements on teleworking in place, and much higher levels of remote working. In Germany a forthcoming Mobile Work Act will give employees a legal entitlement to up to 24 days a year remote working.

68. The Employment Bill announced in the Queen's Speech in December 2019, postponed due to the pandemic, was intended to introduce a new single labour market enforcement body, to "offer greater protection to workers", proposed a £1 billion fund to create more childcare, and "Subject to consultation, the Bill will make flexible working the default unless employers have good reason not to.." The intention of this Bill on extending employment rights on flexible working was not to give people the right to request to return to a physical workplace, which in the 'new normal' may be something that certain employees now want a right to.

69. The House of Lords Covid-19 Committee has also been running an inquiry into 'Living online: the long-term impact on wellbeing', which is due to report later in March. The inquiry has taken oral evidence from the CIPD, TUC, Fairwork Foundation and Open University on whether and how employment legislation needs to change. It will be important for Welsh Government and its social partners to be fully engaged with its findings and how UK Government responds.

70. Shavanah Taj of Wales TUC said there were non-legislative levers for Welsh Government to explore within the Economic Contract with Welsh employers, to try to avoid any unintended consequences and build in protections for workers. Monitoring compliance with 'fair work' commitments in economic contracts is very important, and Welsh Government can demonstrate leadership on the issue in the public sector.

71. Shavanah also highlighted social partnership legislation as a route to support employment rights. She suggested the legislation could ensure

employers were “conducting health and safety risk assessments” in the same way they do for physical workplaces and ensuring digital access to unions for workers to replicate the current physical access to workplaces unions have.

72. Llyr ap Gareth of FSB Wales said Welsh Government should not merely ‘accentuate the positive’ of remote working, but “take seriously the significant challenges to a large section of the Welsh economy and business and possible knock on effects of remote working practices beyond Wales, that may also effect businesses in Wales.”

73. Professor Abigail Marks highlighted the additional economic cost to individuals of homeworking - some of the burden of workplace costs has shifted to the home worker. Currently in the UK, workers can claim the equivalent of £6 per week tax relief from HMRC to offset costs of working from home, and HMRC introduced a ‘microservice’ to make this easier to apply for in the 2020-21 tax year. A tax incentive system operates in Finland, and political parties in the Netherlands are including this issue in their manifestos.

4. Equality Impacts

74. There are arguments to answer about whether increased remote working could ultimately create a more unequal society. New research from leading international economists - “too much of a good thing” - says economic inequality will be exacerbated, and 1-2 days a week is best for ‘telecommuting’ without the loss of information and knowledge spillover. Professor Alan Felstead’s research shows that during lockdown, 84% of lowly qualified workers worked outside the home, with only a 5% increase in homeworking among that group, compared to a rise from 8% to 59.2% for graduates. The point has already been made that it will be higher skilled and higher paid workers who primarily benefit from support for their continued remote working.

75. Shavanah Taj of the Wales TUC said managerial roles had quickly been moved to homeworking at the start of the pandemic whereas it had been more difficult to persuade employers regarding for example call centre workers. The situation had moved on, but going forward it will be important to address remaining inequalities in access to home working. Professor Marks also pointed to greater flexibility being shown by some employers, for example allowing shop floor staff the choice to spend some of their time in roles such as answering calls.

76. Equality bodies, unions and the Future Generations Commissioner all strongly support “flexible working”, as particularly benefitting women and caregivers. Covid-19 has proved it is possible, and they argue it is important to embed this. The Equality and Human Rights Commission wanted to see Welsh Government broaden out its proposals to encompass more far-reaching flexible working practices and to encourage employers to adopt those and offer them to all employees from day one “unless there is a genuine justifiable business reason to prevent this.”

Broadband connectivity and digital inclusion

77. As long as some areas of Wales remain without good quality fixed line broadband or as mobile ‘not spots’, the potential for homeworking will be unequal across Welsh communities.

78. Elinor Williams from Ofcom told Members that it was “important to bear in mind that many of the properties that are still to be connected are in the most remote and rural areas— the hardest to reach and the most costly to reach”. She brought up the comparison of digital television signal, which only reaches 97.8% of Wales and highlighted that “the biggest single barrier to the delivery of a decent fixed broadband service is cost” and that ultimately “it’s a matter for Governments to decide how much subsidy they’re going to make available.”

79. Neither BT, Openreach or Ofcom agreed with the National Infrastructure Commission for Wales’ recent recommendation that because the cost of full fibre rollout to premises is too high and the timescale too long, that focus should instead be on broadband via 4G and 5G. They pointed out that fibre is also needed for mobile infrastructure. The incoming Welsh Government will need to carefully weigh up the options for closing the digital divide in Wales, but efforts must continue at pace to avoid the gap widening even further.

80. Wales Cooperative Centre’s evidence highlights that with good connectivity and digital skills, remote working has the potential help narrow inequality by ‘levelling the playing field’ to access jobs regardless of geographical location, particularly important for people less able to travel for work. But there are currently significant inequalities: “access to the benefits of remote working is not equally distributed across Wales, and this must be paramount to policy development in this area.” RICS also raised the possibility of employers discriminating against potential job candidates without adequate connectivity.

81. Wales Cooperative Centre urges Welsh Government to develop specific policies for the needs of third sector bodies working on the ground, including in deprived areas, to encourage and facilitate remote working.

82. Broadband infrastructure and digital skills must be a priority to ensure people are not locked out of home working by lack of connection or technical understanding. Digital connectivity has been shown to be an essential utility and Wales still lags behind. BCS pointed to Openreach traffic data before and during the first lockdown showing an almost 20% increase, and “giving some indication of the level at which infrastructure will need to operate at more permanently as we increase home working.” FSB Wales made specific recommendations on the actions still needed to reduce inequalities in digital connectivity. The Committee

does not think Ofcom's comparison of access to fixed broadband with digital terrestrial television - where it has been decided that for over 2% of Wales the cost is too high - is valid.

Wales's housing stock

83. Another important consideration will be the effects of increased remote working on the supply of housing and how Wales housing stock can facilitate it. A possible impact on the housing market and house prices was raised, with affluent homeworkers looking for more space. The Principality Building Society have reported this as a trend, and Professor Felstead noted that some of the highest price rises were in Welsh-speaking parts of Wales like Gwynedd, where lack of affordable housing was already making it hard for local inhabitants to buy their own home.

Younger workers

84. At the other end of the market it will be important to consider the needs of people who want to remote work but whose accommodation is unsuitable. This is not limited to, but will particularly affect, young people who live in shared accommodation. Young people may also benefit more from time in a physical shared workplace to give them the "experiential role-focused training" they have missed out on. Dr Parry said organisations needed to audit need before developing a hybrid working model, and the Welsh Government could usefully provide centralised support around intelligent job design that organisations and managers can tap into.

Support for disabled workers

85. Working from home has been beneficial for many disabled people but future discrimination and isolation is a concern raised by Disability Wales and research from Cardiff University. The Future Generations Commissioner said although increased remote working could be "a game changer" for disabled people's ability to work, it would be important to work with businesses to prevent a two-tier workforce, with a re-emergence of "presenteeism culture" and key staff in the office while others stayed at home.

86. Legally Disabled? said that the pandemic forcing employers to allow disabled people in the legal profession to work from home had been transformative, and that being able to work remotely helped many disabled people better manage their impairments and energy levels. However it warned that remote working did not necessarily equate to ‘flexible working’, and that job redesign to adjust for people with fluctuating conditions was “woefully underutilised” by employers. The Legally Disabled? team said more work is needed on how disabled people with different impairments are affected by the move to remote working, and makes significant recommendations on the actions needed by Welsh Government and others.

87. BCS make the point that people with neuro-divergent attributes (around 1 in 7 people in the UK and including dyslexia, autism, ADHD and dyspraxia) may struggle with some aspects of remote working, such as video calls, and employers will need to make adjustments for that. The socio-economic duty under the Equality Act 2010 comes into play here as plans are developed. The EHRC pointed out that any domestic setting or community hub must be assessed fully accessible. Disabled people must be fully involved in the development of remote working policies and practices.

Homeworking, or the right to work flexibly?

88. CIPD note that employers have not shown the same enthusiasm for other forms of flexible working as for homeworking, which they also say risks creating a two-tier workforce.

“it is important that governments – both UK and Welsh – and employers work together in efforts to increase the availability and uptake of other forms of flexible working also suitable for non-home workers such as flexi-time, annualised hours, compressed hours, term-time working and job share.”

89. Both the CIPD and EHRC support giving employees the right to work flexibly “from day one”. Dr Jane Parry points to the role of government to support flexible working entitlements that help organisations make the culture shift away from ‘presenteeism’ in general, to help women. There is a growing body of evidence that women have borne more domestic burden during lockdown, with a detrimental long-term effect on their careers.

90. The University and College Union pointed to “a body of UK and international evidence suggesting the degree to which remote working has catalysed underlying gender inequality in academia.” UCU said the Lancet, WonkHe and New Scientist have reported studies which indicate a dramatic fall in published research by female staff, explained in part by the ‘double burden’ of balancing paid with ‘gendered work’ such as childcare being much greater in a home environment. UCU said that whilst it “can offer no Welsh evidence, there is little reason to suppose that our experience differs from that of England and other European comparators.”

91. Chwarae Teg’s “FairPlay Employer” work with businesses aims to eradicate gender inequality in the workplace, explaining the range of modern flexible working practices and how adopting them to help women achieve and prosper also delivers growth and productivity. They point to a 2016 global survey by Vodaphone: 61% reported increased company profits, 83% an improvement in productivity, and 58% believed flexible working had a positive impact on their organisation’s reputation. An increased focus on supporting the principles of fair and flexible working practices will support gender equality goals.

Domestic Abuse and Sexual Harassment

92. The needs of domestic abuse survivors must be a priority in Welsh Government plans, as outlined in evidence from Welsh Women’s Aid: the physical shared workplace can feel a safe place of respite for survivors; and all workplaces must be safe and free of sexual harassment. Sexual harassment needs to be protected against when remote working too, and employers should also review their policies to ensure that they understand possible indicators of domestic abuse for remote workers, as set out in their evidence and Covid-19 Bystander Toolkit. The EHRC said alternative ways of offering pastoral care to employees need to be considered.

Diversity and Inclusion

93. BCS raised recent research suggesting that remote working could have a detrimental effect on diversity and inclusion programmes, pointing out that 76% of workers in England and Wales work in an ethnically diverse setting; and home working has the potential to reduce the direct exposure and interaction people

have with those from other cultures and identities. The 'How We Get Along: Diversity Study of England and Wales 2020, by the Woolf Institute at the University of Cambridge, found that people in the North of England and Wales tended to be less positive around diversity than people living in London.

94. BCS says “the longer-term societal impacts of home working and the impact on community cohesion, prejudice and discrimination are unknown and Welsh Government may wish to consider these carefully in its planning for supporting home and flexible working and factoring this into its equality impact assessment.”

95. When asked how equality considerations will be mainstreamed into policy development, Lea Beckerleg of Welsh Government said there was an assumption about the possibility of creating a two-tier workforce of office-based ‘white collar’ workers versus ‘blue collar’ but they did not have the data, so the demand mapping exercise would look at things like salary and ask demographic questions around plans to work from home or locally. She said children and young people would also be included “because of the policy bleeding into new ways of studying in higher education in future”. Issues of rurality would also be included:

“...so that the integrated impact assessment is about who benefits, who doesn't, what can we do, and is that work for this policy, is it for another area of Government, is it to be pushed out to local authorities, and so on..”

96. The Committee was told the integrated impact assessment should be in final draft in the summer for consultation with stakeholders before producing an action plan that allows Welsh Government to “mitigate those issues.”

97. The Deputy Minister was asked about the impact on working parents of building momentum to take forward a remote working policy from a place where currently working parents are struggling. The danger of carrying forward the current culture will be detrimental to those working parents. The Deputy Minister acknowledged the inherent difficulties, saying it was “not a mandatory push” but about flexibility for workers and employers to make choices that work for both, but avoiding going back to the old ‘9 to 5’.

98. The Deputy Minister said he would welcome the Committee's recommendations on how to meet that challenge for working parents, noting that childcare provision was important and could perhaps be included in the pilots. The Deputy Minister for Housing and Local Government added that co-location of services could be looked at as part of the work to reinvigorate towns and communities.

99. How these issues will be addressed in relation to implementing the Socio-Economic Duty on public authorities under the Equality Act 2010 is an important aspect of this policy, and something that the Committee hopes will be examined closely by the relevant committees in the Sixth Senedd.

5. Transport and Decarbonisation

100. The need to decarbonise the transport network, address congestion and pollution and achieve ambitious climate change targets are key policy drivers, particularly in light of Welsh Government setting out its legal commitment to achieve net zero by 2050 or sooner. But the impact of the 30% target on congestion and overcrowding on Wales's public transport network would be "negligible" in the context of over-capacity before Covid-19, according to Christine Boston of Transform Cymru.

101. Transport experts told the Committee the evidence was definitely there of a trend to continued remote working - David Beer of Transport Focus pointed to CBI and FSB saying members were supporting flexible working, handing back office space and investing in improved connectivity and communications technology. He also noted Transport for Wales looking at re-purposing unused rail buildings to become hubs.

102. The FSB Wales pointed out that "Offices are high polluters, and in the UK they produce 40% of all emissions - more so even than cars", and RICS also pointed to this as a positive impact of the policy. How much of the reducing office footprint would then be transferred to the home and energy bills needs exploring, as will how to support SMEs who are less able to cope with home energy costs than larger employers. RICS recommended a major data-gathering study, "the likes of which International Building Operation Standards is designed for, so the Welsh Government can use statistical analysis to fully evaluate and justify the benefits of remote versus office working."

103. Dr Jane Parry said hybrid working could present particular environmental gains for organisations with a larger 'travel to work area' such as in more rural areas.

104. There is huge uncertainty about future transport trends. However Councillor Rob Stewart of Swansea Council was among those who warned against any change to investment plans - the view of witnesses was that a better, more integrated and responsive public transport network is needed to support future working trends whatever they may be. FSB Wales pointed to continued use of

public transport and for remote working to be “another spur” to developing transport infrastructure.

105. Professor Glenn Lyons said there was needs to be a ‘mixed economy’ of transport solutions. We know a high proportion of people in Wales do not have use of a car, and there has been a decline in car ownership among younger people, partly as a result of precarity of employment. There will also still be large numbers of people who cannot work remotely and need access to good integrated transport options. ASLEF for example pointed to rail staff among those key workers who rely on the network for their own commuting needs.

106. James Price of Transport for Wales told the Committee the public transport network was a public good that must flex to meet people’s needs, and was confident existing Metro plans for the Cardiff Capital Region could accommodate new working patterns. A focus on demand-responsive transport options will also be important for that.

107. The North Wales Wildlife Trust called for the North Wales Metro to be the subject of a comprehensive re-write, saying it should amongst other things exclude the Red Route, in pursuit of the remote working target.

108. Rail union ASLEF’s detailed response points to the many considerations for the rail network, from the need for flexible ticketing options for ‘hybrid workers’, to the importance of considering the funding implications for the network and the impact of reduced or changed footfall patterns, for example for businesses near hubs, and of changed routes and timetables, for example if it impacts on travel to tourism destinations. ASLEF points out that if an increase in remote working leads to increased travel for leisure, a trend that has been reported to the Committee by transport witnesses, then taking advantage of this could help offset decreases in commuter travel and boost Wales’s tourism sector. The Committee has made wide-ranging recommendations on Transport Recovery in its separate report on Covid-19 Recovery.

109. Bus operators told the Committee when they gave evidence that they had not yet been consulted on the policy proposals. The Deputy Minister for Economy and Transport said on 24 February that Welsh Government was in constant dialogue with operators on many issues and would “definitely want to involve them further in understanding the implications”.

Do the small things right

110. Norman Baker of Campaign for Better Transport said with flexible ticketing, people working from home more would potentially have more disposable income for leisure travel and going out; the increase in homeworking is something government needs to recognise, and that nudging people in the right direction with the right investment decisions would help move towards the situation in other thriving car-free European cities. Small things like workplace charging schemes had been shown to benefit the economy in places like Nottingham despite initial fears from some businesses.

Model and plan for different futures

111. Professor Glenn Lyons pointed to the need for a triple access strategy bringing together land use planning, digital connectivity and transport, and for scenario planning to respond to future trends.

112. Dr Jane Parry said the Welsh Government can play a vital role in modelling and monitoring new working models and traffic flows, as well as developing a sustained analysis of the consequences of switching energy consumption to different kinds of working environments.

113. Simon Jones of Welsh Government told the Committee that in terms of modelling, the situation was still very much “clouded” by the impact of Covid-19.

6. Transforming Town and City Centres

114. The pandemic has massively accelerated existing problems with footfall and business occupancy levels in town centres. Professor Felstead's research shows occupancy levels in shopping centres had fallen by 6.1% in Wales in the first half of 2020, the largest decrease across the UK, with latest figures for some Welsh shopping centres as high as 20% for Rhiw shopping centre in Bridgend, and 74% for Festival Park in Ebbw Vale.

115. The CBI has found that, across the UK, businesses expect their office space to reduce by 18% compared to before the pandemic. However, over half of businesses expect to stay at or near office locations, and do not expect to move closer to customers. Dr Parry said "it looks like the office is not going to die". The Economic Impacts research report prepared for Welsh Government by the Wales Centre for Public Policy also refers to work by Leslie Willcock of the London School of Economics, who points to "some moderating social factors, such as employee circumstances, legislation issues relating to work conditions, social responsibilities such as childcare, as well as business culture", that should give policy-makers cause for some caution.

116. FSB Wales pointed to opportunities offered by a decentralised workforce, to communities and for certain service sectors such as ICT, cybersecurity and couriers. Remote working provides an opportunity to rebalance the drive for agglomeration, and spatial choices that have been focused around large cities and towns: "With a significantly more scattered high skill workforce, agglomeration forces may become a less important determinant of regional productivity, a key factor that some think explains Wales' productivity gap with the rest of the UK."

Support for Retail

117. The impact of online shopping was already seen before the pandemic, and has been accelerated by increased home working, but it is not the cause. Sara Jones of Wales Retail Consortium told the Committee last October: "what we're effectively seeing is five years' worth of transformation happening in the five-month period." Her focus was on Welsh Government supporting upskilling employees to manage the huge shift to online.

118. Welsh Government moves to address the issues for smaller town centres have included an extra £10m boost to the £90m Transforming Towns programme in December 2020, and Valleys Taskforce initiatives which include piloting co-working hubs. Welsh Government says the ‘Transforming Towns’ support aims to move beyond dependence on retail to mixed use.

119. The Minister for Economy, Transport and North Wales stated in plenary session on 23 February that “retail is really very much at the heart of the transforming towns initiative, because unless town are transformed into more vibrant environments, then retail will continue to struggle.”

120. In Committee on 24 February the Deputy Minister for Housing and Local Government said there was very close working with the retail sector on a strategy, and that they were “heavily involved in the ministerial town centre action group”, set up in response to the pandemic.

121. In discussing the “massive hole” created in town centres by the loss of big anchor retail stores, Ian Williams of Welsh Government said:

“the point about Town Centres First is: whether it's about primary care, whether it's about hubs for GPs or being near public transport hubs; whether it's about public sector offices or any other kind of public sector investment— FE colleges, for example— into the middle of town to create a different sort of footfall and a different vibe that will help the retail businesses that are still there— . And they may be different businesses, but it's a footfall that helps to reach our retail businesses more than subsidies quite often.”

122. Paul Slevin of Chambers Wales raised the issue of impact on commercial rental space. RICS suggested even a 30% decrease in footfall would have a “**significant negative effect**” in city centres and could start a chain-reaction of closures, and warned about the detrimental impact on local authorities of the reduction in taxable income.

123. FSB Wales suggested a local (decentralised) property strategy, with involvement of community authorities and actors to shape and deliver local solutions, as likely to be more successful than “build it and they will come”. He

suggested 'spare' public sector space could be made available to SMEs to address market failure in access to premises for these small businesses.

124. Dr ap Gareth also pointed to the value of the Molenwaard model of decentralised governance in the Netherlands, bringing local government closer to people by re-locating local government workers closer to the local community. This appears to be an aspect of Welsh Government's thinking, and FSB supports calls from Wales TUC and others for it to lead by example.

What are town and city centres for?

125. Gareth Jones of Town Square's view was that there is now "a massive opportunity to create liveable cities." Research that Town Square had conducted in Wrexham during lockdown showed that people were spending more on the high street rather than online and had a greater sense of ownership of their local area. People miss social connectivity and want to feel connected to their local community.

126. Dr Reuschke told the Committee that city centres in the UK have become very commercialised spaces and have suffered from being 'mono-functional' in a way that Mediterranean city centres, with more diversity, have not. Mike Scott of Indycube said it was important to move away from the idea that allowing people to work closer to home was a threat to urban centres:

"...we focus probably too much on the idea of retail and not enough on the idea of experience. People came together in city centres, in urban centres because they liked being around other people. It would just so happen that the driver for that for the last x amount of decades has been to shop, but we've been doing this for centuries and perhaps much longer than that. People like to congregate, and this is why urban centres developed, and that's not going to change with a change in culture in terms of shopping. People will come together for the same reasons as they always have— they like being around other people, they like the buzz, they like the experience, and it's about creating that offer again within the city centres and allowing people the flexibility to work closer to home, to have that extra time when they need it, and to have that time then to spend at the locations when that's necessary."

127. Both Professor Glenn Lyons and Dr ap Gareth suggested that spatial changes could also involve housing taking the place of large office space in city centres (where more green space would also be created).. Cllr Stewart pointed to the focus on leisure, housing and digital infrastructure in regenerating Swansea city centre. He said hubs should be part of the fabric of town and city centres, not out-of-town.

128. Professor Felstead described the impact on city centres as “mind-boggling”, but was among those saying it’s time to “re-imagine the city”, pointing to Nottingham where the Broadmarsh shopping centre has been demolished and replaced with green space. This is supported by the Future Generations Commissioner, RSPB Cymru and Friends of the Earth, who say a commitment to access for every household to green space, including biodiverse urban green space, should be a priority for Welsh Government, alongside 20mph areas and a focus on the circular economy. Haf Elgar of Friends of the Earth sees homeworking as part of an overall approach to creating a more locally-based society “so that we develop more resilient and stronger local communities.”

129. Ryland Jones of Transform Cymru also said developing the concept of 20-minute neighbourhoods should be seen as an opportunity to improve equality of access to local services while reducing the strain on the road network, and it was important to try to lock in the benefits rather than just focus on the negatives.

Land-use planning and policy coordination

130. Norman Baker of the Campaign for Better Transport supported the idea of localised community hubs to address potential isolation, but highlighted the importance of coordinated planning by local councils and Welsh Government to maintain town centres and manage the change.

131. Some researchers have tried to measure the impact on neighbourhoods of economic activity displaced by homeworking - what they call “**zoomshock**” As cited on Conversation.com, shifts in economic activity could create sweeping net gains and losses in the long term. The City of London is an extreme example, with a possible loss of up to £9.1billion in annual earnings from the area, so that just one day a week of homeworking per worker equates to £1.8billion in lost activity. The local authority area of Lewisham in south-east London could

meanwhile see an increase in output of up to 60% relative to pre-Covid economic activity, or approximately £1 billion a year.

132. For Wales the net gains and losses will obviously be less extreme, but shifts in economic activity could still be significant away from urban centres towards residential neighbourhoods, and exacerbate existing geographical inequality. The Economic and Social Research Council funded research also states that there could be substantial variation across adjacent neighbourhoods due to geographical prevalence of job types, and a danger that services migrate towards wealthier neighbourhoods with more remote workers. This research suggests an urgent need for Welsh Government to map and assess this economic re-allocation, and the impacts of its plans on that.

133. The research by Professor da Fraja, Dr Matheson and Dr Rockey also suggests another reason why monitoring these changes in the urban geography of labour is so important is that allocating scarce resources to support businesses in neighbourhoods experiencing a negative zoomshock may be money wasted, as businesses should follow demand.. And the news is not all bad, as the researchers say more neighbourhoods will benefit than lose out, because densely populated office work will be spread more thinly across more neighbourhoods. The zoomshock poses challenges for how we use urban centres, and about life in our suburbs.

134. The WCPP's report suggests that urban centres and businesses have survived crises before, and "the future trend may be one of adaptation rather than transformation". In the face of so much uncertainty about long-term impacts on the labour market, it suggests the focus should be on creating the right conditions for businesses to be innovative, adaptable and resilient.

135. Welsh Government's written evidence notes the need to understand if there are less positive outcomes-for town centres. When asked about the evidence on the impact increased remote working was likely to have on town and city centres, the Deputy Minister for Housing and Local Government pointed to the CWPP's initial work on this, indicating a shift in footfall between areas, but said the key thing was that it was "too early to call" on what the trends would be.

136. There will need to be a concerted effort by both Welsh Government and local government to fully understand and respond to these economic impacts post-pandemic.

7. Co-working hubs

137. Wales had a good co-working infrastructure before the pandemic, including in rural areas, according to Dr Reuschke, “thanks to small independent and member co-operative space providers”, but fewer big commercial co-working chains. She predicts increased demand for co-working in Ceredigion, Denbighshire and Swansea.

138. Welsh Government set out its approach to mapping need and piloting hubs in written evidence and discussed this with the Committee on 24 February. It said it was piloting a number of different models led by the private, public and third sector and in different parts of Wales, including Valleys Taskforce areas. Examples range from extending visitor centres in the Valleys regional park to include co-working that is more ‘out-of-town’ in the natural environment, to hubs in town centres or existing public sector buildings such as the new Transport for Wales headquarters in Pontypridd.

139. The Committee welcomes the ‘Commonplace’ exercise as one step to public engagement on preferences for the location of co-working hubs in Wales. It understands the desire to move forward with policy ‘at pace’ to exploit the opportunity presented by the current high level of homeworking. However, by not mapping the existing provision of co-working spaces in Wales, including its own pilot hubs, to provide context, has it missed the opportunity to gauge the demand for these existing facilities and pinpoint specific gaps in the map?

140. The WCPP report concludes that “there may be greater appetite for localised workspaces and hubs, but there is not currently evidence for this, and the need should be established and verified before any significant investment is made.”

141. Dr Reuschke’s research points out the different types of co-working hubs, with different business models and variation in what they offer and who they cater for. They include business incubation centres like Town Square in Wales, and Makerspaces or Fablabs, focused on entrepreneurship and innovation. A 2017 report shows the prevalence of the latter is lower in the UK than other EU countries, and lower still in Wales relative to some other UK regions. Other co-working spaces focus more on community, or family support, and some are

integrated with childcare provision. There are some very informal co-working spaces, and opportunities to use venues that are usually closed in the day-time, such as clubs or bars, to provide co-working space during the day. Dr Reuschke points to the importance of assessing the resilience of different models, and to look at the openness, fees and terms and conditions that providers offer.

142. Chambers Wales and Town Square emphasised the need to repurpose existing buildings and not re-invent the wheel. Town Square recommended developing an ‘outbound commuter heat map’, an asset register of under-utilised public buildings to re-purpose; Welsh Government leading by example by locating WG staff in hubs; and supporting market development through the economic contract.

143. Ian Williams of Welsh Government told the Committee: “we are taking a look at every single empty building as they pop up in our town centres, and have a fund to try and repurpose - even if it's for 'meanwhile uses' only - those empty buildings..” The Deputy Minister for Housing and Local Government pointed to the old Costigans building in Rhyl as an example of re-purposing a building close to a transport hub for use by the private sector and entrepreneurs.

144. Gareth Jones of Town Square said hubs must be located close to public transport; Mike Scott of IndyCube Wales said it would be: “a mistake to create new out-of-town hubs people have to travel to.” Unless there are other facilities nearby that people want to use there is a risk of just shifting activity and car use away from the city centre, rather than generating real neighbourhood modal shift. Dr Reuschke emphasises the importance of planning infrastructure, including active travel infrastructure, around hub locations.

145. When questioned on this displacement concern, the Deputy Minister for Economy and Transport said there would be different, shorter local journeys, but it was part of a wider strategy around modal shift and carbon reduction as part of the Wales Transport Strategy.

146. Gareth Jones of Town Square said that childcare provision in town centres and near hubs must be built into the planning. Shavanah Taj of Wales TUC said hubs must take into account childcare and wider needs of people working there. It will be important for Welsh Government to ensure childcare policy is among the policy areas that are closely tied into the development of community hubs.

147. Dr ap Gareth of FSB Wales said the approach should be decentralised and private, public and academic sector co-location was important for innovation - linking up with local anchor institutions and bringing together universities and innovative firms.

148. Dr Reuschke also pointed to use of community infrastructure to support informal co-working networks and ‘pop-up’ hubs, particularly in rural areas of low density - local authorities could help with using libraries and community centres. Such an approach would help address some of the negative effects of isolation for remote workers.

149. Welsh Government said some of its pilots were steering the direction of existing investment, e.g. as part of the Valleys Taskforce work, but two upcoming pilots run by Town Square and HaverHub were “very much about giving the private sector a “safe space to explore the new market.”

150. Other community-based pilots that Welsh Government said were in development were in rural areas aimed at providing village-based provision with broadband connectivity, such as in the Swansea Valley, and creating co-working space in the Rhondda Housing Association office.

151. The existing co-working hub network is threatened by Covid-19 and needs support with fixed costs, according to Dr Reuschke. But there is also a need for existing hubs to look at re-focusing beyond supporting business start-ups, for example to provide space for more traditional office workers, or specialised provision to cater for needs in different business sectors. Welsh Government’s written evidence focused around working with Business Wales and entrepreneurial start-ups, which is obviously important, but the Committee welcomes a wider range of options being tested in the pilot programme. It would like to see a broad and de-centralised approach to what co-working spaces can offer and who they can involve, which may vary greatly by town and region.

152. With regard to possible business and funding models, Welsh Government’s written evidence said:

“we will need to consider the extent to which such facilities may be deliverable or already being delivered by the private/ third sector and

the extent to which such delivery models may need funding support. In developing this part of the policy, an important consideration will be whether and how employer organisations will pay for employees' use of such facilities, and how they might be supported to do so. These details will impact on the attractiveness and utility of local work facilities. It will also have a bearing on the extent of private sector provision."

153. In Committee Simon Jones of Welsh Government added that:

"a big part of this exercise with the pilots is to try and work out what the business model is here. What does a revenue stream look like? How much would employers be prepared to pay? What could we do in terms of aggregating demand from the public sector, in particular? What does the price point look like? What are the facilities that will be required for employers to be able to be satisfied to pay for their staff to use one of these places? Is there any market for employers to pay for these things?"

154. The Committee appreciates there may be some hurdles to overcome around public-private partnership. It was noted in oral evidence that there were security issues to overcome regarding use of public sector buildings. Other issues to consider include providing incentives, and who pays. It is important that nothing is done that inadvertently distorts the market or further damages the prospects of existing providers. Welsh Government's hub pilots are intended "to test uptake, effectiveness and to evaluate different delivery models." The Committee would like to see this evaluation lead swiftly to action where benefits can be demonstrated.

155. The Deputy Minister for Economy and Transport said the development of co-working hubs "is primarily going to be private sector-led", and that he had already had approaches from businesses who had spotted an opportunity. to create co-working hubs, He saw Government's role in helping to shape it, and trialling and testing different approaches. He said it was about:

"...how do we facilitate a diversity of experience that people who don't want to be stuck at home have an attractive alternative, in a nearby

town, they can go there and use that, and we have to test a variety of different approaches to see which works. This is virgin territory.”

156. The Deputy Minister for Housing and Local Government had an “open mind” on the kind of support measure that might be offered for businesses and workers before seeing the outcome of the demand mapping exercise, but thought that there might be some savings to be made from the public and private sector reconfiguring use of physical space that could then be diverted towards community hubs. Ian Williams also said that the third sector could be a real winner in co-working partnerships. He said that the £9m placemaking grant that had been introduced had been very popular and well-received, so the ‘little regen’ rather than the big strategic regeneration investments, could be very successful in helping adapt.

157. The Deputy Minister for Economy and Transport was asked what conversations he had had with larger employers with city centre offices about their interest in paying for employees to work closer to home. He said that from speaking with the CBI and major employers on the broader points they were “way ahead on this” and expecting a mixed model in future. He and Ian Williams also said employers saw offering flexible working as a way of attracting talent.

158. Wales must learn from international experience in supporting these new ways of working. For example it can already look to experiences of other European cities such as Milan, where co-working is highly promoted with a people-focused voucher scheme used to incentivise individual workers to use co-working spaces.

159. Milan and Paris are responding to the threat of Covid-19 to the resilience of these co-working spaces by considering specialised financial support, and the City of Milan is scoping use of municipal buildings for shared use of civil servants, which Dr Reuschke says is particularly useful for working women.

160. Dr Jane Parry also suggested looking at the HOFFICE self-organising network in Sweden, and the UK Jelly network for self-employed. Closer to home, Bristol City Council has set up a co-working space in partnership with the University of Bristol and the West of England Local Enterprise Partnership as part of the wider ‘Engine Shed’ collaboration.

161. Witnesses hoped to see packages of support to help people retain the new ways of working at pace following the Senedd elections, with no let-up in the investment in strategic digital infrastructure to support this across all of Wales. Dr Reuschke's report suggested some potential ways to take this forward. She highlighted that many cities in Europe have provided financial support to co-working spaces, makerspaces and FabLabs to support business start-ups and economic development.

162. Dr Reuschke highlights the innovative approach taken by the City of Milan, where the local authority has taken a three-pronged approach to supporting co-working. Firstly, it identified spaces across the locality that could potentially be used for coworking. Secondly, it conducted a survey to identify spaces suitable for co-working, accredited these, and provided co-funding to develop these spaces. Thirdly, Milan has provided individual workers and civil servants with vouchers of up to €1,500 to work in accredited co-working spaces. In addition, Milan has been considering providing additional financial support to its accredited co-working spaces, as many have been experiencing difficult financial times during the pandemic. The Welsh Government should consider all of these approaches in developing future plans for supporting co-working spaces.

8. Recommendations

The Committee broadly welcomes the actions set out by the Deputy Ministers to develop Welsh Government's remote working policy, by gathering more clearly-defined data and evidence, consulting, engaging and assessing impact.

Recommendation 1. Welsh Government should publish a strategic document setting out its approach to implementing remote working policy, and outline the key actions it will take to deliver this. This should include mapping of how the different parts of the policy ambition will be co-ordinated across the Welsh Government, such as delivering the Wales Transport Strategy, policy on spatial planning and infrastructure, childcare, community cohesion, and partnership working with local government and other partners.

Recommendation 2. Welsh Government should show leadership by prioritising achievement of the long-term ambition that a significant proportion of Welsh Government staff regularly work remotely, and setting out plans to achieve this.

Recommendation 3. Welsh Government should clearly set out its definition of "remote working" and working "at or near to home" to enable precise measurement of progress in achieving the Welsh Government's ambition of 30% of people working remotely on a regular basis.

Recommendation 4. Welsh Government should develop strong statistical measures based on its clearly stated definition(s) for remote working (including at home or "near to" home). This must be done in order to monitor and evaluate outcomes against its remote working policy ambition, and to understand the impacts on the workforce and individual employers.

Recommendation 5. Welsh Government must mainstream equality in the development of its remote working policy, and set out clearly how it is doing this. As part of this work, the Welsh Government should publish the integrated impact assessment for the remote working policy proposals as soon as possible, but also assess the breadth of that assessment against the full range of equality impacts and issues raised in the Senedd Economy, Infrastructure and Skills Committee's inquiry report

Recommendation 6. Welsh Government should set out how it is impact assessing the wider socio-economic impacts of the remote working policy and how it will comply with the requirements of the Socio-Economic Duty, in light of emerging evidence that economic inequalities could result from a policy favouring more highly skilled and affluent workers.

Recommendation 7. Welsh Government should gather evidence beyond the pilot hubs to inform its strategy and approach to developing and supporting co-working hubs, as it is clear that there are a number of gaps in the evidence for co-working spaces. This should include an understanding of the economic and social impacts of existing co-working provision; analysis of the gaps that exist in current provision; and an understanding of international best practice.

Recommendation 8. Beyond the current Welsh Government ‘Town Centres First’ principle and ‘Transforming Towns’ programme, Welsh Government should bring forward a Retail Strategy and Plan that can adapt and respond to remote working trends and set a clear path for that sector in Wales, and the businesses and workers’ livelihoods it supports.

Recommendation 9. Welsh Government should set out its plans for providing financial and other support to the existing co-working hub network in Wales.

Recommendation 10. Welsh Government should set out how it will communicate the remote working policy to, and engage with the public, as well as key stakeholders and community bodies, and how it will measure and report on the outcomes of that engagement.

Recommendation 11. Welsh Government should supplement the work it plans, to map existing co-working spaces and the public sector estate, by collating information on community and commercial assets that could be re-purposed to support the development of remote working hubs.

Recommendation 12. Welsh Government should set out how it is engaging with UK Government on the Employment Bill and any related UK legislative proposals to protect employee wellbeing post-pandemic. It should also set out what it wants to see from UK-wide legislation in respect of remote workers’ employment rights.

Recommendation 13. Welsh Government should set out how it intends to use devolved levers to protect and promote workers' rights when remote working, and to achieve the necessary culture change among employers, such as through the economic contracts; potential legislation on social partnership; implementing the Fair Work Commission's recommendations. and by providing support and official guidance on good management working practices.

Recommendation 14. Welsh Government should update the relevant sixth Senedd Committee on its plans and priorities for closing the digital divide on broadband connectivity in Wales, and how it will work with the third sector and other partners to address the inequalities in digital access and inclusion.

Recommendation 15. Welsh Government should report to the relevant Sixth Senedd Committee on the progress and status of:

- the co-working hub pilot programme;
- The Transforming Towns programme;
- its review of the public sector estate and use of assets;
- its multi-location working strategy for Welsh Government staff; and
- developing partnerships with the private sector, local government partners, academic and other anchor institutions and the third sector, to find workable solutions to sharing co-working hubs and promoting their use.

Annex A: List of oral evidence sessions

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the Committee's website.

Date	Name and organisation
9 December 2020	<p>Professor Alan Felstead, Cardiff University</p> <p>Dr Jane Parry, University of Southampton</p> <p>Dr Llŷr ap Gareth, Federation of Small Businesses Wales</p> <p>Paul Slevin, Chambers Wales</p> <p>Ian Price, Confederation of British Industry Wales</p>
13 January 2021	<p>Councillor Rob Stewart, City and County of Swansea Council</p> <p>Phil Roberts, City and County of Swansea Council</p> <p>Gareth Jones, Town Square Spaces Ltd</p> <p>Mike Scott, IndyCube</p>
27 January 2021	<p>Shavanah Taj, Wales Trades Union Congress</p> <p>Cerys Furlong, Chwarae Teg</p> <p>Professor Abigail Marks, Newcastle University</p> <p>Antti Närhinen, Finnish Government</p> <p>Marianne Keyriläinen, Finnish Government</p>

	<p>Professor Kirsimarja Blomqvist, LUT University, Finland</p> <p>Dr Noortje M Wiezer, TNO Netherlands (the Dutch Organisation for Applied Scientific Research)</p>
<p>3 February 2021</p>	<p>Scott Pearson, Coach and Bus Association Cymru</p> <p>Jane Reakes-Davies, First Cymru Buses Ltd</p> <p>John Burch, Confederation of Passenger Transport</p>
<p>24 February 2021</p>	<p>Lee Waters MS, Deputy Minister for Economy and Transport</p> <p>Hannah Blythyn MS, Deputy Minister for Housing and Local Government</p> <p>Lea Beckerleg, Welsh Government</p> <p>Ian Williams, Welsh Government</p> <p>Simon Jones, Welsh Government</p>

Annex B: List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the Committee's website.

Reference	Organisation
RW-01	Cardiff University
RW-02	Cardiff University
RW-03	Society of Occupational Medicine
RW-04	Southampton University
RW-05	Federation Small Businesses Wales (FSB)
RW-06	Equality and Human Rights Commission
RW-07	Welsh Women's Aid
RW-08	Chartered Institute of Personnel and Development (CIPD)
RW-09	Wales Co-operative Centre
RW-10	University and College Union Wales (UCU)
RW-11	Associated Society of Locomotive Engineers and Firemen (ASLEF)
RW-12	Legally Disabled?
RW-13	North Wales Wildlife Trust
RW-14	Royal Institution of Chartered Surveyors (RICS)
RW-15	Disability Wales
RW-16	Mitie
RW-17	BCS, Chartered Institute for IT
RW-18	Zoom Video Communications