Economic impact of home working

The key findings of a PWC report on working from home (WFH) are:

- Compared to a scenario in which office-based workers eventually return to working in the office, a scenario in which they continue to be universally advised to work from home could see the UK’s GDP being £15.3bn lower per year.

This could be attributed to:

- Lower spending on goods and services when working from home both directly, through supply chains (‘indirect impact’) and through lower incomes for workers in affected sectors (‘induced impact’).
- Loss of clustering benefits between businesses and between workers.

- It was estimated that the negative impact on hours worked is equivalent to 250,000 jobs per year in full-time equivalent terms.

- However, the shift to working from home could have positive implications for labour productivity and the ‘levelling-up’ agenda. Workers who used to work in inner-city offices can bring more economic activities to the suburbs and rural areas. Cities that heavily rely on office workers may need to diversify and adapt.

- Existing research suggests that workers and firms are most productive when they are given flexibility to choose the most suitable working style based on their individual needs and critical factors such as the home-working environment, children, privacy, age and job seniority. Flexible working can also open the labour market to more people.