

New Frontiers for Smarter Working - Creating our 2024 Baseline

May 2024



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1.0

Executive Summary

The Covid-19 lockdowns revolutionised working arrangements with the large-scale introduction of working from home that allowed organisations to see that many roles could be delivered remotely. As we move to the next phase of work and workplace, what do working arrangements look like across the UK?

To address this question, the Scottish Futures Trust (SFT) launched a survey at the end of 2023 to members of their Smarter Working Group. Analysis of responses from 42 mostly Scottish-based and public-sector organisations finds:

- All organisations responding to the survey have moved away from a model largely based on office-based work for those employees whose roles allow for it. This reflects the increasing prevalence of hybrid working (a mix between home and office working), an arrangement to which 43% of responding organisations are committed to
- Across the organisations surveyed, workers are spending between one and three days per week in the office. These arrangements are likely to remain in place, as 60% of organisations report not considering an increase in mandated office days
- All age groups and organisational roles prefer hybrid working

Employees aged 26-35 were the most likely to prefer hybrid working (74%), whereas a relatively small share (10%) of the youngest employees preferred the office. Similarly, while all groups prefer hybrid working, new employees have a stronger preference for office working. Among the minority of respondents preferring to work solely from home, most had specialist requirements.

The main reasons for workers to go to the office are interactive activities (including collaboration and training), the attendance of meetings and team working. In-person office activities act as a “social glue” helping to build relationships, support connection and to share knowledge across the organisation.

At an organisational level, the main benefits from hybrid working include increased flexibility (95% of respondents) and a happier workforce (88%). Benefits from staff retention and attraction, and a lower carbon footprint were also seen as important. For individuals, increased flexibility and a better work-life balance constitute key advantages.

The main organisational challenges from hybrid working are underutilised buildings (60% of responses), onboarding new employees (55%) and insufficient skills for managing teams (50%).

As the return to pre pandemic ways of working is unlikely, organisations have started considering how they use their space. Over 53% of responding organisations have already reduced office space.

Initiatives to make hybrid working accessible and to support workers are important for this model's success. So far, this has involved providing employees with flexibility and the right tools, the use of toolkits for managing hybrid teams and of technologies to support asynchronous working.

The study found that alongside the right technological options, the role of managers in implementing these arrangements remains important through clear guidance and the design of suitable policies for a world where hybrid working is the norm.

2.0

Study Background and Aims

2.1 Background

This report details analysis of the SFT New Frontiers for Smarter Working 2024 Survey.



Fig 1: SFT New Frontiers for Smarter Working Publications

In 2021 and 2022, SFT undertook analysis of internal surveys from public sector organisations which focused on preferences for future working arrangements, during and after the COVID19 pandemic.

Highlights from these studies can be found within our 2021 'New Frontiers for Smarter Working – Work and Workplace post COVID19' report and the 2023 'New Frontiers for Smarter Working – 2023 and Beyond' Addendum (Fig. 1). Both these documents are available for download via the SFT website.

To better record trends over time, SFT designed a standardised survey, which was distributed to organisations across the country in the latter part of 2023 and early 2024.

SFT were supported by Biggar Economics in the development of this study.

2.2 Working from Home is Here to Stay

Since the Covid-19 pandemic, hybrid work has become increasingly popular.

In 2019 working from home was rare: 12% of UK adults reported having worked this way in the previous week. The pandemic has led to a behavioural shift and while there has been a part return to the office, it is clear some form of working from home will remain.

Based on ONS data (Fig. 2), around 40% of employees surveyed had worked from home at some point in the previous week. This is not far from the levels reached during the pandemic.

There are slight geographical differences in home and hybrid working, with Scotland (41%) having lower levels than England (44%).

The difference is mostly driven by London (59%) and the South East (47%) and is likely linked to regional industrial structures.

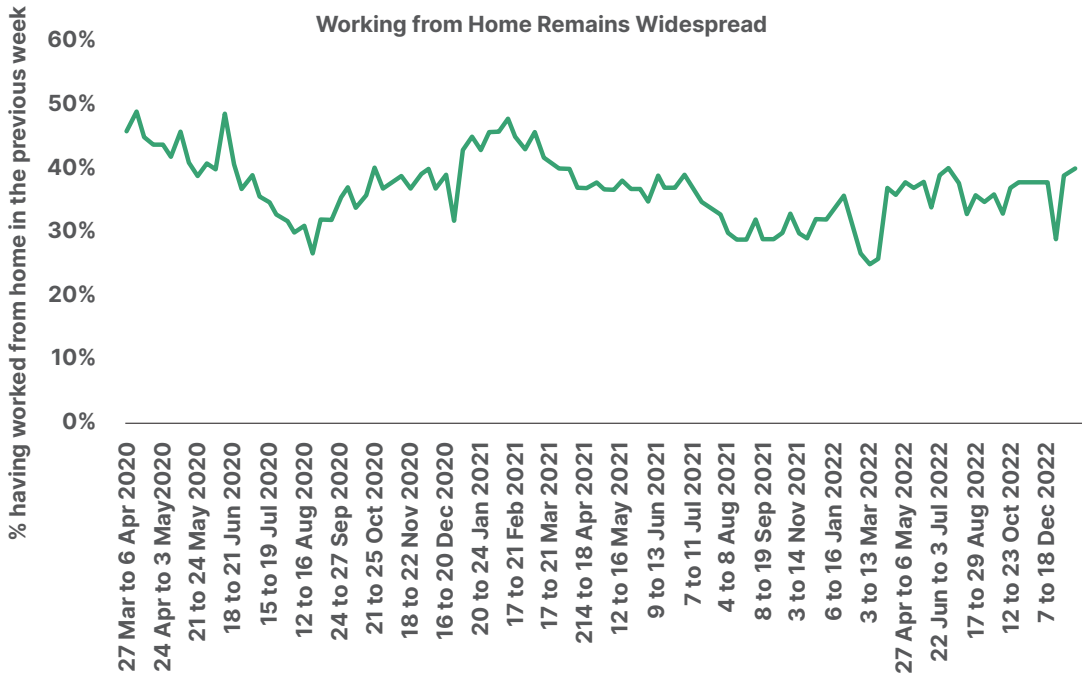


Fig. 2: Office for National Statistics (2023), Characteristics of homeworkers, Great Britain: September 2022 to January 2023

2.3 Differences in Working Patterns

There are clear occupational and educational divides around working from home.

Among the 56% ‘not’ working from home anytime, 46% reported not being able to work from home and only 10% preferred to work from an office when having the chance to work from home (WFH).

There is an occupational divide (Fig. 3) based on those jobs where it is possible to work hybrid or fully from home: professional and administrative jobs are linked to WFH; trades, sales and elementary occupations are mostly done in person.

Through the relative split of qualification levels within the workforce, the divide is also educational (graduate vs non graduates).

There are higher levels of hybrid and WFH in the public (48%) than in the private sector (40%).

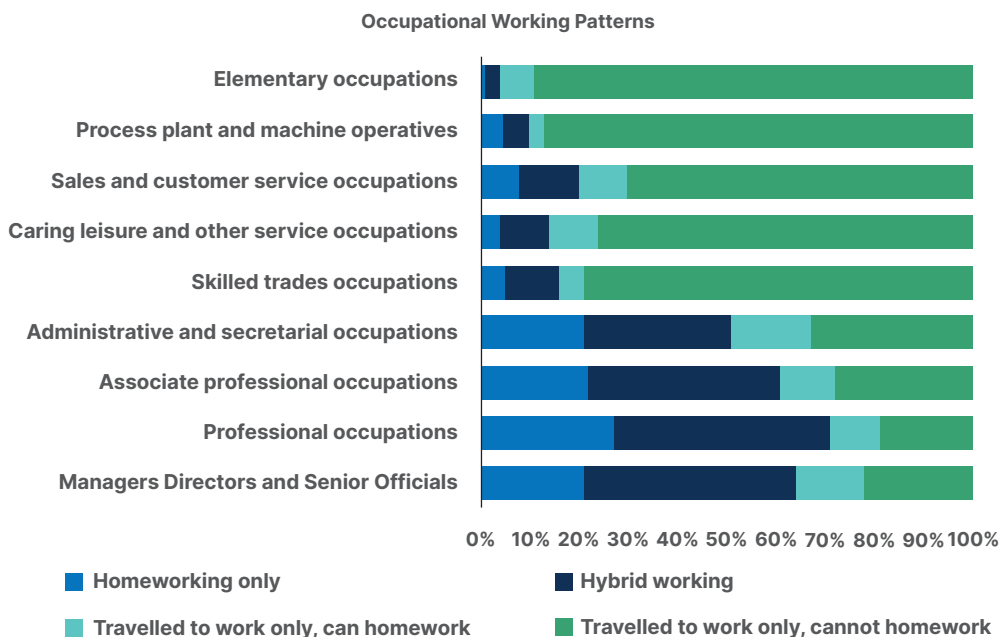


Fig. 3: Office for National Statistics (2023), Characteristics of homeworkers, Great Britain: September 2022 to January 2023

2.4 Existing Evidence and Trends

While experiences vary, trends and best practices are emerging.

Why is Work From Home here to stay?

Employees highly value the opportunity of working from home and they give it a value equivalent to 8% of pay*. Businesses see it as a measure to support employee wellbeing. In addition, employees rights to flexible working are now set out in the Employment Relations (Flexible Working) Act 2023.

What is the emerging best practice?

Hybrid working (with set days where the team can meet) makes the most of both home and office work settings while allowing for both individual and collaborative work. Working from home is easier to adopt for businesses where output-based performance reviews are in place, allowing productivity to be understood. Technology is likely to re-enforce existing home-working trends.

* Based on American data from work by economist Nicholas Bloom. See: IFS Annual Lecture (2023), *Does working from home have a future?* and J. Barrero, N. Bloom, and S.J. Davis (2023), *The Evolution of Work from Home* in the Journal of Economic Perspectives 37(4).

2.5 Wider Economic Impacts

What could work from home mean for economic activity?

The following outlines some of the shifts that could occur;

- Potential for increased labour market participation, because of increased flexibility
- Potential for lower office requirements and land use effects, depending on how remote working is arranged
- Potential indirect effects on industries where WFH is not possible (e.g., on retention and salaries)
- Housing market impacts, including higher demand outside city centres
- Sector specific impacts such as the reduction in regular commuting (e.g., railway) and its impact on public transport (Fig. 4)



Fig 4: Office of Rail and Road (2024), Passenger Rail Usage, Scotrail

3.0

Sample and Methodology

This section considers the data sources and outlines the methodology used to analyse the surveys.

3.1 Study Sample

The survey provides an insight into working arrangements across a range of organisations

The survey covers activity across 42 organisations, of which 39 were based in Scotland (Fig. 5).

Organisations include:

- 15 public bodies
- 12 government organisations
- 11 local authorities
- 4 other organisations across the third, private and public sector

In addition to the survey data received, the findings from five separate organisational surveys were incorporated into the analysis.

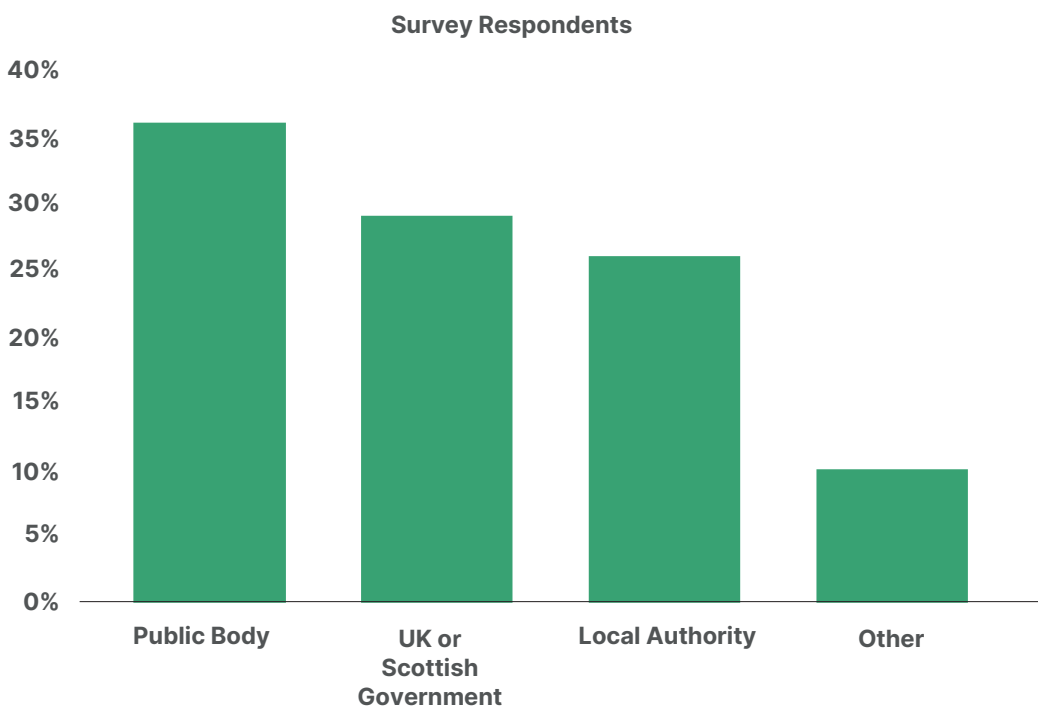


Fig 5: Number of Respondents= 42. Note: 'other' includes a range of different organisations in the private, third and public sector. Separating those out would have made responses traceable to an individual organisation.

3.2 Method and Key Themes

The analysis ensures anonymity and non-traceability, while using a smaller sample of organisational surveys to capture individual preferences.

The key themes identified focused around:

- Current Working Patterns
- Preference and Motivations for Hybrid Working
- Impacts of Hybrid Working
- Designing Workplaces for the Future

This approach ensures maximum coverage by using:

- An SFT led survey to capture the views and perceptions of organisational leaders
- Organisational surveys to provide a view on how individuals within organisations feel about their working arrangements

4.0

Current Working Patterns

This section provides evidence on current working arrangements across the organisations surveyed.

4.1 Hybrid Working Model

Where possible, respondent organisations are still working either partially or fully remote

All organisations still support partial or full remote working (Fig. 6) for those office-based employees who were able to work at home during the pandemic.

43% of respondents maintained their organisation is fully committed to a hybrid working model.

No respondents reported their organisation was largely office-based.

Information from the organisational surveys echo this finding: organisations report employees are happy with hybrid working and want this arrangement to continue.

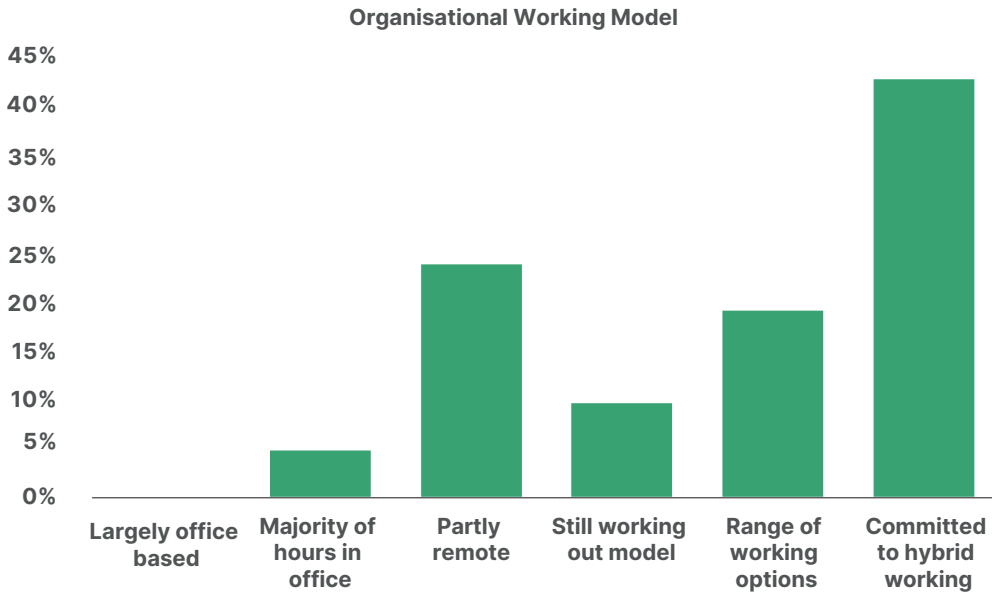


Fig. 6: Work Model
Number of Observations (N) = 42

4.2 Prevalence of Hybrid Working

None of the organisations surveyed is mandating fully office-based working (Fig. 7)

- 93% of respondents reported their organisations working between 1 and 3 days in the office
- 45% of respondents reported their organisation had no mandated days in the office
- No respondents reported their organisation works more than 3 days in the office
- 33% reported their organisation structures hybrid working in another way (e.g., a team-based business needs approach; various across departments/roles)
- 60% of respondents also reported their organisation is not looking to increase mandated days in the office

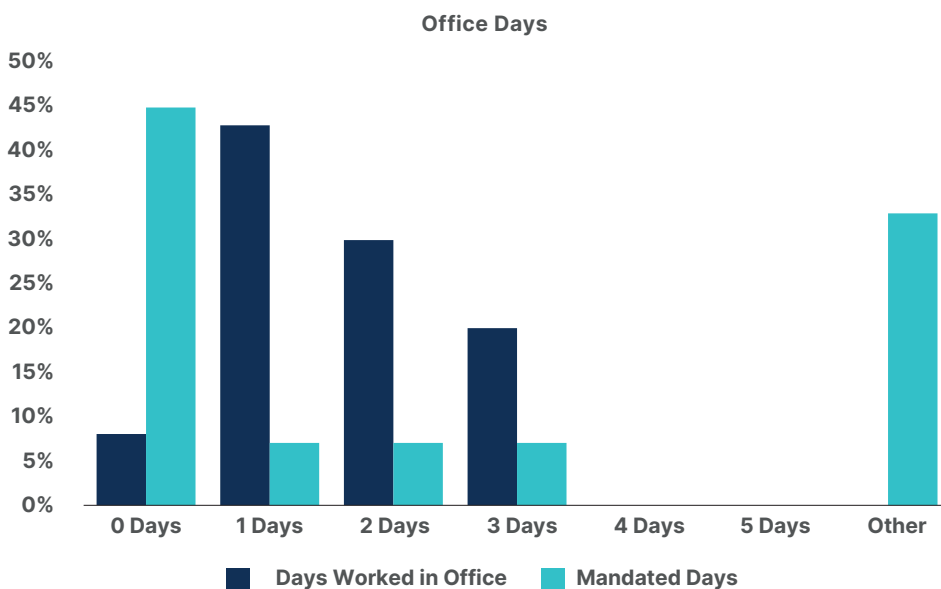
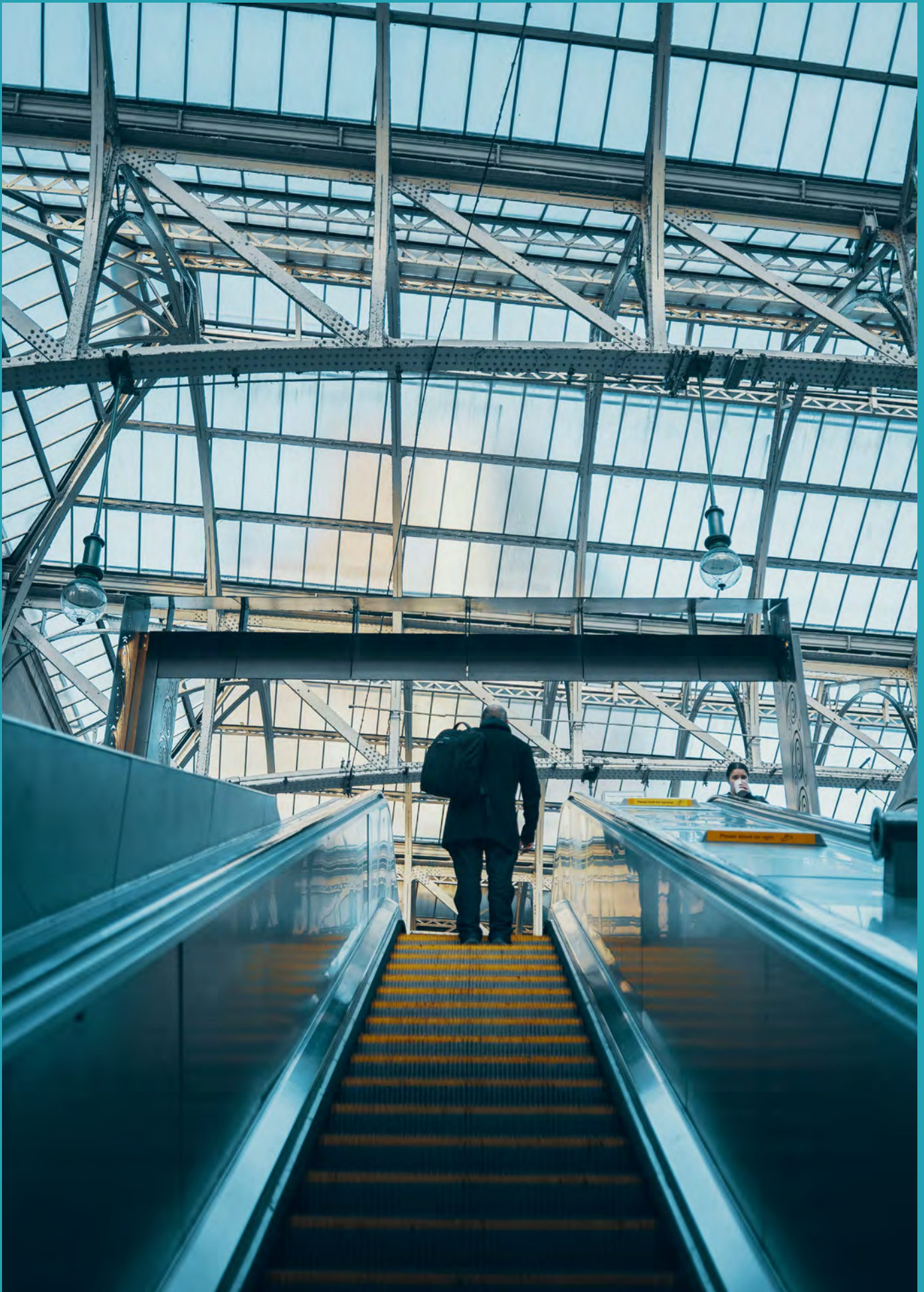


Fig. 7: Number of days in the office versus mandated days.

N ranged between 40 and 42 depending on the question



5.0

Preferences and Motivations for Hybrid Working

This section provides evidence on current working preferences across the organisations surveyed and explores the reasons employees come into the office

5.1 Hybrid Working Preferences by Age Group

Respondents largely feel all age groups prefer mixed working i.e., a mix between home and office working (Fig. 8).

Very few respondents feel any age group in their organisation prefers fully office-based working.

Employees aged 26-35 were the most likely to prefer hybrid working (74%)

No respondents reported a preference to work fully from the office across the 26-35 and 36-45 age groups.

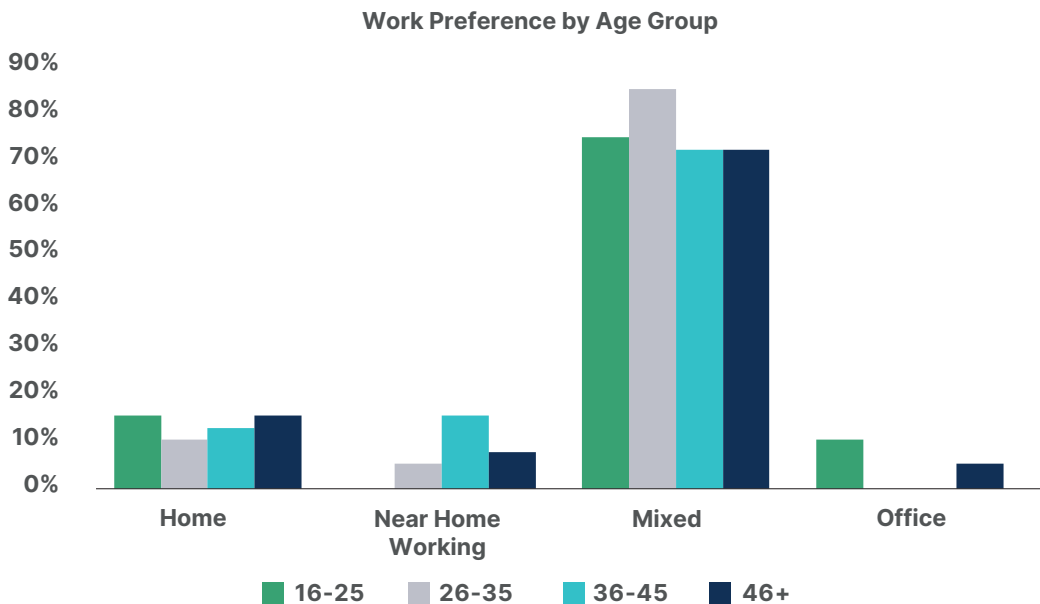


Fig. 8: Work preferences by age group

5.2 Hybrid Working Preferences by Employee Group

Across all experience levels, the preference is for a mixed work location.

Respondents reported the most common preference across all employee groups was a mix of office and home working (Fig. 9)

22% of respondents felt new employees preferred working from the office, the highest share of each employee group.

Those working at the organisation for a long time were the least likely to prefer office-based working.

Employees with specialist requirements were the group who most preferred to work solely from home and understanding what organisations mean by this is a key next step.

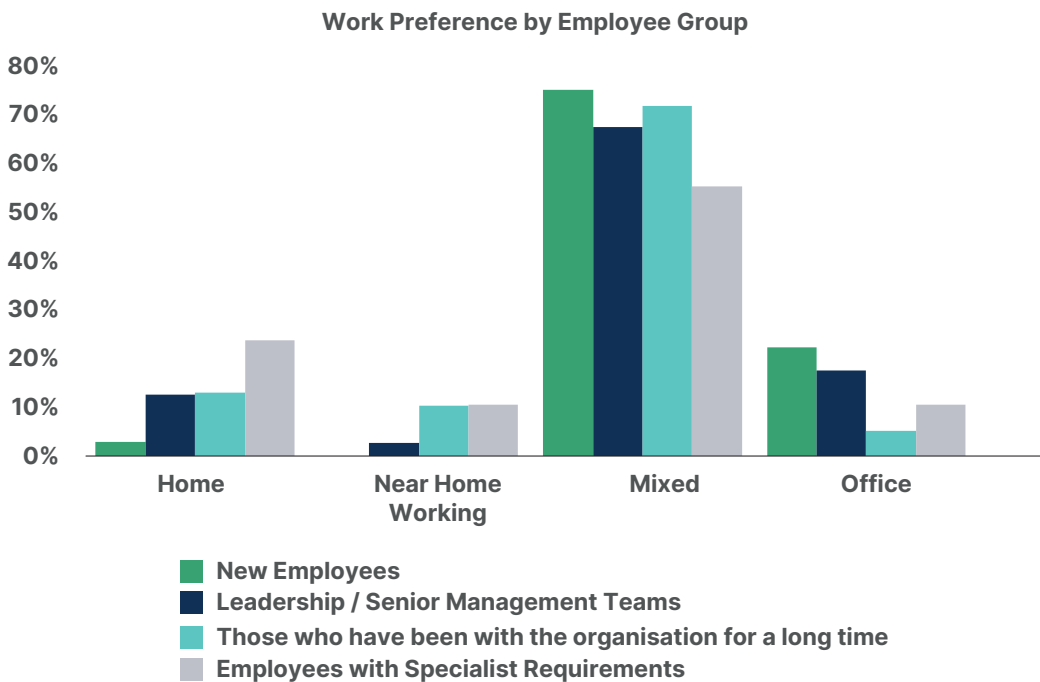


Fig. 9: Work preferences by employee group

5.3 Motivations for Office Working

Team working and socialisation are the main motivations for people going into the office.

The top three reasons employees go to the office (Fig. 10) are:

- interactive activities (including collaboration and training)
- to attend meetings
- team working

Information from organisational surveys echo this finding, with employees indicating social interaction, teamwork, networking, and relationship building were the main reasons for them coming into the office.

One survey indicated that in-person office activities are the ‘social glue’ for relationship building and knowledge sharing.

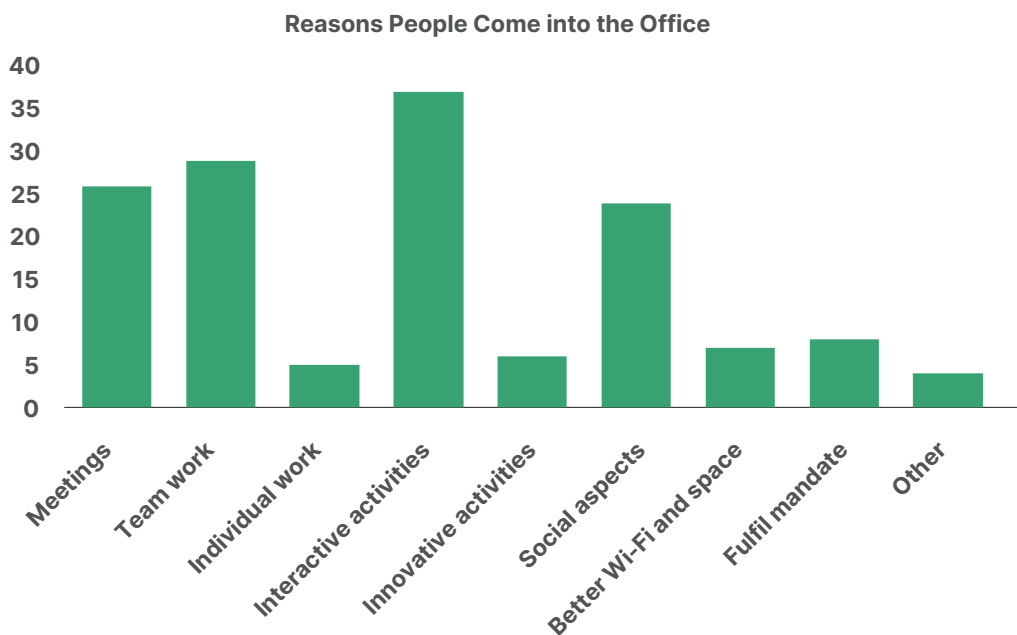


Fig. 10: Motivations for going into the office

6.0

Impacts of Hybrid Working

This section considers both the benefits and challenges from hybrid working.

6.1 Organisational Benefits of Hybrid Working

Hybrid working has brought organisational benefits (Figs. 11 & 12), creating more flexible and happier workforces. The most reported organisational benefits from hybrid working include:

- a more flexible workforce (95%)
- a happier workforce (88%)

The other organisational surveys analysed had the common theme of benefits from recruiting and retaining staff and increasing the organisation’s perception as an attractive employer. One survey indicated the organisation’s hybrid working practices were a factor influencing around 60% of its employees’ decision to continue working there.

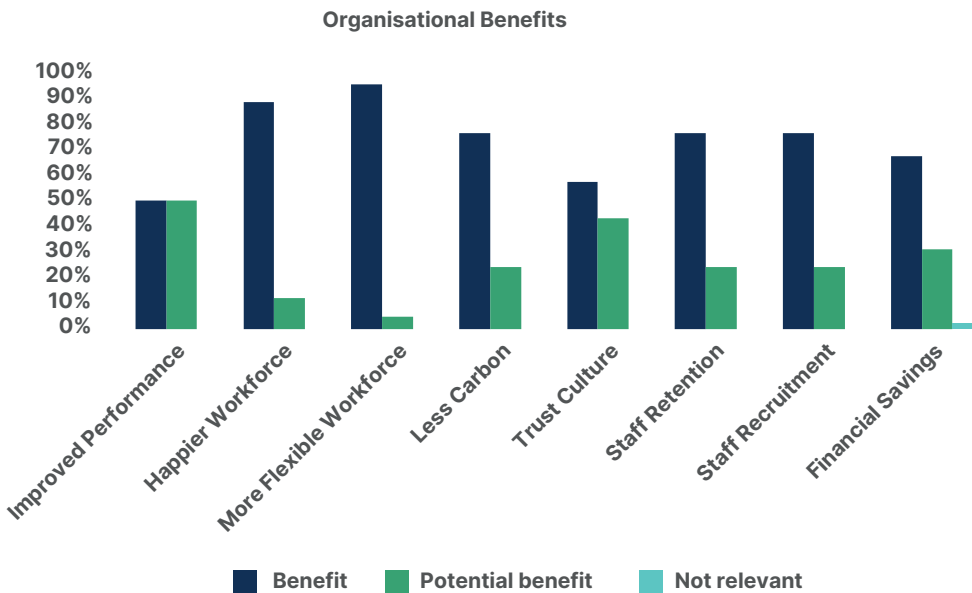


Fig. 11: Benefits for Organisations

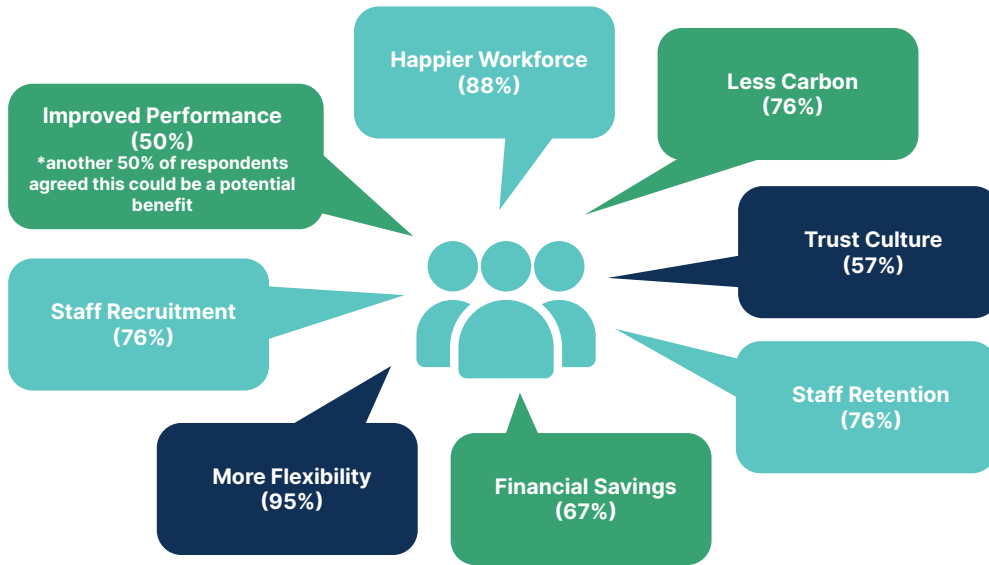


Fig. 12: Benefits for Organisations

6.2 Individual Benefits of Hybrid Working

As well as supporting organisations, hybrid working has several benefits for individuals.

The most reported personal benefits from hybrid working (Fig. 13) include a better work-life balance (35 responses) and the support of flexibility & choice (32 responses).

The findings of this survey are echoed in the other organisational surveys analysed where individual benefits included:

- greater staff wellbeing
- improved work/life balance
- greater autonomy and trust
- reduced stress
- productivity improvements

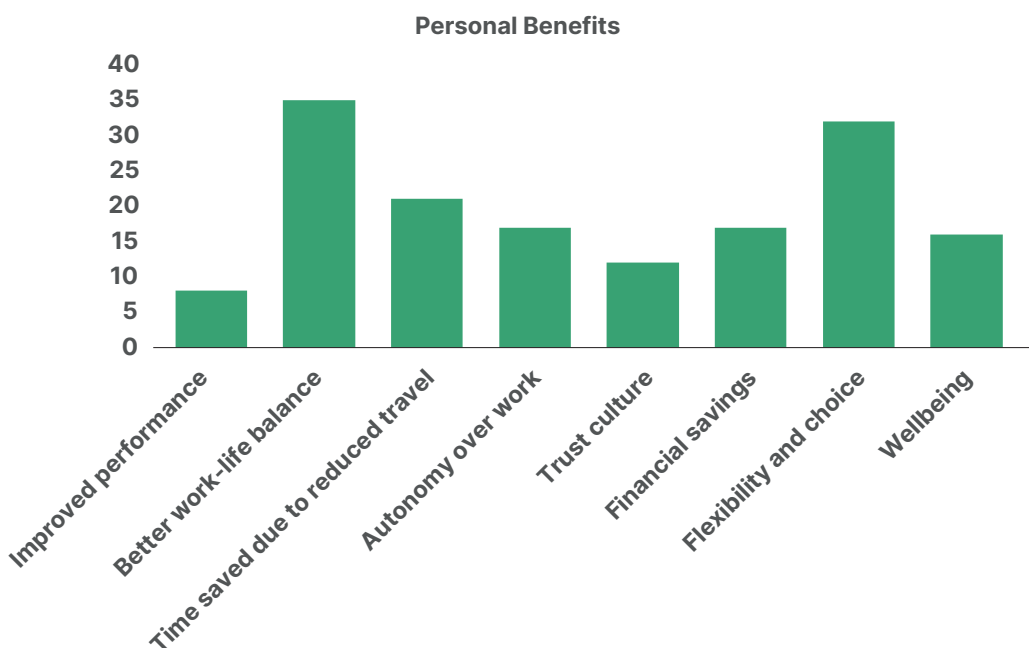


Fig. 13: Benefits for individuals

6.3 Organisational Challenges from Hybrid Working

Respondents listed a series of organisational issues associated with hybrid working.

The most reported organisational issues from hybrid working (Fig. 14 & 15) were underutilised buildings (60%) and onboarding of new employees (55%).

41% of respondents reported career progression was 'not' a relevant organisational issue from hybrid working.

The most reported 'potential' organisational issues from hybrid working include performance (68%) and negative impacts on place (59%).

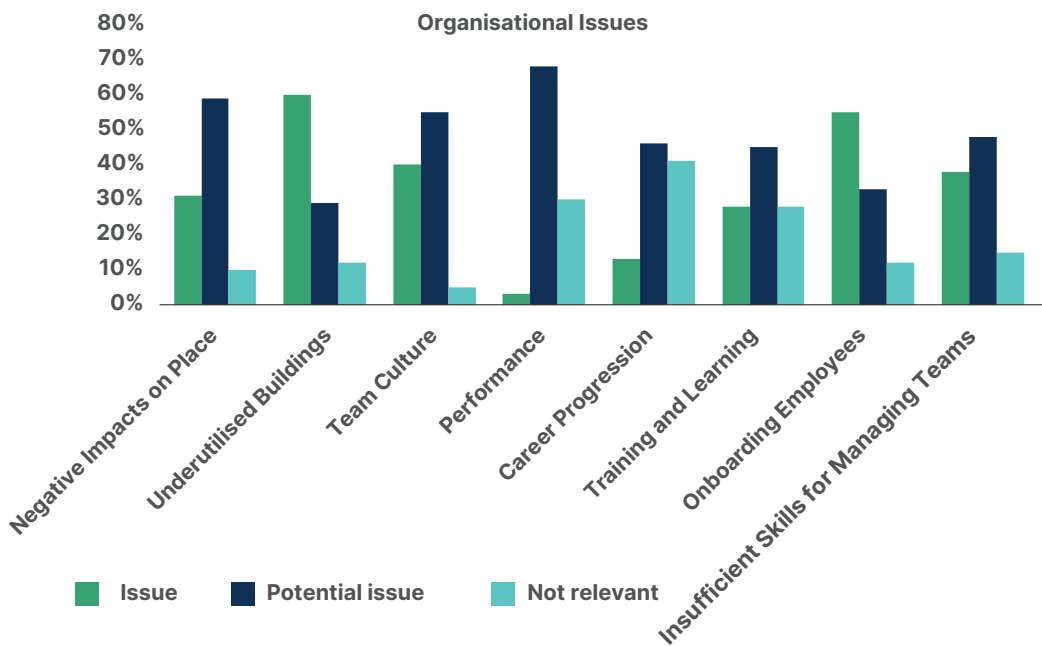


Fig. 14: Organisational Challenges from Hybrid Working

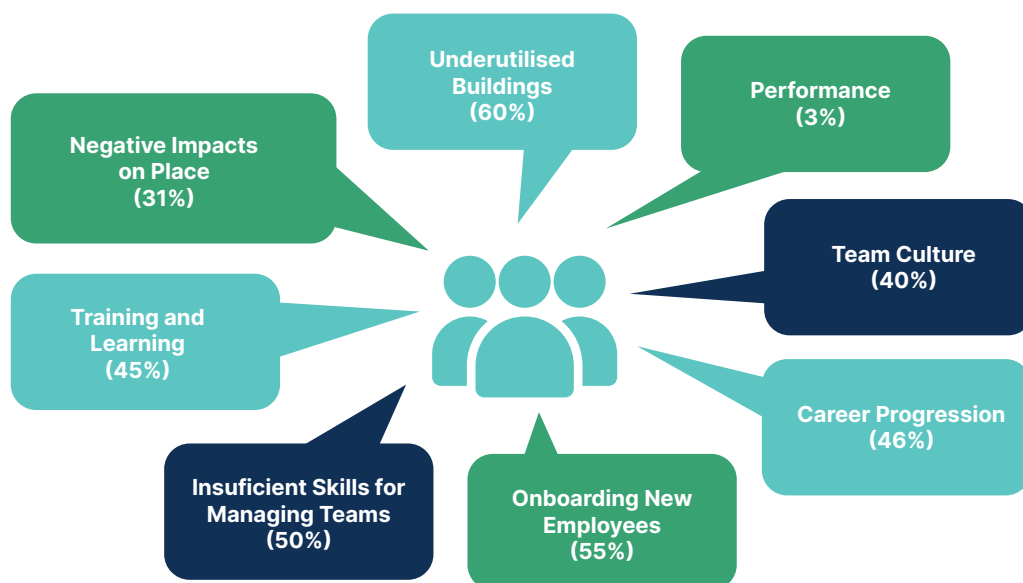


Fig. 15: Summary of Hybrid Working Organisational Challenges

7.0

Designing Workplaces for the Future

It is important that work and workplace continues to evolve to account for the requirements of different activities associated with hybrid working.

7.1 Best Practice

The survey considered how respondents feel their organisation works best regarding the level of choice on working patterns.

All respondents agree to some extent their organisation works best when teams and individuals have choice around where they work (Fig. 16).

95% of respondents ‘disagree’ that their organisation works best when everyone is in the office.

This trend supports the continuation of hybrid working and moving away from exclusive office working.

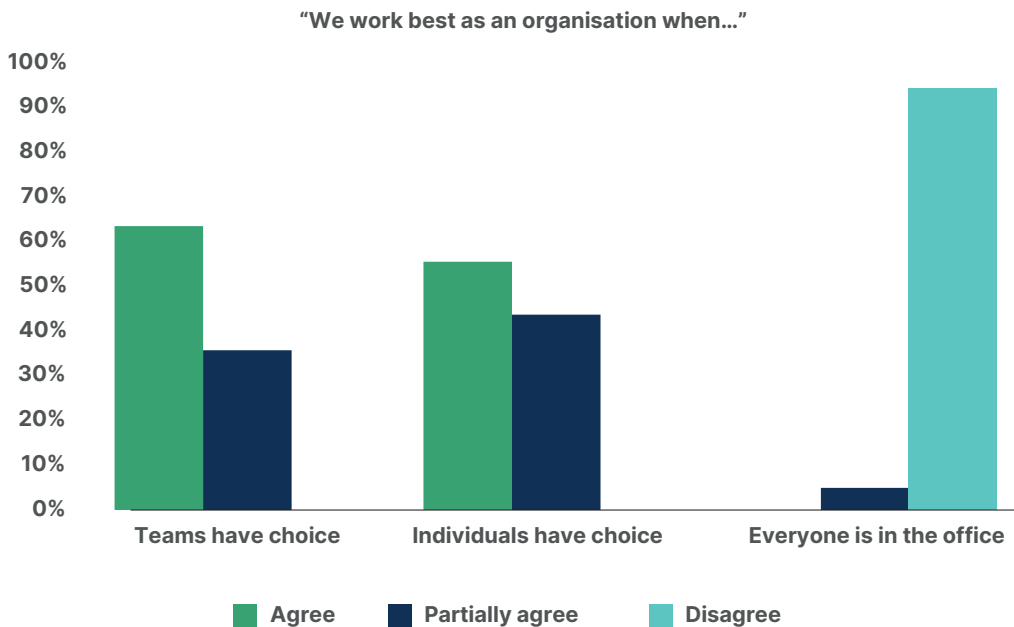


Fig. 16: How we work best

7.2 Reduction of Office Space

Most organisations reported that they had, or expect to, reduce their office space following changes in working preferences (Fig. 17)

- 53% of respondents reported their organisation has already reduced office space
- 34% reported their organisation is planning to reduce office space
- 13% of respondents reported their organisation had no plans to reduce their office footprint.

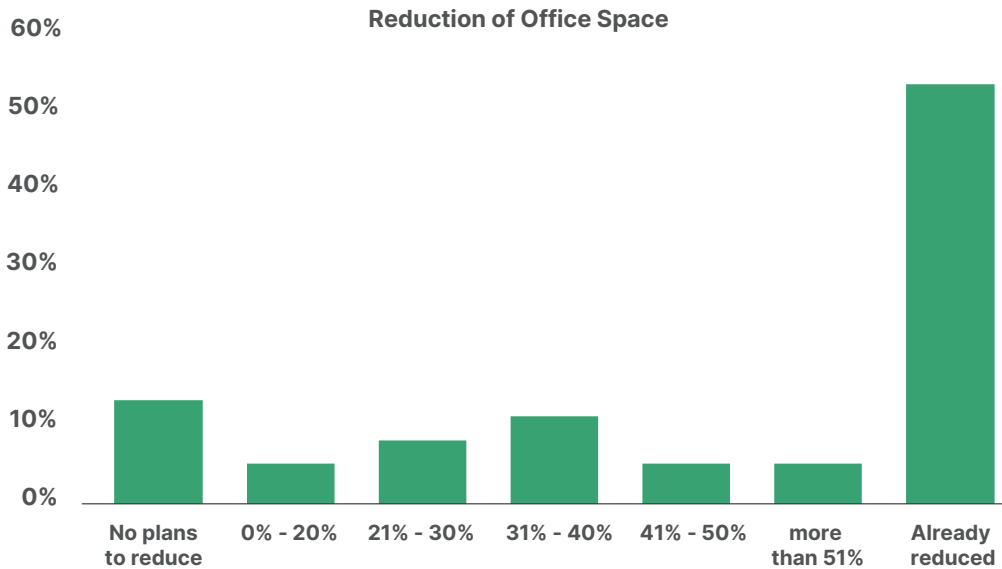


Fig. 17: Approach to workspace need

7.3 Making Hybrid Working Accessible to All

Equipment and autonomy were the most reported strategies to support greater equity in hybrid working.

The most popular ways respondents reported their organisations approached equity towards hybrid working included the following strategies (Fig. 18)

- Providing all staff with kit to allow them to work as flexibly as their role allows (34%)
- Encouraging autonomy around where and when people work within the context of their role (24%)



Fig. 18: Supporting Equity

7.4 Tools Implemented to Support Hybrid Working

Toolkits and technologies are the most reported ways to support hybrid working.

The most common tool that has been introduced in organisations to support hybrid working was technologies to support asynchronous working (Fig 19 & 20)

One respondent reported their organisation has “introduced technology that allows close collaboration between teams – some of whom may be in an office and some of whom may be working from home ”

These findings are echoed in the other organisational surveys considered: one survey found employees expect many activities in the future can be designed, organised and facilitated as hybrid interactions

Tools to Support Hybrid Working

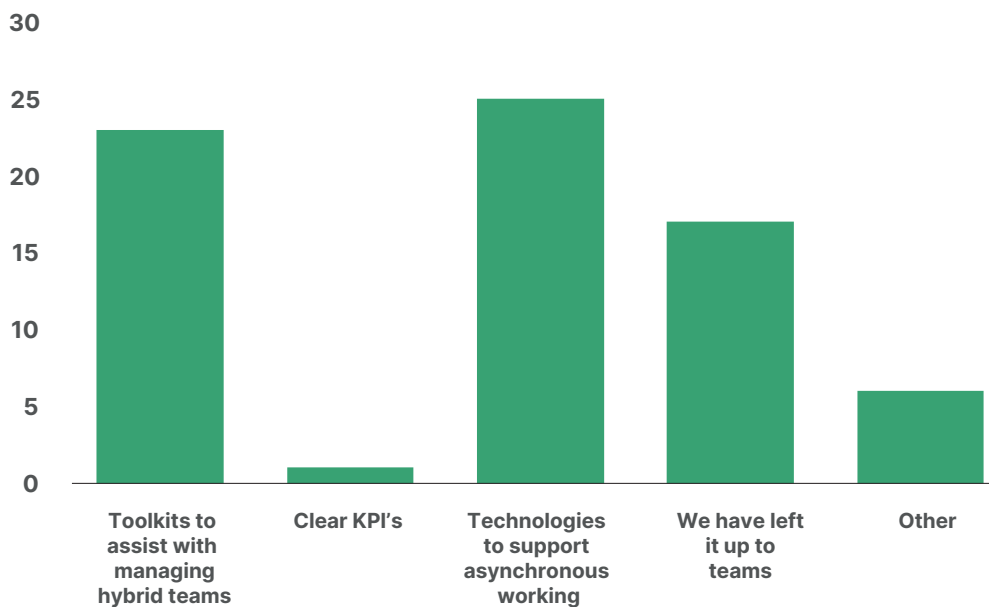


Fig. 19: Tools to support Hybrid Working

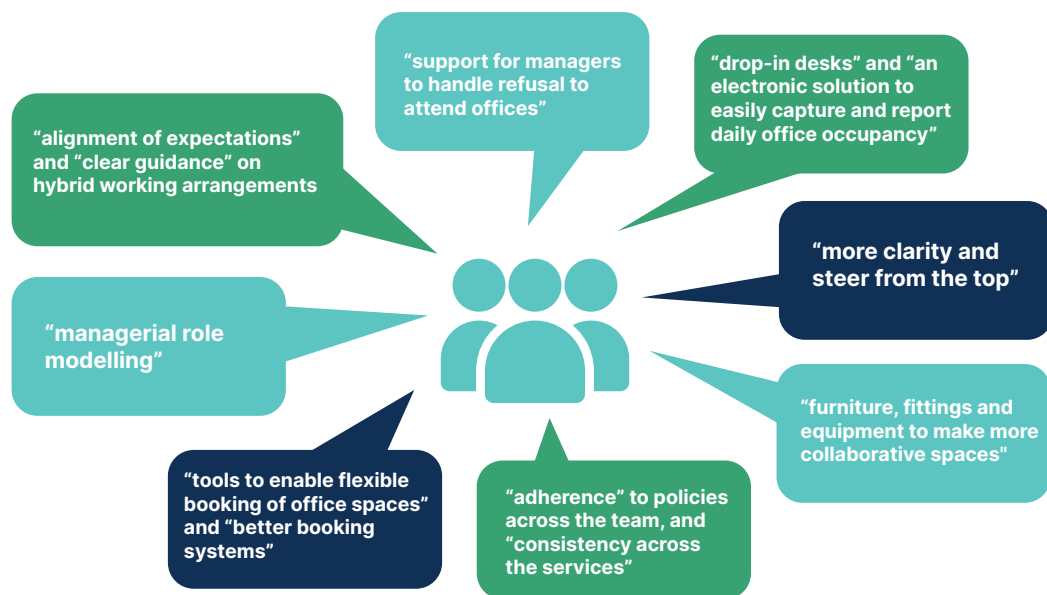


Fig. 20: Tools to support Hybrid Working

Conclusion

The organisations who took part in this survey are in agreement that working from home is here to stay but that the office still plays a key role in the way we work. Hybrid working offers clear benefits for organisations and individuals. For individuals, those benefits are increased flexibility and a better work life balance. For organisations, its more around flexibility, a happier workforce with staff attraction / retention and carbon footprint impacts also being highlighted.

With respondents citing concerns around underutilised buildings, onboarding of new employees and skill levels for managing remote teams, its clear we have a lot of work ahead of us.

How do we:

- Find the balance as an organisation of office presence versus remote working?
- Ensure our office-based workplaces are 'right sized' to support individuals, organisations and carbon footprint.
- Create a destination of choice that supports users and creates a workplace experience while reducing the needs for mandated presence?
- Use our workplaces to take the conversation beyond the home v office debate where we can?
- Upskill our managers to support remote teams and onboarding of new employees?

We need to find that perfect balance of 'in person' presence versus flexibility and choice. We need to focus on how we use our offices to create that "social glue" that builds relationships and supports connection. This is going to be an interesting year.



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