



ADVANCED
WORKPLACE
ASSOCIATES

THE FUTURE OF WORK IN INNER LONDON



Research: Advanced Workplace Associates

Published in June 2021



CONTENTS

Management Summary	04
Introduction	05
- How have we arrived at this number?	05
The Implications	06
- Implications for me, i.e. the individual	06
- Implications for the organisation	07
- Implications for the local economy	09
Recommendations	10
References	11

REPORT AUTHORS



ANDREW MAWSON
MD & Founder, AWA

Andrew is Co-Founding Director and Managing Director of Advanced Workplace Associates (AWA). He's a leading pioneer, thinker and speaker on matters 'work and place', with an expert knowledge of business strategy, organisational design, work strategy, workplace design and change management.

In his consulting work, Andrew has led workplace change programs with some of the most respected organisations in the world.

Andrew has been the driver behind all of AWA's research into Knowledge Worker Productivity and led the four research programs that underpin all AWA's consulting work.



LARA AL ANSARI
Associate & R&D Lead, AWA

Lara Al Ansari is an Associate at Advanced Workplace Associates (AWA). Highly specialist in the fields of organisational behaviour, strategy, research, data analysis and problem solving, Lara is instrumental to the delivery and success of AWA's trusted research and development initiatives.

Prior to joining AWA, Lara spearheaded projects in the UK and UAE. She has a BSc in Psychology from Durham University and an MSc in Organisational and Social Psychology from the London School of Economics.

MANAGEMENT SUMMARY

- Following the experience of remote working during the Covid-19 pandemic, many people want to continue working in a flexible way once government restrictions are completely lifted.
- We estimate that around 41% of the population living and working in the 14 boroughs that make up Inner London could do their jobs at a distance, i.e. not necessarily at their main office. This would mean that potentially 835,000 jobs could move out of London to other locations across the UK or even abroad.
- These individuals could have more flexibility to decide their living situation by personal preferences rather than proximity to their main office location.
- Organisations will have to rethink their office space and facilities should they decide to continue flexible working practices, and may be encouraged to offer these practices in order to retain and attract talent.
- With individuals potentially moving out of the centre of the capital, spending shifts from businesses in Inner London to local businesses in other locations, and demand for housing in Inner London may shift. This could have a knock-on effect on central London hospitality businesses and have a major impact on transport spending and planning as fewer people commute.
- The changes could support Boris Johnson's "Levelling-Up Agenda" with high paid jobs moving from central London to the regions.



INTRODUCTION:

In the past year, the occurrence of the Covid-19 pandemic and its associated restrictions required organisations across the UK to swiftly move into a remote way of working in order to continue business as usual, in the most unusual of times. What followed was what is arguably the greatest work from home trial in history, whereby organisations that previously thought such an arrangement inconceivable, quickly digitised their processes and sent their employees on their way.

For global banks such as HSBC, working long hours in the office was previously the norm. However fast forward 12 months and CEO Noel Quinn now sees flexible working as part of their future moving forward. Similarly, many other organisations and their people reaped the business and personal benefits linked to remote working, with countless wanting to continue such a way of working even post-pandemic.

This raises the question: **how many people could continue working in a flexible way in the future?** We have focused our exploration on inner London¹, where a large proportion of jobs are in services resulting in approximately 41% of the population living and working in there. **This could mean that up to as many as 835,000 jobs could be relocated from Inner London.**

How have we arrived at this number?

The dataset used in this report was retrieved through Nomis, a service created by the Office for National Statistics. The dataset contains the population of people living in Inner London in 2020 and their different employment and occupation types.

41% is the percentage of job roles most likely to work outside their main office in Inner London, based on an understanding of the nature and demands of the employment types. For example, 'administration' and 'secretarial' roles are deemed highly likely to be able to work outside of their main office, since their ability to complete their tasks is not necessarily contingent on location. Whereas those employed within the healthcare sector, such as doctors and nurses, are deemed less likely to be able to work outside of their main office, because their ability to meet role demands is more contingent on their presence at their work location.

1. Boroughs of Camden, Hackney, Hammersmith & Fulham, Haringey, Islington, Kensington & Chelsea, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets, Wandsworth, and the Cities of London and Westminster

THE IMPLICATIONS:

So, what does this mean? With an estimated 41% of the residential population of Inner London being able to work remotely, a number of potential implications may result, broadly at three different levels: me, i.e. the individual, the organisation, and the local economy. Each of these levels will be discussed in more detail.

Implications for me, i.e. the individual:

It is known that London, specifically Inner London, is an expensive place to live. [Demographia](#) found that in the year 2020, London ranks amongst the top 10 most expensive cities to live in across the globe. Many people employed in the centre of the capital may also base their living situations on proximity to their main office, particularly if the contractual working arrangement included a five day in-office work week.

However, during the pandemic, many organisations and their employees had to make the quick transition from office-based working to remote working, with the current digitisation of tasks, workflows, and processes laying the groundwork for these arrangements to continue in the future. Essentially, the pandemic has enabled more people to do their jobs at a distance. We therefore estimate that 41% of people living in Inner London could continue their jobs remotely.

This means that more people could now have the flexibility to decide their living situations around personal preference, rather than around where they are employed. For instance, people may decide to move out of the centre and into Greater London, the surrounding counties, or beyond. Younger employees may be seeking lower rental costs, whilst those with families may be looking for a bigger space that is more accommodating to their family needs and demands.

However, when moving to a hybrid way of working, people still may be required to come into the office a few days a week, meaning they may be incurring higher travel costs, but this may be minor in comparison to the costs saved on other fronts, such as property prices, rent, bills, food, etc. Overall, people may also desire a better quality of life, surrounded by more greenery and nature. Whatever the case, more individuals may now be granted the flexibility to decide where they want to call 'home'.

Implications for the organisation:

An increasing number of organisations are making the shift to a flexible way of working on a more permanent basis, despite the easing of restrictions all over the country. In many sectors, the pandemic demonstrated that working from home is far from detrimental to productivity, efficiency, or long-term business continuity. Nonetheless, the office still provides many benefits that are less easily accessible remotely, such as the opportunity for serendipitous encounters and the value of face-to-face interactions. Many organisations across the UK have therefore opted to move to a 'hybrid' way of working, in order to reap the benefits of both the in-office and remote workspaces.

Employing a hybrid working arrangement would mean that the office space would not need to cater for as many people, suggesting that organisations could downsize both in terms of space, cost and the number of support staff required to run the building/s (i.e. for cleaning, catering, facilities etc). Additionally, it begs the question of what sort of spaces will be available in the workplace? Many organizations are opting to swap traditional desk space for collaborative spaces, so the office serves as a hub for interaction and socialisation, whilst the home provides the environment for quiet, focussed working.



AWA client studies have identified eight reasons for having face-to-face working in the same place:

1. To support fast moving, high value tasks

Tasks in which the outcomes have either very high value or dramatic consequences that require the fusion of knowledge.

2. To create and leverage opportunities from serendipity

Where the work involved generates a high value outcome that can be benefited by the legendary serendipitous water cooler bumping into each other situations.

3. To support tasks that require special physical equipment

Tasks that require specialist equipment like a laboratory or an MRI scanner of high cost which can't be operated remotely.

4. To support tasks that need a secure, regulated environment

These might include tasks associated with financial transactions such as dealing and payments where it would be inappropriate for other members of a household to be able to view a screen or overhear a conversation.

5. To create opportunities for learning through listening, watching, doing

'Apprenticeship' cultures in which juniors learn their trade from watching, listening and supporting seniors have an in-built belief that this is the best way to convert raw talent into useful senior talent.

6. To enable people who don't have the tools, facilities or space to work from home

For example, younger people who may not have enough space at home or live in an area with poor Wi-Fi connectivity may need to come to an office just to be able to work.

7. To enhance social connection

Social cohesion is enormously important for knowledge workers and, although much can be done consciously online to get people connected, there is nothing better than face to face interaction with a coffee or glass in hand to enable good levels of dialogue and conversation.

8. To build trust

Scientific research has found that when humans smell the hormone oxytocin on others, such as family, friends and colleagues, it inspires trust. Looking forward, leaders need to think about how they create these conditions without the benefit of biology.



With people across the nation seeing first-hand the benefits of remote working during Covid-19, many may want to continue working in this way, with our estimate being around 41% of people being able to potentially continue working remotely in the centre of the capital. If organisations revert to pre-Covid-19 ways of working, then they may lose out on talent to other competitors who do offer a more flexible way of working. [One anonymous poll](#) of over 3000 professionals in the US found that 35% said they would quit their jobs if they couldn't work remotely in the future.

That said AWA's recent study ['I Don't Like Mondays \(or Fridays\)'](#) found that the average UK employee wants to work two-three days a week, but typically want to work the same days – Tuesday to Thursday. Unless employers plan for this, with incentives for coming into the office on Mondays and Fridays, workplaces could end up empty for large parts of the week.

It is therefore crucial that organisations fully think through how their new operations are going to work, particularly if they embrace hybrid workstyles and recognise that their staff may move further away from the office. Keeping virtual teams cohesive is something that organisations will be needing to watch for some time to come.

Implications for the local economy:

With more individuals and organisations moving towards flexible models of working, what does this mean for the local economy? At an individual level, more people moving out of Inner London and into other areas across the nation may result in a decrease in spending in the centre, and an increase in spending on local businesses elsewhere, in line with [Boris's "Levelling Up" Agenda](#). For instance, prime lunchtime spots in the centre of London such as Pret a Manger or Leon may suffer, as would Inner London pubs and restaurants, whilst other local businesses across the country may see a gradual increase in sales. Additionally, this may have potential implications for transportation in and around Inner London, as fewer people travel into the office every day.

Furthermore, with more organisations shifting to a hybrid way of working post-pandemic and consequently downsizing their office spaces, a lot of that previous office space frees up. There is a potential for much of the available commercial space to be converted into residential space, which would have its own implications on the housing market as demand for housing in Inner London decreases while supply increases.

CONCLUSION

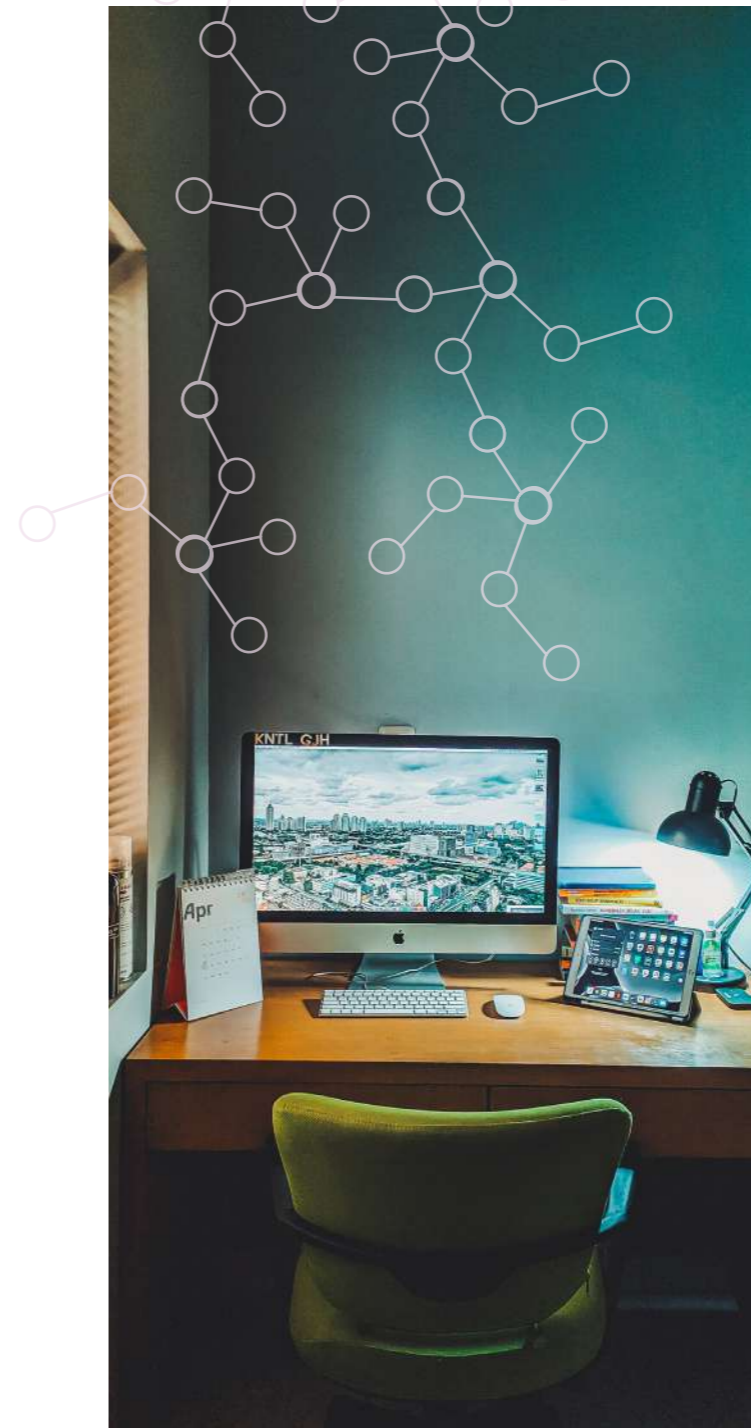
If the potential we have identified in our report for changes in location and patterns of travel becomes a reality, there will be winners and losers. The key for organisations, individuals and landlords will be to embrace the changes and evolve to new models of working and thinking. The movement to flexibility is not new, it has just been accelerated by the experiences of working during the pandemic.

In AWA's 30 years of consultancy and Research and Development, we have seen different

organisations embrace flexibility at different points in time from the early adopters in the tech sector to the later adopters in the insurance sector. Today is no different. Many progressive leaders are embracing the change and using it as a competitive weapon. Others are rallying against the change because it's not in line with their experience or thinking. One thing is true. The journey to mobility, flexibility and virtuality is a journey that all organisations are on, whether they like it or not.

Recommendations:

- Organisations must rethink their ways of working in order to retain and attract new talent
- Local communities and authorities must consider new ways to retain people contemplating a move out of the Capital
- The Government may need to think about ways of maintaining a stable housing market should events unfold as hypothesised
- Transport for London will need to review its long term planning strategy to accommodate different work patterns
- Hospitality chains may need to rethink how they locate outlets, with less emphasis on Inner London and more incentive for workers from home to "go out" to purchase lunch or enjoy after work socialising



REFERENCES

- The Productivity of Knowledge Workers (2013)
<https://www.advanced-workplace.com/category/6-factors-knowledge-worker-productivity/>
- Managing the Agile Workforce (2014)
<https://www.advanced-workplace.com/category/managing-the-agile-workforce/>
- Cognitive Fitness (2015)
<https://www.advanced-workplace.com/category/cognitive-fitness/>
- Designing Workplace Experiences (2016)
<https://www.advanced-workplace.com/awa/research/whitepapers/>
- The Kinetic Organisation (2012)
https://www.advanced-workplace.com/wp-content/uploads/2015/05/RE0408_Whitepaper-The-Kinetic-Organisation_APRIL-2012-Final-UK-A4.pdf
- Managing the virtual workforce (2020)
<https://www.advanced-workplace.com/managing-the-virtual-workforce-report/>
- I Don't Like Mondays (or Fridays) (2021)
<https://www.advanced-workplace.com/wp-content/uploads/2021/02/I-Don't-Like-Mondays-Fridays-AWA-Report-Feb-2021.pdf>



ADVANCED WORKPLACE ASSOCIATES

DISCLAIMER / COPYRIGHT

This document is intended as a general information publication and is based upon material in our possession or supplied to us, which we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any warranty that factual errors have not occurred. We therefore take no responsibility for any damage or loss that may be suffered by reason of any such inaccuracies.

All rights reserved. No part of this publication may be reproduced or used in any form or by any means, graphic, electronic or mechanical, including photocopying, recording, taping, or information retrieval systems, without the prior express permission in writing of Advanced Workplace Associates.

LONDON

Workplace House,
69 Turnmill Street,
London EC1M 5RR,
United Kingdom
+44 (0) 207 743 7110

NEW YORK

WorkHouse,
21 West 46th Street,
New York
NY 10036, USA
+1 646 - 585 - 2009

PARIS

Advanced Workplace
Associates Ltd
3 Rue De Stockholm
75008 Paris, France
+33 674794631



<https://www.advanced-workplace.com>