CPC
CENTRE FOR POPULATION CHANGE

CONNECTING GENERATIONS

# Working from home and regional development: Case studies from UK cities

86 POLICY BRIEFING MAY 2025

Working from home has grown sharply, with implications for UK regional inequalities. This policy briefing presents insights from interviews with key regional and local stakeholders from three representative cities: Glasgow, Birmingham and Sheffield.

The interview findings reveal that data on how working from home affects high-skilled labour mobility is limited, making planning difficult for businesses and cities. Working from home is seen as beneficial for recruitment and city office space changes, but there are concerns for city centres and public transport. For many interviewees, in-person interaction is still key for culture, innovation, and support. Sector composition means that some regions are considered more or less suited to remote working, while some may not be capitalising on opportunities presented by new working patterns.

Area attractiveness and transport links are seen as vital for drawing talent, with cities and regions keen to promote their natural and cultural assets. The ideal is high-skilled workers living and working in the same city-region to support local growth, but attracting talent alone isn't seen as a solution to issues like low skills, inactivity, and poor job quality. It was widely acknowledged that addressing these issues needs cooperation between businesses, local government, and universities for effective development.

## *Key Points:*

- *Data on working from home is currently insufficient for cities to understand what is happening with remote/hybrid working and how this might relate to their ambitions for high-value industries and sectors.*
- *Promoting a city's image, including its cultural scene and experience economy, is important for attracting high-skilled labour.*
- *Regional and local partnership working is important for attracting high-skilled labour and linking to local economic development plans.*
- *Cities ideally want high-skilled workers to both work and live locally. High income residents can drive growth through their spending, including on low value-services, but it's crucial to attract the right high-skilled labour to support high-value jobs.*
- *Attracting high-skilled labour alone will not deliver inclusive growth and good jobs across a local economy.*

## Introduction

Given the UK's profound spatial inequalities, policymakers must find ways to boost lagging regions' economic performance. Major cities outside London have long underperformed, prompting efforts to spread productivity and prosperity more evenly. Remote, hybrid and home working (hereafter WFH) have grown, accelerated by the Covid-19 pandemic, making the impact of WFH on regional cities and inequalities an important and timely concern.

Removing or reducing the distance between workers and their workplaces could have multiple impacts. In theory, WFH has potential if high-skilled labour (HSL) can relocate or work beyond London and the Greater South East. However, WFH mainly favours HSL and higher earners, and the unequal spatial distribution of HSL in the UK remains a persistent issue.

## The study

To complement our quantitative study looking at whether WFH has affected the residential mobility of HSL (see Policy Briefing 85), we carried out case studies of three regional cities to gain a deeper understanding of how WFH impacts economic development. We chose Glasgow, Sheffield and Birmingham to represent wider core cities, considering factors such as governance arrangements, location, and change over time in the proportion of the population with degree-level qualifications. Each city is at the heart of administrative regions with populations of approximately 1.7-1.9 million people. All three cities increased the proportion of the population with degree level qualifications or above between 2019 and 2022 (see Table 1). By Primary Urban Areas, the residents with the highest level of skills (degree level and above) in 2023 show Glasgow was 7th out of the UK's 63 largest urban areas, compared to Sheffield ranked at 31st and Birmingham ranked at 40th. In terms of their economic performance, all three cities are positioned below the UK average for productivity, although average weekly workplace earnings are higher in Glasgow and close to the UK average.

Stakeholder interviews were conducted with senior individuals in positions where skills and economic development are a central part of their role. We interviewed 28 participants from 24 organisations, representing local-regional government, businesses, and universities across each city. The interviews were coded and analysed across four major thematic issues: 'impacts of working from home', 'place attractiveness', 'local partnership working' and 'achieving balanced growth'.

## Main findings

### The impact of working from home

Discussions with local/regional stakeholders confirmed that there is limited data on WFH and its impact on HSL mobility for city-regions. Interviewees were uncertain whether a 'new normal' of working patterns had been established. The lack of data helps explain why WFH had not yet become a key part of their strategic planning. It was widely acknowledged that cities remain key hubs for inward investment, and attracting and retaining HSL is important in developing high-value jobs.

WFH was seen to offer potential opportunities for certain employers to recruit from a larger geographical area and leverage lower living costs to attract talent:

> *"Being able to offer hybrid because your employment pool is much wider... talking to a business... and they have... people that work with them, one in Bristol, one in Newcastle. ... they were the right hire for the role... They don't need to be sat in the office [all the time], so why wouldn't we hire them?"* (Interviewee 10)

> *"...people who would only previously have considered working in London on a premium wage are quite content to be working from a Glasgow base on a hybrid contract and getting multiple benefits; lower housing costs, better salary, a requirement to be in the office part of the time, but not all the time."* (Interviewee 28)

It also led to changes in city centre office space usage, allowing more businesses to share space and create collaborative work environments. However, evolving working patterns had some detrimental impacts on city centres and public transport:

| Travel to work area | Percent of the population aged 16-64 with degree level qualifications (2019) | Percent of the population aged 16-64 with degree level qualifications (2023)* | Percentage point change in population aged 16-64 with degree-level qualifications (2019-2023) |
|---|---|---|---|
| Glasgow | 45.8 | 57.3 | 11.5 |
| Birmingham | 34.4 | 44.3 | 9.9 |
| Sheffield | 41.6 | 42.8 | 1.2 |

**Table 1: High-skilled labour in Glasgow, Birmingham and Sheffield, measured by highest qualification**

Source: ONS, Annual Population Survey, accessed via Nomis in July 2024

*"For the city centre [Glasgow], the absence of the number of workers that have previously been there, which fed the retail and the leisure and hospitality sector was very, very noticeable."* (Interviewee 28)

Face-to-face interaction was considered important for embedding organisational culture, creative innovation, and supporting the socialisation and learning of new and younger employees, highlighting perceived disadvantages of WFH:

*"To attract young people, train them well and retain them. Because the people they would normally sit next to and learn from in an informal way aren't in necessarily at the same time, [so] it's just not as easy... when you were there 9-5, Monday to Friday, there was always someone there that you could learn from, that you could ask, or that you could just observe. It doesn't work that way anymore."* (Interviewee 10)

*"But how do you learn when you work from home? How do you actually collaborate on a project? How do you actually spark those ideas? Or if you're actually doing something like in engineering, you can't see what the model looks like. It's not the same as touching it, feeling it, holding the machine... then if you've got the physical presence, it's easier to actually learn those social skills and understand them and actually see other people, how they interact, so that that becomes by osmosis rather than having to go on a training course."* (Interviewee 4)

As WFH is not suitable for all jobs, the sector composition of regions is important to consider. Regional data on WFH rates across UK sectors have some limitations. For example, according to interview participants, Sheffield's sector focus on advanced manufacturing and traditional trades is not conducive to WFH. Yet 'Data Infrastructure', a target for future development for the Sheffield region, has nationally seen a 47% increase in the proportion of workers WFH since the pandemic. Analysis of the innovative clusters shows Sheffield is underperforming in Data Infrastructure relative to Glasgow and Birmingham, suggesting Sheffield could be capitalising on the new working patterns. Overall, the West Midlands sectoral composition is less suited to WFH than the UK as a whole. However, Birmingham has strong professional and business services (focused on Colmore Row) and digital technology sectors with HSL, which are more amenable to WFH. Glasgow has a higher WFH rate than the UK average and the other cities in the study.

## Place attractiveness

Place attractiveness is important for appealing to HSL, especially as workers gain more flexibility in choosing where to live and work. Many cities have areas of natural beauty close by that serve as a draw, such as Sheffield's Peak District and Glasgow's Loch Lomond & The Trossachs National Park. Interviews revealed differences in how cities leverage their assets. While Glasgow doesn't have a greater number of cultural assets of arts, entertainment or food and accommodation businesses than Birmingham, it does have more cultural businesses per person. Birmingham, also has far more innovative cultural businesses compared with Glasgow. Place-branding plays a significant part in amplifying Glasgow's attractiveness, with efforts dating back to 'Glasgow's Miles Better' initiative in the 1980s. Birmingham capitalised on the 2022 Commonwealth Games to positively promote the city and region:

*"We've had a great opportunity through the Commonwealth Games [in Birmingham] and beyond that take our regional narrative out to the world and it's paid dividends in terms of the returns that we've managed to get with businesses and investment coming here."* (Interviewee 14)

Transport and location matter for the mobility of HSL in and out of cities. Birmingham has benefited from HS2-related investment, which will increase capacity and scope for faster journeys to London. Glasgow has good transport links to Edinburgh and three airports:

*"You can be pretty much anywhere in Central Scotland in just over an hour by public transport... I think the geography of Scotland is important here in that, it's not about just coming to Glasgow for a job, you can live in Glasgow and work in Edinburgh. You can live in Glasgow and work in Perth or Dundee."* (Interviewee 19)

Of the three cities, Sheffield appears most likely to benefit from improved transport links with its neighbours. High degrees of WFH were seen as having the potential to drive change, as one interviewee noted:

*"...you could imagine a city like Sheffield doing a really good job of attracting these high-skilled workers who work in London but live in Sheffield. I mean, at some point, the city just has quite a large mass of high-skilled workers living in it and, for that reason, it suddenly becomes an attractive place to set up high-skilled businesses."* (Interviewee 18)

## Partnership working

To develop and promote the city-regions and connect skills supply with local economic development it is crucial for businesses, local government and universities to work together. The effectiveness of partnership working varies across cities, influenced by their history of collaboration.

Glasgow benefits from strong regional partnerships, thanks to its long-standing and competent regional governance structure which supports good relations between stakeholders like universities, the Chamber of Commerce, the city council and government agencies. These collaborative engagements are also seen as increasingly important in the other cities:

*"I think the partnership's got a lot stronger [in Birmingham] and a lot more effective in working together... it feels like everyone's working and pulling in the same direction."* (Interviewee 2)

Glasgow's skills and investment support from the Scottish Government is a notable strength, and the prospect of greater devolution in the West Midlands is welcomed.

*"The Glasgow City Region... over those 10 years, although we don't have a mayor, we don't have formal combined authorities, that loose association has become practically tighter. ...it's the most advanced city region structure without any statutory backing to that whatsoever."* (Interviewee 22)

### Achieving balanced growth

Interviewees were of the view that, ideally, high-skilled workers should both live and work within their city-region and contribute to local economic development and sector specialisms in high-value job creation. Attracting high-skilled, high-income people who live locally but work elsewhere could drive growth through their purchasing power.

*"[WFH] gives us the option of retaining the talent here [Sheffield], even if they're working elsewhere and hopefully, therefore, they'd spend their money in the region. But we also really need businesses located in our region as well."* (Interviewee 15)

However, this could also lead to growth in low value-added services, resulting in low-wage, insecure jobs.

Attracting and retaining HSL alone is not enough for balanced and inclusive growth. All three cities face major challenges with low skills, economic inactivity, skill shortages, and poor job quality. Birmingham and the West Midlands, despite stronger economic indicators, have higher levels of deprivation than the national average, affecting both individuals and the wider region:

*"If you have got high-skilled, high value jobs [in Birmingham] but your residents cannot access them... you are not supporting the people in the city, you are just gentrifying the city centre and leaving the problem elsewhere."* (Interviewee 8)

Glasgow struggles with high inactivity and polarised skills:

*"Whilst there's an abundance of economic inactivity, as we know, in all areas and within Glasgow there's a skills gap between the kind of higher skilled to the lower is still a kind of constant bugbear, I think, for the region."* (Interviewee 24)

There is a need to focus on medium to low skills with added capacity to drive change. Businesses are interested in supporting this, but expect greater effort will be needed:

*"...we're seeing gentrification slowly creep across Sheffield... driving out people and making the place unaffordable.... there's some interesting questions for urban inequality in all of this stuff... how do we at least make sure that urban inequality doesn't get dramatically worse?"* (Interviewee 18)

## Policy implications

Developing better data on WFH practices and making it available to cities is crucial, and efforts should be made to help cities realise their potential for enhancing their workforce.

While cities will remain key hubs for inward investment, their shape may change over time. Attracting and retaining HSL is needed to drive productivity in high-value, tradeable jobs but this approach has its limits.

Finally, it is essential not to neglect the wider economy and inclusive growth.

**Authors**

**Ian Taylor**
(University of the Arts London)

**Jonathan Payne**
(De Montfort University, Institute for Responsible Business and Social Justice)

**Anne Green**
(University of Birmingham, City-REDI)

**Jackline Wahba**
(University of Southampton, CPC-CG)

**David McCollum**
(University of St Andrews, CPC-CG)

**Armine Ghazaryan**
(University of Southampton, CPC-CG)

**Edited by Teresa McGowan and Becki Dey**
(University of Southampton, CPC-CG)

**ESRC Centre for Population Change**
**Connecting Generations**

Building 58
Faculty of Social Sciences
University of Southampton
SO17 1BJ

Tel: +44 (0)23 8059 2579
Email: cpc@southampton.ac.uk

@CPCpopulation @ConnectingGens
/CPCpopulation
@cpc-cg.bsky.social
/company/esrc-centre-for-population-change-and-connecting-generations

Acknowledgements
This work was funded by the Ministry of Housing, Communities and Local Government, through a grant to the Economic and Social Research Council, as part of a research programme initiated by the former Levelling Up Advisory Council, [Grant Number ES/Z000165/1]. This is independent research and does not represent government policy.