

Remote Working

Call it teleworking, telecommuting, home working
or outworking... It's catching on fast

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

We live in an age when business transactions take place at the speed of light. Because employees want flexibility and the companies they work for want lower operating costs, the idea of teleworking or telecommuting (also known as remote working, home working or outworking) has caught on in a big way. In today's competitive recruitment market, more and more businesses are responding to their employees' needs to balance work and family. Teleworking is meeting that need and, as a result, many:

- Businesses have decided to decentralise to put employees closer to customers, partners and suppliers.
- Sales and support organisations have become nearly all, or in some cases entirely, home-based.

Why has it become so popular?

It was once seen as an employee benefit, but now companies all over the world are discovering that teleworking saves money by reducing office accommodation and travel costs and at the same time increases productivity. New technologies have played a large part in making teleworking seamless. These technologies mean that the generation and communication of work content has become location independent - quite simply, the work can be done anywhere.

Teleworking has evolved largely in the last 10 years in tandem with the explosive growth of the information society, globalisation, and the advances of computer technology and software applications. As a result, the workplace, workweek and even work processes themselves are being redefined

Teleworkers working from home can be as far away from corporate headquarters as a plane flight instead of a quick drive up the nearest motorway. In reality, long-distance teleworking is identical to its sibling, short-distance teleworking. Technology in the form of e-mail, fax,

and telephony allow employees to keep in close contact with work colleagues.

Although time for face-to-face meetings is scheduled regularly, advances in video-conferencing often mean that "meetings" can take place via technology rather than through physical presence.

Worldwide statistics

There are many statistics that show the growth of teleworking. Employees who work from home or other remote location are doing so more often than they have in the past but the overall number of teleworkers has declined, finds a recent survey. The teleworking population in 2010 was 26.2 million, down from 33.7 million in 2008. Teleworkers represented nearly 20% of the US adult working population, according to the US Bureau of Labor Statistics.

UK companies that allow employees to work from home just 2 days per week on average realise a 20% increase in productivity, save 15% in real estate costs, and see a 7% reduction in absenteeism according a new study by the Telework Research Network¹. The report shows that whilst 2/3 of UK jobs are compatible, employers are lagging behind and not taking the opportunity. Although 12.8 per cent of the UK population (including the self-employed) work mainly from home, only 4.9 per cent of the employee labour force do so. The UK ranks 12th among EU nations in percentage of employees who regularly work at home.

People working remotely can forget about the cost and stress of commuting and looking for a parking space by swapping those negative factors for freedom and flexibility in their working lives. Look at these examples of remote working:

Call Centres	Database Entry and Document Typing	Web Design and E-Commerce	Claims Administration
Call centres can be located anywhere. What's important is the ability to handle customer queries day and night from around the world.	From lawyers to airlines to doctors - if there's a need for organisations to have labour intensive data entry work undertaken, they've looked to the teleworker's market both in their own country as well as in foreign locations.	If there's skill and technology at hand, Web page design and e-commerce solutions can be created anywhere.	Processing and agreement of insurance claims of clients within pre-defined guidelines are becoming the norm.

The Growth of Teleworking

Teleworking has grown in popularity with both employers and employees over the past few years. The prime reason has been the time and cost of commuting to a downtown office (with distances becoming greater and parking becoming scarcer), as well as the rising cost of office space and infrastructure. Teleworking became possible because of more effective home computing and communications technologies, enabling workers to be connected to co-workers, clients and the office computer network.

Source: USA

Remote Working - Pros and Cons Flexibility

Teleworkers are more productive when they can arrange the work they do to take place:

- During their most effective periods (remember that some people are better working in the morning whilst others prefer to work at night); and
- Around other demands in their lives (such as looking after a young family or caring for a sick relative).

More Time Available for Work

There are real benefits to be gained by avoiding the stress of and time involved in commuter travel. The time saved from not commuting can be put to more productive use. Less time-off for sickness is a further advantage. Teleworkers are less likely to use sick days for minor illnesses - instead of taking sick time and being unproductive for the entire day, teleworkers often find that their ability to work from home allows them to continue working and without risking the health of others at work.

Reduced Overheads

Reduction in overhead expenses, particularly in accommodation (rent and rates), furniture and equipment (desking and computers), usually flows from a well-structured remote working programme. Even when teleworkers attend at head office, desk sharing (or "hot-desking" as it's sometimes called) is becoming the norm.

Pros and Cons - A Summary

Employers

Employees

Pros	Pros
Companies can hold onto people who move away; Home workers are often very productive; Its flexibility allows cover in busy periods; Less fixed office space saves money.	Lower travel costs; Less wasted time in commuting and in traffic jams; Flexible working hours means more convenience in dealing with family needs; Fewer distractions at home.
Cons	Cons
There are fewer people around to pass on company knowledge, culture and beliefs to new workers; Communication and technical problem-solving difficulties; Work methods may diverge.	Working away from the workplace requires more discipline; Isolation from work colleagues; Lack of feedback; No access to equipment at work; No lines of demarcation of work and home.

Improved Employee Productivity

Evidence seems to show that remote working can, in many cases, be very effective. Too often, the frenetic environment of office working with its constant interruptions create a work pattern that is subject to repeated restarts. The social aspects of work are important to employees, but often these activities detract from their work.

Better Employee Retention and Recruitment

Employees who have already experienced the benefits of teleworking programmes tend to prefer work arrangements that allow the flexibility of such programmes and seek out similar opportunities. Teleworking can be used in recruiting persons with disabilities - for example, people who might otherwise be excluded from work solely on the basis of their inability to commute to and from the office or main place of work.

On the employee retention side, some employers are also using teleworking to keep employees who, for personal reasons, are unable to commute to the workplace - for example, when the spouse or partner of a valuable employee is forced to relocate, the employee may be retained through the use of teleworking.

What do you need to Telework?

We've put together the following summary to suggest what's often required for teleworking to operate effectively:

Communication

- Fast Internet access and e-mail;
- Telephone with Message Answering;
- Fax machine;
- The latest version of Internet Explorer Browser, Firefox or Google Chrome equivalent);
- Remote access to Headquarters (but this is not required for all jobs);
- Video conferencing (again this is not required for all jobs).

Computer Equipment and Software

- 3.1GHz Intel or AMD processor (unless a MAC is required for design or company preference);
- At least 2 GB RAM (more if intensive graphics work is undertaken);

HMRC issues guidance on working from home

HMRC has issued a guidance document "Specific deductions: use of home: apportioning the expenditure" which explains how to apportion expenditure where a self-employed person's home is used partly for business and partly for other purposes.

In the guidance, HMRC quotes case law which states "... it is possible to apportion the use and cost of a room on a time basis, and to allow the expense of the room during the hours in which it is used exclusively for business purposes, in the same way as it is possible to calculate the business expenses of a car which is sometimes used for business purposes exclusively and sometimes used for pleasure."

In apportioning the relevant expense HMRC suggest considering:

- Area: what proportion in terms of area of the home is used for business purposes?
- Usage: how much is consumed? This is appropriate where there is a metered or measurable supply such as electricity, gas or water.
- Time: how long is it used for business purposes, as compared to any other use?

If part of the home is set aside solely for business use for a specific period then a part of any fixed costs is allowable; these costs will need to be apportioned by area and time. Running costs relate to expenses where the bill may vary with the amount of business use; these costs should be on the basis of usage.

HMRC examples of what is claimable are available at: www.hmrc.gov.uk/manuals/bimmanual/BIM47825.htm

The guidance is available at: www.hmrc.gov.uk/manuals/bimmanual/bim47815.htm

- 320 Gb Hard Drive;
- Zip Drive/USB storage;
- CD-DVD Writer;
- Scanner;
- Laser Printer;
- Windows 7 Operating system (or Lion for the MAC);
- Word processing and email (typically, Microsoft Office plus Outlook for email).

Systems and other things to consider

On the face of it, teleworking is a rather simple and straightforward initiative that allows employees to work from an alternate work site (such as their home) rather than the normal office/work station. But, there are many factors that go into making teleworking a success for both the employee and the company, including:

- Security - in order to make contact with the office, the remote worker will need an electronic link. Unless the right safeguards are in place, this can mean that computer security is at risk. The necessity to run appropriate virus checking software and to keep it up to date is paramount. Backup of data at the remote location is also important, as is the physical security of the equipment installed in the remote worker's home or other remote location.
- Insurance – if you have valuable business equipment or stock, your insurance provider may switch you from a domestic to a commercial policy. If you take on staff you will need **Employers' Liability Cover** and, if you have more than the occasional visitor, you may be well advised to take out Public Liability insurance.
- Tax – if part of your property is set aside solely for business use, when you sell you could be liable to pay Capital Gains Tax on that section. Some local councils apply business rates, in addition to Council Tax, to any part of the house that is used exclusively for business.
- Suitability - not everyone is suited to working alone or in a remote location. Certain jobs, such as those in IT, web design and data processing lend themselves to remote working since much of this type of work can be done anywhere. A very careful evaluation needs to be carried out to make sure that both the job and the person doing it are suited to the concept of teleworking.

- Health and safety - the health and safety rules in an organisation must apply equally to work carried out at a remote location to that carried out at headquarters. Little things such as lighting, computer screens and seating must be taken into account when arranging for work to be carried out at a remote location.
- Appraisals, monitoring and supervision - it's important for the organisation establishing a teleworking project to ensure that there's an appropriate appraisal and staff review system in place. In addition, facilities for proper feedback need to be provided. Good communication between the employee and his or her manager is very important. The effectiveness of the teleworking arrangements must be evaluated on a regular basis. The manager must retain sufficient control over the day-to-day activities of the teleworker without constraining the arrangement.

The Teleworking Contract

The arrangements for teleworking should be set out in the contract of employment between the employer and the teleworker.

The specific matters to be covered in the contract of employment ought to include the following:

- Agreement by the teleworker to work from home or the agreed remote location as the "place of work";
- Agreement as to the number of telecommuting days per week, or as scheduled or needed;
- Employee's work hours and availability;
- Arrangements as to pay (amount), and frequency;
- Whether overtime is payable and if so at what rate (and who approves overtime);
- Required attendance at head office or main place of work;
- Holidays and other leave;
- Security and insurance of company-provided equipment;
- Arrangements for employee-provided equipment;
- Security and back up of processed data;
- Expenses reimbursement and approval (including arrangements for payment of telephone calls and data transfer made by the employee from the remote location to head office);

Benefits in Kind on Private Use of Computer Equipment and Internet Access

The Finance Act 2006 abolished the £500 tax exemption for the private use of computer equipment provided by an employer to an employee. This removed a tax-free incentive by which employers had been able to offer their employees tax-free home use of computer and related equipment such as scanners and printers.

HMRC have now updated their guidance on what they regard as insignificant private use by an employee and the circumstances under which a taxable benefit in kind would arise on the use of computers and related equipment.

They have also included guidance on the provision by employers to employees of home internet access:

- HMRC guidance on insignificant private use at www.hmrc.gov.uk/manuals/eimanual/EM21613.htm and
- HMRC guidance on internet costs at www.hmrc.gov.uk/manuals/eimanual/EM21617.htm

- An acknowledgement by the employee that the company's policy and manual on teleworking has been read and understood.

Reading Material

- **Teleworker Magazine**
Published by the Telecottage Association
Tel: + 44 (0) 1203 696986
www.tca.org.uk/
- **Telecommuting Review**
US telecommuting magazine
Tel: (001) 818 797 5482
www.gilgordon.com/review/
- **The Teleworking Handbook: new ways of working in the information society**
Published by the Telecottage Association (Authors: Imogen Bertin & Alan Debig).
Tel: + 44 (0) 1203 696986
www.tca.org.uk/
- **Teleworking in Europe: flexible-working methods in a changing business environment**
Author: Sarah Lambert.
Contact: Forum Europe
www.forum-europe.com/
- **Introducing Flexible Working into your Organisation**
A four-page checklist of do's and don'ts. Published by the Chartered Management Institute.
Tel: + 44 (0) 117 972 4248
www.managers.org.uk/
- **Teleworking - A Director's Guide**
Published by the Institute of Directors.
Tel: + 44 (0) 207 839 1233
www.iod.com/



Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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References

¹ See: www.teleworkresearchnetwork.com/telework-in-the-uk-webinar/6093