



## Health of the Workplace Report

Norwich Union Healthcare - June 2006



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# Part 1 - Establishing the extent of the problem

Sporadic media interest around Britain's sick note culture masks employers' continued and serious inability to deal with sickness and absenteeism in the workplace. This problem not only impacts businesses, it also fails employees and perpetuates a divide between the health service and employers.

The Confederation of British Industry's (CBI) most recent survey on absence and labour turnover<sup>1</sup> reported that the number of work days lost due to sick leave averaged between six days per annum in the private sector and eight and a half days per annum in the public sector. The direct cost of absences borne by organisations currently stands at £13bn, which equates to a staggering £531 per employee each year. According to the CIPD (Chartered Institute of Personal Development) 80% of employers consider this to be a significant cost to their business.<sup>2</sup>

Employees	Average days lost per employee	% of working time	Private sector (Average days lost)	Public sector (Average days lost)
Manual	8.2	3.9	7.5	11
Non-manual	5.7	2.6	5.1	7.9
All	6.6	3.1	6.0	8.5

Direct costs relate to the salary of absent employees, expenditure on replacement cover and time lost in service<sup>3</sup> or production, whilst ACAS (Advisory, Conciliation and Arbitration Service) points to the broader impact of indirect costs such as:

- Unnecessary high staffing levels and overtime payments
- Delayed production
- Lower quality or levels of service
- Disruption of the flow of work
- Low morale and general dissatisfaction, resulting in low productivity
- Poor customer satisfaction or relationships.

1. Absence minded: absence and labour turnover 2006, CBI, 2006  
2. Absence Management: A survey of Policy and Practice, CIPD, 2005  
3. Characteristics and costs of absence and labour turnover, ACAS, 2005

What problems did you have when a key member of staff was off sick for an extended period of time?	%
Teams over stretched and lacking resources to get the job done	68
Teams/staff lacking leadership and direction	64
Loss of morale/resentment from other employees	45
Problems managing key accounts / businesses	31
Financial problems with regard to paying for temporary cover	25

The wider picture is equally bleak. Around 150,000 new Incapacity Benefit (IB) claimants are registered in Britain every year at a cost of around £13 billion annually. The Government aims to reduce the current number of IB claimants from 2.8 million by 1 million over the next decade to help reduce the pressure on those in employment.

“In a modern world where rising dependency ratios and global market forces place an ever greater burden on those of working age in supporting others, neither our economy or our society as a whole can afford for us to stand back and allow people to be written off.”<sup>4</sup>

With such ambitious targets it is not surprising that a key plank in the Government’s welfare reform agenda is to improve the health and wellbeing of working age people. In 2005, the Government published a ‘Strategy for the health and wellbeing of working age people.’ The paper sought to “minimise the risk of employees becoming ill in the first place, improve employee retention by supporting them during periods of transition, and build a world which rehabilitates rather than rejects people when they experience illness or disability.”<sup>5</sup>

Crucially, the paper specifically stated that this is the responsibility of all stakeholders and that a partnership approach between health workers, employers and employees is necessary.

4. A New Deal for Welfare: Empowering people to work, Department for Work and Pensions, 2006

5. Health, Work and Well being, - Caring for our Future, Department of Health, Health and Safety Commission, Department for Work and Pensions, 2005

# Part 2 - Scoping out the issue

Norwich Union Healthcare has conducted an in-depth survey of 214 British employers in a bid to gain an understanding of health in the workplace from different perspectives and address the current issues.

Tellingly, the survey found that employee health and wellbeing came fourth in the list of HR priorities, behind attracting and retaining staff, keeping staff motivated and complying with legislation. The survey also found that 40% of employers in Britain still don't have a system in place to manage employee health and wellbeing. It's perhaps not surprising then that 46% of employers believe that insufficient time and resources are invested in preventing employees going on sick leave.

In addition, the survey reported that only 38% of employers saw their employees' health and well being as a priority for their business.

Absence management fared worse at an average of 35%, with certain sectors reporting significantly worse statistics. For example, only 14% of respondents in the Transport and Distribution sector saw health and well being as a priority, yet 64% listed absence management as one of the top three areas of focus. Interestingly, the CIPD reports that in this particular sector, the average number of days lost per employee per year was higher than any other sector – 9.3 days over an average of 6.8 for the private sector as a whole.<sup>6</sup>

<b>Pick the top three HR issues that are a priority for your business:</b>	<b>%</b>
Attracting and retaining staff	<b>68</b>
Keeping staff motivated	<b>50</b>
Complying with legislation	<b>47</b>
Employee health and well being	<b>38</b>
Absence management	<b>35</b>
Controlling salary costs	<b>35</b>
Managing pension plans	<b>21</b>

6. Absence Management: A survey of Policy and Practice, CIPD, 2005

Norwich Union Healthcare's recent Health of the Nation research showed that only 6% of GPs think that employers are doing enough to help rehabilitate their staff to return to work sooner and the same figure think employers are doing enough to help stop their staff going on long term sickness leave in the first place.

The lack of priority is evidenced by the fact that 40% of employers have no activity in place to manage employee health and wellbeing.

However, it is clear that employers recognise that more needs to be done - 45% did not believe that their organisation invested enough time and resource in the rehabilitation of employees on sick leave. Those that did engage with health and wellbeing in the workplace recognised the broad benefits of such activity as a mechanism to motivate and get the most from employees.

Do you have a system to manage employee health and well being?	%
Yes	60
No	40

## The Blame game

The Norwich Union Healthcare survey also suggested conflicting attitudes amongst employers and GPs about roles and responsibilities in the reduction of sickness and absence rates and a tendency to 'pass the buck'.

- Respondents recognised the benefits of investing in their employees' health, yet said they were neither investing enough time or resource in preventing employees going on sick leave (46%) nor in the rehabilitation of those on sick leave (45%).
- Employers believe that GPs are not playing an effective a role as they could. 85% believe GPs are too quick to sign sick notes, and employers have long expressed a desire for more support from employees' GPs. The Government also recognised that "responsible certification from GPs has an important part to play in managing both IB and sickness absence" and the recent Green Paper on welfare reform signalled a move to improve this system. GPs recognise their limitations – in a recent report for the DWP, which explored how GPs interacted with those on sick leave, they described themselves as having "limited occupational health expertise."<sup>7</sup>
- GPs nevertheless continue to report the significant impact that the workplace is having on the health of employees. In half of all cases of stress and depression seen by GPs, the workplace was a major influence. Stress itself remains the biggest cause of ill health in the workplace (76%), followed by back pain (63%) and depression (57%). And perhaps most tellingly, only 6% of GPs actually believe that employers are investing enough time or resources in preventing employees going on sick leave.

7. Routes onto incapacity Benefits: Findings From qualitative research, Roy Sainsbury and Jacqueline Davidson, Department for Work and Pensions, 2006

What health problems affect your employees?	%
Stress	76
Back problem	63
Depression	57
Long term/chronic illness	46
Heart problems	29
RSI	24
Alcohol and drug problems	20
None of these	8

Many believe that levels of provision at this level are inexcusable: “It is irresponsible for employers to wait for staff to report pain or discomfort because by that time it is too late.”<sup>8</sup> A Health and Safety Executive briefing reported that only 15% of all British Firms provide basic occupational health support, and only 3% provided comprehensive support. When employers are providing access to occupational health services it appears to be at managers’ discretion and often after long periods of absence. The average length of time before employees are actually referred is approximately one month, and only 36% of organisations have a specific rehabilitation policy in place.

GPs resent the blame being laid at their door. “While employers often look to doctors for help in sorting out the really ill from the merely bored among the legions of the stressed, [GPs] protest they are being called on to “medicalise” the world of work”<sup>9</sup> when all too often the prevention and the cure resides in the work place. Attitudes towards a return to work are also a problem. Four in ten GPs think that a third of their patients who are unable to work could actually work a few hours a day or in a slightly different role, but that employers are not encouraging a return to work.

8. Occupational Hazards, Kate Hilpern, The Guardian, 22 May 2006

9. The Cure for an ailing workforce, Stephen Overell, Financial Times, 2 February 2006

Despite explicit links between ill health and the workplace, 70% of employers feel that employees are responsible for their own health and 72% doubt the legitimacy of staff who claim to be too sick to work, even if they have a note from a GP. Whilst boundaries of any system will be pushed by those who “choose” to be ill, Dr Sayeed Khan, Chief Medical Officer at the Engineering Employers Federation, illustrates why this attitude is less than helpful. “If an employer says to an employee ‘we don’t believe you are ill’ the employee spends all their time proving they are ill ... the sick note legitimises the illness and you have lost them. The best path is to think: “what can we do to help you back?”<sup>10</sup> So whilst efforts are being made by all parties to enhance personal responsibility, at the very core of the system is a mechanism that actually undermines it.

Employers remain critical of the NHS’s role in providing rehabilitation, which is widely seen as unsatisfactory. GPs have consistently cited poor mental health provision, a key cause of workplace absence.

Disease/condition	% of GPs who feel there was poor local service (April 2006)	% of GPs who feel there was poor local service (April 2005)	% of GPs who feel there was poor local service (April 2004)
Eating disorder	65	65	64
Alcohol & drug addiction	60	58	59
Mild/moderate depression	49	47	42
Children with learning difficulties	44	47	47
Alzheimers & dementia	38	41	35

Edna Robinson, writing earlier this year in the Health Service Journal, acknowledged that “the NHS remains unclear about its role in recovery, rehabilitation and convalescence. Rehabilitation must be done in real time”<sup>11</sup> A 1990’s study examined the likelihood of return to work following certain injuries. The study highlighted that a paraplegic stood a 50% chance of returning to work in Scandinavia, a 30% chance of returning in the US and only a 15% chance of returning in the UK. According to Cover Magazine, these statistics hold true today<sup>12</sup>.

10. *ibid*

11. Edna Robinson on Joined-up Thinking, Edna Robinson, Health Service Journal, 26 May 2006

12. Playing catch-up, Deborah Edwards, Cover, June 2005

# Part 3 - What companies can do

Evidence suggests that an organisation which actively promotes and facilitates a healthy workplace and proactively manages adverse health effects, experiences both a reduction in absence and ill health and an increase in productivity.

14 evaluation studies, included in a recent academic review, reported that health promotion measures led to between 12% and 36% reduction in sickness absence. A 34% saving on absenteeism costs would, at these rates, generate a £2.50 saving for each pound invested in promoting health.<sup>13</sup> A recent study over a 12-month period, cited in Occupational Health Review, looked at the link between health status and productivity. The study population had access to a lifestyle health management software package and was divided into high, medium and low risk groups. The results of the survey showed a significant movement of employees in the study group from the high-risk to the low-risk category. Sickness absence on average fell by 5.9 hours per month.<sup>14</sup>

Investment in rehabilitation also pays off. The Royal Mail, one of the UK's largest public sector employers, has seen its efforts to improve how absence is managed lead to an average of 1000 extra people at work each day. As part of better absence management, The Royal Mail enhanced access to occupational health services, shortening the referral period from 21 days post absence to 14 days. Those suffering from stress or musculoskeletal problems were referred on the first day of absence.<sup>15</sup>

The corporate sector has achieved similar success. Rolls Royce is a good example of how an appreciation of workplace health and an appropriate action plan can deliver tangible results and positively impact the bottom line. Rolls Royce enjoyed a fall in the average days lost per employee due to sickness from 6.8 to 4.2 days after introducing a number of measures. One of which enabled all those absent for four or more weeks to benefit from an action plan, including, for example, access to physiotherapy.<sup>16</sup>

13. Health, Work and Well being, - Caring for our Future, Department of Health, Health and Safety Commission, Department for Work and Pensions, 2005

14. Occupational Health Review, Issue 114

15. Absence Management: A survey of Policy and Practice, CIPD, 2005

16. Ibid

In 2004 the Government also recognised timely occupational health intervention can play a critical role: “Early Occupational Health intervention after 10-15 days absence has been shown in many cases to have dramatic effects on long term sickness, by starting to find solutions while the psychology remains one of temporary absence<sup>17</sup>.” But early intervention is key – the longer someone is off sick the more difficult it becomes to get them back to work.

From our own work with employers, we know that in a supportive management environment an absence management strategy should follow three basic steps:

- **Health promotion** – encouraging wellness and discouraging lifestyles or working practices which contribute to or cause illness. Software programmes such as Norwich Union’s Personal Health Manager, which are accessible from within the workplace, can encourage tailored self assessment for employees to make lifestyle changes and monitor the beneficial effects of these on their wellbeing. When accompanied with employee assistance programmes which give access to stress counselling, GP helplines etc., these can have a significant impact on an employee’s overall level of health.
- **Early Intervention** – investigating ill health factors that can affect the employee’s performance. This can help identify the causes and make improvements to reduce its likelihood of occurring or becoming worse, through for example periodic health screening. Innovations such as Mobile Assessment Units mean that such activity can take place as near to the workplace as possible without disrupting the working day but still preserving employee privacy.
- **Rehabilitation** – introducing measures which are designed to help people back return to work as soon as possible when they become ill, and managing absence effectively from day one. Effective systems which manage communication between health service providers (private and public), employees and employers are critical and would ensure that appropriate care, which focuses on an employee’s return to work, is provided and encourage employers to fund treatment where there may be delays within the NHS. This was well evidenced through our recent whiplash pilot, and we are currently developing a telephone based condition management pilot which will apply those lessons learnt to back pain.

17. Managing Sickness Absence in the Public sector, Ministerial task force for health, safety and productivity & the Cabinet Office, 2004

# Conclusion

As both an employer and provider of healthcare services and protection based insurance products to employers, we have long recognised the cost of absence to the workplace, the employer and employee. We recognise the opportunities that can be gained through employer engagement in employee health, and we recognise, as does the Government, the value that can be delivered through partnerships involving the private and public sectors in delivering solutions which can help all people of working age. So we were dismayed, but not surprised, with the results of our survey.

This report does not seek to offer solutions as such – there are already examples of best practice but the simple truth is that the matter is not being grasped. The problems are not insurmountable, but solutions will only come when dialogue takes place between all stakeholders which does not seek to place blame, responsibility or burden. That dialogue needs to be one which fosters the appreciation that, because of the widespread nature of the costs of sickness and absence, jointly tackling the issues will reap widespread benefits. Such a dialogue may move us forward to a position where new models of delivery which place equal responsibility and accountability on all partners can be developed as the norm rather than the exception.

Nearly half of the respondents (42%) commented on the significant impact that the long term absence of key staff members had on the performance of their organisations. Two thirds of companies reported that staff were consequently overstretched and lacked the necessary resources to get their jobs done, while 32% of respondents reported that 10% of their workforce was regularly affected by ill health.

The question then is why, given the cost of sickness and absence, more is not being done to prevent and manage this problem when it appears to be avoidable? Non health-related factors such as, basic good management practices and external factors (domestic pressures, relationships with colleagues etc) do of course play a part – but this does not counter the fact that the workplace impacts directly on employees' health and thereby sickness and absence. Punitive policies, such as retarded payment of sick pay, may serve some companies well by reducing the number or days lost to bogus claims, but they do not address the issues behind genuine work related sickness. Can more be done to cut down absenteeism whilst devoting focused support to those in need, and if so, how can solutions and incentives best be configured?

Throughout the report, Health of the Nation research and employer research has been referred to:

### **Health of the Nation Research**

Dr Foster Research Ltd has recruited a panel of General Practitioners from across the UK on behalf of Norwich Union Healthcare. The panel is approached every six months via a comprehensive on-line survey. There are now approximately 250 GPs on the panel.

The research has been collated since April 2003.

It is representative of the 38,000 GP population in terms of gender, ethnicity, practice type and practice location, and reflects the regional proportions of the UK.

The Panel has been recruited to create an ongoing barometer of GP opinion, on matters relating to their own practice and their perception of the health service, with a view to creating a unique source of industry opinion.

Dr Foster Research Ltd is the leading independent authority on healthcare quality in the UK. Its information can be accessed via publications such as the Hospital Guide and online at [www.drfooster.co.uk](http://www.drfooster.co.uk).

### **Employer Research**

Norwich Union Healthcare commissioned Vanson Bourne Ltd to conduct research amongst 214 businesses from across the UK in May/June 2006. Businesses were split equally between those with 250-1000 employees and 1000 or more employees.

### **About Norwich Union Healthcare**

Norwich Union Healthcare was founded in 1990 as the healthcare arm of Norwich Union and now provides a range of income protection and private health insurance products that cover over 870,000 lives. It is one of the largest providers of income protection and private health insurance in the UK.

We provide Occupational Health Solutions services to a wide range of industry sectors. By utilising our large fleet of purpose built mobile clinics and approved medical centres, staffed by a team of experienced Occupational Physicians and nursing staff, all our Occupational Health services are designed to meet the individual needs of our clients.

Norwich Union Healthcare is authorised and regulated by the Financial Services Authority and is a member of the Association of British Insurers and the Financial Ombudsman Service.



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