

Revealed: Hidden annual cost of employee sickness is up £30 billion since 2018

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Rising workplace sickness is costing UK businesses billions every year, according to a new report by IPPR.

New analysis from the think tank reveals the annual hidden cost of employee sickness has risen by £30 billion since 2018. Most of this increased cost (£25 billion) is from lower productivity, with only £5 billion due to a rise in sick days.

Employees now lose the equivalent of 44 days' productivity on average due to working through sickness, up from 35 days in 2018, and lose a further 6.7 days taking sick leave, up from 3.7 days in 2018.

Workers in the UK are among the least likely to take sick days, especially compared to other OECD and European countries. However, they are more likely to persevere at work through sickness, which can have a productivity cost.

With the right support in an appropriate job, people with some health conditions can benefit from good work. But when compelled to work despite being ill – because of poor work culture, limited access to sick pay, financial insecurity or other factors – employees can slow their own recovery time, increase their risk of further sickness later, and spread infectious illnesses to others – all lowering productivity. This is bad for business and bad for workers, says the think tank.

Working through poor health is more common among those from marginalised ethnic groups, people in lower quality jobs and workers lacking formal qualifications. For example, those who are Black or Asian are twice as likely to work through sickness compared to those who are white British, all else being equal.

Today's paper, the final interim report from the cross-party IPPR Commission on Health and Prosperity, argues health and work can interact in a vicious or virtuous circle – but that we have the former in Britain

today.

Polling for the think tank by YouGov found that 74 per cent of people believe the government should be doing more to support our health.

IPPR is proposing a bold pro-business health plan which reimagines the role of business in health – clamping down on businesses that harm health and scaling up businesses that create good health – to deliver a healthy future of work for all. The think tank argues this would help the new government achieve health, prosperity and economic growth. The plan includes:

- Incentives: A new tax incentive for companies that commit to significant improvements in the health of their workforce, including the security, flexibility and pay of their staff, focused on SMEs.
- Regulation: A new ‘do no harm’ duty for employers, regulating them on health outcomes, not just safety inputs
- Investment: New compulsory reporting on worker health – modelled on climate emissions reporting – to help private investors differentiate between health-orientated and health-harming businesses

Dr Jamie O’Halloran, senior research fellow at IPPR, said: “Too often, UK workers are being pressured to work through sickness when that’s not appropriate – harming their wellbeing, and reducing productivity. This can be because of a bad workplace culture, poor management, financial insecurity or just weak understanding of long-term conditions among UK employers.

“Our demonstration of a ‘hidden’ productivity costs of working through sickness should catalyse a change in approach. We should strive to make sure the work we do is good for our health, that we have the time to recover when we need it, and to ensure businesses both contribute to and benefit from population health. This would protect workers, boost profits and deliver growth.”

Paul Devoy, CEO of Investors in People, said: “All the evidence shows there is a clear link between employers having a positive culture of wellbeing in their organisation with productivity and sustainable organisational performance. Focusing on systematically leading, supporting and improving a culture of wellbeing has long term benefits for all employers who make that commitment to their staff.”

Tina Woods, CEO and Founder of Business for Health, said: “The cost of employee sickness to businesses is staggering, especially the productivity loss of people working through their sickness. We hope our role on the new ONS Health Index will act as a crucial tool in understanding how businesses can improve, report and measure the impact of this on their individual businesses as well as provide important evidence to show how health is linked to economic growth to support plans for the Health Mission being put forward by the new government.”

Kieron Boyle OBE, Chief Executive of the Impact Investing Institute and IPPR Commissioner said: “Businesses and investors increasingly see health as an asset, not a cost. This report is a blueprint for their role in creating a healthy and prosperous economy for everyone.

“The ideas it contains would help mobilise billions of pounds of capital for healthier lives — providing an engine for the new government’s health mission aspiration to boost healthy life expectancy across the whole country. Institutional investors are excited by real-world solutions in areas like preventative health that can deliver long-term, inclusive growth and better lives.

“Just as private investment can help deliver big societal goals like net-zero, so it can support a transition to a health-led economy that is fairer, more prosperous and which works better for us all.”