

# CHANGE AT WORK

How Absence, Attitudes and  
Demographics are impacting  
UK employers

FirstCare 

# EXECUTIVE SUMMARY

## Rapid increases in workplace absence since 2011

The UK is experiencing a resurgence in workplace absence and with it millions of days lost, and a decrease in UK productivity. The FirstCare data shows that this dramatic increase is related to three key dynamics in the UK workforce: the ageing workforce, millennial workers seeking regular changes to their careers and a rise in part-time working. Of the three, the ageing workforce is likely to have the single biggest impact, with the average UK worker becoming over 40 years old in 2014. The dynamics of change in the UK workforce play out in different ways across the range of factors affecting absence.

## Mental health issues are driving the rapid increases in absence

The prevalence of mental health issues in the UK workforce is the single biggest area of change for workplace absence. These have increased 71.9% since 2011 and are hitting those in middle age hardest. Viewed in conjunction with the timings of annual increases in mental health issues (Easter, Summer and Christmas), it is likely that school holidays, with increased costs and pressures of work and homes, are driving the peaks. The ageing population has driven the increase in musculoskeletal injuries. Through time-series data we can see that over a five-year period, an increase in musculoskeletal injuries results in an increase in time off required for surgery. This interdependence has worrying consequences for the future of the UK workforce.

## Musculoskeletal absence shows no sign of abating

Despite enormous investment in various forms of treatment, musculoskeletal Injuries continue to be the biggest reason for absence. The ageing population has driven the increase in musculoskeletal injuries. Through time-series data we can see that over a five-year period, an increase in musculoskeletal injuries has also resulted in an increase in time off required for surgery. This interdependence has worrying consequences for the future of the UK workforce.

## Forward thinking employers are taking steps to arrest the rise in workplace absence

We have shown how a number of the UK's largest employers are developing approaches that can mitigate against the issues highlighted. Notably, flexible working arrangements that make better use of the skills of an ageing workforce. In addition, the best are harnessing the power of data to truly understand what's happening in their organisations. Finally, there is a need to view mental and physical health as equals – working to arrest the rapid increase in mental health issues is the major struggle for large employers and is showing no signs of slowing down.

## Different sectors have varied exposures to the issues of workplace absence

Through a variety of case studies we have outlined there is a clear initial step of acknowledging that absence is an issue and that it needs to be tackled in a transparent and collegiate manner. It is also apparent that the specific type of industry has an impact on the nature of absences. For instance, musculoskeletal injuries suffered in the NHS from lifting patients are very different to the mental health issues that are prevalent in local authorities. What unites the case studies is the use of data to identify the problems and to guide the response.

## Workplace absence costs the UK economy £18bn per year and this is set to rise

The Cebr calculations using FirstCare data show that absence is costing the UK economy £18bn per year in lost productivity. The real cost is also far greater with the knock-on costs and pressures on the NHS and other UK industries. As absence is on an upward trend the cost is set to rise over the coming years. In 2020 it is predicted to cost the UK economy, £21bn and by 2030, it will be £26bn. Huge figures that act as a major drag on the UK economy when there are already significant barriers to the UK's economic growth.

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# INTRODUCING CHANGE AT WORK

David Hope  
CEO, FirstCare



## The UK workforce is changing rapidly, what could this mean to you?

**W**hile employment has never been higher in the UK, and compares very favourably with other developed economies, there is an iceberg issue that is not receiving the boardroom focus that it deserves – absence.

Put simply, while the dynamics of the UK workforce are changing, absence and poor health are causing people to be less productive in 2017 compared to just five years ago.

The major drivers of this worrying change are musculoskeletal injuries and surgery for older members of the workforce – a trend that will only keep rising as the retirement age increases. The second driver is a far greater prevalence of mental health issues across the workforce, which has increased by 71% in only five years. Professionals aged 30-40 year the hardest hit by mental health illness, affected by stagnant wages, rising costs of living and the need to balance professional demands with personal commitments.

...

**71% INCREASE IN  
MENTAL HEALTH  
ISSUES IN 5 YEARS**

...

At FirstCare we have the most comprehensive data set for understanding workplace absence issues in the UK. Through our clients in the private and public sector we cover 192,000 people and have been measuring absence since 2004. This gives us unique insights into what is happening and why CEOs of large organisations need to give this area far greater focus. To enable a clear focus on this priority issue, we have collated the data in this report to provide a digestible snapshot of the productivity shortfall that exists currently.

In addition, we have commissioned the Centre for Economic and Business Research (Cebr) to take our data, weight it for the UK economy and give us a cost of absence for the country. It has been

calculated to be a staggering £18 billion. In public sector terms, this is over 10% of the budget of the NHS (2016), or in private sector terms just under a third of the profits of the FTSE100 in January 2017. This huge figure should be of significant concern to UK companies looking to create stability in their workforces after recent macro-economic shocks.

...

**WE ARE PLANNING TO  
CONTINUE TO MONITOR THESE  
ISSUES THROUGH A QUARTERLY  
FIRSTCARE INDEX**

...

However, it is important to note that while the issues and costs of absence are bigger than people understand, the solutions are simpler than you think. For instance, a 1 percent drop in UK workplace absence would reduce the cost by £184 million.

Across the case studies outlined in this report our service has reduced absence by over 20 percent – in many cases using comparatively straightforward changes in approach. Through this report, we are seeking to raise the profile of a significant issue for the UK economy, we are also providing the data that shows that the workforce is under significant strain and that there is a need for a change in approach from many employers to better understand the people that are working in them.

I hope you find our report empowering, insightful and beneficial to your organisation and I look forward to hearing your feedback.



David Hope, CEO, FirstCare

## About FirstCare



**13M**  
days of absence  
recorded since 2004



**748,000**  
absence calls are  
processed every year

## UK Workforces



Employment rate  
is one of the **highest**  
in the OECD

but productivity is  
one the **lowest**



employed in the UK



grew 0.4% in Q4 2016

## Impact of Absence

**£18BN**

Cost of absence per year



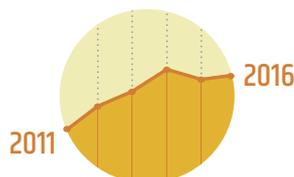
Equivalent to over **10%**  
of the budget of the NHS

**NHS**

**FTSE100**

and **1/3** of the  
profits of FTSE 100

Absence has been  
rising year-on-year  
since 2011 after 18  
years of decreases



## Challenges of Change

### AGEING WORKFORCE



**1 in 3** workers will  
be over 50 in 2024

**49%**

increase in workers  
aged **60-64**

### MILLENNIALS SEEKING CHANGE

13% increase between 2009 and 2016  
of workers leaving jobs **after 1 year**



71% of millennials are  
expected to leave their jobs  
in the **next five years**

### PART-TIME ARRANGEMENTS

**19% INCREASE**

in part-time working from 2009-2016



## Factors Impacting Absence



**50-60 YEAR OLDS** are the largest group affected by musculoskeletal issues



**25% INCREASE** in days lost due to people recovering from surgery



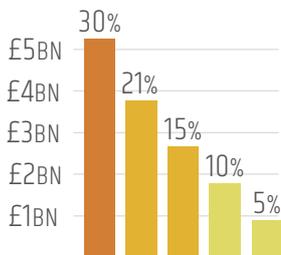
**NO CHANGE** to colds, coughs and flu - the UK workforce is broadly healthy



**MENTAL HEALTH** issues have increased by 71% since 2011

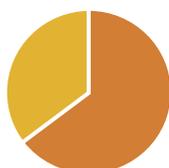
## Tackling the Issues

**8.16 days** lost per employee in 2016



Cost savings for varying levels of absence reduction

**OVER 70% OF** employers predicted to offer flexible working by 2020



## How Different Sectors are Affected



Half of absence in the transport sector was as a result of **long-term sickness**

**Surgery** was the second most common reason for absence in construction and engineering



The food and beverage industry accounted for **2.5 million** days lost to absence in 2016

**Mental health issues** were the top reason for absence in local authority councils



NHS trusts average **two days extra** absence per employee against the national average

## Future Cost of Absence

Cost of Absence in the UK (per year)



01

# THE CHALLENGES OF CHANGE

In Britain today, employment is booming. Over the last 18 months, ONS figures have continually shown the working population growing to record levels. Its latest estimate is that 31.8 million people are in work, an employment rate of 74.5%. It eclipses the employment rate in France, which stands at 65%, and is level with the German rate of 74.3%.

**H**owever, employment in the UK is not the only upward trend. Since 2011, another figure has been rising, one that had been on the decline for almost 20 years. That is absence, which is represented in this report by the average annual days lost per employee (DLPE). In 2011, an average of 7.09 days were lost per employee, considerably down from over 12 days in 1993.

By 2016, the figure had risen again to 8.16 days. The increment may appear small, but the effect is significant. Across the UK workforce of 31.8 million people it equates to 34 million more working days lost in 2016 compared to 2011. This is contributing to the UK's poor record on productivity, where it is placed 16<sup>th</sup> in the OECD's list of developed economies - level with Italy and ahead of just three other countries: Japan, Portugal and South Korea.

The increasing prevalence of absence is a trend that cannot be judged in isolation. In fact, it is partially a symptom of a series of changes that are transforming the nature of employment in the UK, among them: the demographic mix of employees and expectations upon employers.

Britain's workforce is steadily getting older. Working habits and preferences have changed. So too has the technology that enables new ways of working.

For employers, this is a time of both challenge and opportunity. The challenge: to deal with a more diverse workforce, different generational requirements and issues such as the rising prevalence of mental health conditions. The opportunity: to harness data and technology to create the conditions for a happier, healthier and more productive workforce.

This report is about and for employers: the issues they are facing and how organisations large and small, public and private, need to respond to change. It highlights emerging trends, key challenges and best practice. It is not a comprehensive survey of change across the entire workforce and leaves aside issues around the individual, from self-employment to the gig economy. Instead, it seeks to equip employers with insights and intelligence that can be applied to improving the productivity of their teams. A better understanding of absence means employers can better tackle this complicated issue.

• • •

## UK ECONOMY IS THE 16<sup>TH</sup> MOST PRODUCTIVE IN THE OECD

• • •

Crucially, this report seeks to answer the question of what employers can do to adapt to the changing nature of today's workforce and how they can best equip themselves for the working norms and expectations of tomorrow. We view these challenges through the prism of the rising level of workplace absence in the UK, something that feels counterintuitive when viewed from the perspective of rising employment and improvements to healthcare and quality of life.

This first chapter will focus in on the nature of that change, highlighting three key areas of change: the growing generation gap within companies, the trend of millennials to seek career change more often and at an earlier stage than their elders, and the increasing number of people working part-time.

01

## The Ageing UK Workforce

In recent years, the UK workforce has not just considerably grown, but changed markedly in character. One key changing circumstance has been the ageing of the overall UK population: in 2014, the average age rose beyond 40 for the first time ever, while it is estimated that around a seventh of the total population will be over-75 by 2040.<sup>2</sup>

The demographic shift has been reflected in the labour market with a significant growth in the number of over-55s in work. There was a 30% rise in 55-59 year-olds working between 2009 and 2016, with the 60-64 demographic seeing a 49% increase. Other, younger demographics also saw an increase (with a 5% growth among 25-29 year-olds), but the fastest growing age groups were all over-55. Moreover, it is predicted that workers over the age of 50 will become the single largest employment group by 2024, accounting for one in three workers.<sup>3</sup>

An ageing workforce presents some immediate challenges for employers, with an increased prevalence of musculoskeletal injuries and long-term absences caused by a need for surgery. Days lost to musculoskeletal injuries increased by 20% between 2009 and 2015, with workers over 50 accounting for 44% of those absences in 2016. When employees work past the age of 65, there are typical challenges that arise for an employer. A workforce with higher than average older people

means absences tend to stretch over a longer period of time, and employees begin to need to restrict their duties and responsibilities in one way or another.

WORKERS OVER THE AGE OF 50 WILL BE THE LARGEST EMPLOYMENT GROUP BY 2024

Yet, the challenge for employers is not just one of managing older workers, but a workforce whose age range is widening. As people work beyond traditional retirement age, and the attitudes of their children and grandchildren change, employers are faced with a workforce that is increasingly diverse in its needs, expectations and prevailing attitudes towards work.



**1 in 3** workers will be over 50 in 2024

**49%**

increase in workers aged **60-64**

**56%**  
under 50



**44%**  
over 50

**20%** increase in days lost to musculoskeletal injuries

## Millennials Seeking Career Change

The attitudes of millennials, born from the early 1980s to mid 1990s, are notably different from that of previous generations. The Deloitte 2016 Millennial Survey found that 71% of millennials in the UK expect to leave their job in the next five years.

As the number of people in work in 2016 between the age of 25 and 29 has increased by 5% from 2009, how to attract and retain millennials is a crucial area of interest for any employer.

Millennials are seen to prize independence, flexibility and alignment with personal beliefs and values in their career, sometimes over and above the traditional mainstays of salary and job security. For major employers, the importance of both retaining existing highly-skilled staff, and bringing through a new generation, means a balancing act in catering to different demographics.

Sam Gordon and Sophie Eden co-founded executive search firm Gordon & Eden, which works with big corporations including M&S and GlaxoSmithKline, established digital businesses like Shazam and Facebook, as well as innovative start-ups. Working closely with these businesses to satisfy their high-level executive needs, Sam and Sophie have seen employers adapt their workforce cultures and witnessed at first-hand how those who fail to do so can end up paying a heavy price.

“You start to see small changes happening in terms of dress code, holiday allowance or working hours and it builds up gradually”, say Sam and Sophie, “Then, suddenly, there will be a sea-change, where any business that hasn’t fundamentally created an environment where the best and brightest of that generation coming in will be attracted to, will get left behind.”

Employers ought to take notice and learn how best to respond so that they can retain talent of all ages. While the ageing workforce is perhaps the

most pressing labour issue that faces employers, it is one that cannot be properly addressed in isolation. Rather, companies must acknowledge the increasingly clear demographic divides within their workforces, and adapt systems and cultures to get the best out of all ages and outlooks.

FirstCare data reveals a 13% increase between 2009 and 2016 of employees leaving their jobs after they reach the one-year milestone. The same data shows a 21% increase in the number of employees leaving after the two-year mark over the same period.

Millennials are leading the way when it comes to seeking career change earlier, and more frequently, in their working life. Research from networking site LinkedIn found that millennials jump jobs four times in the decade after they finish education, nearly double the amount of the previous generation.

In response, employers need cultures that attract and retain millennial workers as well as systems that prove resilient to frequent departures. To achieve the long-term commitment and productivity of their employees, businesses have to adapt to the values-driven vision of millennials – one well-regarded global survey described this generation as ‘taking their values into the boardroom with them’.<sup>4</sup> Similarly, they must create processes that allow for smooth employee transitions, so that a business can ensure it keeps going, even when an employee does not.

The increased rate at which millennials seek career change carries significant consequences for employers. While absence-related data cannot precisely predict when an employee will move on, it does provide valuable insight that helps employers recognise when someone is feeling unfulfilled in their current role. Employee absence is a challenge for any organisation looking to grow but by accurately monitoring and responding to absence trends, an employer is given the resource to act. Due to the scope and depth of the ‘millennials at work’ debate, it will not be further explored in this specialist report.

2. [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf)
3. [www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2016/06/16/older-employees-set-to-make-up-largest-group-in-uk-workforce-by-2024.aspx](http://www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2016/06/16/older-employees-set-to-make-up-largest-group-in-uk-workforce-by-2024.aspx)
4. Deloitte Millennial survey

## 01

## Part-time Arrangements

The FirstCare data shows there are more people working part-time today than in 2009: an outcome driven by various motivations, including parents seeking a better work/life balance and an older workforce easing their transition into retirement.

A full-time employee is defined as someone who works greater than or equal to 37 hours a week. From 2009 to 2016 the number of workers that fall into the part-time category has increased from 29.7% to 31.84% of the working population.

Women vastly outnumber men when it comes to a gender breakdown of part-time workers. More than 40% of the female working population is classified as part-time, compared to less than 20% of the male working population. Interestingly, over the seven-year period 2009-2016, the movement to part-time working has been more prevalent amongst men than women.

In 2009, some 14.59% of the male population was classified as part-time, which has jumped to 19.04% in 2016. The percentage of the female population working part-time fell over the same period, from 45.08% in 2009 to 42.49% in 2016.

A rise in the number of part-time workers presents challenges and opportunities to employers, namely the creation of fair and flexible working patterns that complement the individual employee's demands out of the office so they can contribute to their fullest when present.

It is also important to note that an absence reported by a part-time employee can often cause

FROM 2009 TO 2016 THE  
NUMBER OF PART-TIME  
WORKERS INCREASED  
FROM 29.7% TO 31.84%

more disruption than one reported by a full-time employee. This is because part-time employees often work complicated or niche shift patterns that are hard to fill, or because they have specialist skills that are hard to replace.

Reflecting on the changing workforce, it becomes clear that employers are dealing with a workforce that is markedly different to just a decade ago. To effectively deal with the shifting landscape, businesses must understand the consequences of an ageing workforce, and one where millennials consistently seek out new opportunities and where part-time work is becoming increasingly popular. Indeed, absence hits harder when it affects a part-time worker as they are often responsible for shifts that are harder and more expensive to cover.

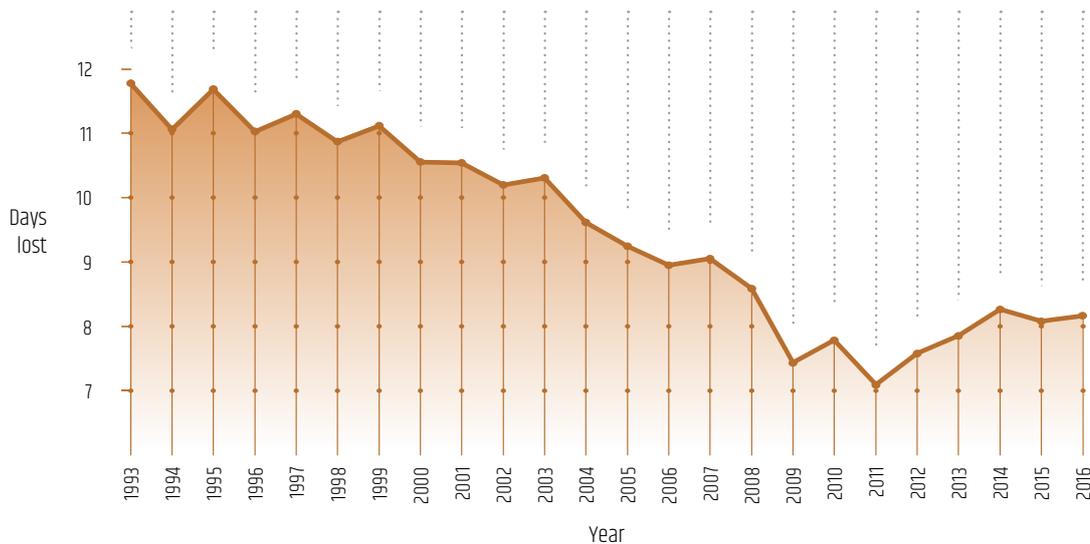
Understand your team today and you can begin to address the challenges of tomorrow.



**19% INCREASE**  
in part-time working from 2009-2016



Days lost per employee, combined weighted  
ONS & First Care data, 1993 - 2016



## CHAPTER 1: SUMMARY

### **34 million more working days were lost in 2016 when compared to 2011**

The UK is experiencing a resurgence in its workplace absence rate – bringing with it millions of days lost and a severe reduction in national productivity

### **71% of millennials in the UK expect to leave their job in the next five years**

Millennials are moving jobs at a far higher rate than their elders – employers need to know how to attract and retain the best

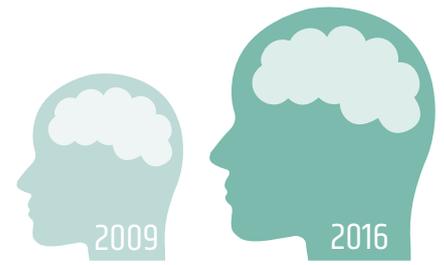
### **In 2014, the average age of the UK worker rose over 40 for the first time**

The UK workforce is getting older, presenting challenges and opportunities for employers as they accommodate the related absences and requests for flexibility



02

# THE FACTORS DRIVING ABSENCE



130% increase in mental health issues

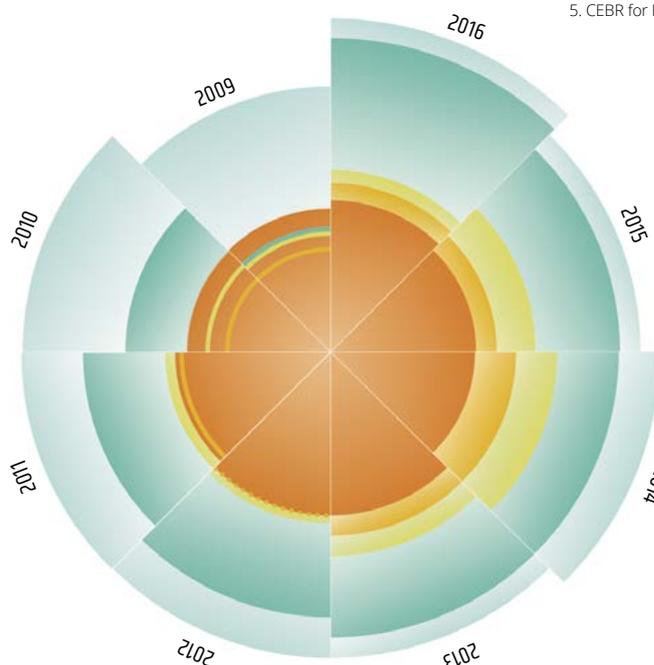
One of the defining trends in the UK workforce in recent years has been the consistent growth in absence levels. As detailed above, absence had been steadily declining for almost two decades until 2011 - it has increased in four out of the five subsequent years.

**F**or both individual companies and the UK economy as a whole, the cost of absence is significant. In the public sector alone last year, the total cost of absence was an estimated £6.5bn.<sup>5</sup>

The recognition of absence as a major issue is inconsistent across UK business with the significant costs not fully understood and the efforts of employers to manage and mitigate it not always successful. Therefore, the prevailing trend has been towards increasing, and not improving, absence levels over the last half decade.

An examination of the changing nature of absence points towards a greater understanding of its causes. In 2009, according to FirstCare data, the most frequent reasons for absence were (in order of prevalence): musculoskeletal problems, cough cold or flu, surgery and mental health issues. While musculoskeletal reasons — predominantly back, knee, leg and ankle problems — remained the largest cause of absence in 2016, the largest growth was in mental health issues, which increased by 130%, making up just under 10% of the total increase in absence. The following sections will look at each key absence reason in turn and highlight the emerging trends and issues that employers face.

5. CEBR for FirstCare



Days lost per employee by top five most common reason 2009-2016 (FirstCare)

-  Musculoskeletal
-  Mental Health Issue
-  Surgery
-  Gastrointestinal
-  Cough/Cold/Flu

## 02



## Musculoskeletal Problems

The amount of absences attributed to musculoskeletal issues is neither getting better nor worse. It is the number one reason for absence, and always has been. Despite numerous campaigns and initiatives to tackle musculoskeletal absence, it seems that organisations are failing to make any serious dent - merely stopping it from getting any worse rather than solving the underlying issue.

The age group most affected by musculoskeletal absence is 50 to 60, which will cause concern to all businesses as the UK workforce's average age is increasing. It is also one of the very few reasons for absence where men and women are affected at a similar rate.

More than half of musculoskeletal absence is down to back pain: a common consequence of operating machinery without the proper training or falling into bad habits and never being corrected. It is followed by knee, leg and ankle injuries, which make up 20.48% of musculoskeletal related absence.

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MORE THAN HALF OF  
MUSCULOSKELETAL ABSENCE  
IS DOWN TO BACK PAIN

...

Unsurprisingly, musculoskeletal absences are most common in the construction and engineering sector. However, across local authority councils, musculoskeletal issues emerged as the number one reason for absence in 2015, but was overtaken in 2016 by mental health issues.



## Cough, Cold and Flu

FirstCare data shows little change in the number days lost per employee to cough, colds and flu over the last six years. Absence related to cough, colds and flu could be seen as a useful barometer to gauge the general health of the workforce.

If the number of days lost to cough colds and flu were increasing then it could be concluded that the general health of British workers is deteriorating, however its stability is a clear indicator that the British workforce is affected by specific illnesses. Namely, musculoskeletal injuries and mental health-related absence which affects middle-aged workers trying to balance the professional and the personal.



## Recovering from Surgery

Closely related to musculoskeletal issues is the amount of time lost due to recovery from surgery. FirstCare data shows that time lost increased considerably from 2009-2016, rising from 0.63 days lost per employee to 0.84 days, an increase of 33%.

For an organisation that employs 1,000 people, this translates into 630 days of productivity lost per year, or nearly three people lost from the workforce.

Time off to recover from surgery is an absence that can be prevented through enforcement of best practice and, at least, reduced by encouraging surgery at an earlier date so that the injury does not escalate.

In a direct reflection of the findings for musculoskeletal-related absence, recovery from surgery is most felt among the 50-60 years' age bracket, followed by those aged between 40-50. With over 70% of musculoskeletal absences affecting over-40s, it is clear that an ageing workforce will bring with it ever-greater levels of absence, unless employers take a more targeted approach. For example, workplace initiatives that explicitly target the causes of back pain can prove more effective than general musculoskeletal campaigns.

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25% INCREASE IN DAYS LOST  
TO PEOPLE RECOVERING  
FROM SURGERY

...



## Mental Health Issues

Mental health issues were the second most common reason for absence in 2016. Mental health issues include stress, anxiety, depression, alcohol and substance abuse, and is the fastest growing reason for absence.

It is predicted that, if the current rapid rate of growth continues, in 2017, mental health issues will surpass musculoskeletal conditions as the leading cause of absence in the UK.

In total, FirstCare data showed that 4.6 million working days will be lost to the UK economy in December 2016 alone as a result of mental health issues – an increase of 13% in the last year. For the NHS, this comes as no surprise; in 2016 mental health had already become the most common reason for absence in the UK's hospitals, clinics and surgeries.

## 02

## Ageing Workforce and Mental Health

In parallel to musculoskeletal absence, mental health related absence climbs significantly with age. Mental health absence is also higher among women than men.

If employers are to address the issue of rising absence at root, a more comprehensive approach to supporting people with mental health conditions is needed. With 57% of mental health-related absence among 40-60-year-olds, this needs to take into account the disproportionate effect on the older demographic, and women in particular.

A workforce with poor mental health can have a serious detrimental impact on business, affecting productivity, revenue, motivation amongst the workforce, exhaustion and burnout, and increased staff turnover.

Practical steps to take to ensure the happiness and health of employees – as well as your business – include: assessing the mental health risk in your workplace, developing a mental health policy, training your managers and introducing mental health first aiders. This can also be coupled with compliance with 'return to work' interviews: a 95% compliance rate leads to a 35% drop in mental health issues, according to the FirstCare data.

Notably, rates of mental health absences were broadly similar across the year – ranging from a low of 0.11 days lost per employee to 0.13 days. For an organisation that employs 1,000 people, this translates into more than 110 days lost per year. That equates to a rise in lost working days from 3.50 million to 4.13 million across the entire UK workforce. The theory that mental health issues are linked to the 'winter blues' is contradicted by the sharp rise in the summer months and Easter break – suggesting that expensive times of the year and the need to balance work with family commitments causes millions of UK workers to struggle.

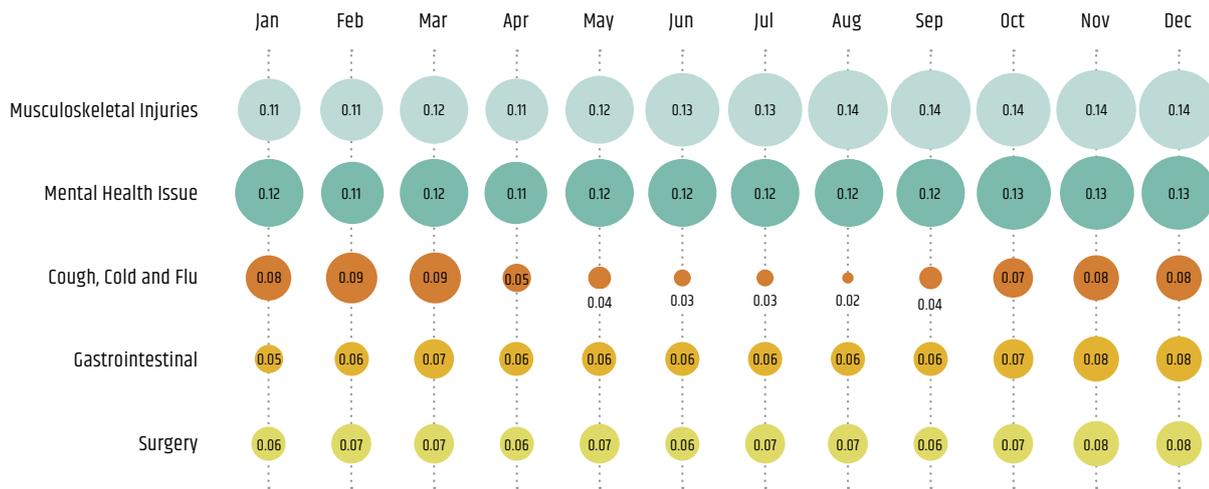
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**A WORKFORCE WITH POOR MENTAL HEALTH CAN HAVE A SERIOUS DETRIMENTAL IMPACT ON BUSINESS**

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In the next chapter, we will discover some of the UK's major employers that have done this. By drawing on the experience of several major employers, we will examine how organisations can respond to the changing nature of their workforce and, in turn, minimise absence and maximise productivity and performance.

## Days lost per employee by reason, month by month 2016

 Days lost


## CHAPTER 2: SUMMARY

### Over 70% of musculoskeletal absences affected over-40s in 2016

Older members of the workforce are disproportionately affected by musculoskeletal problems, if appropriate action is not taken by employers to address this then the UK workforce could face an endemic issue in the near future

### High musculoskeletal absences lead to high levels of surgery absence

There is a direct correlation between the long-term injuries that UK workers are suffering from and the surgery that its results in. As one grows so does the other.

### Mental health issues were the second most common reason for absence in 2016

As the prevalence of mental health-related absence grows, employers need to be at the forefront of efforts to curb the rise and help employees who are suffering

03

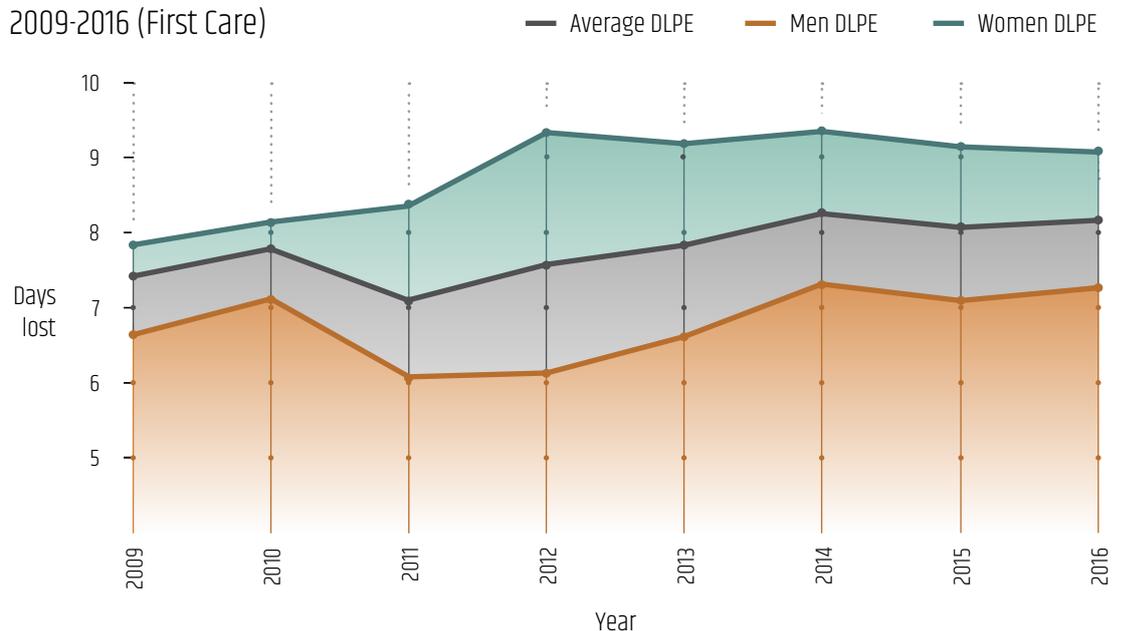
# THE ORGANISATIONS TACKLING THE ISSUES

As the UK workforce ages, diversifies and encounters changing pressures, the challenge for employers of ensuring optimal welfare and productivity while managing absence becomes ever more complex.

**T**his chapter will examine how employers from both the private and public sectors are rising to the challenge and tackling the problem. It will present lessons that can be drawn on to shape new policies and attitudes in other organisations.

The chapter will focus on three core themes: how working practices are evolving to the changing needs of employees; how employers can harness data to transform their understanding of their workforce and enhance compliance; and what companies are doing to meet the growing challenge of mental health-related absence.

Total days lost per employee  
2009-2016 (First Care)



## 03

## Working Practices

Among the many ways in which working practices are evolving in the UK, the shift to flexible working is one of the widest reaching. A recent report from Lancaster University suggested that by 2017 over half of UK employers will be offering flexible or remote working options, a proportion that is expected to rise above 70% by 2020.

For both millennials seeking more control over their working hours, and older workers whose time needs to be carefully managed to support their extended career, there are manifest advantages to a more flexible approach to work. "The way we used to work was to try and fit the work into the hours. Now we try to fit the hours around the work", says Dave Goodall of BAE Systems, which has recently begun to roll out flexible hours to its employees.

Since the policy was introduced earlier this year, he has found that there is an age disparity in how employees are responding to the new options. "Younger people want that flexibility, the ability to pick and choose where they do their work. It's very different with the older generation: they often come in and do the same hours, irrespective of the fact that we've given them flexibility. They're still creatures of habit, whereas what we've seen with the younger generation is a great requirement for this sort of flexibility."

...

"WE'VE SEEN AN INCREASE  
IN FLEXIBLE WORKING  
OPTIONS IN PEOPLE COMING  
UP TO RETIREMENT AGE."

SARAH ANDREWS, PEPSI CO

...

PepsiCo is another company that is offering flexible working, in part to help older workers extend their careers. "We've seen an increase in flexible working options in people coming up to retirement age," says Sarah Andrews, Employee Relations Associate, highlighting a scheme whereby a normal four-day shift can be reduced to a two-day pattern, shared with a colleague. "As people get older, it becomes more difficult for them to continue to maintain the same level of activity over four days. So, they like to reduce it down to two and draw their pension at the same time."

...

"NOW WE TRY TO FIT THE  
HOURS AROUND THE WORK."

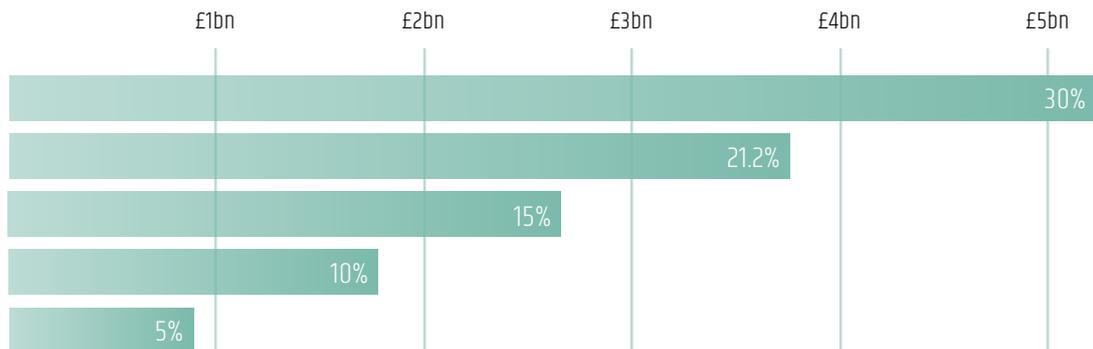
DAVE GOODALL, BAE SYSTEMS

...

Flexible working, therefore, is a solution that is increasingly being used by employers to help older workers mitigate workload and fatigue. However, companies cannot assume that its adoption will be seamless, especially with a generation that has been long accustomed to fixed working patterns.

As Dave Goodall highlights, it is not sufficient just to implement policies; employers also have to work on changing culture and understanding. "What we're trying to do is to introduce this and send a message to the workforce saying, 'we want you to start getting used to a more flexible arrangement around work'. This is the first step in trying to change the existing culture."

## Total cost savings to the UK in 2016, for varying levels of absence reduction



“FROM WHAT WE’VE SEEN, FLEXIBLE WORKING IS BOTH WIDESPREAD AND PEOPLE LOVE IT.”

CATHY WATSON,  
WATFORD BOROUGH COUNCIL

As well as flexible working, employers who are seeking to enhance productivity and limit absence are also focusing their attentions on the style and structure of their management. Joanna Reeve, Absence and Planning Manager at London Luton Airport, highlights how her team have worked to encourage a devolution of responsibilities when it comes to managing staff welfare and absence. “We’re trying to make it more about frontline people rather than just directors making decisions about how we do things,” she says. “It’s become a bit more like an inverted triangle, so our staff are at the frontline, they’re the ones that need the right equipment and the right tools, and they need to be giving us feedback on what they need.”

The freedom of staff to develop their own flexible working patterns is something Cathy Watson, Head of Human Resources and Organisational Development at Watford Borough Council, has championed. “It’s up to staff to agree their own arrangements with their line manager”, says Cathy, “and from what I’ve seen, flexible working is both widespread and people love it. Employees feel like it improves their work/life balance – and we will do what we can to always keep it that way.”

At Somerset County Council, Strategic Manager for Learning Disability services Dawn Graham describes how flexible working arrangements came

to the aid of one employee dealing from mental health issues. Dawn recalls, “We have had some cases where the person had a difficult mental episode and we got to a point where, rather than having a permanent contract for 37 hours, she stepped down and began to work whenever she was able. If she didn’t feel well, then she said ‘no’. That made a huge difference. As a result, employees in general have more control and feel like they’re not letting people down.”

Vanessa Dewhurst, Director of Human Resources at law firm Mishcon de Reya, says technology has been an important enabler in securing successful flexible working arrangements. “Agile working has been a success for us and technology has certainly helped make it a reality”, she says, “When people have freedom and responsibility in their working life they are happier, more engaged and productivity inevitably goes up.”

“AGILE WORKING HAS BEEN A SUCCESS FOR US AND TECHNOLOGY HAS CERTAINLY HELPED MAKE IT A REALITY.”

VANESSA DEWHURST, MISHCON DE REYA

She believes that regular discussions and personalised plans are a foundation for helping every employee reach their full potential, “Tailoring plans with each individual, who are supported by their managers and HR, is really important the bigger a business grows. Mishcon de Reya has more than doubled in size since I joined and maintaining this personalised approach has been key to our success.”

## 03

## Data and Compliance

The use of data is at the heart of how employers are responding to the challenges of a changing workforce. Only through a systematic approach to absence, welfare and return-to-work management can employers hope to understand the issues they are dealing with, and effectively deal with problems as they arise, if not before.

Through systematic collection of data on absence, causes of absence, treatment and return-to-work, Joanna Reeve says she can analyse “not only what people are off work with, but what our managers are doing, and the quality of their return to work rate. I can actually see what is happening, I can see it when it happens and give them the training they need to deal with the situation.”

Data collection and analysis has allowed her team to make targeted interventions to solve problems, such as the introduction of uniform footwear provided to security staff, who were suffering injuries through wearing their own, often inappropriate shoes. “There was a lot of debate about the amount of money it was going to cost,” she says. “The data has helped me put a case together and argue that introducing this policy would bring a massive reduction in the number of people having time off with this kind of ailment.”

For BAE Systems’ Dave Goodall, a more consistent approach to data has been key to helping address the challenge of managing a mobile, multi-site workforce: “If you come to an organisation like ours, where people work across multiple sites, you can have a manager at one site but an employee working at a completely different site 20 miles away or more all working for different parts of the business,” he says. “There are situations and scenarios in our business where someone might not turn up for two days, and people won’t even recognise or discern that there’s somebody missing.”

For Dave, the key is “actively managing the data and having a joined-up approach to dealing with all the issues that emanate from it. Making sure your occupational health department is aligned and using the tool, making sure your managers know how to use it, that your senior management team have got a focus on it, making sure that the issues are being reviewed. If you do all those things, you can get your sickness absence down to a sensible level.”

Luton Airport’s Joanna Reeve concurs that data is only useful if used effectively. “A big challenge is giving managers the tools they need to do their job. I can sit behind a desk and look at all the data you like, but if managers don’t deal with their staff on a day-to-day basis, identify issues and deal with problems correctly, things won’t improve.”

Dawn Graham praises how the use of data makes absence management less personal and more professional. Dawn explains that “managers feel better supported and empowered to have those difficult back-to-work conversations. Presenting the facts depersonalises the process.” Before the data was readily available, she says that staff often felt like the validity of their absence was being challenged.

“OVERALL, IT OPENS UP  
THE KINDS OF CONVERSATIONS  
THAT HELP US ALL MAKE THE  
BEST DECISIONS.”

DAWN GRAHAM,  
SOMERSET COUNTY COUNCIL

She says that the data has led to a positive culture shift at the council: “Being able to present and talk through the data demonstrates to staff how we’re not doubting their illness but rather trying to show them the impact that their absence has on our operations. It can then open up conversations about working patterns and number of hours worked.” She adds, “Overall, it opens up the kinds of conversations that help us all make the best decisions going forward.”

The importance of transparency was echoed by Vanessa Dewhurst at Mishcon de Reya. She characterises the firm’s culture as ‘honest’ and ‘open’ and explains how, “By communicating honestly and openly with employees, you develop a culture that encourages transparency in both directions and makes it clear that we care about our people as individuals. Building this foundation of trust is a vital step in helping everyone to work to the best of their ability.”

Vanessa Dewhurst also commented that Mishcon de Reya had established a Wellbeing Working Group which includes employees from across all disciplines and they are rolling out a calendar of events and initiatives that focus on three pillars of health: mental, physical and financial.

## Mental Health and Wellbeing

As highlighted earlier in this report, one of the most prominent challenges facing employers in the UK is the growing volume of mental health conditions. However, many employers are stepping up to the challenge posed by mental health issues and pursuing innovative policies and practices that ensure their employees are properly looked after, whilst taking care of business.

“There’s a lot more awareness around mental health,” says Amy McKeown, who led the creation of Health EY and is a health and wellbeing expert at the professional services giant. “We’re seeing far more action around mental health and wellbeing.” At EY, she created Health EY, “a firm-wide health and mental health programme for 14,000 people across the UK. It covers literacy and mental health first aid. It also covers prevention and we have a quarterly campaign of prevention training.”

In addition, she oversees a Mental Health Network, which now comprises 300 people across the UK, in all 22 offices. “As well as doing awareness and stigma work within mental health, we also run our buddy team, when at any one point we have 80 people across the UK being supported.”

Investing in prominent programmes around mental health has, she says, brought about “a big cultural change. What we’ve seen is an increased use of all our health providers, and referrals to occupational health and private health insurers have all gone up. The biggest reason that people now go to occupational health, is mental health.”

For Amy, the next step is for more employers to start considering wellbeing, health and mental health as more than employee welfare, and as a strategic priority for their business. “What we can now show through the FirstCare data is that productivity and engagement are affected by wellbeing. So, you can’t build a sustainable engagement or productivity programme unless wellbeing is a core part of that, and that’s often missing.”

That reflects the wider need for employers to treat absence and employee welfare in a more holistic fashion: looking not just at the direct cause and effect of an individual case, but the readiness of the whole organisation – from monitoring to line management, treatment and return-to-work – to respond in an agile and effective way.

...  
**“THE BIGGEST REASON THAT  
 PEOPLE GO TO OCCUPATIONAL  
 HEALTH, IS MENTAL HEALTH.”**

AMY MCKEOWN, EY

...

Dawn Graham describes mental health as one of Somerset County Council’s most challenging areas of absence, one that has forced the council to re-think its practices. “There has been a step change in our response to understand what adjustments we can make to support the employee, and where we can’t”, she says.

She describes the difficult balance that must be reached, where an employee can be supported but not at the expense of a business’s sustainability. “We may be able to support the employee in their team in the short term but we cannot do it in the long term. What we need as a business is to meet our customers’ needs. We pay close attention to being clear about what we can do, but we are also transparent in our conversations when mental health issues result in longer term absence.”

## 03

Vanessa Dewhurst says that regular manager check-ins ensure that employees are not “slipping through the net”. The law firm is also working with mental health charity MIND to upskill the team on various aspects of mental health first aid.

Mental health first aid helps people identify, understand and help others who may be developing a mental health problem. Cathy Watson says raising awareness around the topic and adequate responses to it – enabled by the data provided through FirstCare – has had a noticeable, positive effect.

“Going back five years, one of the top reasons for absence was depression, anxiety and stress. However, with the introduction of mental health first aiders to the workplace, fast-track referrals and counselling services, the council has massively reduced its depression-related absences.”

Responding to mental health issues with as much care and attention as you would to physical health issues evidently delivers dividends to a business. UK employers may be facing changing pressures but they are still striving for the same outcome: developing a workforce that is productive and well-looked after. The future of work will bring with it complex challenges for businesses of all sizes that

are operating in all sectors across the UK. It is how they choose to respond to these challenges that will determine their future success.

The creation and retention of a workforce that is happy, healthy and performing well has long been a sought after commercial goal. Armed with data, responsive to prevalent ill-health trends and flexible in their approach, any business can convert that goal into a reality.

...  
“THE INTRODUCTION OF  
MENTAL HEALTH FIRST AIDERS,  
FAST-TRACK REFERRALS  
AND COUNSELLING SERVICES  
HAS MASSIVELY REDUCED  
DEPRESSION-RELATED  
ABSENCES.”

CATHY WATSON,  
WATFORD BOROUGH COUNCIL

...



## CHAPTER 3: SUMMARY

### **An ageing workforce seeks flexible arrangements**

Employers are responding to the ageing workforce by developing reduced hours' schedules that allow employees to take control over their work commitments and empower them to give their best when at work.

Successful organisations are those that are flexible when accommodating staff requests, whether they are coming from older or younger members of the team. Flexible arrangements – enabled by technology – are helping people return to work gradually and happily after a prolonged absence.

**Recommendation:** Flexibility should be the norm in large organisations – short-term focus for long-term benefits.

### **Harness the power of data**

Supported by the facts, employers can make targeted interventions engage in transparent conversations and explain why absence matters.

For organisations where many employees do not regularly visit the office, the proper use of data ensures all team members are treated and supported to an equal degree.

Absence management is ineffective when managers do not follow established best practice. Data helps managers follow proper procedures closer and support the team to the best of their ability.

**Recommendation:** Use of data makes all analysis fair and transparent. Employees and managers feel empowered and trusted.

### **View mental and physical health as equals**

A rise in mental health-related absence is pushing employers to embrace modern methods and view mental health and physical health as equals.

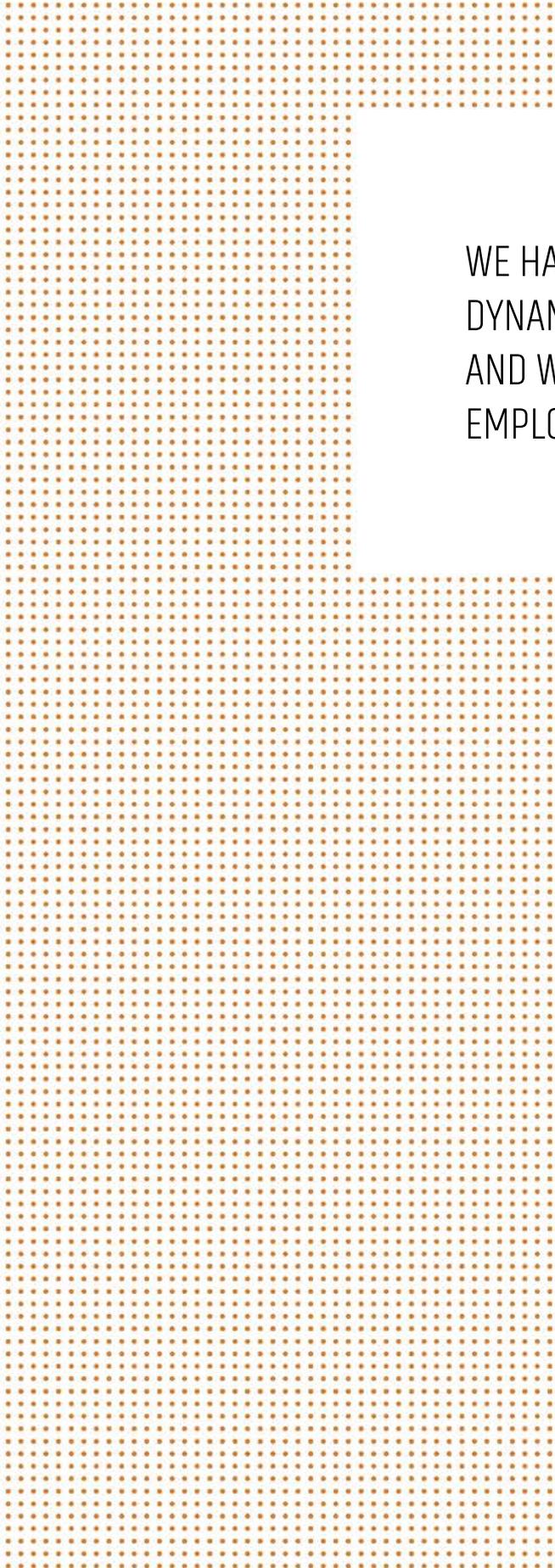
The next step could be more employers considering mental health a strategic priority – where reducing mental health-related absences is a foundation of an organisation's commercial success.

**Recommendation:** Build on HM Government recommendations to encompass mental health awareness across the workforce. Mental health first aiders, compliance with return to work interviews and open and honest conversations across the workforce are imperative.



04

# HOW DIFFERENT SECTORS ARE AFFECTED



## WE HAVE SEEN HOW A NUMBER OF BRAND DYNAMICS ARE AFFECTING THE UK WORKFORCE, AND WHAT THIS MEANS FOR EMPLOYERS AND EMPLOYEES ALIKE.

**I**n order to shed further light on the changes at work, we have taken a 'deep-dive' into the FirstCare data to analyse the nature of absence in the following sectors:

- Transport
- Construction & Engineering
- Food & Beverage
- Local Authority Council
- NHS Trusts

In addition to the FirstCare data we highlight how the intelligent approaches of FirstCare clients have reduced absence across a selection of private and public sector organisations

## 04

## TRANSPORT SECTOR FOCUS

Tasked with complex logistics, responsibilities that often demand physical exertion and always operating against the clock, the UK's transport workers suffer from broadly similar trends to those seen across other sectors: the dominance of musculoskeletal injuries and mental-health issues.

Some 6.27 days were lost per employee in the transport sector in 2016 because of absence. Half of that was a result of 'long-term sickness', meaning an employee is absent for 20 days or more.

The absence rate in the transport sector has shown no fixed trends or projections over the last six years. While long-term sickness still accounts for the majority of absences in transport, it is a slightly reduced majority when compared to what's happening in other industries.

The five most common reasons for absence – musculoskeletal injuries, mental health issues, surgery, gastrointestinal and cough, cold and flu – are all present in the transport data, but the prevalence of mental health is much lower than in other industries. Absence in this area has been falling since 2011, from 1.44 days lost per employee to 0.74 in 2016, which equates to more than 400,000 days saved.<sup>6</sup> This is positive news for employers in the transport sector, who will not face the associated challenges that affect their counterparts in other sectors.

Transport employees aged 20-30 are the most likely to report gastrointestinal-related absence, whilst workers aged under 20 did not lead on any reason for absence.

Musculoskeletal injuries emerged as the most common reasons for absence for workers of all ages, accounting for almost double the amount of absences as mental health issues, which was the second leading reason for absence every year from 2010-2016. FirstCare data that covers 2009-2016 showed that the back caused 50% of all musculoskeletal-related absences, which matches the overall UK trend.

### HALF OF TRANSPORT SECTOR ABSENCE WAS AS A RESULT OF LONG-TERM SICKNESS

Surgery – a consequence of untreated musculoskeletal problems – most affected transport workers aged 50-60, followed by employees between aged between 40-50 according to data collected for 2016.

6. Based on the ONS research 'People in employment in transport related occupations' <https://www.gov.uk/government/statistical-data-sets/tsgb01-modal-comparisons>

## CASE STUDY

## London Stansted Airport

London Stansted Airport is one of the busiest airports in the UK. Annually, more than 18 million passengers arrive or leave the airport across 147,500 flights to and from 30 different countries, with more than 214,000 tonnes of cargo following travelling with them.

Such a vast level of activity is supported by a highly skilled and well organised workforce but, in 2010, high levels of absence remained a key issue that needed to be tackled. Looking at the Terminal division, as of December 2010 the average full-time employee was losing 24 days a year due to sickness absence and a further six days due to non-medical absence. To cope with such productivity losses more than 60,000 hours of overtime were granted, incurring significant costs.

Since FirstCare and Stansted began to work together, the average days lost per employee have fallen to just 10.1 days per employee – as of May 2014 – and the number of overtime hours required to cover absence fell to just 15,000 annually. Several initiatives have contributed to such a significant reduction and have included:

- The appointment of an Attendance Manager as a key, central contact for coordinating all activities geared towards reducing absence
- Integration with Occupational Health and the development of an online, real-time OH referral system
- A shift to online return to work interview completion with line manager training and support.
- Online tracking of employees through the attendance management procedure

...  
 SINCE FIRSTCARE AND  
 STANSTED BEGAN TO WORK  
 TOGETHER, AVERAGE DLPE HAS  
 FALLEN TO JUST 10.1 DAYS  
 ...

What the client said: "If you expect your employees to go the extra mile for your customers, you must prove that you are willing to go the extra mile for them! Our partnership with FirstCare has enabled us to focus on the long-term benefits of improving attendance, rather than the short term challenge of managing absence. The FirstCare partnership has enabled managers to focus their support on their colleagues, by reducing the time needed to manage the data. For our business, it's about attendance now, not absence, and that enables us to devote our energies to investing in our people, now and in the future." – Calum Anderson, Operations Planning Manager

## Results

...  
 58% absence reduction  
 ...

Reduced overtime by 45,000  
 less overtime hours annually

## 04

## FOOD & BEVERAGE SECTOR FOCUS

FirstCare data that covers 192,000 workers reveals that the food and beverage sector has one of the highest absence rates of private sector industries. It also has a higher than average long-term sickness absence rate.

In 2016, 6.25 days were lost per employee across the sector. For a sector that employs 400,000 people, that equates to 2.5 million days lost in just one year to absence. The majority of this absence was long-term sickness (3.4 days per employee) followed by short term (1.55) and medium term (1.31).

The food and beverage sector exhibits the same top key reasons for absence as all other UK sectors. However, their order is slightly different. Gastrointestinal absence is higher than cough, cold and flu. In 2016, gastrointestinal absence accounted for 0.56 days lost per employee, compared to cough, cold and flu, which accounted for just 0.35 days lost per employee.

This is likely due to the stringent infection control policies in place for food and beverage staff, which will often require employees to stay away from the workplace until they have been symptom free for 48-hours following a bout of vomiting or diarrhoea.

Musculoskeletal was the number one reason for absence in 2016, at 1.36 days lost per employee, compared to 2014 when the figure was 1.69 days and 2015 when the figure was 1.66 days. As the number is holding steady, it can be considered that the musculoskeletal challenge may be under control but is difficult to eradicate.

Across the sector, FirstCare data shows that the rate of acceleration for musculoskeletal and mental health absence with age isn't as pronounced as other industries. For employees aged 40-50, musculoskeletal injuries accounted for 0.22 days lost in 2016 while for employees aged 50-60, the number fell to 0.17. As for mental health issues, in 2016 employees aged 40-50 were most affected (0.21 days), closely followed by workers aged 30-40 (0.20).

2.5M  
DAYS LOST IN 2016

With 50% of musculoskeletal injuries related to back problems, the food and beverage sector follows the national trend. However, a higher ratio of musculoskeletal-related absence is connected to the arm and elbow, and hand, wrist and fingers than in other industries. Some 4.71% of musculoskeletal-related absence was attributed to the hand, wrist and fingers in 2016 across the food and beverage sector, compared to a national average of 3.34%.

## CASE STUDY

## PepsiCo UK

The UK arm of the multinational food, snack and beverage business is working with FirstCare to better provide for its ageing workforce, who wanted ways to work more flexibly.

PepsiCo uses FirstCare not just to achieve this but also to raise awareness among employees about how much absence can cost a business. Part of the journey has been helping teams to understand the impact of absence to their teams and the site scorecard. FirstCare has been helpful in explaining the impact and cost of absence with more clarity to employees, who are proving receptive to the message.

By making management more accountable for the levels of absence on their shifts and the need to provide structured and effective return to work interviews, PepsiCo has seen good improvement in rates of return to work and delivered best practice back to work interviews.

What the client said: "Supporting our employees in returning to work after absence is very important and we have seen a vast improvement operationally in our return to work rates on one of our sites where we've introduced a new lean management framework. We have had seven consecutive weeks of 100% return to work compliance. This has not only improved the understanding of employee's absence levels but also enabled the teams to seek the support required for employees to remain at work through our processes and occupational health support teams." - Sarah Andrews, Employee Relations Associate Crisps & Snacks (Midlands)

04

# LOCAL AUTHORITY COUNCIL SECTOR FOCUS

After peaking in 2014, UK councils experienced a positive reduction in the overall number of absences reported in 2015, which was repeated in 2016.

Compared to 2014 when overall absence was at its height and costing the sector 8.92 lost days per employee, local councils in 2016 lost 6.5 days. FirstCare data reveals a 19% reduction in overall absence at local authority councils between 2010 and 2016.

Reflecting wider national trends, most absence (3.65 days) was long-term sickness. Also in line with the rest of the country, the days lost per employee for women in higher than men. In 2016 women accounted for 6.89 of days lost per employee in the local councils sector, compared to 5.81 for men.

## MENTAL HEALTH ISSUES WERE THE TOP REASON FOR ABSENCE IN 2016

In 2016, mental health issues emerged as the number one reported reason for absence, with 1.25 days lost per employee. However, when compared to 2014 when a high of 1.66 days was lost to mental health issues, the 2016 rate should be viewed as a sizeable reduction, and an encouraging finding.

Mental health issues was followed by musculoskeletal injuries as the second most prevalent reason for absence in 2016 – resulting in 1.13 days lost per employee. The rate of absences of this nature has fluctuated, but remains high. The fluctuations have always been closely linked to surgery-related absence.

Surgery, gastrointestinal problems and cough, cold and flu make up the rest of the top five reasons for absence for local councils.

FirstCare data from 2016 shows that mental health issues were most cited by employees aged 40-50, followed by workers aged 50-60. There were no workers aged under 20 who reported mental health-related absence. The highest proportion of musculoskeletal injuries was reported by local council workers aged 50-60 (0.53), which correlates with the high of 0.46 days lost per employee to surgery in the same age bracket.

Common absence issues apply at a regular and steady rate throughout the year when it comes to local authority councils, differentiating the sector from many others.

## CASE STUDY

## Stroud District Council

Stroud District Council was one of the earliest users of outsourced absence management services in the UK.

Following several years with a previous provider, the council decided to explore the wider absence management market in search of a new solution to help manage and reduce absence.

Initiatives include:

- Promoting the increased utilisation of confidential counselling services amongst employees reporting stress, anxiety or circumstantial problem related absences
- Utilising FirstCare's Dynamic Return to Work questionnaire forms for musculoskeletal absences, which have contributed to a significant reduction in the average length of absences of this kind
- Issuing line managers with real-time absence policy alerts and triggers, as well as recommendations for timely occupational health referrals
- Making available key absence metrics, such as Working Days lost due to sickness absence, Absence Reasons and Trends, to all service heads to both increase transparency concerning the levels of absence, and focus attention on the need to tackle problem areas

What the client said: "The FirstCare system provides confidential and professional medical support to our employees when reporting their absence, and gives line managers the tools to better manage sickness absence as a whole. This includes 'real time' reports and trend information, trigger alerts and the support of an individual Account Manager. SDC has worked with FirstCare since 2011 and have been very pleased with the service received from them, seeing a steady reduction in sickness days lost. The Council would be happy to recommend FirstCare." – Carol Telling, HR Information Systems Manager

## Results

41% absence reduction

Increased return-to-work  
interview compliance - 26%  
higher than the average for  
the council sector

# 04

## NHS TRUSTS SECTOR FOCUS

FirstCare data reveals that the National Health Service suffers from a higher level of reported absence than the national average. Data from 2011-2016 shows that, typically, two more days are lost per employee than the national average.

In 2016, 6.87 days were lost per employee in the NHS. The findings raise the question: are those who normally do the caring being properly looked after by their employers?

In 2012, the NHS faced a significant challenge when musculoskeletal-related absence surged and became responsible for 1.91 days lost per employee. As the NHS workforce numbers some 1.2 million, that equated to over two million days lost per year just to musculoskeletal issues. While the rate has been on a downward trend since then, NHS employers need to make sure it does not return to the 2012 level.

Mental health became the most reported reason for absence in the NHS in 2014: the forerunner of a trend now seen across many other sectors in the UK. In 2014, mental health related absence led to 1.66 days lost, trumping musculoskeletal injuries, which were the second most common cause of absence.

In 2015, the prevalence of mental health-related absence continued and in 2016, mental health-related absence was the number one reason for absence in the National Health Service for the third year in a row.

Despite efforts to increase awareness and investment in tackling the issue, the amount of absence related to mental health issues refuses to fall. It can also be observed that mental health absence amongst women is much higher than amongst men.

Despite the working environment, communicable illnesses like cough, cold and flu do not affect NHS workers any more than the national average. Cough, cold and flu-related absences were only marginally higher in the NHS than the national average in 2015 and 2016.

...  
DESPITE THE  
WORKING ENVIRONMENT,  
COMMUNICABLE ILLNESSES  
ARE NOT HIGHER THAN THE  
NATIONAL AVERAGE  
...

Gastrointestinal illness across NHS employees bucks the UK trend as it remains fairly static for most age groups working in hospitals, clinics and surgeries. This could be because of the stricter infection control policies in place at NHS Trusts.

The majority of reported absence was long term in the NHS, with men reporting less absence, at 5.66 days lost per employee, compared to women who reported 7.41 days lost in 2016.

## CASE STUDY

## The Oxford University Hospitals NHS Foundation Trust

The Oxford University Hospitals NHS Foundation Trust is one of the largest and most successful NHS trusts in the UK. It employs more than 12,000 staff and deals with more than one million patients each year.

FirstCare has worked with the Trust to effectively manage sickness absence so that it can maintain and improve the standard of care it provides.

What the client said: "It soon became clear FirstCare could meet all of our objectives and help us reduce sickness absence on a widespread scale."  
– Rebecca Mawer, Attendance Improvement Lead for the OUH

### Results

...

27.6% absence reduction:  
within a year of working with  
FirstCare, absence reduced  
by 27.6%, helping the OUH to  
reduce its bank and agency  
spend while increasing  
staff availability.

04

# CONSTRUCTION & ENGINEERING SECTOR FOCUS

In the construction and engineering industry, musculoskeletal injuries has been the number one reason for absence over the last three years. In 2016, 6.59 days per employee were lost to absence in the construction and engineering sector.

Unlike the rest of the UK, surgery was the number two reason for absence in 2015 in the construction and engineering sector rather than mental health issues. Surgery accounted for 1.0 day lost per employee compared to 0.95 days lost per employee due to mental health issues.

This finding could indicate that the injuries suffered in the construction and engineering sector are more serious than in other sectors, or deteriorate to a worse state before being treated. In 2015, musculoskeletal injuries and surgery were the most cited reason for absence among employees aged between 50-60, at 0.38 and 0.37 days lost respectively.

Construction and engineering matches the UK trend of back pain causing half of musculoskeletal-related absences. The second most cited reason for absence due to musculoskeletal injury was problems with the knee, leg ankle (22.71%) and shoulder (5.75%).

Mental health is the third most reported reason for absence in this sector, rising from 0.78 days lost in 2013 to 0.95 in 2015 and 0.91 in 2016. The age group most likely to report mental health-related absence is 50-60, followed by 40-50 year olds and then 30-40 year olds.

Long term absences accounted for 3.5 days lost per employee in the construction and engineering sector, while short term absence accounted for 1.95 days lost.

...  
INJURIES SUFFERED IN  
THE CONSTRUCTION AND  
ENGINEERING SECTOR ARE  
MORE SERIOUS  
...



## CHAPTER 4: SUMMARY

While each sector in the UK is impacted by workplace absence in different ways, by acknowledging the problem and seeking assistance, any organisation can begin to improve the support it provides to its employees and, in doing so, better protect its commercial future. It begins with admitting absence is a problem.

The above testimonials bring to life the importance of tackling absence in a transparent manner, so that an organisation can raise awareness of the commercial impact of absence as well as ensure team members are supported in suitable ways.

### **Key findings include:**

- FirstCare's support can help organisations more than halve their absence rate and reduce the length of absences to a similar extent
- Taking the absence management process online and having access to accurate data means employees can be confident of uniform treatment; this also serves to reduce any scepticism about the introduction of the FirstCare absence management system
- The provision of professional and confidential support – backed by an expert provider – are the keys to effectively tackling both mental health-related absence physical injury-related absence in the workplace
- The appointment of dedicated staff can transform an organisation's absence, even when faced with severe absence rates and low productivity scores



05

# THE COST OF ABSENCE TO THE UK ECONOMY

## Cost of Absence in the UK (per year)



We have seen the changing nature of the UK workforce, how it is impacting the rising absence trend in the UK and how organisations are reacting - it is now instructive to calculate the real costs to the economy of workplace absence.

**F** FirstCare commissioned Cebr to investigate this in greater detail. Using FirstCare proprietary data that covers 192,000 people in the UK, it has been possible to calculate the cost to the economy of workplace absence.

This is the most robust and credible investigation of its type. While others rely on survey data that historically under-reports this problem our data is 100% accurate and can be used as a proxy for the UK economy. To calculate cost we have used the UK median income, this does not take into account the cost of replacement of people when they are absent but in our estimations this is offset by the fact that people 'catch-up' when they return to work, so this figure is a lower cost - the reality could be worse.

Through this analysis, Cebr calculates that absence is costing the UK economy £18 billion per year. It is important to note that this is part of a rising trend and this cost will only increase if unchecked. Indeed, if the current trend continues, by 2020 the cost will be £21 billion based on the days off per employee and by 2030 it reaches 11.80 and costs £26 billion (in 2016 terms). Again, these are the minimum costs, and the outcome if employers don't do anything to stem the tide is likely to be far worse, driven by the rapid increase in mental health issues.

In summary, this report has shown the UK workforce has changed rapidly in the last five years alone. It is being put under immense pressure to deal with an ageing group of workers, a millennial cohort that have different desires and wants plus the rise of part-time working across all age groups. This, and varying external factors,

have driven the recent rising trend in workplace absence that is costing the UK economy in terms of lost productivity. We have seen what a range of organisations are trying to do to tackle the problems but it is clear that to avoid the crippling costs that we predict a new approach is required to absence.

FirstCare can provide the data to show the problem, but employers need to take a holistic view to their people and invest in the care and attention required. The costs of ignoring the problem are simply too great.

...

**£18BN**

COST OF ABSENCE  
PER YEAR

...

Managing absence is a complex task, and a failure to do it successfully can have far-reaching consequences for a business of any size. However, straightforward solutions exist, and there are surprisingly simple. Through access to timely and accurate data, employers can tackle the absence challenge with ease and flexibility. In doing so, employers will not just be safeguarding the futures of their business but will be doing better by their colleagues.

## Methodology

In order to create a longer time-series for workplace absence and analyse long-term trends, Cebr combines ONS data and First Care.

As First Care data is collected monthly, the data available is more up to date than ONS data on absence. First Care data is also collected through employees, meaning the data is accurately reported. Therefore, we use First Care data as the base and weight ONS data where First Care data is unavailable.

Figures are based on a up to date figures compiled by First Care, of days lost per employee. As FirstCare data spans from 2009 to the end of 2016, we have used historic data and ONS figures to extend the time series for a longer perspective on absence rates.

From 1993 to 2008, there is no First Care data, so we use the available ONS data. We have weighted this data based on the average difference between ONS and First Care absence figures. In the years in which there are data for both, the ONS give a measure of absence which is 38.4% lower than First Care's figure. The figures in the years prior to 2009 have been weighed accordingly to give a consistent time series estimation, based chiefly on First Care figures and weighted ONS data.





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