



Better together:

How Government and business can partner to improve the health of the UK workforce



FUTURE
HEALTH

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ABOUT FUTURE HEALTH

Future Health is a public policy research centre focused on creating healthier, wealthier people, communities and nations. Future Health publishes regular research papers across its three policy research programmes of health prevention, health technology and the links between improvements in health and economic growth. This work is part of the health and economic growth programme.

ABOUT THE INDEPENDENT HEALTHCARE PROVIDERS NETWORK

The Independent Healthcare Providers Network (IHPN) is the representative body for independent sector healthcare providers. Our members deliver a diverse range of services to NHS and private patients including acute care, primary care, community care, clinical home healthcare, and diagnostics. To find out more visit www.ihpn.org.uk



EXECUTIVE SUMMARY

Over 2.7 million people are economically inactive due to poor health. And increasing numbers of people in work are also struggling with their mental and physical health, with the highest rises being seen in younger people.¹ Work-limiting conditions contribute to a 'health pay gap' reducing earnings by 15% and contribute to wider inequalities in society.² Lost productivity resulting from ill-health is estimated to cost the UK economy £150 billion per year or 7% of GDP.³

If the UK Government is to deliver on its central economic mission and wider health ambitions, then improving health at work needs to be a strategic priority. There is good evidence from other countries that access to occupational health and employee health schemes can help reduce levels of economic inactivity.⁴

Businesses are also taking a greater interest in how to improve the health and wellbeing of their staff. New polling from Savanta of 1000 businesses has found that 1 in 4 are thinking of introducing or expanding private medical insurance (PMI) and/or employee assistance programmes (EAPs). Over half of employers are concerned about long NHS waiting times and 3 in 10 have seen an increase in staff sickness rates in the last year (compared to 10% who have seen a decrease).⁵

The previous administration had begun to explore policies and measures to improve the health of the workforce and reduce rates of economic inactivity. This included consultations on how to expand occupational health provision and whether tax incentives for businesses should be used to support investment in schemes that improve employee health.^{6,7}

The Government is clear that it wants a new partnership with business to deliver economic growth.⁸ However the announced rise in employer national insurance at the 2024 Autumn Budget will curtail business investment which could well impact workplace health schemes.⁹ Whilst a series of pilots and programmes have been announced to tackle economic inactivity, most are not focused directly on supporting employers to help keep their staff well and in work. The 2024 Autumn Budget saw no action taken on health related tax incentives which could have sent an important signal to businesses of Government wanting to build an important partnership on workplace health.¹⁰

1 <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge>

2 <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge>

3 https://www.oxera.com/wp-content/uploads/2023/01/230116_The-Economic-Cost-of-Ill-Health-Among-the-Working-Age-Population.pdf

4 https://webapps.ilo.org/dyn/legosh/en/?p=14100:503:6310540614942::NO:503:P503_REFERENCE_FILE_ID:322091:NO

5 Savanta polling of 1000 businesses conducted in October 2024; commissioned by IHPN

6 <https://www.gov.uk/government/consultations/occupational-health-working-better>

7 <https://www.gov.uk/government/consultations/joint-hmt-hmrc-consultation-on-tax-incentives-for-occupational-health/tax-incentives-for-occupational-health-consultation#list-of-questions>

8 <https://www.gov.uk/government/news/record-breaking-international-investment-summit-secures-63-billion-and-nearly-38000-jobs-for-the-uk>

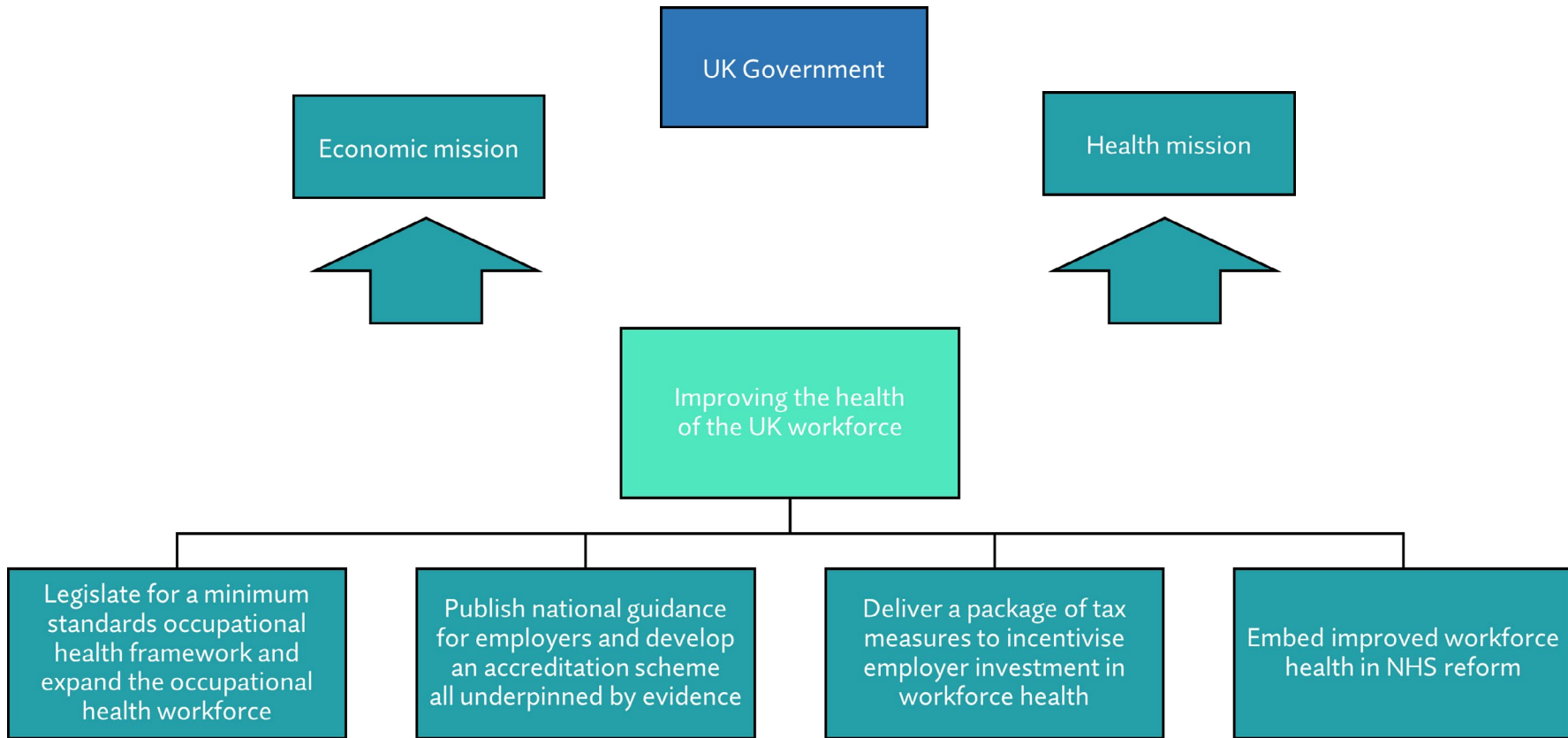
9 https://assets.publishing.service.gov.uk/media/6722120210b0d582ee8c48c0/Autumn_Budget_2024__print_.pdf

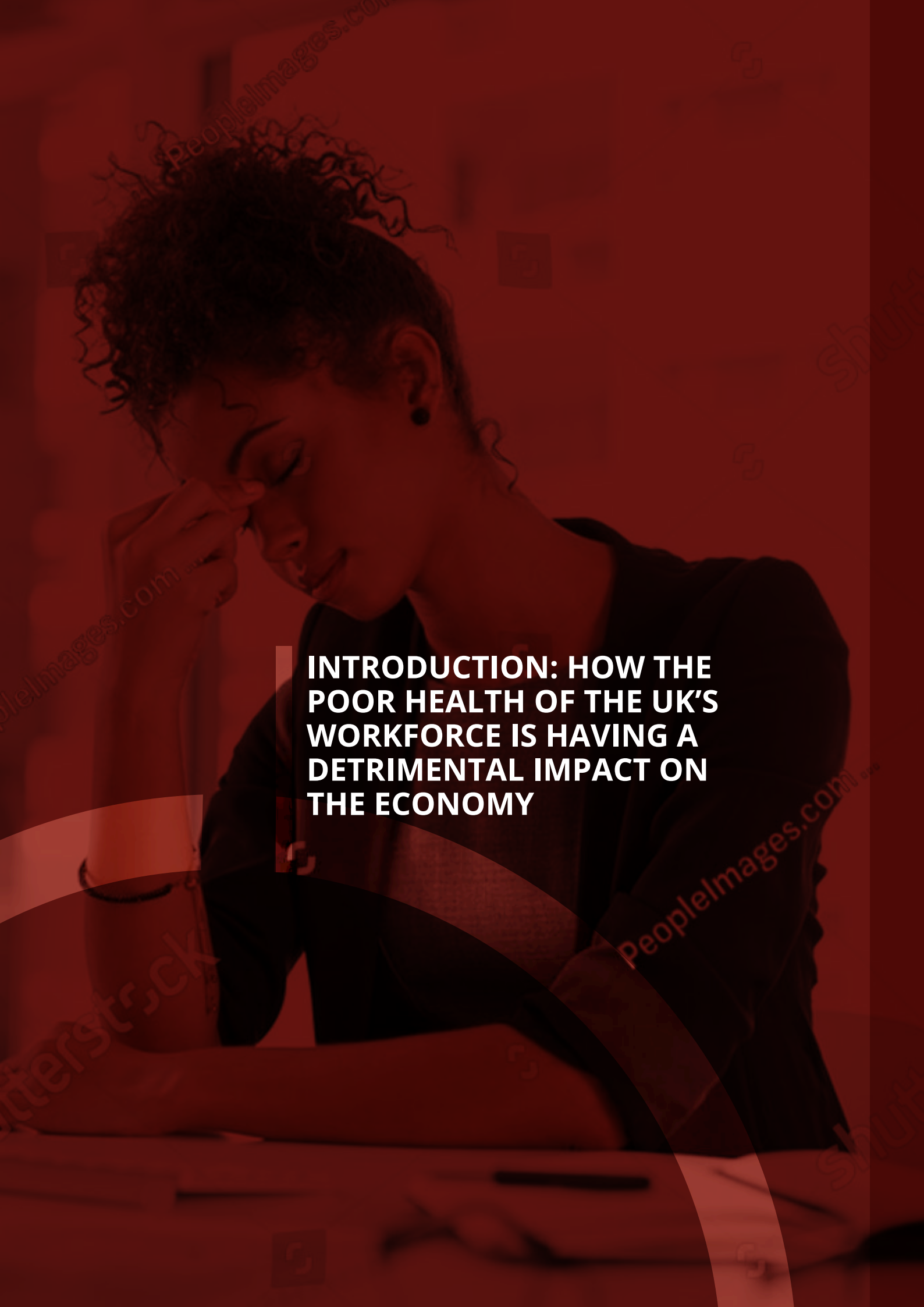
10 https://assets.publishing.service.gov.uk/media/6722120210b0d582ee8c48c0/Autumn_Budget_2024__print_.pdf

The next Government fiscal statement should urgently address this and seek to build a partnership with businesses to break down the barriers they face to improving workforce health – particularly amongst small and medium-sized organisations. Measures to do so should include introducing a minimum legal standard of occupational health provision and an expansion in the necessary workforce to deliver it; all underpinned by clear guidance and evidence on what works supported by fiscal and tax incentives to drive uptake. The reforms in the new ten year NHS plan should also be used to deliver health improvements in the UK workforce and productivity.

Adopting such measures would be good for UK health, UK plc and the UK Government.

Framework for change: how Government and business can work together to improve the health of the UK workforce



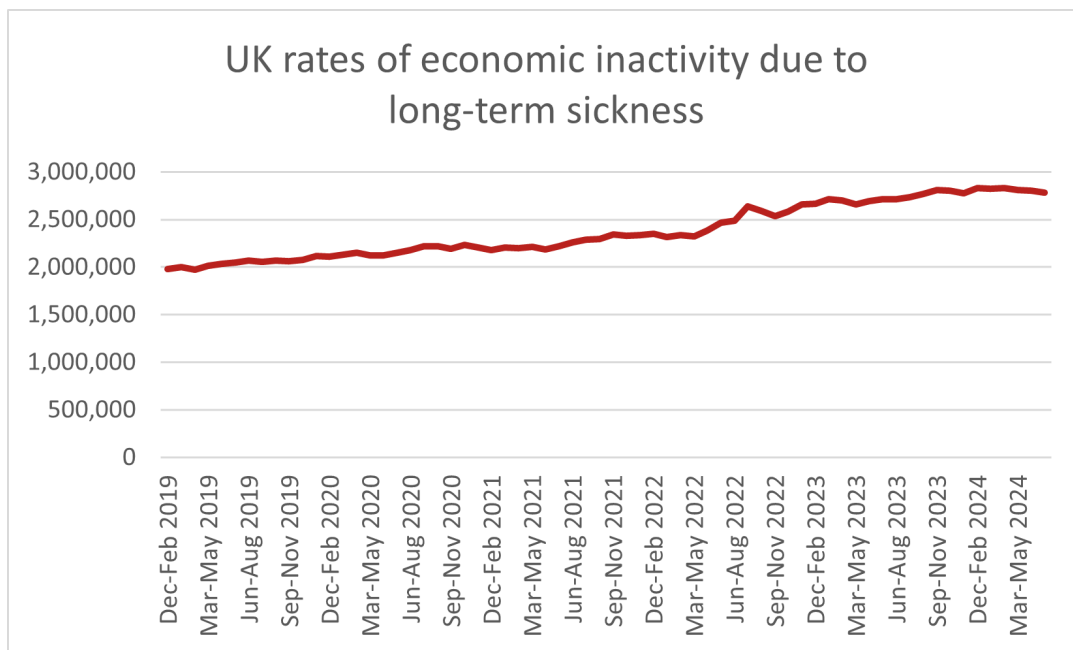


**INTRODUCTION: HOW THE
POOR HEALTH OF THE UK'S
WORKFORCE IS HAVING A
DETRIMENTAL IMPACT ON
THE ECONOMY**

The UK population’s health is deteriorating. There are an estimated 3.7 million working-age people in employment with a work-limiting health condition, which represents an increase of 1.4 million over the past decade.¹¹ The Health Foundation’s REAL Centre projects a further rise of 17% in the proportion of people aged 20-69 living with a major condition by 2040.¹² Worryingly the rate of work-limiting conditions has grown quickest in younger workers in the last decade leading to 16-34 year olds in 2023 being as likely to report a work-limiting condition as someone aged 45-54 years old 10 years before.¹³

ONS data show a rise of 800,000 people recorded with ill-health related economic inactivity since 2019, taking the total figure to 2.79 million.¹⁴¹⁵ Such levels of economic inactivity have not been seen since the 1990s.¹⁶

Figure 1: Rising rates of economic inactivity due to long-term sickness¹⁷



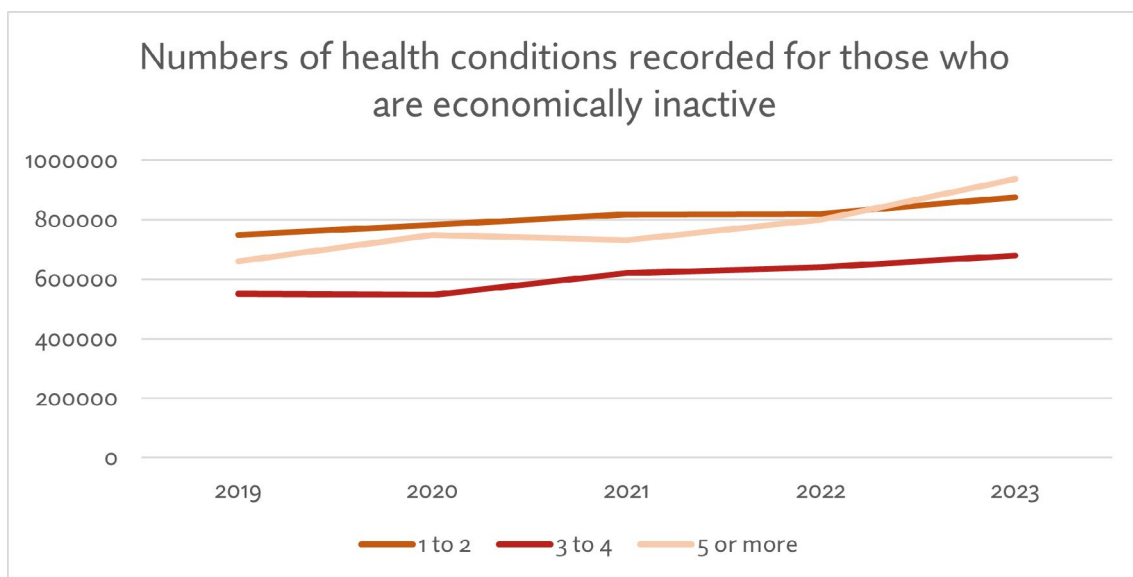
In comparison to European countries, the UK has performed particularly poorly, with economic inactivity rising by 1.1% since 2020, while on average EU countries have seen economic inactivity fall by 2.3%.¹⁸

11 <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge>
 12 <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge>
 13 <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge>
 14 <https://www.gov.uk/government/news/employment-support-launched-for-over-a-million-people>
 15 <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/timeseries/lf69/lms>
 16 <https://policyexchange.org.uk/wp-content/uploads/None-of-our-Business.pdf>
 17 <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>
 18 <https://www.nhsconfed.org/system/files/2024-09/Improving-our-nations-health-WGA-long-term-sickness-economic-inactivity.pdf>

At the Spring 2024 Budget, the Office for Budget Responsibility (OBR) outlined an expectation that health related inactivity would ‘continue weighing’ on the labour market participation rate.¹⁹

Increases in both sickness absence and ill-health related unemployment are primarily driven by musculoskeletal (MSK) conditions, cardiovascular disease and mental health.^{20,21} There is also a growing number of people with multiple, rather than single, long-term conditions, creating challenges of complexity and in getting people the care and support they need to work.²²

Figure 2: Numbers of health conditions recorded for people who are economically inactive ²³

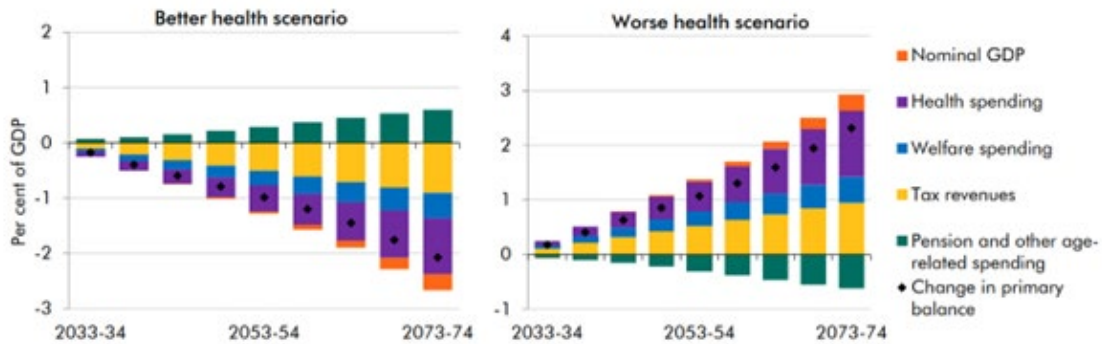


Poor working age health drives increased NHS usage and spending, but also lowers tax revenues and raises welfare spending as illustrated below by the OBR fiscal implications of better or worse health scenarios published in September 2024.²⁴

19 <https://healthcareandprotection.com/budget-2024-health-related-inactivity-continues-to-hit-uk-employment-obr/>
 20 <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>
 21 <https://policyexchange.org.uk/wp-content/uploads/None-of-our-Business.pdf>
 22 <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>
 23 <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>
 24 https://obr.uk/docs/dlm_uploads/FRS-2024-slides.pdf

Figure 3: OBR analysis of fiscal implications of better or worse population health

Fiscal implications of better or worse health



The OBR analysis sets out two scenarios:

- A better health scenario in which the incidence of work-limiting ill health is 25 percent lower in 50 years' time
- A worse health scenario in which the incidence of work-limiting ill health is 25 percent higher in 50 years' time

In the better health scenario the primary deficit is just over 2 per cent of GDP lower through a combination of lower health and welfare spending and higher tax revenues. This is set against higher pensions and other age-related spending due to people living longer. Conversely in the worse health scenario the primary deficit is over 2 per cent of GDP higher. This is the result of higher health and welfare spending and lower tax revenues. This is set against lower pension and other age-related spending due to shorter life expectancy.²⁵

The poor health of the UK's workforce is also having a damaging impact on productivity. Lost productivity resulting from ill-health is estimated to cost the UK economy £150 billion per year or 7% GDP.²⁶ For employers, poor workforce health leads to higher levels of sickness absence, presenteeism, staff turnover and engagement.²⁷ Poor health is also leading to early retirement in certain sectors and industries, shrinking the size of the available workforce. This in turn is damaging business confidence in the UK market.²⁸

25 https://obr.uk/docs/dlm_uploads/FRS-2024-speech.pdf

26 https://www.oxera.com/wp-content/uploads/2023/01/230116_The-Economic-Cost-of-Ill-Health-Among-the-Working-Age-Population.pdf

27 <https://www.barnsley.gov.uk/media/opbpxxkz/bmbc-pathways-to-work-commission-report.pdf>

28 <https://www.cbi.org.uk/media/xqkovq5a/12848-employment-trends-survey-2023-report.pdf>

A photograph of a man with glasses and a beard, wearing a blue button-down shirt, smiling while working at a desk. The image is overlaid with a semi-transparent blue circular graphic. The background is a blurred office setting.

**THE ROLE OF EMPLOYERS IN
IMPROVING THE HEALTH OF
THE UK WORKFORCE**

Improving the health of the nation and the country's workforce are complex, wide-ranging and 'wicked' policy problems requiring a wide range of interventions across public health, the health system and from other agencies across education and welfare.²⁹

This research report does not cover all of this ground. Instead it focuses more practically on how to slow the flow of workers from employment to becoming economic inactive; and within this how employers can play a greater and more active role in supporting employee health in partnership with Government.

Research has shown that interventions aimed at promoting good health in the workplace can support people to stay at work longer, reduce sick days and improve productivity.³⁰ Evidence also shows that early intervention and support can significantly increase the likeliness of an employee to return to work after a period of sickness.³¹

Historically the focus of employers has been primarily on the health and safety of their organisations, with top down legislation driving wholesale changes in workplace design and risk management. The health of the workforce today however is more complex, with the physical and mental wellbeing of staff becoming of ever increasing importance.

How can employers make a difference to employee health?

1. Providing a safe working environment

Health and safety guidance and legislation has played an important role in guiding employers in how to provide safe working environments across all sectors. Health and safety measures include having an agreed policy in place, undertaking risk and hazard assessments, providing training and having the right workplace facilities.³² Unlike the following two areas – physical and mental health – there are clear legal requirements and agreed practices for employers on health and safety which have been developed and updated over decades.

2. Support physical health

Musculoskeletal (MSK) conditions – such as back and neck pain – are one of the main drivers of work-limiting ill-health. In 2020, MSK issues were responsible for 20.8 million days lost in work, equivalent to 17.5% of total sickness absence.³³ Prevention, early detection and treatment can improve outcomes for employees. Advice from the NHS includes following guidelines for physical activity, maintaining a healthy weight and having a balanced diet.³⁴

²⁹ <https://academic.oup.com/policyandsociety/article/36/3/414/6407932>

³⁰ <https://oem.bmj.com/content/71/4/295>

³¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/181060/health-at-work.pdf

³² <https://www.hse.gov.uk/simple-health-safety/index.htm>

³³ <https://www.gov.uk/government/publications/musculoskeletal-health-applying-all-our-health/musculoskeletal-health-applying-all-our-health>

³⁴ <https://www.gov.uk/government/publications/musculoskeletal-health-applying-all-our-health/musculoskeletal-health-applying-all-our-health#core-principles-for-healthcare-professionals>

Obesity and sedentary lifestyles are also contributing to poor health (particularly in relation to the rise of cardiovascular diseases), sickness absence and low productivity in the workplace.^{35,36} A recent study showed that overweight and obese people are more likely to take at least seven days off sick a year.³⁷

Employers can play an important role in supporting employees to live healthier, more active lives through a range of direct and indirect incentives. For example, encouraging employees to be active during the working day through bike to work schemes, encouraging breaks from sitting at the desk and instilling a culture which supports employees taking time during the working day to exercise.

Healthy eating habits can also be supported by employers through providing healthier food in the workplace. For small organisations this may be focused on available snacks and lunches in meetings, and for larger organisations ensuring onsite canteens focus on providing nutritious options. More broadly, employers can support a learning culture whereby employees can access information and advice about keeping fit and healthy.

Employers can also provide additional benefits to employees such as private medical insurance (PMI), gym membership, health assessments and advisory services. PMI not only provides access to private healthcare when people require treatment, but is increasingly offering products and services that can help employees proactively manage health issues. One example of this is in providing staff with MSK issues with access to physiotherapy.

3. *Support mental health*

Poor mental health is now the leading cause of work-limiting conditions in those aged 44 and under.³⁸ The number of 16-34 year olds who report mental health impacting the type or amount of work they can do has quadrupled in the last decade.³⁹ Poor mental wellbeing costs employers in the UK an estimated £42 billion to £45 billion annually through presenteeism, sickness absence and staff turnover.⁴⁰

Employers can support the mental health of their workers by ensuring there are clear and fair policies in place, and appropriate training is provided to managers. Policies and training can help to address underlying stigma so that employees feel comfortable and able to talk about how they feel and how their employer can best support them. Efforts can also be made to create a positive workplace culture where employees are encouraged to look after their mental wellbeing through looking at work design as well as training to equip staff with the knowledge of how to support their own and others wellbeing. As with improving physical health, this could also include support to access healthier foods and encourage exercise.

35 <https://www.peoplemanagement.co.uk/article/1743426/obesity-workplace>

36 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7558581/>

37 <https://www.theguardian.com/society/article/2024/may/12/overweight-people-more-likely-to-take-sick-leave-european-study-finds>

38 <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge>

39 <https://www.mentalhealth.org.uk/explore-mental-health/statistics/mental-health-work-statistics>

40 <https://www.deloitte.com/uk/en/services/consulting/research/mental-health-and-employers-refreshing-the-case-for-investment.html>

In addition, employers can provide access to external support services such as helplines and short-term counselling. Typically these are provided through an Employee Assistance Programme (EAP) with an estimated quarter of the working population thought to have access to one.⁴¹ Many employers also provide PMI which includes access to a broad range of support and services for preventing and treating mental health.

The following sets out some examples of schemes aimed at improving employee health.

CASE STUDIES

Physical health services - VitaHealth Group⁴²

The package of physical health services provided by VitaHealth Group are predominantly aimed at supporting those with common MSK conditions to return to work and improve their overall quality of life.

From an employer perspective the main objective is to reduce sickness absence and to help employees stay in work with longer-term support.

This package of services includes:

- Physiotherapy – provided by a national network of over 850 quality assured clinics.
- Occupational Health Physiotherapy (on-site) – This is particularly tailored to reduce the employer's associated costs of MSK sickness absence.
- Online exercise classes – A wide range of wellbeing and exercise classes presented live, by qualified physiotherapists, designed to treat the body and mind.
- Functional restoration programme – For those individuals who experience persistent or chronic MSK conditions. These conditions severely effect both work and personal quality of life. It is aimed at individuals who haven't responded to other medical treatments.

Key results from the programme include:

- 97% of employees reported their symptoms improved
- 317% average return on investment of £3.17 per £1 invested
- 89% stated that support improved their mental health
- 92% overall customer satisfaction score

41 <https://www.bbc.co.uk/news/uk-68537252#:~:text=Typically%2C%20they%20offer%20access%20to,highly%20valuable%20resource%20to%20employees%22>.

42 <https://www.vitahealthgroup.co.uk/wp-content/uploads/2021/10/Corporate-Brochure.pdf>

Health and wellbeing programme – Leek United Building Society⁴³

The organisation has a five pillar approach to wellbeing which was launched in 2019. This includes:

- In-house support: official policies, resources, mental health first aiders and domestic abuse champions. Regular wellbeing weeks promote healthy eating and positive lifestyles.
- Third-party support: Togetherall's digital mental health platform provides an informal space for employees to speak anonymously with peers. The platform is monitored by trained clinicians.
- Line-manager training: equips all managers with necessary skills to support team members with welfare needs.
- Executive promotion: All leaders including the CEO regularly promote the organisation's health and wellbeing provision. They have also opened up about their own challenges to encourage an open culture.
- Pandemic-specific support: included regular communications and increased support to help staff adjust to home-working without feeling isolated.

In 2021 an additional strand on financial wellbeing was introduced which included the following support:

- Workplace savings scheme
- Commitment to fair and equitable pay (including Living Wage commitment and uplifts in salary to reflect cost of living rises)
- Pensions and retirement planning
- Occupational sick pay (full pay for 6 weeks)
- Increases to maternity, paternity and adoption pay

Impact evaluation

- 88% staff believed the organisation prioritised their health and wellbeing during the pandemic
- Substantial reduction in absence rates – both for home workers and those in branches
- Staff retention has improved dramatically
- Improved staff efficiency
- Independent audit awarded the organisation the highest grading for overall assessment

⁴³ https://www.cipd.org/globalassets/media/comms/news/3health-wellbeing-work-case-studies-1-2022_tcm18-108344.pdf

Employee Health and Wellbeing Service – Manchester University NHS Foundation Trust

The service is working to create a culture that enables open and honest conversations around mental and physical health. This includes a comprehensive training package for staff and managers to develop their skills and confidence in health and wellbeing, which acts as an enabler to this cultural change, and helps to raise awareness of the wide range of services available to support them. There are a wide range of courses available, including decompressing after a critical/traumatic incident in the workplace, mental health conversation training, and a new dedicated health and wellbeing leadership course. This leadership course equips managers with the necessary training and resources to develop their skills and confidence to support the physical and mental health of their staff, especially when their wellbeing is impacting their work. In only several months, over 250 managers engaged with this training, and there is an extensive waiting list based on its popularity.⁴⁴

Workplace support for people with inflammatory arthritis – Making it Work™

Making it Work is an online self-management programme for people with inflammatory arthritis to help them meet work demands and reduce periods of sickness absence. Originally developed and put into a randomised controlled trial in Canada⁴⁵, the programme has proven to be effective at preventing productivity loss and work cessation longer than two months in workers across three Canadian provinces, over two years. The trial will follow up for five years to assess outcomes for participants.

The programme is currently being adapted by researchers at the Centre for Musculoskeletal Health and Work at the University of Aberdeen.⁴⁶ Their ambition is to extend the programme to support people with non-inflammatory conditions such as osteoarthritis, fibromyalgia and chronic regional or widespread pain. They will also explore whether the resulting programme could be delivered within NHS Scotland.

44 <https://www.england.nhs.uk/long-read/growing-occupational-health-and-wellbeing-together-our-roadmap-for-the-future/#5-what-next>

45 <https://www.arthritisresearch.ca/research/making-it-work-phase-iii/>

46 <https://www.abdn.ac.uk/iahs/research/epidemiology/making-it-work-2147.php>

A woman with curly hair is seated at a table, looking down at a document she is holding. The scene is dimly lit with a warm, yellowish-orange glow. In the background, there are blurred figures of other people and what appears to be a staircase or a modern office structure. The overall atmosphere is professional and focused.

**RISING GOVERNMENT INTEREST
IN IMPROVING WORKFORCE
HEALTH**

A rise in levels of ill-health related economic inactivity, low levels of economic growth and pressures on NHS services have resulted in growing political and policymaker interest in delivering an agenda that sees improved health support stronger economic growth.

The previous Conservative Government published a series of policy documents and more recently launched two consultations aiming to improve health at work and increase access to occupational health.

Figure 4: Recent Government policy on improving workforce health



Improving lives: the future of work, health and disability – 2017⁴⁷

This focused on the need to join up welfare, workplace and healthcare settings to support disabled people and those with long-term conditions to secure and stay in work. The document recognised the need for improved evidence and research on how best to support people into and at work. It also noted that the current model of occupational health services did not meet the needs of employers or individuals.

Consultation: Health is Everyone's Business – 2019⁴⁸

Suggested creating a clear legal framework for employers, occupational health market reform and advice/support for employers. Committed to test whether targeted financial incentives could improve access to occupational health.

Back to Work Plan – 2023⁴⁹

Included boosting support for four existing schemes: NHS Talking Therapies, Individual Placement and Support, Restart and Universal Support. The Government expected this to help 1.1 million people with mental or physical health conditions to stay in or find work over five years. The plan also included commitments to trial reforms to fit notes, the launch of a WorkWell scheme between the Department for Health and Social Care (DHSC) and Department for Work and Pensions (DWP) and wrapped in other related policies (such as the NHS Elective Recovery Plan).

47 <https://assets.publishing.service.gov.uk/media/5a74af20e5274a529406956a/improving-lives-the-future-of-work-health-and-disability.PDF>

48 <https://www.gov.uk/government/consultations/health-is-everyones-business-proposals-to-reduce-ill-health-related-job-loss/outcome/government-response-health-is-everyones-business>

49 <https://www.gov.uk/government/news/employment-support-launched-for-over-a-million-people>

*Consultation: Occupational Health: Working Better 2023*⁵⁰

Following the closure of the consultation the Conservative Government committed to:⁵¹

- Establishing an expert group to support the development of a voluntary minimum framework for quality occupational health provision
- Exploring whether Government should develop workplace health and disability standards to provide best practice guidance for employers to support people with health conditions and disabilities to start, stay and succeed in work
- Consider options for a new SME group purchasing framework, underpinned by a digital marketplace. This initiative would aim to enable SMEs to pool their purchasing power to benefit from economies of scale
- Rolling-out the £1million Innovation Fund to help increase access to and capacity in occupational health services

The previous Government ruled out making occupational health provision mandatory or introducing automatic enrolment for employees into occupational health schemes.⁵²

In February 2024 the Government announced that a Taskforce headed by Dame Carol Black was to increase the access and uptake of occupational health through:⁵³

- Increasing information and visibility for employers on occupational health and the benefits of quality occupational health provision in retaining employees in the workplace
- Empowering employers to play an active role in improving employee health
- Removing barriers by focusing on SMEs with restricted finances and by ensuring that the Framework is applicable across sectors
- Complementing other existing health and disability workplace initiatives, including where occupational health is required in law

This was followed by a further announcement in April 2024 of a £1.5 million 'innovation fund' to trial new technology and artificial intelligence designed to tackle in-work sickness and boost economic activity.⁵⁴

50 <https://www.gov.uk/government/consultations/occupational-health-working-better>

51 <https://assets.publishing.service.gov.uk/media/6560bc741fd90c000dac3b7a/occupational-health-working-better-responses.pdf>

52 <https://assets.publishing.service.gov.uk/media/655dcba5046ed400148b9dd9/large-print-occupational-health-working-better-responses.pdf>

53 <https://www.gov.uk/government/news/new-occupational-health-taskforce-to-tackle-in-work-sickness-and-drive-down-inactivity>

54 <https://www.gov.uk/government/news/ai-to-help-keep-people-in-work-through-15-million-investment-in-occupational-health>

Consultation: Tax Incentives for Occupational Health – 2023

The consultation asked whether the £500 cap on recommended medical treatment influenced the amount that employers are likely to spend on occupational health services and whether the tax treatment of occupational health services affected whether employers provided occupational health services.⁵⁵ A Government response to the joint HM Treasury and HMRC *Tax Incentives for Occupational Health* consultation has yet to be published.

The role of better workplace health in delivering Labour’s missions for Government

Sir Keir Starmer has said that his Government will focus on five cross-cutting long-term missions.⁵⁶

Delivering economic growth is the priority mission for the Government with tackling economic inactivity central to meeting this objective across Whitehall.

The Chancellor highlighted the importance of tackling economic inactivity in her first speech at the Treasury.⁵⁷ The Health and Social Care Secretary, Wes Streeting has set an ambition to make the Department of Health and Social Care, a department for economic growth.⁵⁸ At the launch of the IPPR’s Commission for Health and Prosperity final report Streeting set out how the country’s poor health was holding back economic growth:

“Our sick society is also holding back our economy.

A drop in productivity due to ill-health has cost our economy £25 billion since 2018.

900,000 more people are off work than would have been on pre-pandemic trends. That’s more people than Tesco, Sainsbury’s and Asda employ put together.

*Fail to act, and by the end of this parliament 4.3 million people could be off work sick. Millions of people left behind, the welfare bill ballooning and growth hampered.”*⁵⁹

Lord Darzi’s NHS investigation also acknowledges the impact of the deteriorating health of the nation on prosperity and economic inactivity.⁶⁰

Secretary of State for Work and Pensions Liz Kendall has announced additional support for disabled people and those with health conditions to enter and stay in work by devolving more power to local areas to ‘shape a joined-up work, health and skills offer that suits the needs of the people they serve.’⁶¹

55 <https://www.gov.uk/government/consultations/joint-hmt-hmrc-consultation-on-tax-incentives-for-occupational-health/tax-incentives-for-occupational-health-consultation#list-of-questions>

56 <https://labour.org.uk/missions/>

57 <https://www.gov.uk/government/speeches/chancellor-rachel-reeves-is-taking-immediate-action-to-fix-the-foundations-of-our-economy>

58 <https://www.youtube.com/watch?v=Jpxc0ZMoy8E>

59 <https://www.gov.uk/government/speeches/secretary-of-state-for-health-and-social-cares-address-to-ipp>

60 <https://assets.publishing.service.gov.uk/media/66e1b49e3b0c9e88544a0049/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England.pdf>

61 <https://www.gov.uk/government/news/back-to-work-plan-will-help-drive-economic-growth-in-every-region>

The new Government's commitment to a new deal for working people also creates opportunities to drive meaningful change to support a healthier workforce of the future. In May 2024 the Labour Party published *Labour's Plan to Make Work Pay: Delivering A New Deal for Working People*. The document includes a plan to "...review health and safety guidance and regulations with a view to modernising legislation and guidance where it does not fully reflect the modern workplace". It also specifically commits to working with employers and trade unions to support the physical and mental health of workers.⁶² There is also a commitment to publish a *Get Britain Working White Paper* in Autumn 2024 which will include eight trailblazer sites bringing together health, employment and skills services to improve support for the economically inactive population to return to work.⁶³

62 <https://labour.org.uk/wp-content/uploads/2024/06/MakeWorkPay.pdf>

63 <https://www.gov.uk/government/news/government-action-to-tackle-the-greatest-employment-challenge-for-a-generation>

A woman wearing a white hard hat and a high-visibility safety vest is working in a factory. She is looking towards the camera with a slight smile. The background shows industrial machinery. The entire image is overlaid with a semi-transparent green filter. The text "GOVERNMENT AND BUSINESS: WORKING TOGETHER IN PARTNERSHIP TO IMPROVE WORKFORCE HEALTH" is centered in white, bold, uppercase letters. There are also some faint, semi-transparent watermarks like "Halfpoint" and "shutterstock" visible on the image.

**GOVERNMENT AND BUSINESS:
WORKING TOGETHER IN
PARTNERSHIP TO IMPROVE
WORKFORCE HEALTH**

The new Government has been clear that it will not be able to achieve its mission for economic growth without working in close partnership with business.⁶⁴

Surveys suggest that the majority of employers in Great Britain acknowledge the link between work and employee health and wellbeing (91%).⁶⁵ A majority also believe it is the responsibility of employers to encourage employees to be healthy (90%).⁶⁶ These statistics indicate a good level of knowledge about the implications of poor health on business performance and management.

However recently published analysis shows that 47% of the UK workforce does not have access to basic health protection measures such as health checks or vaccinations. The majority of these workers work in small (59%) and medium (18%) sized organisations.⁶⁷

When asked about the motivations for deciding whether or not to invest in health and wellbeing, businesses noted the importance of reputation (79%) and legal obligations (69%) as the most important drivers.⁶⁸

Having access to expertise and resources (both financially and in terms of manpower) to help implement policies and programmes, also clearly incentivises action on employee health. The size of an organisation has been shown to directly correlate with the extent of health and wellbeing provision – with smaller organisations much less likely to have formal policies and programmes in place.⁶⁹ For example only 14% of small businesses provide EAPs compared with 76% of large employers.⁷⁰

Only one in five organisations offer occupational health services to their employees with medium (49%) and small (18%) organisations less likely to than large employers (92%).⁷¹

When SMEs were asked what the barriers were to providing health and wellbeing support they noted:

- A lack of expertise to know what support to invest in (49%)
- A lack of time or resources to implement policies (49%)
- A lack of capital (52%)⁷²

64 <https://www.gov.uk/government/speeches/chancellor-rachel-reeves-is-taking-immediate-action-to-fix-the-foundations-of-our-economy>

65 <https://www.gov.uk/government/publications/sickness-absence-and-health-in-the-workplace-understanding-employer-behaviour-and-practice>

66 <https://www.gov.uk/government/publications/sickness-absence-and-health-in-the-workplace-understanding-employer-behaviour-and-practice>

67 <https://www.rsph.org.uk/static/d1c70f7d-2e4f-4999-abf70803041473d1/Healthy-workplaces-report.pdf>

68 <https://www.gov.uk/government/publications/sickness-absence-and-health-in-the-workplace-understanding-employer-behaviour-and-practice>

69 <https://www.gov.uk/government/publications/sickness-absence-and-health-in-the-workplace-understanding-employer-behaviour-and-practice>

70 <https://www.gov.uk/government/publications/sickness-absence-and-health-in-the-workplace-understanding-employer-behaviour-and-practice>

71 <https://www.gov.uk/government/publications/sickness-absence-and-health-in-the-workplace-understanding-employer-behaviour-and-practice>

72 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1142002/incentivising-SME-uptake-of-health-and-wellbeing-schemes-report.pdf

SMEs also noted that the market was complicated and difficult to navigate without investing a lot of time in doing so.⁷³

The overwhelming amount of information, tools and advice is a barrier to employers in taking up schemes aimed at improving workplace health. Certain sectors can also struggle in accessing relevant guidance given the specialised nature of their work.

Recommendations: Delivering the foundations to support improvements in workforce health

To understand how a partnership between Government and business could deliver improvements in workforce health, reduce economic inactivity and increase economic growth Future Health convened an expert roundtable.⁷⁴ Attendees at the roundtable discussed a wide range of actions that could be taken by Government and business to improve workforce health.

The following summarises some of the main takeaways, discussion and recommendations of relevance to this research.

1. Legislate for a minimum standards occupational health framework and expand the workforce

An estimated 51% of employees in the UK have access to occupational health services, compared to countries such as Finland, France and Poland with coverage of over 90%.⁷⁵ Legislation has proven to be an effective tool in driving up rates of occupational health coverage in other countries.⁷⁶ The Government should legislate for a minimum standards framework for occupational health services in all workplaces. This will need to be coupled with a rapid expansion of the occupational health workforce to ensure employers are able to deliver on these new standards.

While expansion of the occupational health workforce has been noted as a priority by the NHS and the last Government, no comprehensive assessment has been made of what is required. The *NHS Long Term Workforce Plan* published in 2023 stated that the Government was to undertake this exercise through their *Occupational Health Working Better* consultation. The consultation failed to set out a clear plan and process for this, stating: *“Achieving the step change towards a sustainable multidisciplinary work and health workforce will also require development of a longer-term strategic Occupational Health workforce approach, working with NHS England and stakeholders across the public and private sector. Any long-term ambitions for the OH workforce will need to be aligned with the NHS’ long term workforce planning.”*⁷⁷

73 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1142002/incentivising-SME-uptake-of-health-and-wellbeing-schemes-report.pdf

74 A full list of roundtable attendees can be found in the Appendix. Alongside the roundtable Future Health also held a series of six expert interviews with those from within and recently from Government and the NHS

75 <https://www.gov.uk/government/consultations/occupational-health-working-better/occupational-health-working-better>

76 <https://www.barnsley.gov.uk/media/opbpxxkz/bmbc-pathways-to-work-commission-report.pdf>

77 <https://www.gov.uk/government/consultations/occupational-health-working-better>

The new Government will need to make clear who is accountable for the development of an Occupational Health workforce plan. This exercise should be completed and included in the next reiteration of the *NHS Long-Term Workforce Plan* due for publication in 2025.

2. Publish national guidance for employers and develop an accreditation scheme all underpinned by evidence

National guidance for employers

There is a wealth of information and competing guidance for employers from a range of organisations which can be confusing to navigate, particularly for SMEs. Many employers are already providing a range of schemes aimed at improving employee health. However often such schemes have been introduced in a piecemeal, ad-hoc and disconnected fashion.

One roundtable attendee discussed a recent company audit of existing schemes that had found 24 programmes in place, but with only five being taken-up widely and working effectively. The need for proper employee engagement and evaluation in the roll-out of employee health schemes was seen to be particularly critical to their success. It was also noted that evaluating the success of programmes can be difficult as it requires a long-term commitment, investment, expertise and continuous measurement by the employer.

As has been done with health and safety legislation there is a need to agree evidenced-based foundational principles for supporting good physical and mental health in the workplace. Factors that need to be taken into account will include:

- Demographics – whilst historically a lot of the focus – rightly – has been on trying to get older workers with multiple chronic conditions to stay in the workforce for longer, there is also a need to ensure young people entering the workplace are properly supported, particularly given rising rates of poor mental health, including amongst students⁷⁸
- Size of organisation – whilst larger businesses are often in a position to take action, there are greater barriers for smaller companies.

To support a stronger evidence base, the Government should commit to a new dedicated work and health research centre. The centre should build on the foundations from the What Works Wellbeing⁷⁹ organisation and utilise academic research and publications on workplace health undertaken by agencies such as the National Institute for Health and Care Excellence (NICE), National Institute for Health Research (NIHR)⁸⁰ and the Oxford Wellbeing Research Centre.⁸¹ The predominant focus should be on guidance for SMEs and include not only what works, but how it practically needs to be implemented by the employer to ensure success.

The work and health research centre should be complemented with a free or heavily subsidised advisory service on occupational health legislation and best

78 <https://commonslibrary.parliament.uk/research-briefings/cbp-8593/>

79 <https://whatworkswellbeing.org/>

80 <https://www.nihr.ac.uk/work-and-health-development-awards-research-specification>

81 <https://wellbeing.hmc.ox.ac.uk/research-overview/>

practice for SMEs. It is worth noting that previous attempts to extend occupational health provision to SMEs have not succeeded with the DWP's 'Fit for Work' 2015 access to occupational health advice programme shut down by 2018 due to low take-up from employers and employees.⁸² Any new package of support should be designed to overcome the reasons for the low uptake of this programme.

Accreditation scheme

Developing an accreditation programme for workforce health could act both as a reputational incentive and educational tool to employers. From a reputational point of view, an accreditation scheme would help an organisation demonstrate their commitment to employees and prospective candidates. An accreditation programme, backed by Government, could provide an opportunity for employers to share knowledge, learn from one another and provide an opportunity to develop and share practical tools and resources.

The Government should also support the established accreditation scheme for occupational health providers SEQOHS (Safe Effective Quality Occupational Health Service) to help employers navigate the occupational health market.

Public sector organisations should ensure that any external occupational health providers are SEQOHS accredited. These organisations could also help influence the behaviour of SMEs by requiring their suppliers to meet a minimum standard of occupational health support delivered for their own workforces. Any such moves needs to be carefully balanced with wider public sector procurement ambitions about expanding suppliers and working more with SMEs.

3. Deliver a package of tax incentives that enable a step change in workforce health coverage

Every person prevented from leaving the labour market due to ill-health will save the public finances £20,000 per year in upheld tax receipts, reduced welfare payments and costs to the NHS.⁸³

A survey from the CBI found that nearly half of businesses thought that tax incentives should be reformed to support businesses in investing in improved workplace health.⁸⁴ In 2023 the previous Government ran a consultation on possible changes to such incentives.⁸⁵ However a response to the consultation was not forthcoming before the election in July or in the October Budget.

Over a quarter (28%) of businesses have seen an increase in sickness absence in the last 12 months. In comparison just 10% have seen a decrease. 1 in 4 businesses are planning to offer or introduce more private medical insurance in the next 12 months, with over 1 in 5 planning to offer or introduce more employee assistance programmes.

82 <https://www.barnsley.gov.uk/media/opbpvxkz/bmbc-pathways-to-work-commission-report.pdf>

83 <https://www.cbi.org.uk/media/rnonf1nd/confederation-of-british-industry-cbi-autumn-budget-2024-submission-1.pdf>

84 <https://www.cbi.org.uk/media/xqkovq5a/12848-employment-trends-survey-2023-report.pdf>

85 <https://www.gov.uk/government/consultations/joint-hmt-hmrc-consultation-on-tax-incentives-for-occupational-health/tax-incentives-for-occupational-health-consultation#list-of-questions>

However these findings came before the employer national insurance rise in the October Budget.⁸⁶

The new administration should take the opportunity presented from the consultation to make a package of changes to the tax system that support employers in investing in workplace health.

This should include removing or raising the ‘one per employee, per tax year’ limit on health screenings and medical check-ups as well as implementing an uplift in the non-taxable employee benefit amount from its current maximum of £500.

There should also be an expansion of the types of health and wellbeing support that are included within the current benefits in kind exemption lists. The CBI has estimated that making EAPs and early occupational health referrals fully-tax free benefits alone could boost the economy by £2.65 billion over the next four years.⁸⁷ In addition, the expansion could also include tax-free access to:

- Occupational health equipment to aid recovery and get people back to work quicker
- Vaccinations to reduce sickness absence and improve overall productivity levels for the UK economy
- Private GP appointments to lessen pressures on NHS GP services
- Private medical insurance to ease pressures on NHS waiting lists

In order to receive tax-free access to occupational health services, employers should use SEQOHS accredited organisations. This will ensure tax breaks are only used to support occupational health services that meet a minimum standard.

The Government should also review its approach to the Insurance Premium Tax (IPT) on health insurance to ensure it is not acting as a disincentive to employers to invest in the health of their workforce. To ensure IPT is supporting wider Government missions on both the economy and health, it should commission a review into the rate of IPT on health insurance.⁸⁸

In addition, the Government should consider how it can specifically support SMEs to meet the costs of an initial occupational health assessment to identify their workforce needs so that they can invest in the right support. The learnings from existing pilots in the North West of England where take-up of such offers was underwhelming will need to be understood.⁸⁹ SMEs may well feel that any such assessments will reveal issues and costs that they will be unable to meet or service effectively. One way to mitigate this could be adopting a ‘six month runway’ approach where businesses are provided with the initial assessment and six months of support and advice to put in place the necessary measures to address issues identified.

86 Savanta polling of 1000 businesses conducted in October 2024; commissioned by IHPN

87 <https://www.cbi.org.uk/media-centre/articles/government-can-boost-economy-by-265bn-with-employee-health-tax-incentives/>

88 <https://labour.org.uk/missions/>

89 Insight from expert interview

It will be important that any moves in this space are undertaken as a package of reforms to maximise their impact. Treasury concerns about under-writing established activities of larger employers (e.g. FTSE 100) could be ameliorated by putting in clear criteria for the size of companies that will be eligible for such fiscal support, with a focus on SMEs in particular.

4. Embed improved workforce health within health service reforms

The NHS clearly plays an important role in the health of the UK workforce.

One of the challenges highlighted in the roundtable discussion was a concern that employee health screening processes would identify potential problems requiring further examination and assessment, but that referral times for investigations and pathways into the NHS could then be many months or even years. Public polling has shown that people have taken extended periods off work as they wait for treatment.⁹⁰ Long waits for treatment have also been linked to rising health inequalities.⁹¹

New polling from Savanta on behalf of IHPN has found that 52% of businesses are concerned that current NHS waiting times may result in their employees taking long absences or permanently leaving work due to sickness.⁹²

The Chancellor's recently announced funding for additional elective appointments in areas of high economic inactivity should see increased health service activity aligned with wider Government economic goals.⁹³ As these new appointments are rolled out there should be a strong focus on maximising capacity and productive ways of working across both the NHS and the private sector. The Government and NHS England should collect the evidence of the economic impact and benefits relating to the delivery of these additional appointments.

Plans in the Budget to establish three trailblazer ICBs to develop evidence of the impact of targeted action on the top health conditions driving economic inactivity, should include work and partnership with local employers on how to improve workplace health.⁹⁴ The work of these trailblazers should be aligned to the existing WorkWell programme which is seeing 15 ICBs supporting their local populations in returning to and staying in work.⁹⁵ These local and regional schemes are an important part of the policy response to economic inactivity and workplace health, bringing together relevant partners across the public and private sector to drive on the ground change.

90 <https://www.theguardian.com/society/2023/nov/20/a-third-in-uk-missed-work-in-2022-due-to-delays-accessing-nhs-care>

91 <https://www.kingsfund.org.uk/insight-and-analysis/reports/health-inequalities-nhs-waiting-lists>

92 Savanta polling of 1000 businesses conducted in October 2024; commissioned by IHPN

93 <https://www.gov.uk/government/news/new-funding-to-kickstart-delivery-of-two-million-extra-nhs-appointments>

94 <https://www.nhsconfed.org/publications/autumn-budget-2024-what-you-need-know>

95 <https://www.gov.uk/government/news/new-64-million-plan-to-help-people-stay-in-work>

One practical patient centred change that could be brought forward as part of the Government's prevention agenda within the forthcoming ten year NHS plan, would be the early detection of MSK conditions to enable individuals and employers to take proactive and preventative action to avoid the worsening of symptoms. This could be implemented through the inclusion of MSK – one of the main drivers of work related absence – within the NHS Health Check programme which is currently being trialled in the workplace setting for cardiovascular disease.⁹⁶

96 <https://www.healthcheck.nhs.uk/commissioners-and-providers/workplace-cvd-checks-grant-scheme/#:-:text=The%20checks%20delivered%20through%20this,of%20workplace%20cardiovascular%20disease%20checks.>

CONCLUSION

While the data for economic inactivity, low levels of productivity and rising numbers of chronic conditions paints a difficult outlook, there is clearly appetite amongst both Government and business to act together in improving the health of the UK workforce.

Whilst there are examples of excellent schemes across both the public and private sector, what is now required is more systemic, to address the scale of the challenge that is facing us. The new Government's commitment to make work pay and improve workplace security are an important part of this. But this is one side of the coin. As this report sets out, alongside this there is a need to make employers go beyond statutory responsibilities and play a more active role in supporting employee health.

With the Budget having raised business costs, specifically on national insurance, employers may well now have to pullback on workplace health investments and the Government will need to lean-in harder as a result.

This will require Government leadership, working in partnership with business to establish national standards, support and incentivise all employers to prioritise workplace health through accredited schemes and tax incentives and setting out a clear plan to expand the occupational health workforce.

APPENDIX – ROUNDTABLE ATTENDEES LIST

Future Health held a roundtable as part of the project on 19 September 2024 to explore how to improve health at work. Future Health would like to thank all those below who attended and contributed to the session. The views and summary of the session expressed in this report are strictly those of Future Health and not of any individual attendee.

| Name | Title | Organisation |
|---------------------------|---|--|
| Nick Pahl | Chief Executive Officer | Society of Occupational Medicine |
| Elizabeth Bachrad | Head of Programme Strategy | Business for Health |
| Deven Ghelani | Chief Executive Officer | Policy in Practice |
| Ashley James | Director of Practice and Development | Chartered Society of Physiotherapy |
| Tracey Loftis | Head of Policy, Public Affairs and Engagement | Versus Arthritis |
| Sean Phillips | Head of Health and Social Care | Policy Exchange |
| Lord James Bethell | Chair | Business for Health; Member of House of Lords |
| Andrew MacDonald | Solution and Service Design Architect | Acacium Group |
| Maz Fosh | Chief People Officer | Inhealth |
| Jordan Cummins | Director, UK Competitiveness | Confederation of British Industry |
| Arthur Stephen | Chief Medical Officer | Nuffield Health |
| Chris Thomas | Head of the Commission on Health and Prosperity | Institute for Public Policy Research |
| Emma Weighill-Baskerville | Chief Commercial Officer | Vita Health Group |
| David Furness | Director of Policy and Delivery | IHPN |
| Danielle Henry | Assistant Director of Policy and Programmes | IHPN |



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