



Health, Happiness and Productivity

Supporting the wellbeing of Britain's workers and the growth of the economy

November 2023

A WPI Economics study commissioned by Unum UK



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About this report

This is an independent report from WPI Economics commissioned by Unum. It includes original quantitative research conducted by global research company Censuswide, which was undertaken between 20th and 21st September 2023. In total, 4,035 UK employees (aged 16-69) were surveyed online, and results have been weighted to be nationally representative. The report provides analysis of this research, as well as independent modelling conducted by WPI Economics to provide further economic analysis on the links between employee health, happiness and workplace productivity – and the potential economic benefits of increasing workplace happiness and health.

The report follows on from a previous study published by WPI Economics and Unum, which made the case for reform of Statutory Sick Pay. That report, *Statutory Sickness Support: A new sick pay system that supports employees and employers*, recommended the introduction of a new system of Statutory Sickness Support. This would provide both better financial protection for employees who need to take time off sick, as well as practical support to ensure that, where possible, employees return to work, benefitting businesses, the economy, and the Exchequer.

This report seeks to shift focus. Rather than looking at how to support employees back to work, it seeks to demonstrate that keeping employees happy and healthy at work improves productivity, with an associated boost to the UK's economic outlook and potentially providing insight into the UK's productivity puzzle.

About Unum

Unum is a leading UK employee benefits provider offering financial protection through the workplace including Group Income Protection, Life Insurance, Critical Illness Cover and Corporate Dental cover.

They are committed to workplace wellbeing for both employees and employers and have a wide range of tools designed to help businesses of all sizes create or enhance their employee wellbeing strategies. This includes their Help@hand health and wellbeing app. Available to all Group Risk policyholders, it's a proposition that offers employees fast, direct access to services such as remote GPs, mental health support, physiotherapy and a fully integrated Employee Assistance Programme (EAP).

About WPI Economics

Founded in 2016, WPI Economics makes an impact through economics that people understand, policy consulting and data insight. We work with a range of organisations – from FTSE 100 companies, to SMEs, charities, central and local government – to help them influence and deliver better outcomes through improved public policy design and delivery.

Our focus is on important social, environmental and economic policy debates, such as the future of the green economy, productivity and growth, levelling up and mental health. We are driven by a desire to make a difference, both through the work we do and by taking our responsibilities as a business seriously. We are a Living Wage employer, currently working towards BCorp accreditation.



Executive Summary

This is the second report in a series by WPI Economics, published with support from Unum. The first in 2022 outlined the business and economic benefits of overhauling the UK's approach to the financial and practical support provided to employees who need to take time off sick.¹ This report builds on that by drawing on extensive research with more than 4,000 UK employees, which indicates that there is a clear link between employees' health, happiness and their level of productivity. In turn, it shows that improving productivity provides benefits to employees, employers and the wider economy as a whole.

Key findings from the research suggest:

- **Health and happiness at work reduces sickness absence and presenteeism**
Compared to employees who report to be unhappy, those who are happy at work need to take, on average, 9 fewer sick days per year. Compared to employees who say they aren't happy, workers who are happy at work also report 5.5 fewer days of presenteeism a year (where they turn up for work when they are ill and unable to perform their job effectively).
- **Health and happiness at work are key drivers of productivity**
Eight in ten employees (80%) say that they are more productive at work when they are feeling healthy and happy. It is therefore no surprise that, compared to those who are not happy at work, employees who are happy at work are nearly three times as likely to rate their performance as being very productive (37% versus 13%).
- **Physical and mental wellbeing is key to employees' happiness**
Employees with good physical and mental wellbeing (87%) are nearly 2.5 times more likely to be happy at work than those with poor physical and mental health (38%).

Overall, this means that companies which invest in employees' health and wellbeing could see significant benefits in terms of reduced sickness absence and increased productivity and output. WPI's modelling shows the scale of the potential gains from fostering health, happiness and general wellbeing at work.

Taking action to boost access to services to improve health and wellbeing at work and halve the number of employees who are not happy at work could see companies collectively benefit by £6.4 billion a year through reduced lost output from sickness absence and presenteeism, and by £7.3 billion from increased productivity.²

With wider associated benefits to the employees themselves and significant additional benefits to the economy, the question is how can this increase in happiness at work be enabled?

This report focuses on the important role that employer-provided health and wellbeing products and services could play. Research for this report also shows the significant positive impact that these types of products and services already have on the health and happiness of many employees across the UK.

For example, compared to those without any access to health and wellbeing support provided by their employer, employees with access to a comprehensive package of support are:

- 35% more likely to report being happy at work;
- 34% less likely to say that they are currently looking to for a job with a different employer;
- 33% less likely to report that they have poor mental or physical health;
- Almost twice as likely to say that their employer values their health and wellbeing; and
- More than 1.5 times more likely to say that their employer has the right practices and services to support their physical and mental health.

The box below highlights a case study of the role that insurer-provided health and wellbeing services can provide when employers implement them.

Case study: AWE

AWE employs a broad range of experts who carry out a set of highly technical and specialised roles in a unique working environment. This makes valuing, supporting and retaining staff particularly important for the effective functioning of the organisation. AWE has put supporting employee wellbeing at the centre of their approach to supporting their staff, with Help@hand from Unum playing a key part in their strategy.

Help@hand is a key offering of the Employee Assistance Programme (EAP) and it provides AWE with a range of services such as virtual GP and unlimited mental health consultations. AWE employees have given positive feedback on the virtual GP and mental health services, with several referencing it offering meaningful and personalised support to improve their health.

Busy people with difficult jobs don't always take time out to look after their wellbeing. As a result, AWE explored how they could find ways to engage staff to make use of Help@hand and other tools. One way they did this is to set up groups of different experts (e.g. IT staff, engineers) to educate and inform other people in their discipline about the support available, and encourage them to access it. Since then engagement with the services has more than doubled.

Looking forward, AWE will be exploring how it can leverage Help@hand and other tools to suppress "spikes" of sickness absence they see at certain times, such as absences for mental health and respiratory illnesses during the winter months.

Six in ten workers (57%) say that health and wellbeing services provided at work would make it more likely for them to stay with their employer.

WPI Economics, Censuswide

These impacts are also recognised by employees, who agree that their employer providing services would boost their health and productivity, as well as providing broader workplace benefits. Well over half of employees surveyed (equivalent to more than 16 million people) said that:

- Improvements in the health and wellbeing services provided by their employer would lead them to take less time off and/or increase their productivity (58%); and
- Health and wellbeing services provided at work would make them more likely to stay with their employer (57%).

Given employees' views towards these benefits, it should come as no surprise that they also place a significant financial value on them. Overall, the report finds that employees would be willing to pay around £370 per year to access such benefits. For those who already have access to a comprehensive package of support from their employer and have therefore seen the benefits firsthand, this figure rises to almost £500 per year. With the cost of average annual premiums for a Group Income Protection (GIP) policy (most of which provide access to these benefits) at £335 per insured employee,³ this means that employees who already have a comprehensive package of support are willing to pay 46% more out of their own pocket for benefits than it costs to provide the average employee with GIP.

How can we achieve a significant boost in workplace health and happiness?

Overall, this report shows the real personal, business and economic benefits that could come from an improvement in workplace health and happiness, as well as the clear links between employer-provided health and wellbeing support and these outcomes.

That's why, in the long-term, our national ambition must be that all employees have access to workplace health and wellbeing services that provide them with practical support that strengthens their workplace health, happiness and productivity. The Government has already started to move in this direction with recent consultations on how to increase the take up of occupational health schemes, particularly amongst small businesses. However, making the ambition of comprehensive support for all employees a reality will require a significant broadening of this approach. A starting point for this should include:

- **A commitment to improve workplace health and happiness**
Government, employers and insurers should commit to working together to drive a step change in employee health and happiness. This should involve a commitment to a new, UK-wide collection of data on an annual basis examining workplace health and happiness, which could be used to monitor and drive progress over time.
- **A new system of Statutory Sickness Support**
A vital first step will be to implement recommendations in the 2022 report, *Statutory Sickness Support: A new sick pay system that supports employees and employers*, which outlined a comprehensive new system to replace Statutory Sick Pay. That would ensure both employees and employers receive the help they need to better manage instances of ill health or injury – as well as providing much-needed support for those unable to work due to illness or injury.
- **A widened definition of occupational health**
The Government should use its existing consultations on occupational health and how to incentivise its use by employers as a springboard to start a wider discussion with employers and service providers. In particular, the definition of occupational health should be widened. The existing definition could potentially lead to unintended consequences such as limiting innovation and employers choosing occupational health when other offerings, such as vocational rehabilitation, may be more suitable. In short, it needs to be recognised that occupational health is just part of the overall package of support that Government and employers should be working towards providing to all employees.
- **National employer standards**
Both a new set of voluntary national standards and an accreditation scheme for health and wellbeing at work should be introduced. This should extend beyond the Government's current proposals on occupational health. Supported by the yearly collection of workplace health and happiness data, this could also allow for a comprehensive evaluation of the approaches taken, which could be used to inform the potential roll out of mandatory standards in future through the Health and Safety Executive.

These steps would provide a starting point towards ensuring that all employees have the support they need for their workplace health and happiness. If they became a reality, they could also play a vital part in boosting business productivity and increasing living standards right across the UK.

Introduction

Health and happiness are central to everyone's wellbeing. This report shows how they could also be a key factor in solving the UK's labour market and productivity challenges.

On productivity, a range of existing studies already provide a clear link between happiness and productivity. For example, one recent study suggests that happy employees are 13% more productive.⁴

This is important for employees, employers and the economy. As well as being a critical driver of economic growth, increases in productivity are closely linked to business profitability⁵ and increases in employees' compensation (including wages).⁶ In short, businesses would make more money, and pay and living standards would likely be higher, if the UK could match the productivity levels of its international competitors. The analysis in this report shows how health and happiness at work could support that.

EVIDENCE POINT: Productivity measures how much output is produced "per unit of labour input". Higher productivity means that a business can produce more output for each worker it employs. The UK's output per worker is 16% lower than the G7 average.⁷ UK productivity has seen slow growth by historical standards since 2007, at 0.2% per year, compared to 2.1% in the decades before.⁸

Equally important for the UK overall, and for individual businesses and employees, are the labour shortages seen in the aftermath of the COVID-19 pandemic. Some of the reasons for this are clear: there have been increases both in the number of people not working because of ill health and in the number of people taking early retirement. More broadly, the UK has long faced significant challenges with economic inactivity driven by ill health.⁹

This report shows how health and happiness are also central to this agenda. Healthier employees are less likely to need to leave their jobs due to sickness absence and are more likely to want to stay both in their current role and, more generally, to stay in work.¹⁰ In both cases, staying in work is likely to boost living standards and contribute to overall economic growth. The direct benefits to business are also clear, with firms that have happier and healthier employees being more likely to retain talent and reduce recruitment costs.

EVIDENCE POINT: Health-related economic inactivity is close to half a million people higher than it was prior to the pandemic.¹¹ The overall cost of working-age inactivity due to ill health stands at around £150 billion per year.¹²

However, whilst there are clear links between health, happiness, productivity and the strength of the UK labour market, when policymakers consider these issues, health and happiness are not usually at the forefront of their minds.

This report aims to provide the evidence needed to turn that around. Alongside existing data, it uses the results of primary research with more than 4,000 employees from across the UK to establish the links between workplace health, happiness and productivity. It then explores how one aspect of improving workplace health and happiness – the provision of employee wellbeing programmes and services – could play a role in boosting UK productivity.

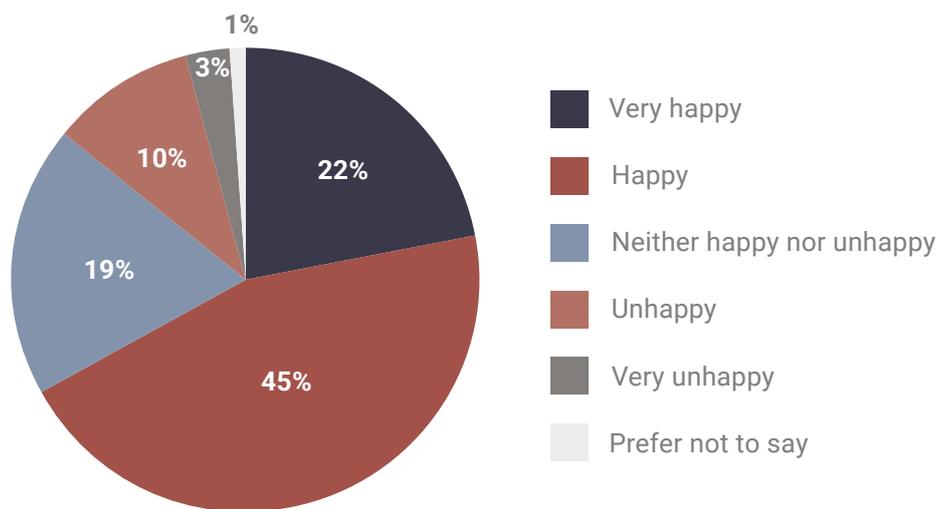
CHAPTER 2

Improving productivity and retention and cutting absences: the positive impact of workplace health and happiness

Happiness at work and wellbeing

The starting point is to understand the extent of happiness in the workplace. Overall, two thirds of employees (67%) report that they are either very happy or happy at work. In contrast, one in eight (13%) say that they are unhappy or very unhappy. Happiness is even higher within some age groups, with 72% of those aged 35-44 reporting to be happy at work.

Figure 1: Ratings of happiness in work

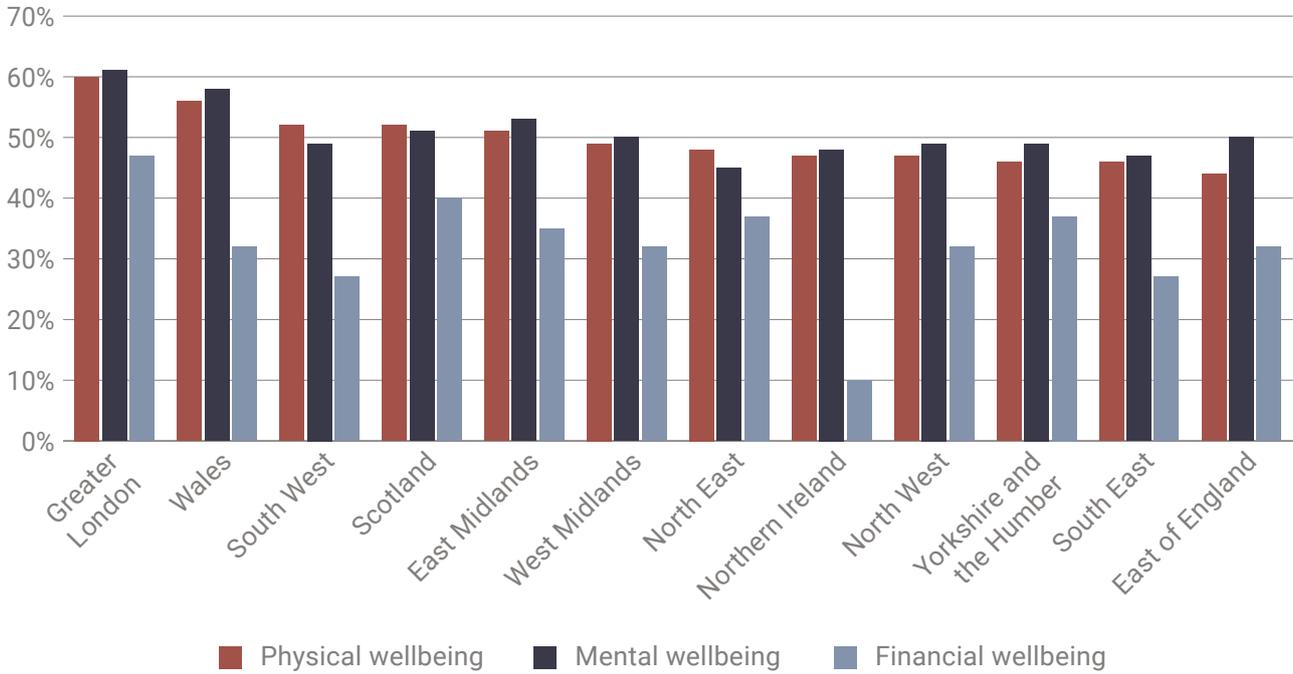


Source: WPI Economics, Censuwide

Scores on physical, mental and financial wellbeing come in slightly lower. Around half of employees say that their physical wellbeing (50%) and mental wellbeing (51%) were less than good. Only a third of workers report having good or excellent financial wellbeing, with 41% reporting it to be "average" and 1 in 4 (25%) reporting poor financial wellbeing.

There is also considerable variation across the country, with those in Greater London enjoying the highest levels of wellbeing across each of the three areas of wellbeing.

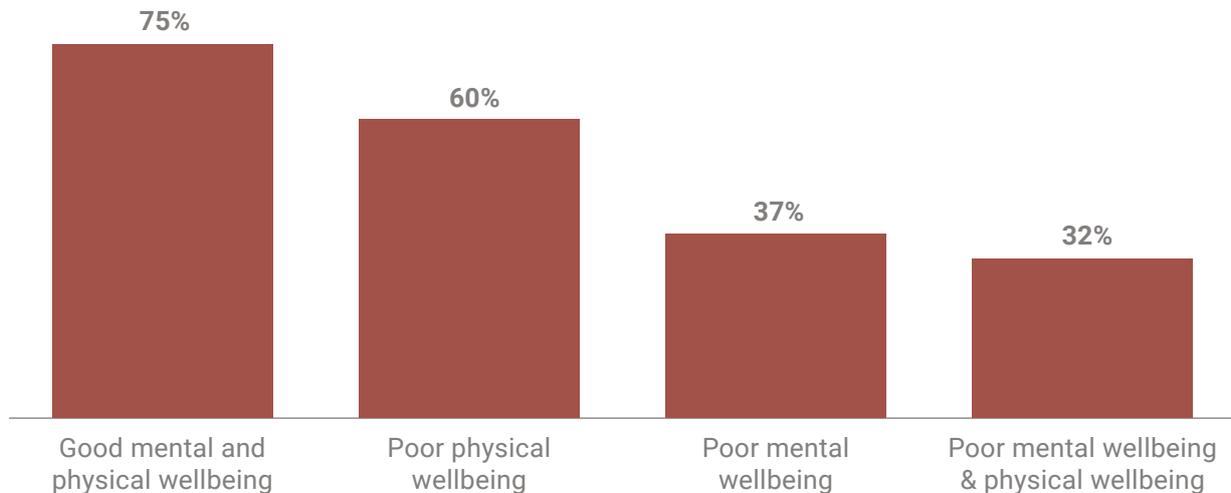
Figure 2: Proportion of employees reporting good or excellent wellbeing, across the UK



Source: WPI Economics, Censuswide survey among a nationally representative sample of 4,035 employees, 20th - 21st September 2023.

Reported levels of wellbeing also impact people’s happiness at work. While three in four (75%) of those who report good physical and mental wellbeing say they’re happy at work, just one in three (32%) of employees reporting that both their physical and mental wellbeing are poor said the same.

Figure 3: Proportion of employees with different levels of physical and mental wellbeing, who report to be happy at work



Source: WPI Economics, Censuswide

In terms of the impact of work, half of employees (51%) said that their job was affecting their wellbeing outside of work, with one in eight employees (13%) saying that work was “very much affecting” their wellbeing outside of work. Employees aged 24 and under (65%) were most likely to report that their job was impacting their wellbeing outside of work, compared with just over one in three (36%) workers aged 55 and over reporting this.

Half of workers (51%) said that their work was affecting their wellbeing outside of work.

Source: WPI Economics, Censuswide

The productivity puzzle: a new way to crack the code?

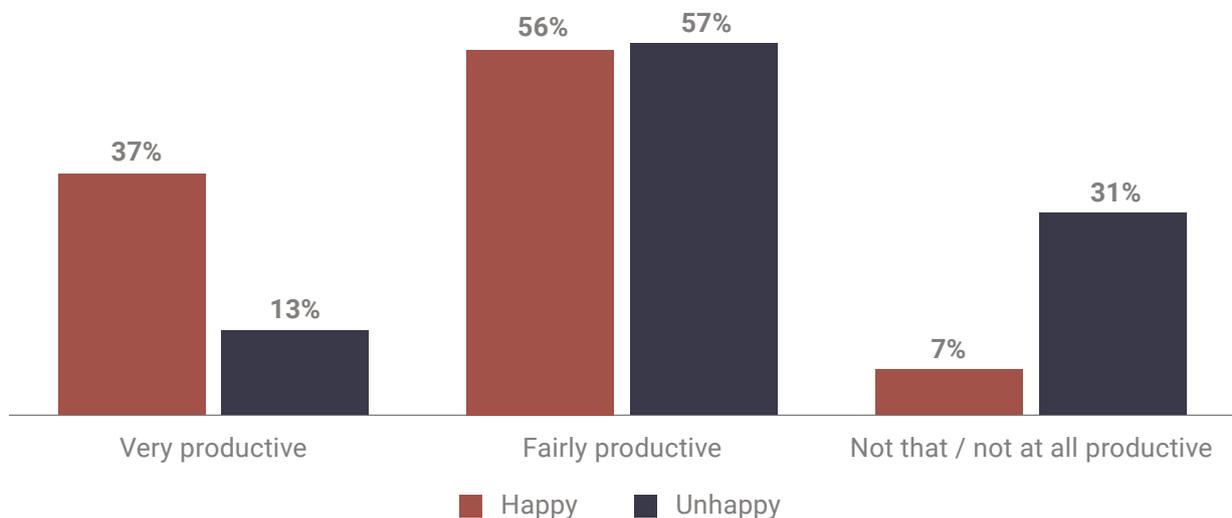
There are clear links between workplace happiness, mental and physical wellbeing, and performance at work. Overall, eight in ten employees say that they are more productive at work when they are feeling healthy and happy. For employers, that means that a healthier and happier workforce is likely to be a more profitable one.

Eight in ten workers (80%) say that they are more productive at work when they are feeling healthy and happy.

Source: WPI Economics, Censuswide

The research for this report clearly shows these links. For example, more than one in three employees (37%) who report being happy at work rate their performance as being very productive; in contrast, just 13% of those who are unhappy say the same. Of the unhappy group, nearly one in three (31%) rate themselves as unproductive at work.

Figure 4: Self-reported levels of productivity on a typical day, by happiness at work



Source: WPI Economics, Censuswide

The impact of happiness at work can also be seen in employees' perceptions of their ability to concentrate when they are at work. Amongst employees reporting to be happy at work, eight in ten (80%) say that their ability to concentrate at work is good or very good. The equivalent figure for those who are unhappy falls to 33%.

There is a similar story for the impact of health on productivity and concentration. 93% of employees with good mental and physical wellbeing say that they are productive or very productive at work. Amongst those employees who report to have poor mental and physical wellbeing, this number falls to 67%.

Absences and presenteeism: unhappy employees take three times as many sick days as their happy counterparts

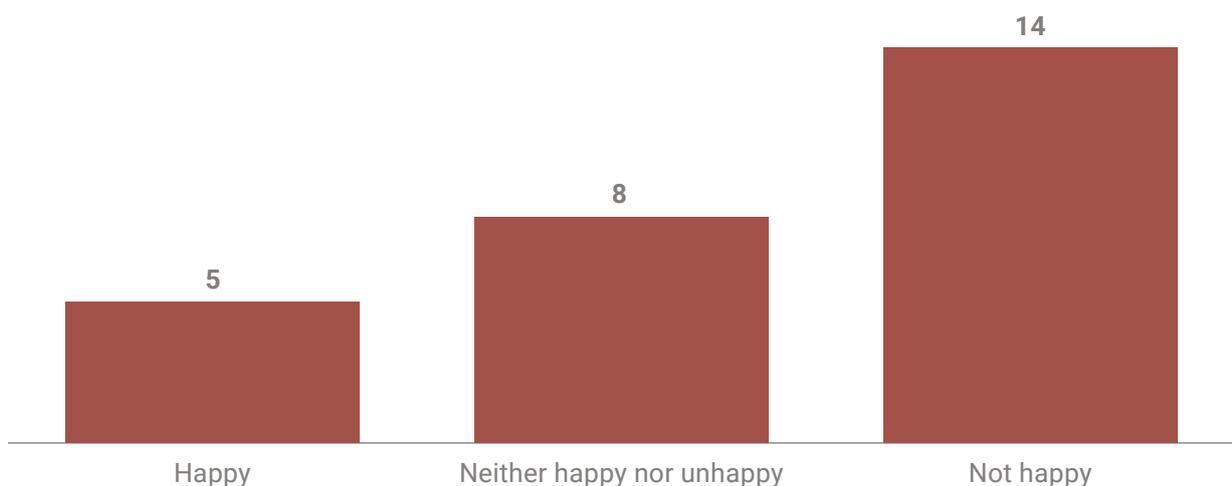
Sickness absence cost UK businesses up to £40 billion in 2022.¹³ Presenteeism also has a significant impact on employers' bottom lines, as those coming into work despite being sick or injured are less productive than they would otherwise be, more likely to be involved in workplace accidents and more likely to spread infectious illnesses to their coworkers and customers.¹⁴

Research for this report demonstrates the links between workplace happiness and the prevalence of both sickness absence and presenteeism. For example, nine in ten (89%) of those who report to be happy at work say that they took less than 7 days off work sick in the last year. This compares to 74% of those who are not happy at work. Those who are unhappy at work are also more likely to have had longer absences.

- 9% of those who are not happy at work say they had sickness absences totalling more than a month in duration over the last year.
- This compares to just 2% for those who are happy at work.

Overall, employees who say they are unhappy at work report almost three times as many days of sickness absence (14, compared to 5) in the last 12 months as those who say that they are happy at work.

Figure 5: Average number of days taken off sick in the last year, for those with sickness absences



Source: WPI Economics, Censuwide

A similar story can be seen for presenteeism. Here, nearly two thirds of those who report to be happy at work (64%) report 3 days or fewer of presenteeism over the last 12 months. For those who are unhappy at work, presenteeism is far higher.

- Only 31% of these employees report 3 days or fewer of presenteeism.
- Compared to happy employees (4%), nearly four times as many unhappy workers (15%) report a week or more of presenteeism.

Taken together, this means that the average number of days of presenteeism amongst those who say they are unhappy at work (9 days) is nearly two and half times greater than for those who say that they are happy at work (4 days).

One in four (24%) workers who reported presenteeism said that they achieved 10% or less of the amount that they would have usually on these days.

WPI Economics, Censuswide

The research also shows the potential impact of employees turning up to work while ill. Of those who reported some level of presenteeism, one in four (24%) said that they achieved 10% or less of the amount that they would have usually on the days that they came in to work despite being sick. Another 41% said that they achieved only half of what they would have usually.

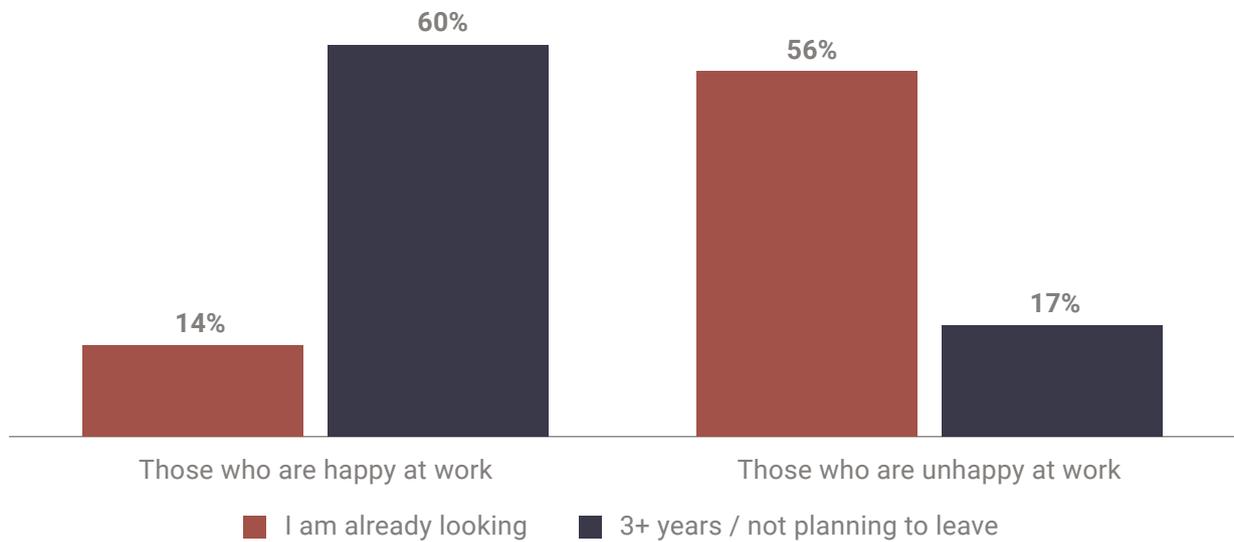
Retention: the cost to employers of unhappy employees eyeing the exit

Together, employees' health and happiness at work also have a significant impact on whether they're looking to leave their current employer. For employers this means that supporting workplace health and happiness could improve retention, keeping valuable skills and knowledge within the business, as well as cutting recruitment costs.

For example, the research finds that:

- Nearly six in ten (56%) of those who report to be unhappy at work say that they are already looking for work with another employer – this is compared to 14% of those who say they are happy at work.
- 60% of employees who report being happy at work say that they won't start to look for another employer for at least another 3 years. This number falls to 17% for those who are unhappy at work.

Figure 6: Workers' views over when they will start looking for work with another employer



Source: WPI Economics, Censuswide

There is a similar story for mental and physical wellbeing. Those with poor mental and physical wellbeing are 18 percentage points more likely to say that they are already looking for work with another employer.¹⁵



Employee benefits improve employees' health and happiness at work

The previous sections have demonstrated the clear links between workplace health, happiness and better outcomes for employees and businesses alike – including increased productivity and reduced sickness absence. That raises the question of what companies can do to strengthen workplace health and happiness.

The starting point here is the extent to which employees think different products and services might improve their workplace happiness. Table 1 shows that more than half of employees feel that a wide range of workplace-based health support could improve their happiness level at work. For some, (including mental health support (69%) and Private Medical Insurance [65%]), that number rises to two thirds of employees or more.

Table 1: Perceptions of the impact of health and protection support on workplace happiness

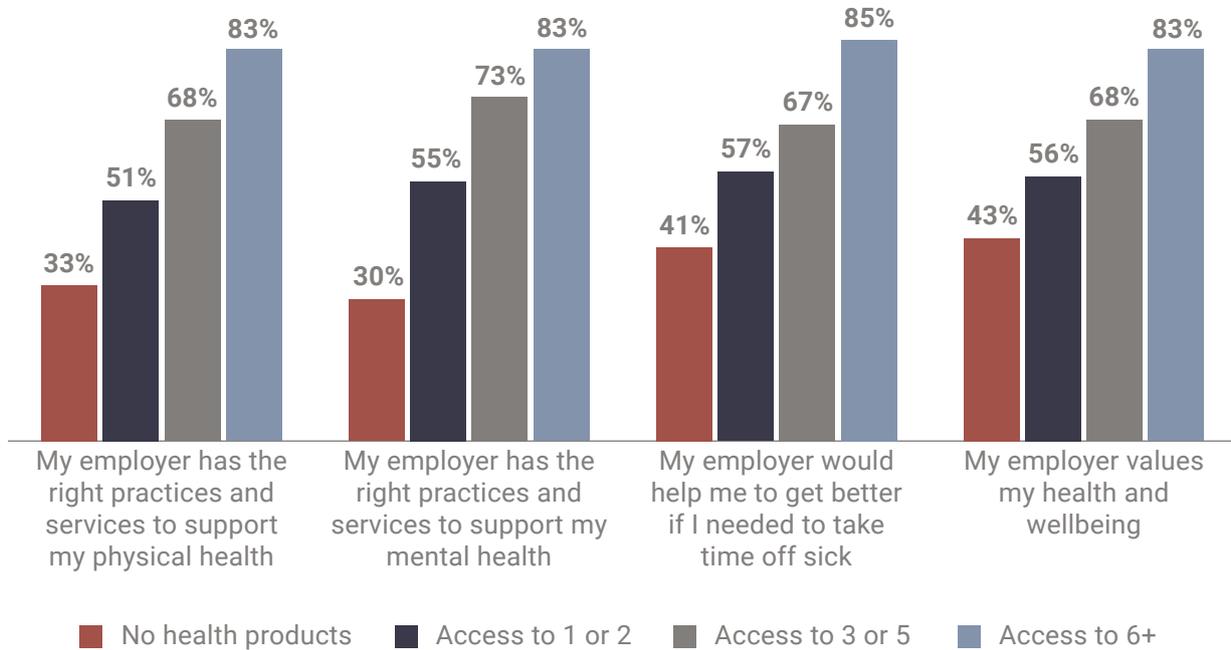
How much of a positive or negative impact do you think the below would have on your happiness level at work?	% of workers saying a positive or significant positive impact
Mental health support	69%
Private Medical Insurance	65%
Cancer support	62%
Employee Assistance Programme (EAP)	61%
Physiotherapy appointments	58%
Cash plan	57%
Virtual GP appointments	56%
Group Income Protection	55%
Preventative services such as nutrition and exercise advice	52%

Source: WPI Economics, Censuwide

The provision of these sorts of products and services also links very clearly to workers' perceptions of their employers. To understand this, the survey asked employees about the number of workplace health and wellbeing products and services they had access to, before then asking about their views of the support and values of their employer. Across the board, employees with access to a greater number of workplace health and wellbeing products and services felt more positively about their employer. For example:

- Just one in three (33%) of those who don't have access to any health and wellbeing support felt that their employer has the right practices and services to support their physical and mental health. This rises to more than eight in ten (83%) for those who have access to six or more.
- Just four in ten (41%) of those with no access to workplace health and wellbeing support felt that their employer would help them get better if they needed to take time off sick or that their employer values their health and wellbeing (43%). Again, for those with access to more than six products and services, these numbers rise to 85% and 83% respectively.

Figure 7: Employees' perceptions, by extent of access to workplace health and protection support



Source: WPI Economics, Censuwide

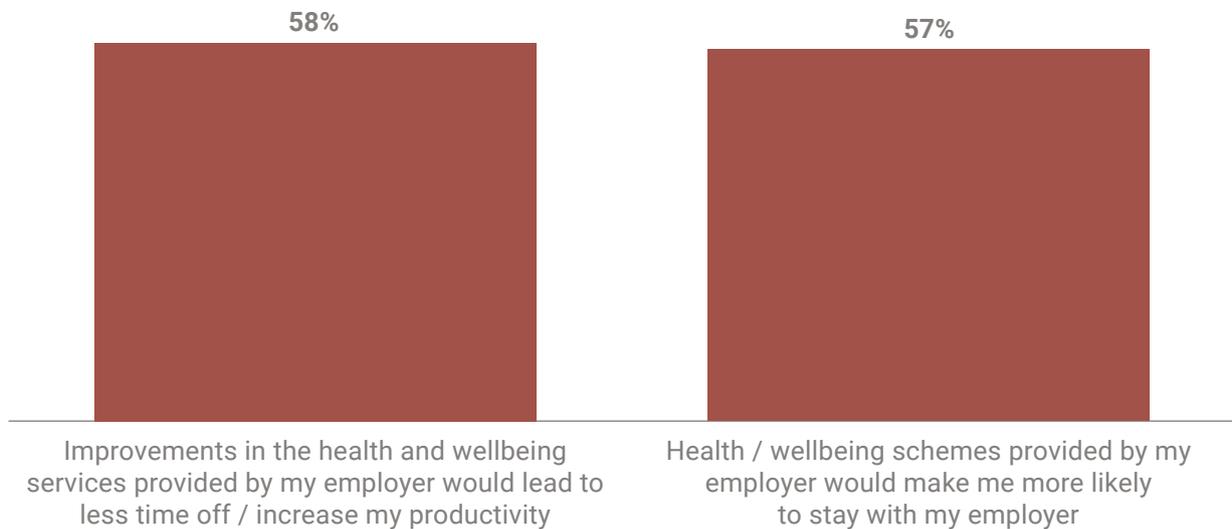
The impacts of workplace-based health and wellbeing support

This report has already shown the significant opportunities available to businesses if they have a healthy and happy workforce. The section above suggests that a key way they could do this is through the provision of workplace health and wellbeing services. A significant number of employees agree with this, believing that improvements in health and wellbeing services provided by their employer would make them healthier, lead to fewer days off, be more productive and result in an increased likelihood that they will stay with their current employer.

For example:

- Well over half (58%) of employees – equivalent to more than 16 million people – say that they believe that improvements in the health and wellbeing services provided by their employer would lead them to take less time off and/or increase their productivity.
- A similar proportion (57%) say that health and wellbeing schemes provided at work would make them more likely to stay with their employer.

Figure 8: Proportion of employees agreeing about the positive impacts of increased provision of health and wellbeing support



Source: WPI Economics, Censuwide

Case study: AECOM

AECOM is a major multinational infrastructure consulting firm that provides a multitude of professional services to support a whole range of needs across transportation, buildings, water, energy and the environment.

AECOM provides a suite of employee benefit products to its staff, including Group Income Protection (GIP) from Unum for UK employees, in order to support the physical, financial and emotional wellbeing of its workforce. AECOM's GIP policy provides all of its UK employees with access to Help@hand, which offers remote GPs appointments, an integrated Employee Assistance Programme, unlimited mental health consultations and various other health and wellbeing support.

The AECOM employee benefits and HR teams undertook a range of activities to promote Help@hand to staff and drive engagement. This included webinars and focus sessions supported by the Unum team, as well as a 're-registering campaign' 2 weeks after launch to make sure people had access to key service details. This has helped to drive a significant level of staff usage of the tool, with nearly 25% of staff registered. The most used Help@hand service has been the remote GP, followed by mental health consultations.

Help@hand is a key part of AECOM's overall approach to supporting staff, alongside a broader package of measures to support wellbeing, such as promoting flexible working. In addition, it is a critical part of AECOM's recruitment strategy for UK based roles, allowing them to offer a whole range of health benefits that are attractive to different groups of potential employees at different points in their working lives.

The value employees put on employee benefits, health and happiness

Beyond the potential impacts for businesses on sickness absence, productivity and worker turnover, workplace health and wellbeing support is also something that employees value. The research asked employees about the value they place on health and wellbeing benefits such as access to remote GPs, mental health support, cancer support and an Employee Assistance Programme.¹⁶

Overall, the survey found that the employees who have access to a comprehensive range of benefits would be willing to pay almost £500 per year on average to access these sorts of benefits. This demonstrates the important role they can play in overall employee compensation packages. With the cost of average annual premiums for a Group Income Protection policy (most of which provide access to these benefits) at £335 per insured employee,¹⁷ employees who have a comprehensive package of support are willing to pay 46% more for benefits than it costs to provide the average employee with GIP. This means that there is a clear net benefit for both employer and employee, even before the sickness absence, presenteeism and productivity benefits to businesses and the economy are considered.

Table 2: Average amount that employees would be willing to pay for access to a range of health and wellbeing support, by a range of employee characteristics

	Average amount employees would pay for access per year
Age	
16-24	£400
25-34	£380
35-44	£360
45-54	£240
55-69	£210
Income	
£15,000 or less	£210
£15,001 - £25,000	£240
£25,001 - £35,000	£250
£35,001 - £45,000	£320
£45,001 - £55,000	£360
£55,001 and over	£520
Current employer provision of health products/services	
No health products/services	£260
1 to 2 health products/services	£350
3 to 5 health products/services	£400
6 or more health products/services	£490

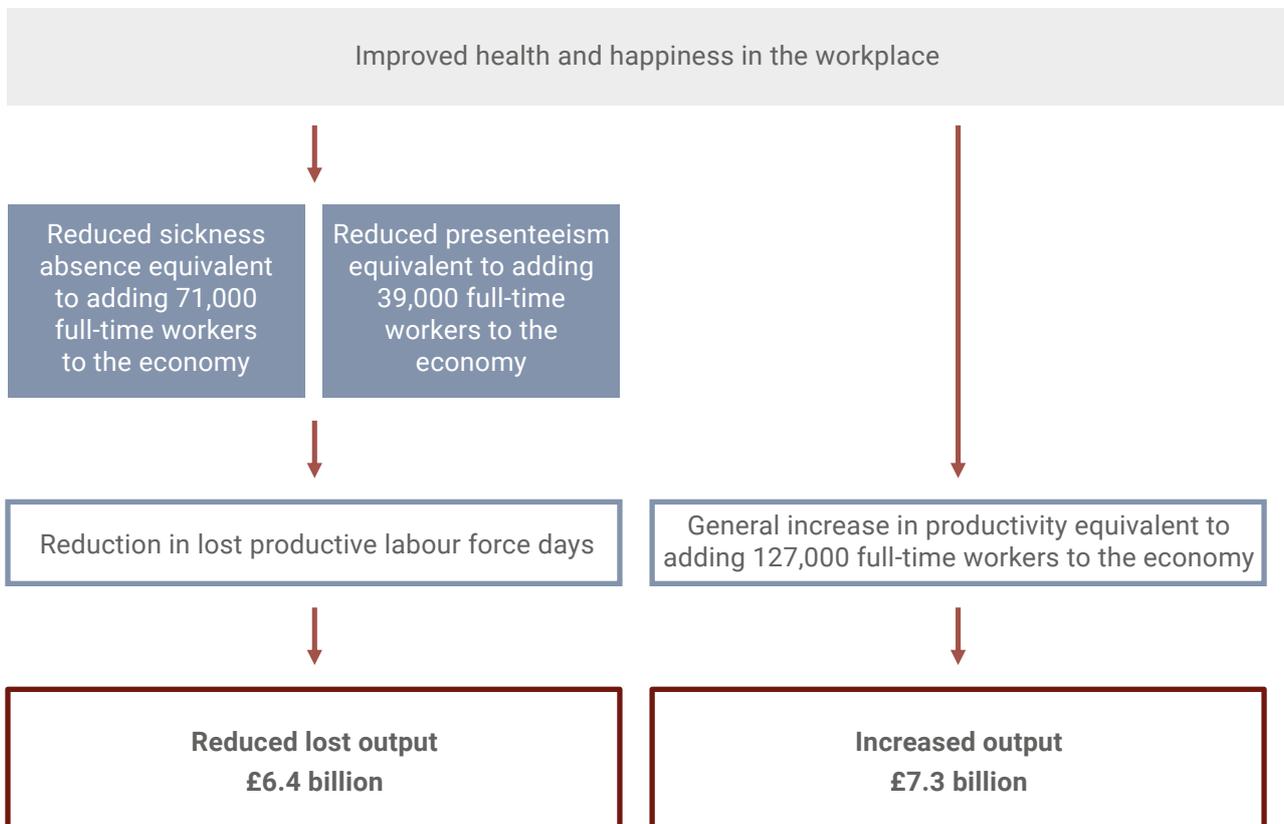
Source: WPI Economics, Censuswide

The economic windfall from workplace health and happiness leading to productivity gains

As well as the value that employees place on packages of health and wellbeing support, this report has already highlighted potentially significant benefits of increased workplace health and happiness in terms of reduced sickness absence and presenteeism and increased productivity.

To understand the scale of these benefits, WPI has used the results of the research with employees to develop an economic model of the potential financial benefits. WPI has modelled the scenario where the number of people unhappy in work is reduced by half, leading to increased productivity and being associated with improvements in mental and physical health and wellbeing that also reduce sickness absence and presenteeism.

The results for the UK suggest that doing so could lead to a reduction in lost output from sickness absence and presenteeism worth around £6.4 billion a year and an increase in output from improved productivity of around £7.3 billion a year.



Conclusion and recommendations

This report has shown the strong and clear links between workplace health and happiness and a range of significant employer, employee and economic benefits. In short, improving workplace health and happiness would reduce sickness absence and presenteeism, increase productivity and contribute significantly to future growth in the economy and living standards. The report has also shown that employer-provided support for health and wellbeing is closely linked to many of these benefits, as well as being something that employees place significant financial value on.

That's why, in the long-term, our national ambition must be that all employees have access to workplace health and wellbeing services that provide them with practical support that strengthens their workplace health, happiness and productivity. The Government has already started to move in this direction with recent consultations on how to increase the take up of occupational health schemes, particularly amongst small businesses. However, making the ambition of comprehensive support for all employees a reality will require a significant broadening of this approach. A starting point for this should include:

- **A commitment to improve workplace health and happiness**
Government, employers and insurers should commit to working together to drive a step change in employee health and happiness. This should involve a commitment to a new, UK-wide collection of data on an annual basis examining workplace health and happiness, which could be used to monitor and drive progress over time.
- **A new system of Statutory Sickness Support**
A vital first step will be to implement recommendations in the 2022 report entitled *Statutory Sickness Support: A new sick pay system that supports employees and employers*, which outlined a comprehensive new system to replace Statutory Sick Pay. That would ensure both employees and employers receive the help they need to better manage instances of ill health or injury – as well as providing much-needed support for those unable to work due to illness or injury.
- **A widened definition of occupational health**
The Government should use its existing consultations on occupational health and how to incentivise its use by employers as a springboard to start a wider discussion with employers, service providers and insurers. In particular, the definition of occupational health should be widened. The existing definition could potentially lead to unintended consequences such as limiting innovation and employers choosing occupational health when other offerings, such as vocational rehabilitation, may be more suitable. In short, it needs to be recognised that occupational health is just part of the overall package of support that Government and employers should be working towards providing to all employees.
- **National employer standards**
Whilst many employers intuitively understand the potential benefits of workplace health and happiness and want to take more action, understanding how and what to do is a key barrier.¹⁸ This means more needs to be done to support employers who want to do the right thing to take action. A first step towards this should be laying out a set of voluntary national standards, and an accreditation scheme, for health and wellbeing at work. This should extend beyond the Government's current proposals to simply focus on occupational health, which itself requires a widened definition to be at its most effective in supporting a healthy workforce. Backed up by the yearly collection of workplace health and happiness data, this could also allow for a comprehensive evaluation of the approaches taken, which could be used to inform the potential roll out of mandatory standards through the Health and Safety Executive.

If taken forward, these steps would provide a starting point towards ensuring that all employees (and employers) have the support they need for their workplace health and happiness. If they became a reality, they could also play a vital part in boosting business productivity and increasing living standards right across the UK.



Annex: Outline methodology for benefits calculation

The following provides an overview of the approach taken to model the potential benefits of improving happiness and wellbeing at work.

- Step 1.** Use national representative polling supplied by Censuswide (undertaken between 20th and 21st September 2023. In total, 4,035 UK employees (aged 16-69) were surveyed) to attribute proportion of employees in each of the UK's nations and regions that are happy, unhappy and neither happy or unhappy (split by broad sectorial classification).
- Step 2.** Use polling results to understand:
- The differences in productivity between employees who are happy, unhappy and neither happy nor unhappy (both the incidence of poor productivity and average impact of this poor productivity).
 - The differences in likelihood of poor physical and mental wellbeing between employees who are happy, unhappy and neither happy nor unhappy.
 - The differences in sickness absences (number of days) and presenteeism (likelihood and average number of days) between employees who have poor mental / physical health and those that do not.
- Step 3.** For productivity deficit in those who are not happy:
- Calculate (scenario used assumes 50% reduction of those who are not happy) number of employees in each sector who could see an increase in happiness.
 - Apply the uplift in productivity calculated in step 2 to these numbers.
 - Convert into full-time-worker equivalents (assuming 8 hour day and 260 working days a year).
- Step 4.** For reductions in sickness absence and presenteeism:
- Calculate the number of those who are not happy who could see an increase in mental and / or physical wellbeing (combining steps 2b and 3a).
 - Apply the differences in sickness absence and presenteeism to these numbers (using step 2c).
 - Convert into full-time-worker equivalents (assuming 8 hour day and 260 working days a year).
- Step 5.** Convert calculations in steps 3c and 4c into financial values using data on average gross value added (GVA) per job filled by region from Office for National Statistics (ONS).

Endnotes

- 1 Oakley, M., Ahern, J. and Hodgson, S. (2022). Statutory Sickness Support: A new sick pay system that supports employees and employers. WPI Economics & Unum. Accessed at: <https://wpieconomics.com/statutory-sickness-support-a-new-sick-pay-system-that-supports-employees-and-employers/>
 - 2 Modelling by WPI Economics, see methodological annex.
 - 3 Wheatcroft, R., Williams, K and Egger, N. (2023). Swiss Re: Group Watch 2023
 - 4 Bellet, Ct and De Neve, J. and Ward, G. (2019). Does Employee Happiness have an Impact on Productivity? Saïd Business School WP 2019-13. Accessed at: <https://www.ox.ac.uk/news/2019-10-24-happy-workers-are-13-more-productive>
 - 5 Grifell-Tatjé, E. and Lovell, C.K. (1999). Profits and productivity. *Management science*, 45(9), 1177-1193.
 - 6 Van Reenan, J. and Teichgraber, A. (2021). Have productivity and pay decoupled in the UK. working paper No.021, London School of Economics' Programme on Innovation and Diffusion. Accessed at: <https://poid.lse.ac.uk/textonly/publications/downloads/poidwp021.pdf>
 - 7 Note that the G7 average excludes UK (for a fair comparison) and Japan (because of data availability issues). See Mwemeke, R. (2023). International comparisons of UK productivity (ICP), final estimates: 2021. Office for National Statistics. Accessed at: <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/internationalcomparisonsofproductivityfinalestimates/2021>
 - 8 The UK Productivity Commission. (2022). Productivity in the UK: Evidence Review. National Institute of Economic and Social Research. Accessed at: <https://www.niesr.ac.uk/publications/productivity-uk-evidence-review>
 - 9 Oakley, M. (2021). Time to think again: disability benefits and support after COVID-19. Social Market Foundation. Accessed at: <https://www.smf.co.uk/publications/time-to-think-again/>
 - 10 For example see Suff, R. (2023). Wellbeing at Work Factsheet. Chartered Institute of Personnel and Development. Accessed at: <https://www.cipd.org/uk/knowledge/factsheets/well-being-factsheet/>
 - 11 Evans, S. and Johnson, A. (2023). Employment in the UK: September 2023 – Economic inactivity. Office for National Statistics. Accessed at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2023#:~:text=The%20economic%20inactivity%20rate%20increased,increased%20to%20another%20record%20high>
 - 12 Catherall, R. (2023). The economic cost of ill health among the working-age population. Oxera. Accessed at: https://www.oxera.com/wp-content/uploads/2023/01/230116_The-Economic-Cost-of-Ill-Health-Among-the-Working-Age-Population.pdf
 - 13 WPI Economics analysis of data from: Compton, N. and Leaker, D. (2023). Sickness absence in the UK labour market: 2022. Office for National Statistics. Accessed at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2022>
- The methodology for this analysis is outlined in: Department for Work and Pensions. (2016). Work, Health and Disability Green Paper Data Pack: Background information and methodology. Accessed at: <https://assets.publishing.service.gov.uk/media/5a7f237c40f0b62305b854f9/work-health-and-disability-green-paper-background-information-and-methodology.pdf>

- 14 For example see: Kinman, G. (2019). Sickness presenteeism at work: prevalence, costs and management. *British Medical Bulletin*, 129(1), 69–78; Stearns, J., & White, C. (2018). Can paid sick leave mandates reduce leave-taking? *Labour Economics*, 51, 227-246; HR Business Consultants. Presenteeism, what is it and what is the impact? Accessed at: <https://www.hrbuscons.co.uk/blog/presenteeism-what-is-it-and-what-is-the-impact/>
- 15 Compared to those with good mental and physical wellbeing, and after controlling for other differences between the groups (e.g. income and age).
- 16 We did this by asking what they would be willing to pay for access to these sorts of benefits, if they had to pay for them themselves, rather than access them through the workplace. To ensure robustness of responses, we approached this in two different ways, and reassuringly they both yielded similar results.
- 17 Wheatcroft, R., Williams, K and Egger, N. (2023). *Swiss Re: Group Watch 2023*
- 18 For example see: Martin, J. (2022). *Employee Wellbeing: Why Don't More Employers Prioritise It? Indeed*. Accessed at: <https://www.indeed.com/lead/why-employers-should-prioritize-employee-well-being-happiness>



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