

# Investing in the health and wellbeing of the workforce in Wales

## Good quality employment

Skills and training

Co-production

Work-life balance

Productivity

Economic inclusion

Autonomy

Sustainable contracts

Fair pay / higher wages



Wellness  
in  
work

## Unemployment

Absenteeism

Presenteeism

Adverse environment / treatment

Low wages

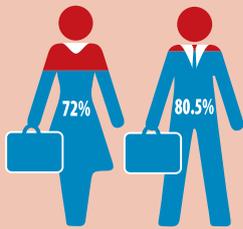
Skills shortages

No guaranteed hours contracts

Deprivation

Shift work / long hours

## Rates of employment and unemployment in Wales



1.5 Million people in employment in Wales



14.3% of the employed are self employed



67.2% of older people aged between 50 and 64 are in employment

## Unemployment is linked to:



- A 20-25% increased risk of death in the decade following job loss (e.g. due to the increased risk of heart disease, stroke and suicide),
- Increased financial hardship,
- Increased mental health problems.

Moving a person from unemployment into sustainable employment in Wales benefits the local economy by £10K per year and benefits society by £24K per year.



The information in this infographic executive summary is from the report: Wellness in work: The economic arguments for investing in the health and wellbeing of the workforce in Wales (Edwards, Spencer, Anthony and Bryning, 2019).

All figures are reported for illustrative purposes to indicate the potential costs and benefits to Wales from investment in the health and wellbeing of the workforce. Some figures are calculated based on UK and international estimates and may underrepresent the actual costs and savings to Wales. Please see the full report on the CHEME website: <https://cheme.bangor.ac.uk/reportspublications.php.en> For more information contact: [rt.edwards@bangor.ac.uk](mailto:rt.edwards@bangor.ac.uk)



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# Considering the costs of poor health and unhealthy behaviours



Keeping people healthy and in work prevents loss of productivity and benefits the Welsh economy. Dealing with preventable health issues, unhealthy behaviours and reducing the risk of injuries will decrease premature mortality and keep many working people who want to work in employment for longer.



**Sickness absence rates in 2017: 2.7% (Wales) 1.9% (UK)**

Unhealthy behaviours such as drug and alcohol abuse can have a wide ranging impact on employment including increasing the risk of unemployment and absences from work.



The impact of alcohol misuse is estimated to cost £500million in terms of productivity losses in Wales.



Smoking breaks (in addition to standard rest breaks) cost £2K each year for a full-time employee.

Gambling costs the Welsh Government between £2million and £8million in terms of lost tax revenue due to sickness absence, presenteeism and unemployment.



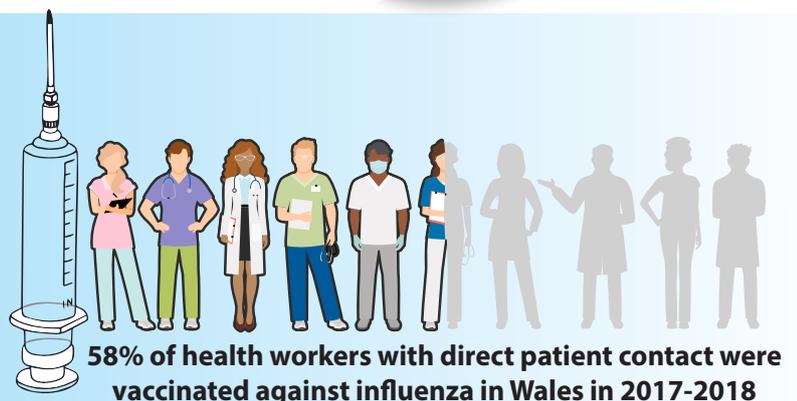
Physical inactivity results in sickness absence costing the Welsh economy £314million per year. Promoting physical activity in workplaces can increase physical activity participation at a cost of £4.11 per person.

**£4.11** per person

Yoga interventions can be cost-effective in terms of reducing absenteeism due to musculoskeletal disorders which accounts for 25% of sickness absence in the NHS in Wales. For every £1 spent on yoga there is an estimated £10.17 societal benefit generated largely due to increased productivity at work.



It can be cost-effective to target at risk workers in order to reduce sickness absence, for example by offering influenza vaccination to people working in health and social care sectors.



# Promoting staff wellbeing and mental health in the workplace

## Staff wellbeing is important to workplace productivity



Mental health problems account for a quarter of NHS absenteeism in Wales.

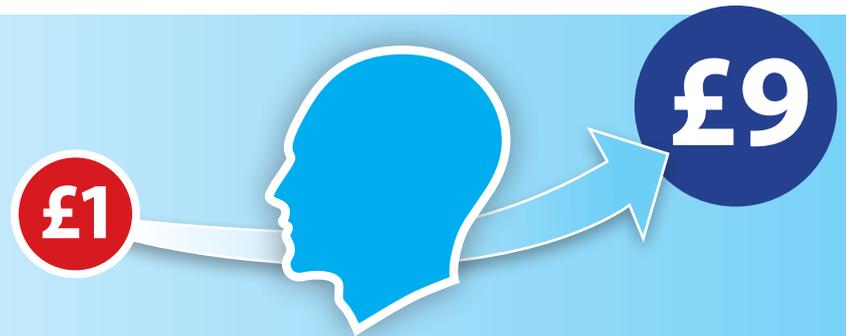


# 1 in 6

employees in Wales suffer from a mental health problem, at an estimated annual economic cost of £4.68 billion due to mental health problems at work.



Workplace mental health interventions can offer a positive return on investment: up to £9 generated for every £1 spent.



## Supporting all employees in Wales to thrive in work



# A diverse and inclusive workforce can boost the Welsh economy



In Wales 45.8% of people with disabilities are in employment. The Welsh government national strategy supports people with disabilities to remain in work, return to work or enter work as soon as possible.



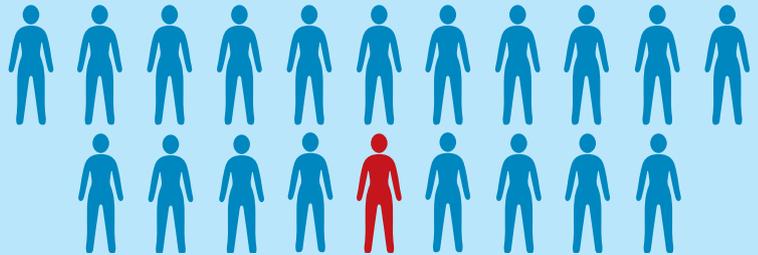
Young people have diverse needs. Interventions to prevent young people becoming NEET (Not in education employment or training) can save £522million to the economy.



Older people in employment can keep well, earn more money, and pay more tax to the Government as well as feel valued.



## 1 in 20



Women complete more than fifty hours or more of unpaid care work each week. The economic value of unpaid care by women in Wales is £3.8billion of the £8.6billion per year for all unpaid carers.



Flexible working arrangements can be good for supporting employee wellbeing and could also benefit the economy.

**By equalising the economic participation rates of men and women we could add more than 10% to the size of the economy by 2030.**



## Executive summary

This wellness in work report presents the economic arguments for investing in the health and wellbeing of the workforce in Wales.

The Wellbeing of Future Generations Act has a goal of Wales having an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.

Through discussion with Public Health Wales, we have focussed our attention on:

1. A diverse and inclusive workforce in Wales;
2. Valuing employees and keeping healthy for a cost-effective workforce;
3. Worklessness and returning to work.

### ***A diverse and inclusive workforce in Wales***

Wales has a workforce of over 1.5 million.<sup>①</sup> Keeping people healthy and in work prevents loss of productivity and benefits the Welsh economy.<sup>4</sup> Workplace health is concerned with efforts to maintain, protect and improve the health of people at their place of work.<sup>5</sup> The needs of employees can be complex and different levels of support may be required.

Young people Not in Education, Employment or Training (NEET) very often have diverse needs that require flexible and tailored solutions.<sup>6</sup> Between 2015-16, the work carried out by Careers Wales (based on costs identified by the Audit Commission) to prevent 16 and 17 year olds from becoming NEET saved £209million<sup>†</sup> per year in public welfare costs and approximately £522million<sup>†</sup> per year in costs to the economy.<sup>7</sup>

In comparison to the rest of the UK, in Wales, more women work as unpaid carers for adults.<sup>8</sup> Approximately one in twenty women in Wales complete fifty hours or more of unpaid care work each week.<sup>8</sup> Caring responsibilities have a substantial impact on women's employment and earnings. In Wales more than a third of both male and female carers who had left work to undertake caring roles said that they were unable to save for a pension.<sup>9</sup> There is also a strong financial case, both for businesses and the wider economy for supporting parents and carers in employment.<sup>10,11</sup> In Wales the economic value of the contribution made by all unpaid carers is £8.6billion,<sup>†12</sup> of this £3.8billion<sup>†\*</sup> per year is provided by women.<sup>12,13</sup> This value is not currently recognised in the calculation of GDP or recognised in macroeconomic concepts. Since 1985 the employment rate for people aged 50 to 64 has grown from 55% to 70% in the UK. Continued employment means that older people will earn more money and also be able to spend more money and pay more tax to the UK government.<sup>14</sup>

Many working families in Wales are 'Just About Managing'. Weekly average earnings for adults in full-time work are £52 lower in Wales than the UK average. Median gross weekly earnings in Wales are the lowest amongst UK regions<sup>15</sup> and 24% of the working population in Wales are living in poverty.<sup>16</sup> No guaranteed hours contracts [see glossary] or zero-hour contracts can lead to 'in-work' poverty.

**Conclusion: A diverse and inclusive workforce can boost the Welsh economy. Some women, young people, and people with disabilities may need more support to enter or re-enter the workforce and the Welsh Government and employers in Wales are becoming more aware of the need to ensure the wellbeing of the workforce.**

Technical symbol key:

† Great British Pounds (GBP) from the original data year have been inflated to 2017 Bank of England rates.

†† Other currencies which are both inflated to 2017 values in local currency and then converted to GBP.

The symbol \* is used when figures have been prorated to Wales. See 'Wellness in work' Report for more detailed methodology information.

① Please see references and glossary in the Wellness in work report on the CHEME website <https://cheme.bangor.ac.uk/reportspublications.php.en>

## Valuing employees and keeping healthy for a cost-effective workforce

Working-age ill health costs the Welsh economy £5billion<sup>†\*</sup> a year, largely due to absenteeism and presenteeism. Across the UK, Wales has the highest rate of sickness absence at 2.7% which is 0.8% higher than the UK average,<sup>17</sup> amounting to an estimated 8.82 million lost working days due to ill-health each year in Wales.<sup>18,19</sup> Estimates of the financial impact of sickness absence vary considerably with the cost to businesses in Wales reported to be between £855million<sup>20</sup> and £1.3billion each year.<sup>21</sup> Dealing with preventable health issues, unhealthy behaviours, and reducing the risk of injuries may decrease premature mortality and keep many working people who want to work in employment for longer.<sup>22</sup>

There is some evidence that effective targeted interventions to reduce sickness absence, delivered to staff at high risk of sickness absence, may be more cost-effective than universal interventions delivered to the whole workforce.<sup>23</sup> With respect to the management of influenza in the workforce, the evidence suggests that it is not cost-effective to vaccinate the whole workforce but is probably cost-effective to vaccinate those working in health and social care sectors.<sup>24</sup>

Larger companies have more resources to implement specialist workplace health promotion interventions than smaller companies, which may influence the type and range of such activities and impact on effectiveness and cost-effectiveness of these programmes.<sup>25</sup>

When employees develop a health condition it does not always lead to absence from work, but can lead to reduced performance in work. Working whilst sick is called 'presenteeism'. Presenteeism can cause loss in productivity however is rarely included as part of economic evaluations of workplace interventions.<sup>26</sup> Presenteeism from mental ill health alone costs an estimated £827.8million<sup>†\*</sup> in Wales each year.<sup>27</sup>

The impact of alcohol misuse is estimated to cost society in Wales in excess of £1 billion (with highest estimates reaching £2.55billion,<sup>†\*</sup>)<sup>28</sup> of this around £500million<sup>†\*</sup> is lost from the Welsh economy each year with associated productivity losses. These losses are caused by alcohol related absenteeism, presenteeism, unemployment and premature death.<sup>27,29-31</sup>

Studies have found that the average smoker takes 0.7 days more sick leave per year than their non-smoking colleagues.<sup>32</sup> On average, standard smoking breaks cost around £2,000<sup>†</sup> each year for a full-time employee.<sup>32</sup> Shift workers are more likely than other workers to engage in riskier behaviour including smoking, misuse of drugs and alcohol, and may not have opportunities to engage as much in regular physical activity.<sup>33</sup>

Staff wellbeing is an important factor in workplace productivity. Common mental health problems such as anxiety, depression and unmanageable stress affect one in six employees in Wales each year.<sup>34</sup> Together mental health problems and musculoskeletal problems, such as back pain, account for nearly 50% of the health-related absenteeism from work in the NHS in Wales.<sup>35</sup> Mental health problems have an adverse effect on people's ability to work costing the Welsh Government over £1.2billion\* a year including state benefits costs, lost tax and National Insurance revenue, and NHS costs.<sup>36</sup> The cost of mental health problems at work to the Welsh economy may be much higher with between £3.5billion<sup>†37</sup> and £4.7billion\*<sup>36</sup> every year lost in terms of lost output, costs to employers and NHS costs. The full societal costs of poor mental health in Wales could be as high as £9.5billion<sup>†</sup> when including the costs to health and social care (£1.4billion<sup>†</sup>) and also considering the high human cost of mental health problems (£4.6billion<sup>†</sup>).<sup>37</sup>

The UK public health guidance on 'Mental wellbeing at work [NICE PH22]' indicates that "organisation-wide approaches to promoting mental wellbeing can produce important net economic benefit" and that "performing annual audits of employee wellbeing would produce financial gains; of the order of £100million per annum".<sup>38,39</sup> Workplace mental health interventions can offer a positive return on investment with up to £9 generated for every £1 spent.<sup>27,36,40</sup>

<sup>a</sup> Number of days prorated for the UK 131.2 million days and adjusted to reflect the differences between the UK and Wales in rates of sickness absence (UK 1.9% and Wales 2.7%).

<sup>b</sup> Calculated based on the median cost per employee £570 in Wales and number of working age people in Wales.

Early intervention in the workplace for common mental health disorders and targeted effective treatment for at risk employees, can be cost-saving for businesses and the NHS.<sup>27</sup> Organisation wide primary prevention initiatives may offer a greater return on investment than 'reactive' intervention at a later stage (e.g. secondary or tertiary prevention) with culture change, or awareness raising workplace health promotion interventions offering around £8 return on investment for every £1 spent, compared with targeted psycho-social mental health treatments for depression generating up to £5 for each £1 investment.<sup>41</sup>

There is evidence from the NHS in Wales that interventions such as yoga can be cost-effective in terms of reducing absenteeism due to musculoskeletal disorders.<sup>42,43</sup> For every £1 spent on yoga there is an estimated £10.17 societal benefit generated largely due to increased productivity at work.<sup>271</sup>

Embedding economic evaluations into future research on workplace health outcomes would help enable the identification of cost-effective workplace health programmes.<sup>25</sup>

**Conclusion: Keeping employees healthy through working age years is important to maintain a productive workforce. There is growing evidence of the cost-effectiveness of universal and targeted interventions to promote better health and address common health problems such as poor mental health and musculoskeletal problems in the workplace. There is a need for more economic evidence of the effectiveness and cost-effectiveness of programmes to address lifestyle factors and management of employee stress.**

### ***Worklessness and returning to work***

Through the Wellbeing of Future Generations Act, Wales is seeking a healthier, more equal, prosperous, resilient, and globally responsive Wales.<sup>3</sup> Employment opportunities across the life course are an important part of this. The Wellbeing of Future Generation Act define a prosperous Wales as a society which 'develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.'<sup>3</sup> Unemployment is linked to a range of negative outcomes including a 20-25% increased risk of death in the decade following job loss (e.g. due to the increased risk of heart disease, stroke and suicide), increased financial hardship, and increased mental health problems.

In Wales, for every person that moves out of unemployment into work, the local economy benefits on average by over £10,000 annually.<sup>45</sup> The total financial benefits to society of a person moving from unemployment into sustainable work would likely exceed £24K<sup>†</sup>.<sup>46</sup>

Many unemployed people are not making use of personal networks because they either do not have existing social networks or are not aware of the importance of this method for recruitment into a job.<sup>47</sup> This can be the case for young people Not in Education, Employment or Training (NEET). Young people very often have diverse needs that require flexible and tailored solutions.<sup>6</sup> Current initiatives such as the ADTRAC Project in North Wales are trying to discover what the barriers are, including lack of social networks, so that services can assist to overcome them.<sup>48</sup>

Women are still more likely to earn less and work in part-time roles, compared to their male counterparts.<sup>49</sup> The gender pay gap in Wales is smaller than the gender pay gap in most other UK nations.<sup>50</sup> Greater equality for women in the workplace in Wales could boost the economy by £7billion\* by 2025.<sup>51</sup>

More flexible, family friendly working arrangements that meet employee needs at different points in their careers can boost national economic performance and individual firm productivity.<sup>52</sup> There is preliminary economic evidence to suggest that if all employers were permitted the right to request flexible working arrangements, the total economic benefits would be around £15<sup>†</sup>million per year for Wales.<sup>53</sup>

**Conclusion: Effective programmes and policies that support getting people into sustainable work have the potential to substantially boost the Welsh economy. Flexible working arrangements can be good for supporting employee wellbeing and could also benefit the economy.**



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