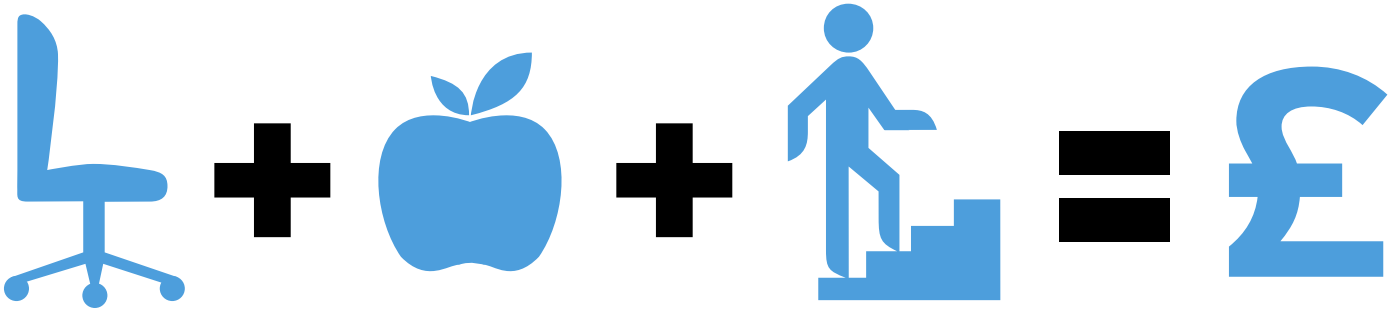


Business in the

Community

Business Action on Health



SPEND NOW, SAVE NOW EMPLOYERS' PERSPECTIVES ON PROMOTING HEALTH AT WORK

Spend Now, Save Now

Employers' perspectives on promoting health at work

The business environment changes constantly. This is not news. As leaders of industry it is our responsibility to manage and influence those factors that are most closely within our control.

A well-trained and committed workforce is the starting point for a successful business. Virtually every annual report contains the statement 'our people are our strongest asset', or words to that effect. Yet how many of these companies truly understand the importance of health and well-being of their people or invest in initiatives that improve both whilst driving real business benefit.

In a retail business, our personal service to customers comes alive through our people. If they are not fit, well and on top form, we risk disappointing a customer and damaging our hard-won reputation in a competitive trading environment.

Other sectors will have their own issues. The fact is that health at work is relevant for any business regardless of size or complexity: whether it's a FTSE 100 corporation or a small business with 20 people. Health at work affects our people, the communities we serve and our bottom line.

I will watch with interest as the introduction of the OFR reporting rules require companies to evaluate and communicate non-financial risks to their business. The health and well-being of a company's workforce is one of these risks to influence and manage.

Health at work should be high up the corporate agenda, and this report sets out the case for beginning to elevate it to that position in your organisation.

Sir Nigel Rudd
Chairman, Boots Group plc

SUMMARY

The workplace is the natural meeting point of corporate and personal responsibility for health.

The **Spend Now, Save Now (2005)** research conducted, in March of this year, by Business in the Community, vielife and HR Magazine set out to understand the importance attached to health at work and how companies are dealing with it. The study, which received 454 responses from Chief Executives (CEOs), Finance Directors (FDs) and HR Directors (HRDs), showed that:

- a healthy workforce is rated in the top 5 people issues that boardrooms are concerned about now
- all directors project that health at work will increase in importance to their business in the next 3 years
- 8 out of 10 directors had not read or heard of the "Health at Work" chapter of the 'Choosing Health' white paper
- there is a lack of definition of health at work and little clarity about how to measure it
- 70% are not effectively promoting health and well-being at work

This report analyses how employee health and well-being at work is regarded by businesses; sets out the benefits that can be accrued from pro-actively investing in health at work, and how this outweighs the investment; and suggests practical approaches to improve employees' health and performance.

Business Action on Health

Business in the Community is working with leading companies, under the chairmanship of Sir Nigel Rudd, Chairman of Boots Group; with Mike Burton, HR Director, Compass Group UK; Mike Hall, Chief Executive, Standard Life Healthcare; and Susan Ring, Chairman, UnumProvident.

This group, Business Action on Health, aims to support business in improving the impact of health and well-being at work and establishing reporting on health as commonplace in UK boardrooms.

Business in the Community is also grateful to vielife, sponsors of the Spend Now, Save Now research.



WHAT DO WE MEAN BY HEALTH AT WORK?

Health at work encompasses both physical and mental health and refers to all the impacts and measures that a company can influence, in and through the work environment. Yet, the **Spend Now, Save Now (2005)** survey suggests that employers are confused about what constitutes health at work. For example, mental health, which has a significant impact on overall health and an employee's performance, is ranked the least important people issue facing boardrooms, among all respondents.

There are three dimensions on which companies can broadly invest in health and well-being.

- 1+ **Safety at work and reducing accidents**
- 2+ **Ill-health preventing work-related illness and curing sickness, decreasing absence**
- 3+ **Good health improving and maximising good health, promoting productivity and retention**

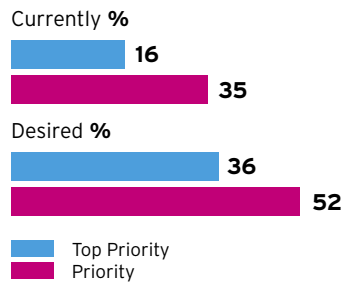
The UK has a strong reputation for safety. Many businesses however struggle to deal confidently with the costs and issues related to treating ill-health. Sickness absence is not a new issue for companies. Yet one in four of CEOs and FDs questioned do not know what ill-health costs their organisation.

CEOs and FDs need to take a closer interest in how health at work is making an impact on costs to their business. HRDs must take the responsibility to measure and manage the drivers of these costs.

Encouraging signs are emerging of action and leadership in this area.

Employers agree that the health and well-being of their employees should receive more attention than it does today.

Health and Well-being of Employees



A healthy workforce can drive business growth and maximise performance as well as prevent costs. CEOs and FDs believe that to improve productivity it is more important to improve employees' energy and alertness than to offer more performance-related pay. Curiously, HRDs have the opposite view.

This confusion has led employers to focus on cure rather than prevention; less than 35% of respondents had programmes to help employees stay healthy while 56% offered private healthcare. This emphasis was reiterated when respondents ranked 'getting sick colleagues back to work faster' as more important than the 'promotion of healthier workplace initiatives to prevent absence'.

 **For more information visit:** www.bitc.org.uk/health

PRO-ACTIVE HEALTH PROMOTION EXAMPLES FROM BUSINESSES:

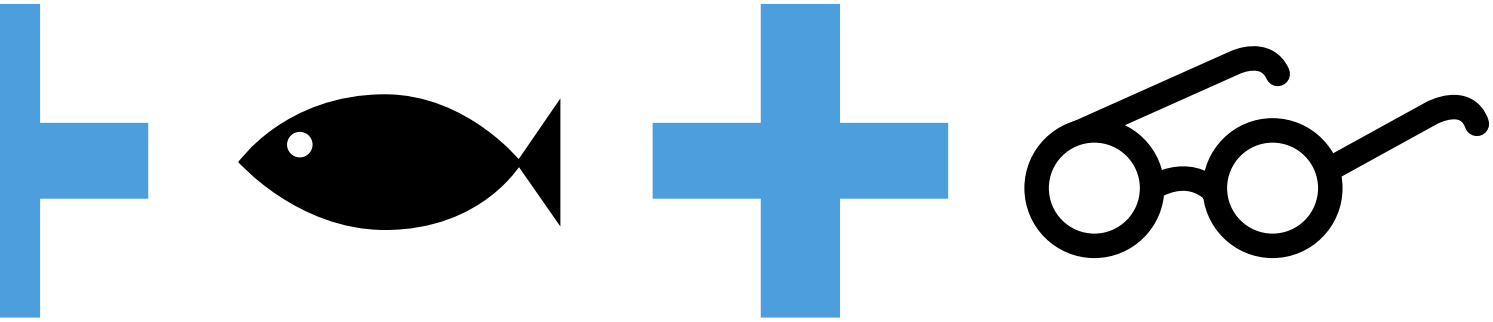
STRESS LINE MANAGER TRAINING AND TOOLKITS, WORKSHOPS AND SEMINARS FOR STAFF, EMPLOYEE ASSISTANCE PROGRAMMES (EAP)

HEALTHY EATING CHANGING CANTEEN FOOD, BETTER LABELLING AND INFORMATION AVAILABLE, OFFERING MORE VARIETY IN VENDING MACHINES AND FREE FRUIT SCHEMES

PHYSICAL ACTIVITY WALKING SCHEMES, BICYCLE PURCHASING LOANS, SUBSIDISED GYM MEMBERSHIP AND PEDOMETER CHALLENGES

DISEASE AWARENESS WORKING WITH CHARITIES ON ISSUES SUCH AS HEART HEALTH, AND CANCERS SUCH AS TESTICULAR AND BREAST CANCER

LIFESTYLE MANAGEMENT DIABETES AND ASTHMA MANAGEMENT, SMOKING CESSATION AND WEIGHT LOSS PROGRAMMES



A HEALTHIER WORKFORCE IS A MORE PRODUCTIVE AND SETTLED WORKFORCE

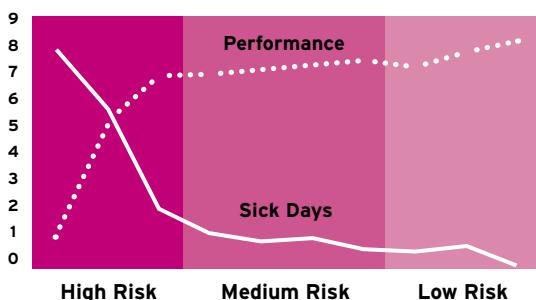
The majority of businesses are failing to invest in improving and maximising the good health and well-being of employees in the workplace.

Evidence demonstrates that integrated workplace health promotion has a direct impact on business performance. From an individual perspective it means greater job satisfaction and improved health, an overall better quality of life.

Earlier this year, vielifx, the IHPM, Harvard Medical School and Unilever completed the initial 6 month phase of a study exploring the link between health and productivity. Sponsored by Standard Life Healthcare and Philips, using a sample of over 2,300 people (600 pilot group, 1,700 control group), employees participated in a well-planned health promotion programme.

Measured against the control group, employees participating in workplace health programmes experienced, on average, a 5.9-hour reduction in short-term disability per employee and self-reported performance improvement of 2%. These improvements represent a gain of over 2 days a year in productive time.

Health and Productivity



..... Health and Productivity Questionnaire Rating of Performance
 — Sick Days (previous 3 months)

HOW DO YOU RESPONSIBLY PREVENT ILL-HEALTH COSTS?

Invest in promoting good health not just curing sickness.

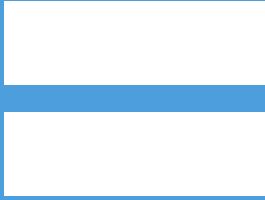
There is no single approach guaranteed to improve health at work. Any programme or intervention however will only thrive when embedded in an overall approach by the company to value its workforce.

FROM A BUSINESS STANDPOINT, IMPROVED HEALTH AND WELL-BEING AT WORK LEADS TO:

- ONE INCREASED EMPLOYEE PRODUCTIVITY
- TWO REDUCED ABSENCE
- THREE LOWER COSTS ASSOCIATED WITH ILL-HEALTH
- FOUR DECREASED VOLUNTARY STAFF TURNOVER
- FIVE GREATER EMPLOYEE ENGAGEMENT/MORALE
- SIX IMPROVED PERCEPTIONS AND POSITIONING AS EMPLOYER OF CHOICE
- SEVEN LOWER INSURANCE PREMIUMS
- EIGHT REDUCED LONG-TERM DISABILITY AND ILL-HEALTH RETIREMENT

Studies have revealed that health and well-being at work is influenced by:

- + Sleep
- + Stress
- + Nutrition
- + Physical activity
- + Musculoskeletal health
- + Medical health
- + Pain
- + Body weight
- + Life-load
- + Risk behaviour
- + Perception of general health
- + Perception of effectiveness
- + Job satisfaction
- + Mood



BUSINESS BENEFITS

COSTS vs INVESTMENT?

ACCORDING TO THE CBI:

- absence costs UK employers **£12 billion** a year, the direct cost is **£495** per employee and higher in larger organisations
- indirect costs add **£667** per employee on average
- minor illness causes most cases of absence
- long-term absence accounts for 1/3 of days lost
- **168 million** working days were lost through absence in 2004

Source: Who Cares Wins, Absence and Labour Turnover 2005, CBI & AXA PPP Healthcare

ACCORDING TO THE HEALTH AND SAFETY EXECUTIVE:

- **38.6 million** working days were lost due to workplace injury and work-related ill-health in 2003/04, equating to an annual loss of **170,000** days per **100,000** workers
- **2.2 million** people suffered ill-health, which they thought was work-related, 3/4 of these cases were musculoskeletal disorders or stress
- there is no clear evidence of change in work-related ill-health incidence since 1999/2000

OTHER COSTS TO BUSINESS AND SOCIETY INCLUDE:

- **60%** of employees off work due to illness for more than five weeks do not return to work
- annually, stress results in **91 million** lost working days, obesity in **18 million** and physical inactivity costs society **£8.2 billion**
- those who regularly work more than about 48 hours per week are likely to suffer an increased risk of heart disease, stress related illness, diabetes and bowel problems. They are also likely to drink and smoke more and to adopt a poor diet
- sickness absence could cost UK businesses as much as **16%** of payroll

Employers Forum on Disability, National Audit Office, National Foundation for Brain Research, TUC & UnumProvident

STANDARD LIFE HEALTHCARE attributes cost savings of just under **£1 million** to the health at work programme through:

- **13%** reduction in staff turnover
- **25%** reduction in sickness absence in their Stockport office and **15%** in Guildford
- **57%** improvement in nutrition scores of staff
- **15%** improvement in stress levels

3M UK PLC (AYCLIFFE) has delivered:

- a decline in sickness absence from a peak of **5,251** days lost a year in 2002 to **3,000** in 2004
- a saving of over **£400,000** through an investment in physiotherapy of **£15,000** p.a. from 2001, and **£500** spend on materials for stress workshops in 2002
- low staff turnover and recognition as a good employer
- an increase in response to needs assessments from **9%** to **54%** in 5 years

LONDON UNDERGROUND'S stress plan has resulted in:

- savings of **£455,000** - a return on investment of **8:1**
- quantitative data supporting an increase in employee satisfaction worth an estimated **£3.5 million** in customer benefit
- qualitative evidence of improved productivity and culture

ROYAL MAIL GROUP'S specialist back rehabilitation programme has resulted in:

- savings of **£750,000** in one site alone - a return on investment of more than **2:1**
- positive management, union and employee feedback



Find out how they did it at www.bitc.org.uk/health

"This is the best people initiative we have ever implemented."

MIKE HALL, CEO, STANDARD LIFE HEALTHCARE

WHY IS THIS IMPORTANT NOW?

Macro-economic drivers will increase the importance of health at work in the coming years.

- Near full employment combined with an ageing population is placing greater emphasis on the productivity of older employees while, simultaneously, placing them under greater health stress.
- Long-term sickness has become a major public health and economic problem. Incapacity benefits are estimated to be costing the Government £13 billion annually.
- UK health expenditure is forecasted to rise to at least 10.6% of GDP in 2022. As a result, the Government has begun to put pressure on companies to assume a greater share of employment related health costs, and there is upward pressure on National Insurance contributions.
- UK Management of Health and Safety at Work Regulations require employers to assess the risk of, and take steps to prevent stress in the workplace.
- There is increasing pressure on companies to report publicly on their corporate responsibilities in the workplace, marketplace, community and environment.

Recently, the Government has been attempting to elevate the importance of health at work. The 'Choosing Health' white paper, was a response to the call for action laid down by Derek Wanless for everyone to become fully-engaged in taking responsibility for their health. 92% of CEOs and FDs, and 81% of HRDs had not read anything about Chapter 7 of the white paper. This chapter entitled "Health at Work", was aimed at all employers.

WHAT GETS MEASURED GETS DONE

According to **Spend Now, Save Now (2005)** only 43% of HRDs measured health through risk assessments or health check-ups. Of the 76% of HRDs that collect sickness absence data throughout the organisation, only half, 49% of them use it as a measure to report it at board level.

70% of respondents believed that their organisation would benefit from a standardised health and well-being benchmark and metric. Companies however are currently more likely to be measuring sickness than health. For companies to improve health and performance at work businesses must increase their measurement of health and sickness data, as well as improve their reporting on this.

WHAT DO I DO NOW?

This document has begun to build the evidence of how improved health at work can deliver business bottom line benefits, whilst improving public health. The opportunities are there for business to grasp. Achieving change requires small but significant progressive steps, shifting from cure to prevention.

Answer the following

- 1+ Do we measure the impact of ill-health on critical business drivers?
- 2+ Are we being pro-active and effective with current resources?
- 3+ What could our targets be?

Business in the Community's campaign, Business Action on Health, is working to improve the impact companies have on employee health and well-being. Through research, events and awards, this campaign aims to support, challenge and engage companies. This document is just the start of the process.

 **To find out how you get involved or for more information on developing a healthy workplace please visit www.bitc.org.uk/health**

Business in the Community would like to thank:



National Grid Transco



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Business in the Community is a unique movement of over 800 member companies, with a further 2000 plus engaged through our programmes and campaigns. We operate through a local network of more than 100 business-led partnerships and 60 global partners.

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