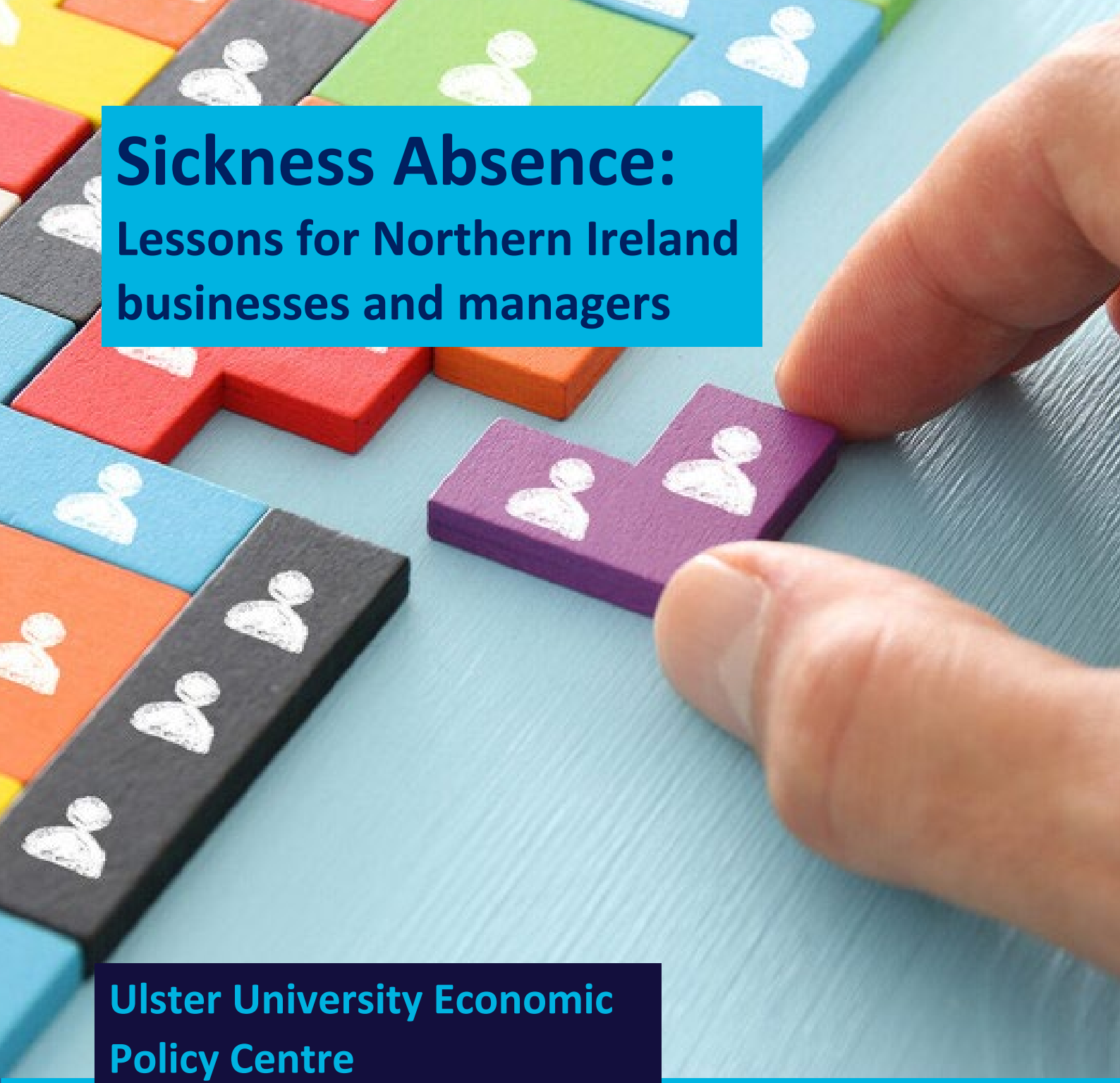

# Sickness Absence:
## Lessons for Northern Ireland businesses and managers


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## Definitions

- **Sickness absence** refers to an employee's absence from work due to sickness or ill health (LexisNexis, 2001). This can be long term, a period of four weeks or more when an employed individual is prevented from working due to illness or injury, or short-term absence. Throughout this report sickness absence will refer to short-term absence unless otherwise stated.

- **Sickness presenteeism** refers to an employee who continues to attend work despite being ill (Kinman, 2019).

- **Sickness absence rates** is the percentage of working hours that are lost due to sickness absence, this is calculated for all people in employment aged 16 and over (ONS, 2023).

- **Average number of days lost to sickness per worker** is calculated by dividing the total number of days lost to sickness by the total number of people aged 16 and over in employment (ONS, 2023).

- **Long term health condition** is defined as lasting 12 months or longer (ONS, 2023).

# Summary

Sickness absence is a complex issue which can have negative economic and personal implications such as reduced productivity, wellbeing and lost wages.

**2.7%**
NI's sickness absence rate in 2022, the highest rate since 2015, and an increase from 1.9% in 2019.
ONS

**2.6%**
The UK's sickness absence rate in 2022, the highest rate since 2004, and an increase from 1.9% in 2019.
ONS

**26%**
of days lost in 2022 in the UK were for reasons such as accidents, poisonings, infectious diseases, skin disorders or diabetes, listed as 'other' by ONS.
ONS

**24%**
of days lost in the UK were due to minor illness including coughs, colds and gastrointestinal illness.
ONS

**Health & Social Work**
had the highest absence rate in the UK at 4.2% in 2022, an increase from 2.9% in 2019.
ONS

**Information & Communication**
had the lowest absence rate in the UK at 1.4% in 2022, a slight increase from 1.3% in 2019.
ONS

**60%**
of organisations provide managers with training to manage short-term sickness absence
CIPD

**Presenteeism**
refers to people working when ill, in the UK 34% of people worked whilst ill in the past 12 months UK (2021).
European Working Conditions Telephone Survey, weighted

## Why is this important for NI?

In 2021 35% of NI's population had a long-term health condition (NISRA).

NHS contraints.

The negative impacts are estimated to be greater for SMEs, which account for 99.6% of NI's business population (NISRA).

Ageing and growing population.

Combined, these factors suggest that sickness and hence absences are likely to be a lingering issue and so it is important that firms are supported, and encouraged to act to reduce the negative impacts.

This research reinforces the need for **new and ongoing, innovative and preventative measures to support health and wellbeing** with a prominent role for managers to reduce absences, aid the return to work and prevent employees leaving employment. However, **often managers can lack knowledge and confidence** to deal with sickness absence causing prolonged challenges consequently there is an increasing need for **management training**. This would support the objectives of the **10X Strategy** such as: Position NI as an optimum place to work, invest, live and visit.

## 1. Introduction

1.1. **Sickness is not biased in whom it affects, nor is it predictable or entirely avoidable, but absence from the workplace can result in negative personal, business and economic impacts through reduced wellbeing, lost wages, output and productivity.** An estimated 5.1 million days were lost in Northern Ireland (NI) in 2022 due to sickness absence, an increase from 3.8 million in 2019[1] (ONS, 2023). For the UK, a record high of 185.6 million days were lost in 2022, an increase from 138.2 million in 2019 (ONS, 2023). More recently, CIPD reported that UK employee absence rose to 7.8 days per employee for 2023, an increase from 5.8 in 2020 and the highest number of days lost in a decade. Novuna (2022) previously estimated that sickness absence cost the UK economy £20.6 billion in 2021, when nearly 150 million days were lost. This was £3.7 billion more than the 2020 estimation therefore, the cost to the UK economy is likely to have risen further as the number of days lost has increased.

1.2. Firms of all sizes are impacted by sickness absence, however, smaller firms can lack access to Occupational Health (OH), Human Resources (HR), finance to access consulting services, time to manage sickness and knowledge of relevant guidance therefore **small firms are more vulnerable to negative effects** (Black and Frost, 2011). Meanwhile, **from a line management perspective, often a lack of knowledge and confidence to deal with sickness absence can cause prolonged challenges.** Consequently, **the management of sickness absence is imbalanced** with larger firms more likely to have access to the necessary resources suggesting some firms will be more disrupted than others. **This is important for NI as 99.6% of businesses are small to medium sized[2] (SMEs) of which 90% are micro businesses** (NISRA, 2023).

1.3. It is **anticipated, based on recent data, that sickness absence is going to be a persistent issue**, and whilst COVID-19[3] may have caused a surge more recently it cannot be solely blamed (Murray, 2023), as generally **the UK and NI is getting sicker**. The 2021 Census reported **35%, or nearly 660,000, of people in NI have one or more long-term health conditions**, an increase from 31%, or 569,000, of people in 2011 (NISRA, 2022). The NI Fiscal Council (2022) reported that "*…people in NI do seem to spend more of their life in ill health…*" (p.7). Additionally, **NI's population is growing and ageing** (NISRA, 2022) which is associated with increased health demands (World Health Organisation, 2022). Therefore, health and wellbeing, from a workplace perspective within this report, requires further attention to reduce time spent off sick and help individuals remain in employment, which, in itself, can be good for health (Waddell and Burton, 2006).

1.4. This report utilises existing data and research to provide an introductory analysis of the impact of sickness absence with recommendations for businesses, line managers and policymakers**.** As sickness absence is likely to be an ongoing issue, **there is an increasing need for proactive approaches to minimise the negative consequences.** Successfully managing absences to prevent people moving out of the labour market and improving wellbeing and productivity will help deliver the outcomes of the **10X Strategy** (Department for the Economy, 2021) such as: Deliver positive economic, environmental and societal outcomes; and Deliver improved outcomes for all including better jobs

[1] ONS suggest caution when comparing total days lost/days lost per worker for 2020 and 2021, due to COVID-19 and policies such as furlough during this period. Throughout this report 2019 has been used as a comparison year when discussing total days lost or days lost per worker.
[2] SME is defined as employing up to 250 people, a micro business employs less than 10 staff.
[3] World Health Organisation reported nearly 24.8 million confirmed cases on COVID-19 in the UK as of 2nd November 2023. More available at: https://covid19.who.int/

with better wages for all our people, with a more flexible work environment and a better overall quality of life. As well as the **draft Programme for Government** (Northern Ireland Executive, 2021) including: We all enjoy long, healthy active lives; and Everyone can reach their potential.

1.5. This report identifies **several recommendations,** for NI businesses, managers and policy makers.

- There is a need to improve **management knowledge of how to support employee's health and wellbeing in the workplace** which could help to reduce absences, particularly absences caused by non-medical and, or work-related problems. **Management training on sickness absence** should be encouraged, including more **awareness of current training provisions and its benefits**, to develop knowledge of the legal rights of employees and business, practical skills such as how to conduct a return to work interview as well as interpersonal skills development so that managers can confidently have difficult conversations from the outset of an absence occurring, or when performance is slipping which may have a variety of personal or professional causes.
- **Businesses, of all sizes, should be encouraged to create a sickness absence and wellbeing policy** outlining the process of sickness absences for both the manager and employee. Having a policy, that is known and understood, will aid the fair treatment of all employees with the process of taking leave and returning to work understood. This will also require **buy-in from employees and senior management** and overall should aim to facilitate positive workplaces and encourage individuals to invest in their own health and wellbeing to reduce the burden on the NHS over the long term.
- **Businesses, of all sizes, should be encouraged to record absences** for impacts to be assessed internally and help determine if employee engagement is slipping with frequent absences. Tools such as the **Bradford Factor could be used as a fair method of initiating conversations**, allowing managers and employees to reach effective, tailored solutions to help reduce absences.
- **Enhanced data on sickness absence for NI**, particularly for the private sector, to overcome data limitations as presented in this report and aid businesses, and policy makers to better understand and measure the impact of sickness absence as well as enable further research.
- **Future research**, such as a NI focused sickness absence survey with **emphasis on the private sector**, to build upon the evidence here and provide a more specific detail for NI to begin to measure the impact, particularly productivity, for firms. This may enable policy makers to better understand the state of sickness absence for NI firms, whether businesses themselves recognise the impact, determine if training is conducted, and what specific training needs related to sickness absence are required, all of which would have wider benefits for the NI economy and employee wellbeing.

## 2. Data scoping

2.1. The 'Sickness Absence in the UK Labour Market' publication provides sickness absence data for the UK and is produced annually by ONS based on the Labour Force Survey (LFS). NI data is included but limited to a few variables therefore, **UK information has been used as a proxy within this report where NI is unavailable**. Analysis of NI at a microdata level was investigated but ruled out due to small sample sizes. Other sources of microdata have been used such as the Annual Population Survey three-year pooled data set (2019-21) and the European Working Conditions Survey (2021 and 2015) to provide information at a UK level to support this report.

2.2. Limited NI data is not exclusive to Sickness Absence in the UK Labour Market. Constraints were also present in related research such as the UK Government consultation (2021), *Health is everyone's business*, where the NI sample was just 3% of the 485 responses. Previous research from NI's Committee for Finance and Personnel (2015) noted that whilst public sector absence is published annually, there was a lack of comprehensive data on the private sector. Meanwhile, Collins et al.'s (2018) study on UK sickness absence and presenteeism sampled 522 workers, however they note only 19% of the firms invited took part. They comment:

> *Given the emphasis placed upon the control and management of sickness…a study…was not considered to be a high priority for many of the organisations contacted...one organisation…had struggled to manage sickness absence, and to take part in a study on sickness presenteeism would be like "opening Pandora's box."* (p.80).

2.3. Data limitations on sickness absence are also not limited to NI/UK, Grinza and Rycx's (2020) analysis on firm productivity and sickness absence in Belgium noted that the *…lack of studies…is attributable to data limitations* (p.152). This is partly due to the matched employer-employee data that they utilise only being made available recently as well as limited breakdowns of the types of absences so that sickness can be isolated and assessed without other forms of absence such as maternity or educational leave.

2.4. Notably, **not all businesses record sickness absence**. In Great Britain (GB) 98% of large and 90% of medium employers collected this information compared to 54% of small employers and 45% of micro employers (Ipsos MORI for the Department for Work and Pensions, 2021). Qualitative answers, gathered by Ipsos MORI, suggested small businesses did not see the need to record information to track sickness levels over time. This was because cases tended to be short and more serious cases were quickly apparent due to their small size and employees' close proximity to each other. It was therefore visible as to who was absent or not, thus an informal approach to sickness was taken. However as mentioned later in the report, the **Bradford Factor**, a HR tool to measure absences, determines that **frequent and short-term sickness absences have a greater impact for business than longer, but fewer absences.** Hence recording absences, including short-term cases, can help to better understand the impact for the business as well as aid managers to intervene with an employee if they were deemed at high risk of non-retention or loss of engagement.

2.5. **Overall, for the impact of sickness absence to be more widely understood, it needs to be measured and so an initial recommendation would be to improve the scope of NI data on sickness absence, particularly for the private sector. There is a role for businesses to record absences as well as ONS to increase NI's sample size within the sickness absence data, and NIRSA to investigate the enhanced private sector data within the NI Civil Service (NICS) absences publication. This would**

**aid businesses to better understand the impact that sickness has on their organisation and how to support employees as well as enable further research on sickness absence and productivity impacts.**

## 3. Sickness absence

3.1. Figure 3.1 presents sickness absence rates (the percentage of working hours that are lost due to sickness absence) showing that the **UK sickness absence rate was 2.6% in 2022, an increase from 2.2% in 2021, or 1.9% pre-pandemic in 2019.** This equates to 185.6 million days lost in 2022, 47.4 million more days lost compared to 2019. The UK rate recorded in 2022 had not been experienced since 2004 when the sickness absence rate was 2.7%.

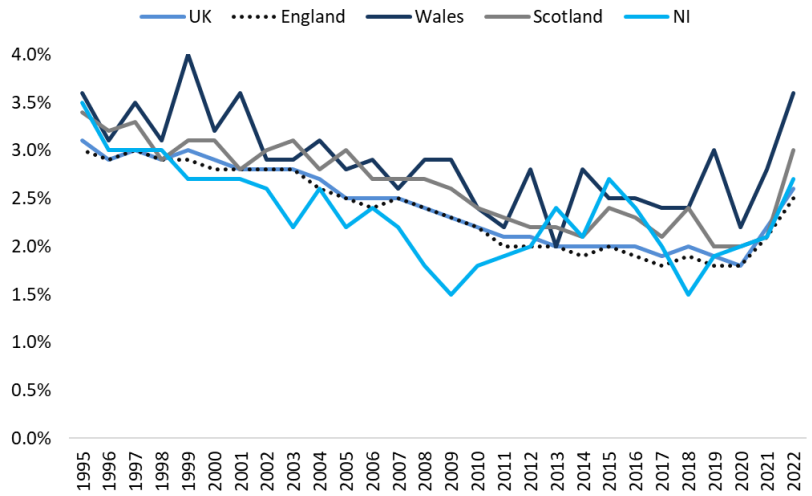
3.2. The **2022 absence rate in NI was 2.7%, an increase from 2.1% in 2021 and 1.9% in 2019.** 2022 was NI's highest sickness absence rate since 2015 when the rate was also 2.7%. The 2022 rate equates to 5.1 million days being lost here in 2022, 1.3 million more than in 2019.

3.3. Overall, Wales had the highest sickness absence rate at 3.6% in 2022, an increase from 3% in 2019. During the same period, Scotland had an absence rate of 3% increasing from 2% respectively, whilst in England the rate increased to 2.5% from 1.8%.

3.4. To help explain the overall UK rise in 2022 Access PeopleHR (2023), who also reported a rise in absences from their survey of over 2,000 UK SMEs, suggest there is **now less negative stigma associated with sick leave due to a national focus on health post-COVID.** This may have caused individuals to be more likely to call in to work sick due to increased awareness of spreading infections across the workforce.

3.5. A further breakdown shows that the days lost per worker in the UK was 5.7 in 2022, an increase from 4.2 in 2019. **NI had 6.0 days lost per worker in 2022, rising from 4.3 days in 2019.** Given that NI has a **tight labour market**, and **growth of the working age population slowing** (UUEPC, 2023), it is important that absences be tackled to reduce time spent off work and ensure adequate access to labour.

**Figure 3.1: Sickness absence rates, UK constituent countries, 1995-2022**




Source: ONS

3.6. Researchers (including Collins et al. (2018), Grinza and Rycx (2020) and Virtanen et al. (2005)) indicate that **wider economic and social conditions can influence employee attendance decisions.** They suggest that threats of unemployment, such as during a recession, will cause employees to be

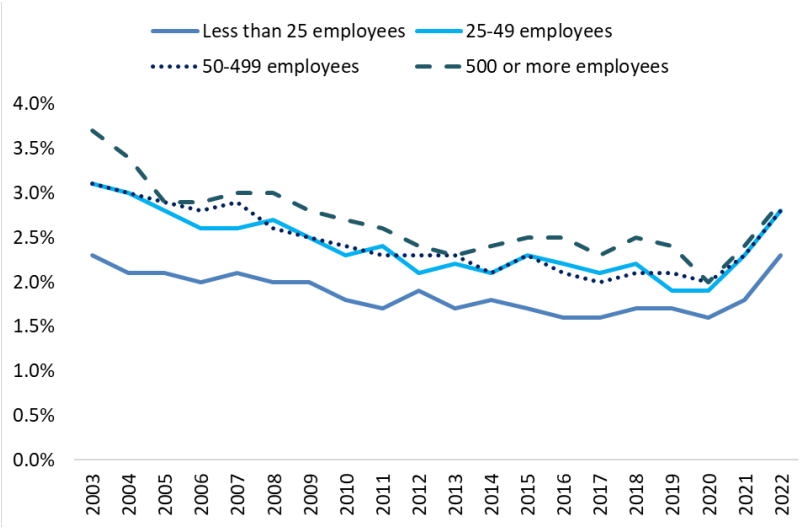
less likely to take sick leave as they feel this could be viewed negatively should job losses occur. One example used to support this theory by Virtanen et al. (2005) shows that during the Finnish recession in the 1990s there was a 30% decline in the number of sickness allowance periods per year. For NI, in Figure 3.1 above we can see that sickness absence rates reduced to a low of 1.5% in 2009, during the Great Recession[4], when unemployment reached 6.6%[5] (ONS). Overall, this suggestion merits further consideration (beyond the scope of this research) before final conclusions can be determined about the impact of macroeconomic trends on individual decision making.

[4] A more recent analysis during the pandemic is limited because of the impact of furloughed workers for instance.
[5] Percentage of labour force.

## 4. Sickness absence by firm size

4.1. As shown in Figure 4.1 below, **UK businesses with fewer than 25 employees had an absence rate at 2.3% in 2022, a 20 year high for this size band**, although this continues to be the lowest rate across all sizes. Businesses with 25-49 and 50-499 employees both had a rate of 2.8% in 2022, whilst for businesses with 500 or more employees the rate was 2.9%. Figure 4.1 shows that the absence rates of these size bands have converged in recent years.

**Figure 4.1: Sickness absence rates, by employment size bands, UK, 2003-2022**




Source: ONS

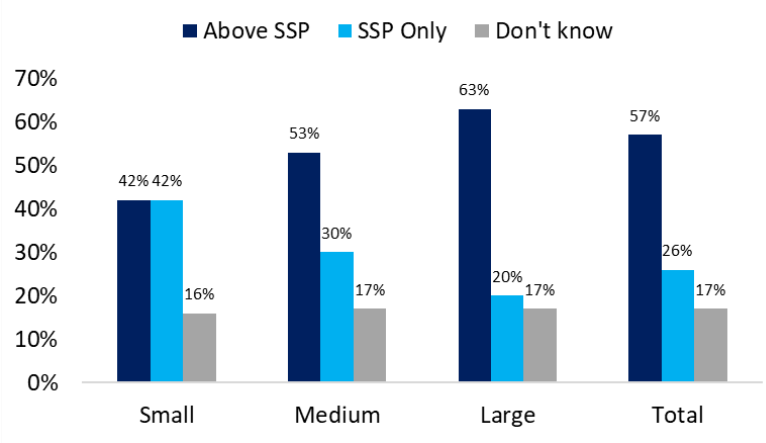
4.2. As noted earlier, not all businesses record sickness absence. In Great Britain (GB) 98% of large and 90% of medium employers collected this information compared to 54% of small employers and 45% of micro employers (Ipsos MORI for the Department for Work and Pensions, 2021). The underreporting of absences is determined not be an issue in the ONS data as it is based on the LFS which uses employee data. However, recording absences would be useful information for businesses and mangers in order to measure the impact of sickness and support employees if needed.

4.3. Research (Bolchover, 2017) indicates **absence rates typically increase with organisation size** which may be reflective of larger firms being more likely to have sick pay schemes paying above Statutory Sick Pay which is £109.40 per week[6,7,8] (SSP). Figure 4.2 below from Department for Work and Pensions (DWP) and Department of Health and Social Care (DHSC) (2019), outlines sick pay arrangements by organisation size in the UK. This indicates that **63% of individuals in large firms responded that they would receive 'Above SSP', this reduces to 53% for medium and 42% for small**

[6] It's paid by the employer for up to 28 weeks. More available at: https://www.gov.uk/statutory-sick-pay.
[7] Occupational sick pay may start after a period of service/probation. Organisations without an occupational sick pay scheme are expected to pay SSP. Typically, an employee can self-certify for 7 days, however a medical note will be required after that. A decision not to pay sick pay must be free from discrimination, more available at: https://www.nidirect.gov.uk/articles/sick-pay-rights#toc-0
[8] DWO and DHSC report that employees who earn less than the Lower Earnings Limit (LEL), which is currently £120 per week, do not qualify for SSP. More at: Government response: Health is everyone's business

**firms.** Meanwhile **42% of those in small firms would receive SSP[9] only compared to 30% in medium firms and 20% in large firms.**

**Figure 4.2: Sick pay arrangements by organisation size, UK, 2019**




Source: DWP & DHSC, 2019

4.4. SSP is only paid to those who have an employment contract, earn an average of at least £123 per week and have been sick for 4 days or more. Employees can receive up to 28 weeks of SSP, but they cannot be off work for a pregnancy-related illness in the 4 weeks before the week that their baby is due, have received Employment Support Allowance (ESA) within 12 weeks of starting to work or for other reasons noted by Gov.uk[10]. Consequently, **the personal financial implications of taking unplanned[11] sick leave can weigh on an employee's decision of whether to go to work or not.** Employees who only receive SSP, or no sick pay at all, are perhaps more likely to go to work when ill, also known as sickness presenteeism, which can be detrimental to productivity and wellbeing as noted later.

4.5. The Federation of Small Businesses (FSB, 2022) estimated that sickness absence cost UK small business employers £5 billion. FSB recommend that the UK Government introduce a permanent SSP rebate[12] for SMEs to help manage absences. Meanwhile, CIPD (2021) in relation to wider reform of SSP, proposed that the UK Government consider further discussion on how SMEs can be supported, particularly very small employers with a need to train line managers on sickness absence. This will enable managers to develop the skills to effectively manage absence and return-to-work, and in doing so, may help to reduce the number of people who leave work for health-related reasons. However, as larger firms report higher sickness absences, businesses of all sizes may require support such as management training, specific to their business and size, in this area.

4.6. Figure 4.3 below shows the percentage of people in the UK and average across European countries who went to work when sick in the last 12 months (2021) by employment contract (European

[9] An employee will receive SSP for the days they would normally have worked. It's not paid for the first three days unless they have been paid SSP within the last eight weeks and are eligible for it again. More available at: https://www.nidirect.gov.uk/articles/sick-pay-rights#toc-0

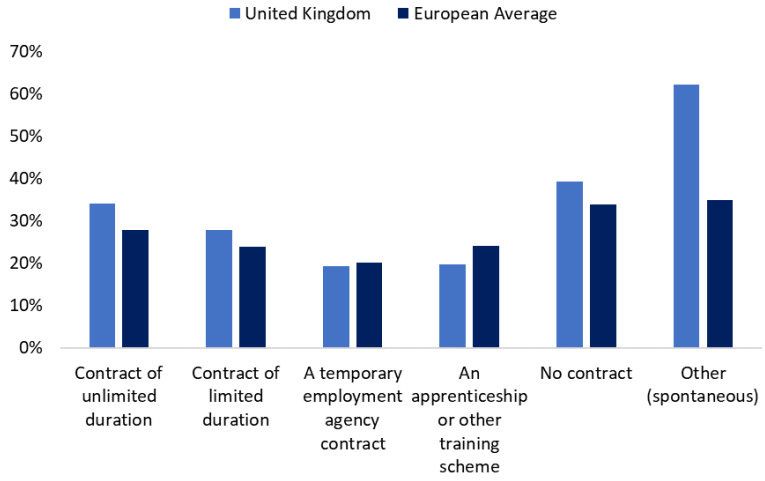
[10] More information available at: https://www.gov.uk/employers-sick-pay/eligibility-and-form-ssp

[11] This is compared to when an individual knows in advance that they will require time off for health-related reasons (such as awaiting a surgery date for a non-urgent condition which may require a period of recovery), the longer time frame may allow for preparations for leave and pay to be made between the employee and employer.

[12] As noted by FSB, until 2014 small employers could reclaim SSP costs that exceeded 13% of their monthly National Insurance Contributions liability through the Percentage Threshold Scheme.

Working Conditions 2021 Telephone Survey). For the UK, it is estimated that 62% who had a contract deemed 'Other (spontaneous)' and 39% with 'No contract' went to work whilst ill, compared to 35% and 34%, respectively in Europe. This is compared to 34% of people with a 'Contact of unlimited duration' and 28% with a contract of 'Limited duration' that went to work whilst ill in the UK.

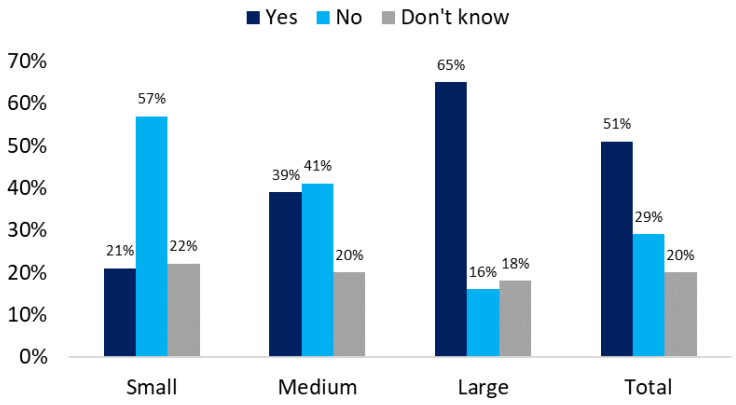
**Figure 4.3: Percentage of people who went to work when sick in the past 12 months by employment contract, UK and European Average, 2021, Weighted**




Source: European Working Conditions 2021 Telephone Survey

4.7. Moreover, **smaller firms are less likely to have access to OH**. Figure 4.4 shows that 57% from smaller firms responded 'No', compared to 41% in medium and 16% in large firms when asked about access to OH. Caine (2015) suggests that the early referral to OH is crucial in identifying how employers can support employees with health conditions and their ability to remain in work.

**Figure 4.4: Proportion of employees with access to Occupational Health services by organisation size, UK, 2019**

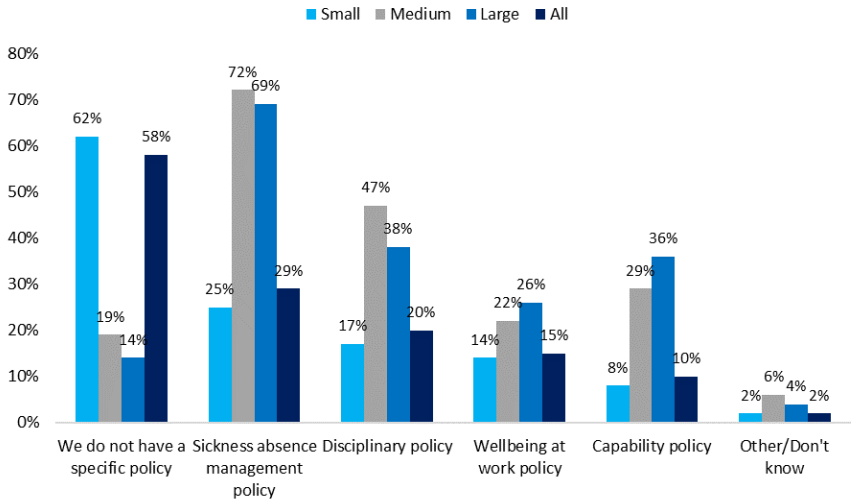



Source: DWP & DHSC, 2019

4.8. Figure 4.5 below presents the findings from Ipsos MORI (2021) indicating that **58% of GB employers surveyed did not have a specific policy to manage sickness absence**. When broken down by firm size, **62% of small employers do not have a policy compared to 19% for medium and 14% of large.** This is supportive of DWP and DHSC (2021) suggestion that, ***…large employers have processes in place for sickness absence management. However smaller employers are less likely to have these processes and therefore struggle when sickness absence occurs.***

4.9. Additionally, small businesses in GB took an **informal approach** to health and wellbeing as this was deemed appropriate for their size and culture. **Medium and large employers were more likely to have a formal approach with a wider range of preventative and improvement measures.** Overall, 55% of GB employers had a reactive approach to managing health and wellbeing. This is compared to 72% of large and 44% of small employers that had a proactive approach, where they took steps to identify and address employee health and wellbeing issues at the earliest possible opportunity (Ipsos MORI, 2021). This again displays divergence in actions between firm size.

**Figure 4.5: Policies used to manage employees' sickness absences from work by employer size, GB, 2018-19**

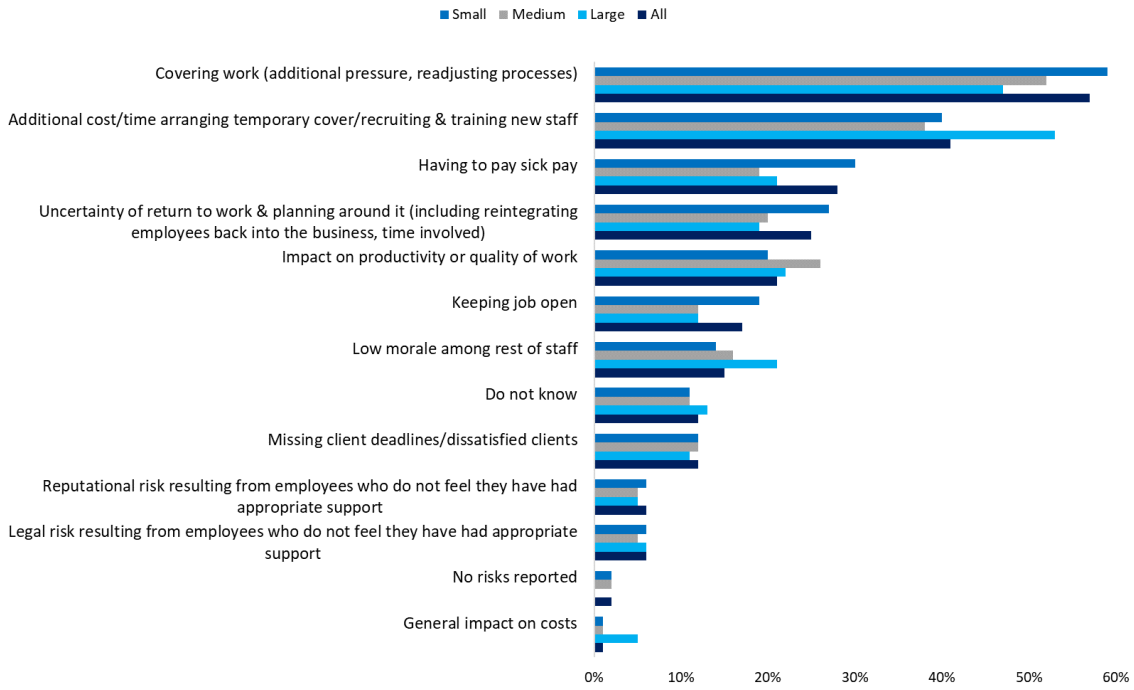



Source: Ipsos MORI survey in DWP, 2021

4.10. For **small and new employers, many deal with issues as and when they occur.** For instance, a small employer informed Ipsos MORI (2021) that they did not have a maternity policy until the first colleague required this, and whilst sick leave and maternity leave are two different requirements, this example highlights that small, new employers may be forced to generate a policy as things arise. In comparison to maternity leave, which can be planned for prior to leave being taken allowing workloads to be re-assigned, **sickness absence is unknown and so this research suggests that employers should take a practice approach so that absences can be dealt with quickly, and not prolonged.**

4.11. Figure 4.6 below highlights the results from Ipsos MORI (2021) to help determine the risks of long-term absences across business sizes. For small businesses in GB, the highest risk of long-term sickness absence was covering work (additional pressures, readjusting processes) by existing staff (59%). For large businesses, 53% reported the additional cost or time arranging temporary cover or recruiting and training new staff. In follow up interviews, **SMEs noted that it was not affordable for them to take on temporary staff and so work had to be covered by others creating pressure and risk for others to eventually burnout** if the extra workload persisted. Belgian research from Grinza and Rycx (2020) below supports this finding.

**Figure 4.6: Risks and costs associated with long-term sickness absence by employer size, GB, 2018-19**




Source: Ipsos MORI survey in DWP, 2021

## Case study: Belgium: Firm productivity and absence, Grinza and Rycx (2020)

Grinza and Rycx's (2020) study resolved that **a 1 percentage point (p.p.) increase in absenteeism rate causes a 0.66% productivity loss, this increases to 1.31% if the average level of sickness absence (2%) from the study is used.** Their study utilises longitudinal matched employer-employee data in Belgium private firms from 1999-2007. Grinza and Rycx isolate sickness absence from other types of absence such as maternity or educational leave as they suggest that different types of absence have different productivity impacts. Their work focuses on short-term sickness absence, commenting that this is only a proportion of total sickness absence. Despite a range of firms (large and small, industrial and non-industrial, low and high capital intensive) experiencing similar absence rates, the results show that **the impact for productivity is not equal**.

Grinza and Rycx found negative productivity impacts when there was a 1 p.p increase in absences for:

- high tenure workers (in role for 10 years or more) there was a 1.37% producitivty loss, compared to +0.09% for low tenure (although not significant).
- blue collar workers there was a 1.09% productivity loss, compared to 0.41% loss for white collar workers.
- industrial firms there was a 0.84% productivity loss, compared to 0.51% for non-industrial firms.
- high capital intensive firms there was a 0.92% productivity loss, compared to 0.28% for low capital intensive firms.
- **small firms there was a 1.35% productivity loss, compared to 0.16% for medium (not significant) and 0.01% for large firms (not significant).**

For small firms, Grinza and Rycx note when absences occur, difficulty recruiting temporary staff in a short time causes other employees to increase their workload, and even if temporary workers are recruited, productivity losses are likely. The research notes that there are some unobserved firm characteristics that influence both productivity and sickness absence, for instance degree of competition, involvement in foreign markets and firm management with Grinza and Rycx noting that, *Good managers may take greater care of their employees' health and invest more in employee-friendly work environments (e.g., aiming to limit workers' stress during work)…achieving lower levels of sickness absenteeism.* (p.161).

**Recommendations**

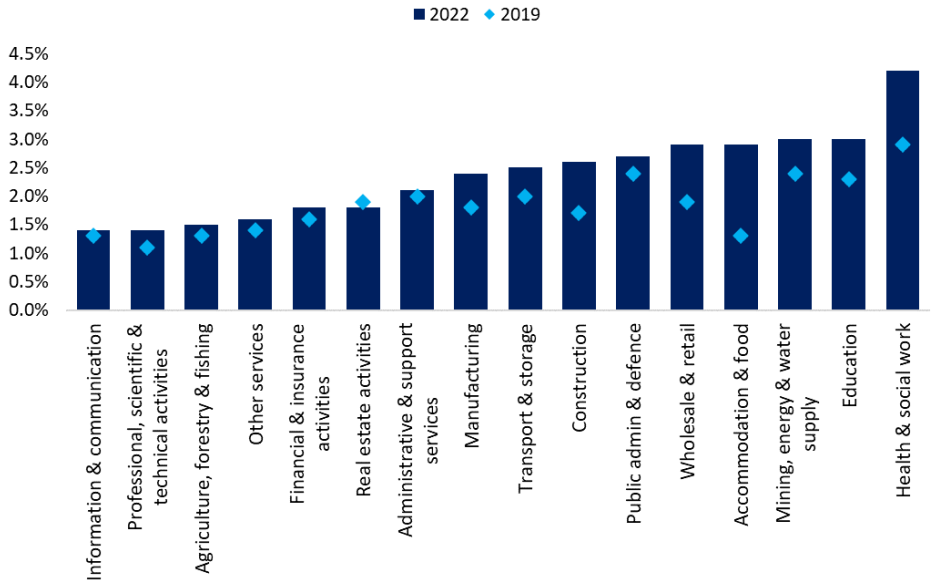
Productivity is critical to *sustained and sustainable economic growth* (p.152) and so based on these results, Grinza and Rycx suggest policy makers should invest resources to improve worker's health such as incentivisation for firms to invest in **wellness or health insurance**, whilst policy makers could also increase **healthy habits campaigns** and focus on **improving health in and out of the workplace**. There is a role for firms and managers to play, particularly in firms where there were productivity losses due to absences, such as investing in **wellness and safety** through higher quality health insurance and developing **employee-friendly work environments** to help reduce absences caused by workplace stress.

## 5. Sickness absence rates by sector

5.1. Leite et al. (2022) noted that sickness absence has a significant impact within sectors in which activities are interdependent such as production lines. In agreement, Grinza and Rycx's (2020) Belgian study above indicates that absenteeism impacts are not equal for all industries. Additionally, different illness may impact some sectors and occupations more than others. Figure 5.1 below presents the absence rates by sector for the UK showing **that all sectors in 2022, with the exception of Real Estate[13], experienced an increase in absence rates since 2019**.

5.2. **Information and Communication had the lowest absence rate** at 1.4% in 2022, a slight increase from 1.3% in 2019. This equates to 5.6 million days lost in 2022 for the sector, compared to 4.6 million in 2019. At the other end of the spectrum, **Health and Social Work had the largest absence rate** at 4.2% in 2022, an increase from 2.9% in 2019. This equates to 40.3 million days lost in 2022, compared to 26 million in 2019. **Accommodation and Food's** absence rate increased by 1.6 p.p. since 2019, the **largest increase of all sectors** rising to 2.9% in 2022.

**Figure 5.1: Sickness absence rates by sectors, UK, 2019-2022**




Source: ONS

5.3. **Access PeopleHR** (2023) produce their own UK sickness absence figures[14], and they have **suggested that customer facing sectors are more likely to have experienced increased absences** compared to office-based sectors. Access PeopleHR's findings include:

- **Accommodation and Food- had an increase to 112 average sick days per company in 2022, a rise from 46 days in 2021 and 19 days in 2019.** Access PeopleHR suggest the increased levels of sickness from 2021 to 2022 could be due to furlough[15], the overall spike post-Covid is attributed to consumers, and staff, greater concern for hygiene and sanitation since the pandemic and so

[13] Real Estate experienced a 0.1 p.p. fall to have an absence rate of 1.8%.
[14] Access PeopleHR conducted a survey of over 2,000 UK businesses.
[15] Ended in September 2021.

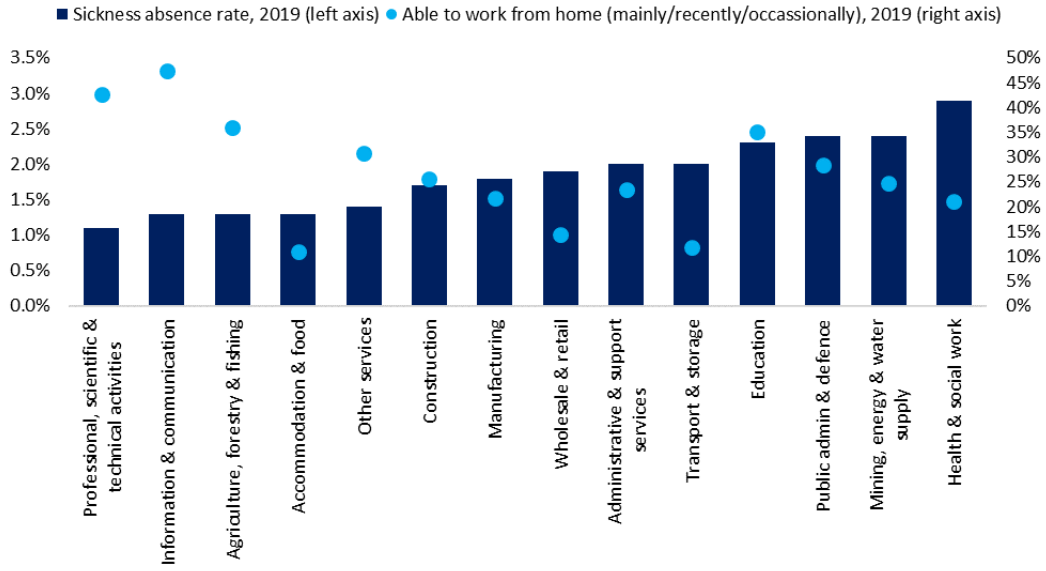
employees may be more likely to take sick leave for conditions now that they may not have before, to prevent the spread of illness.

- **Transport and Storage- had an average of 152 sick days per company in 2022, a rise from 105 in 2021 and 86 in 2019.** This increase may be the result of an ageing workforce, but Access PeopleHR suggest absences should be investigated further to determine if there are underlying reasons requiring attention.

- **Water Supply, Sewerage and Waste Management- there were 236 absences per company in 2022, a rise from 100 in 2021 and 64 in 2019.** Access PeopleHR suggest this rise could point towards the need for innovation and addressing absence management systems.

5.4. Additionally, **ONS (2019) suggest there is a link between homeworking and sickness absence rates, with those able to work from home having lower sickness absence rates generally.** Figure 5.2, which presents 2019 absence rates and the ability to work from home across sectors, supports this suggestion. For instance, 43% of workers within the Professional, Scientific and Technical sector and 47% within Information and Communication were able to work from home in some capacity, these sectors had two of the lowest absence rates of 1.1% and 1.3%, respectively in 2019[16]. This is compared to Health and Social Work, where only 21% of the workforce were able to work from home, the sector had an absence rate of 2.9%.

**Figure 5.2: Sickness absence rates (left axis) and work from home status across sectors (right axis), UK, 2019**



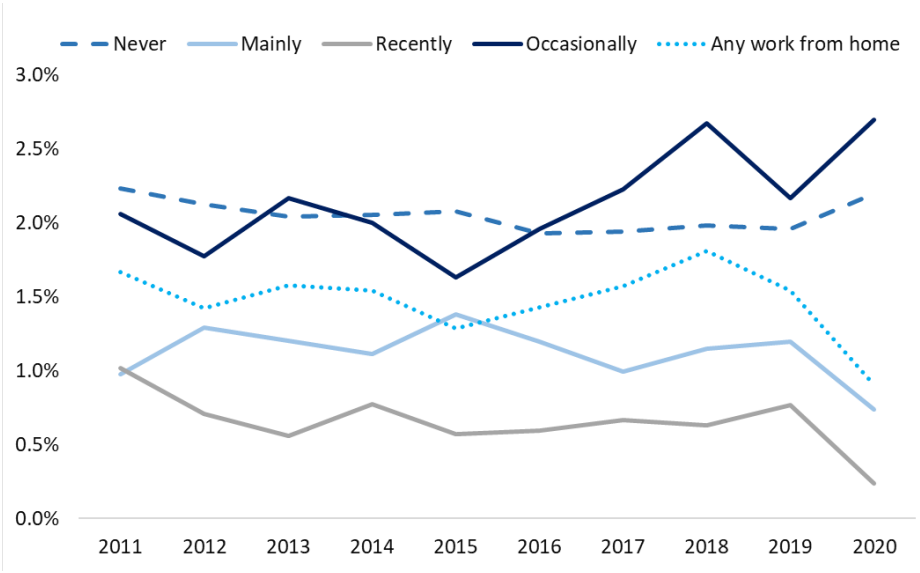

Source: ONS
Note: ONS' 'Homeworking hours, rewards and opportunities in the UK' group Finance and Insurance and Real Estate figures together, whilst the sickness absence figures do not so they have been excluded from the chart.

5.5. Overall, **the analysis suggests there is a link between sectors with a higher propensity for remote working having lower levels of sickness absence**. Figure 5.3 below shows that those who 'mainly' worked from home had a sickness absence rate of 0.74% in 2020, a decrease from 1.19% in 2019. Meanwhile the absence rate for those who 'never' worked from home was 2.2% in 2020, an increase

[16] Agriculture, Forestry and Fishing and Accommodation and Food also had absence rates of 1.3% in 2019, equal to Information and Communication.

from 1.96% in 2019. Individuals who 'occasionally' worked from home had an absence rate of 2.7% in 2020, an increase from 2.2% in 2019, the highest absence rate across all work statuses. **ONS (2021) suggest that homeworkers, when sick, may not travel to a workplace but feel well enough to work from home** and in 2020 despite COVID-19, **homeworking decreased the spread in germs minimising some of the typical absences such as cough and colds.**

**Figure 5.3: Sickness absence rates by work from home status, UK, 2011-2020**



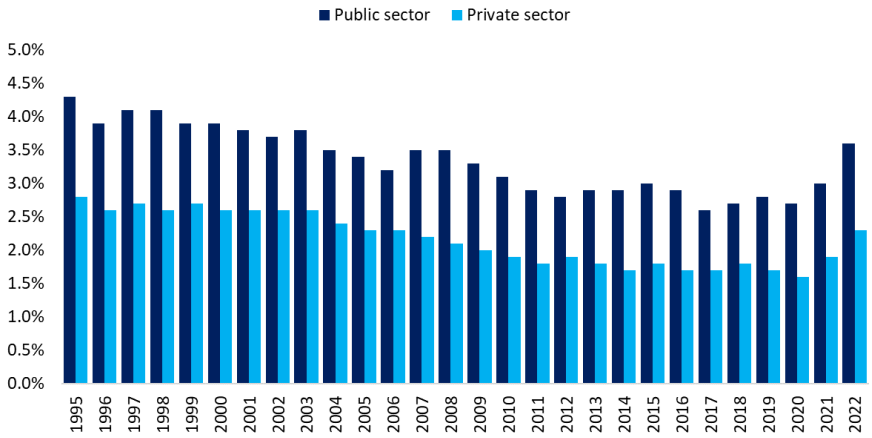

Source: ONS, Homeworking hours, and opportunities in the UK

## 6. Sickness absence in the public sector and NI Civil Service (NICS)

6.1. **Higher sickness absence rates are characteristic of the UK public sector** with the gap between private and public sickness absence evident in Figure 6.1. **In 2022, the UK public sector had an absence rate of 3.6% compared to 2.3% for the private sector**, in 2019 these rates were 2.8% and 1.7% respectively[17]. A breakdown of days per worker shows that 5.0 days were lost per worker in the private sector in 2022, in the public sector this was 7.7 days, a rise from 3.8 and 5.8 respectively in 2019 (ONS, 2023).

6.2. In terms of the days lost, the private sector lost a total of 125.3 million days in 2022, rising from 96.7 million in 2019. For the public sector 59.4 million days were lost, an increase from 41.3 million in 2019. **More days overall are lost in the private sector due to its larger employment size.**

**Figure 6.1 Sickness absence rates, public and private sector, UK, 1995-2022**




Source: ONS

6.3. Knott and Hayday (2010) propose **public sector absence rates are greater due to sectoral characteristics,** including the larger organisational size and workforce mix comprising manual staff, frontline roles, women and older workers- all of which are associated with higher sickness rates. The ONS data is supportive of this as **in 2022 women in the UK had a 3.2% sickness absence rate, compared to 2.2% for men.** Meanwhile, **workers aged 50-64 had an absence rate of 3.5%, compared to 2% for those aged 25-34.** ONS also suggest that **private sector employees are less likely to paid whilst absent, compared to those in the public sector** perhaps making absences more acceptable. Additionally, **the private sector is made up of smaller firms** and **employees within these firms may be required to make up lost hours on their return,** however ONS note that no data is collected on hours made up after sickness absence whilst **the data excludes those who make up lost hours later in the week.**

6.4. Knott and Hayday (2010) explain that the above factors are not predictors of sickness, instead suggesting that **the private sector's initiatives to reduce absences are more effective and are combined with a more acute awareness of bottom-line profits motivating lower absence levels.** This is compared to a **different culture in the public sector** (Demou et al, 2015), whereby the *non-profit environment* enables a people-centric approach with more job security to support what was

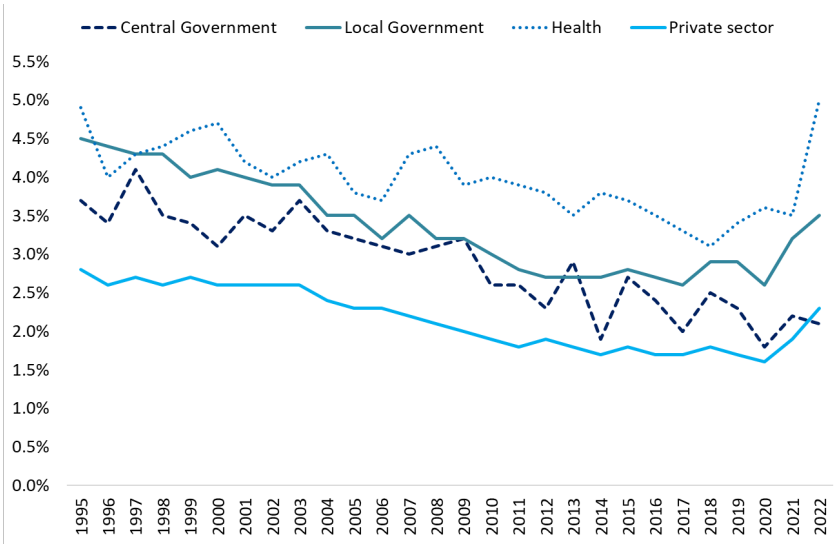
[17] In terms of the days lost the private sector lost a total of 125.3 million days in 2022, rising from 96.7 million in 2019. For the public sector 59.4 million days were lost, an increase from 41.3 million in 2019. More days overall are lost in the private sector due to its larger employment size.

traditionally seen as lower paid work (Knott and Hayday). Therefore, whilst there is policy ambition to reduce absences in the public sector there is *…deep-seated cultural resistance to its aggressive implementation* (Knott and Hayday, p.3).

6.5. Furthermore, ONS provide a UK comparison of absence rates of large public organisations and the private sector as shown in Figure 6.2 below. Health had the largest absence rate of 5% equating to 10.7 days per worker in 2022; an all-time high since records began and rising from 3.4% in 2019, or 7.2 days per worker. This is followed by Local Government which had an absence rate of 3.5%, a high since 2007. The private sector in 2022 had an absence rate of 2.3%, overtaking the Central Government at 2.1%, having had a low rate historically compared to these sectors (Figure 6.2). However, it is important to note that **the private sector is predominantly made up of small firms, which have a lower absence rate bringing the overall private sector average down. Therefore, a more accurate comparison would be the public sector with large private sector organisations however this is not available.**

6.6. Overall, **Black and Frost (2011) suggest that *…variation in management and leadership across the public sector…*** causes***…. poor outcomes for some staff...*** Black and Frost indicate that senior managers need to be accountable for absence levels in performance monitoring. This could also be the case for large private sector organisations.

**Figure 6.2: Sickness absence rates, public sector organisations and private sector, UK, 1995-2022**



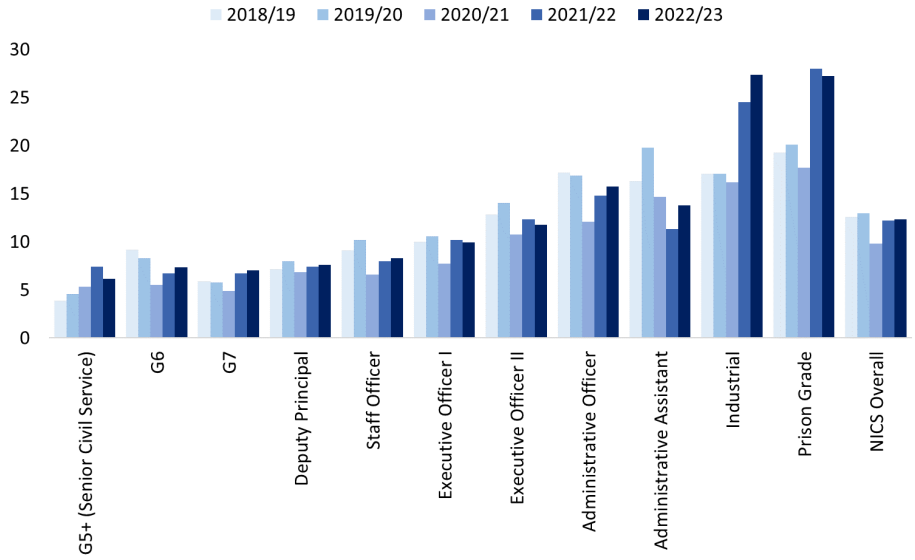

Source: ONS

6.7. NISRA publish **NICS Sickness Absence Statistics** including absence by government department, grade, length of service, reason, age and gender. An average of 12.3 working days per staff year were lost in 2022/23, a slight reduction from 12.9 in 2019/20 (Figure 6.3). **Overall, in the NICS 5.7% of working days were lost in 2022/23 compared to 5.9% in 2019/20. The direct salary cost of absence in 2022/23 was £39million, or 3.7% of the NICS pay bill. This pay profile implies absences are greater amongst more junior grade staff.**

6.8. When broken down by grade level (Figure 6.3), **the general trend is for absences to decrease as seniority increases.** For instance, in 2022/23 individuals who were Grade 5 and above (senior civil servants) lost 6.1 working days per staff year compared to 13.8 workings days lost for Administrative

Officers. Overall, the Prison Grade had the highest number of absences at 27.2 working days lost per staff year.

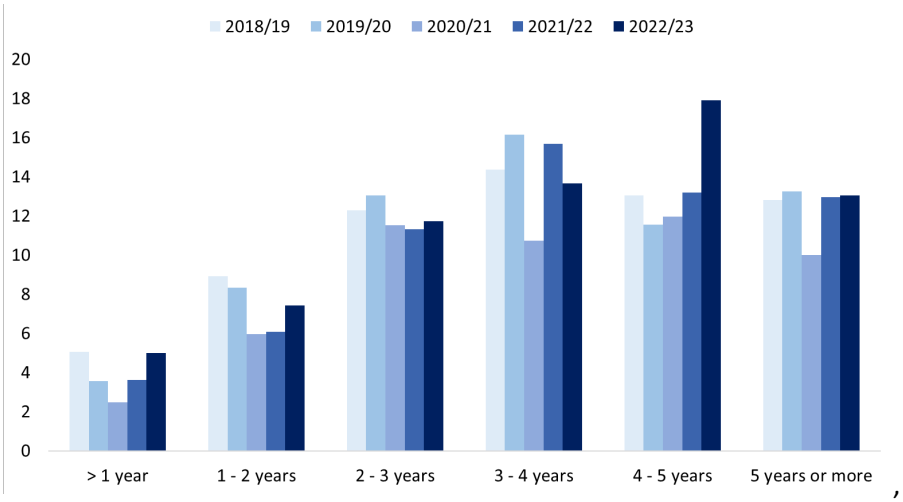
**Figure 6.3: Working days lost per staff year by grade level, NICS, 2018-23**




Source: NISRA
Note: One staff year is the equivalent of one full-time member of staff being in work for a full year. It takes account of staff leaving / joining as well as part-time working patterns.

6.9. However, **when length of service is analysed, those with a longer length of service were more likely to have a greater number of days lost**(Figure 6.4). Those with less than one year of service lost 5 days in 2022/23 compared to 13 days lost for those who have worked in the NICS for 5 years of more. NISRA (2023) suggest that the **lower absence rates for newer staff is a result of the probation period, which includes rigorous conditions for sickness absence management with a review after each absence and consideration of potential inefficiency action.** This may support the idea that effective management intervention can help to reduce absences.

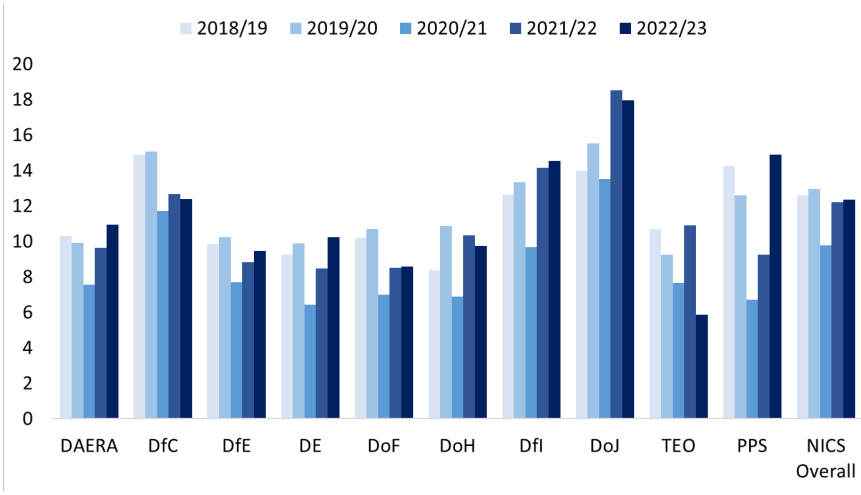
**Figure 6.4: Working Days lost per staff year by length of service, NICS, 2018-23**




Source: NISRA
Note: One staff year is the equivalent of one full-time member of staff being in work for a full year. It takes account of staff leaving / joining as well as part-time working patterns.

6.10. The breakdown by NICS department (Figure 6.5) shows that the Department of Justice lost 18 days per staff year in 2022/23, an increase from 15.5 days in 2019/20 and the highest out of all departments. The Executive Office has the lowest number of days lost at 5.9 in 2022/23, down from 9.3 days in 2019/20, the largest drop out of all departments.

**Figure 6.5: Average working days lost per staff year, NICS department, 2018-2023**

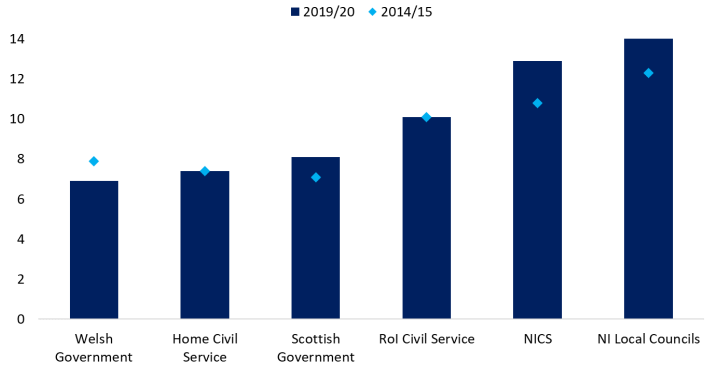



Source: NISRA
Note: One staff year is the equivalent of one full-time member of staff being in work for a full year. It takes account of staff leaving / joining as well as part-time working patterns.

6.11. The **NICS continually has higher sickness absences than UK and RoI civil services** (Figure 6.6). Whilst figures are not available annually, in 2019/20 NICS lost 12.9 days, nearly twice that lost in the Welsh Government which had the lowest number of days lost at 6.9 in 2019/20 and a reduction from 7.9 in 2014/15.

6.12. NI's Local Councils experience the greatest loss at 14.2 days in 2019/20, a rise from 12.3 in 2014/15. Previously in 2015, NI's Committee for Finance and Personnel estimated that £37 million per annum could be saved if sickness absence in the public sector was brought into line with GB equivalents.

**Figure 6.6: Average working days lost per staff year, UK and RoI Civil Service and Local Councils, 2014-2020**




Source: NISRA
Note: NICS, Home Civil Service, Scottish Government and Welsh Government report on a per Staff Year, RoI reports absence on a per full time equivalent basis, NI Local Councils report on a per employee basis. 2019/20 has been used as the latest year to compare with other countries as not all years were available.

6.13. To combat absences, Knott and Hayday (2010) suggest a top-down approach has not been sustained in the public sector to seriously tackle absences. They mention the 2004 review of the 1998 'Working Well Together' recommendations in which a Ministerial Task Force stated the recommendations had *….failed to make a lasting difference because top management focus was allowed to dissipate and because line managers were not given the tools- real-time information, support for those who are sick, and proper training to do the job*. (p.3). **Knott and Hayday advise that the following are needed to reduce absence rates including:**

- Identify underlying absence problems, using a range of strategies to tackle these.
- Improved recording of absence and data management.
- Ensure all staff and managers understand procedures and the objectives of policies.
- Systematic one-to-one interviews for all absences and managers responsible for follow up of absences.

6.14. In 2010, Knott and Hayday noted the **pressure on public finances** (which are relevant in 2023) suggesting that the above …*relatively simple steps* be enacted to reduce public sector absences and narrow the gap between the public and private sector. This requires continued focus and different interventions for short- and long-term absences.

## Case Study: Scotland, NHS Lanarkshire: Sickness absence management using the Early Access to Support for You (EASY)

In 2007 NHS Lanarkshire had the highest sickness absence rate of all mainland health boards in Scotland, reaching 7.35% (January 2007) despite having all NHS policies to reduce absences in place. The Scottish Government set a target of 4% sickness absence for NHS Scotland to be achieved by March 2009. The Efficiency and Productivity Group suggested that a 1% reduction in absences could result in savings of £16 million. To progress towards the target, NHS Lanarkshire Occupational Health and Safety Service developed existing services to provide *very early* interventions by means of bio-psychosocial models using cognitive behavioural principles and evidence-based interventions, with the below elements incorporated into Early Access to Support for You (EASY).

| | | | | | | |
|---|---|---|---|---|---|---|
| Maintain contact | Early intervention by occupational physician/nurse | Musculoskeletal intervention by a physiotherapist | Mental health counselling | Work modifications | Phased return-to-work | Health promotion activites |

EASY, which began in 2008, involved a series of steps, including:

Absentee calls line manager on day 1, who informs payroll and EASY . → Non-clinical call to employee from EASY on day 1, offers signposting to self-refer services such as OH, counselling, family friendly leave etc. → Absence continues on day 3, EASY call the employee and provides further signposting. → Absence continues on day 10, employee is referred to OH, with the possibility of a case manager for non-clinical support.

After each step, the line manager is updated on the expected return date and any modifications required. Management and staff were **well-briefed** prior to EASY being implemented to discuss any concerns; the service was not introduced into any department until concerns were addressed. HR and OH staff's roles changed from being reactive to proactive, with each department now having its own HR and OH professional to support employees and managers. Training was provided to HR and OH staff and more funding provided for additional HR officers and nurses. Overall, the annual cost of this service was nearly £308,000.

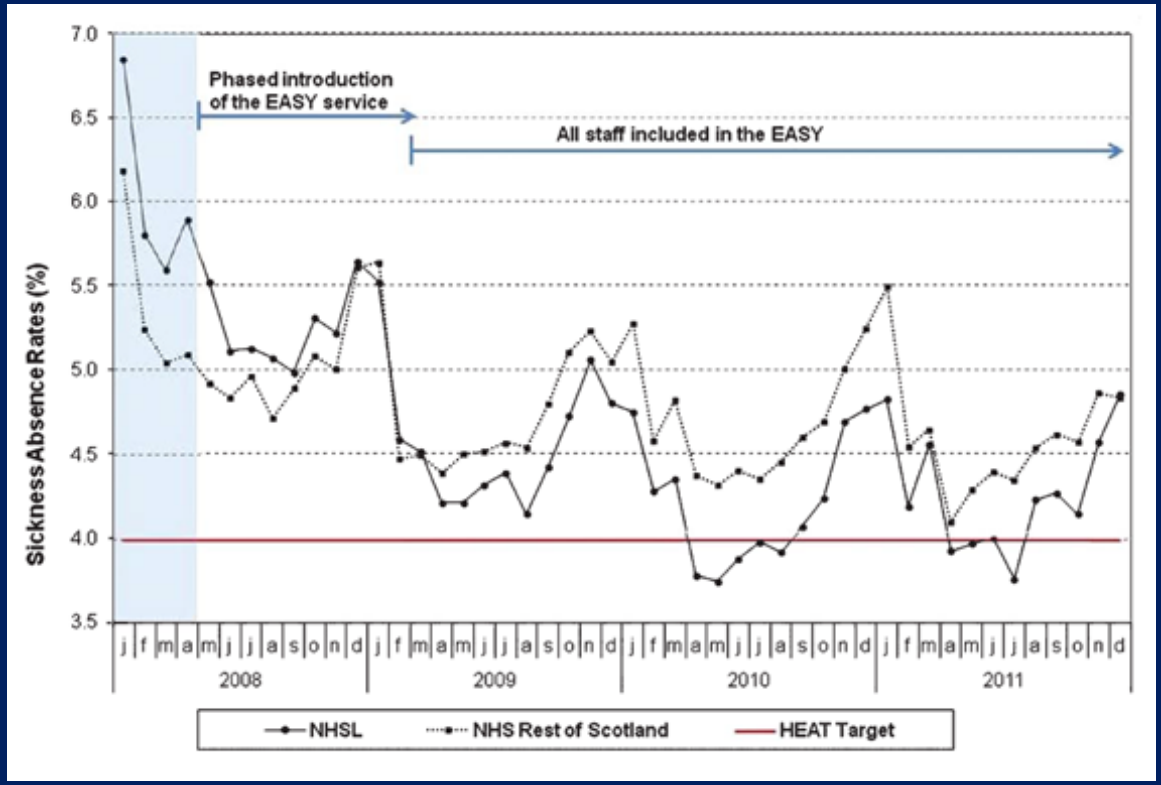
**Results**

NHS Lanarkshire successfully reduced its absence rates to a low of 3.74%, and below the HEAT target, in May 2010, as shown in the chart. Absence rates in Lanarkshire did not rise above rates in NHS Rest of Scotland once in the 3 years following the phased introduction of the EASY service. Also 42% of users of the initial EASY call found this helpful/very helpful and 69% of managers had a positive/very positive impression.

The reduced absences led to an estimated increase of 250 staff being available per day, this meant more staff for patient care and leading to a reduction in demand for overtime to cover the workloads of ill staff. Therefore, overtime costs reduced from £3.34 million in 2008/9 to £1.85 million in 2010/11. Demou et al. estimated that if EASY was expanded across all NHS Scotland and reduced absence rates by 0.25% this would be the equivalent of £4 million in savings, this could increase to £20 million once overtime costs are included.

Demou et al. suggest that **the creation of a database, with proper recording of absence,** aided in the strategic development of support services. Additionally, research and evaluation into programmes to reduce absences such as EASY would help to further understand what influences the outcomes. Combining this survey of employees to determine those who are at high risk would also enhance approaches.

**Trend of sickness absence rate in NHS Lanarkshire and NHS Rest of Scotland (blue shaded area: period pre-introduction of EASY)**




Source: Demou et al., data provided by ISD

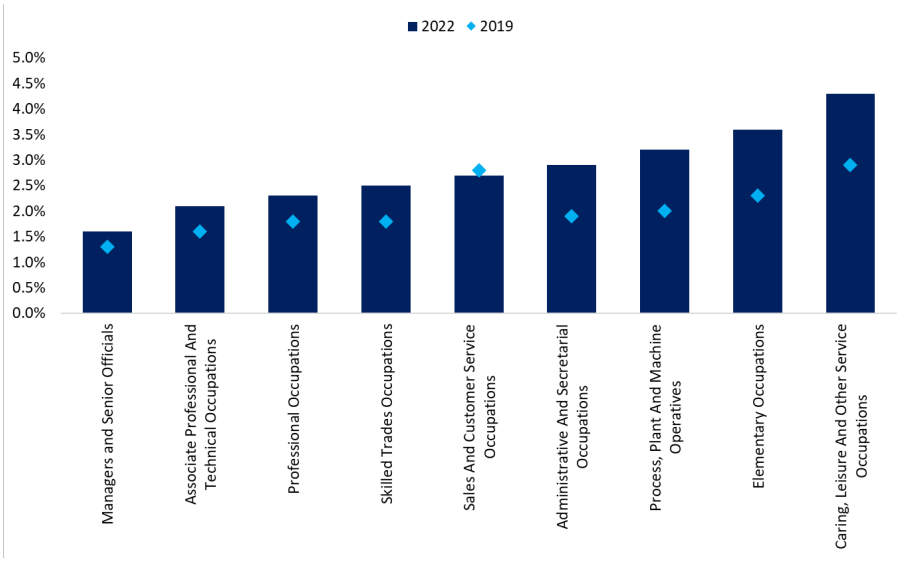
## 7. Sickness absence rates by occupation

7.1. **Almost all occupation groups in the UK, except for Sales and Customer Service occupations, have experienced an increase in absence rates since 2019 (Figure 7.1). Managers and Senior Officials experienced the lowest absence rate** at 1.6% in 2022, or 4.0 days per worker, a rise from 1.3% in 2019.

7.2. **Caring, Leisure and Other Service Occupations had the highest absence rate** at 4.3% in 2022, the largest increase since 2019 when the rate was 2.9%. For this occupation group, 8.1 days per worker were lost in 2022, increasing from 5.4 days in 2019.

7.3. Notably, whilst Professional Occupations had an absence rate of 2.3% in 2022, the third lowest of all groups, this equated to 41.4 million days being lost, an increase from 28.4 million days in 2019 when the rate was 1.8%. This is the highest total number of days lost across all occupations, 17.4 million more days than Associate Professional and Technical Occupations which lost 24.1 million days in 2022, the second highest total number of days.

**Figure 7.1: Sickness absence rates by occupation groups, UK, 2019-2022**

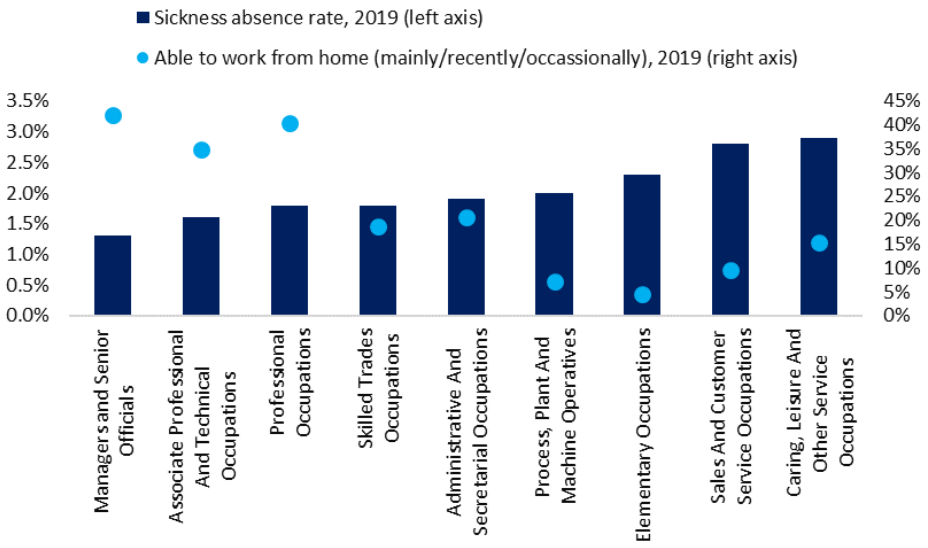



Source: ONS

7.4. **Occupations that can work from home tend to have lower sickness absence rates** as shown in Figure 7.2. For instance in 2019, Managers, Directors and Senior Officials had a sickness absence rate of 1.3%, the lowest across the occupations group, whilst 42% within this group reported that they were able to work from home, the highest ability to work from home.

7.5. In comparison the Caring, Leisure and Other Service group reported that 15% of workers were able to work from home, but this group had the highest absence rate of 2.9%. **Therefore, as at the sectoral level, it could be suggested that the ability to work from home reduces absence rates.**

**Figure 7.2: Sickness absence rates and ability to work from home by occupation groups, UK, 2019**




Source: ONS, Sickness Absence in the UK Labour Market and Homeworking hours, rewards and opportunities in the UK

7.6. **Research from DWP and DHSC (2019) suggests that different occupations along with seniority within roles results in disparity amongst sickness provision.** DWP and DHSC results found that 75% of Managers, Directors and Senior Officials suggested they would receive 'Above SSP' compared to 37% in Elementary Occupations. Additionally, access to OH differs across occupations and seniority with 59% of Managers, Directors and Senior Officials having access to OH compared to 33% in Elementary Occupations. Despite fewer supports, and typically being a lower paid occupational group, Elementary Occupations recorded a higher absence rate of 3.6% in 2022, compared to 1.6% for Managers and Senior Officials (ONS). Meanwhile for those who worked part-time 38% had access to OH, compared to 55% of full-time workers (DWP and DHSC, 2019). For some who do not have access to the above provisions this could see them returning to work before they are ready for a variety of reasons which could potentially make…*their condition worse whilst not adding value to the organisation in terms of productivity* (p.11, CIPD,2021).

7.7. **Disparity can also be experienced based on personal financial resources to access private healthcare, or an employer's ability to pay on behalf of staff**. CIPD's (2022) Health and Wellbeing at Work study found that 18% of businesses provided private medical insurance, but 25% responded that access was dependent on grade/seniority. **Access to private healthcare has become more common in NI particularly as NHS waiting lists mount.** Locally, Kingsbridge Private Hospital reported a 33% increase in footfall from 2021-2022 (BBC, 2023), typically this access comes at a **personal cost**. A Savanta (2023) survey, of 1,000 businesses for Independent Healthcare Providers, found that just over 50% were concerned that NHS waiting lists may cause long-term absences or employees to permanently leave the workforce. To counter this, 25% of these businesses offered private medical insurance, with a further 24% planning to in 2024. Therefore, access to private healthcare could be one proactive measure, already increasing, in supporting employee health and wellbeing and possibly a faster return to work.

7.8. However, whilst smaller firms have lower absence rates, employees within these firms are less likely to have access to sickness support provisions when they are sick (Figure 4.2 and 4.4). **Black and Frost (2011) suggest that low earners, those with lower qualifications and, or in smaller firms may be**

***excluded from interventions to get them back to work*** **(p.9) going on to suggest that these individuals are more likely to move onto the benefits system in the longer term.**

7.9. The NI Fiscal Council (2022) noted that **the proportion of deaths that could be avoided before disease or injury through effective public health and primary prevention**, known as the standard preventable mortality rate, **is higher in NI** than England, but similar to Wales and lower than Scotland. The Fiscal Council noted that distinguishing between preventable and non-preventable deaths is difficult however, there is …*scope for improving preventive interventions* (p.7).

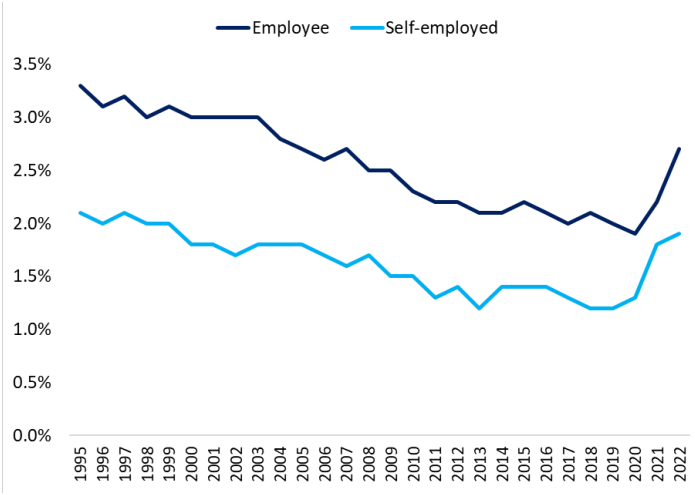
7.10. Meanwhile the standard treatable mortality rate, **deaths that could be avoided with timely and effective interventions after the onset of disease or injury, is on par with England.** This is despite **NI historically spending more per capita on health than England**[18]**.** Meanwhile, NI's pharmaceutical spend on drugs per capita was 43% higher than England in 2020 (NI Fiscal Council,2022). Therefore, there is an **increasing role, and need, for individuals and businesses to invest in their own/employee health and wellbeing to support the prevention of ill health.** This could range from small, low-cost interventions such as encouraging healthy lifestyles and encouraging employers/employees to pay for vaccinations such as the flu jab[19], through to larger, more costly interventions such as offering private medical insurance for staff.

[18] The NI Fiscal Council note that England is a natural comparator for NI due to how public spending by the UK Government in England impacts NI resources via the Block Grant due to the Barnett formula.
[19] For instance, for individuals who would not otherwise receive this.

## 8. Sickness absence rates by employee and self-employment

8.1. **Self-employed tend to have lower sickness absence rates compared to employees** as shown in Figure 8.1. UK employees had a sickness absence rate of 2.7% compared to 1.9% for self-employed in 2022, this was a rise from 2% and 1.2% respectively in 2019. For self-employed workers the 2022 rate represents a high since 1999**. Overall, in 2022, employees lost nearly 170 million days compared to 16.5 million days for self-employed.**

**Figure 8.1: Sickness absence rates for employees and self-employed, UK, 1995-2022**

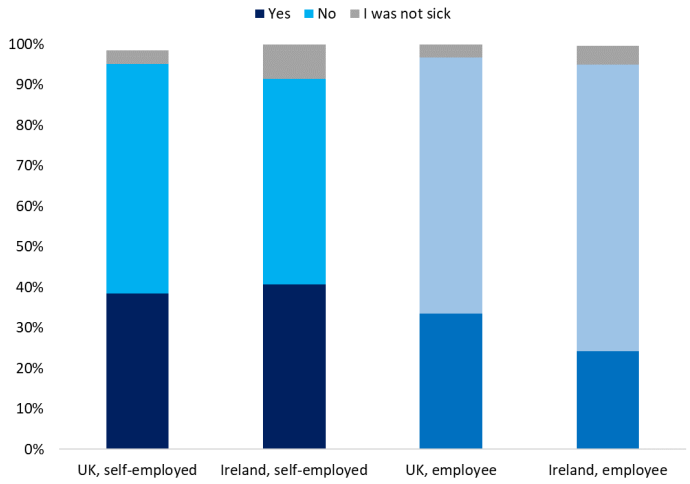



Source: ONS

8.2. **Self-employed individuals are at an increased risk of negative impacts on their business as a result of sickness absence due to their job design, working hours, small business size and being unable to receive SSP** (although they can claim Employment and Support Allowance). Lechmann and Schnabel (2014), who point out the limited research on self-employed absences compared to employees, suggest that **self-employed absences have more severe consequences for productivity losses than employees because self-employed individuals perform tasks that cannot be easily substituted by others.** Self-employed also incur **lost production costs**, whereas for employees these are passed on to the employer, suggesting that **the cost of absences is greater for self-employed and so the prevalence and extent of absences should be lower for this cohort**. However, Lechmann and Schnabel suggest self-employed are not penalised for excessive absences such as through reduced career opportunities that employees may face.

8.3. Due to limited ability to substitute work and sick pay provisions, this may result in more self-employed people going to work when ill (Nordenmark et al., 2019) also known as sickness presenteeism. Analysis of the European Working Conditions Telephone Survey (2021) supports this as **39% of those who were self-employed in the UK said they went to work when sick in the past 12 months,** compared to 34% of employees (Figure 8.2). The differential in Ireland was much more significant, 41% for self-employed and 24% for employees.

**Figure 8.2: Over the past 12 months did you work when you were sick?, UK and Ireland, self-employed and employed, 2021, weighted**




Source: European Working Conditions 2021 Telephone Survey

8.4. Using the 2015 European Working Conditions results which asked whether an individual had one or more days off sick (this was not asked in the 2021 survey) to compare to presenteeism, the results for all respondents suggest that there is not a strong relationship ($R^2$ =0.32) between sickness absence and presenteeism. However, the breakdown for **self-employed showed a stronger relationship with a $R^2$ =0.795. This shows that countries where the self-employed are more likely to take one or more days off sick, they are also more likely to go to work whilst ill (Figure 8.3). This implies that going to work when sick, leads to greater instances of sickness absence, but further research would be required to confirm (or otherwise) causation.**

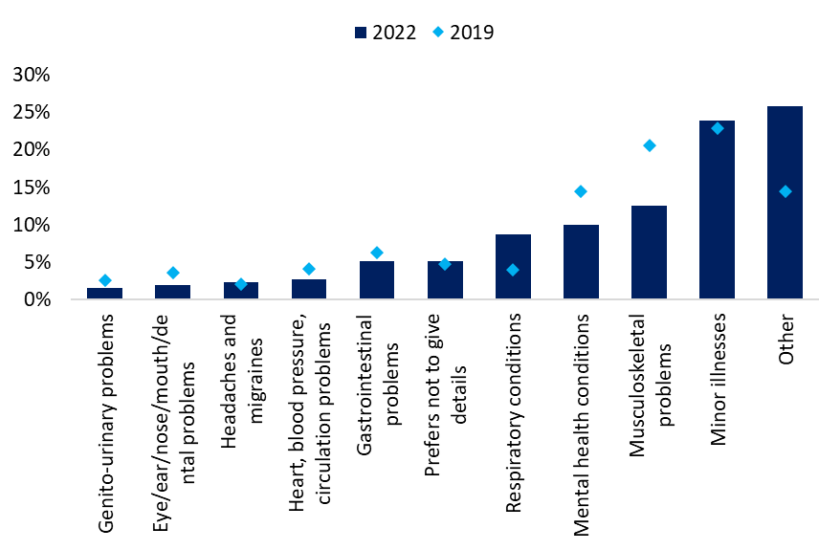
**Figure 8.3: % of self-employed respondents who replied that they had taken one or more day off sick and % that said they work whilst sick, both in the last 12 months, 2015, Unweighted**


Source: European Working Conditions Survey

## 9. Medical reasons for sickness absence

9.1. In the UK **26% of days were lost for reasons including accidents, poisonings, infectious diseases, skin disorders, diabetes**[20] (listed as 'Other' within the ONS data) in 2022 (Figure 9.1). This is an increase from 15% of all days being lost for the same reason in 2019. The **second highest reason was due to minor illnesses including coughs, colds, gastrointestinal illness**, at 24%, up from 23% in 2019. These figures would agree with research, such as Access PeopleHR (2023), that employees are now more likely to take time off sick for conditions they may previously not have due to an increased awareness of spreading infections since COVID-19. Meanwhile, the largest decrease by reason was musculoskeletal problems, dropping by 8 p.p. since 2019 to 13% of days being lost for this reason in 2022.

**Figure 9.1: Percentage of days lost by reason, UK, 2019-2022**




Source: ONS
Note: 138.2million days were lost in 2019, 185.6million days were lost in 2022

9.2. Due to the nature of illness, Grinza and Rycx (2020) outline that **sickness absence is less predictable** than other absences such as maternity or educational leave which are known in advance and so can be planned for, reducing disruption. Therefore, having sickness policies in place may help reduce disruption, whilst **understanding the reasons for absence can aid employers in supporting their employee correctly.**

9.3. **In the UK, for individuals with a long-term health condition the sickness absence rate was 4.9% in 2022, an increase from 4.2% in 2019** and is now at a 14 year high. In comparison, individuals who did not report a long-term health condition had a sickness absence rate of 1.5% in 2022, increasing from 1.1% in 2019. Consequently in 2022, workers with a long-term health condition lost 10.3 days per year compared to 3.4 days per year for those without a long-term health condition.

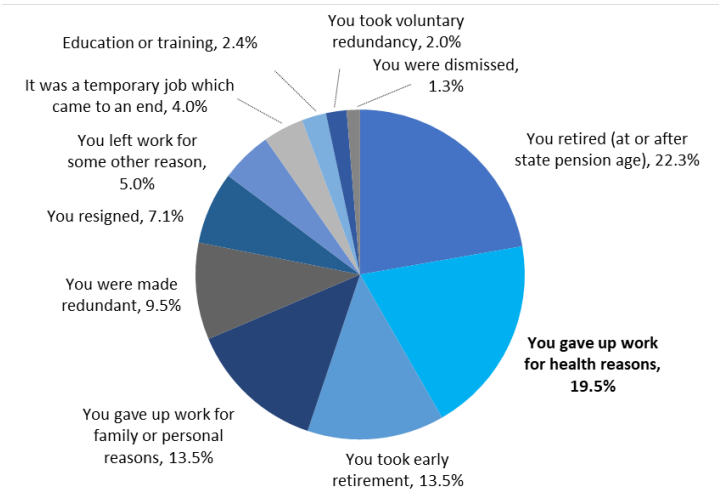
9.4. ONS (2023) reported that **long-term, self-reported ill health has increased since the pandemic.** Between 2019 and 2022, people in the UK with a long-lasting health condition that limits the kind or

[20] Other also includes anything else not covered in the survey.

amount of work they can do increased from 16% to 18%. **DWP and DHSC (2019) estimated that over 100,000 people in the UK leave work after long-term sickness absence each year.**

9.5. Given that **35% of NI's population are reported to have a long-term health condition** (NISRA, 2022), there is an increased role for employers to proactively manage workplace health and wellbeing to support individuals to continue working. The Annual Population Survey (2019-21 pooled dataset) estimates that in NI **19.5% of people who left their last job did so due to health-related reasons** (Figure 9.2). Retirement (at or after state pension age) was the highest reason people left their last job, with 22.3% citing this reason.

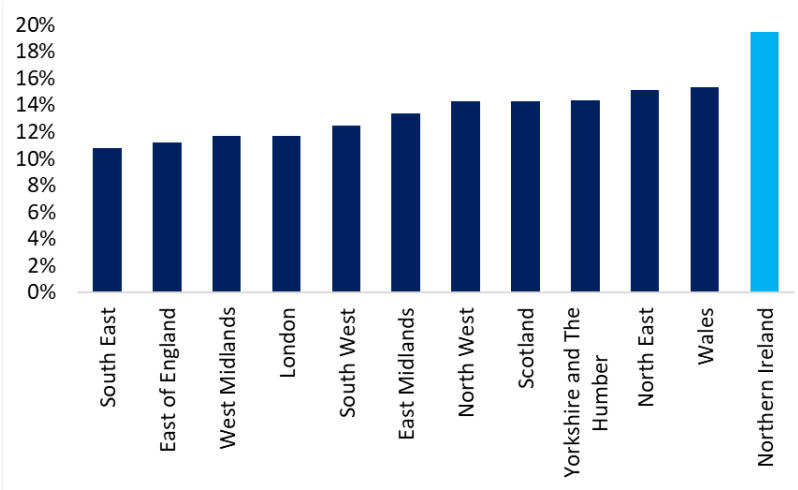
**Figure 9.2: Reason for leaving last job, NI, 2019-21, weighted**




Source: Annual Population Survey pooled dataset (2019-21)

9.6. NI has the highest percentage of all UK regions for people citing health as the reason they gave up their last job, and the South East has the lowest at 10.8% (Figure 9.3). The results also found that 64% in NI said their **health affects the kind of work they can do**, the highest out of the UK regions, behind Wales and the North East both at 52%.

**Figure 9.3: 'You gave up work for health reasons', Reason for leaving last job, UK regions, 2019-21, weighted**




Source: Annual Population Survey pooled dataset (2019-21)

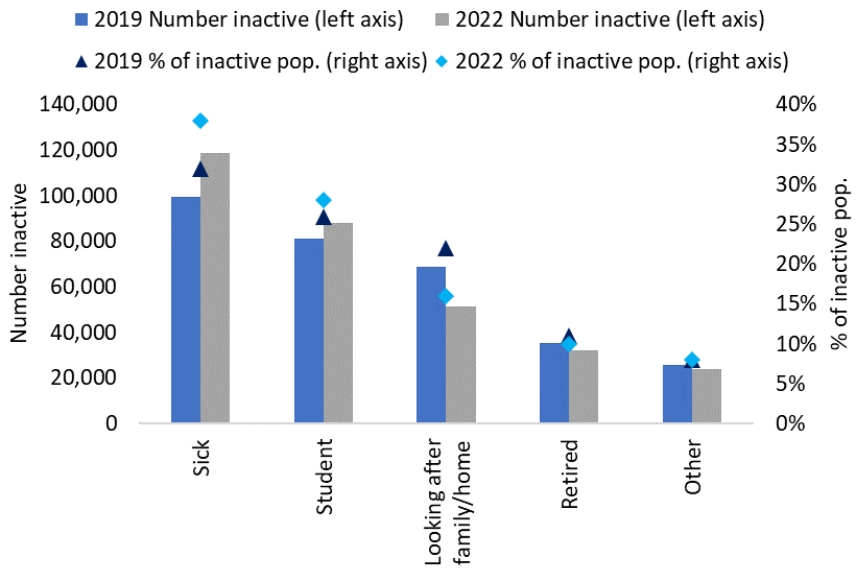
9.7. Black (2008) suggested that **an employee does not need to be 100% fit to return to work, but their current role may no longer be suitable for them.** However, **with the right support they may be able to perform alternative tasks or work in a new role** and may reduce the likelihood of people leaving the labour market entirely due to health conditions. Therefore, **organisations should be more open and flexible to employing people with health conditions**. Despite this view by Black (2008), **ONS conclude that work-limiting health conditions were the largest contributor to rising economic inactivity.** In NI over 314,000 individuals were inactive in 2022, an increase from 311,000 in 2019. **Sickness accounted for 38% of inactivity in 2022 in NI, or over 118,000 individuals, an increase from 32% in 2019** (Figure 9.4). Consequently, sickness is the largest contributor to inactivity here.

9.8. Research suggests that sickness inactivity is partly attributable to the ageing composition of the population along with lengthy NHS waiting lists across the UK. **In NI, nearly 122,000 patients[21] were waiting for inpatient or day case admissions to hospital as of March 2023. This is compared to approximately 87,000 patients in March 2019 and approximately 37,000 in March 2008 (NISRA, 2023).**

9.9. The Opinions and Lifestyle Survey (15-26 February 2023) reported that **in GB, 33% of those who were inactive (excluding retirees) were on NHS waiting lists.** Overall, **19% in GB said waiting for NHS treatment had affected their work.** The qualitative responses also highlight how differences in personal financial resources can help fast-track access to medical treatment and potentially speed up a return to work as one individual commented.

*Because of delays with GP and Hospital I am still suffering with my illness and have got into trouble with my employer because of my sickness record. I have had to resort to borrowing money to pay for private consultation to see if I can resolve the pain I am in... (female, 31).*

**Figure 9.4: Number of individuals inactive (left axis) and % of inactive population (right axis) by reason, NI, 2019-2022**




Source: LFS
Note: Data is based on four-quarter rolling averages

[21] Patients can be waiting for one or more inpatient or day case admission, NISRA suggest the 122,000 figure relates to over 112,000 individual patients.

*9.10.* Rising inactivity due to long-term sickness was also confirmed with the November 2023 launch of the UK Government's **Back to Work Plan** which is *…a package of employment focused support to help people stay healthy, get off benefits and move into work.* This includes **boosting programmes, such as NHS Talking Therapies,** to help those with mental and physical illnesses remain in or find work. **Exploration to reform fit notes** was also announced to make it *…easier and quicker…to get specialised work and health support…*to ultimately help direct people to the right support faster for those who have received a fit note for a prolonged period.

9.11. The link between work and health is noted by ESRI (2022) who suggest that **those who work have lower levels of illness and higher self-reported health**. This is supported by Waddell and Burton (2006) agreeing that **work is good for both physical and mental health and well-being**, and Collins et al. (2018) finds that **work can be therapeutic and reverse the adverse health effects of unemployment.**

9.12. However due to lengthy waiting lists, individual's may see their circumstances deteriorate whilst waiting for treatment affecting their ability to work[22] along with taking a toll on their overall health and wellbeing, and so **NHS waiting lists continue to be an area requiring considerable attention from national and regional Governments**. For businesses there may be increased awareness that offering private healthcare to employees as a benefit helps attract and retain workers, but this can be costly reducing its feasibility, particularly for smaller businesses.

9.13. Overall, **proactively tackling sickness absences and facilitating a positive return to work may help to reduce the number of people moving out of the labour market due to ill-health, aiding policy makers in their continued battle to manage inactivity, improving wellbeing and supporting the underpinning principles set out in the 10X Strategy,** such as:

- Address those issues that really matter and will make a lasting and positive difference in peoples' lives;
- Deliver positive economic, and societal outcomes;
- Provide a fairer distribution of opportunities for all our people;
- Deliver improved outcomes for all including better jobs with better wages for all our people, with a more flexible work environment and a better overall quality of life; and
- Position NI as an optimum place to work, invest, live and visit.

[22] For instance, Godøy et al. suggest that in Norway for every 10 days spent waiting for surgery, health-related workplace absences increase 8.7 days over the five years following referral, and the likelihood of permanent disability insurance increases by 0.4 percentage point. Full study available at: Godøy, A. et al., (2019) : Impacts of hospital wait time on patient health and labor supply, Discussion Papers, No. 919, Statistics Norway, Research Department, Osl.

## Case study: Ireland: Support provided by organisations and managers for those returning to work following a cancer diagnosis, ESRI (2021)

ESRI (2021) examined the experience of returning to work in Ireland following a cancer diagnosis with the aim of reducing the barriers and challenges inhibiting a return to work. ESRI conducted a survey of individuals diagnosed with cancer since 2010, aged between 18-65 and in formal employment at their time of diagnosis about their experience of returning to employment post diagnosis. Positively, 68% said their organisation and manager were very supportive/supportive. However, 11% said their organisation was unsupportive/very unsupportive whilst 17% said their manager was unsupportive/very unsupportive. Differences were observed when the size of the business by employment and sector were factored in as shown in the tables.

ESRI suggest lower levels of support received in small businesses was due to these organisations being less likely to have access to OH services and a lack of experience in the management of sickness absence, ultimately impacting how an employee perceives their employer, how valued they are and their commitment to the organisation. The most reported factors which would facilitate a return to employment were a phased return, flexible start/finish time help, reduced hours and time off for medical appointments.

**% of respondents reporting level of support provided by organisation/manager on return to work following a diagnosis of cancer by size of business, Ireland, 2020 (**299 individuals completed the questions regarding support provided by the organisation and 290 completed questions about support received from their manager, **% relate to weighted data)**

| | | Manager very supportive/ supportive | Manager neither supportive nor unsupportive | Manager unsupportive/very unsupportive | Organisation very supportive/ supportive | Organisation neither supportive nor unsupportive | Organisation unsupportive/very unsupportive |
|---|---|---|---|---|---|---|---|
| **Size of organisation** | <10 | 41% | 38% | 21% | 40% | 40% | 20% |
| | 10 to 19 | 50% | 22% | 28% | 50% | 50% | 0% |
| | 20 to 49 | 78% | 9% | 13% | 76% | 18% | 6% |
| | 50 to 99 | 62% | 38% | 0% | 55% | 45% | 0% |
| | 100 to 249 | 75% | 0% | 25% | 86% | 5% | 9% |
| | 250+ | 72% | 11% | 16% | 76% | 16% | 8% |
| **Age group** | **<35** | 70% | 0% | 30% | 75% | 0% | 25% |
| | **35-44** | 63% | 11% | 26% | 68% | 20% | 12% |
| | **45-54** | 63% | 26% | 11% | 60% | 27% | 12% |
| | **55-65** | 73% | 12% | 15% | 70% | 22% | 8% |
| | **>65** | 82% | 18% | 0% | 82% | 18% | 0% |
| **Sex** | Male | 64% | 8% | 27% | 76% | 17% | 7% |
| | Female | 70% | 18% | 12% | 64% | 23% | 12% |
| **Sector** | Public | 73% | 8% | 20% | 68% | 16% | 17% |
| | Semi-state/non-for profit | 81% | 19% | 0% | 86% | 14% | 0% |
| | Private | 64% | 27% | 9% | 64% | 27% | 9% |

Source: ESRI

**Recommendations for employers and Government**

To facilitate a positive return to work, ESRI suggestions include that employers should:

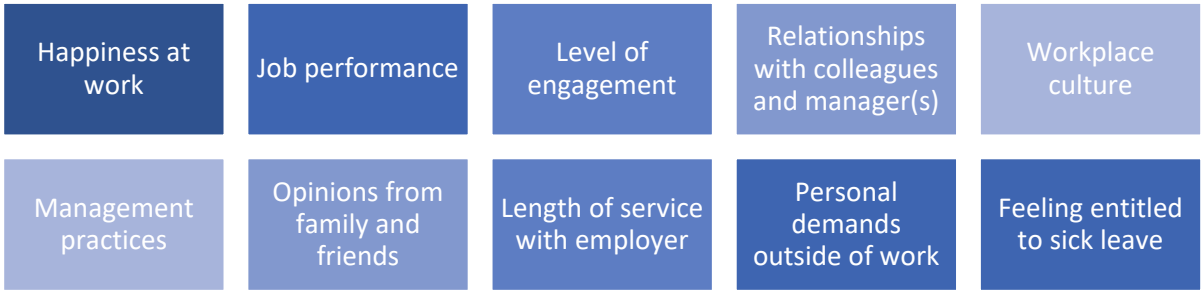
- Recognise every employee's circumstances are different, and returning to work does not mean the individual is 'back to normal' so **adjustments may be needed in the short, medium and long term**. Knowing what adjustments are needed can be gained through **confidential communication** throughout an illness and understanding employee's capabilities along with a **flexible approach such as reduced working hours or lighter tasks**, these all may be temporary or longer depending on each individual, but this should be done through communication with the employee and **not discriminate or result in the returning employee receiving unfavourable treatment in any way.**
- At the time of writing there was no legal obligation in Ireland for employers to provide sick leave pay (Citizens Information notes that since January 2023 employees can have 3 sick days per year, where they are paid 70% of normal pay up to €100) **and so ESRI suggested, where possible, that employers provide financial support to employees.**

ESRI also note the **role of the Government** suggesting that on top of Illness Benefits, support could include:

- Entitlement to attend medical appointment during work time, if necessary, without loss of pay.
- Flexibility of financial and other supports to facilitate the return to work on a phased and flexible basis.
- Development of the statutory sick leave pay scheme (which came in to place in January 2023).
- For those who have lost their job due to their cancer diagnosis or feel their career prospects have been negatively impacted, supports such as training which should be flexible in approach to support individuals who may not be able to commit full-time due to their health.
- Up-to-date information for employees and employers to understand their rights in returning to work, available support, anti-discrimination information. This is particularly important for small businesses who may not have a HR team.

## 10. Non-medical reasons for sickness absence

10.1. The decision to take sick leave can be multifactorial and prompted by non-medical factors such as:




10.2. **Sickness absence can be used as a coping mechanism to manage other pressures** (Hultin et al., 2011) caused inside or out of work. Meanwhile, some employees may take sick leave because they see it as an entitlement, LSE's (2008) research suggested,

> *In most organisations there are those who treat sick absence days as an entitlement…if managers are seen to do nothing about it, this behaviour can cause other employees to become resentful or affect their own willingness to attend. It can undermine the morale of other employees. (p.9.).*

10.3. Therefore, a do-nothing approach is inappropriate and may cause absences to spiral or be normalised for those who are not sick or used as a reaction to certain situations.

10.4. CIPD (2022) reported that **management style was the most common cause of stress at work in the UK**. Meanwhile, a Swedish study (Hultin et al., 2011) found an increased risk of sick leave after respondents encountered problems with a superior or colleague in the days leading up to sick leave, and respondents were more likely to take sick leave if they anticipated a very stressful work situation. Perhaps non-medical factors can be more challenging to address requiring effective interpersonal skills to facilitate difficult conversations, where an employee and manager can voice concerns to get to the root cause of absences and generate solutions. Inward reflection and effective intervention from businesses and managers to address why someone took sick leave may be required to both reduce absences and tackle other workplace issues.

10.5. Additionally, **employee engagement is a good predictor of work-related wellbeing** (Munir et al., 2015). **Managers may spot engagement slipping which could be a sign of a wider issue such as burnout or workplace stress which could lead to absences**. Recognising **high risk employees** will enable managers to be proactive in re-engaging employees. A US survey[23] by WTW (2022) of over 9,600 employees from medium and large organisations found, in regard to social wellbeing, 28% of employees felt socially connected in 2022 down from 41% in 2019. Overall, those employees who scored poorly in all wellbeing dimensions (social, financial, physically and emotionally) were 3 times more likely to be disengaged and 2 times more likely to feel burnt out from their work. WTW suggested these employees have an increased retention risk and presenteeism which they have linked to ***quiet quitting*** **(p.6). This refers to an employee who has checked out, just performing their essential duties with minimum effort and for instance they may stop volunteering for tasks or overtime** (Personio, n.d). Notably, studies (such as Demou et al, 2015) suggest that there is a lack of information about optimal interventions to support employees who are deemed to be high risk.

[23] The survey was conducted from December 2021-January 2022 on a range of topics including working patterns, retirement expectations and wellbeing.

10.6. To recognise high-risk employees and avoid *quiet quitting*, **recording of absences** combined with the use of the **Bradford Factor,** a HR tool to measure the impact that absences have on businesses, could help managers initiate difficult conversations about wider issues and inform appropriate responses. This tool could also provide a **fair process** for all employees, so that if an employee reaches a certain threshold a conversation can begin, regardless of their role or reason for absence. However, it is important to note that **no two employees and their health, wellbeing and personal situation are the same and so this tool could just be used to trigger a conversation with different solutions for each individual.**

An employee's Bradford Score is calculated using the formula *S x S x D = B.*

S= spells, the number of occasions an employee was absent within a 52-week period
D =total number of days of absence within that same period
B = Bradford Factor

**The Bradford Factor determines that short-term, frequent absences generate a higher Bradford Score causing negative consequences for the business and are therefore more disruptive than longer-term absences**. For instance, Herman (2023) points out that:

- If an employee is absent twice in one year for five days at a time, their Bradford Factor score is: (2 × 2) x 10 = 40
- If an employee is absent 10 times in 52 weeks for one day at a time, their Bradford Factor score is: (10 × 10) x 10 = 1,000

Benchmarks can then be used such as those from Harman (2023) below to help determine what action should be taken.

| Score | What it means |
|---|---|
| Under 50 | Typical score for an average employee |
| Over 50 | A threshold for concern or basic monitoring |
| Over 100 | Potentially the start of a trend that requires keeping an eye on |
| Over 200 | Some kind of action required |
| Between 200-500 | A signal that something is going on that needs to be addressed |
| Over 500 | Potential grounds for dismissal or an in-depth meeting |

Source: Herman, 2023

10.7. Moreover, Black and Frost (2011) reported that organisations with **flexible working arrangements** had lower absences as there was a better **work-life balance,** with employees more able to **manage other pressures** that typically lead to non-health related absences. The **Business Insights and Conditions Survey (BICS) results indicate the continuing use of home working as a method of improving staff wellbeing, increased productivity and reduced sickness levels** (Figure 10.1) amongst other benefits (ONS, 2023).

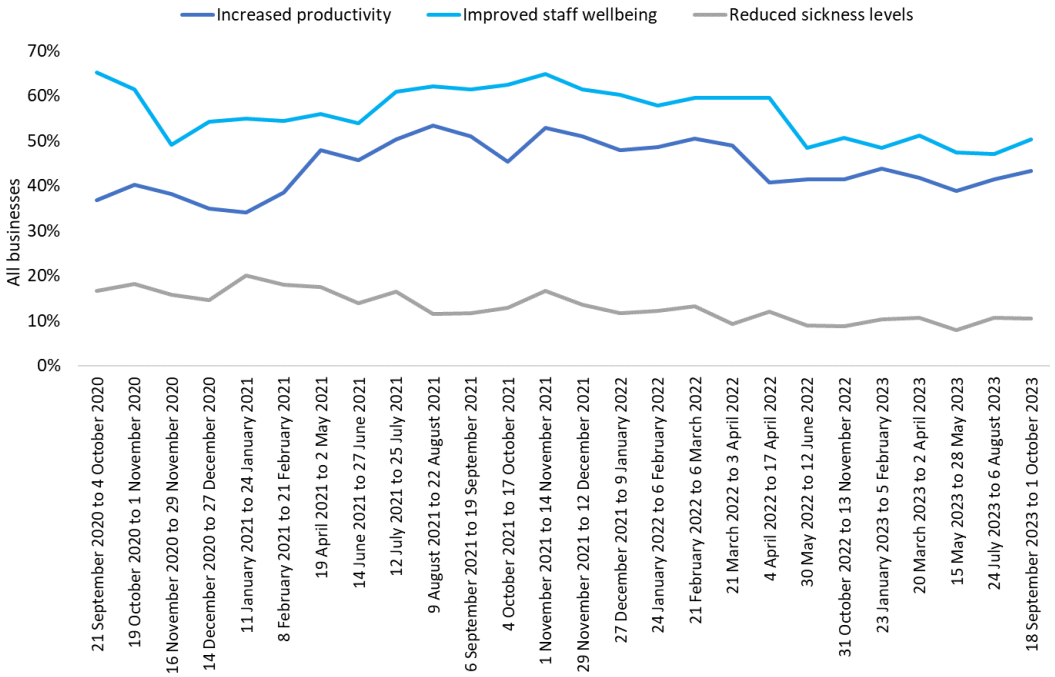
10.8. Figure 10.1 from BICS shows that **50% of all business[24] in the UK were using, or intended to use, increased homeworking permanently to improve wellbeing** (18 September 2023 to 1 October 2023). For businesses with 0-249 employees 72% used homeworking for this reason, whilst for those with 250+ employees this figure was 81%.

[24] Some sectoral breakdowns are removed due to disclosure issues but are included in 'all businesses'.

10.9. **11% of all businesses**[25] **used homeworking to reduce sickness levels,** this figure has reduced from 17% (21 September 2020 to 4 October 2020). For businesses with 0-249 employees, 16% (average) utilised homeworking to reduce sickness, whilst this was 20% for business with 250+ employees (18 September 2023 to 1 October 2023).

10.10. Meanwhile **43% of all businesses used homeworking to increase productivity** (18 September 2023 to 1 October 2023), a slight increase from 37% (21 September 2020 to 4 October 2020). Overall, **as remote, hybrid and home working continue there is a need for organisations to consider refreshed management approaches**; an area considered in more detail with UUEPC's (2023) *Is remote working, working?* research.

**Figure 10.1: Why is your business using, or intending to use, increased homeworking as a permanent business model going forward?, All business, Waves 14-92, UK**




Source: ONS

Note: Other responses are available to view in the BICS data but excluded from the above chart due to relevance.

[25] The overall figure includes businesses where the data by sector could not be disclosed.

## Case study: Royal Mail Group: Absence rates within Royal Mail Group research from LSE (2008)

The Royal Mail Group (Royal Mail, Parcelforce Worldwide and Post Office operations at the time of the research) successfully reduced its absence rate of their 180,000 workforce from 7% to 5% from 2004-2007, equivalent to 3,600 extra employees in work. For the Royal Mail Group, LSE estimated that a 1% reduction in short-term absence saves nearly £35 million annually, rising to £76 million when the costs of overtime and temporary staff were included. LSE note that indirect costs were not included in the above figures for instance, administrative time and resources and management time for training and briefing temporary staff. If these were factored in, a 1% reduction in absence was estimated to save £119 million annually in direct and indirect costs. The 2% reduction in absences experienced from 2004-2007 is estimated to have saved the Royal Mail Group more than £227 million over three years in direct costs.

A further breakdown for Parcelforce Worldwide shows reduced absence rates from 7% to 4.5%, equivalent to 104 extra employees in work, this reduction has an estimated saving of £6.7million over the three years in direct costs. For Parcelforce Worldwide a 1% reduction in absence saves £1.8 million in direct costs (costs relating to wages and agency staff).

Employee absence also impacts reliability, quality of service, staff morale, brand reputation along with making *productivity, profitability and cost targets harder to achieve and more expensive to deliver against (p.18).* LSE note that absences cause difficulty for target setting and achievability for instance, in relation to productivity targets a 1% increase in absence within ParcelForce Worldwide caused an extra 164,000 parcels needing to be delivered annually by temporary staff or others across the 48 depots. At depot level, a 1% absence increase can add £2,300 extra for a depot manager to achieve in terms of monthly target for income per head.

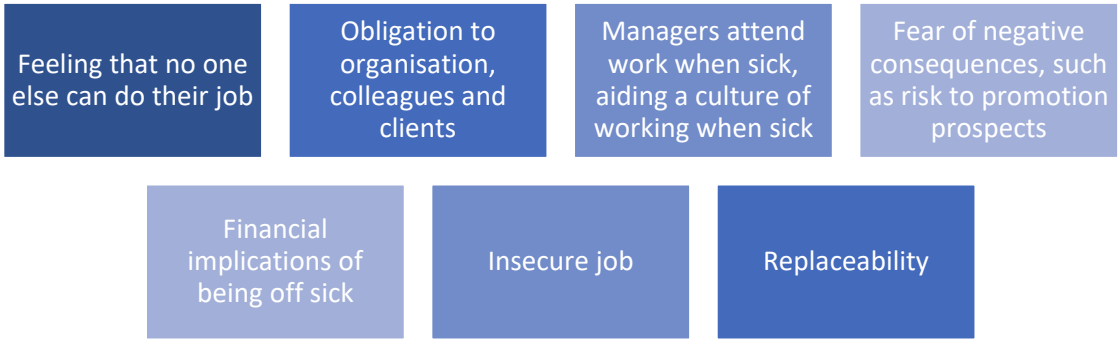
Interestingly, Royal Mail's analysis found that more than three-quarters of absences were not due to strictly medical causes. LSE note that CIPD and EEF's surveys suggest that non-medical causes can include stress, workplace issues and/or personal and family problems.

To overcome all absences the following were utilised, particularly in poor performing sites:

- Absence to attendance programme- managers take an active role to find the cause of absences through regular communication with employees reporting sick, return to work interviews, and attendance records allowing managers to discuss patterns of absence along with management training.
- Work Time Listening and Learning sessions- managers and employees can discuss a range of issues. The ParcelForce depots with the lowest absence rates were those where most employees engaged in these sessions and managers dealt with the issues.
- HR support and improving access to OH with physio and occupational therapy.
- Onsite health checks.
- Communication and raised awareness of health promotion materials targeting smoking and back pain.
- Ongoing vigilance and effort with procedures applied in all management teams.

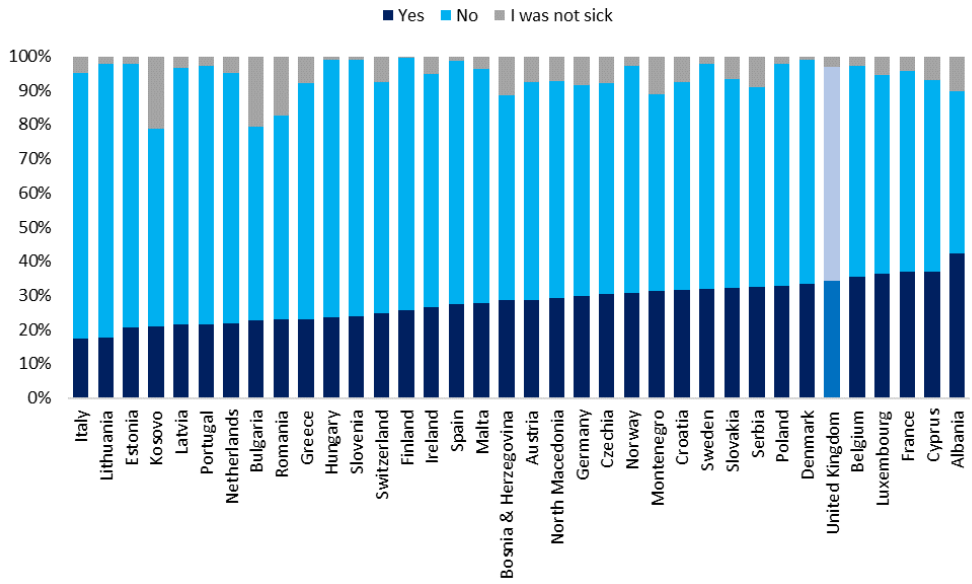
## 11. Sickness presenteeism

11.1. Individuals may choose to attend work when ill for various reasons at a personal and organisational level (Baker-McClearn et al., 2010) including:




11.2. In 2021, the European Working Conditions Telephone Survey asked: "*Over the past 12 months did you work when you were sick?".* The results estimated that **34% of people in the UK worked when sick** (Figure 11.1) making **the UK the sixth highest country for presenteeism,** Albania is at the top at 42%. Ireland is placed on the lower end of the spectrum, where 26% of people worked when sick in the past 12 months.

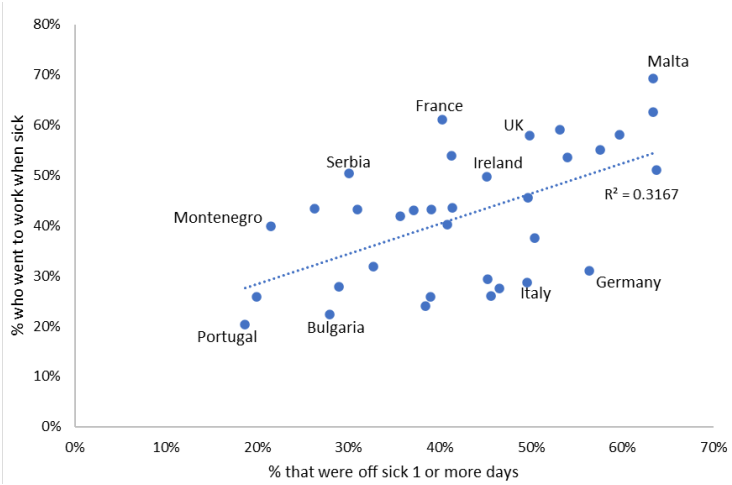
**Figure 11.1: Over the past 12 months did you work when you were 2021, Weighted**




Source: European Working Conditions 2021 Telephone Survey

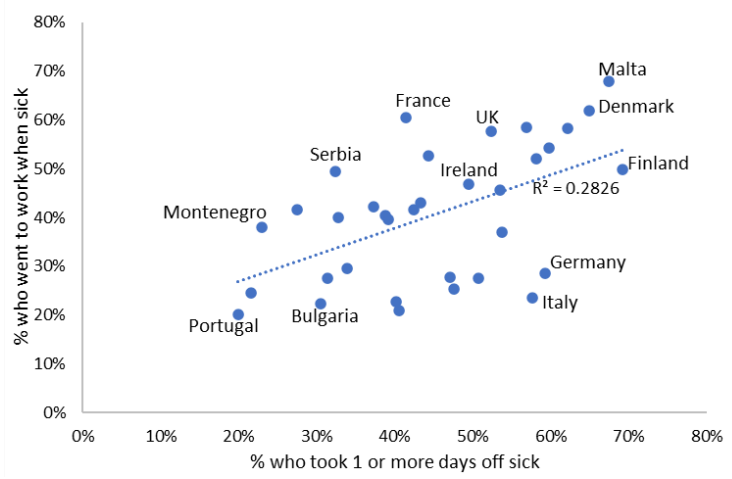
11.3. As noted earlier, the results from the 2015 European Working Conditions suggest a weak relationship between sickness absence and presenteeism for all respondents (Figure 11.2), and the same is true for employees (Figure 11.3). However, the self-employment breakdown showed a stronger relationship, with a $R^2$ =0.795 (Figure 8.3). Overall, limited data prevents a firm conclusion being made with these results, but going to work whilst ill may lead to increased sickness absences.

**Figure 11.2: % of total respondents who replied that they had taken one or more day off sick and % that said they work whilst sick, both in the last 12 months, 2015, Unweighted**




Source: European Working Conditions Survey

**Figure 11.3: % of employees who replied that they had taken one or more day off sick and % that said they work whilst sick, both in the last 12 months, 2015, Unweighted**




Source: European Working Conditions Survey

**11.4.** In terms of presenteeism by size of the business, the 2021 European Working Conditions Telephone Survey suggest that presenteeism in the UK is highest for those with only 1 employee (42%), compared to 36% for businesses with 500 or more employees. Presenteeism was lowest (27%) for businesses with 250-499 employees. **These figures may be reflective of larger businesses more likely to have sick pay provision in place, whilst those who work alone are more likely to attend work whilst ill due to their workload not being otherwise covered.**

**Table 11.1: % who worked when sick in the past 12 months by size of employment, UK, weighted**

| | 1 (works alone) | 2 - 4 employees | 5 - 9 employees | 10 - 49 employees | 50 - 99 employees | 100 - 249 employees | 250 - 499 employees | 500 + employees |
|---|---|---|---|---|---|---|---|---|
| % that went to work when sick | 42% | 34% | 32% | 35% | 32% | 36% | 27% | 36% |

Source: European Working Conditions 2021 Telephone Survey

11.5. **Typically, presenteeism has negative productivity and cost impacts**. Munir et al. (2015) defined presenteeism as *a reduced ability to work productively due to physical or psychological health conditions* (p.1). In quantifying the costs of presenteeism, **Parsonage and Saini (2017, in Bryan, Bryce, and Roberts, 2022) suggested that 1.5 days were lost due to presenteeism for every 1 day lost due to absence, with the cost of presenteeism to business estimated to be £21.2 billion per year**.

11.6. Bryan, Bryce and Roberts (2022) suggest those who move from good to poor mental health results in an increased probability of presenteeism from 6% to 18%. Separately, **Deloitte (2020) suggest that mental ill health costs UK employers £42-45 billion each year, with presenteeism driving this at a cost of £27-£29 billion.** This is compared to mental ill health absence costs which were estimated to be £7 billion, along with an overall turnover cost for presenteeism and absences of £9 billion

11.7. Meanwhile, a US study (Dixon in Baker-McClearn et al., 2010) found that employee burnout and lost productivity was 7.5 times higher with presenteeism than absence. Thus, the negative impact of reduced productivity due to presenteeism cannot be overlooked.

11.8. Recent findings suggest **presenteeism has gone digital with workers feeling they need to be *virtually present*** (Lufkin, 2021). CIPD (2022) found that 65% of HR respondents observed presenteeism in the workplace in 2022, down from 75% in 2021. However, 81% of HR respondents reported observing presenteeism for those working from home, a rise from 77% in 2021 (CIPD, 2022). This indicates that wellbeing policies and management styles need to be adapted to hybrid working, with **leaders modelling healthy behaviours when they are sick** to prevent a harmful culture of presenteeism (Lufkin, 2021).

11.9. COVID-19 created a heightened awareness of going to work when ill, which can increase infection rates across the rest of the workforce, causing more staff to be ill and leading to poor future health outcomes (Nordenmark et al., 2019). Consequently, **a zero-sickness absence rate is not the best, or most realistic goal** (Grinza and Rycx, 2020), **and so whilst reduced absences should be encouraged, through greater provision and management of health and wellbeing at work, this should also not result in increased presenteeism.**

11.10. Notably for some individuals, ill-health does not negatively impact their job performance which is termed ***functional presenteeism*.** Meanwhile **attending work can help some workers in their recovery or help cope with an illness**, termed ***therapeutic presenteeism*** (Karanika-Murray and Biron, 2019 in Bryan, Bryce and Roberts, 2022). Therefore, **presenteeism is a reminder that no two workers and their health are the same consequently policies need to be adaptable to the needs of the person.**

## 12. Improving management skills and knowledge

12.1. Effective management and leadership skills are emphasised throughout this report as an important element in tackling sickness absences. Black and Frost (2011) stress their importance noting,

> *Good management is vital in improving attendance, spreading a good working culture and changing habits (p.4).*

> *The way sickness absence is managed by immediate line managers is a key factor. Organisations that train them appropriately are more likely to achieve a decrease in absence. (p.42).*

12.2. **However, only 60% of organisations in the UK provide line managers with training to manage short-term absence and 65% provide training for long-term** (CIPD, 2022). Ipsos MORI's (2021) GB survey found only 44% of employers provide line managers with sickness absence training. This is concerning as **70% of organisations look to line managers to deal with short-term absence and 61% for long-term absence** (CIPD, 2022).

12.3. Additionally, 25% of small employers provide training for line managers on ways to improve health and wellbeing, compared to 42% and 58% for medium and large employers, respectively (Ipsos MORI, 2019). Previous research by UUEPC, *Engagement with, and Impact of, Management and Leadership Training in NI SMEs*, (2022) found that NI underperformed in management and leadership skills more widely[26], and so these findings re-emphasise the need for improved uptake of management and leadership training generally.

12.4. The National Audit Office (2007), having reported poor management of absence in the Department for Transport and its agencies, recommended that line managers need to be held accountable for reducing absences. They suggested line managers know their responsibilities, **arguably many managers, and employees, are unaware of their rights and responsibilities until absences occur.** CIPD (2022) found that 75% of SMEs agreed/strongly agreed that they don't have a formal wellbeing strategy but act in an ad hoc basis according to employee need. This reduced to 50% for businesses with 250-999 employees and only 30% of those with over 1,000 employees not having a strategy: again, showing disparity in approaches to wellbeing depending on business size.

12.5. Often insufficient knowledge can cause managers and employers to lack confidence in dealing with sickness absence effectively from both a management and legal perspective (Black and Frost, 2011). Therefore, training can be utilised to correctly inform managers of their role, and the legal element, so that they can act instantly when sickness occurs. Absence management training is available for NI business to seek out[27], it is also important that training is evaluated by providers and businesses to ensure that they are effective.

[26] UUEPC (2022) reported NI's underperformance in this area, recommending a strategy to promote and strengthen management and leadership capabilities of NI SMEs should be provided with specific targets to increase the number of businesses involved in accredited training.

[27] Training is available through providers such as The Knowledge Academy, Employers Federation and Live and Learn Consultancy Ltd. The Knowledge Academy course is a one-day, online or Belfast located, and provides an overview of; Types and Causes of Absence, Absence Policies and Procedures, Supporting Employee Health and Wellbeing, Return to Work Strategies and Conflict Resolution and Mediation.

12.6. In terms of accessing information, Ipsos MORI (2021) found that **47% of small businesses conducted internet searches on how to retain employees with a long-term health condition**, this reduced to 40% for medium and 25% for large businesses. Meanwhile, the DWP and DHSC's (2021) feedback from employers showed that whilst **government advice was available, it can be fragmented and not always easily applied in real life**. Ipsos MORI (2021) suggested there is a market available for information that is easy to understand, trustworthy, and cost-effective on managing employee health and wellbeing. This may be particularly true for small businesses.

12.7. Business wellbeing culture needs to be a top-down approach, with **the leadership of an organisation critical to ensuring health and wellbeing is taken seriously** and embedded in day-to-day people management practices (CIPD, 2022). However, **only 60% of managers were reported to be 'bought in' to importance of wellbeing**, a decline from 67% in 2021. CIPD (2022) found that whilst over the longer-term wellbeing is rising on the agenda, 70% of HR respondents agree employee wellbeing is on senior leaders' agenda, down from 75% the previous year. The **example set by managers and leaders during their own period of sickness absence or presenteeism, as well as in how they deal with other employees can help establish company culture- the importance of which cannot be overlooked.**

## 13. Conclusions and recommendations

13.1. This introductory research has outlined that **sickness absence is a complex issue** and one that is likely to persist given 35% of NI's population had a long-term health condition in 2021, increasing from 31% in 2011 (NISRA, 2022). This is consistent with an increase in **NI's sickness absence rate to 2.7% in 2022, or 6.0 days per worker, from 1.9% in 2019.** The UK also experienced increased rates to 2.6% in 2022, from 1.9% in 2019. **2022 was NI's highest sickness absence rate since 2015**, and it was the UK's highest rate since 2004.

13.2. **Increased sickness absences have occurred alongside NHS constraints and longer waiting lists**. More NI individuals are seeking private medical care to speed up access, but often this is dependent on personal financial resources. Consequently, those with access to resources can receive treatment faster than those waiting for NHS treatment, which allows some individuals to return to, or remain in work, much faster than others.

13.3. In 2022, **UK business of all size bands experienced increased absence rates**, businesses with fewer than 25 employees had an absence rate at 2.3%, a 20 year high for this size band, but this was lower than all larger size bands (ONS, 2023). Research suggests that **the impact of absences is intensified for smaller firms**, despite these firms having lower absence rates. **This is important for NI due to the high proportion of SMEs in our local economy**. Smaller firms may be more adversely impacted as they can lack access to resources such as HR and OH, more likely to be unable to afford temporary staff creating extra workload for other staff. Smaller firms are also less likely to pay above SSP (DWP and DHSC, 2019) and so employees are less likely to take sick leave, based on their condition and the personal financial ramifications. This may result in employees going to work when ill albeit at less capacity, a suggestion supported by the European Working Conditions (2021) in which 42% of people in businesses where they are the only employee went to work when ill in the past 12 months, compared to 36% in business with 500 or more employees.

13.4. Additionally, Ipsos Mori (2021) highlighted that 62% of small firms in GB did not have a sickness policy, this reduced to 19% for medium and 14% for large firms. Sickness absence requires proactive policies that are adaptable to employee needs, along with managers with the right skills and knowledge to support employees correctly and with confidence. To prevent the negative implications of absences, it is important that when sickness occurs employees are supported correctly, aiding their return to work to reduce the likelihood of them moving out of the labour market entirely. This requires **employees as well as line managers and employees to understand their rights and responsibilities.** Employees who do not have accurate workplace support, financial or otherwise, may return to work before there are ready which can have negative consequences through reduced capability and the need to take more time off later.

13.5. The research highlights that **not all businesses record absences**, in GB 98% of large and 90% of medium-sized employers collected this information compared to 54% of small employers and 45% of micro employers (Ipsos MORI, 2021). However, this information would be useful for businesses and managers to gather in order to measure the impact of absences and support employees.

13.6. In terms of the impact of absences the **Bradford Factor highlights that short, frequent absences have a greater impact than longer, but fewer absences.** The Bradford Factor could also be used to trigger fair conversations with all staff once a certain threshold of absences is reached.

13.7. In terms of the reason for sickness absence, **26% of days lost in the UK in 2022 were due to reasons including accidents, poisonings, infectious diseases, skin disorders or diabetes** (listed as 'other' within the ONS results). This was followed by **24% of days being lost due to minor illnesses including coughs, and gastrointestinal illnesses.** However **not all sickness absences are due to medical reasons**, some employees 'call in sick' for a variety of reasons including **unhappiness** at work, **personal demands** outside of work, or **feeling entitled to sick leave** which may be aided by a **workplace culture of this**. The evidence reinforces that sickness absence is a complex issue.

13.8. The research has highlighted that **the UK has one of the highest rates of sickness presenteeism** with the results from the European Working Conditions Telephone Survey estimating that 34% of people in the UK worked when sick (2021). It is important to note that for some **working whilst ill can be therapeutic or functional, however often presenteeism results in lost productivity**. **Research suggests that productivity losses with presenteeism is greater than with absences**. For instance, Parsonage and Saini (2017, in Bryan, Bryce, and Roberts, 2022) suggested that 1.5 days were lost due to presenteeism for every 1 day lost due to absence, with the cost of presenteeism to business estimated to be £21.2 billion per year. This suggestion was also supported by Deloitte's (2020) findings on mental ill health presenteeism and absences. Therefore, **company culture** along with sick pay provision and personal choices aids an employee's decision of whether to attend work whilst ill.

13.9. **COVID-19 highlighted the negative ramifications of attending work when ill due to increased risk of spreading infections**. This may have contributed to increased sickness absence rates particularly for sectors where remote working is not possible such as customer facing roles in Accommodation and Food. As **remote working** has been normalised, HR professionals have seen increased **digital presenteeism** (CIPD, 2022) and so whilst BICS data outlines that some firms utilise remote working to improve health and wellbeing and reduce sickness rates, presenteeism and absences still need to be correctly managed to minimise adverse implications for hybrid/remote workers. This contributes to previous suggestions that management training should be increased more widely, particularly **hybrid management skills**.

13.10. Overall, **managers play a critical role prior, during and after a period of absence.** Therefore, it is vital that managers know how to correctly deal with an absence and can tailor actions to the needs of the employee to prevent negative ramifications for the individual, organisation and wider economy. Sickness is not an issue that will just go away, and *prevention is better than cure*. This research reinforces the need for new and ongoing, innovative and preventative measures to support the health and wellbeing of NI citizens, in agreement with Grinza and Rcyx's (2020) suggestion that,

> *'…examining the effects of sickness absenteeism is crucial from a policy perspective. Sickness involves considerations on people's health, which are fundamental not only for ethical reasons, but also for economic reasons. Costs due to ill health are enormous, and understanding the dynamics and causes of such costs, especially of indirect ones, is fundamental to give policy makers the appropriate instruments to reduce them.' (p.153)*

**13.11.** The following recommendations are suggested based on the above research, with a **role for individuals, policymakers, businesses and managers to reduce time spent off, aid the return to work and prevent employees leaving the labour market** - all of which support objectives set out in the 10X Strategy.

### Recording absences to support intervention with the use of the Bradford Factor

13.12. Businesses, of all sizes, should be encouraged to record absences for impacts to be assessed internally. This internal data collected could help determine if an employee is at high risk from frequent absences, and potentially loss of engagement, through the utilisation of tools such as the Bradford Factor. This tool could be used as a fair method of initiating conversations, which can sometimes be difficult, across all job roles to help uncover if there are underlying reasons for absences. This may then allow managers and employees to reach effective solutions to help reduce absences.

13.13. Evidence shows that a do-nothing approach is not effective as letting employees rack up absences can reduce employee morale across the workforce. It should be noted by managers however that no two employees, their circumstances or health are the same and so tools such as the Bradford Factor may only be used to initiate dialogue with solutions, dependent on circumstances and tailored to the needs of the employee.

### Management of sickness absence and presenteeism and increased training uptake

13.14. There is a need to improve management knowledge of how to support employee's health and wellbeing in the workplace. Effectively supporting employees on this matter could then feed into reducing absences, particularly absences caused for non-medical and/ or work-related problems. There is a role for managers to know how they can positively impact employee performance and engagement to prevent *quiet quitting.*

13.15. Uptake of management training on how to effectively deal with sickness absence should be encouraged for all businesses and line managers. This could be supported with greater awareness of current training provisions and its benefits. This training would provide managers with the knowledge of employee and business rights and for instance, how to conduct a return-to-work interview as well as the development of interpersonal skills such as communication so that managers can confidently deal with absence, or presenteeism, as they occur. This could be combined with the use of tools like the Bradford Factor, and supported by a company policy, as a method of triggering dialogue with high-risk employees to investigate solutions to support the employee and organisation.

13.16. There is a need to improve management skills more generally in NI, and generic management training could also include an element/module on sickness absences to enhance awareness of how to deal with this.

### Encouraging businesses to have a sickness absence management and wellbeing policy

13.17. Businesses of all sizes, should be encouraged to create a sickness absence policy that clearly outlines the processes and expectations of the manager and employee that is tailored to the nature of the organisation. Having a policy, that is known and understood, will aid the fair treatment of all employees with the process of sick leave and returning to work known. It can also provide guidance to managers on what/where adjustments can be made to support an employee's return to work including flexible working, or potentially a change in role. Overall, a degree of flexibility is required to meet each employee's needs.

13.18. Additionally, a wellbeing policy, that has buy-in from senior management and created with employees, could aid a positive workplace culture whilst encouraging individuals to invest in their

own health and wellbeing, inside and out of work, to reduce the burden on the NHS over the long term.

### Enhanced data

13.19. Due to data limitations, there is a need for enhanced data on sickness absence for NI, particularly for the private sector. This includes the need for greater NI responses on sickness absence within the ONS data. The NICS sickness absence data includes an overall UK private sector absence figure from CIPD, and a figure for the Manufacturing sector is provided by MAKE UK. However, there is no further sectoral breakdown for NI limiting a NI specific analysis and signals a gap in information on sickness absence locally. Enhanced data would enable high risk sectors to be identified so that they could be targeted for policy action. Overall, better data for NI would aid businesses, employees and policy makers to better understand and measure the impact of sickness absence, particularly a productivity impact, as well as enable further research.

### Future research

13.20. To build upon this initial research, a future project could conduct a NI focused survey with emphasis on the private sector to build upon the evidence here and provide a more specific detail for NI to begin to measure the impact, particularly productivity, for firms. This may enable policy makers to better understand the state of sickness absence in NI firms and for businesses to determine if training is needed for line managers. This should also have wider benefits for the NI economy as well as employee wellbeing.

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## About UUEPC

UUEPC is an independent research centre focused on producing evidence-based research to inform policy development and implementation. It engages with all organisations that have an interest in enhancing the Northern Ireland economy. The UUEPC's work is relevant to Government, business and the wider public with the aim of engaging those who may previously have been disengaged from economic debate.

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