



# HEALTH, WEALTH AND WELLBEING FOR MANUFACTURERS

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The Make UK Health and Wellbeing report, in association with Howden Employee Benefits & Wellbeing, highlights manufacturers' core commitment to the physical and mental health and wellbeing of their workers.

## Our 2019 key findings include,

- All manufacturers, of all sizes, are investing their time and also money in their workforces' health and wellbeing
- Wellbeing is part of a wider core-commitment of manufacturers to their staff 85% see it as their duty to encourage and promote physical and mental wellbeing
- The returns on this speak for themselves over 90% of companies which have invested in employee health and wellbeing have seen workforce productivity increase and an improvement in workforce relations
- 90% of manufacturers are investing in professional occupational health (OH) services, including counselling, health screening and mental-health first aiders
- All manufacturers are investing hard-cash in health and wellbeing, with the largest investing most over £30,000 annually
- Manufacturers are ahead of the curve when it comes to supporting workers retuning after sickness
   over 60% already offer workplace adjustments and around half professional OH support
- With 90% of manufacturers having workers who are sick, long-term over 80% are providing
  voluntary sick pay, and another 80% easing the way back into work with phased and flexible working

## **OVERVIEW**

Against a backdrop of skills shortages, rapid technological change and an ageing workforce, manufacturers are investing more than ever before in their employees' future health and wellbeing. Individual and collective support programmes combined with new rewarding, flexible and agile working opportunities sit at the heart of this new approach to workforce welfare.

Counselling, health screening and mental-health first aiders are now commonplace in factories and tech rooms across the sector as, increasingly, employers are seeking to look after their staff in a more holistic manner as a part of their voluntary commitment to their employees. This investment in people does not go unrewarded, with this year's survey showing that 90% of manufacturers have seen an increase in workforce productivity alongside an improvement in workforce relations.

Since our 2018 Health and Work report,<sup>1</sup> this investment in people has brought with it a reduction in absenteeism alongside stronger staff retention. Corporate reputation is also a key factor driving this step change in manufacturers' attitudes to workplace health.

The most recent figures available from the UK's Office of National Statistics showed 141 million working days lost owing to sickness absence in 2018, and more than 17 million working days lost because of mental health conditions alone.<sup>2</sup> Across the whole of the UK economy, sickness absence costs £15 billion a year.<sup>3</sup> Given the knock-on effect on productivity and ever-increasing workplace absence, it should not come as a surprise that employers are making employee wellbeing a key objective, with a particular focus on supporting workers' returns to work after sickness absence. More than 60% already offer workplace adjustments for those returning to work, and around half (52%) provide a professional Occupational Health (OH) service to support staff back to work. The largest employers are now investing £30,000 annually in workplace support for sick employees.

With wellbeing now a core commitment of manufacturers to their staff, an overwhelming 85% see it as their duty to encourage and promote physical and mental health in the workplace. Our 2019 survey also found that 90% of manufacturers have workers who have been on long-term sick leave and that, in response to this, employers are both supportive and sympathetic. Some 80% have offered to these workers both voluntary pay and flexible working patterns.

This year's survey further highlights the central role that a healthy and motivated workforce plays in manufacturing businesses, that health screening and flexible working patterns are two key tools used by manufacturers and that there are positive signs of an increase in performance as a result of these measures. There is, however, no reason to think that the manufacturer's job is done. The workplace pressures of digital change, an ageing population and increasing demands of workers all remain, and manufacturers will need to continue to up their game and tailor their initiatives to their employees' everevolving needs if the sector is to win the race to retain and successfully train a new generation of skilled workers to power our sector into the future.

## Long-term sickness absence in the manufacturing sector

The results of our 2019 members' survey show that the vast majority (91%) of employers have employees who have suffered from long-term sickness in the last year. Of that cohort, two-fifths of this absence was work related. Further work is needed to understand this, but while these figures are high, manufacturers are responding to the challenge in a variety of ways. Employers are providing a blend of individual and collective support, from self-management to internal intervention, with structured guidance on workload management and improvements to employees' work–life balance. Employers are also providing a range of support services, such as counselling, wellbeing programmes and stress management, all in addition to a comprehensive OH service.

<sup>1</sup>Health and Work, EEF health and work survey 2018. https://www.makeuk.org/insights/reports/2018/make-uk-health-and-work-survey-2018 <sup>2</sup>Sickness Absence in the UK Labour Market: 2018, ONS. <sup>3</sup>Health and Safety at Work Summary Statistics for Great Britain 2019, ONS and HSE. In support of their sick employees manufacturers are leading the charge, designing and implementing training for line managers to effectively manage and care for their employees, whether via a pre-emptive or a reactive approach. Manufacturers are proactively tackling sickness absence by creating wellness workshops in partnership with their HR departments to showcase supportive and open environments within the workplace. Topics covered are as broad as sleep management, exercise and diet information, and advice on managing workload.

## Chart 1: % of employees that have had instances of long-term sickness in last 12 months



Source: Make UK, Health and Wellbeing Survey (2019)

## CIPD STATISTICS: HEALTH AND WELLBEING AT WORK

Businesses remain at odds over how to tactically and proactively approach employee wellbeing. Some 40% have a standalone wellbeing strategy and only 17% are not taking any action to improve employee wellbeing. More organisations agree that employee wellbeing is on senior leaders' agendas (61% up from 55% last year).

Further, mental health is a 'key and increasing focus of businesses' health and wellbeing activity'. A total of 37% made efforts to promote financial wellbeing to a large or moderate extent.

Source: Health and Wellbeing at Work, CIPD, April 2019.

## **HOWDEN EMPLOYEE BENEFITS & WELLBEING VIEWPOINT**



Mark Fosh Divisional Director Howden Employee Benefits & Wellbeing

Manufacturers are ahead of the curve when it comes to optimising performance through employee health and wellbeing tools. To stay relevant however, businesses will need to tailor their offering to draw in a new generation of skilled workers.

The manufacturing landscape over the past year has been a turbulent one. Like many industries, the ongoing uncertainty of Brexit has been a cause for concern and the tough domestic and global market conditions have negatively impacted trading. This environment also has repercussions for staffing, with manufacturers finding it difficult to attract and retain talent. In the final quarter of 2018, 81% of manufacturers struggled to source staff with the appropriate experience and knowledge needed.<sup>1</sup> This shortage is highlighted in the report findings, with 60% of firms having difficulty in finding a replacement for an absent worker.

However, coupled with a more general workplace wellness trend, manufacturers are investing in their health and wellbeing agendas, in a bid to build and maintain a healthy workforce and reduce absenteeism. Two-fifths of businesses in the UK have a wellbeing strategy.<sup>2</sup> Manufacturers are ahead of other industries: according to this year's survey 50% of manufacturers believe they are taking positive action to improve their staff's health and wellbeing. Firms are also recognising the commercial benefits of investment, with 55% suggesting the overall benefits to their business outweigh time and costs. These are encouraging trends to note, however figures imply firms are taking a reactive approach to staff wellbeing, instead of a constructive, proactive stance. Very few manufacturers (5%) are accessing insurance backed services, operating on a 'pay as you go' basis when the problem of absenteeism hits. We can offer practical guidance on strategies to prevent easily-avoidable absences whilst also improving and meeting the challenges of employee wellbeing.

It's clear from the report that manufacturers are investing in a number of different tools to support health and wellbeing, including employee assistance programmes (EAPs) and line manager training. Pleasingly, nearly half (43%) spend between £5,000 and £20,000 on wellbeing services, implying that these initiatives are clearly on manufacturers' agendas. However, as highlighted by Make UK, too many manufacturers lack structure and strategy in their approach to health and wellbeing.

This is where we can help you to optimise the investment you are already making. We can provide you with the practical guidance to develop and manage a benefits strategy that responds to the needs of your workforce.

# THE IMPACT OF LONG-TERM SICKNESS ABSENCE ON MANUFACTURERS

The effects of long-term sickness absence have been drawn into sharp focus in our 2019 survey, with more than 90% reporting their experience of this. Some twothirds (65%) of businesses report more pressure on other workers as a result, with colleagues suffering from increased stress and deadlines and productivity falling as a result. Therefore, unchecked, sickness absence is a significant drain on UK manufacturing. Underlining these challenges, almost 60% of all firms told us that they find it difficult to provide cover for absent workers, a figure made worse by the unpredictability of knowing when sick workers are likely to return to work. This was a challenge faced by companies of all sizes, but the response of manufacturers is to support, invest and train their staff to overcome these hurdles. More than 80% of manufacturers are providing contractual sick pay, and 82% are easing the way back to work with flexible working.

### The business impact of sickness absence





OF COMPANIES HAVE HAD AN INSTANCE OF AN EMPLOYEE BEING ON LONG-TERM SICKNESS ABSENCE IN THE PAST 12 MONTHS



OF COMPANIES WHO HAVE EXPERIENCED AN EMPLOYEE ON LONG-TERM SICKNESS IN THE PAST 12 MONTHS HAVE HAD AN INSTANCE OF LONG-TERM SICKNESS ABSENCE BEING WORK RELATED

### Chart 2: The main risks to business associated with long-term sickness absence





Chart 3: % of long-term sickness absence that was work related

## HOW ARE MANUFACTURERS SUPPORTING THEIR SICK EMPLOYEES?

Despite all the challenges, employers are committed to retaining and supporting their workers while they are sick and are approaching the issue in various ways. Tools used by manufacturers include changing tasks, mentoring, buddying, counselling and training. Make UK should provide tools and guides for members to proactively manage sickness absence. This wide suite of approaches also benefits co-workers feeling the weight of increased work burdens and helps to minimise the knock-on effects of stress and anxiety on them as a result of covering for absent colleagues.

With almost 90% of manufacturers investing in OH support generally, it is no surprise that many (64%) use this expertise to provide clinical support for their workers. This is backed up by a huge number (89%) who also access bespoke OH employee assistance programmes in support of those returning to work, underscoring manufacturers' investment in this agenda. Unsurprisingly, this investment is more prominent among larger companies, who have greater resources and more staff to implement and provide these services. Smaller businesses are far more likely not to access OH services at all. With SMEs in a more disadvantaged position, Make UK must look to create better guidance for employers who encounter barriers in accessing OH support. SMEs struggle with their limited time and staff capacity while at the same time devising and implementing appropriate sickness and wellbeing policies.

While resources play a role in how manufacturers support their workers in times of sickness, there is a low level of formal planning and organisation across the board. suggesting that greater thought and a more structured approach is needed. Just 29% of larger companies have a sickness absence policy, compared to only 15% for the smallest companies. Therefore, Make UK will provide internal guidance that seeks to strengthen health and wellbeing planning and organisation within businesses. Employers, with support from HR, must look at opportunities for redesigning existing policies to better adapt to a modern working environment. Flexible working hours have the potential to be revolutionary in the workplace if executed effectively. Make UK will provide a template structure of an organisation and where an employee can approach a 'mental-health first aider' on site. This could be in the form of a 'listening tree'.

In response to the government's recent OH consultation Health is Everyone's Business<sup>4</sup>, Make UK has made the case for better guidance for all employers in navigating an all-too-often complex OH market, and a yardstick to know what 'good' looks like for those who have never accessed OH support before.



### Chart 4: Methods to support employees' return to work after long-term sickness absence

<sup>4</sup>www.gov.uk/government/consultations/health-is-everyones-business-proposals-to-reduce-ill-health-related-job-loss



### Chart 5: % of employer occupational sick pay scheme that pays for the days/hours of employee absence

Source: Make UK, Health and Wellbeing Survey (2019)

## Most employers have an occupational sick pay scheme for absent employees

At the core of the commitment shown by manufacturers to their workers who fall sick is contractual sick pay. An overwhelming 85% of survey respondents provide sick pay, and this key benefit is supported even among the smallest of manufacturers. Almost 70% of firms with fewer than 50 employees also provide pay during times of sickness. More than half of these schemes continue to pay out as employees rejoin the workforce for phased or reduced periods and so blend sick and normal pay together, easing the transition back to work.



### OF EMPLOYERS HAVE AN OCCUPATIONAL SICK PAY SCHEME THAT PAYS FOR THE PERIOD OF EMPLOYEE ABSENCE

## EMPLOYERS' COMMITMENT TO OCCUPATIONAL HEALTH, BUT DELIVERED DIFFERENTLY

## 'More than 80% of manufacturers have OH support services.'

Delving deeper into how employers choose their OH services, we found that half (51%) fund an external OH function on a pay-as-you-go basis, which suggests employers are promoting a reactive approach. Only 9% have a largely internal function, suggesting that in-house OH is now mostly limited and that the private market now prevails.

The mix of OH services that manufacturers need is dominated by those required to address all elements of

Chart 6: Type of OH service offered to employees

sickness absence and wellbeing. Top services accessed by firms are advice on workplace adjustments, medical screening, and health and wellbeing promotion, all suggesting that the business costs of poor staff health are driving positive and proactive behavioural change. OH services are complementary tools for firms, helping to support sick employees every step of the way, particularly during phased returns to work, and demonstrating manufacturers' care and attentiveness to their staff.



OF SMALL EMPLOYERS DO NOT PROVIDE AN OH SERVICE FOR THEIR EMPLOYEES



OF BUSINESSES WHO PROVIDE AN OH SERVICE FOR THEIR EMPLOYEES OFFER MEDICAL EXAMINATIONS AS PART OF THIS SERVICE





### Chart 7: What employers use their Occupational Health services for



Source: Make UK, Health and Wellbeing Survey (2019)

## There is more scope to improve existing OH provision

Looking at our members' feedback, we see that 95% of providers include medical assessments in their OH offering, and more than two-thirds (68%) provide advice on flexible working and adjustments in the workplace. Another half (48%) promote wellbeing and two-thirds provide clinical support for employees, including services such as counselling and physiotherapy.

But against this positive backdrop, manufacturers seem to be missing a trick in how they use the full suite of OH support – only 42% are using professional services to help manage sickness absence, and very few (5%) are accessing insurancebacked OH providers, both of which should be much higher in order to improve and meet the challenges of employee wellbeing. A much more proactive approach is needed to prevent easily avoidable work-related ill-health absences.

Make UK's future guidance will offer template questionnaires and surveys for line managers and HR staff to assess employees' wellbeing. Once data has been collated, Make UK suggests that a vulnerable cohort be identified so that line managers are aware of employees who are most at risk. A preventative approach, which many members are already undertaking, is to design a flexible working pattern as part of an individual's action plan.

### Chart 8: Services that employers' OH service provide



# WHY SOME MANUFACTURERS DON'T USE OH SUPPORT

When we asked companies why they don't provide health and wellbeing services, one-third (36%) stated that there is too little demand for OH support. This suggests that there is some way to go before all firms understand the benefits of investing in an open and inclusive working environment where employees can access OH support. In contrast, 91% of companies, who are not already providing OH support, experience long-term sickness absence, suggesting that at some point companies should see demand for OH services pick up but aren't recognising this, or that sick employees will always mean an increased workload for colleagues.

However, our survey also pointed to the hurdles in accessing the mostly private OH market. Just over one-quarter (27%) reported poor past experience of OH services, underlining why better guidance and support from the government is needed to create a more informed OH buyer among manufacturers.



Internal vs external OH support

## INTERNAL

- → In-house services such as counselling
- → Wellbeing programmes
- → Stress management
- $\rightarrow$  OH services
- ightarrow Internal guidance within company policy

## EXTERNAL

- → Employee assistance programmes
- $\rightarrow$  Clinical support
- $\rightarrow$  GP services (virtual)
- $\rightarrow$  Critical illness insurance
- $\rightarrow$  Stress audits

91% of companies use occupational health services, of these...



OF EMPLOYERS USE OH SERVICES TO INFORM DECISIONS ON MAKING WORKPLACE ADJUSTMENTS FOR EMPLOYEES

OF EMPLOYERS USE OH SERVICES PERIODICALLY TO PROVIDE HEALTH SCREENING AND HEALTH SURVEILLANCE FOR THE WORKFORCE

OF EMPLOYERS USE OH SERVICES TO INFORM DECISIONS ABOUT THE FUTURE EMPLOYMENT OF THE LONG-TERM SICK

## Chart 9: Reasons for not having OH services

## ATTITUDES TOWARDS EMPLOYEE HEALTH AND WELLBEING

# Employers need better guidance and robust policies to ensure that all employees are supported

Manufacturers are clear in their core commitment that the health and wellbeing of their workers is their shared responsibility. More than 84% believe that it's their duty to both encourage and promote the physical and mental health of their employees. A further 70% believe that there is a positive link between health and wellbeing and performance at work.

When it comes to contribution to the bottom line, 55% believe that the overall benefits to their business outweigh the time and cost spent on health and wellbeing support. This buy-in is further underlined by the 50% of manufacturers who believe that their businesses are taking positive action to improve their workers' health and wellbeing.

## What are manufacturers doing to support health and wellbeing, and how much are they spending?

Looking at prevention of sickness absence rather than cure, we see that 100% of our respondents provide training for line managers. Nearly two-thirds (64%) told us that they provide employee assistance programmes, with 56% funding third-party support.

A promising result is the 91% of firms said that increasing productivity of the workforce is a direct result of their investment in OH services. On spend, most companies, even the smallest, invest between £1,000 and £5,000 on health and wellbeing services. The largest firms put more than £50,000 per year into their programmes, underlining that manufacturers of all sizes are putting hard cash behind their core commitment to their workers' health.



#### OF BUSINESSES CURRENTLY PROVIDE TRAINING FOR LINE MANAGERS TO HELP PREVENT EMPLOYEE ILL-HEALTH AND IMPROVE WORKFORCE HEALTH AND WELLBEING



SPEND BETWEEN £5,000 AND £20,000 ON HEALTH, WELLBEING AND WELLNESS PROGRAMMES OR INITIATIVES AND SERVICES



### Chart 10: % of amount spent by businesses on health, wellbeing and wellness programmes in the last 12 months

# FINDINGS AND RECOMMENDATIONS

Earlier this year, the government published its consultation, Health is Everyone's Business, on the future of Occupational Health provision and proposing the introduction of a new legal right for workers returning from a period of long-term sickness absence. This would be a right to request workplace modifications, even if the workers are not disabled.

Against these proposals, manufacturers are again leading the way – some 61% are already offering workplace modifications to the long-term sick, and four-fifths (83%) of firms told us that workplace adjustments could be an effective way to support and retain workers who suffer from long-term sickness.

Make UK will be proposing new, stronger guidance for members, helping them show how they have taken early, sustained and proportionate action to support employees returning to work. Around 60% of our members told us that they support this way forward – a figure that changed little between the largest and the smallest of firms.

## **CALLS TO ACTION**



1. Retaining workers who are sick and improving staff health and wellbeing must be core business objectives for manufacturers.

The growing skills gap and a rapidly ageing sector will only increase the pressures on the mental and physical health of the manufacturing workforce – over the next three years the sector will see 10% of the workforce retire. Since the introduction of the apprenticeship levy, apprenticeship starts have seen a year-on-year fall. Further, more than half (52%) of students taking Maths and English GCSE in 2019 failed to achieve a good pass. Therefore, there is no fast-flowing pipeline of talent to replace those who are retiring. It is essential, therefore, that employers future-proof their businesses by taking a proactive approach to staff wellbeing and retaining the skills and talent they currently have.

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## 2. Although there is good individual practice taking place, too many manufacturers lack a structure and strategy to support wellbeing and tackle sickness absence.

Many manufacturers promote self-care and are committed to a wellbeing agenda, but this is often unstructured and unplanned. Make UK champions this good work and wants to see more members helping employers support employees with long-term sickness absence with a new legal right to request workplace modifications. Government has proposed new guidance on how to implement a good phased return to work, alongside a legal framework. This must include rules on how working changes should be agreed and implemented, and clearer information from medical professionals on whether a phased return to work is appropriate.



### 3. Government changes must preserve workplace flexibility.

With all these proposals, there should be flexibility for employers to adapt to the situation that they are faced with. Any future legal framework could limit the ability of the employer and employee to reach tailored and appropriate solutions, and new legal rules may be off-putting, particularly for smaller employers. The key component should be the advice of OH professionals in offering examples of appropriate adjustments and working arrangements. New guidance should also inspire employers to consider training for line managers to ensure that they are equipped to sensitively and proactively support their employees who are sick.



### 4. There needs to be an increased awareness of digital wellbeing.

Absent from the current government consultation is the need to improve digital wellbeing. Many workers spend several hours a day in front of a computer screen, excluding the time spent looking at their smartphone. Focusing on screens all day affects the ability to switch off, rest and fall asleep, and inevitably affects an employee's concentration and performance. Employers, when tailoring company policies, should look to include guidance on 'screen-free' time and encourage workers to increase their awareness of the effects this distraction has on their work performance.

### 5. It is important to recognise the value of return-to-work planning.

Make UK recommends that employers initiate discussions with employees to identify barriers preventing a return to work, and that they familiarise themselves with available workplace support. Further, the employee should look to agree a plan with their employer to guide the return-to-work process. Early engagement by workers and employers is particularly important for an effective and appropriate return to work; both parties must be equally involved to determine the conditions of support for the employee, and to ascertain what is needed and can be provided by the employer.

This includes open, frank and transparent discussions between line manager and employee to identify any barriers and needs, and to plan ahead for workplace arrangements upon their return to work. HR professionals must support these discussions and employees must be ready to engage at an early stage with OH professionals in assessing their situation. These referrals can often take several months to yield a conclusion, so the earlier they commence the better.

### 6. The outcomes of a structured approach to health and wellbeing should be measured.

Manufacturers are clear that supporting the wider physical and mental health and wellbeing of their staff is now part of their core and shared responsibility. However, the measurement and monitoring of this is often poor. Better-quality and more-accessible employer information and guidance is needed. Access to OH is not a matter that the government can control, but it can influence.

Employers need support and access to quality professional support. There is goodwill among Make UK members to do the right thing and help their sick employees as much as they can. However, without clearer and practical guidance in place, this becomes an exercise riddled with pitfalls for some, particularly for those who do not have experience and confidence when it comes to dealing with sickness absence. Each phased return to work will vary, and the workers and employers should work closely to formulate a personalised step-by-step procedure that caters for their individual needs.





## howden

### About Howden Employee Benefits & Wellbeing

Howden Employee Benefits & Wellbeing provides strategic advice to consumers, SMEs and corporate clients on healthcare, protection, wellbeing and pension benefits, both in the UK and internationally. In 2019, the experienced team grew significantly following the acquisition of Punter Southall Health & Protection Holdings Limited and now employs approximately 200 professionals across the UK. The team is multi-award winning and widely recognised for its innovative and creative approach.

### About Howden

Howden, the retail broking arm of Hyperion Insurance Group, provides a range of specialist insurance solutions to clients around the world. Together with Howden One, its global specialist insurance broking network, it comprises over 15,000 professionals, operating in more than 90 territories, and handling a combined gross written premium of over USD22bn.

For more information, please visit www.howdengroup.co.uk.

# employee benefits & wellbeing

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Make UK is the voice of manufacturing in the UK, representing all aspects of the manufacturing sector including engineering, aviation, defence, oil and gas, food and chemicals. Comprising some 20,000 businesses employing almost one million workers, Make UK members operate in the UK, Europe and throughout the world in a dynamic and highly competitive environment.

Britain is one of the world's biggest manufacturing nations. Almost 3 million people work in our sector and deliver almost half of all UK exports. Our members drive over 60 percent of all UK research and development. As a result of that investment, manufacturing as we know it is changing, adapting, and transforming each and every day.

The manufacturing sector is at the cutting edge of innovation, leading the way in developing skills and driving competitive advantage for the UK. Make UK is focused on creating the most supportive environment for UK manufacturers to thrive, innovate and compete. We do this so that together, we can build a platform for the evolution of UK manufacturing.

### MakeUK.org

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