# Towards a healthier workforce

**Interim report** of the Commission for Healthier Working Lives

The Health Foundation

Commission for Healthier Working Lives

## The Commission for Healthier Working Lives

We are an independent, cross-sector group – including policy experts, employers and worker representatives – building a consensus for the action needed by government and employers to meet the growing challenge of working-age ill health.

We will recommend actions to achieve better working-age health and a thriving workforce, benefiting individuals, employers and the economy.

This report, Health Foundation analysis for the Commission and reports from our research partners are all available at www.health.org.uk/commission-for-healthier-working-lives.

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# Foreword

What is driving the increase in people of working age either being out of work or struggling in their jobs due to health conditions? What impact does this have on individuals, businesses and society as a whole? And most importantly, what can be done to address these challenges?

These are the questions we set out to answer when establishing the Commission for Healthier Working Lives.

This interim report highlights why this issue demands attention, reviews the UK's underlying work and health trends and outlines immediate actions that could help turn things around. While we refine recommendations in the coming months, this report provides a framework for a new approach to supporting workforce health.

The new government has the opportunity to set a fresh direction. With the significant impact of working-age ill health on individuals and businesses, timely action is critical.

It is easy for a narrative to evolve that assumes the worst – that people do not want to work, that those who have long-term health conditions are unable to contribute or that opportunities are limited. Yet the evidence tells a different story.

It tells of people who want to work, contribute and feel valued. Who have been confronted by life-changing health conditions but are unable to access the support and flexibility needed to adjust their work to their new reality. Or who find themselves in jobs that negatively affect their health, with job strain from high workloads and insecure working patterns all too common. Others still find that unhelpful, or a lack of, interventions from their line manager or occupational health causes the situation to spiral, with physical health issues often leading to poor mental health.

The evidence is clear: if we can intervene early and provide the right support – whether a health condition is caused by work or not – people can stay in work. That is a goal that is great for individuals, great for businesses and great for society.

In the next phase of our work, we are keen to hear stories of what works. We want to showcase effective employer practices, ideas that have been tested in communities and personal stories where individuals have been enabled to adapt and thrive.

We hope this interim report offers helpful insight into where government and business can focus to make the most difference right now. We also hope it inspires you – employers, workers and practitioners – to share your stories and examples to help shape a new approach to creating a thriving workforce.

**Sacha Romanovitch OBE**
Chair of the Commission for Healthier Working Lives

# Executive summary

Over the past decade, the health of the UK's working-age population has deteriorated. More than 8 million people, or 20% of those aged 16 to 64 years, now have health conditions that restrict the type or amount of work they can do, up from 6 million in 2013.

This decline in working-age health has had a significant impact on the labour market. A record 4.0 million people are not participating in the labour market due to a work-limiting condition, with 2.6 million citing long-term sickness or disability as their main reason for being out of the workforce. There has also been a sharp rise in people receiving health-related benefits. These trends have resulted in substantial fiscal costs through increased welfare payments and reduced tax revenues, as well as costs for employers and individuals.

Alongside this rise in people out of work due to ill health, there has been a notable yet underreported trend: a significant increase in the number of people with ill health who are in work. In 2023, there were 3.9 million workers aged 16 to 64 years with a work-limiting health condition, up by 1.5 million, or 64%, from a decade ago.

While this reflects some improvement in their employment chances, new analysis for the Commission shows that workers with a work-limiting health condition still face a much higher risk of exiting the labour market. Each year, around 1 in 9 of these workers leaves the workforce, compared with about 1 in 30 of those without long-term health conditions. In total, around 300,000 working-age people a year move from being in employment to being economically inactive with a work-limiting health condition.

Once out of the workforce, individuals with work-limiting health problems are almost three times less likely to return to work within a year than those without health issues. The likelihood of returning to work decreases the longer someone remains out of the labour market.

These figures highlight the critical need to support individuals with health conditions in maintaining employment or returning to work swiftly. Once someone's connection to the labour market is broken, it becomes increasingly challenging and costly for them to return.

## A lack of policy infrastructure is holding back progress

Despite this trend, support for workers facing health issues is often delayed or altogether absent. Most employers want to help, but many lack the capacity or knowledge, with smaller employers often struggling with resourcing. Over recent decades, there has been significant progress increasing mothers' employment through policies such as maternity leave and parental support . But overall, the UK's work and health infrastructure remains fragmented and underdeveloped.

Only 45% of UK workers have access to occupational health services, much lower than in many other comparable countries. Those who do have access express doubts about the quality of these services. Additionally, employers can face challenges in providing adequate support to individuals returning from sick leave.

The fit note system, designed to help people remain in work, is not functioning effectively, leaving individuals on sick leave without necessary work or career guidance. Meanwhile, UK statutory sick pay is less generous than in comparable nations, with up to 2 million workers ineligible due to low earnings, increasing their reliance on the benefits system.

A significant minority of the workforce is employed in jobs that directly compromise their health, with 1.8 million people reporting a work-related illness in 2022/23. Particularly acute challenges are found in the public sector – notably in health and education, where high job strain is prevalent – and in the transport and logistics sector, which scores poorly on several health-related work indicators.

Once individuals with health conditions exit the labour market, the system struggles to facilitate their swift return, with support generally arriving too late in their journey out of work. Some people receiving out-of-work benefits fear engaging with employment support due to stressful assessments and punitive sanctions, while others are not offered support or engaged with on a regular basis. Locally, the employment support system is fragmented and hindered by short-term funding and siloed services.

## Our vision for a new approach

A new approach to supporting workforce health is needed, drawing inspiration from successful examples both at home and abroad, as well as insights from the public. Our full recommendations will be presented in a final report due in 2025 and will focus on three core areas:

### 1 Proactive initiatives to support worker health

Achieving maximum impact will require a cultural shift in the relationships and expectations between employers and employees.

Employers need to take a more proactive role in managing workforce health, supported by government incentives and better access to information, support and practical tools.

The public sector should lead by example, setting benchmarks for best practices, especially in high-stress sectors like health and education.

Targeted measures are needed to eliminate harmful job practices and promote healthy working conditions.

### 2 Early and effective support to keep people attached to the labour market

Staying connected to the labour market is crucial for long-term health and financial stability, yet evidence shows that the longer people are out of work due to ill health, the less likely they are to return. With more workers reporting health-related limitations, it is essential to refocus attention on preventing job loss in the first place.

While the government's white paper on getting people back to work is a step forward, it primarily targets those already out of the workforce, where success rates are lower.

Efforts should prioritise early, tailored interventions to keep people with health conditions in work. These include developing a holistic, problem-solving service that accounts for the needs of smaller employers and the self-employed and improving access to high-quality occupational health services.

To help people find a clear route back to work, we are also considering the introduction of a 'right to return' for those on long-term sick leave, enabling them to stay in the workforce through their current employer, or a 'job-pooling' service for those who may need to change employer.

### 3 Improved financial incentives and employment and health support to help people back into work

Many people with health conditions who are currently out of the workforce express a desire to work if they have the right job and support. However, the social security system often fails to aid in this, leading to low re-entry rates. Support is mainly directed at people who are unemployed, leaving those on incapacity benefits or not claiming benefits with limited help.

Fragmented local employment services and inconsistent employer engagement hinder progress. Reforms should focus on improving work incentives, reducing barriers to employment and ensuring that changes to work capability assessments align with these goals.

Efforts should target engaging and incentivising employers to recruit people with long-term health conditions and developing flexible support structures that accommodate fluctuating health and caregiving responsibilities.

## A long-term project

Improving work and health outcomes is a long-term project. With an ageing population and declining workforce health, policies should be wary of short-term fiscal measures like benefit cuts or reductions in support services. These strategies shift costs onto individuals and will ultimately place a greater long-term burden on the economy, public services and the NHS. Over time, population health significantly influences the sustainability of public finances, through both workforce-related impacts – such as welfare spending and tax receipts – and direct health care costs.

These areas of focus will guide recommendations aimed at encouraging employers to adopt a more preventative approach to workplace health, enhancing support for individuals facing health challenges to help them stay in the workplace and improving assistance for those out of work.

## Areas for immediate action

In anticipation of our final report due in 2025, the government can take immediate steps to enhance its current plans and demonstrate its commitment to a more preventative system that supports people with health challenges to remain in work.

- **Secure funding for local employment support.** The government should secure funding in the upcoming Autumn Budget and develop a mechanism in the proposed employment white paper to allocate resources based on local needs, providing long-term financial security for local employment support services.
- **Clear the Access to Work backlog.** The Department for Work and Pensions should allocate additional resources to eliminate the backlog of Access to Work claims, ensuring timely support for disabled people and those with health conditions.
- **Take statutory sick pay reforms further.** With legislation being introduced to expand access, the government should also set a path to paying a more generous rate of sick pay, strengthening the safety net for financially vulnerable workers.
- **Review public sector job quality.** The government should conduct a strategic review of working practices in the public sector – focusing on the education, health and care sectors – to address job quality and workforce health challenges. This review should involve workforce representatives, and an initial report should be prepared to inform the summer 2025 spending review.
- **Reconsider the proposed work capability assessment descriptor reforms.** The government should reconsider short-term cost-saving plans to reform work capability assessment descriptors, which risk increasing financial hardship without improving employment outcomes. A broader review is needed to ensure the system supports people effectively and promotes engagement with rather than disengagement from support.

# About this interim report

This interim report summarises our findings to date, drawing on new analysis of labour market flows, existing and new evidence and research, and engagement from a wide range of stakeholders, including:

- employers through roundtables held across the UK, in partnership with the British Chambers of Commerce
- participants in a programme of public involvement work (see Box 1 for details) sharing their experiences of work and health
- health, disability and labour market experts through workshops drawing on perspectives from academia, policy and front-line services
- employers and experts in interviews, meetings and site visits providing in-depth insights into workplace practices and challenges.

The report is supported by two accompanying annexes, which are available on our website:

- **Annex 1:** Analysis of labour market flows and health
- **Annex 2:** Summary of employer roundtables on work, health and wellbeing

A programme of research and analysis is being delivered by our research partners, the Learning and Work Institute, the Institute for Employment Studies and the Royal Society for Public Health.

### Box 1: Public involvement with ClearView Research

We are partnering with ClearView Research to better understand the experiences of people facing work and health challenges. ClearView's approach actively involves the public in shaping and driving the project, with a group of participants providing input and advice throughout.

The project includes a diverse range of participants across three UK locations: Coventry, Newport and Northumberland. A range of methods are being used to gather insights. Participants, both in and outside of the workforce, are documenting their daily lives through visual diaries, highlighting their challenges and routines. Peer researchers are conducting one-to-one interviews, while community workshops are engaging larger groups.

This participatory approach ensures that the voices of those affected by work and health issues play a key role in contributing to the evidence base and informing our recommendations.

# Introduction

Almost 1 in 5 people of working age in the UK report a long-term health condition that affects their ability to work – equivalent to 8 million people, up from 6 million only a decade ago. This trend, exacerbated by successive significant shocks from the COVID-19 pandemic and cost-of-living crisis, is affecting people both in and outside of the workforce and worsening existing inequalities.

Our nation's fraying health is holding back economic growth, reducing the UK's economic potential by up to 1% GDP,[30] and affecting the quality of life for the increasing number of those living with conditions that lower their earnings or prevent them from working altogether. The effects of ill health follow existing geographical and socioeconomic fault lines and create a risk of lifelong disadvantage among younger people.

While employment may not be suitable for everyone, access to meaningful work is a key factor in supporting good health. We have repeatedly heard how being involuntarily out of work deeply impacts individuals' health and wellbeing. Our health and economic prosperity are intertwined.

The new government has been quick to signal its intent to address health-related economic inactivity, with plans being developed for health and skills initiatives led by local areas and mayors[10] and the creation of an independent labour market advisory board.[11] There is also encouraging recognition of the need for a cross-departmental, mission-led approach to improve health and drive economic growth.[55]

However, the challenge of improving employment and pay for people with work-limiting health conditions remains significant. There are no quick fixes, and much of the necessary policy infrastructure has either regressed or is missing altogether. In a tight fiscal environment, a focus on rising working-age disability and incapacity spending – from £35.5bn in 2019/20 to a projected £62.8bn in 2028/29 – can be expected but underlines the cost of past failures.[59] A lack of action risks costs increasing further in the future.

A sustained, strategic approach, with near-term investment, can bring about long-term gains, improving both individual wellbeing and national prosperity. International evidence and past improvements in UK employment rates for disabled people and lone parents show that progress is possible.[43,7]

This interim report outlines a new direction for government policy, with emerging evidence strongly indicating that early intervention, protecting people's health and a renewed focus on keeping people attached to the labour market are crucial for meaningful progress.

We set out three key areas for attention, drawing out both immediate actions and future policy development needed for each:

1. proactive initiatives to support worker health
2. early and effective support to keep people attached to the labour market
3. improved financial incentives and employment and health support to help people back into work.

As we work towards our final report, due in 2025, further in-depth analysis to inform detailed policy recommendations will be provided to the Commission by our research partners: the Learning and Work Institute, the Institute for Employment Studies and the Royal Society for Public Health. Deliberations will be guided by our public participation work with ClearView Research and continued engagement with the wide range of representative organisations and experts with a stake in building a path towards a healthier future for the UK workforce.

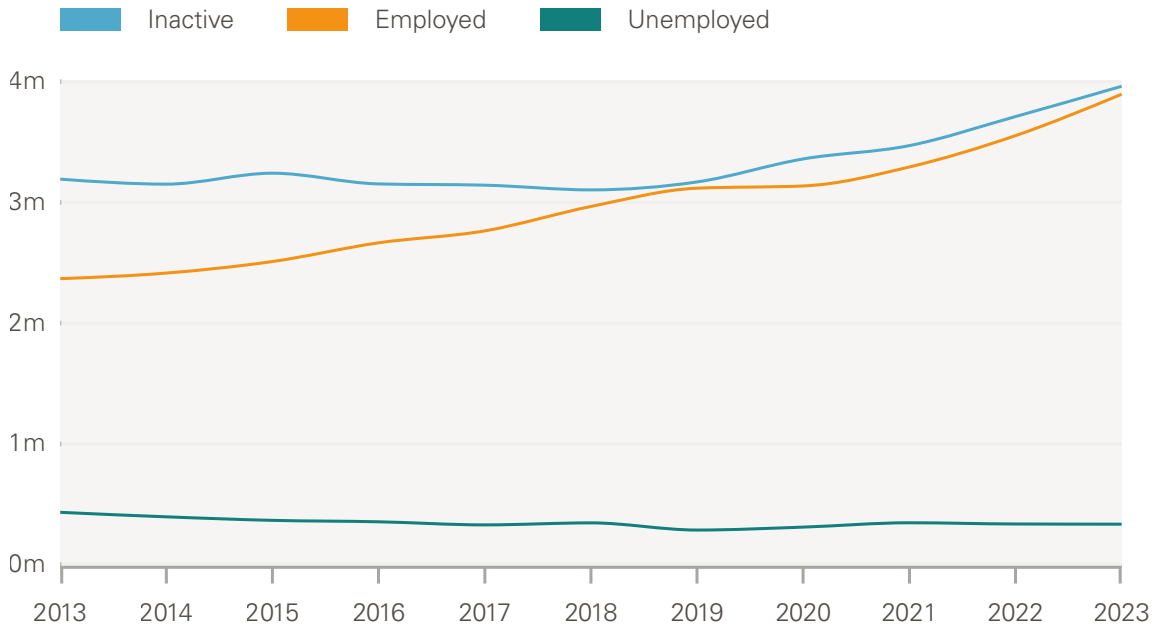
# Understanding the challenge

The health of the UK's working-age population is worsening. Almost 2 in 5 people aged 16 to 64 years now report having a long-term health condition, with half of this group experiencing conditions that limit their ability to work. In 2023, 20% of the working-age population (over 8 million people) reported work-limiting health conditions, up from 15% a decade earlier. Data from health records also show an increasing prevalence of health conditions, particularly mental health problems, among the working-age population.[1]

This growing ill health is placing pressure on the UK's labour market. Significant policy attention has been focused on the now 4.0 million working-age people outside the workforce with work-limiting health conditions, up 24% from 3.2 million in 2013 (Figure 1). This group includes the vast majority of the 2.7 million people classified as labour market inactive who report that they are out of work due to long-term sickness or disability.

**Figure 1: Growing numbers of people report a work-limiting health condition**

Number of people (aged 16–64 years) with work-limiting health conditions, by labour market status, UK, 2013–23

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Source: Health Foundation analysis of Office for National Statistics, Labour Force Survey, 2023.
Note: quarterly figures averaged for each year.

While considerable uncertainty remains around the latest survey-based estimates, welfare caseloads also indicate a growing work and health challenge.* After a period of steady decline, the number of people in Great Britain receiving incapacity benefits – due to health conditions or disabilities that restrict their ability to work – has risen by 710,000 since 2019/20, reaching 3.2 million in 2023/24.[59] Forecasts suggest this will increase to 3.8 million by 2028/29 as more people move onto incapacity benefits than come off them.[12]

There remains far less policy attention on the now 3.9 million working-age people in employment and who reported a work-limiting health condition in 2023. This is a huge 64% increase from 2.4 million in 2013. This growing number means an increasing risk that more people will fall out of the labour market.

## Challenges in workforce retention and return to work

In recent years, around 300,000 working-age people a year moved from being in employment the previous year to being economically inactive with a work-limiting health condition.

People in employment with work-limiting health conditions are at much higher risk of becoming dissatisfied with their job or leaving the workforce altogether.[19] Once out of work, returning becomes much more challenging. Data from 2013 to 2023 (Figure 2) shows that, on average:

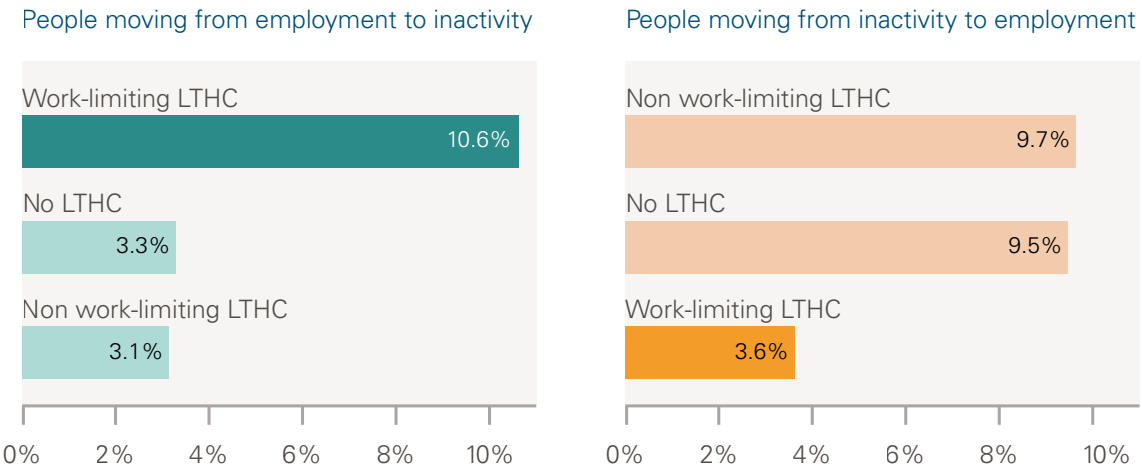
- over 10% of working-age people with a work-limiting health condition leave employment for economic inactivity each year – more than three times the rate for those without long-term health conditions
- fewer than 4% of people with work-limiting health conditions move from economic inactivity back to employment, a rate almost three times lower than those without health issues.

These findings, which align with other research,[28] suggest that preventing people from leaving the workforce due to health issues is crucial for reducing long-term inactivity and incapacity. However, significant policy focus to date has been on helping people move back into work rather than retaining a healthy workforce.

* There are well-known ongoing concerns with the quality of data from the main household survey used to estimate labour market activity in the UK – the Labour Force Survey. A number of issues, including sampling, mean that data from the past year are subject to higher levels of uncertainty.

**Figure 2: People with work-limiting long-term health conditions are more likely to leave employment for inactivity and less likely to move from inactivity to work**

Percentage of people (aged 16–64 years) moving between employment and inactivity each year, by health status, UK, 2014–23

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2024

Source: Health Foundation analysis of Office for National Statistics, Annual Population Survey Two-Year Longitudinal, 2014–23.
LTHC = long-term health condition.
Note: for comparison purposes, those who are economically inactive primarily because they are students are removed from the analysis of transitions from inactivity to employment.

As Table 1 shows, once people leave the workforce, their chances of returning decrease significantly, especially for those with work-limiting health conditions. Between 2014 and 2023, only 3% of people with work-limiting conditions who had been out of work for over a year moved into employment each year, compared with 13% of those without health conditions.

The consequence of long-term inactivity is also more severe for those with work-limiting conditions, who are 5.3 times less likely to return to work after being out for over a year than those with work-limiting conditions who left more recently. Those without long-term health conditions are only 2.9 times less likely to return to work after a year out of work.

**Table 1: Likelihood of returning to employment by duration out of work and long-term health condition status**

| People aged 16–64 years, by health status | Employment re-entry rate (average 2014–23) | | |
|---|---|---|---|
| | Left employment within past year | Left employment over a year ago | Penalty for long-term inactivity: lower chance of returning to work for the long-term inactive compared with recent leavers |
| All (any health status) | 33% | 8% | 3.9 |
| People with: | | | |
| **work-limiting LTHC** | **17%** | **3%** | **5.3** |
| non-work limiting LTHC | 32% | 10% | 3.1 |
| no LTHC | 39% | 13% | 2.9 |

Source: Health Foundation analysis of Office for National Statistics, Annual Population Survey Two-Year Longitudinal, 2014–23.
LTHC = long-term health condition.
Notes: the health status breakdowns consider only people whose health status remained constant between year 1 and year 2. Following Resolution Foundation (2016), the penalty for long-term inactivity is the ratio of the rate of employment re-entry for those who left within the past year to the rate of employment re-entry for those who left more than one year ago. Numbers in the table may not appear exact due to rounding.

## Worsening working-age health brings increased costs

These trends are holding back economic growth[36] and adding pressure on the nation's finances. The Office for Budget Responsibility estimated that the post-pandemic rise in working-age ill health and inactivity added £15.7bn to annual borrowing, including £6.8bn from higher welfare payments.[44] Recent Office for Budget Responsibility analysis further suggests that workforce-related risks from poor health – such as higher welfare spending and lower tax receipts – are just as significant as the direct costs of health care when assessing the long-term sustainability of public finances.[46] Between 2019/20 and 2028/29, spending on working-age incapacity and disability benefits is projected to increase by 77% in real terms.[59]

Costs from working-age ill health do not just fall on the government. For individuals, poor health can mean lower pay, limited career progression and, when leaving work, increased financial and health difficulties.[51,29] Employers face challenges too, from sickness absences – 186 million work days were lost to sickness or injury in 2022 – to presenteeism, where employees work at reduced productivity.[1,*] Many employers also report challenges in workforce recruitment and retention, with employee health and caring responsibilities cited as significant factors. A shared understanding of these challenges by relevant parties – particularly government and employers – is essential for shaping the right responses.

* One estimate places the cost of presenteeism at double that of sickness absences. See Parsonage M, Saini G; 2018.

Improving work and health outcomes is a priority for individuals, employers and the economy. Inaction is not an option. The UK's population is ageing, with a growing number of older people who are more likely to have one or more health conditions. Many people will need to work longer due to the rising state pension age, but if they are unable to remain in work during their 50s, they will struggle to do so beyond 65. Health inequalities between local areas are also anticipated to grow (see Box 2), reinforcing an existing pattern of worsening health and employment outcomes in areas with historically high rates of health-related economic inactivity.

### Box 2: Current and projected patterns of illness by deprivation in England

A recent Health Foundation report, *Health inequalities in 2040*,[60] highlights the growing health inequalities experienced by working-age adults. Currently, 3 million working-age people in England (aged 20 to 69 years) are living with a major illness, with 15% of working-age people affected in the most deprived areas, and 6% in the least deprived areas.

Based on pre-pandemic trends, these numbers are expected to continue increasing over the next two decades, reaching 3.7 million working-age adults living with major illness in 2040. A small group of long-term conditions currently contribute to most of the observed health inequalities, and there is rising incidence of chronic pain, type 2 diabetes (both linked to obesity) and anxiety and depression.[60]

## Changing patterns of working-age health

Over 8 million people aged 16 to 64 years reported a work-limiting health condition in 2023, up from 6 million a decade earlier. While this trend partly reflects an ageing workforce, work-limiting conditions have also increased across all age groups.[60,*]

The most common conditions, for those both in and out of work, are mental health problems and musculoskeletal disorders.[†] In 2023, around 2 million people aged 16 to 64 years had a work-limiting musculoskeletal condition, while another 2 million cited a mental health problem as their main issue. Rising **mental health** conditions are the key driver of the overall increase in work-limiting health problems.

The proportion of the working-age population reporting long-term mental health problems doubled between 2013 and 2023, with nearly 5% of people aged 16 to 64 years now reporting a work-limiting mental health problem.[1] These conditions, mainly anxiety and depression, disproportionately affect young people, women and those with lower education levels.[1] While mental health problems can be linked to various external

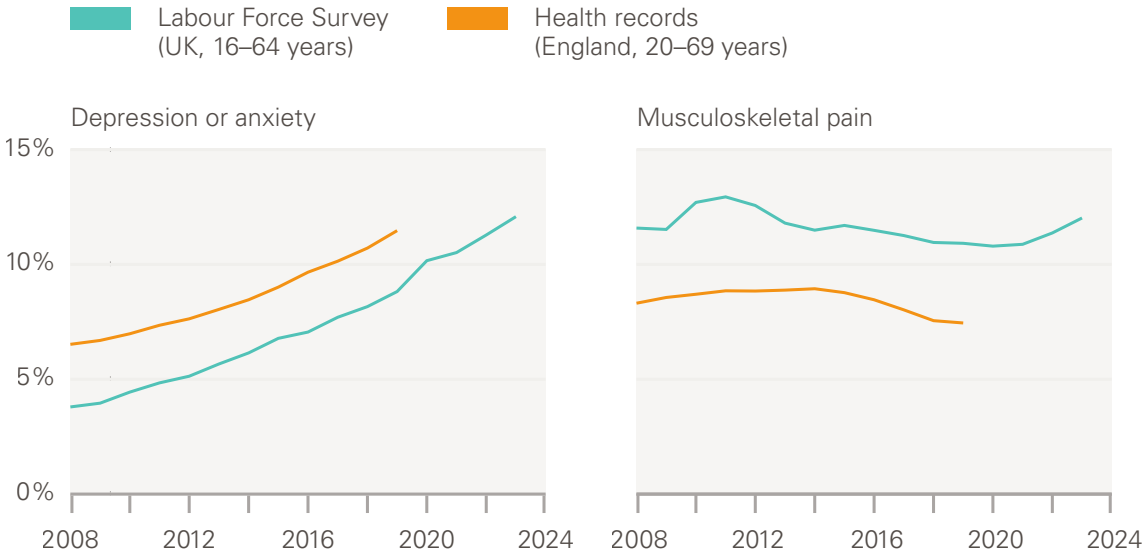
* Ageing accounts for only 15% of the increase in work-limiting conditions among working-age people over the past decade. See Atwell S, Vriend M, Rocks C, Finch D, Farrington-Douglas J; 2023.

† Together these account for over half of all work-limiting health conditions among the working-age population. See Atwell S, Vriend M, Finch D, Mooney A, Rocks C, Bibby J; 2024.

stressors, work-related factors like high workloads are increasingly triggering or worsening these issues.[31] Mental health problems can impact someone's ability to work, especially when workplace support is lacking.*

**Figure 3: The prevalence of mental health conditions has risen steadily over the last 15 years, compared with musculoskeletal pain**

Working-age prevalence estimates by health condition and data source, United Kingdom/England, 2008–23

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Source: Health Foundation analysis of Office for National Statistics, Labour Force Survey, 2023.
Note: quarterly figures are averaged for each year. Health record analysis was conducted using the Clinical Practice Research Datalink (CPRD). The data are provided by patients and collected by the NHS as part of its care and support. Regulatory approvals to use CPRD data for this analysis were granted by the CPRD Independent Scientific Advisory Committee (ISAC protocol number 20-000096). Labour Force Survey data cover the population aged 16–64 years in the UK. Health record data covers the population aged 20–69 years in England.

The reasons for rising mental health problems are debated, and these issues not unique to the UK. Increased awareness and societal changes may explain some of the growth.† However, patient records indicate a genuine rise in diagnosed conditions (Figure 2), as do disability benefit awards, with no clear evidence that accessing benefits has become easier.[37] Many employers in interviews and roundtables also reported observing more mental health challenges in the workforce, particularly:

- among younger workers, who are generally more open to discussing their health and have higher expectations for workplace support, though this openness is becoming more widespread

* Testimony from the public involvement participants has suggested that the absence of formal workplace support can worsen mental health struggles.

† Labour market data show higher reporting of less limiting mental health problems, with 60% of people reporting long-term mental health conditions in 2023 saying it limited their ability to work, down from over 70% in 2013.

- due to external factors such as the pandemic, caring responsibilities and financial insecurity, all which affect mental health across age groups
- in cases also involving conditions like ADHD and autism spectrum disorders, which are often misunderstood and pose unique workplace management challenges.

**Musculoskeletal conditions** of the joints, bones and muscles remain the leading cause of work-limiting health problems, affecting just over 5% of working-age people. Rates are higher among older adults but, as Figure 2 shows, the overall prevalence of musculoskeletal pain has been relatively stable over the past decade. In the workplace, these conditions are often linked to desk-based work, repetitive movements or concerns about manual handling and physical strain.[32]

Rising **obesity** is also impacting working-age adults. In 2022 to 2023, 64% of adults aged 18 years and older in England were estimated to be overweight or living with obesity. Obesity places additional stress on joints and bones, increasing the risk of physical health problems in the workplace.[40,52] Obesity is also strongly linked to higher risks of type 2 diabetes.

Physical and mental health problems are often connected. In England, the proportion of working-age people with multiple diagnosed health conditions (**co-morbidities**) increased from 16% to 20% from 2008 to 2019.[1] The rise in mental health conditions has been a key factor. Adding complexity, **fluctuating conditions** like multiple sclerosis, depression and arthritis often vary in severity over time, make it difficult to predict when someone's health might limit their ability to work. This can be more complicated to manage than other factors such as childcare, though both present their own difficulties.

> *Up to £1m was spent on trying to keep my body moving, [but] not one penny has been spent on my mental health… I didn't get better until my mental health got better. And I wasn't ready to get back into work until I was mentally ready to get back into work.*
>
> **Workshop participant**

## The pandemic's ongoing impact on working-age health

While the rise in working-age health challenges is a long-standing trend, the pandemic worsened the situation. Recent estimates suggest that around 1.5 million people aged 18 to 64 years in England and Scotland are now living with long COVID, with higher rates among people out of the workforce.[47,9] The pandemic also added significant pressure on health services, with waiting lists for consultant-led care peaking at 7.8 million in September 2023.[41]

Although one-third of economically inactive, non-retired individuals are on NHS waiting lists, the main conditions affecting working-age people – mental health and musculoskeletal conditions – are typically managed by GPs or treated by outpatient

services, like physiotherapy.[44,48] These conditions are less directly affected by the waiting lists for specialist care, but broader pressures on health services, including limited GP availability, have likely impacted people's ability to manage these health problems.

Job strain and high sickness rates, particularly in the health and education sectors, have worsened since the pandemic, with mental health being a leading cause of absence in the NHS.

## The impact of the wider determinants of health

Alongside employment, other wider social and economic factors are key influences on people's health. These include financial security, housing, discrimination, community and the broader built environment.

While there have been improvements in some of these areas over the past decade, others have seen deteriorating outcomes. For example, headline poverty rates among working-age individuals have remained steady, yet instances of destitution have increased.[26] Housing quality has generally improved, but overcrowding has escalated, partly due to rising costs.

Addressing these wider determinants is essential for improving population health and alleviating labour market pressures. While the specifics of tackling these issues fall outside our scope, it is clear that any new responsibilities placed on employers must be matched by corresponding government action to meet its own duties.

## Links between health conditions and work

The increase in work-limiting health conditions has majorly contributed to the recent rise in health-related economic inactivity.[49] While the employment rate of working-age people with work-limiting conditions has increased over the past decade – from 40% in 2013 to 48% in 2023 – a significant 'health employment gap' remains, with a 35-percentage points difference in the employment rate of people with and without work-limiting conditions.

### Impact of different health conditions

The effect of different health conditions on work outcomes varies widely. According to Health Foundation research:

- 84% of working-age people with long-term health conditions that are not work-limiting are in employment, similar to those without health issues (82%). However, for those with work-limiting conditions, this drops significantly to 48%.
- The impact worsens with multiple health conditions: among working-age people with one to three additional conditions, their employment rate drops to 46%. For those with four or more additional conditions, it declines further to 27%.

- Despite some improvements in work outcomes over time, neurological, mental health and musculoskeletal issues still have a significant negative impact on employment rates. Chronic conditions, though they affect quality of life, are associated with relatively higher employment rates.

### Geographical disparities

Our research highlights major inequalities in work and health outcomes across the UK. These geographical disparities are linked not only to population health but also to local factors such as education levels, labour demand and industry composition.[3] Unsurprisingly, labour market participation rates tend to be lower in less healthy areas.[57] Tackling these regional differences will require a tailored approach, targeting both supply-side factors (eg skills and health) and demand-side factors (eg job availability and workplace support). This will be explored further in a forthcoming research report for the Commission.

### Impact of job quality on health

Our research also highlights the strong link between job quality and health.[35] The health and social care, retail and education sectors employ the highest numbers of working-age people with work-limiting health conditions due to their size. These sectors, especially health and education, report high levels of emotional and physical burnout, with notable rises in sickness absences, including mental health issues, among nurses and clinical support staff in the NHS in England.[53]

Outside the public sector, the transport and storage industry ranks poorly on job quality metrics such as job insecurity and work-life balance. Long hours and night shifts, common in logistics, add to the physical and mental strain on workers. Interviews have also highlighted job quality concerns in retail, where increasing crime and anti-social behaviour from customers are contributing to mental health problems. Job insecurity, particularly when combined with low wages, can exacerbate stress and health issues for workers across sectors. Addressing these challenges will require sector-specific improvements in job security, working conditions and tailored support, particularly for smaller employers and self-employed workers who lack access to basic support and dedicated HR services.

### Impact of ill health on earnings and job quality

When people with work-limiting health conditions do return to work after extended absences, they often face lower earnings and jobs that fail to fully utilise their skills. This not only reduces their income but can also significantly undermine their motivation to remain employed. An absence of 2 or more years can result in a 25% drop in earnings.[30]

The combined possibilities of lower financial reward and lower job quality can add to people's concerns about returning to work. This underscores the importance of keeping people connected to the labour market, ideally with their current employer, to reduce the negative impact of long-term economic inactivity.

## Priority groups for targeted support

Based on the evidence we have gathered, the following groups stand out as needing targeted support.

- **Young people with low skills.** An increasing number of young people face health challenges entering the labour market, placing them at risk of long-term inactivity. This group, often in precarious employment or out of work entirely,* is particularly vulnerable to mental health problems such as stress, anxiety and depression. Between 2013 and 2023, the share of labour market inactive 16- to 24-year-olds reporting a work-limiting mental health condition more than doubled, from 3% to 7%.[1] Of those workless due to ill health, around 79% of 18- to 24-year-olds have qualifications at GCSE level or below, compared with just 34% of all individuals aged 18 to 24 years.[39] The combination of low skills and poor mental health can severely limit employment prospects. Without early intervention, these individuals face a higher risk of long-term 'scarring' – lasting negative effects on their employment prospects, including reduced future earnings and limited career opportunities.[30]
- **People in employment with work-limiting health conditions.** An estimated 3.9 million working-age people are employed and report having a health condition that limits their ability to work. This group is affected by a range of physical and mental health conditions, including musculoskeletal disorders (such as back pain and arthritis), chronic conditions like diabetes and mental health problems such as anxiety and depression. Many individuals have multiple or fluctuating health conditions, which can make it difficult to maintain productivity. The health and care sectors, along with retail and wholesale, have the highest numbers of workers with work-limiting health conditions. The proportion of disabled workers who are self-employed (13%) remains slightly above that of non-disabled workers (12%).[14]
- **People with health conditions who have been out of work for less than 2 years.** There are almost 520,000 people aged 16 to 64 years with work-limiting health conditions who have been out of the workforce for less than 2 years. This group, often with lower rates of qualifications and at risk of long-term inactivity, is a key focus for early interventions, with many still retaining valuable skills and employment experience.[30] However, health problems or a lack of employment opportunities can prevent them from re-entering the workforce. A 2020 Department for Work and Pensions study found that 76% of people receiving incapacity benefits said they would find it difficult to work due to their condition.[21] Offering timely support, such as improving access to work experience and providing help managing health challenges, could reduce the risk of long-term worklessness in this group.

* There are over 500,000 16–24-year-olds who are economically inactive and who report work-limiting health conditions.

- **People with health or disability-related caring responsibilities.** Living with or having caring responsibilities for somebody who has a work-limiting health condition or disability has been shown to affect employment outcomes. According to the 2021 census, 3.5 million people in England and Wales reported providing such care. Since the pandemic, labour market participation has increased for all working-age people reporting family and caring responsibility but has fallen for those aged 50 to 64 years – a group more likely to be engaged in health-related caring rather than caring for their children.[50]

# The path from work to incapacity

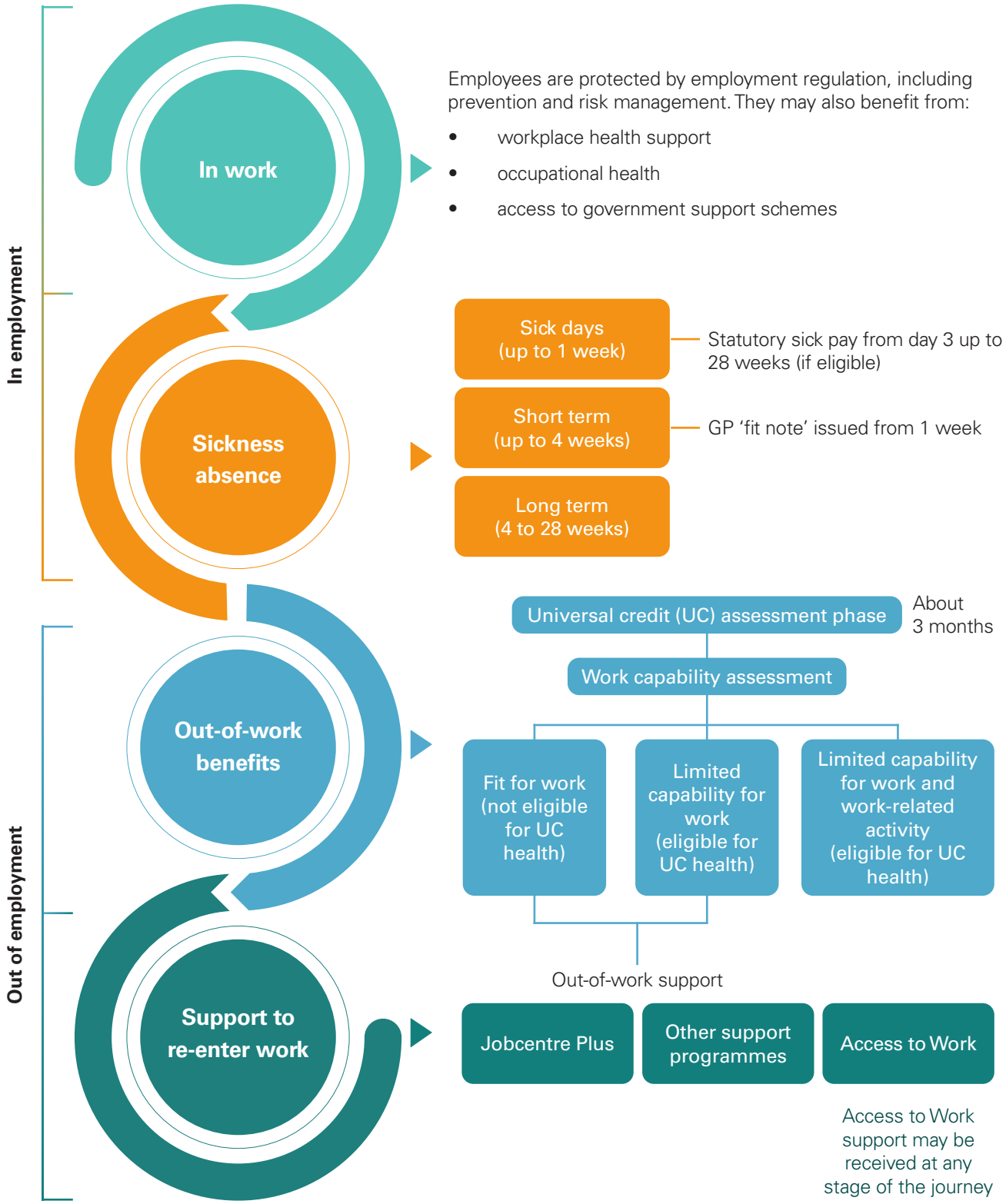
This section reviews the work and health system in the UK, highlighting key areas where government policies and employer practices are not set up to address the challenges facing the UK's working-age population. Significant reform is needed to address gaps where the policy infrastructure has not kept pace or is missing altogether.

## The work and health journey

The journey from employment to sickness absence, work exit and potentially incapacity benefits follows several key stages. Although support is available at certain points, significant gaps in how employers and wider services manage and respond to health issues often result in missed opportunities for early interventions to keep people in work.

Unlike the substantial progress seen in areas like maternity leave and parental support, the UK's work and health infrastructure has remained fragmented and underdeveloped for decades. People are often made to go too long without engagement and support, leaving them to drift out of the labour market, typically over a period of several months (Figure 3), by which time it is harder for them to return to work.

## Figure 4: A journey from work, to sickness absence, to out-of-work benefits, to support to re-enter work



## The role of employers

Employers play an important role in helping people remain in work as well as addressing health-related barriers to employment, particularly given the amount of time people spend in the workplace. Employers also shape how work is designed and carried out, including decisions around shift patterns, pay and benefits and workload management, all of which can significantly impact employees' health and wellbeing.

However, UK employers face relatively light legal obligations regarding health and disability compared with international standards. Their key duties include ensuring health and safety, preventing discrimination under the Equality Act 2010 and providing 'reasonable adjustments' for disabled applicants and employees. While most employers report confidence in meeting these duties, understanding of these obligations is notably lower among small and medium-sized enterprises.[15,20]

Recent research for the Department for Work and Pensions found that only 59% of employers who received requests for support from employees in the past year provided workplace adjustments.[20] Some employers declined, citing concerns about costs or deeming the requests unreasonable. The research also revealed that many employers without employees with health conditions were unclear about their legal duty to offer reasonable adjustments under the Equality Act. This underscores the need for clearer guidance and support to ensure both employers and employees fully understand and meet their responsibilities.

Employees often have to enforce their rights through employment tribunals, which can be both costly and a risk to job security.[6] The Health and Safety Executive, Britain's national regulator for workplace health and safety, focuses more on prevention than enforcement, meaning most employers will not be actively monitored unless issues or complaints are raised, except in higher-risk environments, such as agriculture and construction.

### Provision of workplace support

Despite few legal obligations, many employers do provide significant health support, such as employee assistance programmes and physiotherapy. However, the availability and quality of these services varies widely by organisation size and sector. Larger employers tend to provide more structured programmes, while small employers often have limited resources and rely on informal approaches.[15] Research and business roundtables show that many employers, particularly small and medium-sized enterprises, take a reactive rather than preventative approach to workplace health.*

Interviews and roundtables also suggest that while employers recognise the importance of workforce health, some doubt the impact of their efforts. Concerns about 'wellbeing washing' persist, where mental health initiatives fail to address deeper issues.[27] This speaks to a broader challenge employers describe in identifying evidenced-based interventions that can be easily adapted to their work environment.

* In a 2021 study, more than half of employers (55%) described their approach to managing employee health and wellbeing as reactive. See Department for Work and Pensions, 2021a.

Employers across sectors highlight the role of effective line management in supporting employee health. However, large organisations can struggle to engage managers,* while smaller businesses lack capacity and expertise. People with lived experience echo these concerns, emphasising that even when workplace adjustments are approved, their success often depends on the buy-in of individual line managers. Both employers and employees emphasise the importance of overall workplace culture and leadership in creating a healthy workplace environment (see Box 3).

### Box 3: Flexibility in front-line roles – health and wellbeing impacts

Post-pandemic, flexible working has increased across the UK, but primarily in higher-paid, desk-based roles.

A recent Timewise report, *Flexible Working for All*,[79] highlights the potential benefits of introducing flexibility in front-line roles based on the findings from three pilots. These pilots led to positive changes in workforce health, with 82% of workers reporting at the end of the pilot that flexible working arrangements had allowed them to maintain a good level of personal health and wellbeing – up from 51% at the start.

Implementing flexibility in front-line jobs, such as those in health care, retail and construction, remains challenging. The report suggests that strong leadership, investment in skills and training and better scheduling practices can make flexibility on the front line viable without disrupting operations.

## Occupational health: availability and quality

In addition to general workplace support, occupational health services vary significantly in terms of both availability and quality. Currently, only about 45% of workers in Great Britain have access to occupational health services, with a significant gap between large (89%) and small (27%) organisations.

Discussions with employers revealed mixed views on occupational health services. Some voiced concerns about reliance on generic advice, which often fails to address broader issues or specific workplace contexts. Smaller employers also highlighted challenges in finding high-quality, affordable services. However, others noted that occupational health services are increasingly valued by employees. Interviews emphasised the importance of considering wider determinants of health and adopting a holistic biopsychosocial† approach to occupational health services. There was also a focus on the need for practical recommendations tailored to different work contexts to help employees stay in work.

* We heard that in larger organisations, workforce representatives can play a key role in bridging the gap between management and employees, ensuring that workforce health initiatives are both effectively targeted and implemented.

† 'Biopsychosocial models' recognise the interconnectedness of biological, psychological and social factors that contribute to a person's working health.

The closure of the Fit for Work service in 2018 left a gap in access to occupational health advice and information for small and medium-sized enterprises. In 2024, the government responded by launching an Occupational Health Taskforce to review standards and raise awareness of occupational health services, although it relies on voluntary uptake.[13] Countries with mandatory systems tend to have much higher rates of occupational health provision (above 75%).[18]

### Employer awareness of government support schemes

Awareness of schemes like Access to Work and Disability Confident – designed to help recruit and retain employees with health challenges – remains low. A 2022 survey found that only 26% of organisations were aware of the Access to Work scheme, and just 14% knew about Disability Confident.[15] This low awareness, coupled with other challenges, undermines the effectiveness of both programmes.

Access to Work, which has been in place since 1994, has been shown to help individuals and employers by providing necessary adjustments that enable people to stay in work.* In recent years, however, the scheme has been criticised for its complicated application processes, delays in processing claims and inadequate funding.

Disability Confident lacks clear accountability or external evaluation mechanisms, and there are serious doubts about its ability to deliver meaningful outcomes.[33]

## The role of sickness absences in workforce exits

People with health conditions leave the workforce for various reasons, but sickness absence is often an early sign of emerging work and health problems. In many cases, prolonged absence signals the beginning of a worker's exit from employment, with a significant number of incapacity benefit claimants starting after such periods.†

Early intervention can reduce the risk of long-term job loss, yet this often does not happen. While some employers manage absences by signposting to support services, maintaining contact and offering phased returns to work, there is no national requirement for rehabilitation or early intervention, leaving many workers without crucial support. A third of small and medium-sized enterprises do not collect sickness absence data.[15]

* Qualitative research has found that Access to Work helps applicants overcome workplace barriers, and employers benefit from retaining staff. However, challenges in measuring its broader impact complicate a robust quantitative evaluation. See Department for Work and Pensions (2018b) and Department for Work and Pensions (2018c).

† According to Department for Work and Pensions research in 2013–14, 45% of people in receipt of incapacity benefits had a period of sickness absence prior to leaving work. However, others moved directly from employment to benefits without sickness absence (19%) or moved via unemployment to incapacity (36%). See Department for Work and Pensions (2015).

Statutory sick pay covers up to 28 weeks, but its low rate and short duration create financial pressures, particularly for those with long-term health conditions. Many lower-paid workers are ineligible for statutory sick pay,* and without structured support, prolonged absences often result in job loss, as employers have no legal obligation to hold positions open beyond the statutory sick pay period.

Evidence from Nordic countries suggests that structured interventions – such as early rehabilitation, return-to-work plans and partial sick leave (similar to phased returns to work) – can reduce sickness absence durations and improve return-to-work rates.[42]

### Fit notes: a missed opportunity for intervention

To manage sickness absences, employers can request a 'fit note' after seven consecutive days of absence. This document provides information on how a health condition(s) impacts an employee's fitness for work. While the fit note system is well established in the UK, it is not always used as intended.† In April 2024, over 93% of fit notes issued in England were marked as 'not fit for work', with 41% covering periods longer than five weeks. This is despite recent changes that allow a wider range of health care professionals, beyond GPs, to issue fit notes. Even when employers receive advice on adjustments via a fit note, these are not always considered helpful.‡ A key issue is that many health care professionals are not specifically trained or do not feel well-placed to have conversations about work and health.[58]

#### Case study

Jane was a mid-career professional at a large employer when she began experiencing musculoskeletal issues that impacted her ability to carry out her demanding and physical job. Doctor appointments had to be taken on rest days, and although Jane received some occupational health support, this only constituted a short period of physio that was not sufficient to meet her needs. After an initial 6-month period off work to manage her health, Jane was asked to move around to different roles, including an administrative role that required her to climb two flights of stairs. After continued difficulties with her health, Jane was threatened with dismissal due to 'inefficiency', which took a big toll on her mental health. After presenting to an occupational health physician for physical and mental health challenges, Jane was declared 'permanently unfit for work' and forced to retire early.

* It excludes up to 2 million lower-paid and part-time workers due to a minimum earnings threshold, and provides no payment for the first 3 days of absence, leading to immediate financial hardship.

† In 2010, this system replaced 'sick notes' to improve back-to-work advice and communication. Fit notes (also known as a Med 3/statement of fitness for work) provide information about the impact of their health condition on their fitness for work. They can be certified by a registered doctor, nurse, occupational therapist, pharmacist or physiotherapist.

‡ In a 2022 survey, 45% of organisations reported finding the adjustments suggested on fit notes to be helpful. See Department for Work and Pensions; 2023b.

## From employment to benefits

For those unable to return to work for health reasons, incapacity benefits such as the health component of Universal Credit are available. Around 3.2 million people of working-age people are in receipt of these incapacity benefits.[62] However, it can take months to access these benefits after leaving work.[34] This leaves people with little support and facing uncertainty during a critical period, as the longer they are out of work, the less likely they are to return.

Work capability assessments, designed to determine incapacity benefit eligibility within 3 months, are often subject to repeated delays.[34] The system's focus on assessing incapacity, rather than preventing it, disconnects many workers from the labour market before support is in place. By the time decisions are made, many are too far removed from employment to easily return. Their concerns around skills and self-confidence can become major barriers.

This disconnect is compounded by the punitive nature of the benefits system, which discourages those in receipt of incapacity benefits from engaging in work-related activity due to the risk (or perceived risk) of losing financial support. This is especially challenging for those with fluctuating conditions, where unpredictable health makes their ability to work uncertain.* Many recipients have been out of the labour market for extended periods, often over 5 years,[21] making returning to work even harder. They can even hesitate to engage in voluntary work or community activities, worried that this might trigger a work capability reassessment and lead to a reduction or withdrawal of benefits.[61] This can result in missed opportunities to build confidence, improve health and develop networks that could lead to future employment.[61]

Recent reforms, such as the Chance to Work Guarantee,[16] which would allow people to work a certain amount without losing existing benefit entitlements, aim to address these issues. However, there is still a fundamental lack of trust between people receiving benefits and the Department for Work and Pensions. This mistrust prevents people from feeling confident enough to participate in support without worrying about losing financial assistance.

It is important to recognise that managing the costs of the welfare system presents significant challenges for any government. Previous proposals to reform work capability assessment descriptors were expected to reduce eligibility for higher-tier health-related benefits but with only limited impact on employment outcomes.† Such measures risk increasing individual burdens, leading to greater financial hardship and worsening health outcomes, which could in turn impose higher long-term costs on public services, including the NHS. They also risk further eroding trust in the system, adding to the fears that prevent people from attempting to re-enter the workforce.

* According to previous Department for Work and Pensions research, 66% of claimants in the Employment and Support Allowance support group or the Universal Credit equivalent reported that their condition fluctuated. See Department for Work and Pensions; 2020.

† This is projected to lead to 424,000 fewer people qualifying as having limited capability for work or work-related activity by 2028/29. Yet, the Office for Budget Responsibility predicts that these reforms would result in only 15,400 more people entering employment. See Office for Budget Responsibility (2023b).

## Employment support programmes: gaps and inconsistencies

There are national programmes that aim to help people with health conditions get back into work, offering personalised support through Jobcentre Plus and third-sector groups. However, inconsistent access, service gaps and underfunding limit their impact. The Work and Health Programme and the Shared Prosperity Fund are set to end in autumn 2024 and spring 2025, respectively, with the rollout of their successor, the Universal Support programme, delayed.

Programme and local employment support is fragmented – recent research for the Local Government Association identified 51 nationally funded employment support programmes[38] – with strict eligibility rules that exclude many possible participants.[4] A complex and unstable funding environment also restricts local capacity to provide joined-up, consistent support.

## Key challenges to address

A modern work and health system should be built on five key pillars: proactive and healthy workplace environments, accessible and effective workplace health services, strong sickness management policies, early access to employment retention-focused support and ongoing engagement with people who have been out of work long term. These elements are crucial to maintaining workforce health and reducing unnecessary exits from the labour market among people with health problems.

The UK's work and health system faces three key challenges that need to be addressed:

- **Employers are not yet playing a sufficiently preventative role.** Many employers struggle to create environments that proactively support workforce health and wellbeing. They often wait until issues escalate rather than taking proactive steps. While larger organisations often have structured practices in place, these are not consistent across sectors. Smaller employers, in particular, face uncertainty about their responsibilities and lack clarity on good practice, leading to missed opportunities for effective interventions like role redesign or tailored support. This reactive approach undermines efforts to create inclusive work environments that could reduce the likelihood of health-related exits from the workforce.
- **Support comes too late.** When workforce health issues arise, early intervention is key to preventing workers from leaving the labour market due to health problems. The UK's work and health system often misses opportunities to address issues early, allowing conditions to worsen. Access to occupational health and vocational rehabilitation services is limited, and awareness of government support schemes is low, particularly among small and medium-sized enterprises.

Timely support during sickness absences could help workers return sooner and reduce long-term incapacity. However, the statutory sick pay system must also be strengthened to ensure workers receive support.

- **The benefits system is poorly designed, discouraging engagement with support.** A lack of trust in the benefits system, combined with concerns about losing financial assistance, deters many people with health conditions from trying to move into work or even from participating in work-related activity. A better balance of work incentives and safety nets is needed to encourage individuals with health problems to engage with support to re-enter the workforce without the risk of falling into financial instability. Clearer guidance and a more supportive system could help ease this transition.

## Box 4: The health system is not adapted to support employment

The NHS is under increasing pressure, particularly due to an ageing population, which limits its capacity to meet the health needs of the working-age population. Alongside issues with the fit note system, long waiting lists and difficulties accessing primary care can worsen employment outcomes, especially for those with multiple health conditions.

Many people struggle to adjust to new diagnoses and find it difficult to access necessary support, such as health coaching, through the NHS. Frequent medical appointments create challenges for both employees and employers. Accessing appointments can also present financial challenges.

Although there have been improvements in the availability of counselling services for mental health issues, demand continues to outpace supply, particularly among younger workers.

# A vision for change

Without transformative action on working-age health and employment, the costs to individuals, employers and the economy will continue to rise. The policy structures required for greater progress are either inadequate or missing. Employers who recognise the issue and wish to support their workforce are often unaware of how to use existing resources optimally.

While increasing health and disability-related benefit spend is placing immediate pressure on public finances, failing to reform the work and health system now will result in even greater social and economic costs in the long term. A new approach focused on keeping people in work and healthy in the first place and redefining the roles and responsibilities of both employers and government is needed.* Employers should be better equipped to address their workforce's health, while the government must provide the conditions to enable them to do so.

The wider conditions in which people live – such as having an adequate income or quality housing – must also be addressed to ensure that people are not coming to their work in poor health. While a detailed approach to addressing these wider determinants of health is outside of our scope, it is clear that any additional asks of employers must be met by the government meeting its own responsibilities.

Building on the evidence gathered, here we set out three key areas for attention, identifying the levers and mechanisms needed to build a healthier and thriving workforce:

1. proactive initiatives to support worker health
2. early and effective support to keep people attached to the labour market
3. improved financial incentives and employment and health support to help people back into work.

In the coming months, our focus will be on developing specific recommendations in these areas, providing a clear direction and framework for action. These recommendations will be backed by evidence to ensure their effectiveness, setting the groundwork for meaningful progress in addressing our work and health challenges.

* The Resolution Foundation has characterised UK employers' responsibilities around the onset or escalation of health problems in the workplace as 'quite limited when compared internationally'. See Gardiner L, Gaffney D; 2016.

# Proactive initiatives to support worker health

There is little active management of the health of the UK's workforce. The health care system tends to be accessed when needs become acute. In some instances, work itself is detrimental to people's health. Around 1.8 million workers report suffering from work-related ill health, particularly due to stress and anxiety. However, the UK lags internationally in providing workplace health support. The quality of existing support is variable, employers lack clarity on what can be effective, particularly in the context of rapidly changing and hybrid workplaces, and many smaller employers lack access to affordable expertise.

The public sector, with 6 million workers, has an opportunity to lead by example, setting benchmarks for best practice, especially in the health and education sectors, where challenges are pronounced.

## Areas for immediate action

### A strategic review of public sector working practices

The government has an important role to play in setting standards of best practice, yet parts of the public sector workforce report some of the worst rates of work-related ill health. There is a clear duty to improve public sector workforce health outcomes, particularly in sectors with high job strain like education and health, as well as social care (where the government holds substantial commissioning authority and is planning reforms to pay, terms and conditions). Involving workforce representatives will help ensure the review leads to practical and sustainable improvements.

*The government should launch a strategic review of public sector working practices to uncover and address causes of harm to health. This review can help to set a benchmark for work quality, providing evidence-based examples of best practice and raising the standards in sectors in competition for staff, such as retail and hospitality. An initial report ahead of the summer 2025 spending review can set the direction and inform spending plans.*

## Areas for further policy development

### Support for employers to proactively manage workforce health

Employers and line managers often lack an awareness of health issues and the necessary support structures to identify them before they start to significantly impact on work.

*We plan to explore organisational models that equip employers and line managers with the processes, tools and resources to help them recognise work-relevant symptoms and implement effective adjustments across various workplace settings, including return-to-work plans from periods of sickness absence.*

Employers, particularly smaller businesses, often do not have the resources or systems to access occupational health schemes or manage health issues effectively when they arise. The quality of existing provisions is variable. Despite existing quality marks, some

employers report finding it hard to purchase the most effective services, and few of the many available health and wellbeing apps have been proved to work. A number of employers have reported long waits to access services.

*We plan to assess the changes needed to ensure the UK's occupational health market operates effectively. We will consider practices in other countries, with a particular focus on ensuring affordable provision for small and medium-sized businesses, ensuring the quality and adequacy of services and stimulating a workforce that can meet the growing demand for services.*

### Promotion of healthy working conditions and addressing harmful job practices

Poor quality work can be harmful to health and, in some cases, worse than not working.[5] Forthcoming research for the Commission shows a strong link between factors like insecure or precarious work, harassment and job strain and poorer health and wellbeing, often in sectors like transport, logistics and retail.[35] Employers who fail to take responsibility for worker health often shift the burden (externalities) onto individuals and public services, which bear the health consequences of poor working conditions.

*We plan to identify the key elements required to ensure jobs are designed to prevent harm to health and support those with health challenges. We will consider the mechanisms that will enable these changes, with a key challenge of balancing effective regulation and enforcement that supports existing staff and employers of all sizes to make these changes without creating barriers or disincentives to hiring people with health conditions.*

## Early and effective support to keep people attached to the labour market

Staying connected to the labour market is crucial for people's long-term health and financial stability. The longer someone is out of work due to ill health, the harder it is for them to return, and when they do, it is often to lower-paid and less secure jobs.[30]

The government's forthcoming white paper to 'get Britain working' appears to be aimed, importantly, at supporting people who are already out of work into employment, including those who are long-term inactive due to ill health. However, a long-term solution must be focused on helping people stay in employment before they fall out of the labour market for an extended period. As with some elements of current WorkWell pilots, an emphasis on engaging and supporting employers to prevent health-related job loss is crucial.

## Areas for immediate action

### Reform statutory sick pay

As part of its Employment Rights Bill, the government has committed to measures to strengthen statutory sick pay by removing the lower earnings limit and three-day waiting period to 'provide fair earnings replacement for people earning below the current rate of statutory sick pay'.[55] While these are important steps to support worker health,* they represent long-overdue improvements. There is also some remaining ambiguity on entitlements where the main statutory sick pay rate exceeds a worker's typical pay.

The pandemic exposed significant gaps in both the coverage and adequacy (or generosity) of statutory sick pay. Issues such as who is eligible for support and how much support they receive were brought to light. The extent of worker support with sickness absences has not been seriously reformed since the statutory sick pay policy was introduced in 1982. The UK has one of the lowest rates of sickness absence among comparable countries, and its statutory sick pay system remains one of the least generous.[8]

*For the lowest earners, the government should look to the statutory maternity pay model and provide statutory sick pay payments equivalent to 90% of a worker's recent average earnings or the main statutory sick pay rate, whichever is the lower. However, they should also begin the groundwork for more fundamental reforms to the system. The first steps should be enhancing the flexibility of statutory sick pay to allow phased returns to work after long-term absences† and extending enforcement to ensure workers are paid appropriately.*

*The government should also signal an intention to move towards a more generous payment over a longer period of time that brings the statutory minimum closer to employer-provided occupational sick pay. Again, the statutory maternity pay model can be used, which pays 90% of earnings for the first 6 weeks, followed by up to £184 a week for the next 33 weeks.*

### Clear the Access to Work application backlog

Despite limited public awareness, the Access to Work scheme currently supports nearly 50,000 people a year.[17] However, access to this support has become increasingly problematic. By May 2024, the backlog of unresolved applications had risen to nearly 37,000, up from 25,000 at the start of the year. As of April 2024, the average time taken to reach a decision on an application was 44 days.‡

*As stated in the Labour manifesto, the new government must follow through on its commitment to clear the backlog in Access to Work claims by immediately investing the resources to do so. This would show a clear intent to improve support for people with health*

* The proposed changes would extend statutory sick pay coverage to some of the lowest earners who may have multiple low paid jobs but not earn above the lower earnings limit in any of them. Extending eligibility would help reduce financial strain during periods of illness and potentially prevent employees from either going to work when ill, exacerbating their health condition, or leaving the workforce altogether due to lack of financial support.

† This measure was also supported by both the Taylor Review of Modern Working Practices and Thriving at Work: the Stevenson/Farmer review of mental health and employers.

‡ This figure was quoted by Mims Davies MP, Minister of State for Work and Pensions, in a House of Commons Debate on Access to Work Assessments, 13th May 2024. See Hansard Vol. 750 (https://hansard.parliament.uk/Commons/2024-05-13/debates/04F7F0B5-107A-4BE9-BDA0-44BC40C660F4/AccessToWorkAssessments)

*conditions in the workforce. Looking ahead, it is important to review the structure and delivery of the Access to Work scheme to ensure it continues to respond effectively to the evolving challenges of today's work and health landscape.*

## Areas for future policy development

### Tailored, timely support for when workers develop health issues

The reasons behind people's ability to work becoming limited can be complicated and may not be purely due to their health, though ill health can often be exacerbated by wider issues like caring responsibilities. Therefore, the help people need as their health deteriorates and their ability to work diminishes will not solely centre on their health condition.

However, there is a severe lack of support mechanisms for people if their health starts to affect their work or during a period of sickness absence. People are left for too long without help, which significantly increases their chances of becoming disengaged from employment. Where support does exist, it tends to be provided by larger employers and to higher-paid workers. The Fit for Work service, which showed promise despite being resource intensive, was discontinued before it could fully establish itself and address these gaps effectively.[22]

*We are developing a plan for a timely, tailored support system that would help deliver problem-focused interventions when workers develop health issues. This holistic problem-solving service should focus on helping individuals adjust to new diagnoses, manage changes in work capability and address overlapping challenges like caregiving or housing that can impact their ability to work. Key considerations include identifying trigger points at which support can be most effective, helping both workers and employers and supporting successful returns to work whether with a current employer or in a more suitable new role.*

### Reform of sickness policies to help ensure people maintain a connection to work

During a period of sickness absence, employer responsibilities are very limited and largely restricted to having to pay statutory sick pay for up to 28 weeks. Future employment chances start to reduce the longer somebody is away from work, and if they move out of employment a return to work can mean taking a lower-paid role. As the furlough scheme highlighted during the pandemic, maintaining a link to the workplace can improve employment chances and help to protect people's health.

*We plan to explore broader reforms of sickness policies, focusing on improving incentives for employers and employees to actively manage sickness absences. These will include ensuring support is available to all workers regardless of pay or employer size, helping workers stay connected to the labour market and establishing clear pathways back to work – such as a right to return for those on long-term sick leave. We will also consider international models that support workers with reduced work capacity.*

# Improving financial incentives and employment and health support to help people back into work

Around 1 in 4 people with long-term health conditions who are currently out of the workforce express an interest in working in the future if they can.[63] However, the social security system fails to effectively encourage and support them to do so. Despite the financial and human costs of people being out of work, there has been little to no progress over recent decades in increasing the very low rates of re-entry into employment for people who have been out of the labour market for a year or more.

Existing employment support is mainly targeted at those receiving unemployment benefits, leaving those on incapacity benefits, or not claiming benefits, with limited assistance and no ongoing engagement. Health services and employment support systems are not well aligned, and, beyond specific examples such as individual placement and support services, they rarely work together effectively or engage with employers to improve people's chances of returning to work. A return to work after substantial time away can be gradual, with additional barriers to work such as a lack of confidence or skills also needing to be addressed.

Elements of the social security system – such as financial benefits and harsh, sanction-focused requirements to prepare for or seek work – can act against the aim of increasing employment for people with health-related barriers to work. Combined with an ungenerous and hands-off sickness absence approach, the choices facing people with little income and unable to work often push them away from employment.

## Areas for immediate action

### Secure, long-term funding for local employment support

Local employment support currently relies on the Work and Health Programme and the Shared Prosperity Fund, which are set to end by autumn 2024 and spring 2025, respectively. The delayed rollout of the Universal Support programme further risks creating a funding shortfall. The capacity to deliver employment and health support also varies widely across regions. Areas like Greater Manchester and the West Midlands have developed stronger funding and support infrastructure, while others do not have the same resources and delivery systems in place.

*The government should ensure continued funding for employment support in the upcoming Autumn Statement and commit to a long-term settlement in the 2025 spending review. The forthcoming employment white paper should explore new mechanisms to distribute funding based on local needs, enabling targeted employment services for individuals with health conditions or limited work capacity to be delivered across the UK. These must be integrated with local and community-based support to tackle a range of barriers to working.*

### Reconsider revisions to the work capability assessment descriptors

The previous government set out reforms to the descriptors in the work capability assessment – the part of Universal Credit that determines the extent to which health prevents someone from working. These changes would limit entitlement to the higher

rate of support of around £390 per month for the 424,000 people currently assessed to have limited capability for work and work-related activity. Despite this significant reduction, the policy is only expected to increase employment by 15,400.

This change risks being counterproductive, as it could push more people into poverty, worsening their health and further reducing their chances of returning to work. While this policy was accounted for in the government finances at Autumn Statement 2023, it is yet to be legislated. More broadly, the work capability assessment has been widely criticised for failing to properly assess individual circumstances and needs, leading to many people disengaging from both work and health services. It has also eroded trust in the system, with many claimants fearing punitive conditionality rather than receiving support to help them return to work.

*The government should reconsider these revisions to the descriptors in the work capability system. While this would mean a short-term increase in spending plans, it would avoid potentially higher longer-term costs. Instead, a more strategic overhaul of the assessment process is needed, ensuring that individuals are supported effectively and that the system facilitates engagement and trust rather than driving disengagement. We will review this issue and provide further recommendations in our final report due in 2025.*

## Areas for future policy development

### Reform of assessments and structures within the benefits system

Elements of the social security system can work against the aim of increasing employment for people with health-related elements of means-tested support, instead pushing them away from work. The inadequacy of statutory sick pay can also encourage people towards the higher rates of support within Universal Credit for those deemed to have limited capability for work and work-related activity.

People with health conditions who want to move into work can find little to no financial reward for doing so, particularly if they are having to work in a lower paid role than before their health limited the work they can do. Waiting for an assessment can be lengthy, with many finding the assessment itself very difficult. This creates a hesitancy for people afraid of losing hard-to-access benefit entitlement.

Harsh sanctioning and intensive work preparation and job search requirements are not applied for people with limited capability for work and work-related activity. This can incentivise people to move into a category where no activity to find work is required, however limited support or engagement is provided.

*We plan to consider reforms to the assessments and structures within the benefits system to improve work incentives and reduce the barriers preventing people from moving to paid work. These will take into account other recommended reforms such as more proactive sickness absence support. Benefits system reforms will aim to rebuild trust in interactions with Jobcentre Plus and Universal Credit, reduce the real and perceived risks associated with work for those with health conditions and sharpen financial incentives, with a focus on rewarding a sustained move back into employment.*

### Tailor support to the diverse needs of different groups of people

The new government plans to devolve greater funding and responsibility for out of-work support to local areas. It is clear that barriers to work for people with long-term health conditions vary not only between local areas but also for different groups of people. Younger people are more likely to experience mental ill health, have low qualifications and little or no work experience. Older workers are more likely to drop out of the workforce due to ill health after a lengthy career acquiring skills and then return in a lower paid role to accommodate their health.

Historically, UK employment programmes have been relatively unsuccessful at supporting people with health conditions or disability into work. There also has been very little done to support household or family members with health or disability-related caring responsibilities.

There are, however, elements of these programmes that are effective at supporting people into work, including allowing people to return to their original benefit if needed, decide the number of hours worked, work from home and take breaks during the day when required.[30]

*We plan to consider the most effective means of delivering support to different groups who are out of work, drawing on historical evidence. This will include targeting support at young people who need to build work-related skills, providing retraining for roles that maximise earnings potential, working with employers to design and expand the availability of suitable job roles, accommodating fluctuating and multiple health conditions and bespoke support for people with caring responsibilities.*

# Conclusion

Addressing the UK's work and health challenges requires a radical shift in how we tackle the rising number of people who end up out of the labour market due to health problems. This means moving beyond a focus on those already out of work and prioritising efforts to keep people in employment. It is essential to help people maintain their connection to the labour market and act early to prevent longer term costs to the economy and public finances.

Action from both employers and the state is necessary for success. Employers must take a proactive role in creating healthier working environments, offering flexibility and supporting employees with health issues. The solution is not just about rebalancing roles between businesses and the state but rebuilding the policy infrastructure, which is currently inadequate. While we recognise that improving work and health outcomes is a long-term project, there are immediate steps that can be taken now to lay a foundation for action over this parliament.

The costs of inaction are significant and already visible, affecting businesses, the economy and, most importantly, people's lives. This agenda cannot be driven by short-term welfare savings alone. While it is important to acknowledge current fiscal constraints, ignoring the long-term costs of inaction would be equally short-sighted. The precipitous rise in mental ill health among young people, for example, risks huge loss of potential for decades to come. Both policy and employer-led solutions must focus on improving opportunities and life chances for those affected by poor health.

Our final report, due in spring 2025, will set out a comprehensive programme of action that ensures early and proactive action are taken to create a thriving, healthier UK, with employers and government working together.

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## About the Health Foundation

The Health Foundation is an independent charitable organisation working to build a healthier UK.

Health is our most precious asset. Good health enables us to live happy, fulfilling lives, fuels our prosperity and helps build a stronger society. Yet good health remains out of reach for too many people in the UK and services are struggling to provide access to timely, high-quality care.

It doesn't have to be like this. Our mission is to help build a healthier UK by:

- improving people's health and reducing inequalities
- supporting radical innovation and improvement in health and care services
- providing evidence and analysis to improve health and care policy.

We'll achieve this by producing research and analysis, shaping policy and practice, building skills, knowledge and capacity, and acting as a catalyst for change.

Everyone has a stake and a part to play in improving our health. By working together, we can build a healthier UK.

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