

RSPH response to the Employment Rights Bill: call for evidence

The Royal Society for Public Health represents over 6,000 members who work in every field from social care and town planning to smoking cessation and physiotherapy. Over the last year we have engaged extensively with our membership and the business community to understand the drivers of good health at work, and what more support is needed to ensure that work makes people healthier. The recommendations in our report, A Better Way to Do Business, represent the broad consensus outcome of that engagement.

Work as a Driver of Health

The nature of our work and our work environment can significantly impact the health of employees, both physical and mental. This can have a major affect their ability to do their job. We know that prioritising the health of employees reduces staff absence, improves employee retention and reduces hiring costs. Illnesses costs businesses over £100 billion a year as people work through sickness thereby reducing levels of productivity.¹ This creates risks to the health of individual employees and potentially their wider workforce as they must continue to work. By providing early interventions to support the health of employees, employers will be able see tangible benefits through higher productivity. For example, for every £1 spent on supporting the mental health and wellbeing of their workforce, employers get (on average) about £4.70 back in increased productivity.²

Good worker health contributes to high productivity which in turn supports economic growth, and the social wellbeing of communities. As productivity has stagnated over the last decade,³ this is particularly important when it comes to escaping from the current low growth economic cycle the UK has become stuck in. Estimates vary, but there is evidence to suggest that a comprehensive health and wellbeing offer at work can boost productivity by as much as 20%.⁴

Statutory Sick Pay

The RSPH welcomes reforms in the Bill to modernise the Statutory Sick Pay (SSP) system by removing the three-day waiting period (so employees are eligible from the first day of illness or injury). This must be introduced as a matter of urgency. However, this will still mean that the 42% of employees who rely on statutory sick pay rates will face a pay cut to take time off.⁵ As a first step, businesses should be incentivised to offer higher rates of cover, with regulation introduced to force this measure if further steps are needed.

It is vital that employees are provided with fair pay and guaranteed sick pay which will reduce instances of sick days, prevent worsening health and increase productivity. Sick pay

¹ Perci Health (2024) [How employee health and productivity are connected](#)

² Deloitte (2024) [Poor mental health costs UK employers £51 billion a year for employees](#)

³ House of Commons Library (2024) [Productivity: Key Economic Indicators](#)

⁴ Institute of Government and Public Policy (2024) [The growing importance of health and wellbeing in the workplace](#)

⁵ DWP (2021) [Sickness absence and health in the workplace](#) Table 7.1

should be available from day one of a person's employment, with pay from the first day they are off sick, and businesses incentivised to pay a living wage to employees while they are off.⁶ This is a particularly popular proposal as RSA polling in 2021 showed that 81% of Labour voters and 74% of Conservative voters backed an increase in SSP.⁷

The number of people who are inactive because of long-term sickness currently stands at a record high of 7% of the working-age population, and longer-term projections indicate that there will be 3.5 million working-age people with major illness in 2040.⁸ In addition to this, the cost of "presenteeism" – detrimentally working through sickness – grew by £25 billion in the UK last year compared with 2018.⁹ Employees now lose the equivalent of 44 days of productivity on average because of working through sickness, up from 35 days in 2018 and staff lose a further 6.7 days taking sick leave, up from 3.7 days in 2018.

This issue is growing worse, particularly as workers in the UK are among the least likely to take sick days, especially compared with other OECD and European countries.¹⁰ This is because the current sick pay system encourages employees to remain in work as long as possible, often resulting in health conditions worsening before help is sought. The major barriers to uptake are the requirement to be off for three days before payments kick in, and the financial penalty associated with relying on statutory sick pay. Addressing these barriers would ensure that all workers are able to take sick leave to address minor health problems, preventing them escalating and forcing people out of work for longer periods of time. Furthermore, absenteeism - employee's habitual absence from work beyond the expected need for sick days or time off – is also resulting in higher costs for employers due to lower productivity.¹¹ Employees who suffer from long term illnesses and those who manage chronic health conditions are also more likely to miss work unexpectedly, which contributes to higher rates of absenteeism.

This also contributes to inequalities in health outcomes as those with the lowest education levels and income, and minority ethnic backgrounds were more likely to work through sickness.¹² For small businesses, the cost of ill health translates to an average of £3,500 each in sickness absence related costs alone.¹³ Sick pay makes economic sense as it will help stop the spread of communicable diseases in the workplace, resulting in fewer instances of long-term absenteeism, and that sick employees will be able to recover and return to work sooner.¹⁴

Flexible Working

We also welcome measures in the Bill which would require employers to justify the refusal of flexible working requests. We know that flexible working environments which allow employees to have more freedom and choice in their working patterns can promote better

⁶ RSPH (2024) A Better Way of Doing Business: [Securing the right to a healthy workplace](#)

⁷ RSA (2021) [Three-in-four Conservative voters back big increase in sick pay](#)

⁸ House of Commons Library (2024) [Inactivity due to illness reaches record](#)

⁹ Disability Rights UK (2024) [Presenteeism: UK's Working-While-Sick Epidemic](#)

¹⁰ IPPR (2024) [Revealed: Hidden annual cost of employee sickness is up £30 billion since 2018](#)

¹¹ Investopedia (2024) [The Causes and Costs of Absenteeism](#)

¹² Disability Rights UK (2024) [Presenteeism: UK's Working-While-Sick Epidemic](#)

¹³ Federation of Small Businesses (2022) [FSB and TUC call on Chancellor to deliver sick pay for all](#)

¹⁴ Investopedia (2024) [The Causes and Costs of Absenteeism](#)

mental health and productivity by putting the focus on positive work-life balance.¹⁵ The cost of presenteeism for the private sector, for mental health alone, is around £23 billion a year, much more than the cost of absenteeism which is £5 billion a year.¹⁶ Research shows that poor mental health costs UK employers £51 billion a year for employees and 46% of working parents are concerned about their children's mental health, costing UK employers £8 billion annually due to impact on performance, taking time off work or leaving their roles. Flexible working has been shown to lead to improvements in the mental health of employees, along with increasing productivity and employee wellbeing.¹⁷

A Right to a Healthy Workplace

Our research has shown that workplace health support is unevenly distributed across the labour market. There are 10 million people working in businesses with no basic health support, and they are disproportionately likely to be SMEs or lower-paid industries such as retail or agriculture.

These disparities mean that the job someone chooses to do has an outsized impact on their health and wellbeing. Rather than those employees who need it the most getting support, we too often see the inverse happen, creating a negative spiral where their job makes them less well, and they then cannot get the support they need to manage this.

When it comes to workplace regulation, the role of Government is to set a minimum floor – the standard all employees should expect. Enshrining this minimum standard in law, and giving employees enforceable rights if it is not met, would ensure that nobody is left behind.

If done well, this would not be a burden on business, as compliance would reduce sickness and improve productivity – ensuring long term growth for businesses after they have adapted. Indeed, businesses tell us they want it, as it would ensure that they are not financially penalised for doing the right thing - making it easier to invest in health promotion without fear of losing a competitive edge.

Small and Medium Employers

The government must also ensure that businesses, especially Small and Medium-sized Enterprises (SME's), are given the appropriate support to invest in their workforce in the short term, enabling them to reap the long-term rewards of higher productivity. Many small employers feel they cannot afford to make the upfront investment required on the promise of future returns. Models such as the apprenticeship levy provide a clear precedent for this levelling off the field, as they help SMEs to access the support they need to grow. Businesses are currently concerned about the impact of growing long-term sickness and economic inactivity on the prosperity of the UK, and what this means for the future health needs of the working population. 9 in 10 businesses also agree that it is the responsibility of employers to encourage their employees to be physically and mentally healthy.¹⁸

¹⁵ Mental Health UK (2023) [How flexible working could tackle burnout in the workplace](#)

¹⁶ Deloitte (2024) [Mental health and employers](#)

¹⁷ People Management (2019) [Flexible work improves mental health, study suggests](#)

¹⁸ DWP (2021) [Sickness absence and health in the workplace](#) Table 11.4