Health at Work

An Independent Review of Sickness Absence
Terms of Reference

• to explore how the current sickness absence system could be changed to help people stay in work, reduce costs and contribute to economic growth

• to examine whether the balance of these costs are appropriately shared between the state, individuals and employers

• to make tangible recommendations for system change
The Review was established to consider overall sickness absence system.

**State**
(Worklessness benefits; foregone taxes; extra healthcare)

**Employers**
(SSP/OSP; costs of staff turnover; time spend managing absence; OH where offered)

**Individuals**
(Loss of income; emotional and physical costs of ill-health)

Cost of sickness absence to economy c £15bn
Management of sickness absence by employers is inconsistent. Lower paid, lower skilled employees and those from smaller firms have less support. 85% of fit notes sign people off completely unfit.

The State’s main interventions are focused on the after job-loss period. Huge delays in assessing benefit claimants’ work capability.

140,000 ESA claimants come straight from work without a period of support from their employer.
Our recommendations address problems throughout the sickness absence journey.

- **Tax relief, public sector recommendations – managing absence in employment**
- **Job Brokering - helping people move jobs**
- **WORK** 24m
  - Short-term absence 11m
    - IAS - reducing flows into long-term sickness (2.9m off sick with GP’s certificate)
  - Long-term absence 1m
    - ESA reforms - reducing flows on to ESA from sickness (110k)
    - ESA reforms - reducing flows on to ESA from work (140k)

Job Brokering - helping people move jobs

Our recommendations address problems throughout the sickness absence journey.
Our main recommendations

In employment

• Introduction of Independent Assessment Service (IAS)
• Tax relief on medical interventions/VR (for basic rate taxpayers)
• Abolition of PTS
• Recommendations to reduce public sector absence (incl. review OSP)
• Job brokering service for long-term sickness absence cases

The benefits system

• Abolish the 13-week assessment phase for ESA
• Change Jobcentre Plus’ claims policies to direct more people who are fit for work straight to JSA
New Journey - details

Individual in work develops a health condition

Sickness absence begins and individual can self-certify for up to eight days.

For longer-term absence individual must get a ‘fit note’ from their Doctor.

Doctor considers patients ability to work in general based on revised guidance that reflect move away from jobs-specific assessments.

After four weeks, employer or doctor may refer to Independent Assessment Service for expert functional assessment.

After sick pay ends, individual claims Jobseeker’s Allowance following clear advice and support from Jobcentre Plus and supported by their Doctor who has a better understanding of the benefit system.

An early Work Capability Assessment determines whether the individual is eligible to claim Employment and Support Allowance.

Employer Support

Employer provides tax-advantaged Employee Assistance Programme and targeted health interventions to speed employee’s return to work.

Employers improve attendance management and have better understanding of their legal position to handle sickness absence.

Employer has reduced SSP admin burden.

Public sector employers have targets to drive down sickness absence.

After 20 weeks (or perhaps earlier) an employee with a ‘may be fit’ note may use the job-brokering service to find a new employer.

Individual found fit for work and continues to claim to JSA.

Employment and Support Allowance
Flows between work, absence and ESA before and after our recommendations

- **Employees**: 24.0m
  - Short time sickness absence: 120,000 (140,000)
  - Long-term sickness absence: 30,000 (110,000)

- **Self-employed**: 3.5m
  - Claim to Employment Support Allowance (ESA): 350,000 (650,000)

- **Out of work/inactive**: 11.4m
  - 12-15 months after ESA claim:
    - Economically active: 140,000 (340,000)
    - Economically inactive: 210,000 (310,000)

Figures may not sum due to rounding.
## Overall savings – impact of measures (£m pa)

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<th>Government</th>
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<th>Economy</th>
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<td>Job brokering</td>
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<td><strong>Total</strong></td>
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* this offset comes from the associated reduction in admin burdens
Conclusions – what does our proposed new system achieve?

- A swifter and more sensible journey from work, to support and back again;
- Complex cases will be assessed more quickly, in work and in the benefits system;
- Individuals who need financial support will get it sooner;
- Employers who invest in inventions will be encouraged, not penalised;
- The State will support job search earlier in the journey;
- Overall savings for employers and tax-payers and an increase in economic output.