

An Independent Review of Sickness Absence

Health at work –
an independent review
of sickness absence

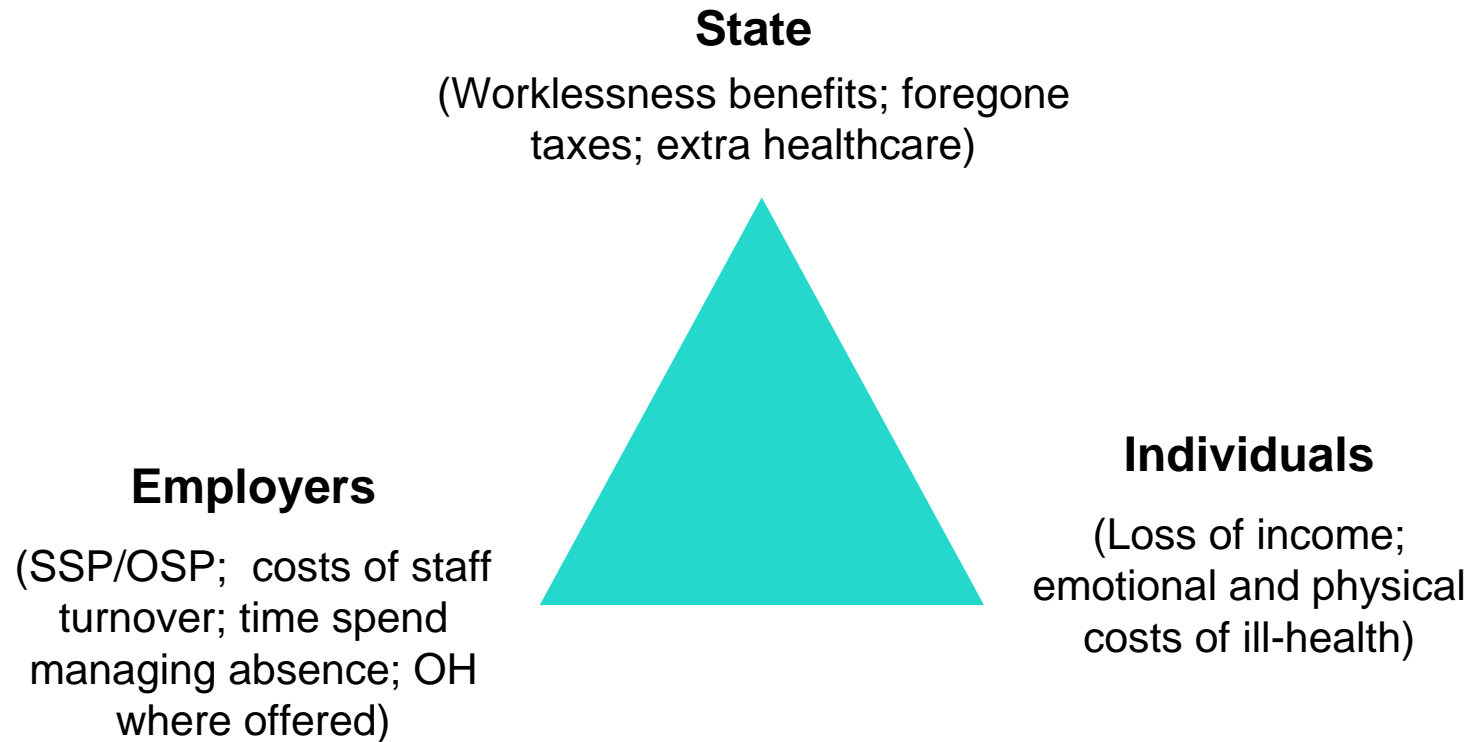
Dame Carol Black and David Frost CBE

November 2011

Terms of Reference

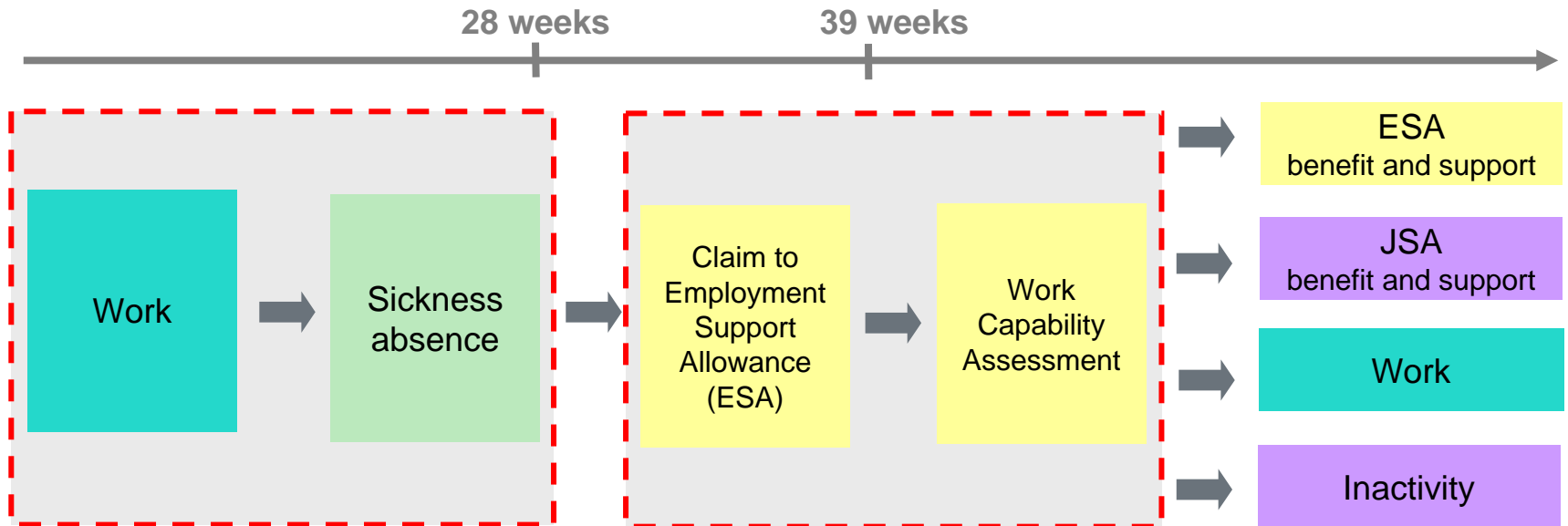
- to explore how the current sickness absence system could be changed to help people stay in work, reduce costs and contribute to economic growth
- to examine whether the balance of these costs are appropriately shared between the state, individuals and employers
- to make tangible recommendations for system change

The Review was established to consider overall sickness absence system



The current journey

There are too few drivers in the journey keeping people in work.

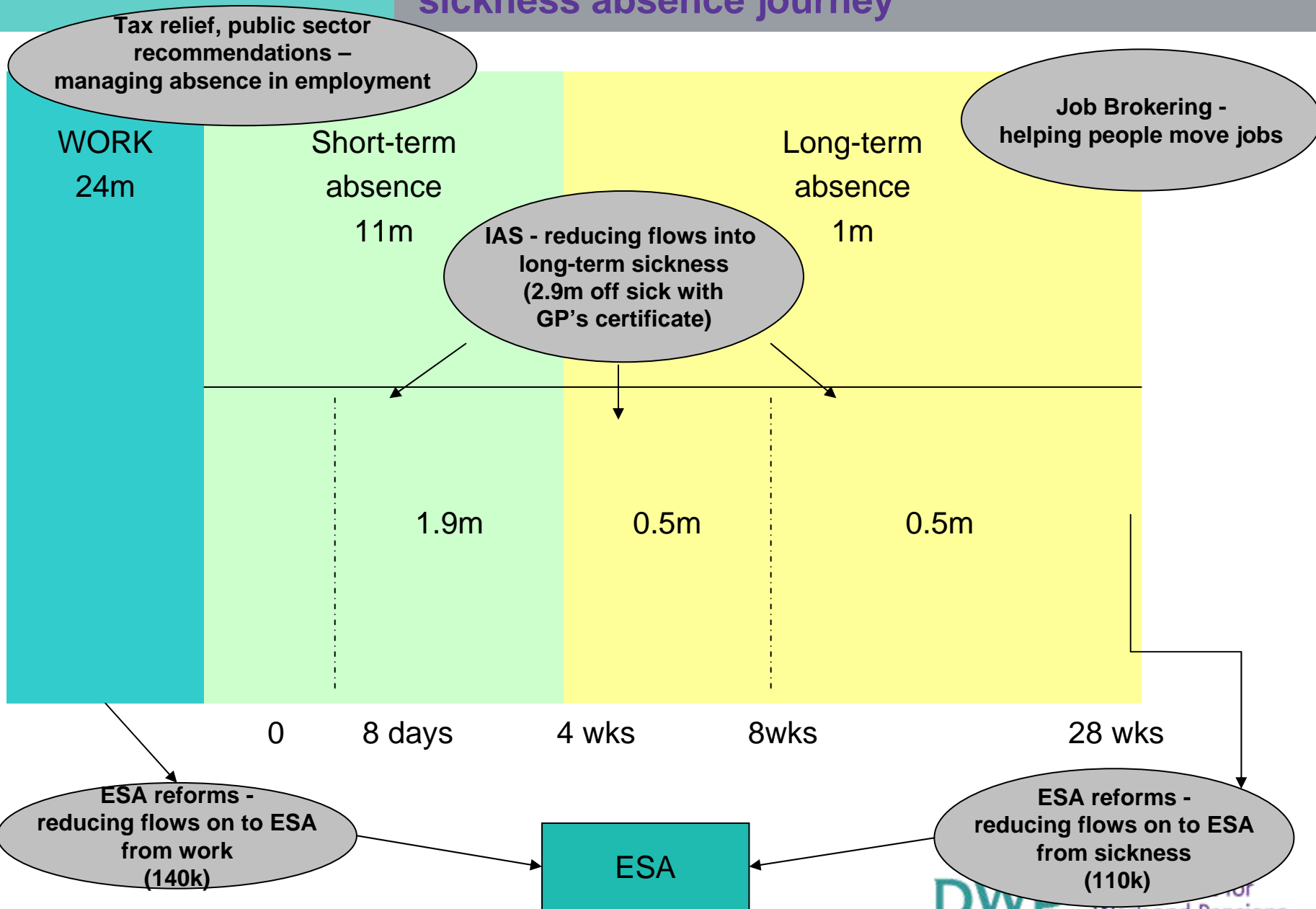


Management of sickness absence by employers is inconsistent. Lower paid, lower skilled employees and those from smaller firms have less support. 85% of fit notes sign people off completely unfit.

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



Our main recommendations

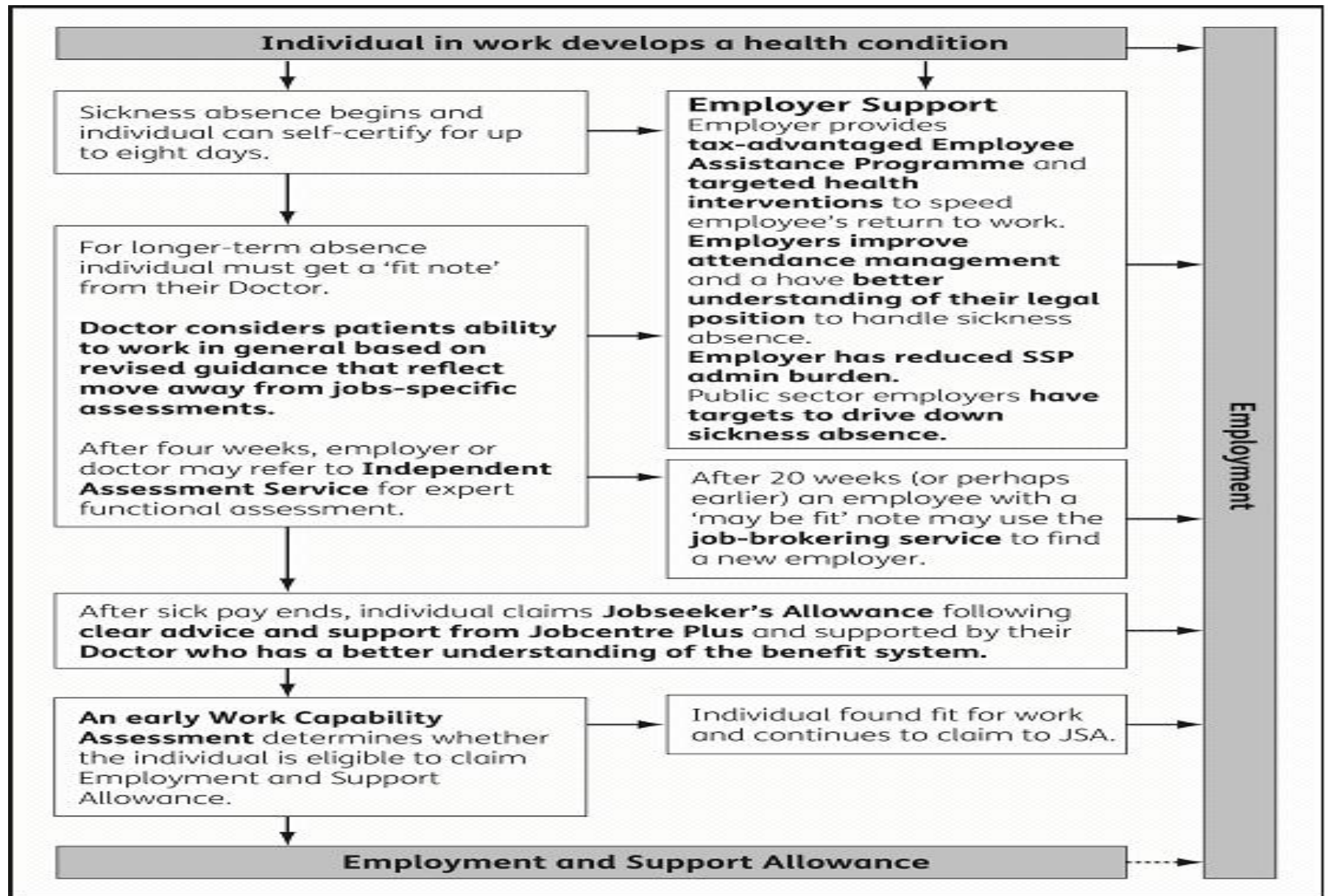
In employment

- 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

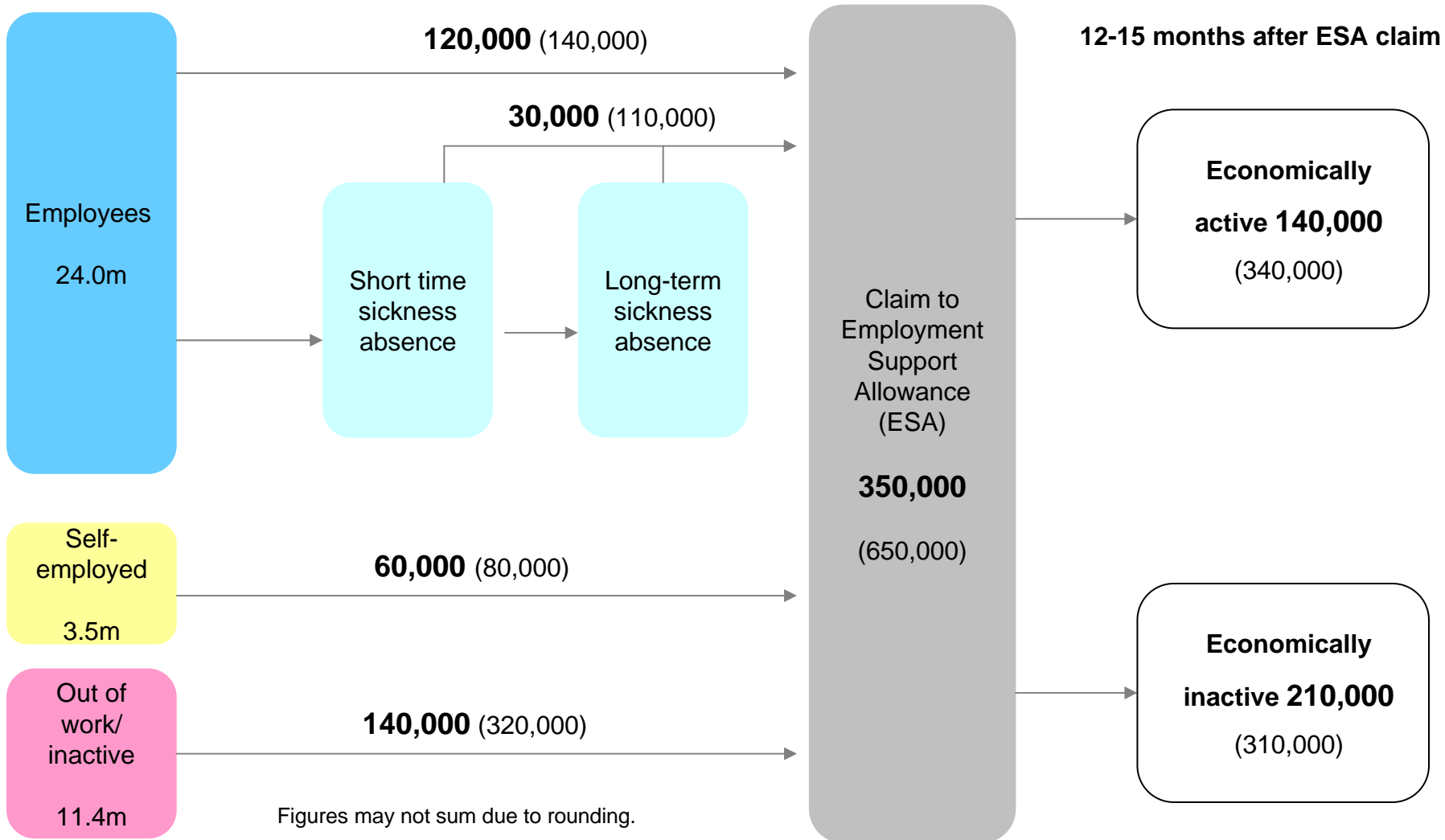
The benefits system

- 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



Flows between work, absence and ESA before and after our recommendations



Overall savings – impact of measures (£m pa)

	Government	Employers	Economy
Independent Assessment Service	-10	+100	+150
Job brokering	Up to +300	Up to +50	Up to +800
ESA system	+100		+300
Tax incentives	-150	+250	+100
Percentage Threshold Scheme	+50	Up to -50*	
Total	Up to +300	Up to +400	Up to +1,400

* 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.