



FUTURE OF WORK

GROWTH THROUGH PEOPLE **MAKING HEALTH WORK**

**FUTURE^{OF}
THE
ECONOMY**
WHERE BUSINESS BELONGS

B British
Chambers of
Commerce
**FUTURE
OF WORK**

CONTENTS

Foreword	4
Executive summary	5
Summary of recommendations	6
The Challenge	8
Impact on business	11
Barriers for employers	12
Recommendations	16
In-work provision and prevention	16
Managing sickness absence	20
Economic inactivity: Getting people back to work	22
Conclusion	26
References	27



FOREWORD



Shevaun Haviland CBE

Director General,
British Chambers
of Commerce

Every time I talk to business leaders about the issues they face, I can guarantee within five minutes the conversation will turn to their workforce.

Whatever the business size, wherever it's based and whatever it does, they tell me they can't find the people with the skills they need or are losing ones they have.

Sickness absenteeism is a growing concern. Every year, it's estimated around 300,000 people are leaving the workforce because of ill health. The UK has more than nine million people who aren't working with one third of them suffering from long-term health conditions.

This is a devastating loss of potential - for these individuals, the businesses that need them and our local economies.

If the government is serious about growing the economy, then we must turn the tide on this drain of talent. The evidence is clear that being in work is good for health. So how can we avoid people of working age with ill health leaving work unnecessarily and support others back into jobs?

The NHS undoubtedly has a huge role to play in the health of the UK's workforce, but we cannot rely solely on our public services to solve an issue this complex and wide ranging.

Employers recognise the problem and want to do more, but the increasing cost and complexity of the landscape means many lack the resources to respond quickly and effectively.

What's needed is a new partnership between business and government. One that delivers better access to high-quality health support for people in work and a holistic approach to helping the long-term sick back into employment.

This report sets out clear and practical recommendations on how we can achieve this. There is much to do but I remain optimistic that together we can make a real difference on an issue that has the potential to transform the UK economy.

EXECUTIVE SUMMARY

The UK is facing a workplace health crisis that is undermining productivity, constraining growth, and compounding labour market shortages. More than nine million people are economically inactive, one-third due to long-term illness, and workplace absences are at a ten-year high. The poor health of the workforce has become a critical barrier to achieving the government's growth ambitions.

This report sets out a business-led agenda to improve workplace health, reduce economic inactivity, and support employers to retain and recruit people with health conditions. It draws on extensive evidence from the Chamber network, national surveys, and employers to highlight the scale of the challenge and the practical solutions available.

Employers are already responding but face significant barriers. These include rising costs, a complex and fragmented support landscape, and a tax regime that stops investment in preventative health. Many small and medium-sized enterprises (SMEs) lack access to occupational health services and guidance on best practice.

This report calls for a new partnership between government and business to tackle the root causes of health-related economic inactivity. By investing in workplace health, the UK can unlock productivity, reduce pressure on the NHS, and create a more inclusive and resilient labour market.



SUMMARY OF RECOMMENDATIONS

In-work provision and prevention

Improve access and information

- Introduce a voluntary national Health at Work Standard for small employers and provide much better access to guidance on best practice.
- Increase access to high quality, affordable workplace health support for SMEs and their workforce. This could include options for SMEs to access services on a pay-as-you-go choice basis, or to benefit from reduced rates through a specially negotiated bulk purchasing arrangement. Reduce complexity for employers and provide clear information and guidance on how and where to get the help they need.

Health insurance

- The government should review the level of Insurance Premium Tax (IPT) for products that support workforce health to reduce cost barriers for employers.
- Expand benefit in kind exemptions for workplace health schemes so that employees are not financially penalised for participating in workplace health services that promote good health and keep people in work.

Management and leadership

- Offer support and incentives for SMEs to access mental health and neurodiversity education. For example, Mental Health First Aid training to upskill managers in the workforce can create inclusive workplaces and prevent people leaving due to mental ill-health. This could be delivered through an employer support fund, skills and training tax credits, a skills kitemark for employers, or training through the Growth and Skills Levy.
- Encourage large employers to be transparent about their workplace health offer. For example, they can provide more information on their websites to highlight best practice.

Inclusive workplaces

Equal pay reporting for disability should be encouraged on a voluntary basis for large employers. The government must set a standardised wording and data collection framework for employers to meaningfully utilise data.

Menopause

Employers should provide the broadest possible range of flexible working solutions to help employees balance work with health, caring responsibilities and other commitments.

Managing sickness absence

Statutory Sick Pay (SSP)

Re-introduce the SSP rebate for the smallest firms to help them meet the increased costs of improved access to SSP.

Fit notes

- Reform the fit note system to support employers and employees to manage sickness absence and return to work as quickly as possible, recognising that work is good for health.
- Resource the system sufficiently, so that fit note providers have the time, expertise and incentives to implement reform.

Income protection

Set an ambition to double the number of UK employees who have access to Vocational Rehabilitation (via Group Income Protection). This would reduce economic inactivity, improve workplace health in the UK, and boost growth.

Getting people back to work

Financial incentives

Explore the introduction of a wage subsidy scheme to create employment opportunities for the long-term sick. This could be targeted specifically towards NEET (not in education, employment or training) young people, aged 16-24, with a health condition.

Access to Work

Increase resources for Access to Work to reduce waiting times and boost uptake.

Regional delivery of employment support

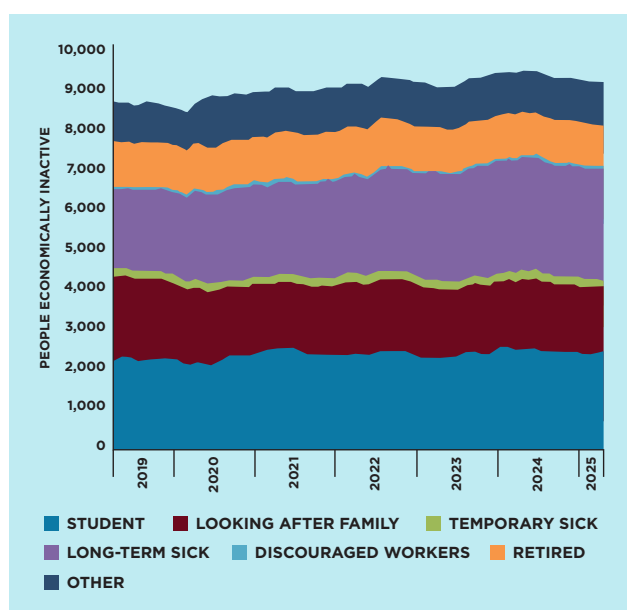
- Integrate the various delivery models of employment support, reducing administrative complexity to ensure employers and individuals can quickly access a simplified service.
- Use Chambers of Commerce in the delivery of services such as Jobcentre Plus support. This would improve employer engagement in getting more people with long-term health conditions into work.



THE CHALLENGE

Health and economic inactivity

ONS data suggests there are more than 9 million economically inactive people in the UK, 20% of the working age populationⁱ. This is well above pre-pandemic levels, and long-term illness now accounts for around a third of this cohortⁱⁱ.



This high level of economic inactivity is a drag on growth and productivity as businesses cannot access the people and skills they need. The government has a central aim of driving growth in the economy, and wants to achieve an 80% employment rate. This means getting a minimum of 1.5 million more people into workⁱⁱⁱ.

This is a significant challenge. A recent Health and Wellbeing at Work report, by the CIPD and SimplyHealth, shows that workplace absences are now at a 10-year high^{iv}. The Commission for Healthier Working Lives estimates that poor workforce health costs UK employers up to £150bn a year through lost productivity, sickness absence and recruitment costs^v.

The Commission for Healthier Working Lives also identified the scale and complexity of the interconnection between work and health in the UK. Its final report found that there were 8.2 million working-age people with a long-term health condition that limited their ability to work. Although many of them have jobs and their employment rates have improved, each year, over 300,000 people leave their jobs because of work-limiting health conditions^{vi}.

Ill health is affecting people of all ages in the workforce, with particularly high rates of mental ill health in young people^{vii}. There is evidence that COVID-19 lockdowns negatively impacted the social development and mental health of school pupils, and that the gap between disadvantaged students and their classmates has grown^{viii}.

While the pre- and post-COVID data is stark for school age children, declining mental health in people of all ages is a longer-term trend^{ix}. Data from the ONS shows that over 1.35 million (53%) of those inactive because of long-term sickness reported that they had depression, bad nerves or anxiety in Q1 2023^x. Overall, this health crisis is stunting our chances for growth.

Health and work

Businesses rely on a healthy and productive workforce. The government's growth targets will be doomed to fail unless the health of the workforce is prioritised. This means doing more to support employers and individuals to prevent and respond to ill health.

Many employers rely on the NHS to address the health needs of their workforce. As well as headline waiting list numbers, firms report that employees increasingly struggle to access GP appointments, counselling or physiotherapy treatment through the NHS^{xi}. As a result, people are experiencing longer periods away from work which, in turn, reduces the likelihood of them returning to their original role, or finding an alternative job.

It is crucial that government supports employers to enhance workplace health and keep people with work-limiting health conditions in jobs.

This is no less a priority than helping people back into employment when they have quit because of poor health.

To this end, BCC has fully engaged with – and made recommendations to – the government's independent Keep Britain Working Review. It is encouraging that the early stages of the Review have recognised that prevention, retention, early intervention and rapid rehabilitation in the workplace are likely to be the most effective remedies.





IMPACT ON BUSINESS

Productivity

The primary impact of poor health and wellbeing on businesses is lost productivity. Leaving the cost of sickness absences aside, analysis from the IPPR suggests that there has been an additional £25 billion productivity cost to the economy since 2018 due to employees working through sickness^{xii}. This points to a trend of rising rates of less acute sickness that, while it is not serious enough for the employee to take time off, is affecting their work. This ‘hidden crisis’ can best be addressed through prevention of ill health occurring. Helping employees to remain well in the workplace, reducing both presenteeism and absenteeism, will result in significant productivity gains for employers, as identified by the IPPR research.

Skills shortages

The rise in ill health in the UK workforce, together with an ageing population, is compounding skills shortages, recruitment difficulties and competition for talent. BCC research shows that 67% of employers are experiencing skills shortages, rising to 79% for manufacturing firms^{xiii}.

High levels of economic inactivity contribute to firms’ recruitment difficulties, as important skills are lost from the wider talent pool. BCC research shows that in Q2 2025, 73% of firms who attempted to recruit faced difficulties^{xiv}.

Meanwhile, more than one in ten (12%) employers report that sickness absence is a serious issue, happening frequently and causing disruption to business operations. This figure rises to 17% for larger businesses with more than 50 employees^{xv}.

As well as limiting business output and continuing the cycle of lost productivity, people shortages also

affect existing staff. In the BCC’s Workforce Survey 2024, over two thirds (68%) of businesses said that people shortages were increasing the workload of other staff and one third (34%) said that it was damaging staff morale or wellbeing^{xvi}. This higher work intensity for other employees can lead to more widespread health impacts.

Businesses are increasingly looking for ways to retain the skills, knowledge and experience of employees and to be more attractive to job candidates. But the 2024 Workplace Equity Commission, convened by BCC, found that employers are struggling to access and retain diverse talent pools – including people with ill health and disabilities. It also established that SMEs face a variety of barriers to creating equitable workplaces^{xvii}.

Broader impacts

The cost to a business, and the economy, of sickness absenteeism extends beyond the productive hours lost or upfront cost of sick pay. Employers must factor in payments for temporary staff, the loss of experience, and the potential negative impact on quality of work and customer satisfaction. Navigating short- and long-term sickness absences creates additional layers of complexity and cost.

Many businesses struggle to understand, access and prioritise solutions, such as occupational health, vocational rehabilitation and wellbeing services. BCC research shows that in 2025 only 30% of firms offered medical insurance or occupational health services to staff, a number largely unchanged since 2022. While some firms said they managed sickness in other ways such as training for line managers and using the Access to Work scheme, 35% of businesses surveyed had no specific policy relating to managing staff sickness^{xviii}.

BARRIERS FOR EMPLOYERS

Employers recognise their role in supporting workforce health. Almost three-quarters (73%) of firms surveyed said they felt a greater responsibility to look after employees' health due to the NHS crisis^{xix}. However, despite the urgent and growing need for more action, there are barriers that prevent employers of all sizes from playing a greater role. To drive behaviour change, among employers and employees, the cost of workplace health provision, the complexity of the health system, and the restrictive nature of tax policies must be addressed.

Cost

Wider access to occupational health and wellbeing services in the workplace would help employers provide rapid specialist health support for their people. It would also help keep people in work and reduce instances of unnecessary long-term sickness absence. However, the cost of accessing such services remains a significant barrier, particularly for SMEs. Employers reported an average increase of 5% in premiums from occupational health providers in the twelve months to April 2024. Smaller firms reported a higher average increase in premiums than larger firms^{xx}.

In the BCC Workforce Survey 2024, one SME told us:

“We have been desperate for occupational health provision – the companies we contacted all insisted on a contractual agreement. We are too small to justify this, and the cost is too prohibitive.”

Changes to the tax system would help employers and their workforce adopt a proactive approach to promoting and maintaining workforce health. However, the high rate of insurance premium tax, and the current treatment of benefit in kind provision, is a cost barrier for both businesses and their workforce.

The Keep Britain Working review should recommend solutions which help firms identify relevant, affordable and high-quality services, reduce complexity, and ease the cost burden for businesses.

Unfortunately, the Review will not examine tax policy or consider changes to the tax regime as a solution to these barriers. This is an omission, as businesses across the country widely report tax as a significant barrier to using and investing in workforce health support. In the BCC's 2024 Workforce Survey, businesses were asked what single thing would help them take on or increase occupational health provision in their organisation. Among the most commonly cited measures was financial support, for example 'tax incentives for providing occupational health services'.

One SME told us:

“I would consider widening health insurance offering if the government didn't tax it so heavily.”^{xxi}

Moreover, HM Treasury officials have previously recognised the role that tax plays in this agenda, holding both informal engagement and formal consultation with employers and the wider sector. This recognition should be built upon, not lost, by the Review.

Broader cumulative costs

In addition to the cost of workplace health provision, firms are struggling with the cumulative burden of other cost pressures. These further limit their capacity to invest in supportive and preventative measures. Firms cite inflation, escalating wage and employment costs and tariffs as some of the key costs weighing them down.

Looking ahead, the additional impact of changes in the Employment Rights Bill and the wider Plan to Make Work Pay will add cost to businesses of around £5bn^{xxii}. As well as reducing resources for investment in the workforce, several measures in the Bill also increase the perceived risk for firms of taking on people experiencing health barriers to employment.

Research from BCC's Insights Unit demonstrates the impact of these cost increases:

“Increase in NI will probably mean we have to make redundancies to cover additional cost.”

Medium manufacturing firm in East Midlands.

“We are not going to look to increase our workforce due to the increased employment costs - they are restricting our growth and our ability to support our local community with increasing employment opportunities.”

Small construction firm in West Midlands^{xxiii}.

BCC research found that only a quarter (25%) of businesses are expecting to boost the size of their workforce and just 23% of firms had increased investment in training in Q2 2025^{xxiv}. This challenging cost environment will further erode the budgets that businesses have set aside for wider staff benefits. In a recent survey by SimplyHealth, seven in ten businesses said rising costs may force them to cut back on employee health benefits^{xxv}.

Financial incentives are key to unlocking this investment and reducing cost barriers for employers. This includes changes to insurance premium tax (IPT) and benefit in kind (BIK) exemptions (as outlined above). These changes should be evaluated to take into account their wider benefits, rather than being viewed simplistically as an upfront revenue loss to government. For employers, this would mean increased staff satisfaction and retention, productivity gains, and access to more diverse talent pools.



Complexity

Employers report that the landscape of workplace health provision is too complex. Small employers face increased challenges as they often lack HR resources to help support workplace health.

Employers purchasing Occupational Health (OH) provision on an ad-hoc basis may struggle to identify a high-quality provider, know what questions to ask or get the advice they need. One SME manufacturing firm told us, “I spent £1500 on an OH service, but the report I received was difficult to understand, using complex terminology, and it did not tell me what I needed to do to help the employee back into work and how to avoid it happening again”.

Complexity makes it more difficult for SMEs to navigate the system and to understand what ‘best practice’ should look like for them. Research published by Aviva found that nearly half (45%) of employers wanted more guidance on how to access best practice services^{xxvi}.

The BCC’s 2024 Workplace Equity Commission also found that confusing terminology and language around health and disability often results in a lack of confidence to take action. The BCC’s 2025 Workforce Survey found that around one third (34%) of employers are not confident in their ability to recruit or retain people who experience ill health or disability^{xxvii}.

To encourage and support employer engagement, employer best practice should be formalised, enhanced and scaled up across the business community. But more guidance and resources are needed to help SMEs proactively identify and take up high quality solutions.

Accessing the NHS

The government’s 10 Year Health Plan has placed a welcome emphasis on prevention and employment support, recognising the need for an integrated plan for the health ecosystem beyond the NHS:

‘Good work is good for health... We know early intervention to keep people in work is far more effective than late intervention after they have left it. Yet, keeping people in work is too rarely an explicit and intended outcome for the NHS’.^{xxviii}

Successful implementation of this plan, joining up the work, health and skills systems, will be vital to deliver better outcomes for businesses, the workforce and the economy.





RECOMMENDATIONS

Our recommendations build on the government's objectives and provide the business perspective on what is needed for employers to play their role in addressing the workplace health crisis.

In-work provision and prevention

In-work provision of preventative health and wellbeing support must be the primary focus of the Keep Britain Working Review and the key priority for government. This should stretch beyond simply providing occupational health services to a broader range of holistic preventative measures.

Employers already support, or are keen to do more to support, their employees' health. However, they often struggle to identify relevant guidance and best-practice. For SMEs, who employ 60% of the workforce in the UK^{xxix}, there needs to be much better access to sector-specific guidance and case studies. Government should play a more substantive role in identifying, championing and promoting employers who take action on workplace health.

Supporting employers to improve the provision of preventative support will have a significant long-term benefit in reducing the cost burden on the state due to health-related economic inactivity.

Access to provision and Health at Work Standard

Leadership by large employers can help to drive change within the business community. Offering workplace health services can increase an employer's competitive advantage in recruiting and retaining talented staff, encouraging other businesses to do the same.

Increasing corporate transparency on a light-touch, voluntary basis for large employers can help drive workplace health best practice. This will improve workplace health standards over time and clarify what best-practice employers offer in terms of support and interventions.

Smaller employers have fewer resources and need help understanding what best practice will look like for their business, and how to get there. They need a benchmark to aspire to, better guidance on best-practice interventions and easier access to these.

To increase the availability of affordable workplace health provision for SMEs, government could negotiate a bulk purchasing agreement with providers. This would allow any small business to access health and wellbeing services at a preferential rate through the government scheme. Many membership bodies such as Chambers of Commerce already provide such a service, which is a popular option for small businesses to access provision. But not all businesses are members of a membership organisation or trade association, and the government could provide a more comprehensive offer to ensure that the wider business community is not left behind.

RECOMMENDATION 1

- i. **Introduce a voluntary national Health at Work Standard for small employers, and provide much better access to guidance on best practice.**
- ii. **Increase access to high quality, affordable workplace health support for SMEs and their workforce. This could include options for SMEs to access services on a pay- as-you-go choice basis, or to benefit from reduced rates through a specially negotiated bulk purchasing arrangement. Reduce complexity for employers and provide clear information and guidance on how and where to get the help they need.**

Health insurance

Health and protection products such as health cash plans, private medical insurance (PMI) and occupational health (OH) services play a key role in workplace health. BCC research has found that 38% of surveyed SMEs offered employees occupational health and well-being services. This rose to 74% for large businesses with more than 250 employees, highlighting a big discrepancy in provision between small and large employers^{xxx}.

When asked what would encourage businesses to take up occupational health and wellbeing services, firms cited financial incentives, greater accessibility and availability of services, and greater demand from employees^{xxxi}.

Currently, employer-provided occupational health services are a taxable benefit and subject to National Insurance and Income Tax. There is a limited tax exemption of up to £500 per employee, but only for those that have been out of work for more than 28 days or where the health condition is a direct result of their work. The government can boost uptake of OH and wider health support services by expanding the non-taxable benefit in kind.

Insurance, which incorporates key parts of occupational health support alongside other health services, also plays a key role in supporting workplace health and is highly effective in reducing ill-health related job losses. In 2023, the Association of British Insurers found that more than 8 in 10 people (86%) who accessed vocational rehabilitation through health insurance were successfully supported to stay in or return to work following an absence^{xxxii}.

Insurance Premium Tax (IPT) has doubled to 12% since 2015 and the UK has one of the highest rates of IPT for health products in Europe. When compared to the 27 EU member states, the UK has the 6th highest rate of IPT^{xxxiii}. IPT is collected by insurance companies and is paid directly to the government. The 12% tax is added to the cost of products. High rates of IPT are therefore a prohibitive factor for both staff building health cover for themselves, and employers providing cover. A survey by WPI Economics found that 68% of businesses said that if IPT were reduced, they would extend or expand their insurance cover^{xxxiv}.

An HM Treasury consultation proposed the extension of benefit in kind exemptions for workplace health schemes in 2023. The government should follow through on this. Recent research by the OECD and Commission for Healthier Working Lives shows the UK has good policies on tackling health related economic inactivity but consistently fails to follow through on investment and implementation^{xxxv}.

RECOMMENDATION 2

- i. **The government should review the level of Insurance Premium Tax (IPT) for products that support workforce health to reduce cost barriers for employers.**
- ii. **Expand benefit in kind exemptions for workplace health schemes so that employees are not financially penalised for participating in workplace health services that promote good health and keep people in work.**

Management and leadership

Poor mental health is a growing challenge and key factor in economic inactivity. Data from the ONS shows that over 1.35 million (53%) of those inactive because of long-term sickness reported that they had depression, bad nerves or anxiety in Q1 2023^{xxxvi}.

It is crucial that line managers are trained to understand and support employee health in the workplace. Line managers are key to accommodating additional needs that someone may require to stay in work, for example flexible hours or specialist equipment. It is also important to promote awareness and understanding of neurodiversity, especially among SMEs. Too often, neurodiversity is viewed as a mental health issue and can act as a barrier to entry in the workplace.

Employees expect managers to play a role in their wellbeing; 72% of employees surveyed by the Chartered Management Institute cited 'ensuring staff wellbeing' as the most important role for line managers^{xxxvii}.

Senior leadership in organisations is also important to embed a healthy workplace culture. This allows everyone to achieve their full potential and ensures that individuals get the support they need to thrive. Maintaining the commitment and engagement of senior managers ensures buy-in from teams throughout the business.

RECOMMENDATION 3

- i. **Offer support and incentives for SMEs to access mental health and neurodiversity education. For example, Mental Health First Aid training to upskill managers in the workforce can create inclusive workplaces and prevent people leaving due to mental ill-health. This could be delivered through an employer support fund, skills and training tax credits, a skills kitemark for employers, or training through the Growth and Skills Levy.**
- ii. **Encourage large employers to be transparent about their workplace health offer. For example, they can provide more information on their websites to highlight best practice.**

Inclusive workplace policies

Prejudice and discrimination can impact people of all ages in the workforce and can include health and disability issues. The BCC Workplace Equity Commission heard evidence of barriers to people entering, progressing and thriving at work^{xxxviii}. To address these challenges, the Commission emphasised the importance of fostering inclusive workplace cultures and ensuring that all employees are treated fairly and equitably.

The BCC supports greater transparency around pay disparities and recognises the value of voluntary disability pay gap reporting, where this data can be collected confidentially and meaningful action can be taken.

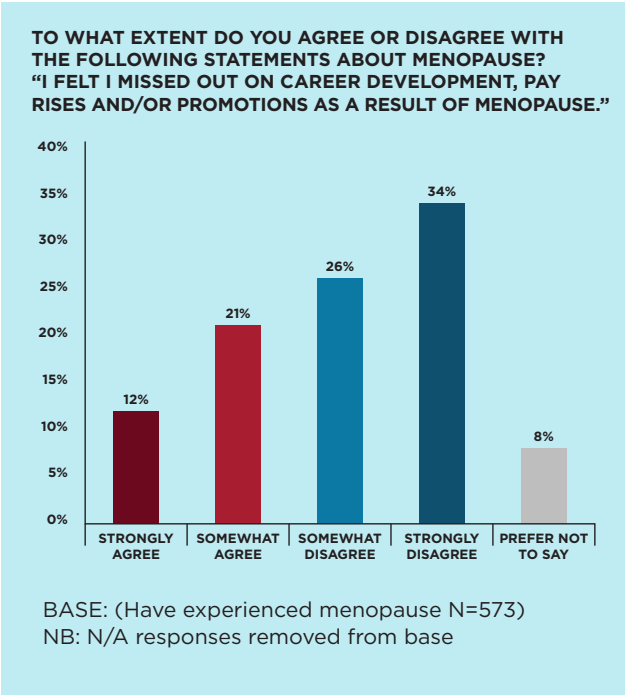
RECOMMENDATION 4

Equal pay reporting for disability should be encouraged on a voluntary basis for large employers. The government must set a standardised wording and data collection framework for employers to meaningfully use this data.



Menopause

The Workplace Equity Commission also found that around three quarters of women (74%) felt there was insufficient support in the workplace for women experiencing menopause symptoms. Of those who had experienced menopause, a third (34%) felt that it had impacted on their career progression, pay rises and promotion. Of those who had not yet experienced menopause, just under two fifths (38%) anticipated that it would have a negative impact on their career progression.



Employers could increase their focus and support for specific groups, such as women, carers and those with accessibility requirements, to build tailored recruitment and retention plans. The BCC's 2024 Workforce Survey found that only 7% of employers had recruitment, retention or training initiatives specifically for workers experiencing menopause^{xxxix}.

Accessible workplace policies to accommodate people with additional health needs could include:

Initiative	Benefits for accessibility of workplaces
Flexible Working	Allows employees with disabilities, chronic conditions, or caregiving responsibilities to manage work around health needs. Reduces physical access barriers such as transport.
Menopause Action Plans	Accommodates the health impacts of menopause, reducing stigma and supporting retention of older employees.
Carers Leave and Pay	Provides time off and financial support for employees caring for dependents, reducing stress and absenteeism.
Income Protection Insurance	Offers financial security during long-term illness or disability, helping employees return to work when ready without financial pressure.
Job Carving and Redesign	Tailors roles to an individual's strengths and abilities, making employment more accessible for people with disabilities or neurodivergence.

RECOMMENDATION 5

Employers should provide the broadest range of flexible working solutions, wherever possible, to help employees balance work with health, caring responsibilities and other commitments.



Managing sickness absence

Getting the incentives for employees right – Statutory Sick Pay

Proposed changes in the Employment Rights Bill would widen Statutory Sick Pay (SSP) eligibility by up to 1.3 million employees. They would also make SSP a Day One right, as well as remove the three-day waiting period and the lower earnings limit^{xi}. While improved provision for sickness can help to reduce long-term absence, the combined impact of these changes could increase the perceived risk for businesses of taking on an employee with a long-term health condition or disability. There is also strong concern from businesses that this could act as an incentive for employees to take short term absences and would greatly increase sickness absenteeism.

Any changes to SSP must be affordable, particularly for SMEs. Further rises to the level of SSP, without financial support for employers, would add further cost pressures.

RECOMMENDATION 6

The government should re-introduce the SSP rebate for the smallest firms to help them meet the increased costs of improved access to SSP.

Fit notes

Employers consistently report that the fit note system is broken and does not support people to do the work they are able to, or employers to make necessary adjustments to help employees.

Among employees and employers alike, there is low awareness that authority to issue fit notes has been extended to professionals beyond GPs, such as nurses, occupational therapists, pharmacists and physiotherapists^{xii}. This adds to the delay in getting the right information.

The provision of a fit note that states ‘not fit for work’ is not sufficiently detailed and does not take into consideration the employer’s perspective. It only covers the medical reason for absence, which in many cases can be difficult for employers

to understand. Employers are often reluctant to question fit notes, meaning they may miss opportunities to help employees back to work.

The fit note system should be reformed in the following ways:

Time	More time for the employee to be properly examined by a medical expert
Explanation	Provide a clear, understandable reason for why the employee needs to be off work and the anticipated length of absence
Advice	Access to advice on what the employer can do to enable the staff member to return e.g. light duties, working from home, segregation, etc. and if these measures are permanent or over a phased period
Detail	Provide details on the recovery period and, if it is for an extended period, explain why

RECOMMENDATION 7

- i. Reform the fit note system to support employers and employees to manage sickness absence and return to work when possible, recognising that work is good for health.**
- ii. Resource the system sufficiently, so that fit note providers have the time, expertise and incentives to implement reform.**

Income protection insurance

Group Income Protection helps employees cope financially if they are unable to work due to illness or injury. It also provides a range of preventative and rehabilitation services to keep people healthy or help them return to work. When provided by employers, it is offered as part of an employee benefits package and covers up to 80% of an employee's gross taxable earnings if they can't work due to an illness or injury.

According to the Swiss Re Group Watch 2025 report, more than 3.3 million people were covered by Group Income Protection insurance schemes in the UK at the end of 2024. This is an increase of more than 127,000 employees on the previous year^{xlii}.

Where an employer has provided Group Income Protection, insurers use 'Vocational Rehabilitation' to support employees back to work following ill-health absence. Vocational Rehabilitation is a best-practice model that responds to the need for greater case management, early intervention and rapid rehabilitation where an employee is absent due to ill-health. A case manager works with clinical and vocational experts, the employer (i.e. the line manager) and employee to help treat them and make work adjustments. It treats good work as a health outcome and focuses on tailored support that considers an individual's symptoms, functional capacity to work and the activity their role requires.

Data from the Association of British Insurers suggests that this model of Vocational Rehabilitation results in 86% of employees returning to work^{xliii}. Such a model responds to the gap in provision highlighted by the Keep Britain Working Review. This has identified the need for much greater case-management, early intervention and rapid rehabilitation where an employee is absent due to ill-health.

This support helps employers to manage the cost of sickness absence and provides transformative support to help their employees return to work. Insurers provide comprehensive return to work support as there is clear alignment of economic interests between the employer and insurer to support the employee's successful return to work.

RECOMMENDATION 8

The government should set an ambition to double the number of UK employees who have access to Vocational Rehabilitation, via Group Income Protection. This would reduce economic inactivity, improve workplace health and boost growth.



Economic inactivity: Getting people back to work

Even in an ideal world, where all employers provided preventative health support, with trained managers, inclusive workplace policies and enhanced statutory sick pay policies, there will still be people who leave work due to ill-health. Wherever possible, they should be supported back into work as quickly as possible, as work is ultimately good for health.

Before setting up new initiatives, the government should focus on better access to existing services which people are familiar with. This should include GP appointments, child and adolescent mental health services (CAMHS) and other NHS treatment. Such an approach will require significant long-term investment, resource, and commitment to stable policy delivery.

Financial incentives

Taking on an employee with a long-term health condition can be seen as a significant risk to an SME employer. Some fear the perceived cost associated with making reasonable adjustments.

It will also be more resource intensive to train an employee who has been economically inactive for some time to the required skill level than one who is already working. This risk for an employer will increase with future changes introduced by the Employment Rights Bill.

To encourage employer action and de-risk investment for SMEs, the government should provide financial incentives for businesses to take on people who have been economically inactive due to long-term health conditions.

RECOMMENDATION 9

The government should explore options to introduce a wage subsidy scheme to create opportunities for people who aren't working due to long-term ill-health. This could be targeted specifically towards NEET (not in education, employment or training) young people with a health condition, to create more opportunities for people aged 16-24.

CASE STUDY

Successful employer engagement with the Department for Work and Pensions

During the Covid-19 pandemic, the government launched the Kickstart scheme. It provided funding to create jobs for 16 to 24 year olds on Universal Credit, who were at risk of long-term unemployment.

A Department for Work and Pensions (DWP) evaluation of the scheme found that it had a successful impact, with 75% of young people moving into education, employment or training within 3 months of leaving the scheme^{xlii}. Those without level 2 qualifications were 17% more likely to find work than if they had not completed the scheme.

A key feature was the involvement of Chambers of Commerce, which acted as 'Gateway' organisations. They helped businesses manage placements and provide wraparound support - such as CV workshops and interview training. Their role was instrumental in expanding access to the scheme and ensuring placements were developmental experiences as well as job opportunities.

The scheme was well-received by employers of all sizes. Businesses throughout the country engaged in high numbers, using the funding to offer a wide variety of work placements. The DWP evaluation found that employers of all sizes were able to offer innovative opportunities, which they would not have done without scheme funding.

Access to Work

Access to Work is an important scheme that enables individuals with health conditions or disabilities to enter, remain, or return to work. It provides practical support to employers and employees, helping to remove barriers to employment and improve workplace accessibility. Employers, particularly SMEs, often lack the knowledge or confidence to implement workplace adjustments and are deterred by the apparent complexity and cost.

Rising employment costs and legislative changes further increase the perceived risk of hiring individuals with additional needs. With 45% of firms reporting sickness absence as a moderate or serious issue^{xlv}, there is a growing need for robust support. Where businesses have received support through Access to Work, the feedback is positive. However, members report long waiting times and believe the system is severely under-resourced. Access to Work needs to be better resourced to increase capacity and provide faster access to services and funding.

To further remove financial barriers for small and micro businesses in implementing reasonable adjustments, Access to Work should provide upfront grants. Funding should also be available to train line managers and senior leaders to support staff with health conditions.

The scheme should be integrated with other employment support services, with regional delivery as a core feature of the model. Trusted networks such as Chambers of Commerce can ensure support is tailored to local labour market needs and accessible to employers of all sizes.

RECOMMENDATION 10

Increase resources for Access to Work to reduce waiting times and increase uptake of support.

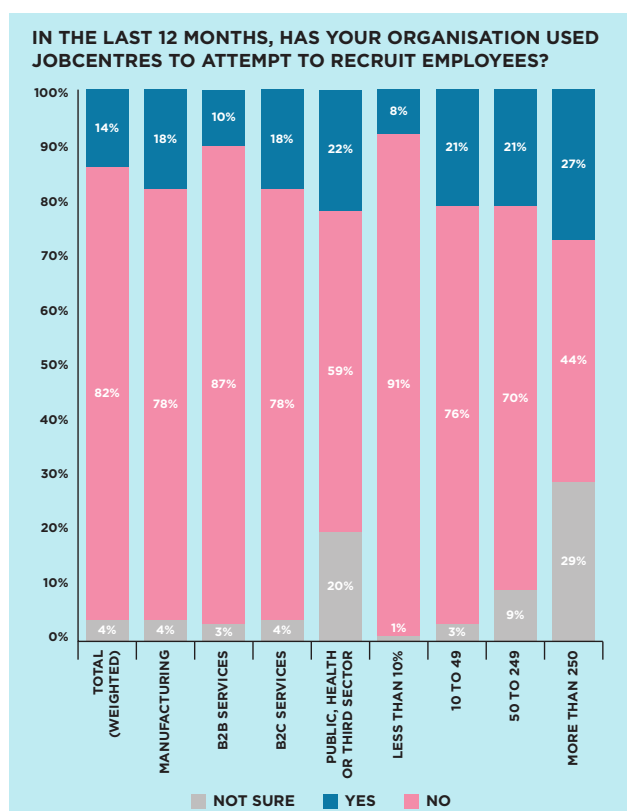


Regional delivery of employment support

Jobcentres need to improve engagement with employers, to connect people out of work due to health issues with accessible employment opportunities. Employers report that Jobcentre Plus services are difficult to engage with and ineffective for recruitment^{xlvi}. As a result, Jobcentres are not widely used by employers, particularly SMEs who struggle to allocate resources to a service that doesn't meet their needs. However, an improved Jobcentre Plus service could be a powerful solution to address the growing pool of talent who are out of work due to long-term sickness.

Data from BCC's Insight Unit shows that, in 2024, just 14% of businesses attempted to recruit using Jobcentres, falling to 8% for companies with fewer than 10 employees. Engagement was low across all sectors, although large manufacturers and public sector employers were more likely to use Jobcentres.

Of those who did engage with Jobcentres, more than half (54%) were 'not really satisfied' or 'not satisfied at all' with the role they played in the recruitment process^{xlvii}.



Chambers of Commerce and other business groups can act as intermediaries to communicate the business case to their networks of employing people with additional health needs. Chambers already lead 33 of the 39 Local Skills Improvement Plans (LSIPs) in England and have seen significant success in engaging employers of all sizes with the skills system^{xlviii}. The Department for Work and Pensions should build on this model and ensure regular dialogue with businesses, drawing on local recruitment needs identified by the LSIPs, and building long-term relationships with employers.

The Get Britain Working White Paper introduced proposals to bring together Jobcentre Plus and the National Careers Service. The white paper also announced 15 WorkWell pilots, bringing together Integrated Care Boards, local authorities, Jobcentre Plus and other local organisations to design and deliver services that help to keep people with health conditions in work or get them back into the workforce quickly.

Recognising the important role that Jobcentre Plus will play in addressing the challenge of economic inactivity due to ill-health, employers have responded positively to these pilots. Feedback from the Chamber network suggests that these areas have seen simplification of the system, with less duplication of services and gaps in provision addressed. The streamlining and simplification of employment support also needs to take into account the role and services provided by the recently announced expansion of Connect to Work.

RECOMMENDATION 11

- i. **Integrate the various delivery models of employment support, and reduce administrative complexity, to ensure employers and individuals can access a smoother, streamlined and simplified service.**
- ii. **Engage Chambers of Commerce in the delivery of services, such as Jobcentre Plus support, to improve employer engagement in getting more people with long-term health conditions into work.**

CONCLUSION

This report has set out the critical challenges faced by employers, government and the economy due to the crisis of poor health in the workforce. High levels of economic inactivity due to long-term sickness are not only affecting individual wellbeing but also hindering business productivity and economic growth.

Our recommendations aim to address these challenges comprehensively. By enhancing in-work health provision, employers can help prevent ill-health occurring, reduce the incidence of health-related absences and improve overall employee wellbeing. This would reap benefits for businesses in improved retention and productivity, as well as savings for the National Health Service and growth in the wider economy.

Expanding health insurance coverage and reforming the fit note system will provide better support for employees dealing with health issues, ensuring they receive timely and appropriate care. This will help employers manage sickness absence more effectively and support employees in returning to work sooner, reducing long-term impacts on the economy such as strain on the welfare system.

Addressing economic inactivity by getting people back to work is crucial. Work is good for health, and businesses rely on a healthy workforce. The

government should focus on increasing access to existing services such as GP appointments and mental health services, which will require significant long-term investment and commitment to stable policy delivery. Financial incentives for employers to take on individuals with long-term health conditions can help de-risk investment for SMEs and help them to provide opportunities for those disconnected from the labour market.

The Chamber network and other business groups can play a key role in helping the government to engage employers and deliver the objectives set out in strategies such as the Get Britain Working white paper and the 10-year Health Plan. Employers now eagerly await the publication of the Keep Britain Working Review. They hope it will recognise the challenges employers face in tackling the UK's workplace health crisis, and ensure businesses are supported to play their part in reducing economic inactivity.





REFERENCES

- i. Economic inactivity is defined by the ONS as people not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks.
- ii. Office for National Statistics (2025), <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/datasets/economicinactivitybyreasonseasonallyadjustedinac01sa>
- iii. Learning and Work Institute (2024), <https://learningandwork.org.uk/resources/research-and-reports/get-britain-working-the-path-to-an-80-employment-rate/>
- iv. CIPD (2023), <https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2023-pdfs/8436-health-and-wellbeing-report-2023.pdf>
- v. Commission for Healthier Working Lives (2025), <https://www.health.org.uk/sites/default/files/upload/publications/2025/Action%20for%20healthier%20working%20lives.pdf>
- vi. The Health Foundation (2025), Supporting healthier working lives: Seven actions for government
- vii. Newlove-Delgado T, Marcheselli F, Williams T, Mandalia D, Dennes M, McManus S, Savic M, Treloar W, Croft K, Ford T. (2023), Mental Health of Children and Young People in England, 2023. NHS England, Leeds.
- viii. Education Endowment Foundation (2022), https://d2tic4wvo1iusb.cloudfront.net/production/documents/guidance-for-teachers/covid-19/Impact_of_Covid_on_Learning.pdf?v=1739041552
- ix. The Health Foundation (2025), <https://www.health.org.uk/reports-and-analysis/analysis/mental-health-trends-among-working-age-people>
- x. Office for National Statistics (2023), <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>
- xi. British Medical Association (2025), <https://www.bma.org.uk/advice-and-support/nhs-delivery-and-workforce/pressures/nhs-backlog-data-analysis>
- xii. IPPR (2024), <https://www.ippr.org/media-office/revealed-hidden-annual-cost-of-employee-sickness-is-up-30-billion-since-2018>
- xiii. British Chambers of Commerce (2025), Workforce Survey
- xiv. British Chambers of Commerce (2025), <https://www.britishchambers.org.uk/news/2025/07/recruitment-static-as-firms-assess-ni-impact/>
- xv. British Chambers of Commerce (2025), Workforce Survey
- xvi. British Chambers of Commerce (2024), Workforce Survey
- xvii. British Chambers of Commerce (2024), <https://www.britishchambers.org.uk/wp-content/uploads/2024/09/Workplace-Equity-Commission-September-2024.pdf>
- xviii. British Chambers of Commerce (2025), Workforce Survey
- xix. SimplyHealth (2025), <https://www.simplyhealth.co.uk/news-and-articles/26-february-2025-rising-business-costs-are-putting-employee-health-cover-at-risk-simplyhealth>
- xx. British Chambers of Commerce (2024), Workforce Survey
- xxi. British Chambers of Commerce (2024), Workforce Survey
- xxii. UK Government (2024), Employment Rights Bill Economic Analysis, <https://assets.publishing.service.gov.uk/media/6842fa6e4d039a010411f076/employment-rights-bill-economic-analysis.pdf>

- xxiii. British Chambers of Commerce (2024), Quarterly Economic Survey, Q4 2024
- xxiv. British Chambers of Commerce (2025), <https://www.britishchambers.org.uk/news/2025/07/recruitment-static-as-firms-assess-impact/>
- xxv. SimplyHealth (2025), <https://www.simplyhealth.co.uk/news-and-articles/26-february-2025-rising-business-costs-are-putting-employee-health-cover-at-risk-simplyhealth>
- xxvi. Aviva (2025), <https://www.aviva.com/newsroom/news-releases/2025/01/uk-employers-recognise-their-role-in-tackling-long-term-sickness-absence/#References>
- xxvii. British Chambers of Commerce (2025), Workforce Survey
- xxviii. UK Government (2025), Fit for the Future: 10 Year Health Plan for England <https://assets.publishing.service.gov.uk/media/68760ad755c4bd0544dcae33/fit-for-the-future-10-year-health-plan-for-england.pdf>
- xxix. Department for Business and Trade (2024), [https://www.gov.uk/government/statistics/business-population-estimates-2024/business-population-estimates-for-the-uk-and-regions-2024-statistical-release#:~:text=total%20employment%20in%20SMEs%20was,%C2%A30.9%20trillion%20\(18%25\)](https://www.gov.uk/government/statistics/business-population-estimates-2024/business-population-estimates-for-the-uk-and-regions-2024-statistical-release#:~:text=total%20employment%20in%20SMEs%20was,%C2%A30.9%20trillion%20(18%25))
- xxx. British Chambers of Commerce (2024), Workforce Survey
- xxxi. British Chambers of Commerce (2024), Workforce Survey
- xxxii. ABI (2023), <https://www.abi.org.uk/globalassets/files/publications/public/health/abi-closing-the-evidence-gap---how-insurance-supports-good-health-and-productivity.pdf>
- xxxiii. ABI (2016), <https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/euippt.pdf>
- xxxiv. BIBA (2025), <https://view.publitas.com/biba/costs-of-ipt/page/1>
- xxxv. OECD (2024), https://www.oecd.org/en/publications/promoting-better-career-mobility-for-longer-working-lives-in-the-united-kingdom_2b41ab8e-en/full-report/enhancing-job-quality-for-healthier-longer-working-lives_612d7ceb.html
- xxxvi. Office for National Statistics (2023), <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/risingillhealthandeconomicinactivitybecauseoflongtermsicknessuk/2019to2023>
- xxxvii. Chartered Management Institute (2020), https://issuu.com/cmi_/docs/management_transformed
- xxxviii. British Chambers of Commerce (2024), <https://www.britishchambers.org.uk/wp-content/uploads/2024/09/Workplace-Equity-Commission-September-2024.pdf>
- xxxix. British Chambers of Commerce (2024), Workforce Survey
- xl. Department for Work and Pensions (2025), <https://www.gov.uk/government/news/changes-to-sick-pay-will-help-people-stay-in-work-and-grow-economy>
- xli. The Department of Health and Social Care and the Department for Work and Pensions (2022), <https://www.gov.uk/government/publications/who-can-issue-fit-notes-guidance-for-healthcare-professionals-and-their-employers/who-can-issue-fit-notes-guidance-for-healthcare-professionals-and-their-employers>
- xl. Swiss Re (2025), https://cdn.prod.website-files.com/658da95414406760e1c68d3a/68381171f34d011761e78b50_Group%20Watch%202025%20Presentation%20NC%20VRA.pdf

- xlili. ABI (2023), https://www.abi.org.uk/globalassets/files/publications/public/health/abi_report_a_sustainable_healthcare_system_for_all_june-2023.pdf
- xliv. Department for Work and Pensions (2023), <https://assets.publishing.service.gov.uk/media/64ae8a56c033c100108060f2/kickstart-evaluation-process-evaluation.pdf>
- xlv. British Chambers of Commerce (2025), Workforce Survey
- xlvi. British Chambers of Commerce (2024), Workforce Survey
- xlvii. British Chambers of Commerce (2024), Workforce Survey
- xlviii. British Chambers of Commerce (2024), <https://www.britishchambers.org.uk/wp-content/uploads/2024/02/2024-LSIPs-Evaluation-Report-FINAL27-Feb.pdf>



