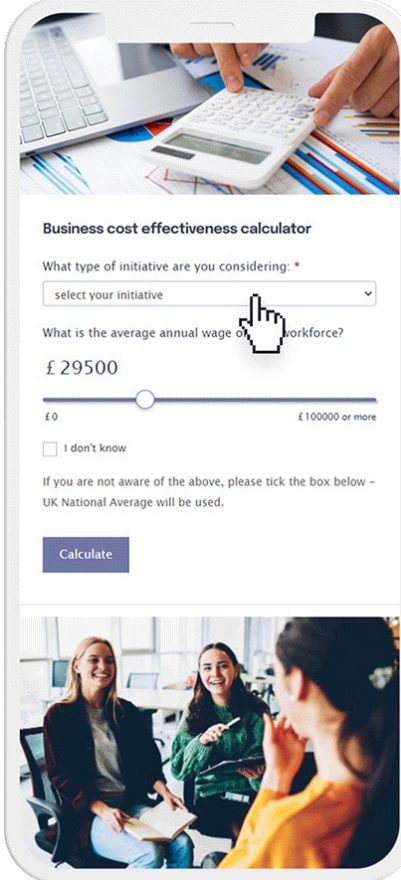


Developing the cost-effectiveness calculator for health and wellbeing interventions

Project team: Sara Connolly, Ritchie Woodard, Emike Nasamu, Martin Stepanek, Will Philips



Business cost effectiveness calculator

What type of initiative are you considering: *

select your initiative

What is the average annual wage of your workforce?


£ 29500

£0 £100000 or more

I don't know

If you are not aware of the above, please tick the box below - UK National Average will be used.

Calculate



Practices and
Combinations of
Practices for Health
and Wellbeing at
Work



Economic and Social
Research Council
ES/S012648/1 &
ES/T001771/1



The Case For Workplace Wellbeing

‘You’ve got to do it’: Legal case

‘An employer owes a duty to his employees not to cause them psychiatric damage by the volume or the character of the work they are required to perform’ Mr Justice Coleman, 1994

‘You ought to do it’: Moral case

Corporate Social Responsibility & social value

‘You’ll be glad you did it’: Business case

Accumulated *not* accumulating evidence

‘The Treasury should want to you to do it’: Social case

Lost corporation & income tax, NHS spending

**evolve
workplace
wellbeing**



How to improve workplace wellbeing



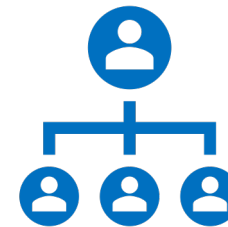
Wellbeing awareness promotion



'Help if you're struggling'



Fostering good relationships



Practising good management

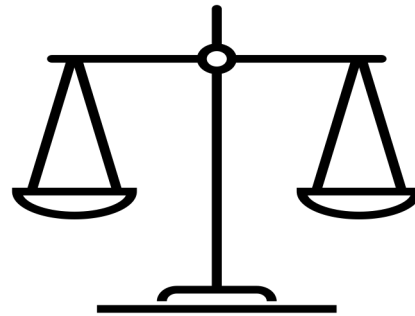


Developing high quality jobs

Cost effectiveness analysis

Costs

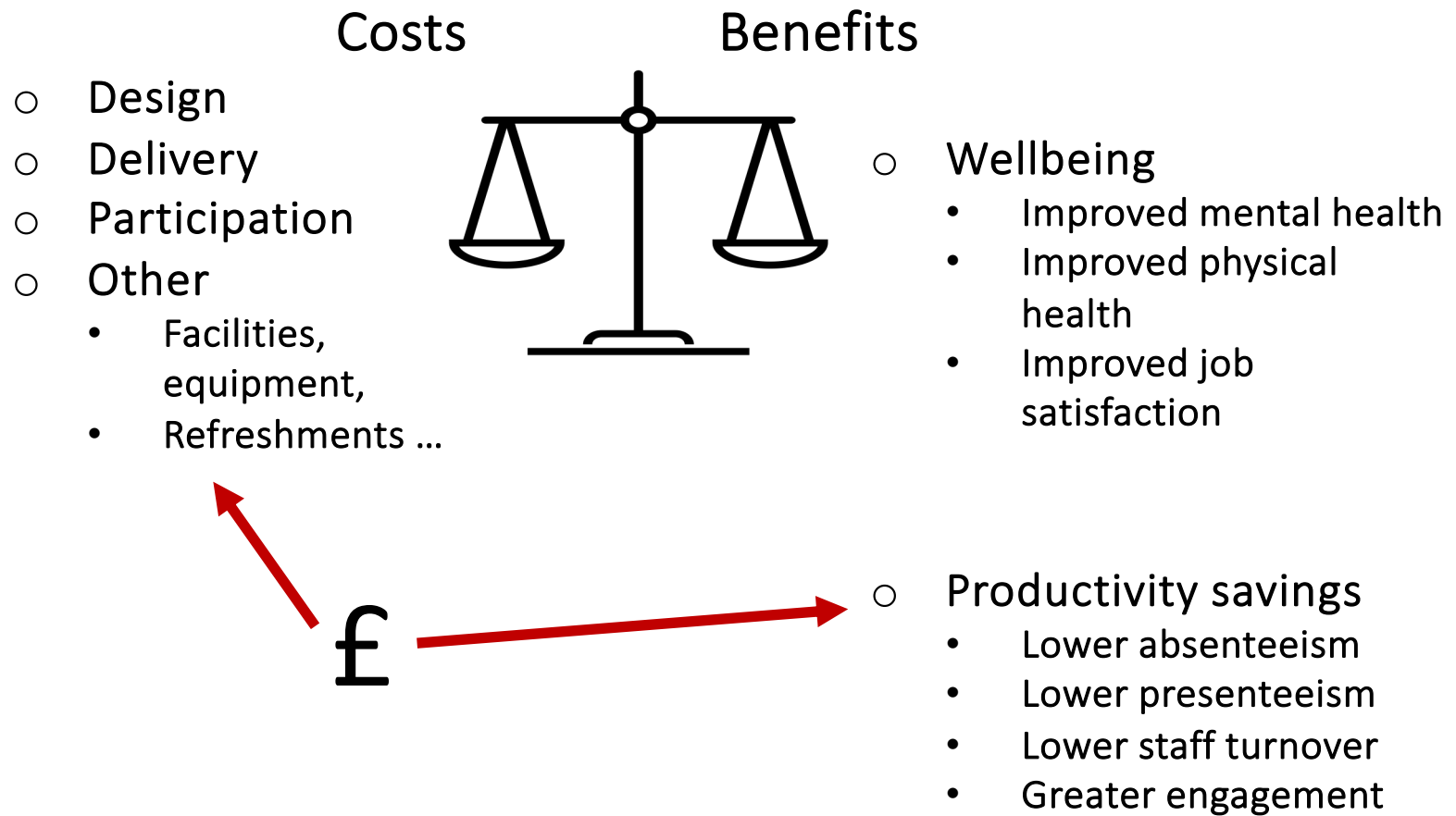
- Design
- Delivery
- Participation
- Other
 - Facilities, equipment,
 - Refreshments ...



Benefits

- Wellbeing
 - Improved mental health
 - Improved physical health
 - Improved job satisfaction
- Productivity savings
 - Lower absenteeism
 - Lower presenteeism
 - Lower staff turnover
 - Greater engagement

Cost effectiveness analysis



Higher education learning & support - flexible working hours

Cost **£6,844.12**

- A HE learning and support office with 132 employees introduced flexible working hours (Flexi-time) initiative as a first step to building a healthy work force and good working environment.
- The University reported a fall in staff sickness from 3.8% to 2.4% over a 6-month period before and after flexible hours were introduced, meaning an overall saving of 50 days absence.
- Net cost per employee - **£17.19**
- Post intervention - staff report feeling in more control of their work

Local authority – Mental health first aid

Cost **£22,396.67**

- A local authority in England, with a workforce of just under 8000, working in a range of occupations and sites introduced a programme of Mental Health First Aid (MHFA) England Champions as part of their healthy workforce plan.
- The authority reported increase in staff absence due to mental health and a reduction in staff turnover equivalent to 12 fewer employees leaving.
- Net cost per employee **£2.46**
- Managers expressed an improved confidence in dealing with employees who are experiencing mental health difficulties.

Construction company – CONNECT+

Cost £61,279.53

- A medium sized, family-owned business with a portfolio of businesses covering construction, asset management and investment projects implemented a personal development programme – CONNECT+ - to provide coaching, personalised wellbeing plans and resources to their employees.
- Staff sickness for this group fell from 1 day per person per annum to 0.2 days per person per annum.
- For those participating in Connect+, employee turnover fell to 1%, against a company average of 10%.
- Net cost per employee **-£2,601.73**
- Overall engagement index score increase by 15%.
- The company also reported health benefits – fall in % of smokers, reduced obesity and reduced risk of heart attacks – in the Connect+ group.
- Following the introduction of the programme, 95% of employee participants rated the personality profiling and behavioural coaching as ‘excellent’ and said it drives personal development and performance.

Implementing and evaluating a new wellbeing initiative

First you need to find out what needs to be measured and monitored and you can do this by asking:

- Who is using the initiative?
- Where it is being used?
- What changes are observed?
- What is the impact on productivity?

These values can be measured by collecting organisational data on:

- Length of sickness absence
- Number of long-term absences
- Number of repeat long-term absences
- Incidence of presenteeism
- Staff surveys/engagement results

Reporting on the outcomes of an initiative is important for ensuring sustainability and organisational commitment, it is also a way of continuing the involvement of senior management in the wellbeing programme

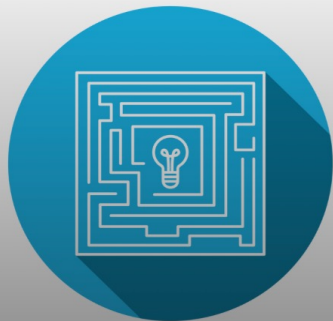
Implementing and evaluating a new wellbeing initiative

<https://whatworkswellbeing.org/guidance-for-better-workplace-wellbeing/>



Guidance for better workplace wellbeing

This guidance helps you plan, and carry out, evidence-informed programmes and activities to improve wellbeing in the workplace. Click on any button below to jump to that section.



Five principles



What works?



Context matters:
three questions



Cost effectiveness
calculator

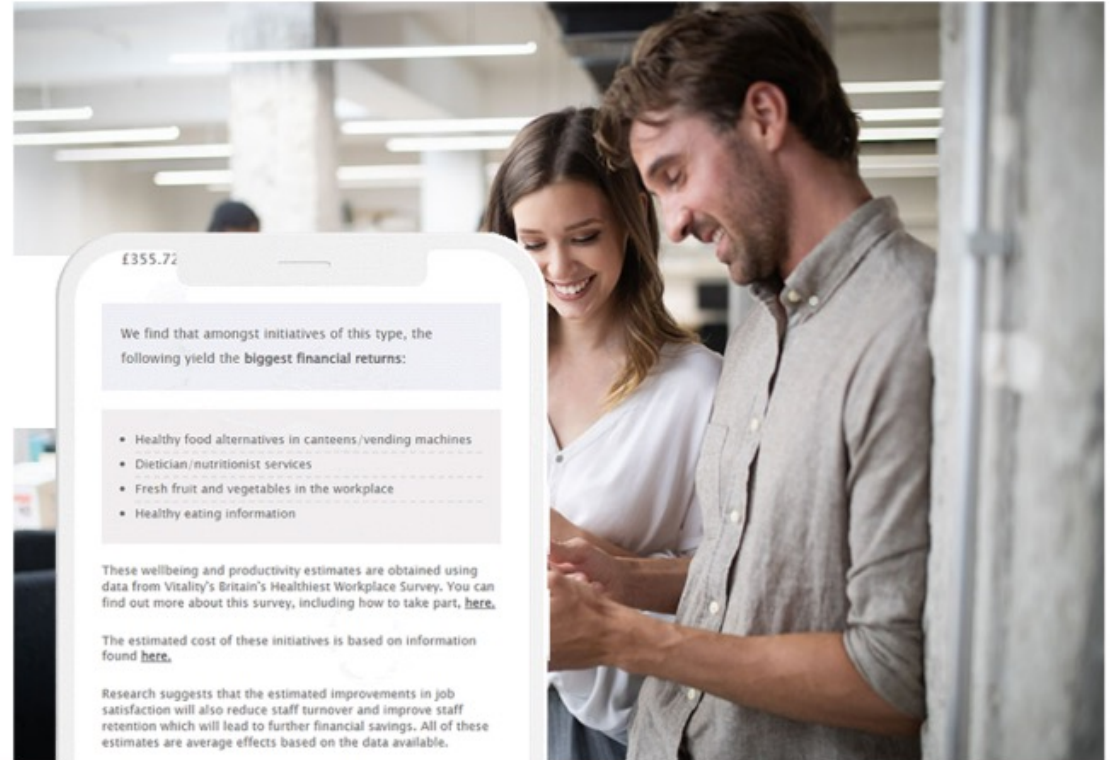


— Business calculator

Business cost effectiveness calculator

find out more >

calculate >



£355.72

We find that amongst initiatives of this type, the following yield the biggest financial returns:

- Healthy food alternatives in canteens/vending machines
- Dietician/nutritionist services
- Fresh fruit and vegetables in the workplace
- Healthy eating information

These wellbeing and productivity estimates are obtained using data from Vitality's Britain's Healthiest Workplace Survey. You can find out more about this survey, including how to take part, [here](#).

The estimated cost of these initiatives is based on information found [here](#).

Research suggests that the estimated improvements in job satisfaction will also reduce staff turnover and improve staff retention which will lead to further financial savings. All of these estimates are average effects based on the data available.

They are indicative rather than guaranteed and may not be realised immediately. Whether an initiative is successful depends on many factors. The rest of this toolkit helps identify and better understand these factors.

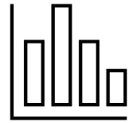
— The toolkit

www.evolveworkplacewellbeing.org/business-calculator

Calculator Overview

- Choice of intervention
- Wellbeing benefits
 - Physical health
 - Mental health
 - Job satisfaction
- Productivity benefits (£)
 - Absenteeism
 - Presenteeism
 - Evaluated at average salary
- Costs of interventions (£)
- Sensitivity of results to awareness of interventions

Data



- BHW is an annual health and wellbeing survey, collecting self-reported data on health, wellbeing, workplace and demographic information.
- Positives
 - Very rich data on a lot of different questions, many not asked on a lot of other surveys
 - High number of participants
- Limits
 - Entirely self-reported



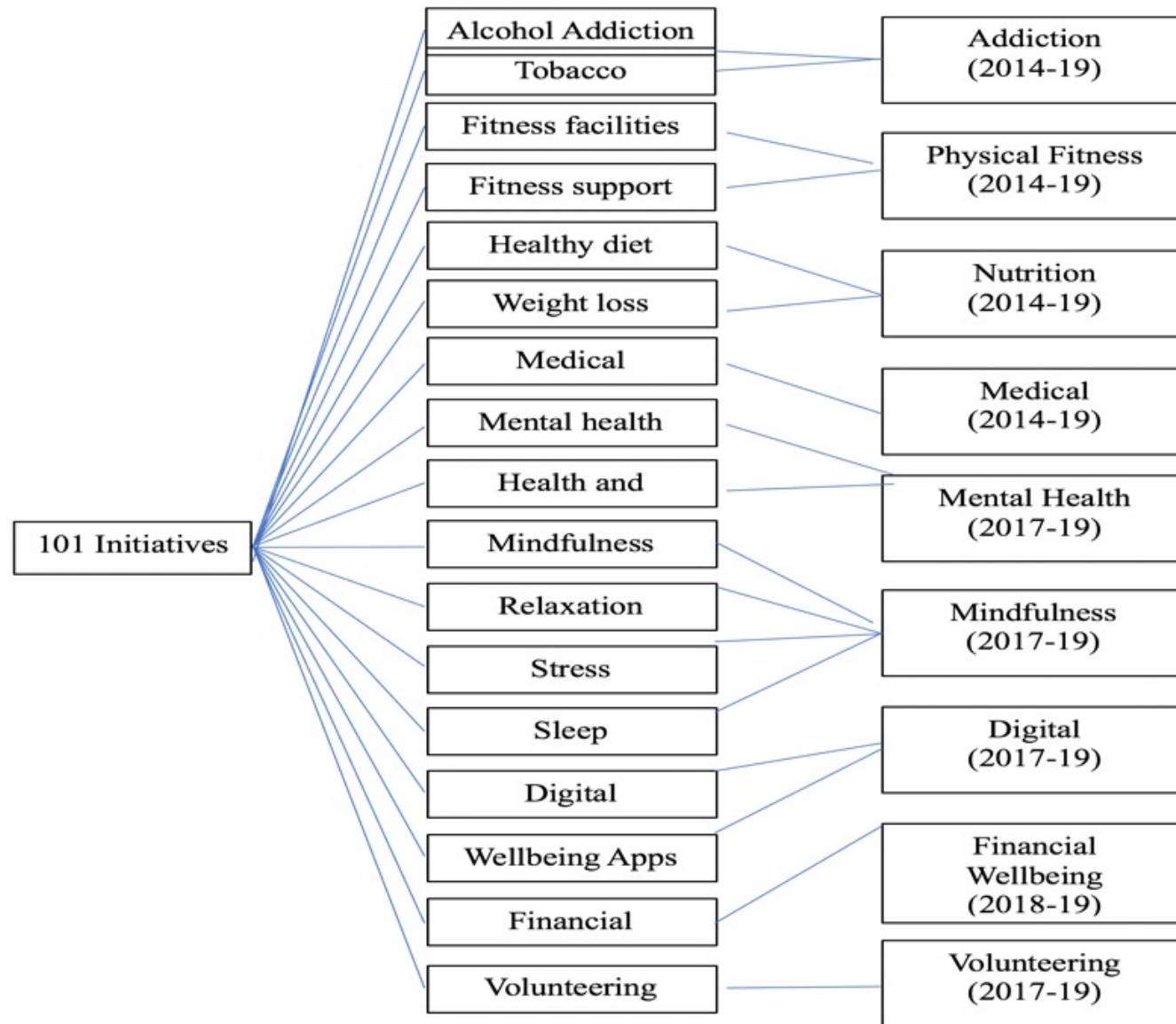
Interventions

For each intervention, the following three questions are posed:

Are you aware that your organisation offers this?

Have you used it?

If so, did you feel better?



Addiction

Smoking - 2% use;
35% aware & do not use
Alcohol - 1% use;
25% aware & do not use



Physical Fitness



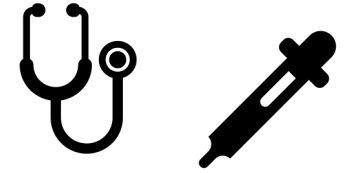
Fitness activities - 18% use;
18% aware & do not use
Fitness facilities - 33% use;
43% aware & do not use

Nutrition

Healthy eating - 54% use;
13% aware & do not use
Weight management - 8%
use; 14% aware & do not use



Medical



Medical - 33% use;
31% aware & do not use

Mental health - 11% use;
35% aware & do not use
Health & Wellbeing - 35%
use; 33% aware & do not
use



Stress - 10% use; 30%
aware & do not use
Relaxation - 10% use;
23% aware & do not use

Wellbeing apps - 14% use;
19% aware & do not use
Online Support - 15% use;
14% aware & do not use



Financial wellbeing - 2% use;
21% aware & do not use

Volunteering - 16% use;
27% aware & do not use



Mental Health

Stress Management & Mindfulness

Wellbeing Apps & Online Support

Financial Wellbeing

Volunteering

Dependent variables:

Wellbeing

Physical health (1-5)

Mental health (1-5)

Job satisfaction (1-7)

Productivity

Work Productivity and Activity Impairment Questionnaire (WPAI-GH)

The instrument consists of six questions with a recall timeframe of seven days. The questions ask whether the respondent is employed; the number of hours missed from work; the number of hours actually worked; and the degree to which the respondent feels that a health problem has affected their productivity while at work and their ability to do daily activities other than work.

% of time **not** lost through absenteeism and presenteeism

For many employees, this takes a value of zero, they were not absent, or their performance was not impaired in the reference week. So, it is particularly important to control for this censoring. The GSEM command in Stata allows the specification of a Tobit model to allow for lower (0) and upper censoring (1) of these dependent variables.

Control variables:

Personal characteristics: gender, ethnicity, marital status, education

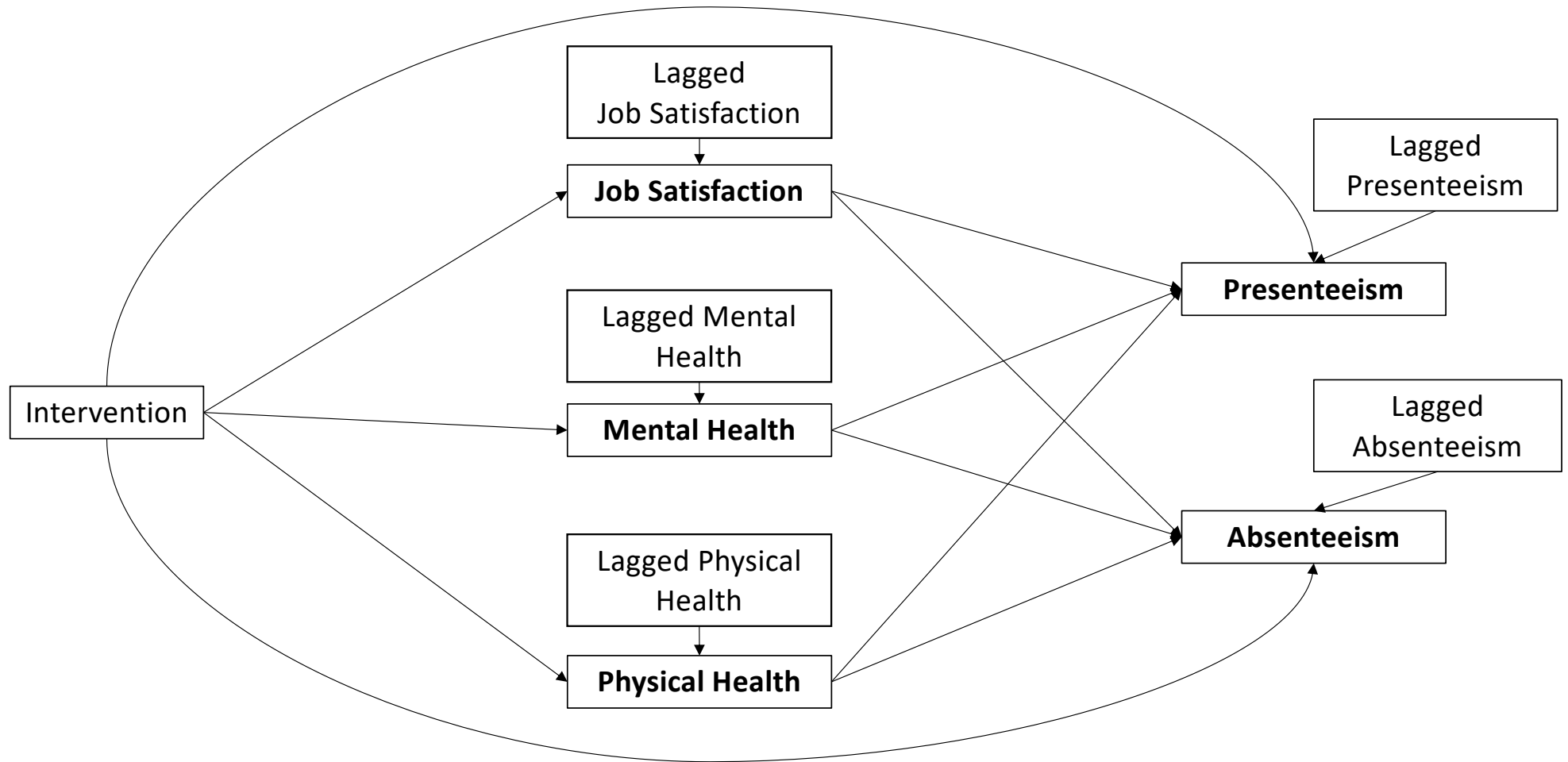
Job characteristics: income, working hours, travel to work time, contract type, flexible working, tenure

Company characteristics: size and sector of organization

Two period SEM with lagged DV

GSEM estimated in Stata, Standard Errors clustered by company

Intervention → wellbeing → productivity



Main results

- More generally, those with higher levels of wellbeing in T1 have higher levels of wellbeing in T2.
- Across the full range of initiatives, we see that awareness and use in T1 is associated with higher job satisfaction in T2.
- Productivity is higher in T2 for those who had higher levels of productivity in T1.
- Productivity is higher amongst those with higher levels of wellbeing.
- Awareness and use of the health and wellbeing initiatives is associated with improved productivity in T2, mostly through the indirect effect of improved wellbeing.

Initiatives and Wellbeing

	Addiction	Physical fitness	Nutrition	Health	Mental health	Stress mgt & mindfulness	Wellbeing apps	Financial wellbeing	Volunteering
In(Mental Health)									
Lag In(Mental Health)	0.548***	0.548***	0.548***	0.549***	0.552***	0.549***	0.547***	0.508***	0.548***
Awareness	0.0209***	0.00322	0.00264	0.0145***	0.00806*	0.00337	0.0310***	0.0175**	0.0133**
Use	0.0410***	0.0219***	0.0222***	0.0214***	0.00748*	0.00346	0.0205***	0.0139	0.0275***
In(Physical Health)									
Lag In(Physical Health)	0.578***	0.573***	0.578***	0.578***	0.580***	0.578***	0.583***	0.573***	0.583***
Awareness	0.0113***	0.00220	0.00880*	0.00587	0.00583	-0.00220	0.0148**	0.0135*	0.0116**
Use	0.0121	0.0290***	0.0171***	0.0175***	0.0181***	0.00197	0.0117*	0.0122	0.00944*
In(Job Satisfaction)									
Lag In(Job Satisfaction)	0.490***	0.489***	0.487***	0.491***	0.514***	0.490***	0.521***	0.519***	0.525***
Awareness	0.0703***	0.0608***	0.0499***	0.0602***	0.0541***	0.0400***	0.0700***	0.0670***	0.0589***
Use	0.123***	0.0990***	0.0876***	0.0713***	0.0778***	0.0756***	0.0870***	0.0561	0.0713***
Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y
N	18,764	18,764	18,764	18,764	16,721	18,764	10,259	5,149	10,259

* p<0.05, ** p<0.01, *** p<0.001

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Wellbeing and Productivity

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Absenteeism									
Lag Absenteeism	0.354***	0.354***	0.352***	0.352***	0.350***	0.353***	0.340***	0.371**	0.341***
In(Mental Health)	0.101**	0.103**	0.101**	0.103**	0.105**	0.103**	0.126*	0.186***	0.126*
In(Physical Health)	0.287***	0.284***	0.286***	0.291***	0.265***	0.289***	0.277***	0.351***	0.278***
In(Job Satisfaction)	0.0988***	0.0994***	0.0991***	0.102***	0.0970***	0.101***	0.100***	0.0667*	0.102***
Presenteeism									
Lag Presenteeism	0.500***	0.500***	0.500***	0.499***	0.489***	0.498***	0.491***	0.506***	0.491***
In(Mental Health)	0.377***	0.377***	0.378***	0.377***	0.382***	0.376***	0.416***	0.430***	0.415***
In(Physical Health)	0.207***	0.210***	0.209***	0.210***	0.199***	0.210***	0.175***	0.151***	0.174***
In(Job Satisfaction)	0.0860***	0.0883***	0.0889***	0.0883***	0.0912***	0.0868***	0.0871***	0.0877***	0.0857***
Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y
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Initiatives and direct/indirect effects on productivity

		Addiction	Physical fitness	Nutrition	Health	Mental health	Stress mgt & mindfulness	Wellbeing apps	Financial wellbeing	Volunteering
Absenteeism										
Awareness	Direct	0.0343*	0.0132	-0.0125	0.0224	0.0424*	0.0110	-0.00198	0.00238	0.00133
	Indirect	0.0123***	0.00700***	0.00773***	0.00937***	0.00765***	0.00377*	0.0151***	0.0125***	0.0109***
Use	Direct	-0.0111	0.0270	0.0237	-0.0184	0.0153	-0.0000499	0.0202	0.0791	-0.00772
	Indirect	0.0198***	0.0204***	0.0158***	0.0146***	0.0131***	0.00859***	0.0146***	0.0106	0.0134***
Presenteeism										
Awareness	Direct	0.00426	-0.0101	-0.00474	0.00387	0.00710	0.0169*	-0.0138	0.0106	-0.00324
	Indirect	0.0163***	0.00704***	0.00728**	0.0120***	0.00918***	0.00428	0.0216***	0.0154***	0.0126***
Use	Direct	-0.00886	-0.0167*	-0.0188**	-0.0257***	-0.0178**	-0.0219**	-0.0232*	-0.00212	-0.00819
	Indirect	0.0286***	0.0231***	0.0197***	0.0181***	0.0136***	0.00827***	0.0181***	0.0127	0.0192***
Controls		Y	Y	Y	Y	Y	Y	Y	Y	Y
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Use	Direct	-0.0111	0.0270	0.0237	-0.0184	0.0153	-0.0000499	0.0202	0.0791	-0.00772
	Indirect	0.0198***	0.0204***	0.0158***	0.0146***	0.0131***	0.00859***	0.0146***	0.0106	0.0134***
Presenteeism										
Awareness	Direct	0.00426	0.0101	0.00474	0.00387	0.00710	0.0169*	0.0138	0.0106	0.00324
	Indirect	0.0163***	0.00704***	0.00728**	0.0120***	0.00918***	0.00428	0.0216***	0.0154***	0.0126***
Use	Direct	-0.00886	-0.0167*	-0.0188**	-0.0257***	-0.0178**	-0.0219**	-0.0232*	-0.00212	-0.00819
	Indirect	0.0286***	0.0231***	0.0197***	0.0181***	0.0136***	0.00827***	0.0181***	0.0127	0.0192***
Controls		Y	Y	Y	Y	Y	Y	Y	Y	Y
N		18,764	18,764	18,764	18,764	16,721	18,764	10,259	5,149	10,259

* p<0.05, ** p<0.01, *** p<0.001

Estimating the monetary costs/benefits

- Per employee savings have been estimated based on the time saved due to reduced absenteeism and presenteeism which are evaluated at the median annual pay (ONS, 2021).
- ONS data gives a median weekly pay for full-time employees of £611 in April 2021.
- We multiply this by the reduction in time lost through absenteeism and presenteeism to give an estimate of the savings.
- The costs of provision of each initiative are also estimated.

	Wellbeing changes			Productivity changes		Savings £		Cost £	Return £
	Job Satisfaction	Mental Health	Physical Health	Absenteeism	Presenteeism	Absenteeism	Presenteeism		
Addiction	2.93%	0.88%	0.45%	1.78%	0.82%	£522.50	£240.13	-£53.80	£708.83
Physical Fitness	6.08%	0.93%	1.14%	2.54%	0.11%	£745.76	£31.25	-£46.97	£730.04
Nutrition	5.37%	1.23%	1.04%	2.06%	0.08%	£603.99	£24.26	-£62.00	£566.25
Health	4.17%	1.14%	0.75%	0.85%	0.24%	£245.31	£44.01	-£80.04	£209.27
Mental Health	4.61%	0.54%	0.84%	2.72%	0.40%	£820.35	£90.49	-£80.00	£830.85
Stress mgt & mindfulness	2.92%	0.20%	-0.07%	0.79%	0.74%	£230.82	£215.72	-£225.00	£221.54
Wellbeing apps	2.81%	0.93%	0.48%	0.85%	0.06%	£248.17	£16.93	-£3.95	£261.15
Financial wellbeing	1.57%	0.41%	0.32%	0.54%	0.58%	£184.26	£168.08	-£25.00	£327.34
Volunteering	2.75%	0.81%	0.47%	0.42%	0.43%	£153.27	£127.09	-£135.48	£144.88

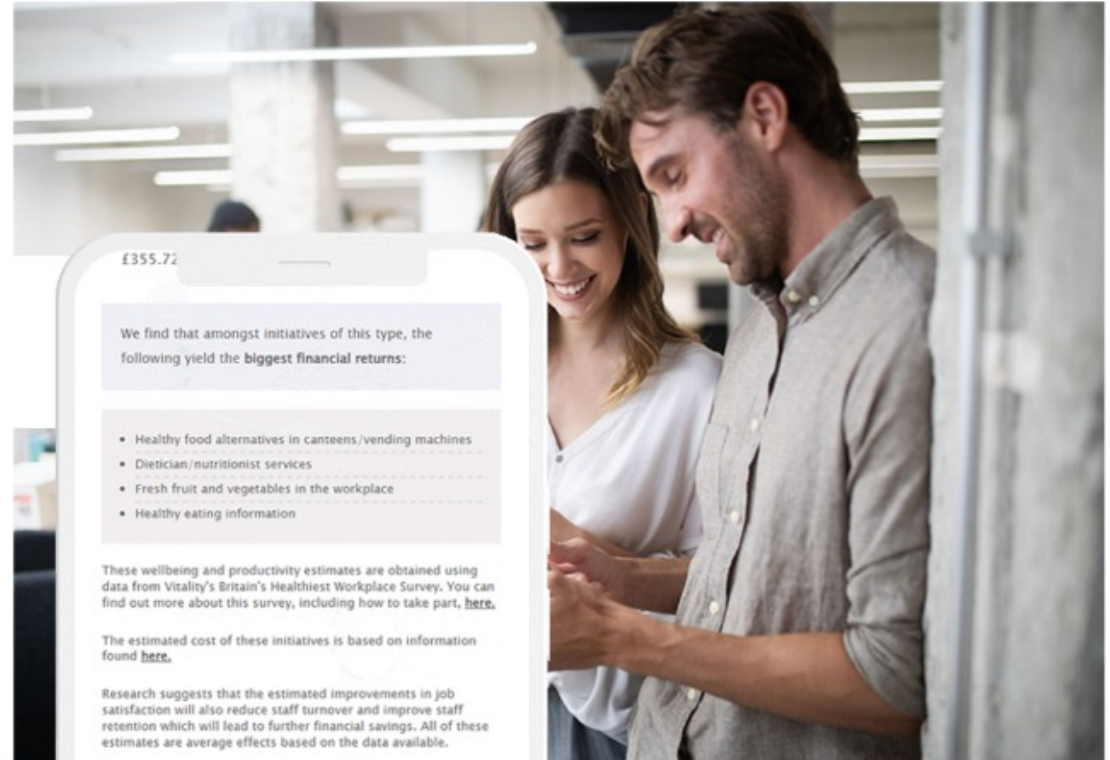


— Business calculator

Business cost effectiveness calculator

find out more >

calculate >



— The toolkit

[www.evolworkplacewellbeing.org/business-calculator](https://evolworkplacewellbeing.org/business-calculator)

Business cost effectiveness calculator

What type of initiative are you considering: *

select your initiative

What is the average annual wage of your workforce?

£ 29500

£ 0

£ 100000 or more

I don't know

If you are not aware of the above, please tick the box below – UK National Average will be used.

Calculate



Physical Fitness

This type of initiative is estimated to have the following **effects on employee wellbeing**:

6.08% improvement in Job Satisfaction
0.93% improvement in Mental Health
1.14% improvement in Physical Health

They are also expected to have the following effects on **productivity (per worker)**:

£750.13 saving from Absenteeism
£31.44 saving from Presenteeism

Giving estimated **annual productivity gains** with a value of:

£781.57

Less the estimated **annual cost** of the initiative:

£-46.97

In addition to the benefits for **employee wellbeing**, these initiatives give an overall annual financial return of:

£734.60 per worker

We find that amongst initiatives of this type, the following yield the **biggest financial returns**:

- Bicycle purchase schemes
- Offsite gym / health club membership discount
- Bootcamps
- Walk or cycle to work programmes

These wellbeing and productivity estimates are obtained using data from Vitality's Britain's Healthiest Workplace Survey. You can find out more about this survey, including how to take part, [here](#).

The estimated cost of these initiatives is based on information found [here](#).

Research suggests that the estimated improvements in job satisfaction will also reduce staff turnover and improve staff retention which will lead to further financial savings. All of these estimates are average effects based on the data available.

They are indicative rather than guaranteed and may not be realised immediately. Whether an initiative is successful depends on many factors. The rest of this toolkit helps identify and better understand these factors.

On average, for companies which offer:

Physical Fitness

Awareness amongst employees is: 77.14%
while usage is: 36.33%

Use the slider to see the estimated effects of increasing awareness:

50%



Awareness of programmes = 77%

Physical Fitness

This type of initiative is estimated to have the following **effects on employee wellbeing**:

6.08% improvement in Job Satisfaction
 0.93% improvement in Mental Health
 1.14% improvement in Physical Health

They are also expected to have the following effects on **productivity (per worker)**:

£750.13 saving from Absenteeism
 £31.44 saving from Presenteeism

Giving estimated **annual productivity gains** with a value of:

£781.57

Less the estimated **annual cost** of the initiative:

£-46.97

In addition to the benefits for **employee wellbeing**, these initiatives give an overall annual financial return of:

£734.60 per worker

Awareness of programmes = 90%

Physical Fitness

This type of initiative is estimated to have the following **effects on employee wellbeing**:

7.09% improvement in Job Satisfaction
 1.08% improvement in Mental Health
 1.33% improvement in Physical Health

They are also expected to have the following effects on **productivity (per worker)**:

£875.14 saving from Absenteeism
 £36.67 saving from Presenteeism

Giving estimated **annual productivity gains** with a value of:

£911.81

Less the estimated **annual cost** of the initiative:

£-46.97

In addition to the benefits for **employee wellbeing**, these initiatives give an overall annual financial return of:

£864.84 per worker

Main Takeaways

- Evidence that interventions not only improve wellbeing, but also give good financial returns
- We consider absenteeism and presenteeism but other savings could also occur through staff retention
- Looking after workplace wellbeing shouldn't necessarily be seen as a cost, it can be a good investment
- There are positive effects of both usage and awareness. Interventions should be optional and promoted to increase awareness
- Word of caution: financial returns aren't guaranteed and workplace wellbeing needs to be "done right"



What do businesses say?

about performance and productivity

“Because a long time ago we realised that if people come to work and they enjoy what they do, they really do, it gives the place a bit of a buzz. But as a company the higher performing companies are companies where people actually are enjoying their work and they bring quite a lot of their personality to work. And if they are enjoying what they do and they **have space to think and be creative** then that's when the really cool stuff happens. Whereas if people are working long hours wellbeing is not a matter of priority then it becomes not a very nice place to work.”

Case 6a IT firm

“I mean there's a whole package piece for **presenteeism**. So we've been kind of looking at making people healthier, making people want to be at work. So we've got a bit of a strategy ... we're looking at what makes people want to be here and what helps them and supports them to be active at work. So, yes, so we've been looking at things like alcohol policy, we've been looking at ... and then also when we build in those kind of events we build in non-alcoholic events, non-alcoholic education programmes. There's also things about sleep awareness. ... MSK issues where people are preoccupied physically and musculoskeletally. So we've been looking at a mental health approach as well as a physical approach and then as a family support function on the side as well.”

Case 1a Financial Services Firm

What do businesses say? about the business advantage

“Facilities management company are doing an awful lot of stuff towards well-being and health so therefore it’s right that we promote that that’s what we do. **But also it wins business.** So obviously business development will use it as a feather in our cap saying that this is what we do, we are leading at this, we put our employees at the forefront, we’ve got assistance programmes, we’ve got well-being programmes, we’ve got all this for our staff. So other companies will see that we’re doing everything we can for our staff and therefore trying to keep the best people, getting the best productivity. I know I’m repeating myself here, it’s absolute paramount which is going to sell our company.”
Case 9a Facilities management company

“Yes the well-being packages have evolved massively ... So when I took over the medical and the fitness I was already measuring fitness data with cardiovascular disease and then we just expanded it massively in 2013 with all the medical data. So there’s almost a project every single year now which is **driven by the data or the risk that is coming up.** If there was a high cardiovascular risk we’d focus back on the cardiovascular side, or if there’s MSK, which there has been, we focus on that, or mental health which is coming up as one of our high risks, we’ve been focusing purely on those projects for a whole year”.

Case 1a Financial Services Firm

“And the award that **we won was for [our] wellbeing programme.** And we were up against a couple of really really large organisations, multi national organisations. ... It meant that what we had been recognised for was really doing what we said we were doing and not just rhetoric. And I have to say in all my years I think that's the one that really I am proudest of.”

Case 1b Facilities Management Company

What do businesses say? actually wellbeing is important

"They truly care. This is the first place where I've worked where the core employee goes first because if you have a happy employee you have a productive one. It really means that. They are very, very respectful. I personally suffer from anxiety and I discussed that with my direct boss ... Well the company in the whole they are advocates for mental health. So for me that's kind of **the core of the well-being because they are very, very respectful** in that sense. So they try to keep us healthy. As I said, although like mentally and physically we try to do it internally."

Case 4a IT Firm

So for me its about creating an environment of **meaningful work** and that involves me telling, a lot of the time telling my team and working with my team asking the question around well what do you need to stop doing to be able to do that. If this is the right thing to do what are you going to stop doing. And I spent a lot of time doing that and reducing interference in allowing people to do their job and what they are paid to do. And any time that they create as part of that they use then to reflect to think to energise and to make sure when they are at work or when they, they are **giving their best.**"

Case 12a Bioscience

"I would say the approach to wellbeing is always about **putting people first**, allowing you to have space to think, space away from work. And that's a really good priority, to be honest its one of the biggest things that attracted me to IT firm was that **I could have a life around it** too and I had never had that before. So that's a real priority for productivity in general for the company. And I think that we approach things with a **solution mindset** as opposed to focusing on the problem and I think that builds the culture all around for productivity and happiness."

Case 7a IT firm