

# Briefing: The Rise in Economic Inactivity due to Ill Health

**Author:** Rachel Lewis, Principal Public Health Practitioner and Mary-Ann McKibben, Consultant in Public Health

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## Publication/ Distribution:

- Public Health Wales
- External (Key stakeholders including Welsh Government)
- Healthy Working Wales website

## Purpose and Summary of Document:

Briefing paper: analysing the recent trend showing a steep increase in the number of people out of the labour market due to ill health; making recommendations for possible interventions; outlining the work undertaken by Healthy Working Wales and the Employee Health Management Programme relevant to these issues.

## 1 Main Story

Office of National Statistics (ONS) data<sup>1</sup> was published in November 2022 describing the rise in the number of people who are out of the labour market due to ill-health. This briefing paper aims to summarise some of the key findings from a range of related reports and consider the implications for both policy and practice in Wales.

- Across the UK the rate of economic inactivity due to ill health has risen since 2019, prior to the start of the COVID-19 pandemic. In particular,

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<sup>1</sup> Office for National Statistics (ONS), released 10 November 2022, ONS website, article, [Half a million more people are out of the labour force because of long-term sickness](#)

the rise in economic inactivity has been greater for people in their 50s and 60s than for other age groups.

- The main reason behind the increase in economic inactivity amongst people in their 50s and 60s is ill health with self-reported ill health up 19% since 2019. Economic inactivity caused by long-term sickness has been exacerbated by the pandemic, but not caused by it.
- Reasons for the long-term sickness are:
  - 'Other' which includes some elements of long COVID – up 41%
  - Mental illness and nervous disorders – up 22%
  - MSKs mainly comprising problems connected with back or neck – up 31%
- Wholesale and retail industry workers are twice as likely than the UK average to be represented in this group
- Occupations that paid lower than average wages were also more likely to have higher rates of former workers who became economically inactive due to ill health in this time period.
- It could be suggested that these industries and roles typically require more interaction with others or a fixed location to undertake the role. Thus, they are therefore less adaptable to hybrid and home working, making them more difficult to carry out while managing a long-term illness
- Two factors; long COVID, and post pandemic longer waiting lists for NHS treatment are likely to have exacerbated the situation. However, a pre-pandemic trend of increasing prevalence of poor health, and of poor health as a reason for economic inactivity existed prior to the pandemic.
- In Wales 43.1% of unpaid carers were aged 45-64 years and nearly 60% of them were female. The numbers of unpaid carers in Wales are rising, as is the trend in unpaid carers leaving the labour market. This suggests that more people (particularly women and older workers) are finding it harder to combine work and caring
- This is a problem because whilst many older workers state they would like to return to work, very few of them do. For the Welsh economy, poor health and economic inactivity can restrict labour supply and economic growth.
- Policy interventions should focus on helping those who want to work to return to work and overcome the barriers that stop them from doing this.
- Welsh Government, stakeholders (such as PHW, primary care, occupational health and DWP) and employers across Wales need to work together to develop approaches to keep people in good health and in work in the first place.

- Employers should be supported to enable older workers with health conditions to continue working, through improvement in the quality and design of work, including job roles and the working environment; and by encouraging employees to undertake healthy behaviours.

The Welsh Government plan for employability and skills,<sup>2</sup> launched in 2022 recognises these issues and includes actions to tackle economic inequality, create high quality employment, and support people with a long-term health condition to work. Both Healthy Working Wales and the Employee Health Management Programme feature in the plan as key mechanisms to guide employers on how to support disabled people and those with long-term health conditions (including mental health conditions) in the workforce and to support system-wide action on preventing people from falling out of work due to ill health.

## 2 Introduction

The number of working age adults (age 16-64 years) who are economically inactive because of ill-health has been rising since 2019<sup>3</sup>. The Office of National Statistics reports that between June and August 2022, around 2.5 million people across the UK reported long-term sickness as the main reason for leaving the labour market, up from 2 million in 2019. This briefing paper aims to consider the implications of this trend for both policy and practice in Wales.

The commonly agreed definition of economically inactive is as follows: Those who are not in employment or have not been seeking work within the past 4 weeks and/or are unable to start work within the next 2 weeks.

The upward trend in economic inactivity due to ill health started before the COVID-19 pandemic. However, since the start of the pandemic the percentage of all those out of the labour market due to ill health has risen from 25% to 28%. A range of factors could be exacerbating this increase, and more understanding is needed regarding the impact of issues such as longer waiting times for NHS treatment, long COVID, and an aging workforce.

The figures presented in this briefing are based on UK wide data, which is not always broken down into data for individual UK nations. However, as Wales has the highest sickness absence rates of any UK region<sup>4</sup> (2.8% compared to a UK average of 2.2%), we can anticipate that the factors presented will be largely similar.

Figure 1: Number of economically inactive working age people due to long-term sickness, UK

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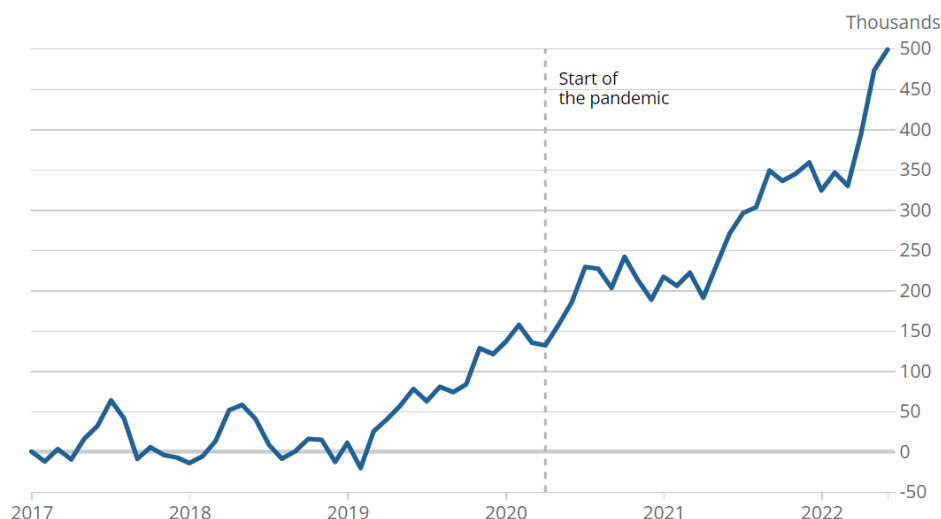
<sup>2</sup> [Annual Report Template \(gov.wales\)](#) accessed on 24.06.2022

<sup>3</sup> Office for National Statistics (ONS), released 10 November 2022, ONS website, article, [Half a million more people are out of the labour force because of long-term sickness](#)

<sup>4</sup> [Sickness absence in the UK labour market](#) Dataset | Released 29 April 2022

Annual sickness absence rates of workers in the UK labour market

Cumulative change in number of people aged 16 to 64 years inactive owing to long-term sickness, seasonally adjusted, UK, January to March 2017 to June to August 2022



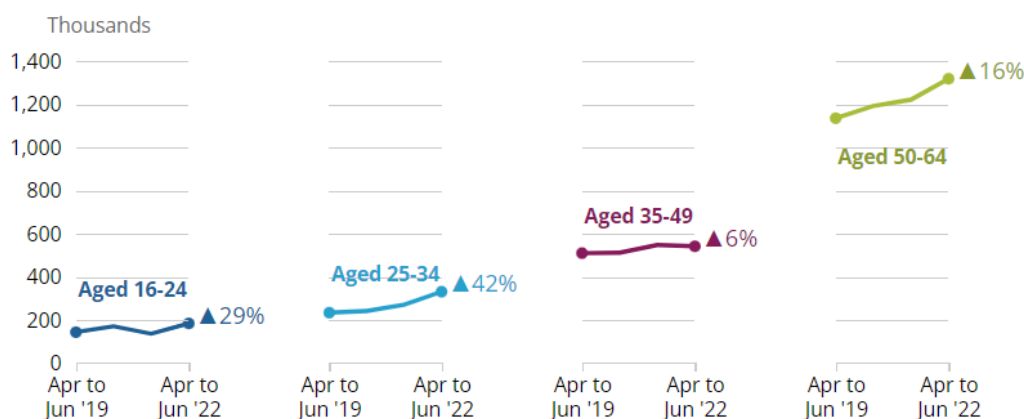
Source: Office for National Statistics – Labour Force Survey

## 2.1 Economic inactivity by age group

When considering working age adults, all age groups have seen increases in economic inactivity, due to ill health, between 2019 and 2022. The largest relative increase has been in the 25-34 year age group with an increase of 42%. However, those in older age groups still make up the majority of those inactive with over half (55%) of those out of the labour market aged 50-64 years. Whilst these figures partially reflect the prevalence of increasing health conditions and disability as people age, other factors, discussed later, may also be impacting on economic inactivity trends.

Figure 2. Change in economic inactivity by age group, UK

Change in economic inactivity owing to long-term sickness, by age group, UK, 2019 to 2022



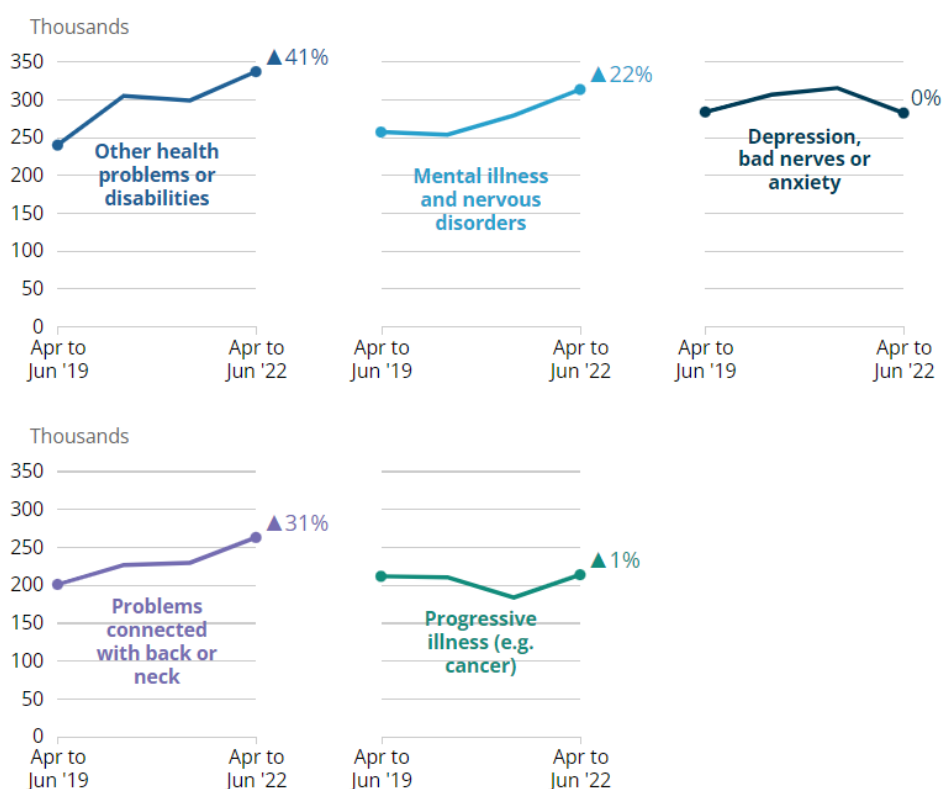
Source: Office for National Statistics – Labour Force Survey

## 2.2 Economic inactivity caused by ill health

Between 2019 and 2022, the category which increased the most among people who were economically inactive because of long-term sickness was “other health conditions and disabilities” (up by 41%). This category could include symptoms related to COVID-19, including long COVID, as survey respondents were not given specific guidance relating to which main condition to report for COVID-related ill health. However, COVID-related ill health may also have exacerbated problems connected to the back and neck (up by 31%), and mental illness and nervous disorders (up by 22%), both of which increased significantly within this time period.

Figure 3. Economic inactivity by most common primary condition. UK

Percentage change in economic inactivity owing to long-term sickness, by most common primary condition, people aged 16 to 64 years, UK, 2019 to 2022



Source: Office for National Statistics – Labour Force Survey

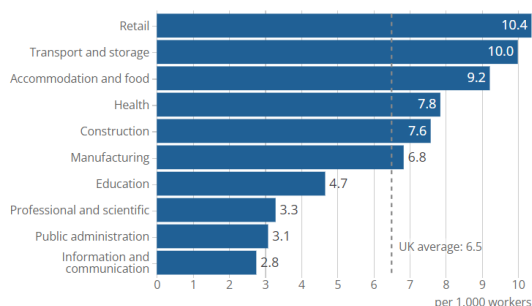
## 2.3 Economic inactivity by business sector and role

Relative to the size of their workforce, wholesale and retail workers were more likely to become economically inactive because of long-term sickness. In addition, roles such as carers, occupations that involve unskilled or semi-skilled work, and process, plant, and machinery operatives were more likely to be out of the labour market due to ill health. Typically, these industries and roles require more interaction with others or a fixed location to undertake the role. They are therefore

less adaptable to hybrid and home working, making them more difficult to carry out while managing a long-term illness.

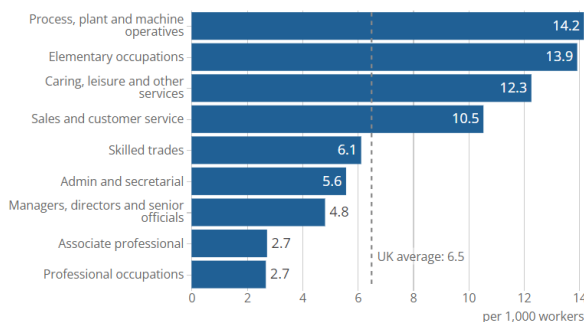
Figure 4. Economic inactivity by industry sector and occupation group, UK

Number of former workers in the last two years economically inactive because of long-term sickness for every 1,000 current workers, by industry, UK, April 2021 to March 2022



Source: Office for National Statistics, APS April 2021 to March 2022

Number of former workers economically inactive owing to long-term sickness for every 1,000 current workers, by major occupation group, UK, April 2021 to March 2022



Source: Office for National Statistics, APS April 2021 to March 2022

### 3 Exacerbating Factors

People cite many reasons for no longer engaging in the labour market such as sickness, retirement, and caring responsibilities. These often exist in combination with each other and form a complicated picture.

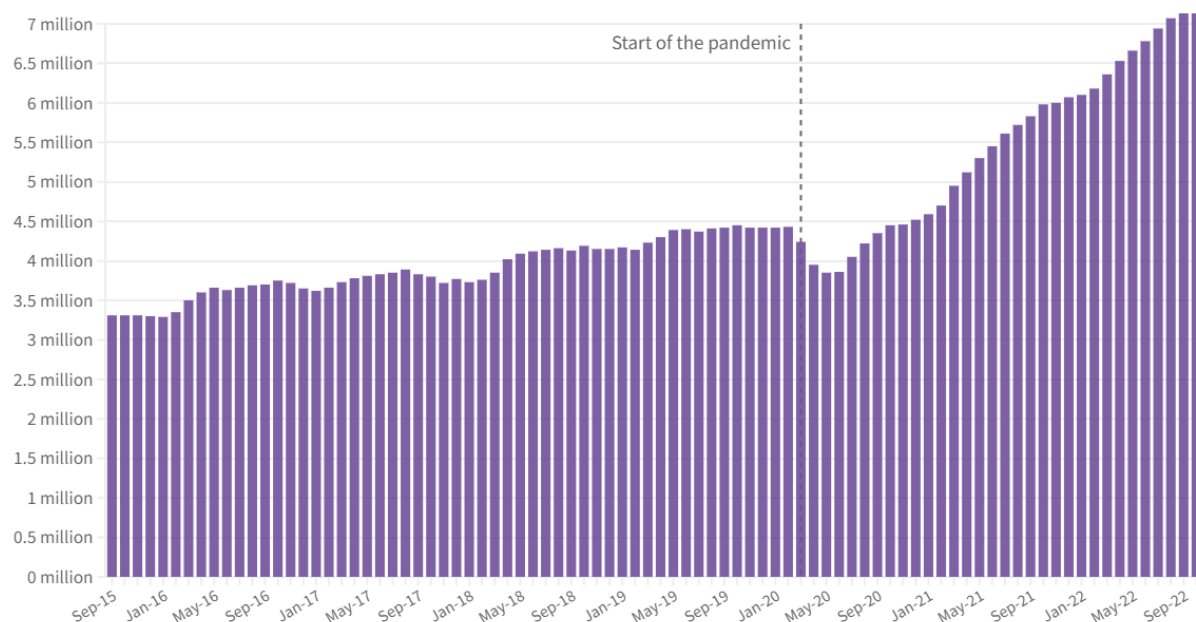
Long COVID has been suggested as a factor in increasing economic inactivity rates and could partially explain the rise in 'other health conditions and disabilities', as described earlier. A Health Foundation report into poor health and inactivity<sup>5</sup> noted that 35-69 year olds are the group most affected, with recent estimates suggesting that around 80,000 to 110,000 people across the UK are not working due to long COVID. Whilst these numbers are large enough to contribute to a rise in the inactivity statistics, it is not clear whether these individuals are economically inactive or on sickness absence from their employment. Moreover, the report notes that the rise in economic inactivity seen in the UK has not been experienced by other countries which experienced similar waves of COVID-19 infection. The report concluded that, whilst the impact of long COVID is unclear, it is likely to be playing a relatively minor role in the increase observed in inactivity rates.

A further factor, discussed in the Health Foundation report, is that long waiting lists for NHS treatment are causing people's health to deteriorate, and consequently impacting on inactivity rates. Since 2019, wait times from referral to treatment have almost doubled, and the number of people on Referral to Treatment waiting lists has risen sharply to 7 million in September 2022<sup>6</sup>.

<sup>5</sup> Tinson A, Major A, & Finch D (2022) [Is poor health driving a rise in economic inactivity?](#) The Health Foundation, accessed 22.11.2022

<sup>6</sup> [BMA analysis of NHS England Consultant-led Referral to Treatment Waiting Times statistics](#) • Data from April 2022 onwards now includes estimates for missing data.

Figure 5: Number of people on NHS waiting lists for consultant-led elective care (September 2015 to October 2022)



ONS<sup>7</sup> found that 18% of 50-65 year olds who left the labour market during the pandemic, and have not returned since, are on a NHS waiting list. However, it is not clear whether some, or all of those people would have returned to the labour market if NHS waiting lists were shorter. Whilst overall those waiting for treatment have lower employment rates than those receiving treatment, the Health Organisation report<sup>8</sup> concludes that 'delays in treatment are moving people already out of work further from being able to return to work<sup>3</sup>'. If this is the case, wait times for treatment are likely to be impacting on numbers returning to work after a period of ill health, rather than significantly contributing to the numbers of people falling out of work in the first place.

A recent study by Public Health Wales<sup>9</sup> suggested that the numbers of unpaid carers is increasing. In 2019 there were approximately 400,000 unpaid carers in Wales, and this is estimated to rise to over half a million by 2037. The latest figures, from 2020, suggest that 35% of the Welsh population provide care and support to family and friends<sup>10</sup>. In Wales 43.1% of unpaid carers were aged 45-64 years and nearly 60% of them were female. A study by Public Health Wales<sup>5</sup> on the determinants of mental wellbeing for carers suggested that carers may have to reduce their working hours or even stop working to enable them to complete

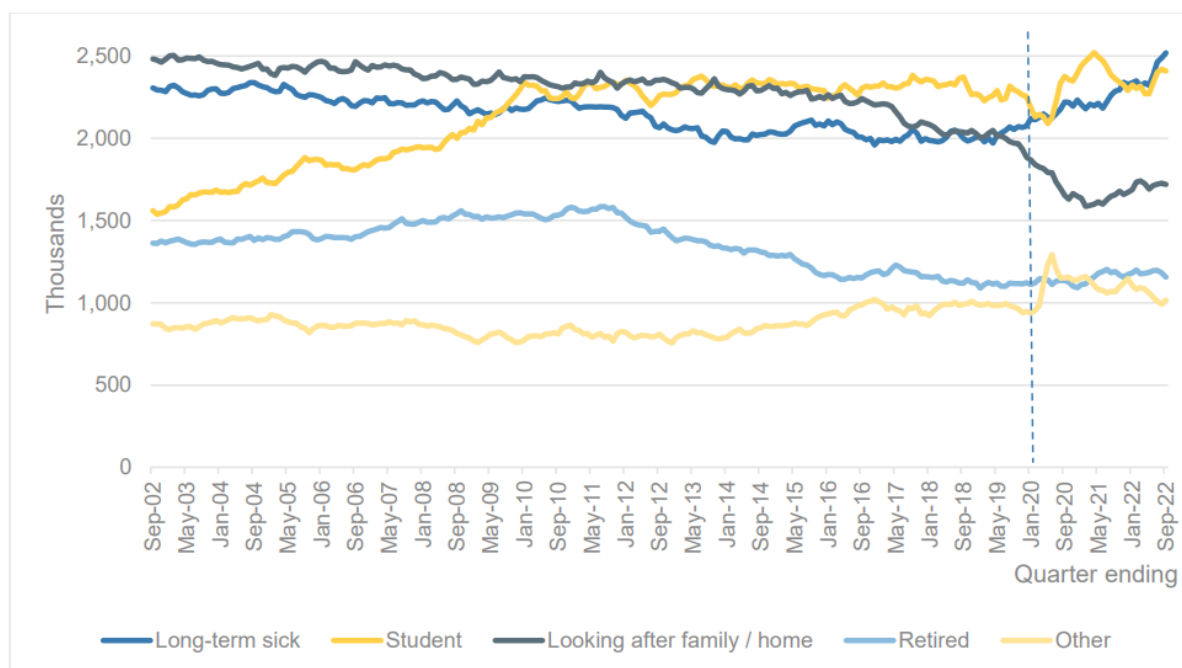
<sup>7</sup> Office for National Statistics (ONS), released 27 September 2022, ONS website, statistical article, [Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic: wave 2](#)

<sup>8</sup> Tinson A, Major A, & Finch D (2022) [Is poor health driving a rise in economic inactivity?](#) The Health Foundation, accessed 22.11.2022

<sup>9</sup> Huang F, Bentley L, Cai Y, Hodgson K, Song J, and Davies AR (2021) Unpaid carers in Wales; The determinants of mental wellbeing. Cardiff. Public Health Wales NHS Trust. <https://phw.nhs.wales/publications/publications1/unpaid-carers-in-wales-the-determinants-of-mental-wellbeing>

their caring responsibilities. A recent Institute for Employment Studies briefing<sup>11</sup> concluded that the increase in unpaid carers becoming economically inactive is concerning as it reverses the previous trend of rising participation in the workforce and suggests that more people (particularly women and older workers) are finding it harder to combine work and caring.

Figure 5. Levels of economic inactivity for the 5 main reasons given. UK



Source: Labour Force Survey

## 4 Recommendations for Action

Employers should be supported to enable older workers with health conditions to continue working, through improvement in the quality and design of work, including job roles and the working environment; and by encouraging employees to undertake healthy behaviours

Leaving the labour market 'early' (before the UK state retirement age) due to ill health has significant consequences including personal and economic costs to individuals and the impact on the wider economy. Whilst many older workers state they would like to return to work, very few of them do<sup>12</sup>. For the Welsh economy, poor health and economic inactivity can restrict labour supply and economic growth.

<sup>11</sup> Institute for Employment Studies: Labour Market Statistics. November 2022. [Title \(employment-studies.co.uk\)](https://www.institute-for-employment-studies.co.uk)

<sup>12</sup> Dawson A, Phillips A (2022) Understanding 'Early Exiters' The case for a healthy ageing workforce strategy. DEMOS. The Physiological Society. London. [Understanding-Early-Exiters-Demos.pdf www.demos.co.uk](https://www.demos.co.uk)



As demographic changes result in an ageing population for Wales and the UK, more needs to be done to improve access to the right health treatment and employment support for all affected groups, including those with health conditions who are in work, those who are off work with long term sickness absence, and those who have fallen out of work due to ill health.

The Health Foundation report<sup>13</sup> suggests that policy interventions should focus on helping those who want to return to suitable work and overcoming the barriers to work this group may experience. It also suggests that there is a need for government and business to work together to help keep people in good health and in work in the first place.

The independent charity DEMOS<sup>7</sup> goes further and has identified the need to develop a National Ageing Workforce Strategy with four main objectives:

1. Support older workers with health conditions to continue working.
2. Help older people with health conditions to return to work.
3. Focus on medium-term prevention by improving the quality and design of work and the workplace so that they support older workers' health.
4. Undertake long-term prevention by improving public health over the course of people's lives, and by advancing scientific research, including physiological research, on ageing.

The Welsh Government plan for employability and skills,<sup>14</sup> launched in 2022 recognises these issues and includes actions to tackle economic inequality, create high quality employment, and support people with a long-term health condition to work. Both Healthy Working Wales and the Employee Health Management Programme feature in the plan as key mechanisms to guide employers on how to support disabled people and those with long-term health conditions (including mental health conditions) in the workforce and to support system-wide action on preventing people from falling out of work due to ill health.

## 5 Healthy Working Wales/ Employee Health Management Partnership response

A number of health and work programmes within Wales are already set up and working on this agenda, including Public Health Wales programmes, Healthy Working Wales (HWW) which works directly with employers to encourage and create healthy and safe working environments that promote good health and wellbeing and the Employee Health Management Programme (EHMP) set up with key stakeholders with the aim of developing and implementing joint action to prevent people from falling out of work due to ill health.

<sup>13</sup> Tinson A, Major A, & Finch D (2022) [Is poor health driving a rise in economic inactivity?](#) The Health Foundation, accessed 22.11.2022

<sup>14</sup> [Annual Report Template \(gov.wales\)](#) accessed on 24.06.2022

Welsh Government launched their employability and skills plan<sup>15</sup> in 2022 with the EHMP and HWW listed as lead programmes with specific roles, for HWW focusing on providing expert guidance to employers to support disabled people and those with long-term health conditions (including mental health conditions) in the workforce, and for EHMP working with a wide range of key partners to develop and implement joint action to prevent people from falling out of work due to ill health and bringing about better sickness absence management across Wales.

The EHMP was established to address the above issues as well as the significant gap in employment between disabled people and those with long term conditions and those without (see outline of programme in appendix). Prior to the pandemic, the EHMP agreed joint objectives aimed at engendering greater understanding of the relationship between work and health especially among those groups with a key role in this sphere whose actions could make a difference, such as health professionals and line managers. This work has a focus on impairments and long-term health conditions and specific consideration of the impacts of and preparedness for an increasingly aging workforce. Key objectives for the partnership include developing mechanisms for better integration of services, including how to work together to bring about better sickness absence management including through more proactive and supported use of Fit Notes as an important tool.

Whilst this programme was put on hold during the COVID-19 pandemic, PHW recommenced some work in 2022 mainly to re-establish contact and restart discussions with EHMP partners about potential joint activity to meet the original partnership aims. PHW has also started updating a range of resources that were developed prior to the pandemic to aid the planning and delivery of the partnership objectives, such as a Landscape of Work and Health report, a second phase of qualitative research on the barriers and enablers to proactive use of the Fit Note, and a suggested data dashboard to aid evaluation. In addition, significant work has been conducted to develop information and resources for employers using HWW as a conduit.

As part of the new delivery model for Healthy Working Wales, information, resources, and award criteria will be structured under three workstreams: Healthy Working Environments, Healthy Lifestyles at Work, and Employees with Health Needs. Providing an inclusive working environment, that encourages all employees to undertake healthy behaviours and supports their health needs when required, is embedded in the aims of both the EHMP and HWW work programmes. A key element of HWW relates to encouraging employers to recruit and retain employees with health conditions and disabilities.

The three HWW workstreams highlight existing planned activity that supports the recommendations by the DEMOS report, above. The Healthy Working Environment workstream includes fair work topics which aim to enable employers to improve the quality and design of work and the workplace, thus supporting a medium- term prevention approach. The workplace has the potential, due to its reach, to be an ideal setting to promote healthy behaviours to the Welsh working age population

<sup>15</sup> [Annual Report Template \(gov.wales\)](#) accessed on 24.06.2022

and thus contribute to long-term prevention by improving public health over the course of people's lives. In addition, the Employees with Health Needs workstream contains a range of new topic information and suggested activity, such as 'Supporting Employees with Health Conditions and Impairments', 'Supporting Older Workers and Healthy Aging', 'Managing Sickness Absence', as well as specific information and support for the most common causes of employees leaving the labour market, 'Mental Health and Wellbeing', and 'Musculoskeletal Conditions'.

As the new delivery model progresses, HWW plans to develop targeted information and advice to meet the needs of specific industry sectors, including retail, transport, and hospitality. The programme also aims to support health and social care organisations, working with Allied Health Professional colleagues to address the wellbeing needs of the workforce and reduce the numbers of employees falling out of work. In addition, and depending on future funding, HWW is an ideal vehicle to support other Welsh Government health improvement strategies targeting the working age population.

## APPENDIX

### Health and Work: Preventing People from Falling out of Work

The Employee Health Management Programme established by Public Health Wales is instrumental in fulfilling an ambitious programme of work to prevent individuals from falling out of work due to ill health and contribute to reducing the gap in employment between disabled and non-disabled people.

Just prior to the pandemic, we established the Employee Health Management Partnership (EHMP), chaired by Professor Sir Mansel Aylward, to develop a multiagency programme of work to achieve the following objectives:

- Engender greater understanding of the relationship between health and work among relevant professionals;
- Bring about better sickness absence management to prevent employees from falling out of work, including facilitating proactive use of the 'Fit Note' as a key tool;
- Develop mutual understanding and action between key agencies working on this agenda e.g. DWP and NHS/primary care;
- Map and consider mechanisms for better integration of relevant services and initiatives such as in-work support services;
- Raise awareness of and address the needs of specific groups in the workforce e.g. older workers, individuals with disabilities;
- Develop joint resources where gaps are identified e.g. relating to effective absence management and supportive conversations;
- Embed workplace health in relevant training, policies and practices e.g. training of health professionals.

Members of the EHMP include TUC Wales, DWP, HEIW as well as representation from employers, primary care, occupational health, allied health professionals, academia and Welsh Government. The work aligns with Welsh Government's Employability and Skills Plan and the Partnership is seen as a key driver to help achieve the plan's employability and health aspirations.

Underpinning work undertaken by PHW prior to the pandemic included:

Development of a 'Landscape Report' outlining the employment and work landscape in Wales, summarising key datasets and considering trends likely to impact on the world of work.

Development of a data dashboard, working with partners such as DWP to identify key datasets with data definitions, to inform the work of the partnership and where it should focus, as well as support development of an evaluation framework to measure progress and impact over time.

Phase 1 of qualitative research with GPs, employers and DWP work coaches to identify the barriers and enablers of

Following disruption due to the pandemic, during 2022 we have resumed activities across three domains of activity:

- Systems leadership – discussions with partners across the system to develop a shared vision and joint activity e.g. connecting DWP to the PHW Primary Care Division to develop proposals for Work Coaches to be located in GP practices; working with the Disabled People's Employment Working Group to develop HWW information and resources for employers.
- Public health expertise – produced evidence-based reports to guide EHMP activity, including updating a review of the landscape of work and health in Wales; developed a data dashboard for the EHMP to monitor progress; undertook qualitative research on barriers and enablers to proactive use of fit notes; launched a podcast on effective use of the fit note.
- Continuous quality improvement – revamped and expanded HWW website content for employers on mental health and wellbeing; co-developed with the Wider Determinants Unit fair work resources.

Next steps include reconvening EHMP meetings to develop and agree a joint workplan to meet the above agreed objectives, and continue to provide systems leadership to deliver an effective partnership work programme. This will enable the EHMP to impact positively on preventing people from falling out of work due to ill health and narrow the gap in employment between disabled and non-disabled people.