

Committee(s) Corporate Services Committee	Dated: 3 rd July 2024
Subject: Improving the health and wellbeing of the City's essential, casual and contracted out workers	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1) <i>Diverse Engaged Communities</i> 3) <i>Providing Excellent Services.</i> 4) <i>Dynamic Economic Growth</i> 5) <i>Vibrant Thriving Destination</i>
Does this proposal require extra revenue and/or capital spending?	Not currently- full financial impact assessment will be brought following expected national legislative change
If so, how much?	NA
What is the source of Funding?	NA
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Judith Finlay & Sandra Husbands	For Decision
Report author: Chris Lovitt, Froeks Kamminga,	

Summary

Casual and contracted out workers undertake roles in routine, manual and service occupations. These workers are sometimes referred to as "hidden", as they often work during anti-social hours. However, they are also essential to how businesses and the public sector function. Research and published reports have confirmed that people in these positions have significantly worse health and wellbeing with increased health inequalities.

To reduce these health inequalities, measures such as Safe Sick Pay are recommended to reduce sickness and absenteeism, increase productivity, and provide more financial stability.

Following detailed consideration of the issue at both the City of London Health and Wellbeing Board and the City's Health Scrutiny Committee the Corporation has an opportunity to take a leadership position in advocating for changes to address these inequalities in health and wellbeing. Leadership would be through highlighting the inequalities, advocating for change and undertaking further analysis on measures to improve working conditions.

Assessing the likely impact of these changes and what this means for the Corporation is recommended to take part in two phases. The initial phase, already underway, is to undertake detailed analysis in relation to what changes are recommended to improve the health and wellbeing of the casual workforce at the Corporation. The second phase would identify how changes could be implemented for the wider supply chain both within the Corporation and across the Square Mile. National government policy in relation to employment legislation and access to welfare is expected to change in the new parliament and these changes will be incorporated into these two assessments.

The Corporation has a global reputation as a business leader and was an early adopter of the London Living Wage. The new Corporate Plan, People Strategy and Responsible Procurement Policy all have a strong commitment to fairness. Taking a leadership position in advocating for changes would not only improve the health and wellbeing of a key workforce but would also demonstrate how the Corporation is enacting the new Corporate plan.

Recommendations

Members are asked to:

- Adopt the resolutions passed by the City of London Health and Wellbeing Board and support the work to reduce health inequalities among the hidden and essential workforce.
- Confirm that the Corporation wishes to provide leadership to ensure the health inequalities of the essential, casual and contracted out workforce are addressed across the wider business, corporate and public sector economy whilst recognising that the availability of resources for implementation will need to be considered and a further report brought back for detailed consideration.
- Corporate Services Committee to advise on how to assess the practical and any financial implications of introducing the recommended measures on Safe Sick Pay noting that legislation is likely to significantly change within the new parliament.

Main Report

1. Background

- 1.1. Ill health within the working population has become an increasingly pressing and costly issue, exacerbated by the COVID-19 pandemic. Currently, 2.6 million people are out of the workforce due to ill health while 3.7 million people are in work with a work-limiting condition^{1, 2}.
- 1.2. Ill health and work-limiting conditions are not distributed evenly across the working population and people in low paid and insecure jobs, or lower quality jobs, have worse health and wellbeing³.
- 1.3. The COVID-19 pandemic demonstrated further how people working in routine, manual and service jobs, often referred to as “hidden workers”, who could not work from home but were essential for keeping businesses and organisations going, had worse outcomes in terms of their health and wellbeing.
- 1.4. In 2022, Legal & General (L&G), a business member of the “hidden workers” project team convened by the Corporation’s Business Healthy workplace health initiative, commissioned research with people working in manual, routine and service jobs.
- 1.5. The resulting report *Working Well: Delivering Better Health Outcomes for Hidden Workers*⁴ presents lived experiences and recurring themes, including sleep, shift and night working, working hours, travel and transport, caring responsibilities, money and cost of living pressures, and health services.
- 1.6. The report makes suggestions for immediate and longer-term changes: daily modifications, management and procurement considerations. They include, among other things, introducing sick pay without a three-day delay, death in service benefits, more predictable shift patterns, adequate space for breaks, and opportunity for engaging with health services (online or by phone).

¹ Office for National Statistics, [Labour Force Survey](#); [Health Foundation](#)

² In the UK, the total economic cost of sickness absence, lost productivity through worklessness, informal caregiving, and health-related productivity losses, are estimated to be over £100bn annually: Public Health England, [Health and Work Infographics](#)

³ Source: University of Essex, Understanding Society, The UK Household Longitudinal Study, 2022.

⁴ https://group.legalandgeneral.com/media/o1wfq1qp/2829476_hidden-workers-report_v9-0-22-final.pdf

- 1.7. These recommendations align closely with the objectives as laid out in the City of London's Social Mobility Strategy, which promotes the real Living Wage campaign, equal opportunities for professional progression for people from all socio-economic backgrounds, and for businesses to be trusted organisations.
- 1.8. In September 2023, the Health and Wellbeing Board adopted three resolutions to ask the Corporation to consider its position on addressing health inequalities among hidden and essential workers.
 - 1.8.1. a) The Corporation to note the potentially detrimental impact that low paid shift work can have on the health and wellbeing of staff including those from the hidden and essential workforce.
 - 1.8.2. b) For the Corporation to continue to support studies which seek to identify potential actions that can address health inequalities in the essential and hidden workforce.
 - 1.8.3. c) For the Corporation to note the recommendations for sick pay and death in service eligibility, without a qualifying period, for workers and to request that further work is undertaken to assess the likely cost and benefits and human resources implications of implementation.

2. Current Position

- 2.1. Reducing health inequalities among hidden and essential workers will benefit both individuals and the businesses and organisations they work for, either as directly employed staff, or as outsourced workers. The following measures would contribute to this:
 - 2.1.1. Implement Safe Sick Pay which includes removing the waiting period for sick pay for all absences, abolish the Lower Earnings Limit for Statutory Sick Pay, and increase sick pay so that it is in line with an employee's wages.
 - 2.1.2. Offer death in service benefits to outsourced workers.
 - 2.1.3. Provide access to workplace facilities e.g. kitchen or private space for breaks.
 - 2.1.4. Offer access to Employee Assistance Programmes including e.g. access to 24/7 GP service and a private space to do so.
 - 2.1.5. Ensure that outsourced contracts do not provide for lesser health and welfare benefits than employed staff.

- 2.1.6. Ensure any work to improve equality, diversity and inclusion (EDI) and reduce health inequalities includes the hidden and essential workforce.
- 2.1.7. Reviewing outsourced roles (e.g. in cleaning, security, facilities management and maintenance, hospitality) to ensure appropriate consideration is given to measures to improve the health and wellbeing of these workers.
- 2.2. Some of these measures will have cost implications. Although benefits, including long term reduction in absenteeism and presenteeism, as well as increase in productivity, will be bigger than the investment, it is acknowledged that in the short term, costs may increase but can be offset by other direct and indirect gains.
- 2.3. For illustration, a macro level business case for reform of Statutory Sick Pay was calculated by WPI Economics⁵:
 - 2.3.1. Reduction of sickness absence of 12.5% among those who must take time off sick and are newly eligible to Safe Sick Pay.
 - 2.3.2. Reduction of sickness absence of 5% for workplaces by Safe Sick Pay.
 - 2.3.3. Overall increase of productivity of half a day of extra output per employee affected.
 - 2.3.4. UK cost and benefit:
 - 2.3.4.1. Cost to business: £4 billion per year.
 - 2.3.4.2. Benefit to business: £4.3 billion per year.
 - 2.3.4.3. Net benefit to business £0.3 billion.
 - 2.3.4.4. Government benefit: £1.7 billion (reduce benefits pay, increased tax due to increased output).
 - 2.3.4.5. Wider economy benefit: £2.1 billion (increased productivity, increases in labour supply, lowered spread of infectious illnesses).
- 2.4. For further illustration, a case example is provided below and this could be used to estimate the cost of implications of implementing measures

⁵ Full report: <https://wpieconomics.com/site/wp-content/uploads/2023/07/01.-WPI-Economics-Making-SSP-Work-FINAL.pdf>

both within the Corporation and for business across the City of London⁶.

Reform	Direct Business Cost Per Year	Net Business Benefit Per Year	Government Benefits
Day one sick pay	£60 per employee Total: £525m	£2.4bn	£800m
Removing the lower earnings threshold	£20 per employee Total: £125m	£1bn	£400m

- 2.5. To understand the financial and practical implications of making these changes within the Corporation further work will need to be undertaken by the Corporate Services Committee. Noting that legislation is likely to significantly change within the new parliament.

3. Recommendations for decision

- 3.1. Adopt the resolutions passed by the City of London Health and Wellbeing Board and support the work to reduce health inequalities among the hidden and essential workforce.
- 3.2. Confirm that the Corporation wishes to provide leadership to ensure the health inequalities of the essential, casual and contracted out workforce are addressed across the wider business, corporate and public sector economy whilst recognising that the availability of resources for implementation will need to be considered and a further report brought back for detailed consideration.
- 3.3. Corporate Services Committee to advise on how to assess the practical and any financial implications of introducing the recommended measures on Safe Sick Pay noting that legislation is likely to significantly change within the new parliament.

⁶ As taken from [Safe Sick Pay Treasure Briefing](#), Centre for Progressive Change

4. Corporate & Strategic Implications

4.1. Adopting the recommendations within this report is in accordance with the Corporation's:-

4.1.1. [Our People Strategy](#) including Theme 1: My Contribution, My Reward and Theme 2: My Wellbeing and Belong and is committed to fairness in its draft People Strategy and Ambition 25.

4.1.2. [Corporate Plan 2024 to 2029](#) including Outcome 1: Diverse Engaged Communities, Outcome 3: Providing Excellent Services, Outcome 4: Dynamic Economic Growth and Outcome 5: Vibrant Thriving Destination

4.1.3. [Responsible Procurement Policy](#) including the ethical sourcing pillar and commitment (4) to guard against modern slavery and protect human rights.

- *Financial implications*

4.2. A full financial impact assessment will be brought once expected national legislative change has been confirmed.

- *Resource implications*

4.3. The leadership role of the Corporation in seeking the adoption of Safer Sick Pay and a focus on the health and wellbeing of the essential, casual and contracted out workers within the Square Mile would be undertaken via existing work programmes such as Business Healthy.

4.4. In order to implement Safer Sick Pay policy across all relevant third party spend, it would be necessary to undertake a scoping exercise of supply chain. There is limited internal capacity to take this forward at this time. Should Members approve the recommendations, the Commercial Service will review after the implementation of the Procurement Act 2023 and the completion of the strategic procurement review commissioned by the Projects & Procurement Sub (Finance) committee. A report of the full implications could be expected in early 2025.

- *Legal implications*

4.5. Subject to the further assessment work existing contracts with providers may need to be varied to ensure the measures to improve health and wellbeing requirements have been specified.

- *Risk implications*

4.6. A focus on reducing health inequalities is seen as anti-competitive or business unfriendly. However, as with the adoption of the London Living Wage⁷, the Corporation is demonstrating its commitment and leadership in making the Square Mile a healthier as well as fairer place to live and work with overall cost savings.

- *Equalities implications*

4.7. Adopting the recommendations will contribute to addressing health inequalities among people working in routine, manual and service roles. Many of this workforce are also from female, ethnic minority or recent migrants addressing the intersectionality of poorer health outcomes will also increase equality.

- *Climate implications*

4.8. None

- *Security implications*

4.9. None

5. Conclusion

5.1. Health inequalities experienced by people working in routine, manual and service occupations are not inevitable and can be addressed through the effective leadership of the Corporation across the wider business, corporate and public sector community.

⁷ <https://democracy.cityoflondon.gov.uk/documents/s101601/London%20Living%20Wage%20Paper.pdf>

Appendix 1: Case examples of the health impact of statutory sick pay

Sofia	<p>Last updated April 2023:</p> <p>Sofia is 52 years old and lives with her son in North London. She worked in The Shard as a cleaner for four and a half years and had serious issues with sick pay (she did not get statutory sick pay). Her firm, a contract cleaning company, also violated other employment rights. She now sits on the board of the Centre for Progressive Change and has left her cleaning job to work in hospitality. She said:</p> <p>“As a cleaner when I was sick I had to go into work ill, because I couldn’t afford to take the time off. This meant my health got worse rather than being able to take the time off to recover.</p> <p>“My experience is too common in the cleaning industry. It is a hard job and being forced to go into work sick is not good for the worker and not good for the company.</p> <p>"We must be free to ask and have answers from our employers without being told we are a problem, as my last cleaning manager called me when I asked for my SSP."</p> <p>"It is time that we changed the sick pay system."</p>
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Danny

Dan is a 25 year old living in Chelmsford, Essex with his partner. Formerly an assistant manager at a major supermarket he was diagnosed with cancer (Lymphoma) in April 2021, towards the end of the third lockdown.

Upon being diagnosed, Dan had an extremely stressful experience initially after his scan paperwork was lost, delaying his cancer treatment appointment, and being unable to see a GP, before realising he had very little sick pay to fall back on.

"It was very worrying when the results were lost and then my treatment got delayed as at the time I didn't know if the cancer had become more aggressive in that period.

"We ended up getting an ultrasound done privately, they then sent a letter to my GP saying that I needed to be seen urgently and then I was able to see them. However the process was very slow and long winded, mostly due to Covid I think. But then I discovered how low statutory sick pay was, which caused a whole new set of problems"

Dan was told he had to take four months out of work for treatment. Despite working at his company, a major supermarket chain, for six years and being in a management position he had around two and a half weeks on occupational sickness leave, moving onto statutory sick pay of then £94 a week after that.

Dan had 28 rounds of radiotherapy to treat the Lymphoma. His employer had not offered any additional support during this period beyond the legal minimum and when he was at the end of his leave period they simply asked "when are you going to start work again".

"It was really difficult affording the very basics. My partner had to cover all the rent as I had so little left from statutory sick pay. On top of that, I didn't get any support in terms of personal independence payments, which I had been told I'd almost certainly get, as I didn't pass the test for these."

After feeling so devalued by his employer and an incredibly stressful experience Dan developed depression and anxiety, which was compounded by money

worries and the problems claiming PIP. Dan decided to leave his job and take a longer time out of work to recover.

Now Dan is in remission from cancer and has been retraining as an accountant, which he plans to take up as a new career path. He's also been supporting the work of Young Lives vs Cancer, drawing awareness to the hardships people face with a lack of access to sick pay and is speaking out on sick pay so others don't have to experience what he did.

Anony mous	<p>A. is a 52 year old carer working in dementia care. She lives with her partner and has two children. A. typically works three 12 hour shifts around her childcare responsibilities and gets just above the minimum wage. When A. caught Covid19 she was ill for three days and she needed two all clear tests to go back to work. Due to the days she took off being 'waiting days' or unpaid sick leave on statutory sick pay she lost her entire week's salary. This meant she had to borrow from her partner to get through the month. She also manages type 2 diabetes and fibromyalgia and rarely takes time off unless she is really ill as she can ill afford to lose her pay.</p> <p><i>A. said: "I work with the most vulnerable in society, so I can't risk spreading illness, but that means I don't get paid. Last time I got Covid I lost hundreds of pounds in earnings whilst I was ill and had to borrow off my daughter's dad to cover my bills for the month. He helped me out. Not everyone had that luxury. If you work in certain industries you can go in and wear a mask. In mine you can't."</i></p> <p>A. said having more sick pay would mean she wouldn't have to worry about getting back to work before she is ready and making her long term conditions worse, when she should be recovering</p>
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Examples were provided by the Centre for Progressive Change.