

How an Employee Assistance Programme reduces the cost of Absence

Absence is defined as 'not present or available'. For employers this means that employees are not at work, not producing and not contributing to the organisation's productivity, revenue or profitability. Absenteeism is failing to report for scheduled work. More recently, it has been viewed as an indicator of psychological, medical, or social adjustment to work." (Johns, 2007)

Dame Carol Black asserts that every year **140 million working days are lost to sickness absence¹**, and of these, **70 million days are lost every year due to mental ill health²**.

Much of this absence ends in a swift return to work. However, a significant number of absences last longer than they need to and each year over 300,000 people fall out of work onto health-related state benefits. Absent employees and their families suffer through loss of income as well as the illness itself and this is often exacerbated by being unable to afford private healthcare. Employers must bear the cost of sick pay and associated costs of replacing or covering for the individual in the short or long term – estimated at **£9 billion a year**. The State spends **£13 billion annually** on health-related benefits³.

In an earlier report of 2008, Dame Carol Black stated that ill health (in terms of working days lost and worklessness) was **costing the country £100bn annually** – equivalent to the running costs of the NHS⁴.

Stress is the biggest cause of absence

Stress is now the biggest cause of absence in the public sector⁵ and is the single most common Health and Safety problem at work. In 2009, 1 in 7 people admitted being under high levels of stress at work⁶. By 2010, 1 in 5 employees had called in sick due to stress. 1 in 4 adults experience mental health problems in any given year and 1 in 6 experience mental health problems at any given time.⁷ The Samaritans state that the biggest cause of stress is money – 51%, followed by work related matters – 28% and then family issues – 27%⁸.

Employees with a mental health problem are absent from work 7.5 times longer than those with a physical illness and account for one third of all absence. On average, the average stress related absence equates to £659 per person and 29.4 days⁹

How to support stress-related Absence

¹ (Health at Work – an independent review of sickness absence), November 2011, Dame Carol Black and David Frost CBE)

² MIND Employee research, 2010,

³ (Health at Work – an independent review of sickness absence), November 2011, Dame Carol Black and David Frost CBE)

⁴ 'Working for a healthier tomorrow' - Dame Carol Black's review of the health of Britain's working age population (17th March 2008)

⁵ The Chartered Institute of Personnel and Development survey in 2010

⁶ Health and Safety Executive <http://www.hse.gov.uk/> 2009

⁷ MIND Employee research, 2010,

⁸ The Samaritans Research 2007

⁹ Chartered institute of personnel and development CIPD – 2007



One of the ways to reduce support sickness absence and sickness absence strategies is to implement an Employee Assistance Programme. According to research by Employee Benefits Magazine in 2011, EAP is the top core benefit at 73% of companies, beating Occupational Health, Private Medical Insurance, Flu Jabs, Workstation Assessments and even Wellbeing Programmes¹⁰.

What support can a EAP offer?

An employer who takes action to improve the Wellbeing of their staff can achieve savings against these costs by 30% or more.¹¹

An EAP reduces absenteeism by 25-50%¹²

An EAP will give you up to £14 return for every £1 invested in a full EAP service¹³

An EAP can help to reduce staff absence, presenteeism and staff turnover

An EAP can help to improve employee engagement and resilience

An EAP can help to improve employee and organisational productivity and profitability.

Our approach to the positioning and communication of our EAP services is unique.

In 2004, PPC (One of the UKs leading EAP Providers) carried out an extensive piece of research which enabled us to develop our 'Millstones or Milestones?' which is a communications tool aimed at supporting positive pro-active usage of an EAP and helping people anticipate the challenges they may face in life, as well as offering a rapid reactive supportive when necessary.

EAP's are moving away from being reactive providers and moving to a more proactive approach. This led to the innovation of PPC's unique Behavioural Health Model. This identified that at any one time, in an employee population, that perhaps **3%** of staff may be suffering from depression, severe anxiety or addiction, up to **10%** may be dealing with major life events and **60%** of the population who could be affected by a life event or phase in their working or home lives that can expose them to additional stress or anxiety. These events are often viewed as positive life changes such as buying a house, starting a family, or promotion at work. However, they can bring their own stresses and strains. Historically, EAP's have not offered much support in this sphere.

¹⁰ Employee Benefits Magazine in 2011

¹¹ Sainsbury's Centre for Mental Health – December 2007

¹² McLeod – Counselling at Work Journal – Autumn 2007

¹³ CBI - 2004





Behavioural Health Model provide a framework for an holistic approach to employee wellbeing and health and our service can integrate easily with positive health promotion initiatives and can thereby deliver much greater value to employees, managers and the organisation.

[The Employee Assistance Programme Association \(EAPA\) suggests that the average utilisation of an EAP is 5-8%.](#)

[AN EAP - Return on Investment Calculations](#)

The figures below are for a full EAP provided to an Energy company of 15,000 employees for 4 years:

Access for an employee to telephone counselling for one year costs on average £2.50 in comparison to 10 minutes of absence per employee per year costing £19.54¹⁴

$£19.54 \times 6 = £117.24$ lost per hour.

$£117.24 \times 7 \frac{1}{4}$ hours per day = £850

4 face to face sessions of face to face counselling per year costs on average £280 in comparison to an average stress absence episode costing £17,850¹⁵

From the Management reports generated and collated since the contract start date, **184 employees** who were not at work when face to face counselling commenced had returned to work following completion of the counselling.

Of course, some would perhaps have returned to work if they had not undergone counselling, but PPC calculate that **on average an EAP enables an employee to return to work 5 days sooner than they would have done** (The provision of an EAP Counselling services reduces average long term absence by over a week - PPC CORE reporting)

On a salary of £20,000 the daily pay (on 228 days worked per year) is £87.70 per employee x 5 days, then a EAP saves **£438.50 on absence per employee.**

Therefore, on an average salary of £20 000, the EAP has saved the organisation £80,684.

For the average length of stress absence of 21 days, **an EAP could save the organisation £6,577.50.**

¹⁴ CIPD Absence Survey 2009, cost of absence £850 per employee per day.

¹⁵ (CIPD Absence Survey 2009, average length of stress absence 21 days)



This of course does not include the savings of not taking on extra staff to cover for absence or the effects of increased stress and strain – and consequent decrease in productivity of remaining staff.

Nor does this figure include the savings incurred for more highly paid employees, the cost of not having to replace employees as well as the reduction of the impact of presenteeism through the usage of telephone counselling and information services.

Our EAP services are provided quickly and efficiently and that the quality of the counselling is of the highest quality to ensure good outcomes and quick return to normal functioning. The services must also be high profile, credible and appealing. If people are not using the services, then they have no value.

Evidence of PPC Counselling Effectiveness on distress levels and functionality

Eligible population – 100 000 – all counselling cases average response

Distress levels (10 is very distressed)

Level of distress before counselling – 8.3

Level of distress after counselling – 4.3

Functionality (1 is low functionality)

Level of functionality before counselling – 4.2

Level of functionality after counselling – 7.5

An EAP's face to face counselling service therefore is shown to greatly improve an clients' levels of distress and functionality.