



**The Impact of COVID-19**  
on the UK's small business community  
August 2021

### The coronavirus pandemic will undoubtedly have lasting implications for generations.

For Britain's small businesses, hiding in the shadow of the pandemic's health crisis is an economic one likely to eclipse any previously encountered. COVID-19 hasn't simply been a downturn – it's been a state of emergency.

Small and medium-sized enterprises (SMEs) arguably depend on individual employees far more than larger companies. For them, just one employee being off work sick can have a seismic impact. There simply aren't enough staff to pick up the slack and maintain the level of knowledge necessary to take over more complex roles temporarily.

We wanted to understand how COVID-19 has impacted these businesses and commissioned research on the impact of COVID-19, surveying 1,055 decision makers in businesses that employ up to 249 employees in May 2021. The findings paint a concerning picture. Some 45% of firms report having at least one employee diagnosed with COVID-19,<sup>1</sup> not to mention widespread reports of deteriorating mental and musculoskeletal health following a shift to remote working.<sup>2,3</sup>

It's only by understanding the challenges SMEs face that we as an industry can best position ourselves to support.

There's a huge amount SMEs, advisers and protection providers can do to keep employees well or support

them back to work after sickness absence. However, SMEs all too often struggle to access the right support, a problem now compounded by the pandemic's impact on business finances.<sup>4</sup>

Our report considers how to support SMEs with managing workplace health and sickness absence management. It offers guidance and looks at the conditions for success, not least by starting conversations with SMEs, especially surrounding whether state support from the system will be sufficient for their workers to rely on.

Here, protection providers have an important role to play. This report shines a spotlight on not just financial support but also early intervention and vocational rehabilitation services, as well as the latest innovations in digital health and wellbeing, such as Help@hand\* from Unum, and how these can support SMEs. Protection providers can also simplify products and continue to innovate to find ways to support SMEs and their employees moving forward.

Many of the SMEs we spoke to said COVID-19 would change the way we consider health and workplace wellbeing forever.<sup>5</sup> Yet other areas are also ripe for permanent change. When we rebuild from the pandemic, we have a chance to overhaul the UK sick pay landscape. This includes reforms to both state benefits and the support the Group Risk sector offers to companies across the country, including SMEs, so that we're better serving employees in need.

<sup>1</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>2</sup> [Personnel Today](#), Home working linked to rise in musculoskeletal disorders, January 2021

<sup>3</sup> [Royal Society for Public Health](#), Survey reveals the mental and physical health impacts of home working during Covid-19, February 2021

<sup>4</sup> [HM Government](#), Health is everyone's business: proposals to reduce ill health-related job loss, July 2019 p.6

<sup>5</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

### SMEs account for more than half the total turnover generated by UK businesses and three-fifths of private sector employment.<sup>6</sup>

Given the huge representation of SMEs in the UK's business makeup,<sup>7</sup> it's not surprising that, whilst around 15% of individuals in England tested positive for COVID antibodies by mid-January 2021, suggesting they'd contracted the disease,<sup>8</sup> almost half (45%) of SMEs in our research reported a coronavirus-related diagnosis within their business. Of these, more than a third reported a colleague having symptoms lasting more than 12 weeks.<sup>9</sup>

For SMEs, even one case of sickness absence, for any reason, often has a big business impact. Being smaller, SMEs find it harder to redistribute the workload and knowledge of an absent employee.<sup>10</sup>

For businesses forced to downsize or even shut entirely, the Coronavirus Job Retention Scheme ('furlough') softened the financial impact of government restrictions. However, those attempting to remain open had to contend with the spread of the virus and its ability to strike employees at any time.

Our research suggests the impact of staff absence due to COVID-19 has been significant. When asked what the impact of long-term sickness absence had been on their organisation in the past 12 months, 67% of SMEs who'd had an employee absent due to COVID-19 described the impact as 'critical' or 'significant', meaning financial loss and serious damage to the business.<sup>11</sup>

Also, the pandemic saw a rapid shift to remote working and employees grappling with the blurry line between work and home life. Over half (56%) of SMEs surveyed believed the pandemic has resulted in new work-related mental health risks, such as anxiety, depression and stress. For SME owners themselves, more than one third said their stress levels had deteriorated during the pandemic.<sup>12</sup>

Lockdowns also significantly impacted the nation's physical health. Given the rise in home working, often in unsuitable environments without proper ergonomic arrangements, it's not surprising that SMEs are seeing knock-on impacts. For example, almost half (48%) of employees report having more aches and pains since working remotely.<sup>13</sup>

<sup>6</sup> [Department for Business, Energy and Industrial Strategy, Business population estimates for the UK and regions: 2020 statistical release](#), October 2020

<sup>7</sup> [House of Commons Library, Briefing Paper No. 061522: Business Statistics](#), January 2021 p.5

<sup>8</sup> [Office for National Statistics \(ONS\), Coronavirus \(COVID-19\) Infection Survey, antibody and vaccination data, UK](#), September 2021

<sup>9</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>10</sup> [Department for Work and Pensions, Sickness absence and health in the workplace: Understanding employer behaviour and practice](#), July 2021 p.55

<sup>11</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021. A long-term sickness absence is defined as 4 weeks or more.

<sup>12</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>13</sup> [Kennedys Law, COVID-19: What will it mean for the future of risk?](#) January 2021 p.22

## EXECUTIVE SUMMARY

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Overall, the pandemic's potential long-term impacts present a heightened risk of future sickness absence for UK businesses.

Fortunately, our research found that SMEs are willing to step up. Almost half (48%) of SME owners said the way they manage workplace health will change forever, whilst 64% feel they have a moral obligation to help staff back to work.<sup>14</sup>

However, this won't be easy. The financial ramifications of the pandemic make it difficult to respond as many SMEs would like. Moreover, despite showing willingness to engage in this area and recognising their moral obligation to provide support, more than half (56%) of SME owners fear "doing the wrong thing" when it comes to sickness absence and disability at work.<sup>15</sup>

With a huge number of competing priorities – to their staff, their business and also themselves, often with limited resources – SMEs can't do everything themselves. We believe that the government must also have a role.

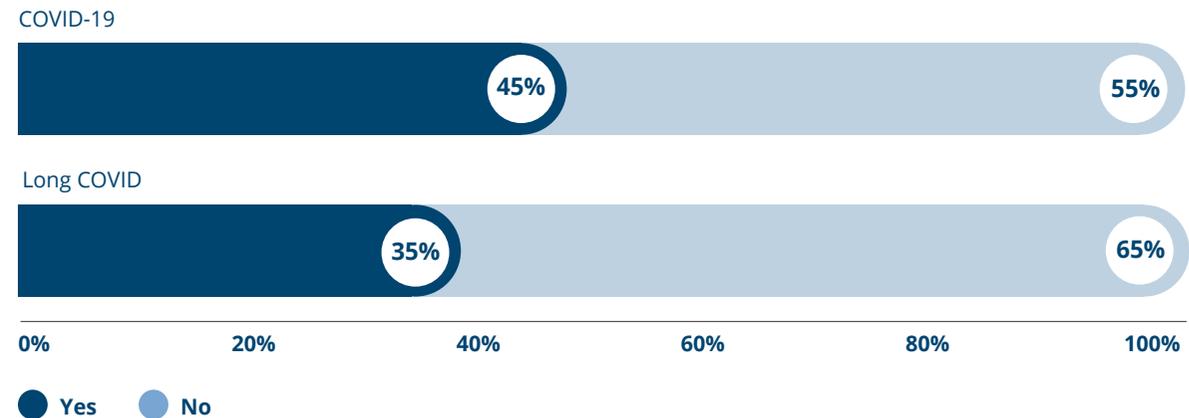
The government response to the pandemic arguably had its successes, such as the furlough scheme and publicly-funded loans/grants that helped shore up SMEs. Though the government's COVID-19 response came at a tremendous public cost, without it many SMEs may have gone bust. Yet more must be done to support these businesses sustainability in the longer term.

<sup>14</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>15</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

Almost half (45%) of SMEs said at least one of their employees had developed COVID-19, and more than a third said a staff member had faced long COVID<sup>16</sup> – something the NHS defines as still experiencing coronavirus symptoms 12 weeks or longer after infection.<sup>17</sup>

**SMEs with at least one employee diagnosed with:**



UK SMEs, n=1,055 <sup>18</sup>

<sup>16</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>17</sup> [NHS, Long-term effects of coronavirus \(long COVID\)](#), August 2021

<sup>18</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

# THE IMPACT OF COVID-19 ON BRITAIN'S SMALL BUSINESSES

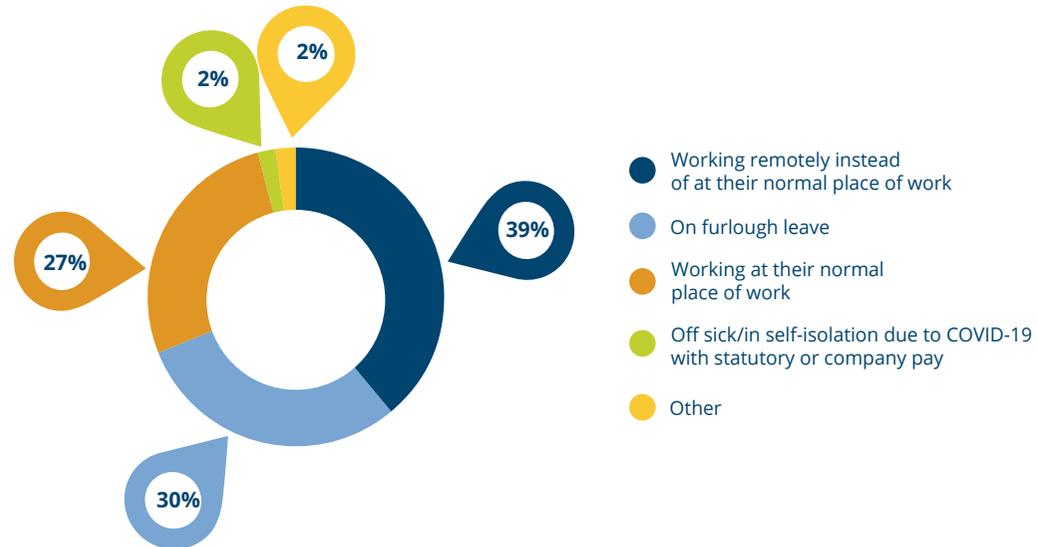
## The spread of COVID-19 and long COVID among UK SMEs

As mentioned, many SMEs feel sickness absence more keenly than larger rivals. They have fewer staff to redistribute their workload to and the absence of an employee engrained into the business can cause knowledge gaps that can't be filled.

As a result, the economic impact of SMEs having at least one employee contract COVID-19 is considerable, compounded by millions having to close and/or furlough employees last year.<sup>19</sup>

**Question:** In the last two weeks, roughly what proportion of your business' workforce was furloughed, off sick due to coronavirus or made redundant? (Proportion of surveyed businesses who have not permanently stopped trading), UK, 18 May to 31 May 2020.<sup>20</sup>

UK workers by working status/place of work, 18 May to 31 May 2020



<sup>19</sup> HMRC, Business Insights and Conditions Survey and Coronavirus Job Retention Scheme statistics, July 2021

<sup>20</sup> ONS, Business Impact of COVID-19 Survey (BICS), Wave 6, June 2020

## The impact of long-term sickness on businesses by COVID-19 infection

33% of SME owners who had at least one employee off work with COVID-19 felt that long-term sickness (4 weeks or longer) had caused a 'critical' impact on their business over the past year; this rose to 38% of SMEs who had at least one employee diagnosed with long COVID.<sup>21</sup>

### What impact has long-term employee sickness absence had on your organisation over the last 12 months?<sup>22</sup>

COVID-19: No



COVID-19: Yes



Long COVID-19: No



Long COVID-19: Yes



0% 20% 40% 60% 80% 100%

- **Critical:** Resulted in substantial financial loss and the success of the business has been seriously damaged
- **Significant:** Resulted in significant financial loss, the success of the business has suffered and it will take some time for the business to recover
- **Limited:** Resulted in limited financial loss; while the success of the business has been impacted it was resolved reasonably quickly
- **Negligible:** Resulted in negligible financial loss and there was very little financial impact on the success of the business

<sup>21</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>22</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021 (totals may not sum to 100% due to rounding)

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With the potential for a rise in long COVID cases moving forward, plus other associated health conditions resulting from the pandemic, this could be just the first signs of long-term sickness causing a larger business impact.

Yet SMEs rarely have the deep pockets and additional support that their larger rivals may have. As a result, sickness absence management often gets squeezed by financial necessity – especially after an economic shock as big as COVID-19.

Worryingly, more than two-fifths (43%) of SMEs with fewer than 10 employees don't have any intervention strategy to protect their business from sickness absence costs.<sup>23</sup>

All this means SMEs need urgent support – from government, the insurance sector and beyond – so they have the tools to cope. This isn't just for the sake of their employees and balance sheets but, given just how many UK companies are SMEs, for the entire UK economy.

<sup>23</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

## THE IMPORTANCE OF EMPLOYEE WELLNESS PROGRAMMES

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Wellbeing strategies will become more important for SMEs moving forward. Despite 'Freedom Day' on July 19, 2021, many companies may never return to the old normal.<sup>24</sup>

Not only are working practises different, with an expected rise in hybrid working,<sup>25</sup> but SME owners will need to consider the longer-term health impacts of COVID-19 on their workforce and what this means for their employee benefits. This is especially true when it comes to the anticipated rise in long COVID and its health effects.<sup>26</sup>

SME owners also need to consider the subtle health risks associated with COVID-19 as there could be future impacts from the pandemic on workplace health that are yet to materialise.

<sup>24</sup> [CIPD, COVID-19: Returning to the workplace, July 2021](#)

<sup>25</sup> [CIPD, COVID-19: Returning to the workplace, July 2021](#)

<sup>26</sup> [Imperial College London, Long COVID: Unpicking the lasting impact of COVID-19, July 2021](#)

**1: Mental health impacts**

56% of SMEs feel the pandemic has led to increased work-related mental health concerns such as stress, anxiety and depression.<sup>27</sup>

**Workplace health impacts of COVID-19**

The pandemic has led to new work-related mental health risks, e.g. stress, anxiety and depression



Long COVID is likely to result in an increase in sickness absence levels in the coming 2 years



The way we manage workplace health will change forever as a result of the pandemic



The pandemic has revealed the inadequacy of work-related state benefits



The pandemic has led to new work-related physical health risks, e.g. lower back pain or obesity



0% 20% 40% 60% 80% 100%

NET: Disagree Neither agree nor disagree NET: Agree

UK SMEs, n=1,055<sup>28</sup>

<sup>27</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>28</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021. NETs represent sum of Somewhat Agree / Agree and Somewhat Disagree / Disagree, totals may not sum to 100% due to rounding

### When asked to outline the impacts on their own health:

- 34% of SME owners said their stress levels had increased, peaking at 38% among those running micro-businesses (those with fewer than 10 employees)
- 33% admitted this had had an impact on their sleeping patterns, rising to 37% for owners of micro-businesses
- 32% noted heightened levels of anxiety, rising to 34% for micro-business owners.<sup>29</sup>

In each case, those running smaller businesses fared worse. This perhaps reflects that they tend to operate with smaller revenues, hold less cash in the bank and are more exposed to business interruptions.

However, the mental health impacts go beyond business owners. Separate research conducted on workers at the outset of the pandemic in April 2020 found that workers faced similar emotional difficulties, with:

- 43% finding it more difficult to switch off or sleep at night
- 40% feeling stressed or anxious “on a daily basis” since the start of the pandemic.<sup>30</sup>

<sup>29</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>30</sup> [Kennedys Law](#), COVID-19: What will it mean for the future of risk? January 2020 p.42

### 2: Physical health impacts

Whilst there has been a lot of focus on the mental health impact of the lockdown, the physical health impacts could also be substantial. The number of physically inactive adults in England (defined as taking less than 30 minutes exercise per week) grew by 1.2 million in 2020 to 12.3 million compared to 2019.<sup>31</sup>

When SME owners were asked about the impact of lockdown on their own health:

- 27% experienced neck and shoulder pain
- 26% experienced lower back pain
- 25% experienced headaches
- 22% experienced eye strain or problems with their eyesight.<sup>32</sup>

As with mental health impacts, the workforce has experienced the physical effects of the pandemic. For instance, 48% of workers stated they had more aches and pains, including lower back pain or shoulder pain, since working from home.<sup>33</sup>

With mental health concerns and musculoskeletal issues already in the top five causes of sickness absence,<sup>34</sup> any rise in these complaints due to the pandemic could sow the seeds for a future wave of sickness absence.

### 3: Long COVID-related health impacts

Long COVID is still relatively poorly understood. Even estimates of its prevalence vary widely, although a June 2021 study from Imperial College London estimated that more than 2 million adults in England may have experienced at least one ongoing COVID-19 symptom 12 weeks after infection.<sup>35</sup>

Yet it's worth noting the range of health effects is diverse and not all symptoms will impact on a person's ability to continue working. For example, many people suffer an ongoing loss of taste and/or smell,<sup>36</sup> which is less of a barrier to work than those suffering more debilitating symptoms.

Given the potentially serious health impacts, and the level of uncertainty about how long-lasting the effects will be, long COVID may cause additional health challenges for employers. Already, more than half (51%) of SMEs surveyed believe it will likely cause an increase in sickness absence over the next 2 years.<sup>37</sup>

<sup>31</sup> [Sport England](#), Active Lives Survey, October 2020

<sup>32</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>33</sup> [Kennedys Law](#), COVID-19: What will it mean for the future of risk? January 2020 p.23

<sup>34</sup> [ONS](#), Sickness absence in the UK labour market: 2020, March 2021

<sup>35</sup> [Imperial College London](#), Over 2 million adults in England may have had long COVID, June 2021

<sup>36</sup> [NHS](#), Long-term effects of coronavirus (long COVID), August 2021

<sup>37</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

## THE NEED FOR A NEW APPROACH TO MANAGING WORKPLACE HEALTH

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48% of SMEs recognise that managing workplace health will have to change forever because of the pandemic.<sup>38</sup>

With almost a quarter of SMEs (24%) reporting that they lost business revenues during the pandemic, it's understandable that 47% believe sickness absence is a problem for the UK economy and 32% believe it's a problem for their organisation.<sup>39</sup>

However, many SMEs have access to limited resources and guidance on how to implement solutions to mitigate the risk of sickness absence. SMEs can therefore find it hard to identify the services that provide their staff with the wraparound support they need.<sup>40</sup>

Despite this, SME owners are still keen to offer employees support to manage health and wellbeing in the workplace.<sup>41</sup>

It appears that SME owners are making these changes because they care about their people. 64% feel their businesses has a moral obligation to support their staff back to work in the event of sickness absence.

Yet businesses can't do everything. This opens a wider debate around how government and industry intervention can help SMEs support their workers in the way owners would like.

<sup>38</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>39</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>40</sup> [HM Government](#), **Health is everyone's business: Government response to the consultation on proposals to reduce ill-health related job loss**, July 2021 p.16

<sup>41</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

## THE NEED FOR A NEW APPROACH TO MANAGING WORKPLACE HEALTH

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### Telehealth in a pandemic: Help is at hand

One option to support employees is through telehealth services, which offer remote access to health and wellbeing services.

Such offerings include Help@hand,\* the health and wellbeing app from Unum which connects employees with five health and wellbeing services:

- 24/7 remote GP appointments
- Mental health support
- Physiotherapy
- Second medical opinions
- Life, money and wellbeing support via an employee assistance programme.

To support small businesses during the pandemic and recognising the increased need for access to Help@hand during a time of high demand for healthcare, Unum extended Help@hand to all our SME Group Life, Critical Illness and Income Protection policyholders at no cost.

The Help@hand rollout began in January 2020. As of July 31 2021, the app has offered almost 17,000 appointments to employees and eligible family members across its five services.<sup>42</sup> Feedback has been positive, with one individual stating:

“The remote GP was a really good service. My appointment was at 7.45am and even though the app states prescriptions are delivered the next day, my antibiotics were delivered just before 5pm the same day. I was expecting to have to wait until the day after, so better than expected – and a real relief to be able to start the course.”

– Help@hand user

<sup>42</sup> Unum, internal data, June 2021

More than 11 million workers have at some point received income from the state-funded furlough scheme since its introduction.<sup>43</sup> It paid 80% of the wages of people who couldn't work or whose employers could no longer afford to pay them up to £2,500 per month.<sup>44</sup>

In comparison, Statutory Sick Pay (SSP), the state mandated minimum support employers must pay employees who are too ill to work, is less generous. It requires employers to pay a flat rate of £96.35 per week.<sup>45</sup>

The introduction of SSP in the early 1980s<sup>46</sup> gave employers responsibility for taking care of employees during illness for the first time. However, over its 40-year life, it's gone largely unreformed.

Moreover, since the introduction of SSP, the proportion of employers providing occupational sick pay has fallen – from 56% in 1988<sup>47</sup> to just 28% today.<sup>48</sup> This decline means that more workers than ever now rely mostly or solely on the statutory minimum sick pay.

In many other developed countries, the sick pay system prevents a sharp fall in income that risks making a worker's financial circumstances precarious.<sup>49</sup> A Trades Union Congress (TUC) analysis below highlights the low replacement rate in the UK compared to similar European nations.

<sup>43</sup> [House of Commons Library](#), The furlough scheme: One year on, March 2021

<sup>44</sup> [HM Revenue & Customs](#), Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme, August 2021

<sup>45</sup> [Gov.uk](#), Statutory Sick Pay (SSP)

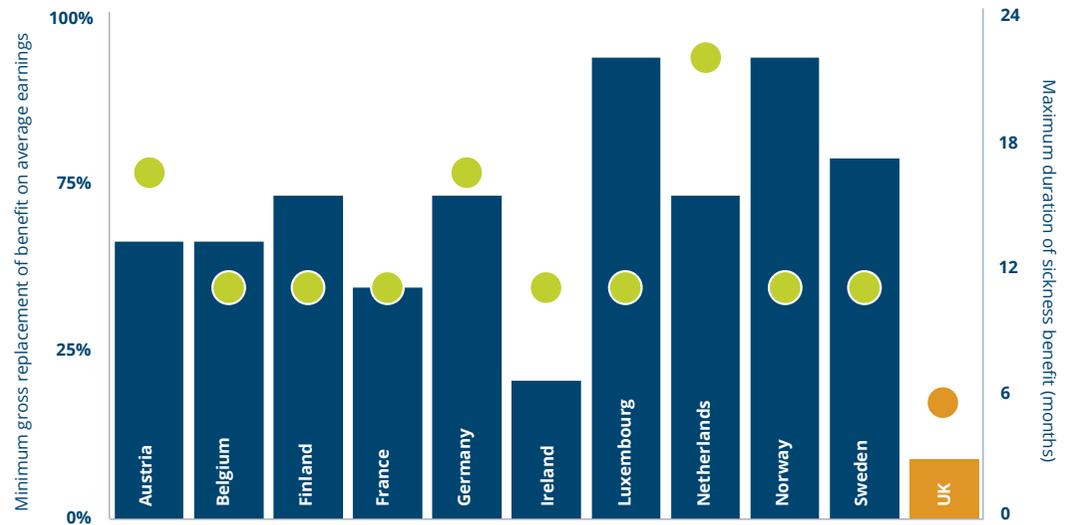
<sup>46</sup> [Social Security and Housing Benefits Act 1982](#)

<sup>47</sup> [Hansard](#), 2 November 1988, series 6 vol. 139, col. 645-6W

<sup>48</sup> [HM Government](#), Health is everyone's business: proposals to reduce ill health-related job loss, July 2019 p.35

<sup>49</sup> [Institute for Public Policy Research](#), Working Well: A Plan To Reduce Long-Term Sickness Absence, February 2017 p.42

Comparison of sickness benefit and sick pay generosity in selected developed countries, 2012<sup>50</sup>



Where replacement rate varies over period of sickness or between groups of employees, the highest rate is reported. Durations expressed as the nearest number of complete months to the statutory maximum. Where a range exists, the upper bound is reported.

UK: flat-rate benefit (replacement rate based on average earnings). France: employer makes up difference between benefit and salary, so replacement rate is 100% in practice.

<sup>50</sup> Trades Union Congress (TUC), Welfare States: How generous are British benefits compared with other rich nations?, January 2016, p.28

In the UK, this makes insurance such as Group Income Protection all the more important. It's therefore heartening to see the UK Government recognising the value of Group Income Protection in its recent response to the 'Health is everyone's business' consultation,<sup>51</sup> following a period of engagement across the group risk sector and with policymakers in which Unum was privileged to play a leading role.

However, we need further decisive action to ensure UK's workplaces are better prepared for future health shocks.

### **Impact of Coronavirus Statutory Sick Pay Rebate Scheme**

One of the measures the UK Government put to provide additional support to SMEs during the pandemic was the coronavirus SSP rebate scheme. This was introduced in April 2020 and specifically targets SMEs, enabling companies with fewer than 250 employees to reclaim the cost of SSP payments arising from sickness absence due to coronavirus.

However:

- 59% of SMEs were aware of the scheme but had not made use of it
- 30% of SMEs didn't even know it existed
- Only around 1 in 10 SMEs has used the scheme.

Those employing 50-249 employees were three times more likely to have benefited from the scheme compared to those employing fewer than 10 people.

Lack of awareness seems to have been a factor, especially for smaller businesses, who were least likely to have heard of the scheme.

Smaller businesses were more likely to question the value of the scheme. 23% of companies employing fewer than 10 people believed the scheme was 'not worthwhile at all' compared to 11% of those employing 50 – 249 people.<sup>52</sup>

<sup>51</sup> [HM Government](#), Health is everyone's business: Government response to the consultation on proposals to reduce ill-health related job loss, July 2021

<sup>52</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

### Brokers and advisers

#### Provide advice tailored for SMEs

Most UK companies are SMEs.<sup>53</sup> In the most part, the UK's broker network serves such companies well. However, in some cases it can be easy to overlook SMEs in favour of larger peers with more employees to protect.

When servicing SMEs, it's important to remember they have different needs from employee benefits. For example, 40% of SMEs said the main focus of their employee wellness benefits is to reduce sickness absence.<sup>54</sup> The effect of this is twofold. It not only protects employees by reducing the risk of absenteeism but also mitigates the potential impact of sickness absence for SMEs.

Brokers and advisers need to tailor advice accordingly so they're advising on benefits that meet SMEs' needs.

#### Ensure advice goes beyond price and examines value

By their nature, SMEs have smaller budgets for employee benefits than companies in the FTSE 100. Price is understandably an important factor when it comes to employee benefits, with SMEs having to carefully balance taking care of their employees and their bottom line.

Most brokers already do this, but it's still worth repeating: It's important to equip SMEs to look beyond the final price of benefits in pounds and pence and instead at the value of entire propositions. These differ considerably depending on the insurer in question.

For example, take a Group Income Protection policy such as Unum's. This includes a full vocational rehabilitation service with a 95% success rate<sup>55</sup> when it comes to keeping people in their jobs, getting them back to work or resolving their case. Given the difficulties absenteeism causes SMEs in particular, this is something smaller companies could really benefit from.

<sup>53</sup> [House of Commons Library, Briefing Paper No. 061522: Business Statistics](#), January 2021 p.5

<sup>54</sup> Cicero/amo consumer research: Survey conducted with 1,055 decision makers on the impact of COVID-19 in businesses employing up to 249 employees, May 2021

<sup>55</sup> Unum internal data, 2020

### Small businesses

#### **Provide support to mitigate the impact of hybrid working on employees' health and wellbeing**

Looking after the mental and physical health of your staff makes sense. It can prevent sickness absence, boost morale and increase productivity. However, moving forward, we'll likely be in a hybrid working world. Fewer people will be in the office 5 days a week than before.<sup>56</sup>

Whilst this can provide employees with a better work/life balance, there are risks. For example, the early signs of an employee struggling with their wellbeing may not be as obvious without their physical presence. That makes it more important than ever to provide benefits that help maintain employees' health and wellbeing.

Workplace health and wellbeing initiatives can take many forms. They often come packaged with Group Risk in the form of added-value digital services, such as Unum's Help@hand\*, a service which offers support from counsellors, physiotherapists and video GPs to support employees who might be struggling.

Group Risk policies can also better equip managers to spot the signs of an employee struggling. Unum's Group Income Protection customers get access to resources such as mental health or stress awareness courses or training on managing sickness absence if it occurs.

#### **Understand the power of vocational rehabilitation**

The government has proposed making occupational health benefits available to more SMEs with a subsidy or similar scheme,<sup>57</sup> showing it believes in the power of such services to improve employees' access to work and speed up the return to work if they do become ill.

This is similar to vocational rehabilitation. Vocational rehabilitation specialists liaise between an employee off sick and their employer to discuss how to introduce a (potentially phased) return to work at the employee's own pace if possible. They'll suggest adjustments each party could make to ensure an employee can recover after a sickness absence and have all the resources in place to smooth any return to work.

Unum offers vocational rehabilitation as part of its Group Income Protection from a team of in-house professionals. Current specialities within Unum's rehab team include psychologists, physiotherapists, occupational therapists and professionals qualified in sports science.

By offering a dedicated case handler and rehabilitation team, Unum has a proven success rate in keeping employees in work, getting them back to their jobs or resolving their claim, a powerful tool for SMEs to have in their arsenal to reduce the impact of sickness absence.

<sup>56</sup> [CIPD](#), COVID-19: Returning to the workplace, July 2021

<sup>57</sup> [HM Government](#), Health is everyone's business: Government response to the consultation on proposals to reduce ill-health related job loss, July 2021 p.5

### Where affordable, consider occupational sick pay or some form of Sick Pay Insurance

In 'Health is everyone's business: Government response to the consultation on proposals to reduce ill-health related job loss', the government proposes to look at the feasibility of changing SSP to better accommodate a phased return to work.<sup>58</sup>

This would involve replacing the current 'all or nothing' approach, where SSP stops the moment an employee is well enough to return to work, even if that's only on reduced hours until their recovery progresses. If introduced, this would complement better access to occupational health for SMEs and more vocational rehabilitation as it involves a gradual return to work.

Still, SSP is worth less than £100 per week<sup>59</sup> in 2021/22 – less than a fifth of average weekly earnings in May 2021.<sup>60</sup> It would clearly therefore be difficult for the average UK worker to survive on SSP alone.

Providing some sort of sick pay, such as an occupational sick pay scheme, over and above the statutory minimum, is therefore incredibly beneficial for employees, enabling them to better manage financially whilst unwell.

However, this can be expensive. The costs of it, like illnesses and injuries themselves, can be unpredictable and hard to budget for. Introducing a policy such as Unum's Sick Pay Insurance, which pays out a proportion of an employee's wages (up to £6,000 per month) for up to a year, can help SMEs manage the costs and administration involved. It can work with any existing occupational sick pay scheme already in place, taking over from an SME's sick pay starting from 4 weeks of a sickness absence.

Sick Pay Insurance also comes with a range of added value benefits, including Unum's Help@hand<sup>†</sup>, plus an employee assistance programme and a rehabilitation service.

Together, these services offer a wraparound suite of resources to proactively mitigate the risk of sickness absence in the first place but also to help address the problem should it occur. This can help to reduce absenteeism, a particular problem for the smallest SMEs but also, of course, for any employee who's unwell. Also, by showing staff they are valued, such benefits can reduce staff turnover and even attract top talent in a very competitive jobs market.

<sup>58</sup> [HM Government](#), Health is everyone's business: Government response to the consultation on proposals to reduce ill-health related job loss, July 2021 p.5

<sup>59</sup> [Gov.uk](#), Statutory Sick Pay (SSP), August 2021

<sup>60</sup> [ONS](#), Average weekly earnings in Great Britain: July 2021, July 2021

### Insurers

Of course, none of the above can be achieved unless the industry moves to meet SMEs' specific needs. Providers and the sector as a whole must also adapt if we're going to reach SMEs and their employees with the right level of support they need moving forward.

Simplifying products is a must. The insurance industry must offer tangible, meaningful and simple products to make it easier for employers to understand our offerings and see how they would benefit their employees and their business

Providers also need to work with brokers so that it's easier to do business with SMEs across the board.

Lastly, the sector has achieved a great deal in terms of innovation in recent years. We have extended insurance beyond the valuable financial assistance that's at its core to overarching health and wellbeing support. However, there's still more to do.

We must remember that the needs of SMEs and their employees will change over time – and this can happen rapidly, as occurred off the back of COVID-19. Resting on our laurels is not an option. We must continue to be there for those in need, in the way they need us to be, for whatever the future may bring.



## Products and support services that make a difference

Employee benefits from Unum give employers and employees cover that matches their budget, needs and lifestyle.

Offering more than financial peace of mind, they include access to our array of health and wellbeing services including remote GPs, fitness plans and more.

And we're constantly pushing the boundaries of employee benefits so we're always at the forefront in meeting the needs of an ever-evolving workforce.



### Group Income Protection

Helps employers manage sickness absence and the associated costs, providing vocational rehabilitation and financial support for employees if they can't work due to illness or injury.



### Group Life Insurance

Can give employees and their families peace of mind by paying a tax-free lump sum to an employee's loved ones in the event of their death, plus much-needed practical and emotional support.



### Group Critical Insurance

Supports employees through life-changing illnesses such as cancer, heart attack or stroke through financial, emotional, and practical support for people who survive a covered critical illness for at least 14 days.



### Sick Pay Insurance

Pays a percentage of an employee's salary if illness or injury stops them working for the short term.

**See more about our products and services, including our Dental and Optical Cover plus our health and wellbeing app Help@hand\* [here](#).**

\* Help@hand is a virtual, value-added benefit service which connects the employees of Unum customers to third party specialists who can help manage their health and wellbeing, and that of their family. Access to the service is facilitated by Unum at no cost to the Unum customer. Unum is not the provider of the service but can withdraw or change the service at any time. The service is entirely separate from any insurance policy provided by Unum and is subject to the terms and conditions of the relevant third-party specialists. There is no additional cost or increase in premium as a result of Unum making this benefit available.

[unum.co.uk](https://unum.co.uk)

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