

THE BUSINESS HEALTHCHECK TOOL – USER GUIDE

Introduction

This user guide provides additional information on how to use the Business HealthCheck tool. It focuses primarily on the data requirement for the two input sheets 'base data' and 'projections'.

Structure of the model

The model is made up of a number of worksheets to allow your business to evaluate important pieces of information relating to ill health at work:

Worksheet	Description
Cover	Cover page showing project partners and model disclaimer.
Map	Map showing key pages of the model and how pages link to each other. This page is useful for understanding the order you should navigate through the model.
Input sheets	These sheets require you to enter information.
Base data	This sheet is where you fill in data on key ill health metrics such as sickness absence and staff turnover for a chosen 'base year'. This base year can be any initial year, for example, the year prior to the commencement of a wellness programme.
Projections	The Projections sheet is where you fill in either actual or estimated reductions in ill health metrics over your evaluation period, and any future scenario changes you wish to model. Information on the costs of the wellness programme is also requested.
Reports	The report sheets are automatically generated from information that you have entered in the input sheets.
Base business cost	This sheet provides a summary financial evaluation of the business case for introducing a wellness programme at your company including the costs of absenteeism, presenteeism, staff turnover, accidents/injuries and insurance premiums in the base year.
Summary	The summary sheet allows you to compare the actual/estimated ill health costs and programme benefits of a wellness programme with the base year or with any scenarios.
Business case	The business case sheet provides a summary of the key financial/investment data including net present value, internal rate of return and benefit-to-cost ratio to enable you to decide if the investment in a wellness programme is/was financially worthwhile.
Calculations	The calculation sheets are where all the calculations are generated based on information that you have entered in the input sheets. They do not require any input from you. The results of the calculation sheets are summarised in the reports above.
Estimate	'Base data', 'projections' (excluding scenario), 'base business cost' and 'summary' (excluding scenario) calculations are generated in this worksheet.
DCF Estimate	This sheet shows both undiscounted and discounted cash flows of programme costs and benefits.
Scenario	All scenario calculations are generated in this worksheet.
DCF Scenario	This sheet shows both undiscounted and discounted cash flows of programme costs and benefits for any scenarios generated.
Admin	These sheets are for guidance.
Guide	Guide to tool including glossary of key terms and average benchmarks on key metrics.
Literature	List of wellness literature for reference.

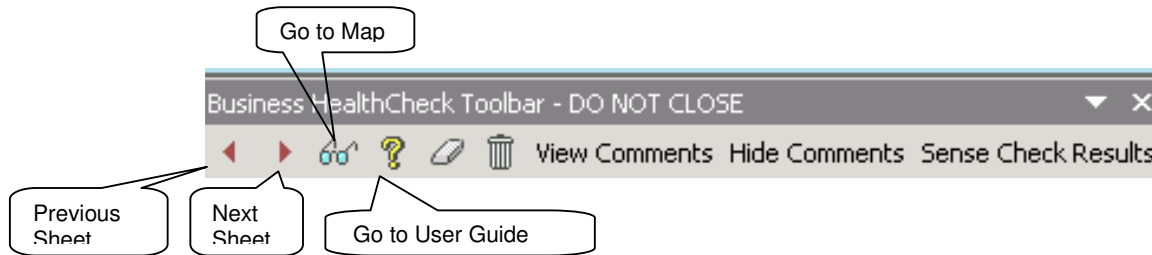
Opening and saving the model

When you open the model, a message will appear asking you to select 'Disable Macros', 'Enable Macros' or 'More info'. Select **Enable Macros** for full model functionality.

To save the model, go to Excel's drop-down **File** menu bar and select **Save As**. In **File Name**, type in the name that you want to save the file as and click **Save**.

How to navigate the model

You can navigate the model using the **Business HealthCheck Toolbar**. This appears automatically when the tool is opened. If you have closed the toolbar down or cannot see it, go to Excel's drop-down **View** menu bar, select **Toolbars** and then select **Business HealthCheck Toolbar**.



Users can also navigate the model using the worksheet tabs (found at the bottom of the screen) or the Map worksheet (second tab). The Map worksheet shows the key pages of the model and how pages link to each other.

Tabs

The Business HealthCheck

Version 1.01
30/06/2008

HEALTH WORK WELLBEING

PRICEWATERHOUSECOOPERS

Overview >> more information

This Model allows a business to evaluate three important pieces of information relating to ill health at work. It can:

- calculate the up-front business costs of ill health in a given year, split by up to 6 categories (absenteeism, presenteeism, turnover, accidents/injury, insurance premiums and other).
- generate scenarios for the projected business cost of ill health in the future, and the associated benefits of introducing a wellness programme.
- evaluate the business case for introducing a wellness programme at work, by automatically calculating common financial appraisal metrics such as the net present value, the internal rate of return, the payback period and the benefit-to-cost ratio.

Users can navigate the model using "Business HealthCheck Toolbar". Click the "Next Sheet" icon in the toolbar to see the model framework. If you have closed the toolbar down or cannot see it, use Excel's drop-down View menu bar, select Toolbars and then select Business HealthCheck Toolbar.

Excel Tab Bar: Cover / Map / Input sheets >>> / Base data / Projections / Reports >>> / Base business cost / Summary / Business case / Calculations >>> / Estima

Tabs

Map worksheet

The Business HealthCheck

HEALTH WORK WELLBEING

PRICEWATERHOUSECOOPERS

Instructions: >> more information

- (1) Start at the Base data sheet. Fill in as much information as you can. Examine the up front business costs of ill health at your company in the Base business cost sheet.
- (2) To estimate the benefits of introducing a wellness programme, fill in actual/estimated future sickness absence days, presenteeism days, turnover etc. in the Projections sheet.
- (3) Examine the Summary tables sheet which shows key financial and non-financial information relating to the business costs of ill health and the benefits of a wellness programme.
- (4) Examine the Business case sheet which provides key information for evaluating the business case for a wellness programme. Sense check results using the Toolbar button.

```

    graph TD
      Cover[Cover]
      BaseData[Base data]
      BaseCost[Base cost]
      Actuals[Actuals / Projections]
      Summary[Summary tables]
      BusinessCase[Business case]
      UserGuide[User Guide]
      WellnessLiterature[Wellness Literature]

      BaseData --> Actuals
      BaseData --> BaseCost
      Actuals --> Summary
      Actuals --> BusinessCase
      Summary --> BusinessCase
      UserGuide
      WellnessLiterature
    
```

Input sheets

Base data worksheet

Use this sheet to enter data for the base year.

The screenshot shows the 'Business HealthCheck' spreadsheet with the following data:

Business HealthCheck			
Base data			>> How do I fill in this sheet?
Programme demographics	Description		2008
Target population			4,500
Head Office	London	H/Count	3,000
Branch 1	Manchester	H/Count	1,000
Branch 2	Cardiff	H/Count	500
Participation rate			98%
Head Office	London	%	100%
Branch 1	Manchester	%	100%
Branch 2	Cardiff	%	80%
Active population			4,400
Head Office	London	H/Count	3,000
Branch 1	Manchester	H/Count	1,000
Branch 2	Cardiff	H/Count	400
Working days	Days per annum	Days	228
Business metrics			2008
Absenteeism (days per capita)			7.9
Head Office	London	Days pc	5.0
Branch 1	Manchester	Days pc	10.0
Branch 2	Cardiff	Days pc	8.8
Absenteeism (total days)			28,520
Head Office	London	Days	15,000
Branch 1	Manchester	Days	10,000
Branch 2	Cardiff	Days	3,520

Callout 1: Definitions and guidance in the second last worksheet can be accessed by clicking on individual (linked) words. Clicking again on the individual (linked) words in the guidance note will return you to the place you were before.

Callout 2: The cells in which you should enter your company information are highlighted in white.

Callout 3: Click on the + and - button to view or hide the grey-coloured cells.

Callout 4: The grey-coloured cells are cells where you can breakdown your staff into different groups or subsets. For instance, you may want to input information for staff by grade or by location if wages or well-being metrics such as sickness absence differ greatly.

Callout 5: To examine the total upfront costs of ill health to your business in the base year, enter the total number of employees as the **target population**. Alternatively, if you want to examine the upfront costs of ill health for a subset of employees (for example, because you want to target the health/well-being programme at this subset), enter the number of employees in the subset.

Callout 6: Participation rate: enter 100%.

Callout 7: The **active population** is automatically generated. This is simply target population multiplied by the participation rate.

Callout 8: The 228 **working days** is based on 5 working days a week for 52 weeks in the year less 32 days for paid leave and public holidays. If you feel that this is too high or too low for your organisation, you can enter a different number.

Absenteeism is generally felt to understate the true cost of absenteeism for an organisation. This could be due to (i) under-reporting of sickness absence and/or (ii) the indirect costs of absenteeism e.g. absence of staff can have implications on customer satisfaction, or there maybe spillover effects because a key team member is away at a critical time thus reducing output of other team members. To account for this, absenteeism is 'adjusted' by a multiplier.

Presenteeism is defined as 'the loss in productivity that occurs when employees come to work but function at less than full capacity because of ill health' (The Sainsbury Centre for Mental Health, 2007).

Accidents: this is a health and safety metric. It is assumed that any lost days due to the incident are captured in sickness absence days. All employers must report specific workplace injuries to the HSE under the RIDDOR. If your organisation collects data on minor injuries, these can also be recorded in the tool. The purpose of reporting on this metric is to estimate/monitor changes to this metric associated with any health/well-being programme.

This will take you to the 'base business cost' report.

	A	B	C	D	E	
41		Adjusted Absenteeism (days per capita)			11.8	
42		Head Office	London	1.5	7.5	
47		Adjusted Absenteeism (total days)			42,780	
48		Head Office	London	Days	22,500	
53		Presenteeism (days per capita)			21.4	
54		Head Office	London	1.8	13.5	
59		Presenteeism (total days)			77,004	
60		Head Office	London	Days	40,500	
65		Staff turnover (rate)			17.7%	
66		Head Office	London	%	17.3%	
71		Staff turnover			779	
72		Head Office	London	Count	519	
77		Liabilities				
78		Accidents			Count	40
79		Claims			Count	5
80		Insurance premiums			£ p.a.	10,000
81		Other - volume				
82						
83		Business unit costs		Description	2008	
84						
85		Average gross wages				
86		Head Office	London	£ p.a.	35,000	
91		Average turnover cost per unit				
92		Head Office	London	£ p.a.	17,500	
97		Average claim cost			£	1,000
98		Other - cost per unit			£	
99						
100		Health & wellbeing metrics		Description	2008	
101						
102		Metric 1	Employee Satisfaction Survey	Score	3.5	
107						
108						
109						
110						
111						
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113						
114						
115						
116						
117						

This is the central estimate from the wellness literature. If you feel that you have accurate absenteeism data and there is no under-reporting or indirect costs then set the multiplier to 1.

Estimates of presenteeism mainly come from the US and they range from around 1.9 – 6.8 times the costs of absenteeism. Sainsbury Centre for Mental Health estimated the costs of presenteeism attributable to mental health problems in the UK to be 1.8 times those of absenteeism. This is used as the central estimate in the tool.

Turnover cost should measure the total cost of turnover to your organisation including recruitment and selection costs, training costs, separation costs and loss of productivity. A rule of thumb is half a year's salary. If you feel you have more accurate information, you can use these instead.

When you click on '**create projections**', you will be asked to enter the number of years over which you want to carry out the analysis. You will also be asked to enter the discount rate or use the default of 7%. Discounting is a method used to convert future costs and benefits to present value using a discount rate. This is based on the principle that, generally, people prefer to receive goods and services now rather than later (time preference).

View base costs

Create projections

Projections worksheet

Use this sheet to fill in **actual** or **estimated** reductions in the ill-health metrics over your evaluation period. Estimates should be used if you want to assess and appraise the financial benefits associated with wellness programmes and develop the business case for investment. Assumptions can be developed by reviewing the evidence from the PwC research carried out as part of the Dame Carol Black Review (www.workingforhealth.gov.uk) on the impact of health/well-being programmes and by referring to references cited in the 'literature' worksheet. You should determine which of these are most similar to your situation and the health/well-being programme that you want to introduce. Alternatively, you could use averages cited in the PwC research.

To evaluate the financial benefits of a health/well-being programme after it has been implemented, enter actual reductions in the ill-health metrics on this worksheet following a robust evaluation of the programme.

Business HealthCheck						
Actual / Estimate		>> How do I fill in this sheet?		Brief instructions: now you should fill		
Programme demographics	Description		2008	2009	2010	
Target population			4500	4,500	4,500	
Head Office	London	H/Count	3000	3,000	3,000	
Participation rate			98%	98%	98%	
Head Office	London	%	100%	100%	100%	
Active population			4400	4,400	4,400	
Head Office	London	H/Count	3000	3,000	3,000	
Working days	Days per annum	Days	228	228	228	
Business metrics	Description		2008	2009	2010	
Absenteeism (days per capita)			7.9	7.1	6.4	
Head Office	London	Days pc	5.0	4.5	4.1	
Absenteeism (total days)			28520	25,668	23,101	
Head Office	London	Days	15,000	13,500	12,150	
Adjusted Absenteeism (days per capita)			11.9	10.7	9.6	
Head Office	London		1.5	6.8	6.1	
Adjusted Absenteeism (total days)			42,780	38,502	34,652	
Head Office	London	Days	22,500	20,250	18,225	
Presenteeism (days per capita)			21.4	19.3	17.4	
Head Office	London		1.8	12.2	10.9	
Presenteeism (total days)			77004	69,304	62,373	
Head Office	London	Days	40,500	36,450	32,805	
Staff turnover (rate)			17.7%	15.9%	14.3%	
Head Office	London	%	17.3%	15.6%	14.0%	
Staff turnover			779	701	631	
Head Office	London	Count	519	467	420	
Liabilities						
Accidents		Count	40	36	32	
Claims		Count	5	5	4	
Insurance premiums		£ p.a.	10,000	10267	10541	
Other - volume						

If you are entering estimates for **absenteeism**, PwC research suggests the reported average is around 30-40%.

If you are entering estimates for **staff turnover**, PwC research suggests the average reduction is around 20-25%.

If you are entering estimates for **accidents and injuries**, PwC research suggests the average reduction is around 50%. Some case studies also cited reductions in insurance or civil claims, and/or savings on insurance premiums.

Target population: enter the number of employees you want to or have targeted with a specific health/well-being programme.

Participation rate: Enter the percentage of the target population that you expect to participate or have actually participated in the health/well-being programme. For example, a business may subsidise flu vaccinations for all employees but only half choose to take this up so the participation rate is 50%.

82						
83	Business unit costs	Description		2008	2009	2010
84						
85	Average gross wages					
86	Head Office	London	£ p.a.	35,000	36,015	37,059
91	Average turnover cost per unit					
92	Head Office	London	£ p.a.	17,500	18,008	18,530
97	Average claim cost		£	1,000	1027	1054
98	Other - cost per unit		£			
99						
100	Health & wellbeing metrics	Description		2008	2009	2010
101						
102	Metric 1	Employee Satisfaction Survey	Score	3.5	3.9	4.2
107						
108	Programme costs	Description		2008	2009	2010
109						
110	Start-up costs			1,250,000		
111	Management time		£	80,000		
112	External consultants		£	150,000		
113	Capital equipment		£	1,000,000		
114	Promotion & marketing		£	10,000		
115	Training		£	10,000		
116	Running costs			455,000	467,149	479,604
117	Management time		£	10,000	10,267	10,524
118	Staff salaries		£	40,000	41,068	42,165
119	Bought-in goods/services		£	400,000	410,680	421,645
120	Training		£	5,000	5,134	5,271
121			£			
122	Opportunity costs					
123			£			
128						
129						
130						
131						
132						
133						
134						
135						

Start up and running costs of the health/well-being programme should be entered here.

Average gross salary and average turnover costs should be in nominal terms. If you are estimating these into the future, a useful way of projecting wages is by increasing them in line with, for example, expected RPI inflation.

The **scenarios** sections can be used to:

(i) generate different scenarios for the projected business cost of ill health in the future, and the associated benefits of introducing a health/well-being programme.

(ii) compare actual versus estimated/forecast costs and benefits of health/well-being programmes. Forecasts should be entered here and actuals in the sections above.

139		Scenario		Here you can fill in an alternative scenario if you wish, and compare your results later				
141		Programme demographics		Description	2008	2009	2010	
142		Target population			4,500	4,500	4,500	
144		Head Office		London	H/Count	3,000	3,000	3,000
145		Branch 1		Manchester	H/Count	1,000	1,000	1,000
146		Branch 2		Cardiff	H/Count	500	500	500
147					H/Count			
148					H/Count			
149		Participation rate			98%	98%	98%	
150		Head Office		London	%	100%	100%	100%
151		Branch 1		Manchester	%	100%	100%	100%
152		Branch 2		Cardiff	%	80%	80%	80%
153					%			
154					%			
155		Active population			4400	4,400	4,400	
156		Head Office		London	H/Count	3000	3,000	3,000
157		Branch 1		Manchester	H/Count	1000	1,000	1,000
158		Branch 2		Cardiff	H/Count	400	400	400
159					H/Count			
160					H/Count			
161		Working days		Days per annum	Days	228	228	228
162								
163		Business metrics		Description	2008	2009	2010	
164								
165		Absenteeism (days per capita)			7.9	6.7	5.7	
166		Head Office		London	Days pc	5.0	4.3	3.6
167		Branch 1		Manchester	Days pc	10.0	8.5	7.2
168		Branch 2		Cardiff	Days pc	8.8	7.5	6.4
169					Days pc			
170					Days pc			
171		Absenteeism (total days)			28520	24,242	20,606	
172		Head Office		London	Days	15000	12,750	10,838
173		Branch 1		Manchester	Days	10000	8,500	7,225
174		Branch 2		Cardiff	Days	3520	2992	2543
175					Days			
176					Days			