

Updated Cover Note

Every One (Cares) – Carer’s Impact in Enterprises

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This calculator has been developed as a tool to support Every One (Cares) in demonstrating the importance of programmes to support family carers in the workplace. The values represented in the calculator and the model used have been developed based on knowledge and assumptions about how work is distributed in Small and Medium businesses in Greater Lincolnshire, how turnover is generated, and the impact of staff absences on overall productivity.

The key assumptions going into the calculator are the following:

1. In a micro, small, or medium enterprises, each employee has equal credit for the company’s turnover.
2. Micro enterprises and small enterprises make up at least 90% of all companies in Lincolnshire.
3. Family carers often have increased risks of injury, illness, and burnout, as they tend to use sick days and annual leave for their caring responsibilities.
4. Family carers, if left without support, are at higher risk of loss of productivity.
5. Other employees step in to make up for that loss of productivity.

The calculator produces values that show:

1. Loss of productivity if carer is unsupported.
2. Cost of replacing a carer with less than 2 years in the company.
3. Cost of replacing a carer with more than 2 years in the company.
4. Cost of replacing a carer after an unfair dismissal.
5. Compound cost of “doing nothing”, which then ends in redundancy and rehire.
6. Cost of a carer going part time (with an additional member of staff hired on to cover for the rest of their time.)
7. **Savings** on productivity if carer is supported. (If the carer presents with 5 or more conditions at work.)
8. **Savings** on productivity if carer is supported (if the carer presents with 3 conditions at work)
9. **Savings** on productivity if carer is supported (if the carer presents with 1 condition).
10. Overall **savings** on productivity and sick leave if carer is supported.

Productivity is measured by dividing annual turnover by number of employees to calculate yearly, weekly, and daily individual contributions.

Impact of presenteeism is calculated by applying a 3% drop for 1 condition, 9% drop for 3, and 27% drop for five or more.

Cost of replacement includes statutory redundancy (which is based on tenure), recruitment costs (estimated at 10% of the new starter’s salary), and the cost of salary, employer national insurance, and employer pension contributions (estimated at the statutory rates).

Additional costs of replacing a carer include additional things like loss of knowledge and training costs (it is estimated that a new starter works at 50% of productivity for the first 30 weeks, as they learn the ropes, although the calculator can also work up a smaller and bigger loss of productivity depending on the role) as well as unfair dismissal compensation (which can occur if the carer feels like they were unfairly let go and take their employer to tribunal.)

Finally, a 20% weighing has been applied to all estimates, as it is assumed that some costs are inevitable and that some losses could be prevented, as circumstances vary from company to company, and individual to individual.

Nevertheless, a company could hypothetically lose as much as 13% of their annual turnover in the worst case scenario, compared to approximately 4% if the carer is given additional support and a new person is brought on to help them out.

This does not take into account:

1. Other “soft touch” measures like allowing the carer to work flexibly or from home on certain days, which can reduce losses without incurring additional costs; or taking in an apprentice or a Kickstart employee.
2. Savings on other staff productivity and presenteeism, as they are no longer having to take on additional tasks beyond their current workload.
3. Impact on staff morale, both in the best case and worst case scenario. As this is difficult to measure, this was not included in the first draft. Nevertheless, it is worth remarking upon.

Calculations

The calculator uses the following variables:

- Years of employment for the carers
- Carer’s hourly pay
- Annual turnover of the company
- Number of employees
- Cost of overtime
- Manager’s hourly pay

From that, the calculator works out:

- Company’s weekly income (using 48 working weeks per year, to account for downtime and holidays)
- Individual employee’s productivity (weekly income divided by number of employees or daily income divided by number of employees)
- Cost of a day of carer’s leave (productivity + daily’s wages)
- Cost of overtime (assuming rest of office has to work an extra hour to cover for the person)
- Short-term productivity drop if carer goes on part-time leave (assuming 50% productivity for 30 weeks while adjustments are made)
- Cost of presenteeism with 1 condition (assuming it causes a 3% drop in productivity)
- Cost of presenteeism with 3 conditions (assuming it causes a 9% drop in productivity)
- Cost of presenteeism with 5 or more conditions (assuming it causes a 27% drop in productivity)

- Cost to company productivity if new employees are onboarded for 30 weeks and operate at 70%. (Easy handovers)
- Cost to company productivity if new employees are onboarded for 30 weeks and operate at 50%. (Moderately difficult handovers)
- Cost to company productivity if new employees are onboarded for 30 weeks and operate at 30%. (Extremely difficult/no handovers.)
- Recruitment costs (10% of new employee's salary)

The calculator also looks at statutory requirements for:

- Sick leave and maximum sick leave taken.
- National insurance contributions and pension contributions.
- Statutory redundancy costs.
- Unfair dismissal compensations.

Calculations:

Savings on productivity if carer goes on part-time (with an additional employee hired): new recruitment costs, employer national insurance contributions and pension contributions (part-time), as well as the short-term drop in productivity if the carer is allowed to go on part-time.

Savings on productivity if carer is supported: Lost productivity times 48 working weeks, calculated if carer presents with 1, 3, and 5 conditions.

Overall savings on productivity if carer is supported (assuming maximum sick leave taken): Maximum statutory sick leave (28 weeks), plus overtime costs for the rest of the office for 48 weeks, plus one hour of the manager's time every week for 48 weeks dedicated to that, plus the drop in productivity if carer presents for the remainder of the year with 5 conditions.

Loss of productivity if carer is unsupported (no sick leave taken): productivity costs of the carer presenting with 5 conditions, plus overtime costs for the rest of the office, plus an hour of the manager's time, for 48 weeks.

Cost of replacing a carer with less than 2 years in the company: recruitment costs, employer pension contributions and national insurance contributions, cost of a temporary worker to cover the post for 30 weeks, to cover hiring and training time, and a temporary loss of productivity if there was some loss of knowledge from the previous post (new hire working at 50% productivity for 30 weeks.)

Cost of replacing a carer with more than 2 years in the company: As above, with redundancy pay included.

Cost of replacing a carer after an unfair dismissal: As above, with unfair dismissal compensation and employee tribunal costs.

Cost of not doing anything about supporting the carer, ending in redundancy and rehire: cost of replacing the carer after an unfair dismissal, plus the cost of lost productivity if the carer was unsupported.

NB: A 20% weighing is applied to all calculations in the summary sheet, as some costs are presumed to occur regardless of what is done.

Final notes:

While the calculator does not go into detail of the costs associated with supporting carers, even actions such as letting a carer move to part-time employment and hiring an additional person to cover their hours could easily pay for itself within two-to-three years. (Because there is no loss of productivity from the carer presenting to work ill, there are no overtime costs associated with the rest of the team covering for the carer, and there is no knock-on effect on morale for the rest of the office). Conversely, a worst-case scenario, where the carer is unsupported and then unfairly dismissed could cost the company up to six times more than the scenario where a carer is allowed to go on a part-time contract and their role is shared with another employee.

Please note however that these calculations are just guidelines and do not take into account all possible outcomes and scenarios that might occur. The calculator is a tool meant to be used as a start of a conversation around kinder workplace practices, not as the end to them.