

## The cost of working age ill-health and disability that prevents work in Wales

In March 2025, the Department for Work and Pensions (DWP) published an [article](#)<sup>1</sup> which estimated that the **cost of working age ill-health and disability that prevents work** in the UK was likely to be at least £240 billion in 2022, possibly as much as £330 billion. We have estimated that **in Wales, the cost was approximately £19.4 billion in 2022.**

This cost includes lost economic output due to sickness absence, economic inactivity, and informal care giving, lost tax revenue from the same, NHS costs, and benefits payments. Understanding the economic implications of working age ill-health is important for our work to support people with their health and employment.

As with the estimate at UK-level, these estimates should be interpreted as the difference between current economic output, and what economic output potentially could be if health conditions during working age were not limiting or preventing people from working. The analysis also does not include the impact of health on productivity amongst those people who are in work, or the costs of preventable working age mortality.

### Methodology and calculation

Gross value added (GVA) per person:

The analysis measures economic output using Gross Value Added (GVA) per person. This is an estimate of an individual's job to Gross Domestic Product (GDP). DWP used Office for National Statistics (ONS) 2022 data, which estimates mean GVA as £68,818 per non-disabled worker, and £46,513 per disabled worker. A Wales-specific GVA estimate for non-disabled workers is available, but not for disabled workers, therefore the UK estimates have been used.

Lost output due to working-age ill-health which prevents work:

The first component of the calculation is the amount of economic output which is lost because of illness occurring during working-age. People not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks are described as economically inactive. This can be due to illness. In 2022, approximately 159,000 people were economically inactive due to long-term sickness in

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<sup>1</sup> Department for Work and Pensions. The cost of working age ill-health and disability that prevents work. 2025. Available at: [The cost of working age ill-health and disability that prevents work - GOV.UK](#)

Wales<sup>2</sup>. The number reporting economic inactivity due to temporary sickness was 12,000.

The estimated lost output from those who are temporarily sick is £825.8 million, estimated using mean GVA per non-disabled worker, because it is assumed that they will return to full productive capacity if they return to work. The estimated lost output from long-term sickness is £7.4 billion, calculated using mean GVA per disabled worker. This is because it is assumed that long-term sickness largely represents conditions which persist within work, meaning the higher GVA estimate may be less accurate.

Therefore, the total estimated lost output from working-age ill-health which prevents work in Wales is £8.2 billion per year.

Notably, this cost has increased substantially in recent years, as the number of people economically inactive due to sickness has increased. In 2021, the estimated cost was £6.9 billion, and in 2019 this was £6.5 billion.

Lost output due to sickness absence:

In Wales, there were 11.7 million days of sickness absence in 2022, equating to a sickness absence rate of 3.7%<sup>3</sup>. DWP assumes the average worker has a 230-day working year, based on 6 weeks of statutory holidays and annual leave on average. Using this assumption, Wales lost an equivalent of 50,870 full-time posts to sickness absence in 2022.

We can estimate the lost economic output by multiplying the estimated lost full-time equivalent posts by GVA per worker. Using GVA per non-disabled worker, the upper bound of this estimate is calculated as £3.50 billion. Using GVA per disabled worker, the lower bound is calculated as £2.37 billion.

Using the mid-point, the estimated lost output from sickness absence in Wales is £2.9 billion per year.

It is notable that sickness absence peaked in 2022. Sickness absence data in 2020 and 2021 was significantly impacted by COVID-19 pandemic policies like furlough and shielding. But before this, the number of days lost to sickness absence did not rise above 9.5 million between 2002 and 2019. In 2023 and 2024, sickness absence levels

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<sup>2</sup> Office for National Statistics. HI10 Regional labour market: headline indicators for Wales. 2025. Available at: [HI10 Regional labour market: headline indicators for Wales - Office for National Statistics](#) [Note: January 2025 edition used for this analysis]

<sup>3</sup> Office for National Statistics. Sickness absence in the UK labour market. 2025. Available at: [Sickness absence in the UK labour market - Office for National Statistics](#) [Note: 2022 edition used for this analysis]

reduced, meaning the estimated lost output from sickness absence in Wales in 2024 was £1.8 billion per year.

Lost output due to working age carers caring for people who are sick in working age:

DWP estimates there were 321,478 informal carers in Wales in 2022/23<sup>4</sup>. Of these, 91,788 are estimated to be aged 16-64 and unemployed, retired, or otherwise economically inactive.

DWP assume that 55% of this group are caring for people of working age. This assumption is based on the NHS Digital Personal Social Service Survey of Adult Carers in England<sup>5</sup>. An equivalent is not available for Wales, but we can assume that a similar proportion of working age carers are caring for working age people in Wales.

The same survey can also be used to estimate that 65% of this group would work if they were not carers – their caring responsibilities are preventing them from working.

Applying these assumptions, we can estimate there are 32,814 carers in Wales who are of working age, caring for someone of working age, and are prevented from working by their caring responsibilities.

Multiplying this number by GVA per non-disabled worker, the estimated lost output due to working age carers caring for people who are sick in working age in Wales is £2.3 billion per year.

Additional NHS costs:

Working age ill-health and disability that prevents work entail costs to the NHS. This occurs when people with health problems move from being economically active to economically inactive, and when economically inactive people develop work-limiting health conditions. The Office of Budget Responsibility (OBR) estimate the cost to the NHS of each of these events at £910.

This can be multiplied by the number of people who economically inactive due to either long-term sickness or temporary sickness to estimate NHS costs. Therefore, the total estimated additional NHS costs from working age ill-health and disability that prevents work in Wales is £155.6 million per year.

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<sup>4</sup> Department for Work and Pensions. Family Resources Survey [DWP StatXplore Family Resources Survey individual table](#)

<sup>5</sup> NHS Digital Personal Social Services Survey of Adult Carers in England 2023-24

### Lost tax revenues:

Working age ill-health and disability that prevents work also leads to lost tax revenues, from income tax and national insurance contributions. DWP estimates a flowback rate of 26.5%, which means roughly 26.5% of lost economic output would have flowed back to government as tax revenue if it had not been lost. We can apply this flowback rate can be applied to the estimates of lost output from health-related economic inactivity, sickness absence, and informal care giving, to estimate total lost tax revenue.

Therefore, the total estimated lost tax revenues from working age ill-health and disability that prevents work in Wales is £3.4 billion per year.

### Benefits payments:

Some people of working age who are unwell or disabled are also eligible for benefits. DWP add up the costs of individual benefits to estimate the total cost of these payments at £41 billion for the UK. Numbers of claimants of some specific benefits are not available for Wales, but the estimate for the UK can be scaled to the Welsh population.

In November 2022, 481,813 working age people in Wales claimed a benefit<sup>6</sup>. This represents 5.9% of the total number of people in England and Wales combined who claimed a benefit in that month. Therefore, we can assume that roughly 5.9% of the total cost of benefits payments for the UK was spent in Wales. This is not an entirely accurate estimate of benefits costs, since people may claim more than 1 benefit, and the UK estimate also includes Scotland and Northern Ireland.

However, using this approach, the estimated cost of benefits payments from working age ill-health and disability that prevents work in Wales is £2.4 billion per year.

### Total cost estimate:

<b>Cost element</b>	<b>Description</b>	<b>Estimate</b>
Economic inactivity	Lost output due to working-age ill-health which prevents work	£8.2billion
Sickness absence	Lost output due to sickness absence	£2.9billion
Informal care giving	Lost output due to working age carers caring for working age sick	£2.3billion
NHS cost	The additional costs to the NHS when someone with a health problem is	£155.6million

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<sup>6</sup> Department for Work and Pensions. [DWP StatXplore Benefit Combinations – Data from May 2019 for England and Wales](#)

	economically inactive rather than economically active	
Benefits payments	Cost of social security benefits related to health conditions that prevent people from working	£2.4billion
Exchequer flowbacks	Tax and National Insurance foregone due to health-related worklessness	£3.4billion
<b>Total</b>		<b>£19.4billion</b>