

PERSONNEL COMMITTEE

18 September 2006

SICKNESS ABSENCE MONITORING REPORT

REPORT OF DIRECTOR OF HUMAN RESOURCES

Contact Officer: Vicki Finlay Tel No: 01962 848408

RECENT REFERENCES:

PER3 Policy for the Management of Sickness Absence - 15 November 2001

PS142 Absence Monitoring Report - 6 December 2004

PER101 Personnel Department Outturn Report 2005/06 – 12 June 2006

EXECUTIVE SUMMARY:

The Council introduced a policy for the Management of Absence in 2003 which was linked to a programme of training in absence management and the dissemination of absence information to managers. This report sets out the reasons for managing absence linked to direct costs and to indirect costs such as customer service and morale. The report considers the impact of the policy, reviews sickness absence levels since the introduction of the policy and sets out future actions for the continued management of sickness absence in the Council.

RECOMMENDATIONS:

That the contents of the report be noted.

## PERSONNEL COMMITTEE

18 September 2006

### SICKNESS ABSENCE MONITORING REPORT

#### Report of Director of Personnel

#### DETAIL:

##### 1 Introduction

1.1 The Council has had a Policy for the Management of Sickness Absence in place since 2003. Prior to 2003, absence was managed to a varying degree at a departmental level and advice sought from the Human Resources Directorate on an ad hoc basis to deal with individual cases of absence which had started to affect the operation of the department. The introduction of the policy provided a consistent structure in which both short term and long term absence could be managed, at the same time ensuring compliance with the Disability Discrimination Act.

1.2 When the policy was introduced, a programme of training was put in place for managers and supervisors. In addition, absence reporting was introduced on a quarterly basis, both for performance monitoring as part of the corporate BVPIs and at a departmental level to provide managers with details of sickness absence.

##### 2. Drivers for Managing Absence

###### 2.1 External

2.1.1 The issue of sickness absence has attracted a great deal of attention in recent years. Both the public and private sectors increasingly recognise its effect, not only on productivity, but also on the people affected, their family and colleagues. A joint review of sickness absence in the Public Sector carried out by the Ministerial Task Force for Health, Safety and Productivity and the Cabinet Office placed the cost of absence for local authorities at around £900 million each year.

2.1.2 Absence management is also now closely linked with the Gershon efficiency improvement agenda. Council's are aiming to reduce absence levels in order to improve the productive time of staff and thus provide efficiency savings.

2.1.3 There are a number of Acts which require organisations to actively manage sickness absence.

- Health and Safety at Work Act 1974 (HSAWA) and the associated Management of Health and Safety at Work Regulations 1999 require organisations to assess risks to employees health and safety, introduce preventative measures to control risks and monitor health and safety.
- Disability Discrimination Act 1995 which requires employers to make reasonable adjustments to ensure that a disabled person is not placed at disadvantage. This includes both new employees and those that become disabled whilst in employment.

- Employment Rights Act 1996 requires employers to follow a fair procedure before dismissing an employee for sickness absence.

2.1.4 In addition to the Acts detailed above, standards have been put in place to deal with specific issues. Stress has been highlighted as having a considerable impact on absence levels and significant financial compensation has been awarded against organisations who fail to recognise and deal with absence caused by stress. The HSE Stress Management Standards, although not legally binding, provide a tool against which to assess whether an organisation is dealing with issues related to stress and therefore whether they are protecting the mental health of their employees as required under the HSAWA.

## 2.2 Internal

2.2.1 The cost of absence is considerable in terms of direct costs including statutory and occupational sick pay, cost of replacement staff and loss of productivity. In addition to these direct costs there can be a number of indirect costs which are harder to quantify. These include low morale and stress among staff who have to do additional work to cover for those off sick, the cost of managing absence, reduced levels of customer service, reduced levels of staff retention leading to increased recruitment costs and a loss of skills and experience.

## 3 Absence Monitoring

3.1 The Council has been monitoring absence since 2001 on a corporate level. However, with the introduction of the Policy in 2003 more detailed absence information has been provided to managers on a quarterly basis showing absence details for a rolling 12 month period. The information provides a summary of departmental absence and also details the total absence, by number of days and number of occasions for each member of staff. Any members of staff with high levels of absence are highlighted on the report along with details of any formal action taken, such as Occupational Health referrals.

3.2 A key part of the information provided to managers is the Bradford Index which highlights repeated short periods of absence by giving extra weight to short term absence using the formula  $S^2H$  (S= number of occurrences of absence, H = total number of days absent). Those members of staff with a high Bradford Index are highlighted to managers as those who require monitoring and action may need to be taken under the Absence Management Policy.

3.3 Human Resources Advisors meet regularly with managers to assist them in dealing with individual cases. The HR Directorate also monitor absence corporately to look at trends and patterns of absence across departments. This, along with information gathered from other sources such as the Staff Attitude Survey, assists in measuring the impact of some corporate issues such as organisational change and the introduction of strategies and policies, such as the Flexible Working Policy.

3.4 Managers are required to carry out return to work interviews after each period of sickness absence to understand the reason for the absence and to ascertain whether any assistance can be given to the employee to prevent reoccurrence. This ensures that any potential issues are highlighted early on and gives the opportunity to manage the impact of any future issues or absence.

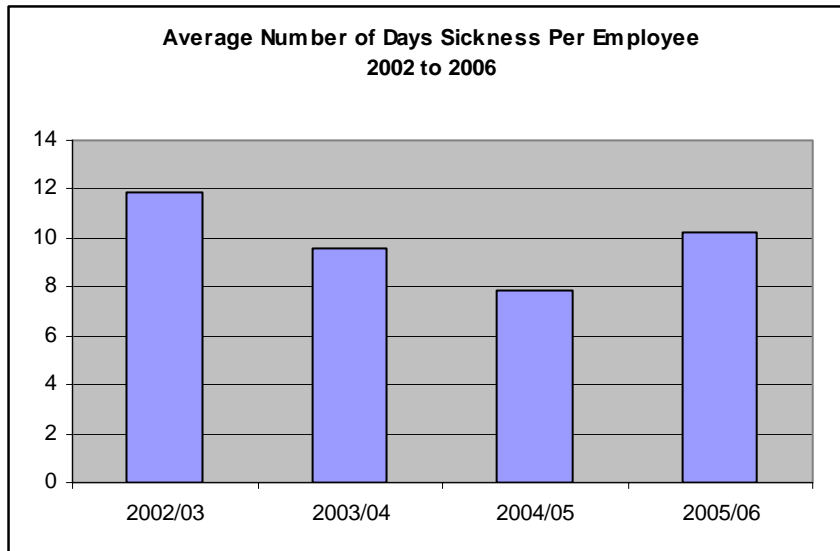
### 3.5 Absence Monitoring Systems

- 3.5.1 The absence information provided until now has been taken from the Payroll system which recorded absence details provided on 'pink slips' by the departments. The process was reliant on line managers or administrators remembering to complete the slips at the beginning and end of the absence period.
- 3.5.2 The process to convert this absence data into meaningful absence information was time consuming and open to error due to the amount of data manipulation required. This also limited the frequency of the information provided to a quarterly basis.
- 3.5.3 The concerns relating to absence information have in the past been highlighted by internal audit and relate directly to the accuracy of the data due to the scope for human error as the data is re-entered and manipulated and concerns as to whether all absences were being captured.
- 3.5.4 The introduction of the integrated HR/Payroll system provides a method of extracting absence information from a single source. The self-service facility requires managers to record sickness absence information directly on to the system rather than completing paper records which Payroll would then input. Whilst this is still reliant on managers, or in some cases administrators, inputting the information, there is now the facility to check that information has been entered and by whom. As the system provides a summary of all absence on a single screen incomplete sickness records can be viewed at the same time as holiday request are checked allowing line managers to ensure sickness records are completed. In addition, absence records of over 7 days are flagged on the log in screen both to managers and to the HR Directorate if there has been no doctor's note provided.
- 3.5.5 The absence information can then be extracted as management information from the same system. This will save a considerable amount of officer time in the HR Directorate and allow the provision of more frequent, and therefore, more timely, absence information to managers. In the longer term it is envisioned that managers will have the facility to access the absence reports themselves. The time saved from having to provide the information will enable HR to undertake more analysis of the information and for HR Advisors to provide more advice to managers and support a more proactive approach to absence management.
- 3.5.6 Concerns have been raised that that the system will not be used consistently to record absence which will result in inaccurate absence statistics. Measures are being put in place to audit the use of the system and ensure compliance.

### 4 Absence Statistics

- 4.1 A summary of the changes in the Council's absence levels since the introduction of the Absence Management Policy in 2003 is shown in appendix 1.
- 4.2 From the time that the policy was introduced in 2003 up until 2005 the levels of absence showed a steady decline from a high of 11.86 days in 2002/2003 to the lowest level of 7.9 days per person in 2004/05. This was the result of a programme of training and system of return to work interviews that were set up with line managers, supported by the provision of absence information and advice from HR Advisors. As a result a number of long standing long-term absence cases were resolved and a considerable reduction in short term absence was achieved.

- 4.3 Since 2005 the absence levels have risen to levels similar to those seen in 2003/04. In the last 12 months there has been an overall increase in the number of days sick per member of staff from 9 days per person at the end of the first quarter to 10 days per person at the end of the last quarter.



- 4.4 This increase can be attributed to a number of reasons:

- i) At the end of 2003/04 there were 25 long term absence cases but, as a result of the introduction of the policy on Managing Absence by the end of 2004/05 many of these had been resolved leaving only 5 remaining. The resolution of these cases can account for some of the significant downward trend in absence levels over this period.
- ii) The initial impact of the introduction of the policy and the associated training caused a decrease in absence levels when managers were fired up to deal with absence. This impetus has dropped off considerably and return to work interviews are not being carried out as consistently as before.
- iii) Following the introduction of the absence policy in 2003, absence information was provided to Directorates. This was in 3 parts, a summary for the Directorate, a list of all employees who had been absent due to sickness and a detailed list of those employees who had high levels of sickness absence with details of dates and any action previously taken. During 2005/06 only BVPI absence information has been provided to Directors with summary absence figures for departments. The provision of detailed management information on a quarterly basis in previous years has maintained the profile of absence management as a priority area and prompted managers to take action.
- iv) These long term absences offers some explanation for the increased absence levels for 2005/06 with nearly 900 days (which equates to approximately a fifth of the total) attributable to 6 cases of long term absence i.e. just over 1% of the workforce. However long term absence has also been included in absence statistics for previous years, where overall absence levels have been considerably lower. Whilst long term absence was significantly lower in 2004/05, approximately 500 days it still contributed to overall absence levels

which were significantly lower. This means that the majority of the increase in absence is due to an increase in short term absence.

## 5 Reasons for Absence

- 5.1 The causes of sickness absence are monitored as part of the absence management process. By understanding the causes of absence, managers can monitor trends and may be able to identify potential problems at an earlier stage. For example, a pattern of frequent short term absence attributable to a number of different causes may be an indication of an underlying issue such as stress.
- 5.2 The graph in appendix 2 shows absence by reason for absence over the period 1 April 2005 to 31 March 2006. The information shows that the main reason for absence during this period is attributed to stress. Stress has been given as a reason for absence in 30 cases and accounts for approximately 1800 sick days. Of that 1800, over 1700 can be linked to 13 long term absence cases. (Long term absence is defined as 8 or more continuous weeks). Many, although not all of these cases cited work as the main cause of stress. All of these cases have been addressed through the Council's Management of Absence Policy and have been resolved.

## 6. Stress

- 6.1 Stress is recognised as an occupational health issue although there are currently no specific regulations or code of practice. There is however a general duty of employers to ensure their employees' health and safety under 2(1) of the Health and Safety at Work Act 1974. The Management of Health and Safety at Work Regulations 1999 and other related regulations require employers to identify and assess risks to employees' health and safety and to take appropriate preventative or protective measures to remove or reduce them. A guidance note from the Health and Safety Executive in 2002 states that they will expect employers to have an effective strategy for identifying and managing stress in the workplace. This requirement was also highlighted in the District Auditor's report on corporate management strategies and has been underlined by the increase in litigation by stressed employees resulting in large payouts.
- 6.2 Employers are now required to take a much more proactive approach to find potential risks to their employees and safeguard employees against those risks. If they do not and a foreseeable injury arises and causation can be proven, the employer will be liable.
- 6.3 The HSE, in partnership with a number of local authorities and private companies, have developed a set of Stress Management Standards against which organisations can assess themselves to demonstrate how they are addressing the risk of stress in their organisation. Although the Standards themselves have no legal standing, their use offers organisations a sound defence against any potential stress claims.
- 6.4 In June, a Stress Audit was undertaken in the Council. Every member of staff was asked to complete a survey, provided by the HSE and linked to their stress audit tool kit, to give a benchmark of the perception of stress at work. The responses to the surveys have been collated using the HSE audit tool. It is proposed that the survey is then carried out at regular intervals thereafter, although the timing of these intervals will be decided through risk assessment.

- 6.5 The survey itself is a monitoring tool and provides a benchmark for the Council and enables us to look at particular areas of concern which have been highlighted. However, before any interventions are put in place, further detailed work must be undertaken to understand the stressors which impact on individuals and departments, part of which is to understand how stresses outside of work affect the individual in the workplace. As employers we must accept that we cannot eliminate stress, particularly that which is not related to work, but by better understanding what causes stress we can try to put in place measures to reduce it or support people through difficult personal times.
- 6.6 Interventions which address only the workplace will not provide results in terms of reducing stress levels, although they will provide the solution to some issues, eg internal communication, job roles, adequate training and development etc. However, when considering stress issues, we must look at the employee's wellbeing as a whole.
- 6.7 The results of the stress audit are considered in conjunction with absence monitoring information, and information gathered from other sources such as the Staff Attitude Survey. This enables us to get a fuller understanding of the impact of stress on the workplace and provides a starting point for further investigation and or the introduction of specific interventions to address stress. Detailed information on the results of these two surveys will be brought to this Committee at a later date.

## 7 Benchmarking

- 7.1 Since 2001 organisations have been required to submit absence levels as a BVPI as an indication of corporate health. In addition, surveys are regularly carried out by employers organisations such as the Confederation of British Industry (CBI) and professional bodies like the Institute of Personnel and Development (CIPD) which compare absence levels across different types of industry. More region specific surveys are undertaken by local government organisations such as the Employers Organisation and Department of Work and Pensions.
- 7.2 Comparisons with national benchmark statistics are made in Appendix 1

## 8. Current Policies

- 8.1 The Council has already undertaken a lot of work in relation to absence management. Since the introduction of the Absence Policy in 2003, the following has been put in place:
- Absence management training for managers and supervisors
  - Introduction of return to work interviews after every period of absence – these have been proven to be the single most effective tool in reducing sickness absence.
  - The provision of absence information to managers at a corporate, directorate, departmental and individual level.
  - Introduction of a self referral counselling service for all staff.
  - Adoption of an Employee Wellbeing Policy and associated stress awareness training for managers and supervisors.

- Implementation of a new HR/Payroll system with self service to enable the provision of more accurate and timely absence information.
- A range of activities provided by the Health at Work Group to encourage staff to adopt a healthy lifestyle.
- The introduction of more flexible working patterns to enable employees to balance their work and private lives.

8.2 In addition to the above a number of other things have been put in place which indirectly impact on absence, particularly stress related absence such as:

- Performance review training
- Equality awareness training
- Risk management training

## 9 The Future

9.1 The changes in the absence statistics explained in section 4 above show the continued need for monitoring and for the management of absence. At a time when financial resources are scarce and work pressures are high, the organisation cannot afford to maintain high levels of absence. To ensure that absence is reduced to a level which is acceptable to the organisation the following will be put in place. (An action plan detailing this is shown in appendix 3 and links to the HR Business Plan).

9.1.1 Continued provision of absence information – The rise in absence over the last year, when absence information was only provided at a limited level, indicates that we need to maintain the high profile of absence management with division and section managers. The new HR system will assist with the retrieval of this information however the information will need to continue to be provided centrally by HR. Since 2003 absence information has been provided on a quarterly basis. Managers have requested more frequent information but this has not been possible in the past due to the amount of time it took to get the information from the systems. The introduction of the new HR system means that this can be provided on a monthly basis in future.

9.1.2 Provision of absence training – When the Absence Management Policy was introduced, associated training was provided for line managers. Organisational changes and staff changes since 2003 mean that there are a number of new managers who have not benefited from the training. In addition refresher training needs to be carried out with line managers who have previously been trained to ensure consistent practice and to raise the profile of absence management.

9.1.3 Review of Absence Management Policy – The Absence Management Policy has been in place since 2003. The policy must now be reviewed to ensure that it is still meets the needs of the organisation and continues to comply with employment legislation.

9.1.4 Stress Management - The Stress Audit recently carried out highlighted a number of concerns, such as bullying, which need further investigation and a review of employment practices and training needs. Support will be sought for further work to



be done with Heads of Division and line managers to understand the issues and seek solutions.

- 9.1.5 Review of Other Related Employment Policies and Practices – Absence levels are affected by a number of factors involved in the employment relationship. A number of other policies and procedures which support the working relationship such as Bullying and Harassment Policy, Capability Policy, Employee Well-being Policy and Performance Review and Competency Assessment will be reviewed to ensure that they continue to be fit for purpose.
- 9.1.6 Review Working Practices - The Flexible Working project is in the process of reviewing working practices and setting up proof of concept sites to introduce homeworking, mobile working and more flexibility in the way we work. This will offer staff more flexibility in working hours and assist in enabling them to strike a good work/life balance and so assist in the reduction of absence, particularly stress related absence.
- 9.1.7 Employee Assistance Programmes (EAP) – The current counselling service will be reviewed and other EAPs investigated to see if they can provide cost effective assistance in reducing absence. Discussions have taken place with a number of organisations who can provide a full absence management service from the provision of a triage nurse for reporting sickness through to the provision of management information on absence trends. Whilst, the costs of these services currently outweighs the benefits they may be considered further if internal absence management solutions do not provide the required reductions in absence levels. Some EAP's such as the provision of private healthcare are being further investigated as part of the development of a Pay and Benefits Strategy to provide a flexible benefits package.
- 9.1.8 Work is currently being undertaken by Heads of Human Resources for the Hampshire and Isle of Wight Local Authorities to draw up detailed project plans for a range of HR projects following a successful bid for additional government funding of £600,000. Part of the funding will be allocated for projects which will specifically address welfare issues across all of the Hampshire Authorities, looking at health promotion initiatives and proactive interventions that prevent ill health as well as the provision of joint Occupational Health Services.
- 9.1.9 Benchmarking – Absence levels will continue to be benchmarked against other district authorities and also against the public sector as a whole. Comparison will also be made against the private sector and consideration given to what we can learn from their absence management practices.

## 10 Consultation

- 10.1 UNISON continue to be involved in the ongoing management of absence and will be consulted on any changes to policy and interventions put in place to reduce absence and work related stress.

OTHER CONSIDERATIONS:11 CORPORATE STRATEGY (RELEVANCE TO):

11.1 Relates to the Corporate Strategy's statement on; making our working practices fit for the 21<sup>st</sup> Century, managing the Council effectively and creating an efficient and effective working environment.

12 RESOURCE IMPLICATIONS:

12.1 Provision for absence training has been set out in the corporate training plan.

12.2 The reduction in the levels of absence relates directly to the availability of staff resources, a reduction in overtime costs and in the use of agency staff.

BACKGROUND DOCUMENTS:

Documents held within the Human Resources Department

APPENDICES:

Appendix 1 Absence Statistics 2002/03 to 2005/06

Appendix 2 Absence by Reason Code April 2005 to March 2006

Appendix 3 Action Plan