

BROMSGROVE DISTRICT COUNCIL
PERFORMANCE MANAGEMENT BOARD
16TH DECEMBER 2008

SICKNESS ABSENCE

Responsible Portfolio Holder	Councillor Roger Smith
Responsible Head of Service	Joanne Pitman
Non-Key Decision	

1. SUMMARY

- 1.1 The report is provided in response to a request from PMB to update the Board on the Council's level of sickness absence, how this compares to the national picture and to consider the interventions currently used to reduce these levels in comparison with nationally recognised interventions, and to highlight areas where further action could be taken, with appropriate financial support. The report also updates the Board on the Government's response to Dame Carol Black's report 'Working for a healthier tomorrow'.

2. RECOMMENDATION

- 2.1 For the content of the report to be noted.

3. BACKGROUND

- 3.1 PMB routinely tracks the performance of sickness absence levels across the council, and, whilst performance improved significantly during the first quarter of 2008/09, the Board has expressed concern that performance has dropped markedly again since July 2008. The Board has therefore requested further information/explanation about the interventions currently in place and any issues within the Council that may be affecting employee absence levels. The Board is also closely monitoring the development of Dame Carol Black's report in relation to absence.
- 3.2 As a result of the increasing levels of absence across the Council, a **Performance clinic** was held on 22nd October 2008, where national and local measures to reduce sickness absence were considered, together with the effectiveness of the Council's current sickness absence policy and whether this needed to be revised.
- 3.3 The average age of the workforce was also discussed as to whether this could be a contributing factor to the levels of sickness, particularly being mindful of the long-term sickness cases in the year to date.

- 3.4 There was an acceptance that on the whole the sickness absence recorded was genuine. It was acknowledged, however, that the levels continued to be too high, which impacts on the Council's service delivery and that further interventions needed to be considered to reverse the upward trend in absence levels.
- 3.5 Street Scene and Community were highlighted as a service area where the sickness absence policy was now embedded and that, following some initial problems, employees were progressing to the formal stages of the process. It was noted that one employee had been dismissed for persistent short-term sickness within this service-area.
- 3.6 It was agreed that further analysis was needed into the main causes of sickness absence at the Council and to consider the effectiveness of the Council's existing interventions (including the Sickness Absence Policy) in a national context and to consider what further action could be taken.
- 3.7 **National Findings in relation to sickness absence:** Levels of sickness absence, as reported in the recent Confederation of British Industries (CBI) and AXA report for the UK stand at an average of 6.7 days per employee which equates to 3.3% of working time and some 172 million lost days across the UK Economy.
- 3.8 Absence Levels: The CIPD Annual Survey 2008 reports that absence levels in the public sector remain the highest at an average of 9.8 days per employee, per year but have reduced slightly compared with the previous year when the absence level was 10.3 days. Paragraph 3.19 details the Council's current performance level and how it compares against these performance statistics.
- 3.9 Causes of Absence: The main cause of short-term absence according to the CIPD research for both manual and non-manual workers is minor illnesses such as colds, flu and stomach upsets. Among manual workers, the next main causes of short-term absence are back-pain, musculoskeletal injuries, stress and home and family responsibilities. Among non-manual workers, besides minor illnesses, the major causes of short-term absence for non-manual workers are stress, musculoskeletal injuries, back pain and home and family responsibilities.
- 3.10 The research goes on to highlight the main causes of long-term absence among manual workers are acute medical conditions, followed by back pain, musculoskeletal conditions, stress and mental health problems. Among non-manual workers, stress is the number one cause of long-term absence, followed by acute medical conditions, mental health problems such as anxiety and depression, musculoskeletal conditions and back pain. An analysis of the causes of sickness absence in the current year is being undertaken and will be reported orally to this meeting of PMB.
- 3.11 Managing Absence: CIPD research shows that return-to-work interviews are rated as the most effective approach to managing short-term absence, followed by trigger mechanisms. The top three most highly rated approaches to

managing long-term absence are occupational health support, the provision of rehabilitation programmes and flexible working.

3.12 Nationally Recognised Interventions: Employee Well-being Programmes/Employee Well-being Strategy are a means of providing benefits to employees. The most common elements include:

- access to counselling services;*
- stop smoking support;
- employee assistance programmes;
- healthy eating options in staff restaurants;*
- subsidised gym membership;*
- advice on healthy eating;
- access to physiotherapy;
- health screening.

In addition to these interventions, imaginative or interesting interventions cited in the LGE Sickness Absence Levels and Causes Survey 2006-2007 include:

- rigorous monitoring of sickness absence through an absence management policy; *
- training of staff, particularly managers, in sickness absence policies;*
- greater role for occupational health;
- incentives (e.g. quarterly prize draws or additional days leave for those who had not had any absence);
- health promotion schemes and assessment;
- fast tracking medical appointments;
- fitness promotion schemes and assessments;
- independent healthcare schemes where employees pay as part of their salaries;
- help with debt;
- free fresh fruit;
- health insurance;
- critical illness insurance;
- hydration promotion.

* These interventions are those which are currently used by the Council, some of which are discussed in more detail below.

3.13 National Costs of Absence: Direct – the direct cost of absence, according to the Confederation of British Industries (CBI) and AXA report for the UK fell slightly in 2007, to £517 per year per employee. Extrapolating this across the UK economy, more than £13.2 billion was lost last year. Direct costs are: Salary, NI, Sick pay, over-time and paying for cover (i.e. agency staff at the Depot needed to complete crews).

3.14 Indirect costs – the average indirect cost of absence was £263 per employee per year. Indirect costs are: Management time to administer absence policies,

reallocate work, source cover, wider impact on team, potential delayed project delivery, potential impact on customer service.

3.15 Combined Costs – £780 per employee - the overall cost of absence for the UK was close to £20 billion. Absence costs were higher in the public sector (£692) than in the private sector (£459). According to these statistics, the inclusion of indirect costs increases average absence costs by over 50%.

3.16 Government Paper 'Improving Health and Work: Changing Lives': The Government has now issued a full response to Dame Carol Black's report 'Working for a Healthier Tomorrow' which was published in March 2008. This response was published on 25th November 2008 and is built around three key aspirations to enable the delivery of their wider vision:

- Creating new perspectives on health and work;
- Improving work and workplaces; and
- Supporting people to work.

3.17 The following key initiatives have been included in the Government's plans:

- Electronic 'fit note': A new electronic 'fit note' will replace the current medical certificate, and help GPs switch the focus of their advice to what people can do rather than what they cannot. The new 'fit note' will help employers and individuals have better access to timely information about when and how to return to work. The revised form is more user-friendly, simpler to complete and supports GPs to provide the best advice to their patients on fitness for work. It will also help employers consider whether an earlier return to work can be accommodated in the workplace and how this might be achieved. The Government will consult formally on the regulations required to change the certificate early in 2009.
- A National Education Programme for GPs: Intended to improve GPs knowledge, skills and confidence when dealing with health and work issues, enabling them to adapt the advice they give to help people stay in or return to work;
- The Business HealthCheck Tool: has been designed to enable businesses to estimate the costs of sickness absence, turnover, worker ill-health and injury in their organisation; enable employers to identify the savings that could be generated by investing in health and well-being programmes; and help in measuring the return on investment;
- Piloting Early Intervention Services: A range of services will be piloted in 2009 and will seek to help individuals by making access to work-related health support more widely available. Helping those people who are inactive because of a health condition or a disability find work was at the heart of Dame Carol's Review.

- 3.18 **Summary of Performance to Date:** The Sickness Absence Performance update for October was recently forwarded to Heads of Service and Cabinet members and highlights the extent to which the sickness absence levels have again increased across the Council.
- 3.19 The projected out-turn figure for 2008/09 is now standing at 10.57 days (based upon accumulated figures within the performance year to date) against a year-end target of 8.75 days per full-time equivalent.
- 3.20 The overall trend for October was upward, and compared to the same time last year, there has been an increase in the overall sickness absence levels across the Council (of 282.5 days) with only three service areas in a better position than the same time last year (Legal, Equalities & Democratic Services, Finance and HR&OD).
- 3.21 Only three departments (Legal, Equalities & Democratic Services, HR&OD and Planning & Environment) are green against the Council's overall corporate target of 8.75 days sickness absence for the year.
- 3.22 The average age of the workforce as at 1st November 2008, is 41.7 years.
- 3.23 The graphs and spreadsheets within Appendix 1 are included to highlight the increase in overall sickness absence across the Council.
- 3.24 **Current Interventions:** *The Sickness Absence policy* was revised during 2006 and, following Union agreement, was implemented in January 2007. A summary document and a one-page reporting procedure were also developed and are available to all managers and employees via the intranet. Sickness absence training was provided for all managers to ensure they understood their responsibilities under the new policy as well as providing general sickness absence case management guidance. In addition workshops at supervisor level have also been undertaken to assist managers on a practical level.
- 3.25 The sickness absence policy splits absence into Long-term sickness and Short-term sickness, with specific guidance on the effective management of both.
- 3.26 The policy contains '*trigger points*' in relation to an individual employee's sickness absence level to enable Managers to make an assessment as to whether further action is required. This action is taken at one of three levels: Informal, Formal 1 and Formal 2.
- 3.27 The number of employees across all departments of the Council currently being reviewed under the Sickness Absence Policy at the various levels is broken down below.

Service	Informal	Formal 1	Formal 2	Dismissal
Street Scene & Community	22	1	1	1
HR & OD	0	0	0	0
Legal, Equalities & Democratic	0	0	0	0
CEO	0	0	0	0
Planning & Environment	0	0	0	0
Finance	0	0	0	0
E-Government & Customer Services	0	0	0	0
Totals	22	1	1	1

3.28 **Sickness Reviews with Heads of Service.** Following the receipt of the **Sickness Absence Performance Updates** (issued monthly), all Heads of Service meet with Human Resource Advisors to discuss the levels of sickness absence within individual services.

3.29 **Return To Work Interviews.** Heads of Service are asked regularly to remind all service managers and departmental management teams that return to work interviews and prompt completion of the associated forms are an essential part of the sickness absence policy and our strategy to reduce sickness absence levels. Effective return-to-work interviews are recognised as being one of the most positive forms of managing sickness absence.

3.30 **Occupational Health Referrals.** The Council currently engages the services of Performance Through Health (PTH), an independent Occupational Health Service, for specific guidance and advice on managing long-term sickness cases and persistent short-term sick offenders, as well as pre-employment screening.

3.31 **Access to Counselling.** The Council, through PTH, provide a counselling service to employees who are experiencing difficulties in both their working and personal lives.

3.32 **Rehabilitation Programmes.** The Council, with advice from PTH, support employees returning from periods of absence through phased return to work programmes, payment for physiotherapy and alternative therapies, to aid an earlier return to work date and in some cases to ensure that employees remain in work.

3.33 **Flexible working/Homeworking.** The Council considers all requests for flexible working in line with our statutory obligations and seeks to support employees wherever possible. This is one area of policy development which is due to be reviewed in line with the HR&OD Business Plan for next year. Specifically this will involve the review of Work/life Balance and Family Friendly policies and approaches, with the aim of underpinning our commitment to becoming an employer of choice, which in turn could have an effect on absence levels.

3.34 **Back-Care Workshops.** The Council organises manual handling training for all staff and has now incorporated a back-care programme designed to reduce work-related injuries, specifically to backs.

3.35 **Employee Well-Being.** The Council is currently working in partnership with the local Primary Care Trust, predominantly in relation to the health and well-being of the community, however also focussing on employees. There have been several well-being/awareness days, which have raised awareness of mental health issues, as well as offering a range of alternative therapies for employees to experience. In line with the HR&OD Business Plan for 2010/11, the Council are also committed to delivering a comprehensive Employee Health and Well-being programme.

3.36 Stress Survey, Stress Awareness Training

As part of its commitment to reducing sickness absence levels and improving our approach to employee welfare, the Council undertook its first employee stress survey in 2007. The results were particularly pleasing with 3 out of the 6 HSE standards being achieved/exceeded, and the remaining 3 falling slightly short of the standard. Consequently a corporate stress audit action plan was developed as a way of responding to this, and acting as a further intervention to managing absence levels. The first action taken was to hold a series of training events for managers to raise awareness of stress amongst their team members. Training for employees will commence in the new year.

3.37 **Proposed Additional Intervention:** In addition to the above interventions currently being used by the Council, a funding request was submitted for 2009/10 for the introduction of an integrated sickness absence management system across the Council. This bid was considered by CMT and ranked in priority order along with all other budget bids against how they each contributed to the Council's corporate priorities, and affordability. CMT ranked the bid as medium priority. Consequently the bid did not proceed to the first stage recommendation of the budget proposals to Cabinet, and is therefore not likely to attract funding in the forthcoming year. Without such additional funding further managerial interventions are therefore extremely limited in what they can achieve by way of reducing current absence levels.

3.38 The sickness absence management system provided by AHP (Active Health Partners) seeks to reduce absence through a combination of medical expertise and technology that focuses on reporting and managing illness from 'day one'. Their proactive management service has been proven to cut absence in the workplace by over 30%, whilst offering obvious benefits to the employee of 24/7 access to health advice. Case study examples include the London Borough of Newham, where absence was reduced by approximately 40%, South Bedfordshire District Council, where absence reduced by over 30%, and more locally Sandwell Homes have reduced their absence from 14 days per FTE to 9.77 in six months).

3.39 Attached as Appendix 2 is the AHP White Paper 'Calculating the cost of absence', which considers the impact of sickness absence on an organisation's ability to operate efficiently. Both direct and indirect costs are discussed as well as encouraging a wider understanding of the cost of absence.

4. FINANCIAL IMPLICATIONS

4.1 The current estimated direct cost of Sickness for the Council, based on 351 full-time equivalent positions, with an annual average salary of £21,443 (excluding National Insurance costs, Pension contribution etc), with an absence rate of 4.64% (10.57 days per employee per annum) equates to £349,229.27. A 20% reduction in absence would equate to £70,297. In addition to these costs, some service areas (Street Scene and Community in particular) can make direct savings through lower absence levels because the need to employ temporary agency cover would reduce. Essentially, lower absence levels result in productivity/capacity gain for the organisation and thus increased levels of organisational performance/output.

4.2 Appendix 3 – The attached AHP spreadsheet highlights the monetary savings achievable. The costs submitted within the original bid have remained the same, however, the savings are potentially now greater – as these were originally based on a sickness absence rate of 7.77 days, which has now increased to 10.57 days per employee.

5. LEGAL IMPLICATIONS

5.1 No legal implications

6. COUNCIL OBJECTIVES

6.1 Council Objective Two: Improvement

7. RISK MANAGEMENT

7.1 The main risks associated with the details included in this report are:

- Negative commentary within the CPA Inspection Report in relation to capacity as a direct result of absence levels
- Reducing capacity/performance output as a result of high absence levels.
- Inability to proceed with any further organisational interventions due to absence of funding

7.2 These risks are being managed as follows:

- Reducing capacity/performance output as a result of high absence levels

Risk Register: HR&OD Services
Key Objective Ref No: 1 (sickness absence)

Actions: 1.1 Training for all managers, 1.5 monitoring of Government's agenda, 1.6 Consideration of AHP medical support services 1.7 Monitor performance monthly.

7.3 Currently the risk identified in the first and third bullet points in 7.1 are not addressed by any risk register and will be added to the HR & OD Services risk register as follows:

Key Actions:

Increase council-wide awareness of limitations of reducing sickness absence without funding for specific, nationally recognised interventions.

8. CUSTOMER IMPLICATIONS

8.1 Continued rises in sickness absence will continue to have a negative impact on the Council's productivity levels and capacity, which in turn impacts on the levels of organisational performance/output.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

9.1 None applicable.

10. VALUE FOR MONEY IMPLICATIONS

10.1 None applicable

11. OTHER IMPLICATIONS

<p>Procurement Issues Sandwell Homes have established a Collaborative Framework Agreement for the provision of absence management services (including call service and reporting to reduce sickness and absence levels) which the Council could utilise.</p>
<p>Personnel Implications As outlined within the body of this report.</p>
<p>Governance/Performance Management As outlined within the body of this report, specifically in relation to organisational capacity and performance.</p>
<p>Community Safety including Section 17 of Crime and Disorder Act 1998 None</p>
<p>Policy None</p>
<p>Environmental</p>

None

12. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	No
Executive Director - Partnerships and Projects	No
Executive Director – Services	No
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	No
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

13. **WARDS AFFECTED**

All Wards.

14. **APPENDICES**

Appendix 1a Graph showing Cumulative days sickness per FTE
Appendix 1b October Monthly Performance Statistics
Appendix 1c Graph showing Total days sickness per FTE month on month

Appendix 2 AHP White Paper: Calculating the Cost Of Absence
Appendix 3 AHP Spreadsheet

15. **BACKGROUND PAPERS**

- Dame Carol Black's report "Working for a healthier tomorrow" March 2008
- Monthly sickness absence statistics
- CIPD Annual Absence Report 2008
- LGE Sickness Absence Levels and Causes Survey 2006-7
- CBI/AXA Absence and labour turnover survey 2008

- AHP White Paper: Calculating the Cost of Absence
- Government Paper: 'Improving Health and Work: Changing Lives'
(November 2008) <http://www.workingforhealth.gov.uk/Government-Response>

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