

AGENDA MANAGEMENT SHEET

Name of Committee Resources, Performance & Development
Overview & Scrutiny Committee

Date of Committee 4th September 2007

Report Title Absence Review

Summary This report describes the outcomes of the formal review of the Council's Absence Management procedures.

For further information please contact:

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Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Councillors David Booth, George Atkinson and John Haynes.
- Cabinet Member Councillors Alan Cockburn and Peter Fowler for information
- Chief Executive
- Legal
- Finance
- Other Chief Officers
- District Councils
- Health Authority

Police

Other Bodies/Individuals

FINAL DECISION

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

**Resources, Performance & Development
Overview & Scrutiny Committee
4th September 2007.**

Absence Review

**Report of the Strategic Director of Performance &
Development**

Recommendation

1. That the Committee notes the latest available performance information on absence levels and continued progress in relation to absence management.
2. That the Committee supports the following recommendations:
 - The training of managers in relation to the new absence procedures is refreshed and built into the corporate Learning and Development menu as a mandatory requirement
 - A standard performance management approach is developed for use within all directorates and reviewed on a six monthly basis.
 - Developments of the HRMS system should continue to support the recording and reporting of absence.
 - A priority for the Shared Service Centre should be a targeted improvement and streamlining of the absence input process.
 - The Council's approach to positive health promotion is refined over the next six months in line with the outcomes from the Promoting Well-Being Research study.
 - The Council's approach to absence management is refined as part of the ongoing review.

1. Introduction

- 1.1 The purpose of this report is to provide an update on attendance levels across the Council in accordance with the quarterly reporting arrangements for Members. In addition the report also provides a review of the first year of the new attendance management procedure and the effect that it has had on absence rates.

2. Background

- 2.1 Members will recall that the new attendance management procedure was introduced in April 2006 following discussions with managers and the non-teaching trade unions.
- 2.2 The procedure was developed on the basis of acknowledged good practice from other local authorities and as recommended by the Local Government Employers (LGE) and the Confederation of British Industry (CBI). In particular the new procedure placed a greater emphasis on the following issues:-
- a/ Return to work interviews
 - b/ The use of trigger points in the management of absence
 - c/ Training of Managers
 - d/ Regular monitoring of absence
- 2.3 The application of these issues and the wider management of attendance procedures are dealt with in section 7.

3. Absence Rates - Overview

- 3.1 A summary of current and comparative absence rates over the last three years is as set out below:

Year Ending	2003/4	2004/5	2005/6	2006/7
Days Lost per Employee*	12.47	10.12	10.57	9.51

* based on full time equivalent

- 3.2 The following specific issues are brought to the attention of Members: -
- Sickness absence levels have decreased by 0.35 days per employee since the last reporting period (year ending September 2006)
 - The overall trend remains downwards. Absence levels have decreased by 1 day per employee since the end of financial year 2005/2006 (i.e. from 10.57 days to 9.51 days)
 - Over the last financial year approximately 32% of employees had no sickness absence.
 - Long-term sickness (i.e. absence of more than 4 weeks duration) continues to account for approximately half of all working days lost through sickness
 - The top three identified reasons for absence across the Council are flu and colds (20%), Stomach/Digestive problems (14%) and Back/Muscular-Skeletal problems (8%). These are based on absence figures for the first quarter of 2007/8.
 - The current cost of absence is estimated to be £1.8 million. This is based on the fact that only a third of absence is covered through overtime or

agency employment and therefore results in a direct cost. A 1% reduction in absence would save approximately £200,000

- 3.3 An analysis of absence by service area is attached at Appendix 1. The figures now reflect the six new Directorates rather than the nine former departments

4. External Comparisons

- 4.1 Current absence levels remain lower than the latest national local government figures (9.6 days absence per FTE employee) but higher than the CBI National average for public sector employers (9.1 days) and County Council average (8.47). A summary of comparative absence data is given below:

Organisation	Absence (Days Lost Per Employee)
Warwickshire County Council	9.51
National Local Government Average	9.60
County Council Average (BVPI)	8.47
County Council Upper Quartile (BVPI)	7.80
CBI (Public Sector)	9.00

5. Introduction of the New Attendance Management Procedure

- 5.1 As indicated above the revised attendance management procedure was introduced in April 2006 for application to all non-teaching employees across the Council. The purpose of the procedure was to provide better guidance for managers in managing unacceptable levels of absence whilst also helping them to support those whose health prevented them from working.
- 5.2 The new procedure was introduced following discussions and consultations with the trade unions. The unions were content for the new procedures to be introduced but did have reservations about the use of trigger points (see section 7.1.8)
- 5.3 A review over the last three months looked at the overall impact of the new procedures and the application of such procedures within Directorates. It included an examination of absence episodes in directorates, discussions with operational managers, trade union colleagues and human resource managers. In framing recommendations (in section 11) consideration was also given to good practice examples from other local authorities.

6. Overall Impact of Procedure

- 6.1 The first year of the new procedure has clearly seen a reduction in absence rates across the Council as shown in section 3. This is encouraging and undoubtedly is as a result of a greater “spotlight” on absence across the Council. In interviews with managers there was a strong view that the new procedure has certainly tightened up existing practice.
- 6.2 It would be unwise, however, at this stage to overstate the link between the application of the procedures and a fall in absence rates. The evidence of application of the procedure has not been consistent across Directorates (see

below) and the fall in rates has also not been experienced evenly (see appendix 1).

- 6.3 Whilst the initial signs are good, Members will note that further work needs to be done to ensure the procedure is embedded as part of normal management practice and in order to realise a sustainable improvement in absence levels.

7. Application of Procedure

- 7.1 In looking at the application of the new procedure in Directorates the following areas were examined: -

(i) Training of Managers

7.1.1 The launch of the new procedure was accompanied by a corporate programme of training for managers. This was initially attended by 950 managers across Directorates with positive feedback. In discussion managers commented that the training had been extremely helpful and had raised confidence in dealing with often quite difficult issues. It is equally clear from the review that training on attendance management has not been sustained in all areas and needs to be revisited, particularly for new managers and supervisors. One of the reasons cited for not dealing with absences exceeding the trigger points was due to a lack of training. This training needs to be a mandatory element of the Council's Learning and Development menu.

(ii) Monitoring of absence

7.1.2 A feature of the last year has been a general increase in the level of monitoring of absence, both corporately and across Directorates. Guidance from the CBI and LGE both support this as a critical requirement in the management of sickness absence. This Committee now receives and reviews absence on a quarterly basis.

7.1.3 The above arrangements are replicated in Directorate Management Teams although the regularity and quality of such arrangements is not consistent. In most cases absence data is reviewed at DMT level and performance management data passed to operational managers for action and progress chasing. There is less evidence that the application of the new procedures is being monitored in individual service areas.

7.1.4 Work needs to continue in relation to the monitoring of absence at all levels and as part of wider performance management arrangements. A regular focus at DMT level (and particularly on the top 10% of "difficult" cases) will help to promote action and resolution in this key performance area. To help with this we are now making available more detailed information to Directorates.

(iii) Return to work interviews

7.1.5 Return to work interviews are a key requirement of the new absence procedures. They are important in ensuring that the reasons for

someone's absence are properly examined and appropriate support is given to an employee on their return to work.

7.1.5 Despite this, the review identified this as an area of perceived difficulty for managers and one where further training was needed. In a review of 183 absence incidents across Directorates it was clear that satisfactory evidence of Return to Work interviews had only been found in 52% of the cases concerned. Detail in relation to this is attached at Appendix 2.

7.1.6 This area will need to be reviewed as part of each Directorate's performance management approach and supported by training.

(iv) Trigger point management

7.1.7 The new absence procedure includes a set of recommended triggers to help prompt action and support in relation to employees who have a certain level of long-term absence or a sequence of short-term intermittent absences. These include a formal review:-

- where employees had had more than three spells of absence in a six-month period or 5 or more spells in a 12 months period
- where employees had been absent for more than 4 weeks due to long term or chronic sickness absence

7.1.8 The use of triggers was a particular area of discussion with the trade unions who felt that standard triggers could not be used consistently across occupational groups with different job roles and varying exposure to health risk and sickness.

7.1.9 Whilst this is accepted, it has always been the case that the triggers were introduced only as cues to review individual cases and not as cues for automatic and formal intervention. Individual circumstances clearly need to be taken into account and particularly the context in which the employee is working. Formal intervention would also not be appropriate in relation to disability or maternity related absence.

7.1.10 It is certainly clear from the review, however, that the use of triggers is a standard part of the approach to absence management across local authorities and particularly amongst those with lower absence

7.1.11 Notwithstanding the above, it is also clear from the review that the triggers are not working as effectively as they should be across Directorates. In a separate sample of employees who have had 5 or more spells of absence (one of the key trigger points) it was found that:-

- Return to work interviews had been conducted in 82% of cases
- Informal meetings to look at concerns had happened in 54% of cases
- Occupational Health referrals had taken place in 22% of cases
- Formal measures had been taken in only 16% of cases

7.1.12 A more detailed summary of this is attached at Appendix 3.

7.1.13 It is important that this area is subject to targeted work over the next 6 months using a common performance management template, monitored at Directorate Management teams and supported by a specific development tool. This will be commissioned through the learning and development team.

8. Sickness Recording/Reporting Mechanisms

- 8.1 A pre-requisite to the effective monitoring and management of absence are the arrangements for recording and reporting absence information at source. This depends on the effective recording of absences by individual managers, the submission of weekly absence returns to HR teams and the input of the data onto the Human Resources Management System (HRMS).
- 8.2 Despite improvements over the last year, the review identified some remaining concerns about the process and speed at which data is input onto the HRMS system. Clearly the inputting of data needs to be complete across all Directorates (and within the same time-frames) in order to ensure accurate and timely reporting to this Committee.
- 8.3 From September 2007 the entry of data will be the responsibility of the new HR Service Centre. This will have a significant effect on the speed and consistency of data input and the quality of reports. The inputting of absence within Directorates will also be improved by the development of the “self-service” part of the HRMS. This will allow managers to electronically input absence data directly onto HRMS.
- 8.4 Over recent months improvements have also been made to the quality of absence recording on HRMS and particularly the ability to record sickness according to individual full-time and part-time work patterns. Whilst this cannot yet be done in relation to schools based absence, the improved facility has helped to refine the integrity of absence data.
- 8.5 From 1st April 2007 five new absence reports have been available to help improve the consistency of absence data across directorates and the “match” between corporate and directorate information. The new reports include:-
- Total Sickness Days Lost / Days Lost per Employee
 - Number of Episodes per Employee
 - Number and Percentage of Employees with No Absences
 - Days Lost Due to Long-term / Short-term Sickness
 - Reasons for Absence / Sickness Days Lost / Sickness Episodes.

9. Wider Focus in Directorates

- 9.1 One of the issues covered within the review has been the additional initiatives being taken to manage absence and particularly the “challenging sickness absence” project underway in the provider services area of Adult Health and Community Services Directorate.

- 9.2 The project is being run jointly with the trade unions, service managers, human resources and the Council's Healthy Workforce Co-ordinator in an effort to tackle the high incidents of absence within home care, day services and HEPs. The particular focus of the project is the joint monitoring of absence, the review of "hotspots", the development of performance management tools and the targeting of particular positive health interventions.
- 9.3 Whilst it is too early to be confident about the benefits of this approach, it is felt that it has contributed to a 0.2% reduction in rates in the provider services area in the period from November 2006 to March 2007. It has been agreed that the model should be used as a "pilot" for possible extension to other parts of the Council.

10. Positive health promotion

- 10.1 An important feature of the Council's approach to absence management is the focus that has been placed on positive health promotion over the last 12 months. This has ensured that a balanced approach has been taken; dealing with unacceptable absence, whilst also pursuing measures to promote positive health and attendance and a healthy, active and valued workforce. As part of this the Council have offered a range of preventative health activities for staff branded under the MyTime campaign. This has included the following:-

(i) Employee Lifestyle and Health Checks

10.1.1 Over the last 18 some 1400 healthchecks have been delivered to employees and primarily targeting occupational groups with high absence levels. The checks have been used to raise awareness of positive health, anticipate serious health problems (i.e. to facilitate referrals to GPs in instances of high cholesterol and blood pressure) and encourage positive health and lifestyle changes. Although the effects of this will inevitably not be realised over the short term it is felt to have been a cost effective intervention. Results of a recent survey of those who attended indicated that:-

- 70% felt that it had been a positive experience
- 16% indicated that it had helped to anticipate a more serious health condition
- 89% felt that their health and attendance had improved since the health check

(ii) My Time - Positive Health Promotion/Well being workshops

10.1.2 Members will know that a range of positive health promotions have been promoted to staff including lunchtime yoga sessions, advice on smoking and dietary advice. In addition over 100 employees have attended well-being workshops since May 2006 as part of the Council's approach to well-being and stress management. As we now access better information about the reasons for absence the sessions can be customised and tailored accordingly.

(iii) Promoting Well-Being @ work study

10.1.3 In the last few weeks the Council has been chosen as one of the participants in a research project sponsored by University of Warwick Medical School. This is an excellent opportunity for the Council to access valuable and dedicated support in relation to health/attendance and refine its strategy for the next 2 to 5 years. The terms of reference for this study are set out in Appendix 4.

11. Conclusions/Areas for Improvement

11.1 It is encouraging that absence levels have continued to fall over the last 12 months and it is felt that this is as a result of an increased focus on absence across Directorates. There is, however, no room for complacency. Further work is needed to ensure that the principles of the new procedures are embedded and a sustainable reduction of absence is achieved. As part of this it is recommended that the following actions are pursued over the next 12 months:-

- a/ The training of managers in relation to the new absence procedures is refreshed and built into the corporate Learning and Development menu as a mandatory requirement (see 7.1.1 above). As part of this a focus should be placed on managing return to work interviews (see 7.1.6) and the use of the absence triggers (see 7.1.13)
- b/ A standard performance management approach is developed for use within all directorates and reviewed on a six monthly basis. This should include the application of the new procedures, the training of managers and absence trend analysis (7.1.4)
- c/ Developments of the HRMS system should continue to support the recording and reporting of absence and particularly in relation to the access of absence data by line managers (8.3)
- d/ A priority for the Shared Service Centre should be a targeted improvement and streamlining of the absence input process from the absence incident to the reporting of that absence (8.3)
- e/ The Council's approach to positive health promotion is refined over the next six months in line with the outcomes from the Promoting Well-Being Research study (10.1.3)
- f/ The Council's approach to absence management is refined as part of the ongoing review (and lessons learnt) from the current "challenging sickness absence" project in AH&CS (9.3)

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August 2007

APPENDIX 1

Absence levels (average numbers of day's absence per FTE employee) for the last four reporting periods.

Department *	Directorate*	2003/4	2004/5	2005/6	2006/7
CAMS		6.9	6.7	6.8	
Treasurers	Resources	10.0	9.8	6.1	8.42
Property Services		5.8	4.6	7.4	
Education (inc. school emps)	Children YP&F	9.0	7.9	8.2	8.28
Chief Executives	Performance & Development	6.9	8.9	6.6	9.20
Fire and Rescue	Community Protection	8.2	8.0	9.8	8.64
LHTS		11.3	11.1	8.4	
	Adult Health & C. Services				18.77
Social Services		32.0	20.8	23.5	
PTES	Environment & Economy	11.1	8.4	6.5	7.53
TOTAL		12.47	10.12	10.57	9.51

- (*) The former nine departments have been identified for general guidance, but do not give a strictly "like for like" comparison of absence data between employees in the "old" and "new" service areas.
- (**) These figures include absence data for "year ending" December 2006
- (***) It is expected that this figure will reduce as part of the development of the HRMS system over the next 12 months (and the related improvements to the recording of absence figures). Following a manual "scaling" exercise within the directorate a revised estimate was issued as 14.1

APPENDIX 2

Cases reviewed to check whether return to work forms have been completed in accordance with the sickness absence management procedure.

Directorate	No of Teams	No of Empl ees	No of Sick Periods	No of RTW Forms Satis	% of RTW Forms Satis	No of RTW Forms Not Satis	% of RTW Forms Not Satis	No of RTW Forms not on File	% of RTW Forms not on File
AH&CS*	2	10	38	20	53%	4	10%	13	34%
CYP&F	2	9	36	23	64%	5	14%	8	22%
Community Protection	1	4	16	3	19%	0	0%	13	81%
E&E*	2	6	29	7	24%	8	28%	13	45%
P&D	2	8	32	8	25%	5	16%	19	59%
Resources**	2	12	32	10	31%	0	0%	22	69%
TOTAL	11	49	183	71	39%	22	12%	88	48%

* Return to work forms were not due to be completed in two cases (one in AH&CS and one in E&E) as the employees concerned were still absent sick.

** Old Property Services were not tested as return to work forms are not used, information being recorded on TRAM instead.

Action in relation to employees who have had 5 or more absence spells

The table below shows a random sample of employees within Directorates who have taken at least 6 periods of absence between July 2006 and July 2007. It shows those who have received a return to work interview, those referred to Occupational Health and where informal and formal meetings have taken place.

Directorate	Number of staff taking short term absences	Return to work interviews	Occupational Health referral	Informal Meeting	Formal Stages			
					1	2	3	4
AH&CS	13	13	2	9	3	0	0	0
CYP&F	13	9	3	4	2	0	0	0
Community Protection	2	2	2	2	0	0	0	0
E&E	6	3	1	6	1	0	0	0
P&D	4	2	2	2	1	1	0	0
Resources	12	12	1	4	0	0	0	0

The sample shows that out of the total of 50 employees identified as taking frequent short-term absences, 82% have had return to work interviews. However, only 22% have been referred to Occupational Health and only 12% have progressed to the formal stages of the absence management procedures. There are lower numbers of referrals to Occupational Health because it may not always be appropriate for all cases to be referred, as each case is treated individually.

Promoting Wellbeing@Work Study

Project Summary

The aim of the study is to evaluate the impact of proactive intervention(s) aimed at improving the wellbeing of the workforce, on organisational performance. This includes not only their effects on direct measures of productivity, but also the areas of attendance management, employee wellbeing and the organisational climate. A focus of the study is to explore the contextual issues (for example communication, leadership, nature of industry) that influence the successful introduction of such interventions.

Purpose

Optimising workforce health and the prevention of work and lifestyle-related illness and absenteeism are issues which have grown significantly in importance, and collectively have become a public health and economic priority. As a setting in which to promote health, the workplace is of key importance. The organisational structures and procedures of workplaces provide opportunities to positively influence lifestyle and work-related health behaviours. This study is aimed at helping organisations develop a more pro-active approach to improving the health and wellbeing of their staff. In particular, it will assess the impact of health management programmes on organisational and employee performance.

Study Design

The study involves an in-depth, multi-methods, case study analysis of organisational approaches to employee health and attendance management. Up to 24 organisations will be recruited for the first phase of the study against the following criteria: organisation size, public/private, industrial sector, nature of workforce and current attendance and health management policies.

Initially a representative from Human Resources from each participating organisation will be asked to participate in a structured telephone interview with a researcher. This interview will last up to an hour, and will cover issues that include the organisations' policies on attendance management, staff sickness monitoring and organisational performance, the role of occupational health and background information about the organisation.

From these 24 organisations, 8-12 will be invited to participate in the full case study research. These 8-12 organisations will be requested to organise a reference group comprising of various stakeholders to ensure that the research can be successfully facilitated.

The full case study research will involve collection of organisational performance data relating to the previous 12 month period, together with interviews with 10 members of staff from all organisational levels, including 'shop-floor' employees. These interviews will be conducted by a Research Fellow from the University of Warwick, will not last longer than one hour, and will cover, health-related issues that affect organisational performance, the perceptions and experiences of absence and health management policies and procedures, the role of the departments, functions and individuals in absence and health management, inter-personal relationships within the organisation, cultural influences on absence and health management, perceptions of absence in the workplace, rehabilitation within the workplace, the impact of health and attendance management policies/procedures, the expectations (and for follow-up interviews, experience and perceptions) of the invention and any recommendations for future action.

The performance data will include data on absence, and measures of productivity which will be tailored to each organisation and the nature of its activity.

A quantitative questionnaire will also be disseminated amongst the workforce. This questionnaire will take approximately 10 minutes to complete and will ask similar questions to

those in the interviews but in a more structured and generalised format. The number of completed questionnaires will vary according to the organisation's size. The study aims for 100-200 replies per organisation.

Corporate level interventions will then be tailored to the needs of each of the 8-12 organisations. This process will involve close liaison between work2health and the organisation in order to ensure an appropriate intervention is devised. The intervention will then be implemented over a period of 12 months. A brief follow up survey will occur 3 months into the intervention to ensure that the intervention is operating effectively.

The main assessment will be undertaken at the end of the 12-month period. This will follow the same format as described for the baseline, with assessment of organisational performance data, interviews with 10 members of staff and the application of a quantitative questionnaire. Focus groups may also be held to assess experience related to the intervention.

Benefits

The proposed organisational interventions and their evaluation are intended to lead to sustainable good practice, and the research should generate new insights into organisational approaches that are associated with better outcomes, improved organisational performance and reduced rates of absenteeism. The case study analysis, together with the full evaluation of interventions will be used to produce guidance and training materials aimed at disseminating and facilitating the introduction of best practice. This will support organisational learning from the findings of the study, such as through adopting consistent approaches to return to work interviews, promoting exercise and good nutrition, and reducing the impact of stress.

In summary the benefits of participation in the study are:

- A full evaluation of current attendance management, employee wellbeing and organisational climate as the research study examines the impact of pro-active interventions on these elements in your organisation. This provides an opportunity to understand where your organisation excels and areas for future development.
- Free expert guidance and input from work2health consultants.
- The opportunity to improve/develop your own attendance and health management policies.
- An individually designed intervention to meet your organisation's needs.
- Interventions designed to last beyond the scope of study. Your organisation will be able to maintain and develop the skills and expertise they have acquired through the intervention.
- Individual organisational feedback in the form of descriptive quantitative data. All who participate will receive full report highlighting recommendations for future developments.
- All participating organisations and individuals will be completely anonymous in any write-up of the project's findings.

The Research Team

The research team have internationally-recognised expertise in conducting clinical, organisational, social science, health psychology, health economic and rehabilitation research, and have considerable experience of undertaking occupational health-related research across a wide range of public and private sector organisations. In addition, an expert panel will advise the research team; the panel will include representation from national bodies representing occupational health, human resource management, the CBI, TUC and other key stakeholders.