

WEST DUNBARTONSHIRE COUNCIL

Report by Interim Executive Director of Corporate Services

Council – 21 December 2011

Subject: Short Life Absence Member Officer Working Group

1. Purpose

- 1.1 To provide Council with an update on the findings and recommendations from the Absence Member Officer Working Group established to identify appropriate actions to address Council sickness absence levels.
- 1.2 Council is asked to note the contents of this report and to approve the recommended Absence Work Plan, shown as appendix 1.

2. Background

- 2.1 The establishment of a short-life Absence Member Officer Working Group was agreed by Council on 23 February 2011. The remit of the group was to support a robust and joined-up focus across the Council in facilitating improved performance in the management of absence. Membership was drawn from Elected Members, Senior Management, Trade Unions, and Human Resources. The Council further agreed that the A&PRC review and approve the activities and recommendations of the Working Group.
- 2.2 The Absence Management Working Group utilised the expertise, knowledge and experience of both Members and Officers to facilitate and support the development of a comprehensive Absence Action Plan (or Work Plan). The Work Plan is designed to encompass all aspects of employee absence, identify clear actions with measurable outcomes, which support the achievement of:
 - 1) considerable improvement in the national rankings
 - 2) improved service delivery
 - 3) significant reduction in the costs of employee absence
- 2.3 Specifically, the Key Objectives of the Short–Life Working Group were identified as follows:
 - 1) To develop a comprehensive understanding of the Council’s absence profile and associated costs
 - 2) To examine the causes and effects of employee absence upon the delivery of Council services
 - 3) To oversee the development of a range of practical interventions which have sound, evidence-based deliverables

- 4) To develop a reporting framework, which enables ongoing monitoring, progress and evaluation of outcomes by the Audit and Performance Review Committee.

3. Main Issues

- 3.1 The Working Group met on 4 occasions and considered the following matters:

Attendance Management Policy

- 3.2 The draft Attendance Management Policy was referred to the Absence Member Officer Working Group by the Joint Consultative Forum (JCF) for final review. The trade unions had contributed to the development of the policy but were unable to agree with all aspects of the final policy. The trade unions concerns were considered by the Group during their review of the policy, and whilst these were not incorporated the group fully endorsed an early review date for the policy. Policies are generally reviewed on a 2 year basis, however it was agreed that the policy would have a 6 month review date i.e. March 2012 and the concerns expressed by the trades unions would be further considered. The final draft policy was submitted the Corporate and Efficient Governance Committee on 22nd June 2011 for consideration and the approved Policy was implemented from 1 September 2011.

Cost of Sickness Absence & Sickness Allowance

- 3.3 The Working Group analysed the costs of sickness absence. The following table shows the direct cost of sickness absence (the value of lost time) based upon the average employee's salary cost of £97.77 per day*. These costs do not include the cost of cover where a post requires to be covered for operation reasons during periods of absence, nor the costs of managing the absence.

Year	FTE days lost per FTE employee	No of FTE days lost	Cost £*
2009/10	12.28	66017	6,454,482
2010/11	10.65	56888	5,561,939

*Source – Finance & ICT

Based upon these costs, a reduction of 1 FTE day lost per FTE employee each year would reduce the cost of absence to the Council by approximately £522,000.

- 3.4 The Working Group also recognised that there are additional costs associated with sickness absence which at present are difficult to quantify i.e.

- Overtime
- Agency Workers
- Supply Teachers

To quantify this information further system development work would be required as it was recognised that analysis of these costs would be essential if the Council wished to have a comprehensive understanding of absence costs.

3.5 In addition to direct costs associated with sickness absence, there are also indirect costs associated, which are again currently impossible to quantify, i.e.

- Impact upon service provision
- Impact upon quality
- Impact upon team performance / productivity
- Impact upon staff wellbeing and morale

The attached Work Plan (Appendix 1) identifies the specific objectives to develop measurable data which would include indirect costs.

3.6 Consideration was given to restricting entitlement to Occupational Sick Pay for staff reporting sick on days 1-3. It was concluded that any restriction would require a revision to employees' terms and conditions and would need to be negotiated at a national level. Future pay settlements are currently under discussion at a national level and there may be an opportunity for the Council to propose to COSLA that the restriction of Occupational Sick pay be considered as part of these negotiations.

Internal & External Benchmarking

3.7 The Council reports sickness absence statistics as a Statutory Performance Indicator to Audit Scotland on an annual basis and this provides a benchmark against the other 31 Scottish Local Authorities. Our position for the previous 2 years is shown below:

Year	Teachers	Local Government Employees
2008/09	14 th	23 rd
2009/10	18 th	29 th
2010/11*	24 th	25 th

* Results to be ratified

Comparison is also made against the Chartered Institute of Personnel and Development – Absence Annual Survey, which measures performance by sector, industry, region etc. It was recognised by the Working Group that external benchmarking out-with Scottish Councils provided opportunities for exploring good practice to improve sickness absence levels and improve staff wellbeing. Exploration of these opportunities has emerged as an objective of the Work Plan.

The Working Group also discussed the opportunities for a regular internal benchmarking exercise – to compare the relative performance within departments and to identify which areas of the Council required intensive support and intervention. The Work Plan also contains this as an objective.

Management Accountability

- 3.8** The Working Group identified the need for management accountability and responsibility to implement actions which were initiated by the Council to reduce sickness absence. This included ensuring consistent application of the Council's policies and procedures, and absence performance being specifically targeted within the Personal Development Plans of Senior Management within the Council. Management accountability has been specifically identified as an objective within the Work Plan.

Management Information

- 3.9** The Group established that provision of quality management information was critical to the effective management of absence as this would directly inform Management decision making. Although a significant amount of development work has taken place to embed and improve the functionality of the Council's Workforce Management System, it was recognised that there are further opportunities to extract absence related management information to support managers in their role. This would directly support Managers' capability to identify and quickly address sickness absence within their workforce.

Good quality management information is also critical to a number of the objectives identified in the attached Work Plan, e.g. Benchmarking, use of Employee Assistance Programmes, Identification of the Cost of Sickness Absence.

Stress Management Policy

- 3.10** The Working Group identified a number of Council policies which could affect sickness absence levels. Stress continues to be one of the most prevalent reasons for sickness absence within the Council. In 2010/11, Stress was reported as the second most common reason for sickness absence after 'Minor Illness' and led to the loss of over 12,000 FTE days. In addition to the direct costs of stress related absence, there are also indirect costs associated with stress at work, e.g. loss of productivity, poor staff morale.

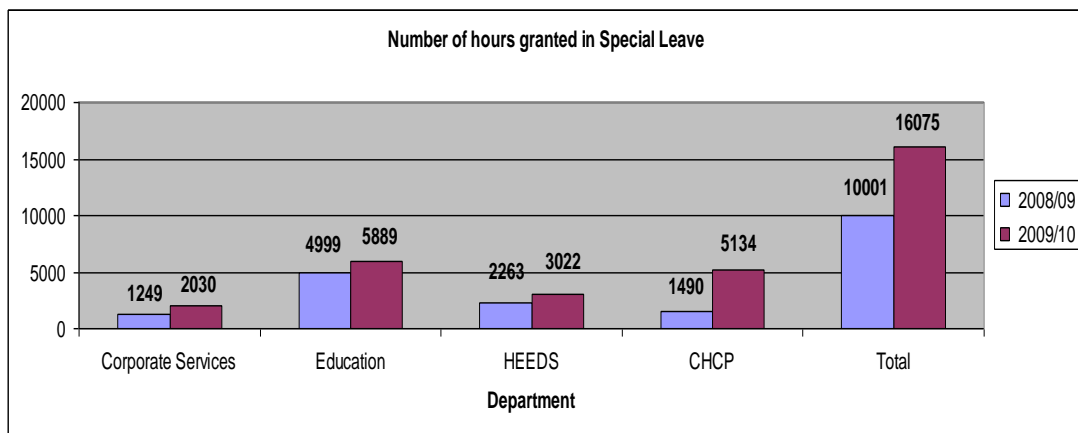
The Working Group recognised the requirement for further action to address work-related stress and any stress related absence. The Group fully supports the implementation of a revised Stress Policy which reflects the Health and Safety Executive's Stress Management Standards, particularly in relation to the carrying out of comprehensive Stress Risk Assessments. A consultation exercise has commenced on the revised Stress Policy and it is anticipated this will be implemented in 2012, supported by a comprehensive training programme. Roll out of the Stress Policy is a specific action identified within the attached Work Plan along with the revision of a number of other absence related policies.

Special Leave Scheme

- 3.11** The Working Group was tasked with considering all elements of absence and their resultant costs, and identified that Special Leave represents significant cost to the Council.

A report to the Working Group compared special leave granted by managers in 2008/9 and 2009/10. The report highlighted the need to improve current recording processes to ensure accurate information which would enable meaningful analysis of the statistics to be undertaken.

The graph below shows the amount of time, in hours, that has been granted per Department for 2008/09 and compares it to 2009/10 figures.



- 3.12** The amount of time (in hours) granted across the council between 2008/9 and 2009/10 increased by 61%.
- 3.13** The Finance & Resources section estimate that the average day's pay within West Dunbartonshire Council is £97.77 which equates to an approximate average hourly rate of £14.00 per hour based on a 7 hour working day.
- 3.14** In 2009/10 it is estimated that paid special leave cost the council £225,000. Although managers have the option in most cases to grant unpaid special leave, the vast majority of Special Leave granted was paid.
- 3.15** Due to the problems discovered in relation to data collection, there is a risk that the true cost of Special Leave has not been accounted for. A solution would be to further develop recording processes using the Workforce Management System, to centrally record all Special Leave requested, leave granted or not granted, which requests are paid or unpaid. This Management Information could be reported with the sickness absence information generated by the system and provide a rounded picture of the absence of the staff member. Information could also specifically identify the costs to individual teams, services and departments.

Occupational Health

- 3.16** The Working Group explored the contribution that the Council's Occupational Health provider can make to support the effective management of absence and a report was submitted to the Working Group in October.
- 3.17** The report identified that to maximise the contribution of the Occupational Health provider, more effective and earlier referrals by line management were necessary. The Occupational Health service is a management tool to assist in the progression of cases and can only assist when specifically requested. The challenge is ensuring managers understand their responsibility to use this service which provides professional, specialist medical information.
- 3.18** Details of monthly referral rates were presented to the Working Group covering the last rolling year. Evidence shows that following a comprehensive and sustained programme of promotion of Occupational Health has led to a significant increase in referral rates to the service. The graph below demonstrates the positive trend.



In relation to the implementation of the new Attendance Management Policy, the Working Group also recommended that there be mandatory referrals considered by line managers at various defined stages. It is anticipated that referral rates will increase even further as a result of this provision within the new policy.

- 3.19** The Senior Occupational Health Adviser was invited to attend a meeting of the Working Group in October to provide opinion to the group on how the Council can improve attendance levels. Serco advised that the Council must focus on the promotion of Occupational Health as a medical specialty, to ensure early referrals when managing absence, to support both employees and managers. Serco confirmed that the new Attendance Management Policy is improving the referral rates to Occupational Health. Serco also advised that the most common reasons for referrals to occupational health providers in general are stress and musculo-skeletal conditions and this issue needs to be addressed by all organisations.

- 3.20** Going forward, increasing management accountability for adhering to the Council's Attendance Management Policy, particularly with regard to mandatory referrals, is essential.

Absence Work Plan

- 3.21** The Absence Workplan shown in Appendix 1 details the specific objectives identified by the Working Group and actions required to achieve these objectives. All identified objectives link directly to the Key Priorities of the Working Group as identified in section 1 of this report.

The key objectives identified are:

Short Term

1. Develop an understanding of the workforce absence profile through the use of the Council's HR Information Systems
2. Development of a standard range of Management Information to inform Management decision making
3. Development, Implementation & Review of a range of Absence Related HR&OD Policies and Procedures
4. Benchmarking:
 - i. Establish regular **external** benchmarking
 - ii. Develop procedures for **internal** benchmarking

Long Term

5. Up-skilling of managers to support the effective and consistent application of Council policy and to understand their responsibility in effective absence management
 6. Develop a comprehensive Employee Assistance Programme aimed at supporting reduced absence levels and improved Wellbeing
 7. Develop a mechanism for identification of the cost of sickness absence
 8. Mainstream outputs of the Work Plan
 9. Develop and implement a reporting framework to enable monitoring and evaluation of outcomes related to Absence Management by the Audit & Performance Review Committee (ends when all actions under this Work Plan completed)
- 3.23** The Work Plan will cover a period of 18 months and in line with objective 9 above will report progress twice yearly basis to the Audit & Performance Review Committee.

4. People Implications

- 4.1** It is inevitable that people need time off work either through illness or due to other situations covered under our special leave policy. Actions identified by the Working Group are intended to improve processes and procedures for fair and reasonable treatment of all staff.

- 4.2** To support the Attendance Management Policy, an extensive programme of staff briefings and manager training has been rolled out across the Council. The training is aimed at establishing a positive attendance culture across the workforce.
- 4.3** A reduction in sickness absence, is generally found to improve team performance and improve staff morale and wellbeing. Effective line management will also provide appropriate support for staff to remain at work through early identification of health issues and use of a range of Employee Assistance interventions such as Occupational Health, Employee Counselling Service etc.

5. Financial Implications

- 5.1** Sickness absence results in significant financial costs, in terms of occupational sick pay, overtime payments and cover arrangements.
- 5.2** In 2010/2011 sickness absence within the Council equated to 57,000 days lost. This is an estimated cost of £5.5m, which is equivalent to 237 full-time members of staff. Given the high level and cost of absence and adverse impact on service delivery managing absence is a key priority for the Council.
- 5.3** As previously identified, reducing sickness absence levels by 1 FTE day lost per FTE employee would reduce the cost of lost productivity to the Council approximately by £522,000 per annum. At a time of significant financial challenge, it is imperative that all measures which could contribute to reduction in cost to the Council are fully explored. It is unclear as to whether this would allow staffing efficiencies to be generated to effect a real value of saving of some extent. The additional costs associated with the cover of posts affected by sickness is an area where savings could be generated through having less people off work.

6. Risk Analysis

- 6.1** The lack of an effective absence management framework can adversely impact upon our service delivery and employee morale. Significant financial costs associated with high absence levels are a particular risk to the Council in the current financial climate.
- 6.2** Should the Council fail to take steps to reduce absence and improve staff health and wellbeing, there is a risk that we will be one of the poorest performing Scottish Councils.

7. Equalities, Health & Humans Rights Impact Assessment (EIA)

- 7.1** An Equalities Impact Screening will be carried out on each individual objective of the Work Plan to identify any specific issues. Thereafter, steps will be taken to mitigate any risk of discrimination.

8. Strategic Assessment

- 8.1** Taking action to address absence levels within the Council support the following strategic priorities:

Asset Management Strategy

In the current financial climate, any measures that can reduce costs should be explored. Utilising the WMS to initiate some of the objectives identified in the Work Plan is essential to use our technology to full potential. This will impact on resources within this team.

Fit for Purpose Services

One of the Key Priorities of the Working Group was to identify how absence adversely impacts upon the delivery of council services, and how this can be addressed. This is one of the objectives of the Work Plan and actions have been clearly identified to develop an understanding of the link between the impact of absence on service delivery. Reducing absence levels will support the Council priority to improved service delivery

9. Conclusions and Recommendations

- 9.1** The Absence Member Officer Working Group has thoroughly examined the causes and effects of absence upon West Dunbartonshire Council. Whilst some positive actions have already been initiated to improve absence levels, the Working Group recognises that there is still a significant amount of work to be taken forward.
- 9.2** The attached Work Plan details the specific objectives identified by the Working Group which are designed to address the Key Priorities identified in section 1 of this report.
- 9.3** Council is asked to note the content of this report and approve the recommendations of the Working Group as outlined in the attached Work Plan (appendix 1)

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Date: 28 November 2011

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Appendices: Appendix 1 – Absence Work Plan

Background Papers: Council meeting 23 February 2011. Item 11 (Report on approval of a Short-Life Member/Officer Working Group and terms of reference).

Wards Affected: None