Corporate Issues Overview & Scrutiny
27 January 2011

Durham
County Council

Managing Sickness Absence

Report of Kim Jobson – Head of Human Resources and Organisational Development

Purpose of the Report

1   To provide an overview of Durham County Council's approach to managing and monitoring sickness absence.

Background

2   A new council Sickness Absence Management policy was implemented in October 2010 which promoted a consistent approach towards managing sickness absence across the authority.

3   The policy includes a managers' toolkit which provides practical advice and guidance for managers to support them to effectively manage individual cases.

4   The over-arching aim of the policy is to provide a framework for reducing the level of sickness absence, whilst supporting absence employees in their return to work.

5   The Sickness Absence Management policy was revised in December 2010 to enable managers to consider termination of employment for employees who have continuous absence of six months or longer.

Sickness Absence Monitoring

6   The Council has a corporate target of 8.75 days sickness absence per full time equivalent employee (FTE) for the financial year 2010/2011. An agreed quarterly reporting schedule is in place to collect results by individual Service and Service Grouping. An annual corporate total is also reported against this target. The absence rate for the 12-month period to 30 September 2010 was 8.84 days.

7   The table below shows the comparison of sickness absence over the past year divided into service area.

Service	December 2009 Days Lost/FTE	March 2010 Days Lost/FTE	June 2010 Days Lost/FTE	September 2010 Days Lost/FTE
Adult, Wellbeing and Health	3.69	3.66	3.25	3.28
Assistant Chief Executive	0.94	0.86	2.91	2.57
Children and Young People's Services	1.78	2.20	1.61	1.19
Resources	2.61	2.65	2.07	2.61
Regeneration and Economic Development	2.92	3.27	2.60	2.64
Neighbourhood	3.20	2.06	2.94	2.92
Total	**2.18**	**2.42**	**2.08**	**1.86**
No of Days Lost per FTE - BVPI 12	**7.75**	**7.88**	**8.24**	**8.84**

8   Rates can vary from quarter to quarter across Services. This may relate to a specific overall trend, or a regular influence such as school holidays. For example, a smaller Service such as ACE might see a jump in figures because of a single long term absence that distorts the data.

9   Around the time of transfer to the unitary authority through the Local Government Review process, the general trend for sickness absence across the county was downward. The annual rate reduced from 8.25 days per fte in March 2009 to 7.75 days in December 2009. However, the table indicates that there has been an increase from that point to this current figure of 8.84 days. This compares with a national figure for the public sector of 9.6 days.

10   Appendix 2 demonstrates the comparison between the old County Council results for the period from 2005-06 to December 2008. The old County Council's figures had been showing steady reductions. The rate of the unitary Authority initially declined when compared with the old County, possibly because there was only a limited impact because of the relatively smaller numbers of staff being added to the overall calculation. However, improved data collection methods over the last 12 months are possibly a factor in contributing to the rise.

11   Services are required to provide commentaries in their quarterly returns, including identification of hotspots or strategies to improve their sickness figures. This enables monitoring of trends across the Council, together with Service performance.

12   Service and Human Resources colleagues have undertaken a number of initiatives to improve attendance for example piloting a smoking cessation project and a health promotion for 'hard to reach' workgroups.

Sickness Reporting

13   In addition work is ongoing regarding improving the quality and depth of the sickness data recorded. Sickness information is reported in greater detail, with information reported under the following categories:-

- Corporate Sickness Absence Performance
- Sickness Recording – Breakdown of Full Time and Part Time Staff
- Short & Long Term Sickness
- Causes of Sickness
- Long Term Sickness Absentee information
- Planned actions for sickness absence improvement

14   Significant work has already been carried out by HR colleagues to improve sickness reporting to ensure consistency with regard to the definition of the sickness calculation and to improve data quality.

15   Improving sickness absence reporting ensures that the Council has accurate, reliable and timely data which is evidenced from sound systems and reporting processes for performance management purposes. It is also essential that sickness is administered, managed and reported in a consistent way.

Sickness Absence Management Policy, Procedure and Toolkit

16   The Sickness Absence Management Policy, Procedure and Toolkit is a step by step guide to managing sickness absence. This includes detailed support and guidance on:-

- Short and long term absence and the process for managing each (including Sickness Absence Interviews and recording the information on the relevant documentation)
- Referrals to Occupational Health Service and advice on termination of employment if appropriate
- Advice on fit notes and the implications of GP's advice including managing a phased return to work
- Detailed guidance for managers considering referring employees to an Ill Health Capability Hearing and the procedure to follow
- Links with the Stress Management Policy, Procedure and Toolkit to support managers to manage stress related absences.

Management Considerations

17   For consistency, the County Council has continued to use the old Best Value Performance Indicator (BVPI12)[1] method for calculating our sickness absence data.

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[1] This was a formula based on measuring absence over a 12 month period for staff employed by all Councils, including temporary staff with more than 12 months of service. This method has been discontinued by the Government.

18   There is no nationally recognised model for costing sickness absence figures. In the latest CIPD Survey of sickness absence (July 2010) it was pointed out that fewer than half of employers monitor the cost of absence, while only a third benchmark themselves against other organisations. Although a cost analysis can be undertaken to identify the costs associated with sickness absence with regard to estimating productivity costs, this generates only rudimentary statistics. There are significant costs associated with sickness absence which also need to be addressed and can often be difficult to quantify, for example:-

- Costs of management time associated with managing sickness absence
- Costs to the service to replace the absent employee e.g. recruitment exercise and additional salary costs
- Possible training for the employee to cover the workload of the absent employee
- Low morale of employees covering the workload of the absent employee

19   Therefore, any model used to cost the financial implications associated with sickness absence in productivity terms may not accurately reflect the true costs for the council in managing sickness absence for employees.   The most straightforward method would involve a calculation based on the total bill alongside the number of days lost in terms of a percentage of the time lost.   However, this is a crude method, doesn't really highlight a true cost as it excludes the elements detailed above, does not allow for benchmarking.

20   Appendix 3 provides a brief description of some of the different methods for calculating sickness absence.

Management Considerations – Strategy

21   Work is currently underway to develop a combined People and Organisational Development Strategy for 2011-2015. This combines the previously prepared strategy documents, whilst reflecting the changed situation as a result of the funding reductions.

22   The developing Strategy includes an Action Plan to help deliver change in priority areas. This incorporates reviews of a series of policy priorities including sickness absence. As noted previously, this review has been completed ahead of schedule.

Management Support

23   Advice and guidance for managers to appropriately manage sickness absence is available from the Employee Relations Team in Human Resources and Organisational Development.

24   A range of training and briefing sessions from Organisational Development Team in Human Resources and Organisational Development are available for managers to provide them with the skills and knowledge to manage sickness absence cases effectively and in

accordance with the new policy and there are sessions scheduled throughout the year.

Factors for Consideration

25   Although nationally organisations are doing more with regard to sickness absence, there remains concerns over the cost in the public sector. The most usual method of estimation uses only the basic salary of the absent employee, and neglects other significant aspects such as overtime, payments to replacement workers and all management costs from both line managers or the HR function.

26   Previous studies[2] have highlighted the difficulties in establishing any system that seeks to cost sickness absence more accurately. They include:-

- Even leading edge organisations appear ill equipped to form a comprehensive view of their absence costs.

- A number of factors make it difficult to cost accurately. For example the balance between long and short-term sickness is important as long term absence incurs higher cost.

- The impact of 'absence insurance' also has an implication for costs and has to be balanced with the benefits of such.

- Lower absence rates does not necessarily translate into reduced costs and is contingent on many variables some of which are highlighted earlier in this report.

Recommendations

27   The corporate issues Overview and Scrutiny Committee are asked to consider the contents of this report including information about the revised Sickness Absence Management Policy, Procedure and Toolkit and the difficulties of measuring the true costs associated with sickness absence.

28   That sickness absence is monitored via performance reporting that this OSC receives on a quarterly basis.

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[2] Institute of Employment Studies

Appendix 1: Implications

Finance

Costs associated with sickness absence

Staffing

To ensure consistency of all employees during sickness absence management

Risk

The revised Sickness Absence policy was impact assessed and any further changes will be addressed

Equality and Diversity

Established policy proposed as used in the exercise to ensure equality in the process

Accommodation

n/a

Crime and disorder

n/a

Human rights

n/a

Consultation

Consultation with Trade Unions and Service Representatives has been undertaken for harmonised policy

Procurement

n/a

Disability Discrimination Act

Disability related sickness is addressed in the impact assessment

Legal Implications

n/a

Comparisons with District Councils 2005-2008

Council	2005-06 (days per fte)	2006-07 (days per fte)	2007-08 (days per fte)	October 2007 – September 2008	January 2008 – December 2008
Durham County Council	10.02	9.84	9.35	8.56	8.50

How to Measure Time Lost

There are a number of measures that can be used to assess absence, each of which gives information about different aspects of absence.

'Lost time' rate

According to ACAS[2], this is most common measure of absence. It expresses the percentage of total time available which has been lost due to absence:

Total absence (hours or days) in the period x 100
Possible total (hours or days) in the period

For example, if the total absence in the period is 124 person-hours and the total time available is 1,550 person-hours, the lost time rate is:

124 x 100 = 8 %
1,550

It can be calculated separately for individual departments of groups of employees to reveal particular absence problems.

Frequency rate

The method shows the average number of absences per employee, expressed as a percentage. It does not give any indication of the length of each absence period, or any indication of employees who take more than one spell of absence:

No of spells of absence in the period x 100
No of employees

For example, if in one month and organisation employed on average 80 workers, and during this time there were a total of 16 spells of absence, the frequency rate is:

16 x 100 = 20%
80

By counting the number of employees who take at least one spell of absence in the period, rather than to total number of spells of absence, this calculation gives an individual frequency rate.

Bradford Factor

The Bradford Factor identifies persistent short-term absence for individuals, by measuring the number of spells of absence, and is therefore a useful measure of the disruption caused by this type of absence. It is calculated using the formula:

S x S x D
S = number of spells of absence in 52 weeks taken by an individual
D = number of days of absence in 52 weeks taken by that individual

For example:
10 one-day absences: 10 x 10 x 10 = 1,000
1 ten-day absence: 1 x 1 x 10 = 10
5 two-day absences: 5 x 5 x 10 = 250
2 five-day absences: 2 x 2 x 10 = 40

The trigger points will differ between organisations. As for all unauthorised absence, the underlying causes will need to be identified