

LONDON BOROUGH OF BRENT

PERFORMANCE AND FINANCE SELECT COMMITTEE

13 JANUARY 2004

REPORT FROM THE DIRECTOR OF HUMAN RESOURCES AND DIVERSITY

**REPORT TITLE: EMPLOYEE SICKNESS LEVELS COMPARED TO THE BEST VALUE
PERFORMANCE INDICATOR FOR SICKNESS ABSENCE**

Summary

- 1.1 This report provides the Performance and Select Committee with information regarding the current levels of sickness absence in each service area. The report details mechanisms that have been put in place, and the actions taken to seek to reduce sickness levels to an acceptable standard. The report also looks critically at the Council's performance indicator for sickness absence in 2003/4, which is set at an annual target of 10 days (the latest provisional lower quartile in London Authorities) to be achieved by 1st April 2004, and discusses whether such a target is achievable at this stage, in the light of the constraints, coupled with the fact that some of the essential tools for managing sickness effectively have just been, or are being put in place to enable the reduction of sickness absence to take effect. The report also proposes some key management measures that need to be put in place as a matter of urgency to make further reductions happen, and to achieve an excellent score for managing sickness absence.
- 1.2 The importance of sickness absence levels has led to their establishment as one of the key Best Value corporate health indicators. The report acknowledges that particularly in the context of Best Value, it is in the interests of the whole organisation that high attendance levels must be achieved and maintained, underpinned by sound procedures for sickness absence management, effective systems for the proper recording and effective monitoring of employee sickness absence, together with a clear occupational health framework. Including an employee counselling service.

2. Recommendations

The Performance and Finance Select Committee is recommended to: -

- 2.1 Note the detail and findings in this report.
- 2.2 Agree to the measures set out in this report to ensure that the Council achieves its aim to reduce average sickness levels to 10 days per annum, in line with the latest provisional lower quartile in London boroughs.

3. Financial Implications

- 3.1 Sickness absence levels add to the Council's employment costs. Under the statutory sick pay (SSP) scheme, employers are responsible for paying SSP to employees for up to 28 weeks. Under the national conditions of service in local government, the

provision of occupational sick pay is determined by continuity of service, with a maximum of six months, full pay and six months' half pay.

- 3.2 The estimated direct cost to the Council of the current average levels of sickness of 11.4 days per employee per annum is 4.7 million. By reducing average sickness levels to 10.5 days in line with the agreement reached by Corporate Management Team (CMT) on 23 January 2003, the direct cost of sickness absence would be 4.3 million, a reduction of 0.4 million. By reducing average sickness absence levels to 10 days, in line with the Council's Best Value Performance Indicator for average sickness days per employee, the Council's direct costs associated with days lost due to employee sickness absence would be 4.1 million, a reduction of 0.7 million per annum.
- 3.3 Of course sickness absence involves indirect costs as well as the direct costs of sick pay. Employees who are not at work do not make any direct contribution to the organisation and often need time to readjust to their role on their return. There is also a cost to colleagues who have to take on additional work during the absence. Managers also have to deal with other effects of the absence, such as disruptions, demotivation and a general decline in service delivery. Where temporary cover is used there are significant costs of this support.
- 3.4 Although it is important to realise the extent of sickness absence costs, a certain level of absence due to sickness will always exist. The national conditions of service in local government occupational sick pay scheme acknowledge this by compensating employees who are sick so that they do not suffer financial loss before returning to work – depending on their length of service and the length of the sickness absence. The aim of controlling sickness absence is not to forbid sickness, but to manage the absence within the demands of the organisation.

4. Background

- 4.1 High sickness absence levels make it difficult for the Council to deliver high quality services reliably and to achieve Best Value. The importance of sickness absence levels has led to their establishment as one of the key Best Value corporate health indicators. Authorities' performance on sickness absence management is audited and published annually as part of a snapshot for local people of the performance of the authority. Therefore there is an explicit pressure on local authorities to manage sickness absence effectively.
- 4.2 Bearing that in mind, and to address the issue in the Brent context, the previous Director of Human Resources presented a report entitled The Council's Future Approach to Managing Sickness Absence to the Corporate Management Team on 23rd January 2003. The Corporate Management Team agreed a range of recommendations, including the reduction of average sickness levels from 12.1 days to 11.5 days by the end of the financial year 2002/3. The reduction to 10.5 days by the end of the financial year 2003/4, and to achieve the lowest quartile provisionally set at 9.6 days at that stage by the end of the financial year 2004/5. A more incremental reduction was agreed for Social Services given that the Employer's Organisation Social Services Sickness Absence Management Survey 2002 found that average number of days absence per employee for 2000/1 was 15.8 days. In addition, the report recommended a further set of very important recommendations i.e. that reducing sickness absence become a strategic objective for the Council, and that in turn, CMT set as a strategic objective its overall corporate responsibility for absence management

and reduction thereof, and that DMTs set as a strategic objective the overall departmental responsibility for absence management. These are vital elements of any sickness absence management strategy. CMT fully agreed to those recommendations.

5. Details of Average Days Lost Per Employee in Each Service Area for 2002/3 and 2003/4, compared to the Latest Provisional Figures for Sickness in London Boroughs

5.1 Appendix 1 is attached to this report and sets out in tabular form the details of average days lost per employee in each service for 2002/3, and the first two quarters of 2003/4. The Council has achieved an incremental reduction in average days sickness absence from 13.1 days in 2000/1, to 12.1 days in 2001/2, to 11.4 days in 2002/3. As can be seen from examination of sickness absence data set out in Appendix 1, the Council just exceeded its set target of 11.5 days for the reduction of average days sickness by the end of the financial year 2002/3.

5.2 The Association of London Government has provided details of the latest provisional sickness absence data in London Boroughs generally. The figures are as follows:

Lower Quartile	10 days per annum
Median	11.4 days per annum
Upper Quartile	12.8 days per annum
Average	11.4 days per annum

5.3 During this year the London lower quartile has increased from 9.6 to 10 days and there is widespread concern that employee sickness absence is on the increase in the public sector. Based on the latest figures, Brent Council ranks as average in terms of employee sickness absence levels.

6. Detail of actions taken so far and achievements to date in reducing sickness absence

6.1 In order to achieve the gradual reduction in sickness absence set out in paragraph 5.1 a range of measures have been introduced as follows:

- The setting of corporate targets for attendance by CMT.
- The collection, analyses and publication of quarterly and annual sickness absence data for each service area.
- Annual monitoring reports presented to CMT comparing absence levels among different departments. The next such meeting will take place in February /March 2004.
- Most DMTs are considering absence data for their service area on a quarterly basis.
- The issue of guidelines to help managers control absence and improve attendance.
- Departments are distinguishing between short term and long term sickness.
- Some departments are conducting return to work interviews. This will be an integral part of the new sickness absence procedure.
- Developing a longer-term contract with a highly reputable and experienced Occupational Health Service provider, that includes a broad range of measures to facilitate sickness absence control, supporting employees to return to work and thus creating a culture of high attendance.

- Making new employees aware of the Council's rules and procedures for absence in the induction programme
- Making better use of the probationary procedure.

6.2 Of course managing sickness absence is not just about reaching a target but also about seeking to manage and address the cause of sickness. Under the guidance of the Employee Relations Manager, the role of HR Managers has been a co-ordinating one, whereby they proactively work with managers to regularly reinforce the importance of keeping on top of sickness absence, establish systems for systematic case management, reviewing individual sickness records in order that managers can objectively assess absence, and advise them on the appropriate action to take. Secondly to explore the reasons for sickness absence in order to prevent absence recurring, and to ensure appropriate medical or counselling intervention via the Occupational Health Service.

7. The Current Position

7.1 By examining the sickness absence data for the first two quarters in 2003/4 it can be seen that there has been no measurable reduction in *overall* sickness levels in this period. To that end the measures set out in Para 6.2 have intensified, and it is anticipated that the data for October to December 2003, which will be available in mid January 2004, will reflect those efforts. It seems highly unlikely that the Council will achieve the Best Value Performance target of 10 days sickness by as early as 1st April 04. This is a rather ambitious target in any case, and to achieve such a reduction in sickness absence in a one year period from 11.4 days to 10 days, exceeds the Government's overall target. The Government has set an overall target for authorities as one of its Best Value corporate health indicators. It is that authorities should achieve the best quartile level for authorities within five years of 2000/1. Historically, the Council has not had the benefit of having all the mechanisms in place and the full range of tools at its disposal to achieve its aim of reducing sickness absence and creating a culture of high attendance. In reality the Council has only recently fully implemented the corporate Management Information System – a principal requirement for managing sickness absence more easily, speedily and effectively is accurate information. A major benefit of computerised data is that it makes the examination of comparative information and the targeting of action to problem areas, easier. Reaching agreement with the trades unions on the new Sickness Absence Procedure is not yet concluded, and has proved difficult. This revised sickness absence policy would form the basis of all sickness absence control initiatives. Importantly, the Head of Occupational Health Westminster has been consulted on employee sickness levels in Brent and has advised that given the level of good and proactive work now underway generally in the Council, the new and intensive emphasis on systematic case management, and the extensive recording of all sickness absence which gives a complete picture of employee sickness absence, overall sickness absence levels will not show a reduction for the time being until these processes are fully embedded following which one should see the positive outcome of such activity, which should lead to a steady reduction to the achievement of the lower quartile by the end of the financial year 2004/5, as originally envisaged.

8. Employers Organisation guide to Managing Sickness Absence

8.1 The Employers Organisation has advised that in order for local authorities to achieve an excellent score for managing sickness the following key players must act as follows:

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- The right resources are committed to managing and controlling sickness absence.
- Corporate Management Team must provide clear leadership and reducing sickness is a strategic objective forming part of their performance appraisal. In addition absence management is a standing item on the CMT agenda.
- DMT fully understand the total cost of sickness and how it adversely affects service delivery. Reducing absence is a strategic objective and forms part of managers' performance appraisal. Absence management is a standing item on the DMT agenda. Reports are fully discussed and actions plans are produced. All line managers accept ownership of attendance and that is an integral part of their responsibilities. The line manager leads on day-to-day attendance with appropriate support from HR Managers.
- HR Unit is not responsible for the ownership of sickness absence and because the function is delegated to line managers with appropriate help and support from HR, HR can concentrate on working with senior management on strategic issues in relation to employee health and attendance.
- Employees fully understand the cost of their absence and how it adversely affects service delivery. Speedy and effective communication systems are in place to enable employees to fully understand the cost of their absence and how it adversely affects service delivery.
- Management and trades unions have formed a constructive partnership approach to tackling absence.

9. Council Commitment to Reducing Sickness Absence

9.1 Authorities that have already achieved the lower quartile for sickness absence levels have been actively engaged for several years in applying the proven methods for reducing sickness absence as set out in this report. Achieving the reduction in sickness absence to the lower quartile is a longer-term strategy and the Government recognises that it is an incremental process. In order for the Council to achieve its aim for reducing sickness to reach the lower quartile it is imperative that the measures recommended by the Employers Organisation as detailed in paragraph 8.1 of this report are acted on, and embedded consistently in every service area of the Council. There are models of very good practice in place in some service areas in which the management approach is consistent, clear and highly attentive to the task of good sickness absence management. Such good practice must be shared, so that every manager accepts ownership of attendance management as part of his or her responsibilities, and sickness absence is properly and consistently managed and controlled in each service area.

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Sickness Absence 2002/3**APPENDIX1****Average days lost per employee**

	Apr – Jun	Jul - Sept	Oct - Dec	Jan - Mar	TOTAL FOR YEAR
Community Development	0.55	0.33	Disbanded	Disbanded	0.88
Corporate Centre	1.38	2.51	2.97	2.73	9.59
Corporate Services	2.21	2.22	2.46	4.28	11.17
Education	2.36	2.35	3.33	2.57	10.62
Environment	2.95	2.64	2.40	2.24	10.22
Housing	1.75	1.91	2.70	3.30	9.66
Social Services	3.47	4.72	5.51	2.80	16.50
Overall days lost per employee for 2002/3					11.4

Sickness Absence 2003/4**Average days lost per employee**

	Apr – Jun	Jul - Sept	Oct - Dec	Jan - Mar
Corporate Centre	2.77	3.62		
Corporate Services	3.37	3.40		
Education	2.51	2.63		
Environment	1.93	1.90		
Housing	2.95	2.75		
Social Services	4.13	3.42		