The Highland Council

Resources Committee

Agenda ltem 25 Report RES/ No 64/16

24 August 2016

Attendance Management

Report by Depute Chief Executive/Director of Corporate Development

Summary

This report sets out actions being taken to improve attendance at work, support employees and reduce the cost of absence.

1. Background

- 1.1 At Resources Committee on 25 May 2016, members requested future reports covering budget savings relating to the management of sickness absence and the progress being made to implement the recommendations of the 'Managing Sickness Absence' Member Scrutiny Working Group.
- 1.2 At Council in December 2014 it was agreed to manage savings from the costs of absence due to sickness. There is a remaining saving of £290K to be delivered over the next three financial years through the Transformational Savings Programme. The realisation of these saving is scheduled as follows:

2016/17: £147K 2017/18: £72K 2018/19: £71K

At Council in February 2016 it was agreed to manage a further £500k from the costs of absence due to sickness in 2016/17.

- 1.3 As well as the need to reduce unnecessary costs, the Council's Attendance Management Policy recognises that a high level of attendance at work is essential to the effective functioning of the Council, to the maintenance of our values, and particularly to the provision of quality services.
- 1.4 A number of new actions and initiatives have been agreed to improve attendance at work, support employees' return to work and reduce the cost of absence. These are either associated with the Transformational Savings Programme or recommendations of the Member Scrutiny Group, and , as would be expected, there is significant overlap.
- 2. 'Managing Sickness Absence' Member Scrutiny Working Group

- 2.1 A scrutiny review of attendance management was agreed by the Audit & Scrutiny Committee on 19 June 2014. A Scrutiny Working Group was then formed and met on 20 November 2014 to discuss and agree the scope of the review. Following the recommendations of the review, an action plan was prepared and completed by the Head of People and Performance.
- 2.2 The report acknowledged the Council's good performance in managing sickness absence in comparison with other Scottish Local Authorities and recognised the importance of continuous improvement. Scope for Improvement was identified in a number of key areas including:
 - Attendance Management Policy
 - Attendance Management Guidance
 - Return to Work Interviews
 - Management of Short Term Absence
 - Management of Long Term Absence
 - Monitoring and Reporting of Sickness Absence
 - Occupational Health
- 2.3 Since the action plan was agreed a number of improvements have been made across all seven categories. The management of attendance at work is an ongoing commitment for the Council. **Appendix 1** sets out the recommendations of the Scrutiny Working Group and the current position in terms of progress towards these.

3. Transformational Savings Programme

- 3.1 At their meeting on 27 June 2016 the Transformational Savings (TSP) Board considered the position relating to savings required from attendance management. The Board requested a report on options to be considered in tackling absence.
- 3.2 On 25 July 2016 the TSP Board agreed a number of further initiatives to improve attendance at work and support employees. Staffing costs in 2015/16 were £325M. The element of this required for employee sick pay was £9.11M, approximately 2.8% of the pay bill. Following discussion it was agreed that the savings target should be a 3% quarter-on-quarter improvement over the remainder of this financial year, representing a reduction of £820,000 in sick pay. These proposals were agreed with the trade unions at the Staff Partnership Forum on 27 July 2016.

3.3 Targeted attendance management course for managers:

In order to address the current low uptake rate, a new half day Attendance Management course will be delivered to all managers, supplemented by an elearning package. The course will be made available to all areas and at times to suit service needs; including targeted training events for head teachers. Trade union representatives have been invited to contribute to the course design and to attend the new course.

3.4 <u>Targeted absence reporting measures</u>:

Two additional reports will be made available to Directors for scrutiny through the quarterly performance reviews. These reports will support new performance indictors and allow managers to focus interventions. Available through the Council's performance system, the new report will identify:

- Long term absence triggers: 28 days or more during a rolling 12-month period.
- Short term absence triggers: 4 occurrences or more during a rolling 12month period.

3.5 Establishment of a specialist post to support services:

An Attendance Support Officer (ASO) will be employed to prioritise attendance management problem areas and actively engage with managers, provide additional guidance, support employees back to work and minimise sickness absence costs. By exception, and where appropriate, the ASO will contact staff members to provide direct support.

The ASO will coordinate their activity with managers to achieve improved performance on attendance, making use of improved reporting to target areas of high absenteeism and to proactively target emergent problems. The ASO will identify potential barriers preventing staff from returning to work and liaise with specialist HR staff and OH to assist managers. The ASO will agree and record an action plan with the manager based on a consistent application of policy and best practice.

4. Implications

4.1 <u>Resource implications</u>: The ASO position will be established at grade HC6 for a 12-month pilot, at a cost of £28k. Use of existing resources has been examined. However, current workload is such that there is not sufficient capacity to resource the ASO role.

The 2016/17 targeted reduction of staff on sick leave would reintroduce £820,000 of staffing back into operational work. However, this number cannot easily be translated into a cost saving and further analysis is required with respect to how increasing productive staff hours can be used to deliver cashable savings. If any absence cover is brought in for the staff on sick leave then that cost can be reduced, delivering an immediate saving. Otherwise overall established staff levels may need to be reduced to reflect increased staff productivity

Legal implications: There are no significant legal implications.

Equalities implications: It is essential that the delivery of actions contained in

this report support the Council's Equal Opportunities Policy and commitments.

<u>Climate change/carbon clever implications</u>: There are no climate change/carbon clever implications arising from this paper.

<u>Risk implications</u>: Attributing cashable attendance management savings is difficult, due to the fact that many employees are not replaced when absent from the workplace. Although every effort will be made to pursue the new initiatives they may not fully realise the savings required.

Gaelic implications: There are no Gaelic implications arising from this report.

<u>Rural implications</u>: There are no rural implications arising from this report.

5. Recommendations:

Members are asked to:

- 5.1 Note actions being taken to improve attendance at work, support employees and reduce the cost of absence.
- Note progress on delivering the action plan arising from the Member Scrutiny Working Group.

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Date: 24 August 2016

Ref	Scrutiny Working Group Recommendation	Position at August 2016
5.1	Policy	
5.1.1	The Policy (Section 3.iii, Implementation of Policy) requires that "accurate records are kept for each employee of absence and attendance which will be regularly reviewed by the responsible line manager. In addition each Service Director should regularly review aggregated statistics." Clarification is required as to "regularly," particularly as Section 11.3 of the Guidance (Monitoring of Absence) requires a review of absence records "on a regular basis, at least once a month."	The revised guide confirms that the monitoring of absence (Section 9, page 11) should occur once a quarter and that Service Directors must prepare absence data held to assess: • rate of absence (days lost) to the Service • 'cost' of absence • patterns of absence (long term and short term absences) • most prevalent reasons for absence • link to health and safety breaches • percentage of return to work interviews completed (if available) • actions taken to reduce absence Each Service will report on the average number of day lost per employee to their Strategic Committee quarterly.
5.1.2	The Policy (Section iv, Monitoring and Review) states that "Services will be subject to periodic random audit by officers directed by the Chief Executive, and will be required to produce regular statistical returns and reports to the Chief Executive. Such audits and reports will include the examination of absence rates and action taken to overcome absenteeism." Despite the provision in the Policy, there is no evidence to suggest that such audits take place. On	Absence statistics are reviewed by the Chief Executive at Service Quarterly Performance Reviews. Service Directors are guided to also conduct occasional random audits to ensure compliance with policy and guidance. Quarterly reports will be submitted through PRMS detailing occurrences to assist Directors in reporting improvements. A new target of quarter on quarter 3% improvements on long and short-term absenteeism will be introduced with a baseline in Q1 2016 and the first target date set for Q2 2016.

	that basis, it is suggested that each Director could be tasked to carry out small random audits using their own staff which would encourage managers to proportionally challenge absence rates where concerns exist.	
5.1.3	The Policy (Section iv, Monitoring and Review) states that "the operation of the policy will be subject to annual review and report to the Resources Committee." Although it is understood from the HR Manager that the Policy has been reviewed and that no required changes have been identified, there has been no report to Members confirming such a review.	It has now been agreed that HR policies will be subject to review and monitoring by the Staff Partnership Forum (SPF). This was approved by Resources Committee in May 2015, through the minutes of the SPF.
5.2	Guidance	
5.2.1	The Attendance Management Guidance is headed "Guidance to Managers." However, some of the information contained therein is relevant to all staff and not just managers (for example, to show that employees will be requested to attend return to work interviews). On that basis, basic guidance should be available to all staff, including manual workers.	Revised guidance has been developed to ensure it provides guidance to managers and employees. In addition an Attendance Toolkit and Mental Health and Wellbeing toolkit has been developed to provide further guidance and support to both managers and employees.
5.2.2	The Guidance of 44 pages is considered to be far too lengthy by both Members and Services. On that basis it is unlikely to be read in any detail. Improvement is therefore needed, including better use of flowcharts, to allow staff to apply the Guidance more easily.	Alongside the revised guidance, flow charts have been updated and developed to include notification of absence, return to work, short term and long term absences. The guidance, Section 13 (Managing Absence), page 23, refers to the Attendance Policy which confirms the procedure and escalation process to senior managers.

5.2.3	The Guidance (Section 5.9, Absence due to Alcohol and/or Drugs) should be strengthened to allow for more robust and immediate action to be taken if required.	Section 14 (Other Guidance), page 28 includes a Substance Misuse section with a hyperlink to the relevant guidance. The guidance confirms that where there are grounds for believing that an employee's absence is due to substance misuse the Council's guidance on substance misuse should be followed.
5.2.4	There is a need for training to be put in place for managers to raise awareness of the Guidance and how this should be applied. This is considered to be a particular need for Teaching staff.	A suite of training is now offered to support the implementation of policy and guidance on attendance at work. This includes face to face training, on-line learning, drop-in session and toolkits available to managers and employees. There will also be a new half day Attendance Management course delivered to all managers, supplemented by an e-learning package. Given the prevalence of mental health as a reason for absence specific training and development is delivered to support employees return to work. This includes the Mentally Healthy Workplace training and the Mental Health and Wellbeing toolkit.
5.3	Return to Work Interviews	
5.3.1	There are inconsistencies and a lack of clarity within the Guidance regarding the conduct of return to work interviews. Section 4 of the Guidance requires that return to work interviews are conducted with all employees following each episode of sickness absence, "including absences lasting one day." However, Section 6.2 requires that "where an employee has been away for one or just a few occasional days due to illness, then a brief discussion with what has happened at work over that period should be all that is needed." Finally, Section 8.3 states that "it is important that managers carry out return to	The guidance has been updated and Section 9 (Recording and Monitoring) and Section 11 (Carrying out Return to Work Interviews) confirm RTW interviews should be completed after each period of absence and on the day the employee returns to work. The section also provides further guidance on how and what to discuss at a RTW interview. Also a return to work flow chart has been developed to support this section.

	work interviews as these are a vital part of effective attendance management." Overall, the Guidance does not ensure that interviews are documented and that there is a fair and consistent approach is applied across Services.	
5.3.2	Return to work interviews are not undertaken consistently by Services. These had shown benefits in Waste Management and are also undertaken within Building Maintenance. With regard to the Care & Learning Service, return to work interviews are not undertaken in all cases and clarity was required in terms of the Guidance.	The guidance has been updated and Section 9 (Recording and Monitoring) and Section 11 (Carrying out Return to Work Interviews) confirm RTW interviews should be completed after each period of absence and on the day the employee returns to work. Also for managers with access to my view they will complete the RTW form online (see 5.3.3)
5.3.3	With regard to return to work interviews, despite the importance of these as emphasised in the Guidance, managers are not required to record that interviews have taken place and the number of interviews completed is not captured and reported.	A return to work (RTW) questionnaire is part of absence recording in MyView. It is planned to report on the prevalence of RTW interviews. Where evidence suggests RTW interviews are not being carried out, then targeted interventions will be made by HR to agree and record an action plan with the manager(s) based on a consistent application of policy and agreed practice.
5.4	Management of Short Term Absence	
5.4.1	The key management tool available to manage frequent short term absence (Section 8.3 of the Guidance), is by way of the "Bradford Factor." This is considered to be a complex process and one which doesn't provide timely and meaningful information to managers (information is only produced quarterly) to actually highlight occurrences of frequent short term absence. In addition, the Bradford Factor scores are	In the revised guidance the Bradford factor has been removed. The guidance refers to sickness absence patterns that would normally trigger use of the formal attendance review procedure (appendix 1 of the policy) which is • 4 separate occasions of sickness absence in a rolling 12 month period

5.5	the Guidance due to this. Management of Long Term Absence	
5.4.4	Although there are detailed procedures in terms of the stage 1, 2 and 3 Review Meetings, these are considered to be unclear and confusing, particularly around stage 3. It is known that managers do not follow	The policy now includes, at Appendix 1, an attendance management procedure which clearly outlines the attendance review and attendance hearing process.
5.4.3	With regard to Unauthorised Absence and Frequent Short Term Absence (Sections 8.1 and 8.3 of the Guidance), it would be appropriate to provide corporate statistics of such to Committee for monitoring purposes.	Reports are now being prepared from ResourceLink. Details of short and long term absence will be reported to Strategic Committees.
5.4.2	Despite detailed procedures being in place regarding Bradford Factors, the Services interviewed during the review either were unaware of the procedures or, in the case of Waste Management, used a bespoke, less complex system.	In the revised guidance the Bradford factor has been removed. The guidance refers to sickness absence patterns that would trigger the use of the formal attendance review procedure (appendix 1 of the policy) which is either 4 occasions or 28 days in a rolling 12 month period.
	limited to annual snapshots only and don't provide cumulative absence management information. Given the manual nature of the tools available for managers to monitor short term absence, the use of Resourcelink needs to be explored.	28 days (in total) of sickness absence in a rolling 12 month period Through 'My View' managers now have access to a team planner which will enable them to see sickness absence patterns and discuss these with employees as required. All services have access to MyView with exception of Care & Learning with a phased roll out across this service planned to conclude September 2016

5.5.1	With regard to Long Term Absence (Sections 8.4 of the Guidance), it would be appropriate to provide corporate statistics to Service Committees for monitoring purposes.	Reporting of long term absence is currently being done by Finance and Corporate Development and is reported for the Highland Council as a whole. Directors are required to report on this basis to the appropriate service committee.
5.5.2	The Guidance is more heavily focused on managing short-term absence rather than providing assistance in managing long-term absence. Therefore the Guidance needs to provide a pathway for managers to support staff and pro-actively manage long-term sickness. There is no flow-chart to guide managers which would be helpful.	Long term and a short term flow charts have been developed and there are clear sections in the guidance dealing with both short term and long term absence.
5.6	Monitoring and Reporting of Sickness Absence	
5.6.1	The Guidance regarding Monitoring of Absence (Section 11.3) requires that "on a regular basis, at least once a month, a designated officer in each area/unit must look at all employees' absence records to assess, as necessary:	The guidelines now confirms that the monitoring of absence (Section 9, page 11) should occur once a quarter and that Service Directors must prepare absence data held to assess: • rate of absence (days lost) to the Service • 'cost' of absence • patterns of absence (long term and short term absences) • most prevalent reasons for absence • link to health and safety breaches • percentage of return to work interviews completed (if available) • actions taken to reduce absence Each Service will report on the average number of day lost per employee to their Strategic Committee quarterly. MyView provides managers with access to absence data for their teams and individuals, including patterns of absence

		through views such as Team Planner All services have access to MyView with exception of Care & Learning with a phased roll out across this service planned to conclude September 2016 A QPR target for 1617 has been agreed to achieve a quarter-on-quarter improvement of 3% over the remainder of the financial year, representing an overall target of 9% for the remainder of
5.6.2	Cost information regarding absenteeism is particularly critical in certain Services where there is a "real" cost of absenteeism (e.g. in Care & Learning where Teaching supply cover is required or where agency staff may need to be employed) as opposed to this being a "notional" cost in some other Services. Therefore, in managing sickness absence, particular focus needs to be given to where there are true costs.	the year. Cost of absence reporting has been investigated with the Finance Accounting Team and whilst SSP/OSP costs can be calculated it is not possible to get the full cost of absence from the HR/Payroll System as this would be drawn from a range of sources (e.g. cost of agency and supply staff for cover, cost of lost productivity) Action is being taken to attribute a monetary value to absence, with targets to be set to per Service to evidence cost impact of reducing absence levels.
5.6.3	With regard to the monitoring of absence by Services there are the following issues: • A corporate system is needed to provide better and more consistent data to manage and monitor sickness absence. The current data, as used for Quarterly Performance Reviews, shows high numbers of staff in certain areas with no breakdown between operational units or Service teams (for example in Care & Learning there is no breakdown with regard to the 2,700 approx. Teaching staff and Members questioned why this wasn't reported per School. Also there is no breakdown of the 680 approx. Catering & Cleaning staff. In Community Services, whilst there is a breakdown per Area of	Improvements have been made in the collection and reporting of absence data. (See 5.6.1 and 5.6.2). All attendance data is now held on and reported from the ResourceLink payroll system. Reports are currently available at Service level. Work is almost complete to load additional organisational data to the payroll system that will allow for data to be reported at section and area level.

	the Waste Management staff, there is no consistent Area breakdown of other employees within other parts of the Service (e.g. Building Maintenance). In this respect it is likely that although overall performance could be shown as good or satisfactory, there are pockets of high absence that are not being identified and, possibly, managed. • The Guidance (Section 11.5) suggests that "the absence recording system is designed to provide statistical returns every quarter by Service and Area." However, as shown above, the existing systems do not enable this to be undertaken. • The data does not distinguish between long-term and short-term absence, nor certified or self-certified absence.	
5.6.4	The capturing a n d recording of absence within schools is inconsistent, and possibly inaccurate, particularly in small schools. To some extent this is compounded by Teachers' conditions of service which doesn't require them to self-certify for the first three days of absence. However, it envisaged that recording will improve with the use of the SEEMiS staff absence and appointments module which is currently being rolled out to secondary schools before being rolled out to primary schools."	Absence in Schools is recorded in SEEMiS with an extract file taken for loading by the payroll team into the corporate HR/Payroll System for both pay and reporting purposes
5.6.5	The reporting of sickness absence to the individual	Reports being produced from the corporate HR/Payroll System

	strategic Committees is not taking place and it is understood that this is due to difficulties in extracting meaningful and reliable information. Only the Finance and the Corporate Development Services regular report such information as part of their quarterly performance reports. Although Community Services reported performance in February 2015 regarding the period April to December 2014, this was limited to the average number of days per employee only. No information h a s b e e n r e p o r t e d b y t h e C a r e & Learning or Development & Infrastructure Services.	support for purposes of QPR, SPI and specific operational requirements (includes start and finish dates of absence to identify short/long term absence). An exercise is near completed to have all posts identified through Service and Section. This will allow managers to review their data at the appropriate level in the Council. Also see recommendation 5.1.2
5.6.6	Where Committee reporting does take place, the quality of information falls short of the level of information that the Guidance suggests is available, largely due to the aforementioned lack of a corporate reporting tool. Furthermore, the information is poor in comparison with some other Councils. For example in Argyll & Bute, performance information is reported quarterly to the Performance & Scrutiny Committee showing:	Please see comments above.
	 The total cost of sick pay and a breakdown by Service and Section. The % of return to work interviews completed each month against the target of 100%. Progress against corporate actions to maximise attendance. Absence comparisons per Service Section and trends in comparison with the previous quarter. Performance against the individual Service targets (based upon improving previous 	

performance).
In North Lanarkshire, performance information is reported quarterly the Policy & Resources (HR) Sub-Committee showing:
 The total cost of sick pay. A breakdown of the total absence to differentiate between short-term and long-term absence. The top 5 reasons, per Service, with regard to both short-term and long-term sickness absence. Performance against the individual Service targets (based upon improving previous performance). Absence comparisons over the last 4 years. Monthly absence rates per Service.
Although it is acknowledged that, for the Council as a whole, sickness absence information is included within the annual performance report to the Resources Committee, the information is light in detail, particularly compared to that shown above.

5.6.7 Whereas some Councils have set individual performance targets for each Service, designed to achieve specific reductions in absence rates, the

Council has average targets as follows:

- Below 2.5 days per quarter satisfactory
- Between 2.5 days and 3.0 days per quarter -caution
- Over 3.0 days per quarter unsatisfactory.

Following the Scrutiny Report all Services were asked in September 2015 to review their absence targets in line with the report recommendations. A target was set for completion by the end October 2015 to influence Q2 Quarterly Performance Reports. Subsequently Corporate Development, Development & Infrastructure, Care and Learning and Finance Services reviewed targets. As a result of Service restructuring, Community Services now expect to complete a review of targets for Q2 2016/17.

	Whilst Members acknowledged that the Council's overall sickness absence performance is very good in comparison with other Scottish Councils (<i>nb ranked 2nd in 2013/14</i>) they consider that the performance targets concerned are static and are unambitious, particularly equating these to annual sickness rates and taking account of the very low absence rates achieved by many employees. In addition, it is considered that further benchmarking opportunities need to be explored. Although, with a view to improving sickness absence, consideration had been given to rewarding 100% attendance, this had not been progressed for a number of reasons. In particular, this would de-motivate people who are unlucky enough be genuinely ill and would encourage staff to attend the work place when unfit to do so.	Data is currently available at Service or in some instances Head of Service level from an Excel spreadsheet system which is loaded into the Corporate Performance System. As yet only Service level data has been available from ResourceLink. The Corporate Performance System has the capability to report down to any organisational level that data can be provided and sub-Service level this may strengthen scrutiny at QPRs in the future. The Transformational Savings Programme Board have agreed a new target of quarter on quarter 3% improvements on long and short-term absenteeism will be introduced with a baseline in Q1 2016 and the first target date set for Q2 2016.
5.6.8	In considering some of the Service reporting information which is used for Quarterly Performance Review purposes, Members acknowledged that whilst this showed that Waste Management absence was in excess of the target they were satisfied that this was being managed appropriately. However, with regard to other Service areas it was identified that many were in excess of the target and it was therefore questioned as to whether these were similarly being managed effectively.	See comments above at 5.6.7
5.7	Occupational Health	

5.7.1	Stress and mental health issues currently account for approximately 50% of all Occupational Health referrals. However, some of these referrals were being made too late; when staff had exhausted their full sickness pay allowance and were moving on to half pay.	In the revised guidance in Section 12 (Managing referrals to OH), page 19 both Mental Health and Stress are highlighted in particular and further guidance provided. The guidance confirms that in these cases an earlier referral to Occupational Health is required.
5.7.2	Occupational Health appointments are not always attended. Although the Occupational Health, Safety & Wellbeing Manager is considering charging Services for non-attendance, this still represents a waste of resources.	This has been actioned; monitoring is ongoing and reported to Central Safety Committee each quarter. Requested "computer to phone" text service from ICT in order than staff can be reminded by text of upcoming appointments (similar to NHS appointments).
5.7.3	The Occupational Health Service is not a self-referral system and, in view of that, this could be a barrier to staff seeking help or support.	A Report will be submitted to Central Safety Committee on 12 August proposing a pilot self-referral project. Limitations on self-referral to OH: potentially limited to those in Inverness Area; if staff fail to attend they will be charged the cost.
5.7.4	Investing in measures such as an Employee Assistance Programme may assist in the prevention of long-term absences. Although there was an initial cost, it would be appropriate to consider whether this would reap long-term benefits.	There is currently no budget available for an Employee Assistance Programme (EAP).
5.7.5	Mental health referrals are able to be made by managers direct to Scottish Counselling Services without recourse to the Occupational Health, Safety and Wellbeing Manager. Although there are benefits to the service:	This will be part of EAP tender if decision made to proceed with EAP. May need to set up formal contract (following procurement exercise) for counselling service.
	The method of referral prevents confidentiality.The service is not available in all Areas.	

	 A more pro-active and supportive solution is required. It is not possible to monitor the effectiveness of the service. 	
5.7.6	Some assessment is required as to the benefits of referrals as a whole, particularly with regard to how long employees take to return to work.	Review underway. Feedback from staff on physio service very positive.