CITY AND COUNTY OF CARDIFF
DINAS A SIR CAERDYDD

Employment Conditions Committee: 27 July 2005

Report of Assistant Chief Executive   **Agenda Item**

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SICKNESS ABSENCE

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Background

1. As part of its work programme the Policy Review & Performance Scrutiny Committee established a Task & Finish group to consider the issue of "Sickness Absence and actions taken to address this".

2. The full Committee considered the report of the Task & Finish group on 9 June 2005, which noted the findings of the group and endorsed its recommendations. The report was then presented to the Executive, by Cllr David Walker (Chairperson), at the Executive Business Meeting on 28 June 2005.

Issues

3. As the report (attached as Appendix A) related to an HR policy it was felt appropriate for it to be included on the agenda for this meeting of the Employment Conditions Committee .

4. The work of the Task & Finish group included gathering evidence from internal witnesses, external expert advice, and research commissioned from the Local Government Employer's Organisation and Scrutiny's own internal Research facility. The latter involved anonymous telephone surveys of employees and managers to test their knowledge and experience of the sickness policy and procedures.

5. An internal review of the Sickness Absence Policy facilitated by HR, based on operational experience to date had produced a number of key amendments and refinements that would strengthen the policy and included e.g. a renewed emphasis on the importance of "return to work" interviews (via a managerial checklist); providing (via a redesigned SLA) clarification of the respective responsibilities of HR & service areas in the management of sickness absence; the development of managerial guidelines; the creation of a sickness absence monitoring group; more prescriptive process for the management of long term absence; a general tightening up of information management processes within HR; refining the role envisaged for the new Occupational Health Unit; and the need to consider sickness absence in wider holistic context which would include proactive issues such as stress management, work life balance, manual handling etc.

6. Whilst the internal review and the Task & Finish Group's investigation of the sickness absence policy were underway, the need to provide skills training for managers remains unchanged. Consequently, 2 skills training sessions for managers have been organised for August & September 2005 and, once the policy has been reviewed and amended, a comprehensive campaign of awareness and skills sessions can be determined. As part of those considerations, HR can take into account the specific recommendations of the Task

& Finish Group that address the issues of training, development, awareness and communication.

7. HR have acknowledged throughout this investigation that any amended sickness absence policy will need a high profile re-launch and mechanisms put in place to ensure that all staff are made aware of the new policy and the respective responsibilities within it .It is critical that managers fully understand their role in this critically important issue and are given the necessary skills and awareness training to make sure that they are equipped to discharge their duties properly.

8. The positive recommendations put forward by the Task & Finish Group are welcomed as in addition to highlighting new areas for consideration; they also endorse a number of the proposals planned for the policy. These recommendations will serve as a platform from which the Council will be able to significantly strengthen the determination to tackle sickness absence in a rigorous and consistent way.

Proposals

9. The recommendations of the Policy Review & Performance Scrutiny Committee are as follows: -

    i)   Urgently develop a strategy to reduce long term absence levels while still working to reduce short- term absence levels.

    ii) Apply the practices in the existing Sickness Absence Policy and Procedures to help reduce absence levels, as successfully demonstrated by Southampton City Council.

    iii) Undertake a review of the flexi time policy with a view to increasing the flexibility of start and finish times, and amending the core time.

    iv) Ensure there are two new documents tailored to meet the specific needs of different audiences - an employee handbook provided to all staff, a manager's handbook provided to all employees with managerial and supervisory responsibilities. These documents must be clear, concise and capable of easy understanding. The formal Policy and Procedure documents for use by Human Resources staff should be retained. It is also recommended that the authority introduce the employee handbook in other media to help increase access and understanding.

    v)   Make the return to work interview mandatory, with the form amended to include the employee's absence history, the employee's individual health concerns, well-being, recovery, workload, and team impact information.

    vi) Authorise Human Resources to produce, monitor the completion of, and return of, all absence monitoring and counselling forms, and give Human Resources the responsibility to report failures for completion to the relevant Corporate Director.

    vii) Amend the absence policy, with the line manager being responsible for the return to work interviews before the trigger points are activated. However once the trigger points have been reached it is recommended that another manager within the service area or Human Resources officer attend the meeting with the line manager to provide support, and either a union representative or friend supporting the employee.

viii)   Monitor the York Occupational Health pilot scheme to identify any results that could be transferable to Cardiff.

ix)   Ensure all employees are briefed about the Sickness Absence Policy and Procedures to ensure they understand their roles and responsibilities and what can reasonably be required of them. New employees to the authority be introduced to the Sickness Absence Policy as part of their induction. Regular Sickness Absence Policy and Procedure briefings be available throughout the year to provide a more in depth understanding of the Absence Policy and Procedures. Attendance at such sessions should be mandatory and recorded.

x)   Ensure all service areas and sites have dedicated employees whose key responsibility is the daily reporting of sickness absence to the Human Resources team, this should include a "nil report" if there are no absences.

xi)   Implement a training and development programme for managers and supervisors ensuring that they have the knowledge and skills required to effectively manage their staff. These training opportunities should be available at regular intervals throughout the year capturing those who have not attended and all new managers and supervisors. Attendance at training sessions should be mandatory and recorded.

xii) Human Resources re-launch the Policy and Procedures and commence training, retraining and briefings for all Council employees following the Scrutiny inquiry. The use of global emails and intranet as the prime communication medium should be avoided.

xiii)   Ensure that absence figures are reported initially to monthly meetings of Chief Officers and Corporate Directors, and that absence figures are a standard agenda item for all Service Area Business Improvement meetings and annually to the Policy Review and Performance Scrutiny Committee.

xiv)   Include a target reduction for the whole authority in the Corporate Business Plan, and Service Area Business plans. These targets should be specifically established for each of the Service Areas.

xv) The Chief Executive acknowledge the seriousness of this issue by holding responsibility for the Corporate absence target, with Chief Officers responsible for the Service Area absence targets. The management of absence targets be included in all managers and supervisors personal performance and development interviews.

Investment for Reform/Benefit to service user

10. Improvements made in the levels of sickness absence across the Authority would release resources which would be of immediate benefit to service users.

Council Policies Supported

11. This report relates directly to the Sickness Absence Policy.

Advice

12. This report has been prepared in consultation with relevant Corporate Managers and reflects their advice. It contains all the information necessary to allow Members to arrive at a reasonable view, taking into account the following advice.

Legal Implications

13. The functions outlined in this report are Council functions (as opposed to Executive functions) and have been delegated by the Council to this Committee.

14. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications.

15. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

16. Sickness absence imposes significant costs on the Council both in terms of unproductive time, reflecting the time in work lost as a result of the absence and in terms of additional costs such as the payment of additional hours and agency staff to cover absences. Any reduction in sickness levels would therefore provide clear benefits to the authority. The Scrutiny report has identified an opportunity cost of £7.7 million based on a payroll calculation and £0.8 million of agency costs specifically related to sickness cover. Other costs of absence cover and overtime arising solely as a result of sickness could not be identified. The payroll cost is not an additional cost to the authority's budget but represents an opportunity cost in terms of days lost. Although these costs will not automatically reduce if sickness absence levels fall, any significant or prolonged reduction in absence levels would increase productivity and enable service areas to review their staffing levels. In the short term any reduction in sickness absence would provide opportunities for immediate improvements in service delivery.

17. The report sets out a number of recommendations some of which are procedural and will have no financial implications, however some such as additional training and briefings for managers may have resource implications for HR and these will need to be assessed as the details of the requirements become clear. The advice of the Chief Financial Services Officer is included in the body of the report.

Human Resource Implications

18. HR was closely involved in the deliberations of the Task & Finish Group that investigated the issue of sickness absence in the Council. The recommendations of the Group, if fully implemented, will strengthen the Council's position on this important issue but there may well be resource implications for HR (in particular) that will need to be addressed at some time in the future e.g. in the provision of additional training and briefing sessions for managers, the revised role envisaged for HR by the Task & Finish Group in monitoring the new arrangements. Further, there could well be some employee relations issues

generated by the introduction of a new policy with its emphasis on tackling long term sickness absence.

Trade Union Comments

19. Unison broadly welcomed the report, and found it to be measured. They acknowledged the opportunity to participate in the inquiry process, with a representative attending a Task & Finish Group meeting providing verbal and written evidence. Some of their comments were taken on board but not all. The recommendation to review the flexi policy is welcomed, however the flexi policy is not operational in all Council Services areas and is therefore unfair and unequal.

20. Unison hope that following this report that the Sickness Absence Policy will be reviewed and that the review focuses on the incidence of absence e.g. going home early counting as the first day of sickness absence, the length and duration of absence and industrial injury.

21. Concern was expressed about the level of long- term sickness absence and that this is indicative of insufficient capacity to address work levels within the organisation. The Sickness Absence Policy was introduced to help control short-term absence this has directly contributed to the increase in long-term absence levels.

22. AEP felt that the findings of this report needed to be put into context with other operational issues, such as the management of change. If 63% of all absence is long- term then a lot of this must be due to stress. There is a need to consider the demands placed on staff and their capacity for undertaking work.

23. GMB could not find any recommendation in the report that suggested the Council employ consultants, KPMG, to undertake further work on sickness absence and efficiency savings.

24. NAEIAC commented that there was a need to consider the quality of the training that managers receive.

25. Trade Unions eagerly await the start of discussions on the revision of the Sickness Absence Policy, taking into consideration the Task & Finish Group report and operational experience.

RECOMMENDATIONS

It is recommended that the Employment Conditions Committee: -

i)   considers the recommendations of the Policy Review & Performance Scrutiny Committee,

ii)   note the proposals put forward by Human Resources,

iii)   note that the Executive will be responding in two cycles, and

iv)   receive a further report in due course on progress achieved.

JO FARRAR
ASSISTANT CHIEF EXECUTIVE
Date: 11th July 2005

The following appendices are attached

Appendix A - Report of the Policy Review & Performance Scrutiny Committee to the Executive – Sickness Absence (June 2005)

scrutiny

SICKNESS ABSENCE – *To investigate the current levels of sickness absence in Cardiff Council.*

JUNE 2005

CARDIFF
CAERDYDD

CONTENTS

CHAIR'S FOREWORD

The issue of sickness absence in large organisations has been in the news in recent months. Both the public and private sectors have been assessing the cost and scale of employee absence with a view to improving attendance levels whilst supporting those with genuine illnesses.

As the Task & Finish group started to collect comparative data, it became clear that Cardiff Council is experiencing significant sickness absence levels of 13 days per fte, and that the cost to the authority could not be overlooked. It also learned that there are similar authorities, which have significantly reduced levels of absence from 13 to 8 days per employee. It was also noted that our absence figure was the eighth worst in Wales, and that, on average; the private sector consistently achieved lower rates than the public sector.

The Task & Finish group was reassured to be told that the Council's policy and procedures mirror "Best Practice", so it was able to focus its scrutiny on how they were being applied.

It will be noted from our conclusions and recommendations that the Committee considers that, if fully and professionally implemented, existing policy and procedures could be used to substantially improve absence and sickness rates in the authority.

I wish to express appreciation to officers and expert witnesses who presented evidence to the Task & Finish group meetings. Their contribution, experiences, and ideas helped us to formulate recommendations, which are commended to the Executive, and which I believe if fully implemented could lead to a reduction of absence levels in Cardiff Council, which would match those of benchmark authorities.

Finally I would like to thank my colleagues on the Task & Finish group for their involvement and hard work, which has made this task a very rewarding experience.

Councillor David Walker Chair,
Policy Review and Performance Scrutiny Committee
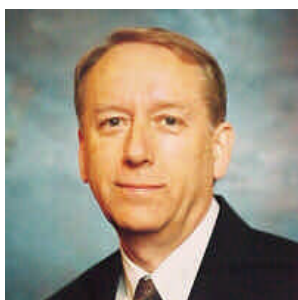
June 2005

TERMS OF REFERENCE

1.   The Policy Review and Performance Scrutiny Committee agreed the following terms of reference for the Task & Finish Group at its meeting on 23rd September 2004:

        To investigate the current levels of sickness absence in Cardiff Council, and actions taken to address this.

2.   To aid this inquiry a number of research projects were commissioned. The Local Government Employers' Organisation was commissioned to undertake a "best practice analysis of Cardiff Council's Sickness Absence Policy and Procedures".

3.   The Scrutiny Research and Information Team was commissioned to "investigate Manager's/Supervisor's adherence to and awareness of the Council's Sickness Absence Policies and Procedures, and its efficiency", and "conduct an employee survey to establish use of the return to work interviews, and methods used for undertaking such interviews whether formal or informal".   The 400 non-manual and manual staff were selected at random from 7,500 employees who are subject to the current Policy and Procedures.

KEY FINDINGS

4. Sickness absence is costing the Council somewhere in excess of £8.5 million per annum. This inquiry found that the Council has a Sickness Absence Policy and associated Procedures that mirror "best practice", however there are serious inadequacies in the application of these by managers leading to significant operational inconsistencies. Sickness absence management and monitoring information provided by Human Resources is not generally used to address the problem. The key findings are identified under the headings of Levels and Cost of Absence, Evaluation of Existing Policies and Procedures, Practical Application of Policy, Communication & Training, and the Role of Leadership in Tackling Sickness Absence.

Levels and Cost of Absence

5. In 2000/01 the Welsh Assembly Government introduced a performance indicator (NAW PI 1:10) that identified the proportion of working days / shifts lost to sickness absence. Absence Levels for Cardiff Council for 2003/04 were 13 days per full time equivalent. Since 2000 Cardiff Council has only achieved a reduction in absence levels once, the average absence rate for 2000-01 was 13.2 days, falling in 2001-02 to an average of 11.9 days, rising in 2002-03 to 12.7 days. Monmouthshire based on the 2002-03 figures had the lowest absence rate of Welsh Local Authorities with 8.1 days, and Neath Port Talbot were the highest with 15.7 days. Cardiff had the 8th highest absence rate among Welsh Local Authorities. Prior to the introduction of the NAW performance indicators, Cardiff's absence figure was compared with that of 11 similar English Local Authorities. When compared to these Authorities for 2002-03 Cardiff's had the 9th highest absence rate.

6. Within Cardiff Council long-term absence accounts for 63.12% of all absences, (long-term absence is defined as a period of 30 days or more), with short-term absence accounting for 36.88%.

7. The salary cost of sickness absence to the authority in terms of lost time is estimated at £8.5 million. This figure does not include any payments for overtime, agency staff, or time in lieu required to cover for absent colleagues.

8.   Members of the Task and Finish Group heard that Southampton Council had previously experienced absence figures similar to those currently reported for Cardiff. In 2000-01 Southampton's absence figure was 12.3 days per full time employee, by 2002–03 this had fallen to 8.1 days. In 2003–04 there was an increase to 9.4 days. The fall in the figure was achieved by a review of their Policy and Procedures, introducing a formal return to work interview process, a handbook for Managers "Attendance at Work - a Managers Guide", and Human Resources employees working with Managers to identify problem areas.

9.   Members heard that if Cardiff could achieve a reduction in absence levels similar to those of Southampton, then it would be possible to greatly improve service delivery. If a reduction could be realised then there is a potential saving of £3.1million. This potential saving is viewed as an "opportunity cost" and would be a medium to long-term objective that could only be achieved if the authority can successfully secure, and maintain, low absence levels.

10.   Members heard evidence from the CBI annual survey, that employers believed the majority of sickness absence to be genuine however approximately 15% is not genuine. The survey also established "home and family responsibilities" as a significant cause of absence. Evidence from the three in-house case studies undertaken as part of this inquiry supported the CBI survey. Managers believed all the absences in their team to be genuine and added that some individuals were "better able to manage their health and well being, others need additional support from their managers". In his evidence the UNISON Representative quoted from a CBI survey that found a "sickness absence policy didn't necessarily make a significant difference to the number of days lost". He also expressed concern about the work life balance of Council employees, the need to review the flexi time policy, and low morale amongst their members.

Evaluation of Existing Policy and Procedures

11.   As a fundamental part of this inquiry the Local Government Employers' Organisation was commissioned to undertake a review of the Council's Sickness Absence Policy and Procedures with a view to determining the extent to which the Policy and Procedures mirror best practice within Local Government. The final report was positive. Members heard that Human Resources' current review of the Absence Policy and Procedures was "timely and demonstrated good discipline on the part of the Council", that "all the checklist [Best Practice] elements are found in Cardiff County Council's Policy and Procedures, and that

the Process in use is therefore in general conformity with accepted best practice within local government".

12. A number of new schemes operating in both the public and private sector have received a high press profile. These included the introduction of a pilot occupational health scheme in York Council, where an employee would contact an occupational health nurse and not their managers when reporting sick. Tesco introduced a pilot scheme that removed payment for the first three days of sickness absence. Tesco stressed that the policy was only one of a basket of policies introduced to help manage absence levels. The use of occupational health nurses and the removal of the first three days of absence were explored with the CBI who advised that as the policies were new and so few employers applied them, an assessment of their impact was not possible at this stage.

Practical Application of Policy and Procedures

13. The Task and Finish Group established that responsibilities for managing sickness absence are as follows: Managers are responsible for the daily management of employee absence. Human Resources being responsible for advice, support and the provision of monitoring and "trigger point" information to support managers. Employees have a responsibility to clearly understand the process and what is required of them.

14. The present procedures include the use of "return to work interviews". These interviews are considered by Human Resource specialists to be a "critical tool" in the process of absence management. The policy requires that an interview should be conducted whenever an employee returns from a period of absence. At the interview both manager and employee should complete and sign a standard form. The research undertaken by the Scrutiny research team has identified that 17% of non-manual and 14% of manual employees have never received a return to work interview. Union representatives held the view that managers "must enforce" the policy.

15. The existing policy and procedures do not prescribe what method a manager should use when undertaking a return to work interview. The policy states that the line manager will raise any concerns about the individual's health, well-being, recovery and overall attendance record during the discussion, and the effect the absence has had upon the work of the section/unit. The return to work interview form does not include these headings, and consequently there is no process to monitor if the discussion has covered these aspects.

16.   Scrutiny research revealed that managers use a variety of formal and informal styles, and locations to conduct the return to work interview, with 20% of interviews conducted at the employee's desk. This informality in the use of the return to work interview supports and encourages inconsistent and "light touch" application of the sickness absence policy.

17.   The research identified that 83% of all managers questioned received monitoring and "trigger point" information from Human Resources, but 72% said, "they didn't take any action as a result", this would appear to indicate reluctance by managers to participate in the process. 17% of managers surveyed said they did not receive any sickness monitoring information from Human Resources.

Communication and Training

18.   The Sickness Absence Policy and Procedures were reviewed, amended and placed on the Cardiff intranet site in 2001. Copies were also provided to managers who attended the briefing session, and a global email notified employees of the changes. Further dissemination of the policy and procedures was the responsibility of the service areas and this was achieved by a number of methods, including supervisory meetings and team briefings. The research has confirmed that the primary method for informing desk-based employees of the new policy and procedures is by email.

19.   The publishing of the Sickness Absence Policies and Procedures on the intranet assumes that all employees have access to a computer during their working day. It further assumes that all employees have the knowledge, skills and interest to locate the policy and procedures on the intranet, and the literacy and language skills to read and understand them. Members of the Task and Finish Group received evidence from union representatives that highlighted the problems experienced by some of their members with access, literacy and language skills. In their report to the Task and Finish Group the Local Government Employers' Organisation identified this as an operational weakness. The Scrutiny research indicated that only 1% employees used the intranet for information on Sickness Absence Policy and Procedures. Members of the Task and Finish Group questioned the use of the intranet and global email as the primary means of communication.

20.   As part of the introductory process for the revised Sickness Absence Policy and Procedures in 2001, Human Resources offered a series of briefing sessions to introduce the changes to the policies and procedures and training sessions to help managers implement them. Attendance at the briefing and training sessions was not compulsory and only 26% of managers attended the sessions. Taking account of staff turnover since 2001, a very small percentage of the Council's current managers have been trained in managing absence. The Task & Finish group members felt that attendance at training sessions should be mandatory, and that the low attendance perpetuated the inconsistent application of the policy and procedures.

The Role of Leadership in Tackling Sickness Absence

21.   Evidence from the CBI has indicated that the involvement of senior managers is the most effective way to control absence. When "Senior Managers had primary responsibility, absence levels were almost 3 days lower" ("Room for improvement - Absence and labour turnover 2004" CBI). The CBI evidence was verified by the evidence of Chris Davies, Corporate Director for Social Care, and Health whose senior managers have acknowledged and led the efforts to successfully reduce absence levels within his service. In 2003-04 average absence periods for Adult Services was 12.31%, and 8.21% for Children's Services. By applying the existing policy and procedures by June 2004 Adult Services have reduced absence to 10.56% and Children's Services to 7.76%.

22.   The performance indicators introduced National Assembly to identify the proportion of working days/shifts lost to sickness absence includes a target figure for absence. This inquiry has revealed that absence levels are not widely reported and there are no targets set for reduction of sickness absence in the Service Area Business Plans, with little ownership of the target performance indicator.

RECOMMENDATIONS

23.   The Committee recommend that the Executive:

Levels and Cost of Absence

R1.   Urgently develop a strategy to reduce long term absence levels while still working to reduce short- term absence levels.

R2.   Apply the practices in the existing Sickness Absence Policy and Procedures to help reduce absence levels, as successfully demonstrated by Southampton City Council.

R3.   Undertake a review of the flexi time policy with a view to increasing the flexibility of start and finish times, and amending the core time.

Policy and Procedures

R4.   Ensure there are two new documents tailored to meet the specific needs of different audiences - an employee handbook provided to all staff, a manager's handbook provided to all employees with managerial and supervisory responsibilities. These documents must be clear, concise and capable of easy understanding. The formal Policy and Procedure documents for use by Human Resources staff should be retained. It is also recommended that the authority introduce the employee handbook in other media to help increase access and understanding.

R5.   Make the return to work interview mandatory, with the form amended to include the employee's absence history, the employee's individual health concerns, well-being, recovery, workload, and team impact information.

R6.   Authorise Human Resources to produce, monitor the completion of, and return of, all absence monitoring and counselling forms, and give Human Resources the responsibility to report failures for completion to the relevant Corporate Director.

R7.   Amend the absence policy, with the line manager being responsible for the return to work interviews before the trigger points are activated. However once the trigger points have been reached it is recommended that another manager within the service area or Human Resources officer attend the meeting with the line manager to provide support, and either a union representative or friend supporting the employee.

R8.   Monitor the York Occupational Health pilot scheme to identify any results that could be transferable to Cardiff.

Practical Application of Policy and Procedures

R9.   Ensure all employees are briefed about the Sickness Absence Policy and Procedures to ensure they understand their roles and responsibilities and what can reasonably be required of them. New employees to the authority be introduced to the Sickness Absence Policy as part of their induction. Regular Sickness Absence Policy and Procedure briefings be available throughout the year to provide a more in depth understanding of the Absence Policy and Procedures. Attendance at such sessions should be mandatory and recorded.

R10.   Ensure all service areas and sites have dedicated employees whose key responsibility is the daily reporting of sickness absence to the Human Resources team, this should include a "nil report" if there are no absences.

Communication and Training

R11.   Implement a training and development programme for managers and supervisors ensuring that they have the knowledge and skills required to effectively manage their staff. These training opportunities should be available at regular intervals throughout the year capturing those who have not attended and all new managers and supervisors. Attendance at training sessions should be mandatory and recorded.

R12.   Human Resources re-launch the Policy and Procedures and commence training, retraining and briefings for all Council employees following the Scrutiny inquiry. The use of global emails and intranet as the prime communication medium should be avoided.

The Role of Leadership in Tackling Sickness Absence

R13.   Ensure that absence figures are reported initially to monthly meetings of Chief Officers and Corporate Directors, and that absence figures are a standard agenda item for all Service Area Business Improvement meetings and annually to the Policy Review and Performance Scrutiny Committee.

R14.   Include a target reduction for the whole authority in the Corporate Business Plan, and Service Area Business plans. These targets should be specifically established for each of the Service Areas.

R15.   The Chief Executive acknowledge the seriousness of this issue by holding responsibility for the Corporate absence target, with Chief Officers responsible for the Service Area absence targets. The management of absence targets be included in all managers and supervisors personal performance and development interviews.

KEY EVIDENCE

Context

24.   In 1996 South Glamorgan County Council and Cardiff City Council were merged to form one authority. In the period between 1996 and 2000 there were two separate Policies and Procedures in operation, resulting in inconsistency in the management and implementation of sickness absence, and many other policies. In 1998 a merger process was undertaken to harmonise the absence management policies and procedures. The new policy and procedures were based on "best practice" principles and practices from other Public and Private Sector organisations such as the Local Government Employers Organisation and ACAS.

25.   The consultation process included Trade Unions, Senior Managers and Elected Members. In 2001 the Council introduced a revised sickness absence policy and procedure. Human Resources allowed for a lead-time during which managers were invited to attend briefing and training sessions to introduce them to the revised policy and procedures. Schools have only recently had the Sickness Absence Policy and Procedures commended to them, and were therefore outside the scope of this inquiry.

26.   The purpose of the Sickness Absence Policy and Procedure is "to help achieve improved attendance and deal with absence fairly, consistently, and effectively, thus maintaining quality services and avoiding disproportionate stress upon remaining employees". The key responsibility for managers is the management of absence using the tools available in the policy including, return to work interviews, counselling interviews, home visits, contact and cautions, and then feedback to Human Resources. The key responsibilities for Human Resources Officers were outlined as system maintenance, general information, liaison with Occupation Health Service, support and advice to managers.

Absence Levels – the National Picture

27.   The CBI undertake an annual absence survey, "Room for Improvement- Absence and Labour Turnover", and it is considered the most authoritative long term overview of absence and labour turnover trends in the UK, and used as a benchmark for any organisation seeking an improvement in their absence management. The survey has been undertaken for the last 17 years, with a total of 528 respondents for the 2004 report, of which 89 were public sector organisations. The figure of 528 represents 3% of the UK workforce.

28.   The CBI report cites that the long-term trend on absence remains good, levels have declined since the 1990's however this year has seen the first rise in five years. Absence in the UK still remains a huge burden on many organisations and cost around £11.6 billion in 2003.   The survey found that there is a considerable difference in absence rates between sectors with the Public Sector, Transport, Retailing, and Communications, consistently recording relatively high absence levels. The variation in sectors can partly be attributed to organisational size, both this and previous surveys have demonstrated the link between the absence level and the company size. In 2003 organisations employing 5000 or more people had an average of 10.2 days per employee with organisations with 50 or less people having an average of 4.2 days.

29.   Respondents to the CBI survey have established that "employers found that the majority of sickness absence was genuine with short–term minor illness such as colds and flu being the cause of absence", however 15% of absence is perceived by Managers to be not genuine. The level of absence was equivalent to the loss of 25 million working days in 2003.

30.   The CBI evidence has established that while long-term absence accounts for 5% of absence spells it actually represents 33% of the total working time lost, however short-term absence accounts for 95% of absence and 67% of working time lost. These statistics are not reflected in Cardiff's absence statistics where 63% of total working time is lost to long-term absence and 37% of working days are lost to short-term absence.

31.   Members heard evidence from UNISON who found that absence levels were often high where there is overwork, low pay, poor conditions and high levels of stress, this was supported by the Joint Review of Social Services that identified these as conditions that could engender high sickness absence.

32.   Members also heard that a recent national UNISON survey of Sickness Absence Policies and Procedures found that 59% of employees were worried about being absent due to sickness that 69% reported musculo-skeletal pain, 63% felt more stressed than 5 years ago and 33% of home carers had experienced harassment in the previous year. The recommendations from a recent report, by the Nuffield Trust, on sickness levels with the National Health Service cited "better communications with staff, better training, greater control and flexibility in their jobs and efforts to boost job security and improvement of family friendly policies" would help to reduce absence levels.

Levels and Cost of Absence

33.   The Task and Finish Group members found that the Council has a very broad range of information on sickness absence. Trend information is available since 2002 and absence information is available categorised by manual and non manual, service areas, long and short term and reason for absence.

34.   The Task and Finish Group members were provided with an analysis of causes of sickness absence in Cardiff. The most common causes of absences were identified, with "Stress" as the primary cause of absence losing the authority almost 30,000 working days 2003-04, with Muscular Skeletal problems losing in excess of 27,000 working days, and infections

and other illnesses, losing 20,000 working days each. The most recent audited information for Cardiff for 2003–04 shows Cardiff is losing an average of 13 days per employee per year. This places Cardiff 8th among the 22 Welsh Authorities.

35.   The Task and Finish Group identified two Welsh Authorities whose absence levels were lower, and they received additional evidence regarding the Absence Management Policy and Procedures of these Authorities. Monmouthshire has 6,600 employees with an average of 8.2 days, uses Welfare Interviews, employed an External Counselling Service, has a Management Training Scheme in operation, and reports absence figures quarterly to the Senior Management Team. Pembrokeshire with an average of 9.1 days has 6,500 employees, and has an Occupational Health Unit, and positive policies, including physical conditions, job design, flexible work environment, and training. Their Human Resources team and Service Areas share the responsibilities for absence management, and they are proactive with the management of workplace stress.

36.   Prior to the introduction of the Welsh Assembly performance indicators, Cardiff's absence rate was benchmarked against a number of other English Local Authorities known as the "big 11", these comprised of cities that were not Metropolitan Authorities, and are of a comparable size and population to Cardiff. The figures for the "big 11" English Local Authorities for 2002–03 are listed below in rank order:

Southampton	8.10
Portsmouth	9.90
Hull	10.2
Swansea	10.3
Derby	10.60
Bristol	11.00
Leicester	11.10
Plymouth	12.20
Cardiff	12.71
Stoke	13.27
Coventry	14.6

37.   Members received evidence at the first meeting of the Task & Finish Group that estimated the cost of sickness absence in Cardiff Council to be £8.5 million. A comparison of Cardiff Council's absence rate with other comparable English Authorities established Southampton as the preferred benchmark with an absence rate of 8.10.

38. A representative from Financial Services was invited to establish the potential savings Cardiff could achieve if they reduced absence levels to that of Southampton. Financial Services identified that there is not a straightforward calculation as the costs of sickness can be calculated in a number of ways. Some costs are additional to the pay bill whereas others may be considered to be opportunity costs. Additional costs would include extra paid hours worked by staff to cover for a colleague's absence, overtime payments as a result of providing cover, and the cost of employing agency staff. There is also the cost of unproductive time, i.e. the time in work lost as a result of the sickness absence.

39. The payroll cost (including on-costs for National Insurance and Superannuation) has been calculated and represents the pay equivalent for each day's sickness absence. Excluding Schools (whose budget is delegated to the Governing Bodies), the payroll cost in 2003–04 amounts to £7.7 million. To this can be added the cost of agency staff directly coded to sickness absence in the Council's financial ledger, amounting to £855K this gives a combined cost of £8.5 million. The cost of absence cover and overtime arising solely as a result of sickness cannot be identified.

40. Cardiff's absence figure is 12.71 days compared to Southampton's figure of 8.10. A reduction of 36.3% to Cardiff's sickness absence would be required in order to achieve the published figure for Southampton. If the figure of 36.3% is applied to the calculated cost of sickness absence of £8.5 million then the potential saving would be £3.1 million.

41. It must be noted that the £7.7 million payroll cost are not an additional cost to the authority's budget, but an opportunity cost in terms of days lost, therefore the authority spend will not automatically reduce if the number of days lost due to sickness absence falls. There are potential cost savings in the medium term, should absence levels reduce and remain consistently low then Chief Officers could review their staffing establishment with a view to assessing whether posts could be reduced or as a result of higher productivity less need for growth. In the short term any reduction in sickness absence would bring an immediate improvement in service delivery.

Sickness Absence Policy and Procedure

42. The Sickness Absence Policy and Procedures is designed to help managers deal fairly, consistently and effectively with unplanned absence across the Council. At all stages of the procedure a proper investigation should be conducted into the circumstances of the absence.

43. When an employee is absent they must contact their line manager on the first day of absence stating nature of illness, likely duration and any outstanding work commitments. If the employee is still absent on the fourth day then they should contact their line manager and again state the nature of illness, likely duration and any outstanding work commitments and possible length of absence. After an absence of seven days the employee should provide a medical certificate. On the return to work the employee and their line manager must complete a "Claim for Sickness Absence" form, which should be returned to Human Resources.

44. Repeated short- term absences trigger certain management interventions:
   - Three separate absences in six months trigger a counselling session involving the employee and the manager.
   - Five absences in a 10-month period trigger further counselling sessions.
   - Seven absences in a 12-month period result in a formal written warning. The final written stage is reached when there are nine absences in a 14 month period.
   - Termination of employment is implemented when 12 absences have occurred in an 18 month period.

45. The treatment of long-term absence requires a manager to make contact or a home visit by the 6th week of absence. This frequency of visits should be maintained throughout the absence. When an absence reaches 12 weeks the employee must be referred to the Occupational Health Advisor, and on receipt of a report from the medical advisor, Human Resources and managers must assess the employee's future employment capability. If an employee is permanently unfit to resume duties then an ill health retirement will be considered, if the employee is deemed temporarily unfit, or unfit for their current role, then alternative employment should be considered.

Corporate Health Standard

46. Members also received evidence on the Corporate Health Standard, that was a requirement of the Welsh Assembly Government for all Public Sector Organisations by March 2003. The standard has been developed to recognise good practice in workplace health promotion with bronze, silver or gold grading being awarded. Cardiff Council has been proactive in using positive initiatives to assist in improving the health and well-being of its employees and this has been recognised, with Cardiff achieving a silver grading in May 2003.

47.   The Corporate Health Standard includes the core components, such as organisation support, communication and employee involvement. Policy areas, including occupational stress, first aid at work, alcohol and substance misuse. Documented evidence was provided to support the core components and policies, followed by visits from Corporate Health Standard assessors who met with employees before making their grading recommendation. These policies are designed to improve the health and well-being of staff, however it will take some time before the benefits are visible.

Occupational Health Support

48.   The Council's absence policy expects all absences of 12 weeks or more to be referred to an Occupational Health Advisor, who will assess the employee and provide a report identifying workplace options. This service has been traditionally procured from an external contractor, however in 2002 a decision was made to provide the service "in-house". Human Resources are in the recruitment stage of the process, the team will consist of two Occupational Health Advisors, with administrative support, however the services of an Occupational Health Physician will still be procured externally.

49.   It is envisaged that the Occupational Health Advisors will provide a wide range of services and support including pre-employment assessments, long-term illness, recurrent short-term absence, and alleged work related ill health. They will support the Health and Safety activities of Human Resources with regard to manual handling, upper limb disorders, and hand arm vibration, and work with Service Areas in promoting healthy eating, women's and men's health issues. They will support the current counselling service, provide support and advise on stress, aggression, and abuse issues.

Stress Management

50.   Stress is recognised as one of the major causes of absence, with the Health and Safety Executive issuing a management standard in November 2004. The Health and Safety Executive define stress as "the adverse reaction people have to excessive pressure or other types of demand placed on them." Cardiff Council has a Stress Management Policy and a Code of Guidance with requisite forms for the risk assessment of workplace stress. Managers are responsible for the risk assessment of workplace stress, and training has been provided however it was the responsibility of the Service Areas to nominate which of their managers would attend the training.

51.   In 2003 an independent consultant was commissioned to undertake a series of "stress focus groups" within service areas, these sessions resulted in the development of service

area action plans to help address occupational stress, these "rolling" action plans have been placed on the Council's intranet site and included in the Business Improvement Meeting structure and should include any actions identified by managers as part of the risk assessment process.

Evaluation of the Council's Policy and Procedures

52. The Task & Finish Group commissioned the Local Government Employers' Organisation (LGEO) to undertake a review of the Sickness Absence Policy and Procedures in place in Cardiff Council with a view to determining the extent to which its policy and procedure mirror best practice found in local government and highlighting any areas where room for improvement existed.

53. The key findings from this research identified that all of the "checklist [Best Practice] elements are found in the Council's Sickness Absence Policy and Procedures and the process is therefore in general conformity with accepted best practice". A brief review of the policies and procedures outside Local Government has confirmed that LGEO best practice guidelines are "relevant and comprehensive and that the Council's Policies as a result are in line with those in the private sector".

54. The new Council SAP (Systems Applications and Data Processing) system was identified as an opportunity to improve the deficiencies currently found in the management information systems and internal procedures. The new system must provide managers with "timely prompts for action" and produce the required paperwork. There is potential to "improve the discipline of the return to work interviews" with prompts for completion of, and referral to, another level of management should the return to work interview form not be completed and returned.

55. The Task and Finish Group members received evidence from UNISON who recognised the need for the Sickness Absence Policy and Procedures, however they considered it to be "a rigid, punitive approach" that did not value the staff. They consider "high absence levels say more about the organisational culture than about individual employees". They also quoted the CBI as "having compared organisations which have absence policies to ones which do not in their surveys on sickness absence, they have concluded that they could find no particular indication that the existence of an absence policy in an organisation meant lower that average days lost".

56. Representatives from AMICUS and T&GWU acknowledged the need for the Sickness Absence Policy and Procedures and felt they were adequate, however they expressed concern that the sickness absence policy is not widely available and subsequently employees are not aware of the sickness procedures.

57. Respondents to the CBI survey have cited an increase in the use of rehabilitation policies in managing bng-term sickness absence, with the policies widely used to help employees return to the work place being both formal and informal. These included a change of work duties, flexible working, access to medical care, counselling, and case service management. There is evidence to suggest that timely intervention with access to medical care can help an employee's health and ultimately the return to work.

58. The Task and Finish Group heard evidence from Human Resources officers, that Cardiff had recently undertaken an employee consultation exercise and established stress focus groups. As a result of these consultations there are positive and negative common themes emerging. The positive themes included the strength of team working, the general working conditions within the Council, the opportunities for training and development, their line management, and communications with Council's customers. The negative themes identified areas for further development these included the need for employees to feel valued by the organisation, the opportunity to be involved and contribute ideas, being kept informed, improving the Council's image and reputation, and having the equipment and resources to do their jobs.

A number of new schemes operating in both the public and private sector have received a high press profile. These included the introduction of a pilot occupational health scheme in York Council, where an employee would contact an occupational health nurse and not their mangers when reporting sick. Tesco introduced a pilot scheme that removed payment for the first three days of sickness absence. Tesco stressed that the policy was only one of a basket of policies introduced to help manage absence levels. The use of occupational health nurses and the removal of the first three days of absence were explored with the CBI who advised that as the policies were new and so few employers applied them, an assessment of their impact was not possible at this stage. Members felt that these schemes may offer alternative management policies if absence levels in Cardiff fail to improve.

Practical Application of Policy and Procedures

59.   The primary aim of the Scrutiny Research commission was to "examine staff awareness and experience of the application of the Sickness Absence Policy and Procedures from the perspectives of both general staff and managers" The research objectives were established as to survey:

*   Staff level of awareness of the Sickness Absence Policy and Procedures are supposed to work.

*   Staff experience of induction or briefing on the policy and specifically for managers training in using the policy and procedure.

*   Staff recollection of changes or amendments to the policy and procedures.

*   The experience of the return to work interview

*   For managers the confidence, support and ownership in applying the policy and procedures.

*   Staff knowledge of other provision to identify pressures and problems for all staff and help minimise sickness absence.

60.   The data collection for the research exercise was primarily via telephone surveys plus, where a limited number of face to face interviews where necessary. The data collection exercise was undertaken by Cardiff Council's Connect to Cardiff contact centre staff, and Scrutiny Services.

61.   A random sample of 700 was provided, of these 400 was established as the target figure. To replicate the staffing of the organisation the survey sample needed a 70:30 ratio of non-manual to manual staff. The final results for the survey included 280 non-manual and 120 manual employees. A random sample of 108 managers were identified with a target of 60 responses required. For the purposes of analysis and evaluation the results of the general staff survey have been disaggregated between manual and non-manual employees and

managers.   Some of the key themes emerging from the Scrutiny Team's research project are discussed in the following paragraphs

62.   All managers surveyed were aware of the Council's Sickness Absence Policy and Procedures, with 98% non-manual and 88% manual staff indicating an awareness of the policy and procedure. However when managers were asked to outline the process for an employee on their return to work, 93% quoted the use of the return to work interview but only 32% mentioned the use of "trigger points" to initiate the counselling/ disciplinary process. Analysis of the non-manual responses identified 86% needing to contact their line manager on the first day of absence, with 21% acknowledging that certain levels of absence could initiate a formal interview and 9% that the process could lead to dismissal. While the analysis of the manual responses identified 51% needing to contact their line manager on the first day of absence, with 12% acknowledging that certain levels of absence could initiate a formal interview and 2% that the process could lead to dismissal. This indicates a general awareness of the policy and procedures, but less awareness of their detail.

63.   Managers were asked about their use of the return to work interview. 93% of managers conducted interviews, 5% never conducted interviews, and 2% sometimes offered interviews, but not always. However the responses of the non-manual staff indicate that 56% have received an interview, but 17% have never had an interview on their return to work. Analysis of the manual staff indicate similar figures with 59% receiving an interview and 14% never having an interview on their return to work. The research confirmed that managers use a variety of formal and informal styles and locations to conduct the return to work interview, with 20% of interviews conducted at the employee's desk. The research also suggests that many of the interviews are at such a level of informality as not to be recognised by the employee as a formal event related to their sickness absence.

64.   The research also identified managers' access to timely management information and their use of such information in absence management. 83% of managers indicated that they received "trigger point" information from Human Resources, however 17% gave a negative response. Further analysis of the process taken after receiving "trigger point" information revealed that 72% of managers did not take action on receipt of this information.

65.   The Local Government Employers' Organisation report identified the use of "trigger points" as "fundamental" and widely used to initiate management action. They identified the use of trigger points relevant to local circumstances as best practice and recognised that Cardiff has a fairly complex and hierarchical set of trigger points. This is considered acceptable

providing suitable management information is available. The Scrutiny research found that 17% of all managers did not receive any sickness absence monitoring information from Human Resources. The report further identified that the current Human Resource software and management information systems does not provide prompts for action and still leave the manager to perform their own analysis and reach their own conclusions" resulting in an inconsistency in policy implementation.

66.   The CBI survey has also identified that the use of "return to work" interviews is perceived to have the greatest impact on absence levels. Companies that conducted return to work interviews experienced an average of two days less absence than those not using this tool. This evidence supports the views of Human Resource specialists who perceive the use of return to work interview as a "critical tool" in the absence management process. Southampton Council, for example, cite the use of such interviews as being central to their reduction in sickness absence.

67.   The existing Sickness Absence Policy and Procedures allow for the issuing of cautions and ultimately dismissal when absence levels become unacceptable, however Members heard evidence from Human Resources that in 2003-04 a total of only 66 cautions were issued with 36 dismissals, and 71 employees retired on ill-health grounds. Members were surprised how few cautions and dismissals had been issued given the level of absence experienced. In their evidence AMICUS and TGWU representatives felt that it was the managers "duty" to enforce the policy and not the Trade Union's.

Sickness Absence Case Studies

68.   When compiling the project plan a decision was made to undertake a case study of the effects of sickness absence in a team environment. An approach was made to Chief Officers who were asked to volunteer teams. It was agreed that given the personal nature of the information being studied that the teams would be anonymous. The teams volunteered for this case study are all involved in "front line" service provision. Their mangers were asked to provide the following details:

- The number of staff in the team
- The total absence in a 1 month period
- If the absence was short or long- term
- The reasons for absence
- Any special leave
- The effects on the team

69.   After discussions with the managers and analysing the results it became apparent that in all three teams the effects of any unplanned sickness absence immediately impacted on the service provision. The impact was also immediate on other team members and their workloads. The pre arranged absences such as hospital or dental appointments are accommodated within the teams, as are most of the requests for special leave.

> Team "A" has 16 staff, in the period surveyed, September 2004, a total of 14 days were lost all of which were short-term absences. The reasons for absence were migraine, gout, cold and a hospital procedure.
> Team "B" has 13 staff, in the period surveyed, December 2004, a total of 27 days were lost all of which were short term-absences. The reasons for absence were chest infections, and a kidney infection.
> Team "C" has 14 staff, in the period surveyed, September 2004, a total of 4 days were lost to short-term absences. The reasons for absences viruses, fatigue, and a knee injury. Team "C" also had one long-term absence.
> There were no instances of special leave for the teams in the periods surveyed.

70.   All the managers expressed the view that the sickness absence that had occurred in their teams was genuine, and all used the tools provided by the Sickness Absence Policy and Procedures to manage absence. This evidence supports the CBI annual survey " Room for Improvement – Absence and Labour Turnover 2004" that found "the majority of absence to be genuine sickness". There was acknowledgement that "some employees are better able to manage their health and well-being while others needed additional support from their managers".

Communication and Training

71.   In 2001 the revised Sickness Absence Policy and Procedures were placed on the Cardiff intranet site. Copies of the policy and procedure were also provided to managers who attended the briefing sessions, and a global email notified employees of the change. Service Areas were responsible for the further dissemination of the policy and procedure.

72.   The LGEO report acknowledged the use of the Council's intranet as the main point for employees to access the policy and procedures as "widely accepted" however commented "that to be effective, employees must be given access and must not find it intimidating". Therefore it is suggested a "traditional paper based approach would be more suitable" for

some groups of staff. The report also identified the need for the use of other media for those with "learning difficulties" and for whom "English is not their natural language". The Scrutiny research also indicated that less than 1% of Council employees used the intranet for information on Sickness Absence Policy and Procedures.

73. The LGEO report also commented that regardless of the type of access the criteria for these documents must be "clear, concise, and capable of easy understanding" and did not feel that these criteria had been met with the Sickness Absence Policy and Procedure. Cardiff Council has one procedural document that is used to guide and inform all employees, including Human Resources mangers and line managers. The document suited the needs of Human Resources managers and some line managers but was felt to be inappropriate for the entire family of Council employees and suggested the production of a "thinned down" document for use with employees. This version should also "avoid the use of the passive form of sentence construction and use a much more direct language" to help impact on the levels of understanding.

74. The AMICUS and T& GWU representatives identified a need for the documents to be available in a range of languages and other media. They also identified the need for the policy and procedures to be provided in a small handbook that would be available for all employees.

75. The Scrutiny Team research sought to establish if the Sickness Absence Policy was included in the induction process for all new employees, and what percentage of employees had been informed at their induction. The analysis of responses to this question established that 40% of manual and 34% of non-manual staff received information at their induction, however 30% of manual and 44% of non-manual staff said they had not received any information about the Sickness Absence Policy and Procedures.

76. The Task and Finish Group was advised that the revised Sickness Absence Policy implementation allowed for a "lead time" during which managers were invited to policy briefings and skills training. A total of 61 briefings were given and 800 employees attended. Twenty-six one day skills training sessions were given with a total of 300 employees attending. Service Areas determined who should attend the Policy Briefing and Skills Training session, subsequently only 26% of the Authority managers attended. Member's expressed surprise that attendance at such training was not mandatory.

77. The Scrutiny Research sought the managers perceptions on their confidence in applying the Sickness Absence Policy and Procedures, 65% expressed confidence, 30% were fairly confident and 5% were either not confident or comfortable with the process. When asked about what had helped them use the policy and procedures 78% identified quick clear

access to policy and procedural information and 45% cited, quick access to employee's sickness absence records. Additionally, 43% cited training and 42% cited personal commitment to policy intentions as helpful factors. In identifying the negative perception to the policy and procedures 23% felt the policy requirements to be detrimental to manager/employee relationships and 22% felt the dynamics of the manager/team relationships were adversely affected.

The Role of Leadership in Tackling Sickness Absence

78.   The CBI survey established that the primary responsibility for sickness absence management was with line managers, with 70% of organisations giving this response. 13% of respondents placed responsibility with senior managers and 13% with Human Resources managers. A further 4% allocated responsibility to Risk Managers. The survey has shown that when senior managers are responsible for absence management absence levels are significantly lower, approximately 3 days, than when absence is managed by line managers.

79.   The Social Care and Health Service Areas, which has seen a considerable reduction in sickness absence after senior management intervention, was considered as a case study. There is recognition that sickness absence levels in the public sector are traditionally higher than those experienced in the private sector, similarly that the absence levels of staff employed in Social Care is higher than that experienced in other Local Authority services. The nature of Social Care work can be stressful, involves manual handling and face–to-face contact with service users. This increases the likelihood of employees contracting infection and being more susceptible to the possibility of verbal and physical abuse. If an employee contracts an infection they have to consider the risk of infecting any other vulnerable young or elderly service users.

80.   Absence figures for Social Care and Health, in both Adult and Children's Services Areas were unacceptably high. In 2003–04 absence levels for Adult Services were reported as 12.31% with 8.21% in Children's Services. A further analysis of absence levels was undertaken by duration, 40% of the absences in Adult Services were between 1-3 days and 50% in Children's Services. Reason for absence were also examined with stress and muscular skeletal problems cited for long term absence, and eye, ear, nose ailments and infections for short tem absence.

81. Chris Davies (Corporate Director, Social Care & Health) acknowledged that the Council already has a comprehensive Sickness Absence Policy and Procedures that encompasses recognised good practice elements for absence management, but questioned the extent to which the policy and procedures had been applied in all cases. The strategy to reduce absence levels was to develop robust data collection methods, discuss absence levels at service area management teams, undertake audits of the process to ensure compliance, and ensure that the reasons for absence are accurately recorded. Also to ensure that managers are aware of their responsibilities and undertake a training needs analysis, raise awareness of the extent and impact of sickness among employees and managers, and consider setting targets for the reduction of sickness absence for each section.

82. The Human Resources' team were used as a case study to demonstrate how accepting responsibility for absence and using the tools already available in the Sickness Absence Policy and Procedure helped achieve a reduction in absence levels. In 2002-03 absence was reported as 6.58%, this was made up from 244 separate periods of absence, and resulted in a total of 2145 lost working days. Within the team there were 13 long-term absences. In this period one member of staff had their contract of employment terminated and one member of staff was redeployed.

83. In 2003-04 absence had risen to 7.91%, this was made up from 246 separate periods of absence and resulted in a total of 2397 lost working days. The number of long-term absences increased to 17 and three members of staff had their contracts of employment terminated. In 2004-05 (to November 2004), absence had fallen to 4.05% the number of absence periods had reduced to 130 with 671 working days lost, and four long- term absences. Members acknowledged that the reduction in absence levels was impressive, however there was concern expressed at the length of time required for the process to reach the dismissal stage.

84. The need for a proactive response to absence management was identified with areas for improvement including recruitment, selection and retention, career development opportunities for existing employees, risk assessments for areas with high stress levels, increased use of counselling when the cause of absence is cited as stress, depression or anxiety, and detailed analysis of areas where high short term absence is experienced.

85. The need to focus on reducing long-tem absence was acknowledged. In cases where the absence is as a result of stress, depression, anxiety or muscular skeletal then referral to the Occupational Health Service would be at 8 weeks, and not 12 as detailed in the policy, providing the Manager with an occupational health report on the employees condition earlier. The importance of helping people back to work was recognised as an important part of the long-term absence management process, making greater use of light duties, phased

returns, redeployments, and on the receipt of an Occupational Health report, increased use of a case conference between the line manager and Human Resources.

86. By June 2004 absence levels in Adult Services had fallen to 10.56% and 7.76% in Children's Services. Members acknowledged the good work undertaken by Chris Davies and his Management team since the Joint Social Services Review. Members recognised the importance of senior management commitment to managing and reducing absence within their Service Areas and the need for a development programme for managers.

Targets for Sickness Absence

87. The National Assembly performance indicator for the number of working days/shifts lost to sickness absence also includes a target figure for absence. The target figure for 2002-03 was 11.94 and 11.70 for 2003-04. This inquiry has revealed that absence levels are not widely reported, with little ownership of the Corporate figure, and there are no targets set for reduction of sickness absence within Service Area Business Plans. The LGEO report identified that Cardiff does not have any "quantative targets" for absence reduction. The LGEO recognise that the setting of targets is a difficult area, as any targets established must recognise local circumstances and there is no body of external knowledge to support the development. However the establishment of appropriate and sensible targets for the reduction of sickness absence is necessary and should form a key part of a long term strategy for absence reduction.

INQUIRY METHODOLOGY

88. The Scrutiny Committee apply a project management approach to its inquiries; including mechanisms to consistently prioritise topics suggested for scrutiny (PICK process), scoping reports and project plans. The aim of these is to ensure there is dialogue with the Service areas involved in the scrutiny process with the ultimate aim of improving overall service delivery and enabling effective scrutiny.

89. The process was undertaken with the assistance and advice from the Human Resources.

90. Members of the Task & Finish Group received a briefing report providing background to the current Sickness Absence Policy and Procedures, its review and implementation, the role of Human Resources in the management process, and the absence levels in Cardiff

Council. Statistical information was provided on long and short-term absence, manual and non-manual, and absence by cause.

91.   Members received evidence from internal and external witnesses:

- Internal Witnesses: Lynne David, Robert Jeffery, and Christina Lloyd, Operational Managers for Human Resources, Allan Evans Operational Manager Financial Services, Chris Davies, Corporate Director Social Care & Health, Mike Formosa representing T&GWU, Mike Love representing AMICUS, Mark Turner representing UNISON, Lewis Jones Scrutiny Research and Information Manager.

- External Organisations: Robert Davies Local Government Employers' Organisation, David Rosser Director CBI Wales, Tesco, Southampton City Council, Wiltshire County Council, North Yorkshire County Council and York City Council.

Research

- The Local Government Employers' Organisation was commissioned to undertake a "best practice analysis of Cardiff Councils Sickness Absence Polices and Procedures".

- The Scrutiny Research and Information Team was commissioned to "investigate Managers/Supervisors adherence to, and awareness of, the Councils Sickness Absence Policies and Procedures and its efficiency" and "conduct an employee survey to establish use of the return to work interviews, and methods used whether formal or informal". This research was conducted by the Scrutiny Research Team and Connect-to-Cardiff.

- Several case studies were undertaken on the impact of sickness absence on a team with teams directly involved in front line service provision.

LEGAL IMPLICATIONS

92.   The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Executive/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the

procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

FINANCIAL IMPLICATIONS

93. There are no direct financial implications arising from this report. However, financial implications may arise if and when the matters under review are implemented with or without any modifications.

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE MEMBERSHIP

Councillor David Walker, Chairperson

Councillor Roger Burley

Councillor Joe Carter

Councillor Paul Chaundy

Councillor Tim Davies

Councillor Russell Goodway

Councillor John Norman

Councillor John Sheppard

Councillor Simon Wakefield

TERMS OF REFERENCE

To scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives.

To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.

To report to an appropriate Executive or Council meeting on its findings and to make recommendations on measures which may enhance Council performance in this area.