

**CITY AND COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**

Employment Conditions Committee: 17 October 2005

Report of Assistant Chief Executive

**Executive Response to the Policy Review and Performance Scrutiny
Committee Report on Sickness Absence**

Background

1. The Policy Review and Performance Scrutiny Committee identified the need to investigate sickness absence within the Council. Consequently, in September 2004 a Task and Finish Group was established to investigate current levels of absence in the Council and action taken to address the issue and make appropriate recommendations.
2. The Task and Finish Group utilised a range of information sources, both internal and external and interviewed a range of individuals and organisations.
3. Scrutiny considered the report of the Task and Finish Group on 9 June and endorsed its recommendations. The report was then presented by Councillor David Walker to the Executive Business Meeting on 28 June 2005. The report was also considered by Employment Conditions Committee.

Issues

4. The Executive Business Meeting noted the recommendations and were required to respond to the Scrutiny Committee report within 2 cycles. Employment Conditions Committee also resolved that they would wish to receive a copy of the final response agreed by the Executive.
5. A copy of the report and draft response is attached as Appendices A and B respectively. These were duly considered by the Executive Business Meeting on 13 October. Members will be updated on the final approved response at the Committee meeting on 17 October.

Proposals

6. The draft response provides details against each of the 15 recommendations made by the Scrutiny committee. The recommendations relate to various aspects of the managements of absence within the Council including:
 - levels and costs of absence
 - policy and procedures
 - practical application of policy and procedures
 - communication and training
 - the role of leadership in tackling sickness absence

7. The response makes it clear that whilst changes can be made to the policy, effectiveness of its application is key to any improvements. This will have resource implications for Human Resources and appropriate budget bids are being made via Medium Term Financial Planning process. There are also resource implications for Service Areas in managing sickness absence more effectively.

Investment for Reform/Benefit to service user

8. Improvements made in the levels of sickness absence the Council would release resources which would be of benefit to service users.

Council Policies Supported

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

Advice

10. 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

11. As outlined in report to EBM, attached as Appendix A to this report.

Financial Implications

12. As outlined in report to EBM, attached as Appendix A to this report.

Human Resource Implications

13. The recommendations of the Task and Finish Group, if fully resourced and implemented, will strengthen the Council's position on this important position. However there will be resource implications for Human Resources that will need to be appropriately addressed if all recommendations are to be implemented. Equally, there are likely to be resource implications for Service Area managers who will need to spend time ensuring that the policy is implemented and that sickness absence is actively managed. Whilst the management of absence is key to organisational effectiveness, there could well be employee relations issues generated by the introduction of a new policy with its emphasis on tackling long term sickness absence.

Trade Union Comments

14. The Trade Unions acknowledged the need for the Council to tackle and manage absence consistently. They felt that a holistic approach to the management of absence ie dealing with stress, proactive health initiatives, etc was required rather than the implementation of more draconian measures. They stressed the importance of the newly established Occupational Health unit to assist in the more effective management of absence. They also commented on the resource implications of implementing all the recommendations from Scrutiny.

RECOMMENDATION(S)

15. It is recommended that this Committee:
- (i) note the response of the Executive to the Scrutiny Committee's investigation into the management of sickness absence within the Council.
 - (ii) receive a further report in due course on progress actioned.

JO FARRAR
ASSISTANT CHIEF EXECUTIVE
17 September 2005

The following appendices are attached:

Appendix A – covering report to EBM on 13 October 2005 on Executive Response
Appendix B – Executive Response to the Policy Review and performance Scrutiny committee Report on sickness Absence

EXECUTIVE BUSINESS MEETING: 13 October 2005

**Executive Response to the Policy Review & Performance Scrutiny
Committee Report on Sickness Absence**

REPORT OF ASSISTANT CHIEF EXECUTIVE AGENDA ITEM:

PORTFOLIO : Corporate Policy

Reason for this Report

1. This report addresses the recommendations made to the Executive in the report of the Policy Review and Performance Scrutiny Committee on sickness absence.

Background

2. As part of its work programme the Policy Review & Performance Scrutiny Committee on 23 September 2004 agreed to establish a Task & Finish Group with terms of reference to investigate the current levels of sickness absence in Cardiff Council and actions taken to address the issue and make appropriate recommendations.
3. In addition to interviewing a number of officers from Human Resources, Financial Services, Social Care and the Trade Unions, a number of research projects were commissioned to aid the enquiry. The Local Government Employers' Organisation was commissioned to undertake a "best practice analysis of Cardiff Council's Sickness Absence Policy and Procedures". Additionally, the Scrutiny Research and Information Team was commissioned to investigate via a short employee survey to establish the general level of knowledge, understanding and awareness by staff of the sickness absence policy and to establish whether managers/supervisors understood their role in undertaking return to work interviews and whether methods used for undertaking such interviews whether formal or informal.

4. The full Scrutiny Committee considered the report of the Task & Finish Group on 9 June 2005, and noted the findings of the Group and endorsed its recommendations. The report was then duly presented by Councillor David Walker (Chairperson) to the Executive Business Meeting on 28 June 2005. The report was also considered by Employment Conditions Committee on 27 July.
5. The Scrutiny report contains a series of comprehensive findings and recommendations in relation to various aspects of the management of sickness within the Council including levels and cost of absence, policy and procedures, practical application of policy and procedures, communication and training and the role of leadership in tackling sickness absence.
6. The draft response of the Executive to the recommendations of the Policy Review and Performance Scrutiny Committee is attached as Appendix B.
7. The recommendations of the Scrutiny Committee have been fed into the review of the Council's Sickness Absence Policy. A new policy is being developed which will include:
 - A tightening up of management procedures and increased training and support for managers
 - A proactive approach to the prevention and management of ill health by utilising the services of the new in house occupational health service
 - A transfer to Cardiff of best practice absence arrangements from other organisations.
8. It is proposed that the revised policy will be considered by Employment Conditions Committee in January 2006 after which the new approach to managing absence will be rolled out across the Council. A timetable for the roll out will accompany the policy. However, there will need to be a lead in time prior to the full implementation for the new policy. This will be to ensure adequate time for planning and development of briefings/ training programmes and will facilitate the bedding in of new IT (eg SAP Phase 2) and development of other systems / arrangements required to support the introduction of the new policy. However, where it is practicable, it is envisaged that a number of the actions will be implemented shortly after the policy is approved. As Appendix A makes clear, the implementation of the new policy will have significant resource implications for Human Resources as well as for Service Area managers who will need to spend more time ensuring the policy is implemented and sickness is actively managed .
9. In a supplementary exercise, Internal Audit have audited Sickness Absence over a period in the early summer months to gain some additional, more detailed operational information that can further inform the new policy and can act as a benchmark for the future. That audit is nearing conclusion and will be subject to further discussion and consideration and there is a commitment to include those findings as part of the way forward in managing absence. However for the purposes of informing changes to the existing management of absence, preliminary findings of the short audit confirm that consistency and continuity of policy application varies across service areas.
10. Areas that will need to be reviewed and tightened up where appropriate include the process for reporting absence to Human Resources; absence data

input arrangements; inconsistencies in undertaking (and retaining evidence on personal files) return work interviews; variations in managers acting on receipt of trigger point information and referring staff to Occupational Health. These preliminary findings reiterate much of what Scrutiny highlighted and consequently will need to be considered as part of the way forward on absence management

Issues

11. The Executive are requested to consider the draft response and, on the basis of this, agree a formal response to the Scrutiny Committee.

Reasons for Recommendations

12. To enable the Executive's response to the Scrutiny Committee Report on Sickness Absence to be made available to the Chair of the Policy Review and Performance Scrutiny Committee.

Legal Implications

13. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make any policy decisions. As this is the Executive's response to the Scrutiny Committee's recommendations, 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 Cabinet will set out any legal implications arising from those recommendations.

Financial Implications

14. 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 exercise undertaken by the Task and Finish Group 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 would provide opportunities for immediate improvements in service delivery. Recommendations vi, vii, ix and xii in the scrutiny report have resource implications and will be subject to discussions during the next budget round.

RECOMMENDATIONS

That the Executive response to the Policy Review and Performance Scrutiny Committee on Sickness Absence be agreed and forwarded to the Chair of the Committee.

JO FARRAR
Assistant Chief Executive
1 September 2005

The following Appendix is attached

Appendix B – Executive Response to Specific Recommendations from policy Review and Performance Scrutiny Committee on Sickness Absence.

APPENDIX B

Executive Response to the Policy Review and Performance Scrutiny Committee Report on Sickness Absence

1. On 28 June 2005, the Policy Review and Performance Scrutiny Committee presented a report to the Executive Business Meeting on sickness absence within the Council. The Scrutiny report contains a comprehensive series of key findings and a number of recommendations put forward by a Task & Finish Group based on a range of data collated from internal and external sources. Recommendations were put forward in a number of areas including levels and cost of absence, policy and procedures, practical application of policy and procedures, communication and training and the role of leadership in tackling sickness absence.
2. The report reflects the considerable efforts that Scrutiny made in undertaking this detailed enquiry into a key Council policy and, more importantly, its application and effectiveness. The findings are important and key recommendations will be used to strengthen the Council's existing Sickness Absence Policy.
3. The report includes a range of evidence which was considered, 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, understanding and experience of the Sickness Absence Policy and procedures.
4. The Scrutiny report builds on an internal review of the Sickness Absence Policy which suggested a number of proposed key amendments and refinements to strengthen the policy, including
 - 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 Human Resources & 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 Human Resources;
 - 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 etc.
5. Officers from Human Resources have been heavily involved in this Scrutiny investigation and have acknowledged throughout 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 their respective responsibilities within it. It is critical that managers fully understand their role in this important process and are provided with the necessary skills and awareness training to make sure that they are equipped to discharge their duties properly.
 6. The positive recommendations put forward by the Task & Finish Group are welcomed by the Executive as, in addition to highlighting new areas for consideration, they also endorse a number of the proposed changes already planned for the policy. These recommendations will serve as a major platform from which the Council will be able to significantly strengthen the determination to tackle sickness absence in a rigorous and consistent way. However, there are likely to be resource implications, particularly for Human Resources, of implementing all these recommendations and these will be outlined in due course. HR Officers will submit appropriate bids via the Medium Term Financial Planning process, which will be duly considered in the context of wider budgetary issues including the final settlement agreed for the Council.
 7. The recommendations of the Scrutiny Committee have been fed into the review of the Council's Sickness Absence Policy. A new policy is being developed which will include:
 - A tightening up of management procedures and increased training and support for managers.
 - A proactive approach to the prevention and management of ill health by utilising the services of the new in house occupational health service.
 - Appropriate best practice absence arrangements from other organisations that can transfer to suit the Council's needs.
 8. It is proposed that the revised policy will be considered by Employment Conditions Committee in January 2006 after which the new approach to managing absence will be rolled out across the Council. A timetable for the roll out will accompany the policy. There will need to be a lead- in time prior to the full implementation for the new policy. This will be to ensure adequate time for planning and development of briefings/ training programmes and bedding in of new IT (i.e SAP Phase 2) and other systems required to support the introduction of the new policy. However, where it is practicable, it is envisaged that a number of the actions will be implemented shortly after the policy is approved.
 9. The existing Sickness Absence policy and procedures of the Council have been commended to School Governing Policies for adoption and implementation in relation to schools based staff, including teaching staff. It is proposed that the revised policy and approach to managing absence, including the Scrutiny recommendations, are similarly commended to Governing Bodies.

10. In a supplementary exercise, Internal Audit have audited Sickness Absence over a period in the early summer months to gain some additional, more detailed operational information that can further inform the new absence policy and can act as a benchmark for the future. That audit is nearing completion and will be subject to further discussion and consideration and there is a commitment to include those findings as part of the way forward in managing absence. However for the purposes of informing changes to the existing management of absence, preliminary findings of the short audit confirm that consistency and continuity of policy application varies across service areas.
11. Areas that will need to be reviewed and tightened up where appropriate include the process for reporting absence to Human Resources; absence data input arrangements; inconsistencies in undertaking (and retaining evidence on personal files) return work interviews; variations in action by managers on receipt of trigger point information and referring staff to Occupational Health. These preliminary findings reiterate much of what Scrutiny highlighted and consequently will need to be considered as part of the way forward on absence management
12. The Executive's response to each of the specific recommendations is outlined below.

Levels and Cost of Absence

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

The Executive fully endorses this recommendation. It is clear from the evidence considered and data collated by the Task and Finish Group that long term absence is the main area of concern and accounts for over 60% of all sickness absences. The revised sickness absence policy will include mechanisms to assist in the management of long term absence whilst, at the same time, ensuring short term absence is addressed appropriately. The role to be played by the 2 newly appointed Occupational Health Advisors (due to commence in December 2005) will be key to proactively supporting managers in managing absences.

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

The Executive fully endorses this recommendation and will ensure that the amended Sickness Absence Policy and procedures will be applied to help reduce absence levels. Exchanging of best practice employment policy information is always encouraged and key elements of Southampton's policy, which are transferable to Cardiff, will be included in the revised policy which will be considered at Employment Conditions Committee in January 2006.

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.

The Executive acknowledges that the Council currently has a wide range of flexible working arrangements available to staff and that proposals to consider further flexible arrangements to better support work life balance are being developed. The Executive would support the recommendation that the current flexi-time policy should be reviewed with a view to balancing the needs of staff with those of our customers. It is envisaged that the Flexible Working Hours policy review should be completed by the end of December.

Supports the need for the Policy and Procedures

- 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.**

The Executive fully endorses this recommendation. It is important that there is a clear understanding of the respective roles and responsibilities of managers and their staff in this process. Work has already commenced on the relevant documentation although the final versions will need to reflect the revised Sickness Absence Policy. It is hoped these will be completed by February 2006 and copied to all Council employees in an appropriate manner, taking account of the fact that not all employees will have computer access.

- 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.**

The Executive fully endorses this recommendation, although it should be noted that the return to work interview was always designed to be mandatory. However, making this explicit will clarify the process and the return to work form will be amended accordingly. Using a variety of media e.g corporate team briefing process, etc a reminder of the mandatory nature (and importance) of the return to work interview can be circulated in October 2005. It is proposed that C2C should be commissioned to undertake a further telephone survey of staff in due course to establish whether improvements in awareness and implementation are materialising.

- 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.**

The Executive recognises the critical role that Human Resources has to play in supporting Council managers in managing the sickness absence of their staff. Human Resources currently provides a range of information and support to managers although the report highlights some inconsistencies. Implementation of this recommendation will be eased with the introduction of improved sickness absence system in SAP phase 2 (see paragraph 8).

A full specification has been put together encompassing processes governing return to work interviews, long term absence, trigger point information and other relevant Scrutiny recommendations. The specification has been submitted to Logica CMG (the Council's implementation partners for SAP Phase 2) who are currently undertaking a feasibility study into the Council's requirements in this area. It is hoped that full development of new automated processes will eliminate the current manual systems in place. Following testing, the go-live date for Phase 2 HR and Payroll full replacement is April 2006 and it is anticipated that this would be the earliest date for implementation of the absence element.

The Executive acknowledges that this strengthening of the monitoring role for Human Resources is a significant increase in responsibilities and is likely to have major resource implications for the service. Full implementation of this recommendation will be subject to discussions as part of the financial planning process and wider budget position.

- 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.**

The Executive recognises the importance of the return to work interviews being undertaken by managers and their ability to react on receipt of trigger point information generated by HR. At service area level this will have resource implications although it is hoped that reduced sickness absence levels will mitigate this commitment.

As above, the new policy will require additional HR resources subject to discussions under the financial planning process and wider budget position.

The right of staff at these formal trigger point interviews to be accompanied by a trade union representative or work colleague already features in the existing Sickness Absence Policy.

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

The Executive fully endorses this recommendation and will work with officers to monitor the York Occupational Health pilot scheme. Any initial results that could be transferable and relevant to Cardiff's

circumstances can be discussed at Employment Conditions Committee in April 2006.

Practical Application of Policy and Procedures

- 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.**

The Executive recognises the importance of all staff understanding their roles and responsibilities within the new Sickness Absence Policy and communications and briefings will be key. However, this recommendation will have significant resourcing implications for Human Resources.

The service currently has one part time Learning and Development Officer who already has full training commitments. The implementation of this recommendation will be subject to securing additional resources subject to discussions under the financial planning process and wider budget position. Final timescales for this will be determined once the new policy has been agreed by Employment Conditions Committee (as outlined in paragraph 8).

- 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.**

The Executive acknowledges that accurate and timely receipt and recording of all absences is fundamental to the effective management of sickness absence. Officers have begun work with Service Areas to establish the most effective and consistent notification arrangements to ensure such data is captured.

Communication and Training

- 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.**

The Executive fully supports the need for managers and supervisors to have the knowledge and skills required to effectively manage their staff. Whilst such programmes currently run periodically, the mandatory

nature of this management development programme proposal for conceivably hundreds of managers/supervisors will have significant resource implications for Human Resources and the Council. Options for delivering these programmes will need to be considered but will be subject to discussions under the financial planning process and wider budget position.

- 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.**

The Executive fully endorses the re-launch of the policy although, as noted previously, there will be resource implications connected with training. These will be discussed during the next budget round. As part of the Council's e-government agenda, global e-mails and intranet will need to be utilised in some way but clearly should not be the sole method of communication. Other supplementary mechanisms e.g. corporate team briefing system should also be utilised.

The Role of Leadership in Tackling Sickness Absence

- 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 Areas Business Improvement meetings and annually to the Policy Review and Performance Scrutiny Committee.**

The Executive fully endorses this recommendation. Evidence within the reports suggests that ownership of the issue by Chief Officers/Service Area Management Teams is key to the effective management of sickness absence. Information will be submitted to the Corporate Director/Chief Officer meeting in October to start this process.

However, as the transition of data from the current Open Door system to SAP will commence in December 2005, some flexibility on the frequency of reporting to that meeting may be required until such time as full data transfer has been achieved

Once the new system is up and running, reports can be generated according to frequency required. The corporate format for the BIM agenda will be duly amended to reflect absence as a standard item and an annual report will be made to Policy Review and Performance Scrutiny Committee, starting in June 2006

- 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.**

The Executive fully endorses this recommendation. Corporate and service area targets will be established in the appropriate plans. This

has been built into the new performance management framework which will ensure sickness absence levels, and other key indicators, are monitored across the Council.

- 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.**

The Executive fully endorses this recommendation. This will be a core objective for all managers and supervisors as the Council's Personal Performance and Development Scheme is rolled out from April 2006.