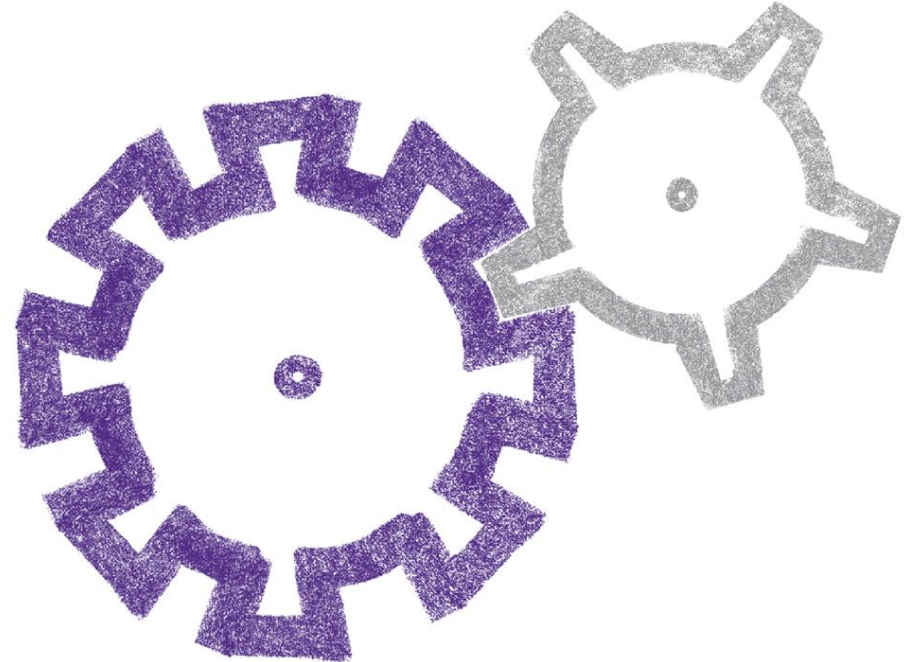


# South Derbyshire District Council

## Review of the Council's Arrangements for Managing Sickness Absence

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Final Report



# Contents

1 Background	page 2
2 Approach	page 4
3 Findings	page 6
4 Recommendations	page 9

# Contents

**1 Background**

2 Approach

3 Findings

4 Recommendations

## Background

Sickness absence has become a nationally prominent issue due to its adverse impact on productivity and morale in the workforce in the continued uncertain economic climate. The Government's Comprehensive Spending Review (CSR) in October 2010 highlighted the importance of reviewing public sector productivity. According to the Audit Commission, staffing is the single largest area of cost for councils, accounting for around 50 per cent of all service expenditure.. Shortly after the publication of the CSR, the Chartered Institute of Personnel and Development (CIPD) issued a document on sickness absence. It found that, on average, annual sickness absence levels in the public sector are 9.6 days per full time equivalent member of staff. In the private sector the average is 6.6 days. Additionally, the cost of sickness was calculated at £889 per employee per year on average within the public sector, being approximately £300 more than in the private sector. Therefore a focus on this area is imperative if efficiencies and value for money is to be achieved

Failure to take a strategic approach to monitoring sickness absence places councils at risk in key areas such as the ability to deliver core services, and meet strategic objectives. It also can mean increasing expenditure on agency and temporary staff.

Effective gains can be made through using the right systems, procedures and leadership from the top. However, reducing sickness absence levels is not just about cost but is a key component in making the workplace one in which staff may thrive and feel positive. Aligned to this the need to ensure that short term absence where possible does not escalate into longer term absence which is detrimental both the organisation and the employee concerned.

It is therefore important to consider councils' arrangements for managing sickness absence and assess the extent to which they are fit for purpose.

## Contents

1 Background

2 Approach

3 Findings

4 Recommendations

# Approach

## Value for Money Conclusion

The management of sickness absence is a key component of an organisation's arrangements for securing financial resilience as one of the two criteria for assessing Value for Money. As part of our statutory audit work informing our 2010/11 Value for Money (VFM) conclusion we have undertaken a review to determine whether the Council has proper arrangements in place for managing its sickness absence. This was due to the fact that its sickness levels have been higher than the public sector average.

In order to assess the Council's arrangements, we have reviewed the Council's systems and processes for ensuring that sickness absence is avoided as much as possible and, where it does occur, is managed properly.

In our Value for Money report we assessed the arrangements the Council has in place to secure financial resilience and economy, efficiency and effectiveness using a RAG (Red Amber Green) rating system, we rated the Council as 'amber' in respect of its arrangements for Workforce management. This covered not only sickness absence but arrangements for workforce generally including the fact that a proportion of Council staff have been transferred to Northgate which has presented a risk to the organisation. Notwithstanding this element, the Council has made good progress in absence management and continued progress combined with an action plan based on our recommendations in this report will assist in achieving a stronger rating next year.

## Our Approach

In order to establish to what extent sickness absence is being effectively managed, we have conducted a review comprising:

- an examination of relevant documents; and
- a questionnaire completed by a sample of line managers to understand the extent to which they comply with policy and procedure, establishing where there are opportunities to improve and what arrangements are being put in place to address these to promote a stronger control environment.

We are grateful to the officers who assisted us with this review.

## Contents

1 Background

2 Approach

**3 Findings**

4 Recommendations

## Findings

### Sickness Absence Data

The table opposite shows that sickness absence levels at the Council have, in recent years, been below the public sector average of 9.6 days. In the current year the year to date figure, pro-rata, indicates a full year figure of 7.8 days. It has reduced significantly from the 2002/03 figure of 14.93 days. The current target rate set by the Council is 8 days, below the 9.6 average for the public sector.

This indicates that the Council has been successful in keeping sickness absence levels at a relatively low level over the period and is likely to achieve its target of 8 days sickness absence per full-time equivalent member of staff annually.

Year	Days Absence per FTE (source: Human Resources)
2006/07	8.85
2007/08	8.45
2008/09	9.11
2009/10	8.73
2010/11	8.65
2011/12 (6 months to September 2011)	3.90

## Findings

The Council has documented procedures in place for monitoring and recording sickness absence. We conducted an online survey which was completed by a number of line managers which indicated that the procedures are understood and compliance is high. It is also encouraging that sickness absence levels have been declining over the past few years.

The procedures clearly and comprehensively set out:

- the principles of attendance management procedures
- responsibilities
- reporting information
- notification of absence process
- dismissal and appeals process
- sickness absence entitlement
- occupational health
- wellbeing

It sets out the responsibilities and standards expected of management and staff in respect of understanding and applying the procedures, monitoring attendance, taking measures to minimise absence and action that will be taken in the event of abuse of the procedures. Procedures for notifying absence are clearly stated and include instructions on the completion of return to work interviews.

The Council does not use formal scoring systems such as the Bradford Factor scoring system, but does use trigger points in order to provide a consistent approach across the organisation. We consider these to be fit for purpose for this organisation. These are:

- 10 or more working days absence in a 12 month rolling period; or
- 5 or more separate occasions of absence in a 12 month rolling period; or
- an unacceptable pattern of absence e.g. regular Friday or Monday absences.

Such trigger points are in in with standard good practice in absence management. Accompanying the procedures is a toolkit which provides extra guidance for managing sickness absence including checklists and templates.

Attendance management procedures include detailed instructions on the content of each review meeting stage leading up to capability hearings, where appropriate. After this hearing a decision is made on dismissal and an appeals process is detailed and explained to the individual.

The Council takes steps to ensure that, when considering sickness absence, the needs of the employee and the implications of their absence are fully taken into consideration. If an employee is on long term sick leave, the procedure documents the steps required to maintain in regular contact with the individual and the on-going assessment of their fitness for work. In the event that an employee is dismissed due to their long term condition, the appeals procedure is detailed.

Assistance to staff is provided in the form of independent counselling and arrangement to deal with disability related absence, stress and alcohol or drug misuse.

## Contents

1 Background

2 Approach

3 Findings

4 Recommendations

## Recommendations

Area of focus	Summary observations	Management Plans
Trigger points for sickness	<ul style="list-style-type: none"><li>The Council does not use a formal mechanism such as Bradford Factor scoring to measure sickness absence, but it does have a clearly stated trigger mechanism. It should ensure that this is mandated across the entire organisation to ensure a consistent and fair approach</li></ul>	To keep under review the current trigger points and to continue to ensure that they are used on a consistent basis for managing sickness absence. This will be achieved through additional training for managers, on-going communications with the workforce and the continued production of monthly reports. H.R. will provide support for managers.
Management Support	<ul style="list-style-type: none"><li>The success of sickness absence reduction is contingent upon senior management support. We are pleased to note that a clear message is being sent from the Executive Team. The Council must ensure that this message cascades down to all levels of management. This may be achieved through:<ul style="list-style-type: none"><li>➤ the inclusion of sickness absence targets in individual personal development plans and monitored through the annual appraisal process; and</li><li>➤ mandatory training for all management</li></ul></li></ul>	<p>Training will be provided for all managers that are required to use the Attendance Management Procedure. Sickness absence statistics are provided to Senior Managers on a monthly basis and they will use this information in their own service meetings with managers.</p> <p>The Council will continue to set a corporate target for sickness absence and manage it through the corporate performance management framework.</p>
Reporting	<ul style="list-style-type: none"><li>We are pleased to note that reports on sickness absence are presented to Members and Senior Management. The Council should ensure that all levels of management not only review this information but take appropriate action to address issues raised. With greater analysis, more targeted action is possible.</li></ul>	A review of current sickness levels will be completed and targeted action will be put into place to support managers with addressing high risk areas.

## Recommendations

Area of focus	Summary observations	Management Plans
Internal Audit Review	<ul style="list-style-type: none"><li>The Council may wish to include sickness absence in the next audit programme to ensure that all risks in relation to this matter are correctly addressed.</li></ul>	Agreed, subject to resources available.
Sickness Prevention	<ul style="list-style-type: none"><li>The Council should continue ensure that the work environment continues to promote a healthy workforce. This will include ensuring that occupational health procedures remain fit for purpose.</li></ul>	<p>Range of activities will be promoted to staff from the Healthy Lifestyle Officer and H.R.</p> <p>Employee Forum group will be encouraged to suggest initiatives to improve the workplace environment.</p> <p>Workplace Health Champions have been put in place to promote and lead a range of activities to maintain a healthy workforce.</p>



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