

TAYSIDE CONTRACTS JOINT COMMITTEE – 25 AUGUST 2008

Report by the Managing Director

Subject: *SICKNESS ABSENCE MANAGEMENT AND HEALTH SURVEILLANCE*

ABSTRACT

This report details Tayside Contracts' sickness absence and health surveillance costs and data analysis for 2007/08 and seeks the agreement and support of the Joint Committee for proposed initiatives to manage absence more robustly and cost efficiently.

1. RECOMMENDATION

That the Joint Committee note the contents of this report and continue to support the proposals to manage sickness absence effectively and cost efficiently as detailed below.

2. INTRODUCTION

This report provides a narrative to, and statistical analysis of, sickness absence costs and other relevant data for the financial year 2007/08.

3. SICKNESS ABSENCE STATISTICS

3.1 COMPARISON WITH SCOTTISH COUNCILS

The 32 Scottish Councils are now using the new Audit Scotland employee group categories for reporting on sickness absence. As previously, there are 3 separate categories, but these are now known as:-

- I. Chief Officers and Local Government Employees (employee groups formally referred to as Chief Officers, APT&C staff and Manual Workers),
- II. Craft Workers (formally Craft and Manual Workers)
- III. Teachers (unchanged).

It should be noted that, compared to the 32 Scottish Councils, Tayside Contracts has a significantly higher proportion of 'manual workers' (94%) which is historically an employee group with higher levels of sickness absence than office-based staff,. Therefore, the revised category of 'Chief Officers and Local Government Employees' does not offer a valid benchmarking comparison between Tayside Contracts and the Scottish Councils.

Whilst Tayside Contracts will report to the Joint Committee using the revised employee groupings, for the purposes of internal trend analysis Tayside Contracts will also continue to report to the Joint Committee using the previous categories of 'Craft and Manual Workers' and 'Chief Officers and APT&C'

3.1.1 Absence Rate – Chief Officers and Local Government Employees

The percentage number of days lost for Chief Officers and Local Government Employees in 2007/08 is 6.2%, as detailed in Appendix 1.

3.1.2 Absence Rate – Craft Workers

The absence rate for Craft workers in 2007/08 is 9.1%. It should be noted that due to the small number of employees in this group the figure has been heavily influenced by 2 employees with long term absence.

3.2 INTERNAL TREND ANALYSIS

3.2.1 Absence Rates – Organisation

Appendix 1 provides a detailed breakdown of the percentage of available working days lost due to sickness absence in 2006/07 and 2007/08. Taking the organisation as a whole, this percentage has increased in 2007/08 by 0.4 % to 6.7%.

3.2.2 Absence Rates – Chief Officers and APT&C

Appendix 1 also details the percentage number of days lost for Chief Officials and APT&C staff. Compared to the same period last year, this percentage has increased by 2.4% to 6.5%. As there are only 163 employees in this category the long term absence of 3 employees during 2007/08 has had a disproportionate impact on the absence rate for this category. Of those employees two have since returned to work and the other has been retired on the grounds of ill health. Therefore, there is every reason to expect that Tayside Contracts absence rate in this category during 2008/09 will revert to the previous high standard compared to the national average.

3.2.3 Absence Rates – Craft/Manual Workers

The absence rates for Craft and Manual workers increased by 0.2% in 2007/08 to 6.7%.

3.3 ILL HEALTH RETIRALS AND DISMISSALS ON THE GROUNDS OF CAPABILITY

During the period 1 April 2007 to 31 March 2008 6 employees were retired on the grounds of ill health, a decrease of 4 compared to 2006/07.

16 employees were dismissed from the employment of Tayside Contracts in 2007/08 on the grounds of capability. Of this 16, 11 were dismissed due to long term absence and 5 were due to persistent short term absences.

There has been no significant increase or reduction in the number of short term dismissals. However, the number of dismissals due to long term absence has dropped from 22 in the year 2006/07 to 11 in 2007/08. This has reduced the ratio of long term to short term dismissals from 3:1 in 2006/07 to 2:1 in 2007/08. Given the significant impact of long term absence in terms of both cost and the effect on service delivery this will be investigated further and action taken as necessary to reverse this trend.

4 SICKNESS ABSENCE AND HEALTH SURVEILLANCE COSTS

4.1 Direct Costs of Sickness Absence

The total direct cost of sickness absence to Tayside Contracts in 2007/08 was £985,579.

Compared to the same period in 2006/07, this cost has risen by £62,965. Of this figure approximately £23k is attributable to the annual pay award and the remaining £40k reflects the increase in absence figures.

4.2 Indirect Costs of Sickness Absence

Indirect costs of sickness absence consists of tangible costs related to occupational health referrals, but does not include health surveillance referrals.

During 2007/08 the indirect costs of sickness absence totalled £16,535 an increase of £1,022 compared to the same period last year.

It should be noted that in January 2008 XM Services gave notice that they would be ceasing trading at the end of February 2008. Hawkhill Medical Centre has now become Tayside Contracts' primary occupational health service provider, with Abermed, the company who have taken over XM Services premises, being used on an ad-hoc basis.

4.3 Health Surveillance Costs

In the financial year ending 31 March 2008 the cost of health surveillance amounted to £13,533, a reduction of £5,637 compared to the financial year 2006/07.

It should be noted that the health surveillance costs for the financial year 2006/07 were artificially inflated due to the decision to refer all employees identified as suffering from Hand Arm Vibration Syndrome, who had not previously been referred, to Doosan Babcock for objective testing.

Also worthy of note is the fact that appointments for health surveillance tests were limited towards the end of the year 2007/08 due to the reduced number of nursing staff at XM Services.

5. KEY PERFORMANCE INDICATORS

Tayside Contracts' Business Plan Key Performance Indicator target for 2007/08 absence rates for 'Craft and Manual Workers' was 6.9%. However, to reflect the initial success of the Sickness Absence Management Improvement Plan this target was revised to 6% in the Business Plan – Annual Review 2006/07 (Report No JC 16/2007). This revised target has proven to have been over-ambitious but should not detract from the fact that an absence rate of 6.7% for this category is better than the planned target initially featured in the Business Plan.

The Business Plan KPI for the 'Chief Officers and APT&C' category was initially 4.4% and was revised to 4% in the in the Business Plan – Annual Review. In the event, the 2007/08 absence rate of 6.5% is significantly above either target figure which is a disappointing performance.

The KPI targets for 2008/09 for the 'Chief Officers and APT&C' category and the 'Craft & Manual Workers' category have been set at 4% and 6% respectively.

It is hoped that performance measures introduced to increase management commitment to managing absence more effectively will enable both of those targets to be met.

6. DIVERSITY AND EQUALITY IMPLICATIONS

There are no specific diversity or equality implications relating to the content of this report.

7. FINANCIAL IMPLICATIONS

There are no financial implications in the terms of this report.

8. CONSULTATION

The Clerk and the Proper Officer to the Joint Committee have been consulted on the preparation of this report.

9. CONCLUSION

The increase in APT&C and Chief Officers absence rates is, on the face of it, a matter of concern. However, a percentage increase in this category has a minimal impact on costs or the overall absence rates for Tayside Contracts and can be a misleading indicator given the relatively small number of employees in this category.

In order to ensure a sustained and systematic approach to sickness absence management all units are now required to feature a management performance indicator in their service plans. This measures the percentage of employees who have an absence of 6 days/3 occasions of sickness absence in a rolling year who have been formally interviewed in accordance with the Sickness Absence Policy.

In keeping with Tayside Contracts commitment to effective performance management this will enable senior management to identify and address any sub-standard performance by managers in this vital and high cost area of people management more effectively.



**IAIN C WADDELL
MANAGING DIRECTOR**

BACKGROUND PAPERS

No background papers were relied on in preparing this report.

APPENDIX 1

ABSENCE PERCENTAGES (COMPARISON) –INTERNAL CATEGORIES					
ORGANISATION					
	<u>31/03/2007</u>		<u>31/03/2008</u>		
TOTAL DAYS LOST	32,916		33,328		
AVERAGE NO. EMPLOYEES	2,451		2,317		
POSSIBLE WORKING DAYS	524,698		497,092		
PERCENTAGE DAYS LOST	6.3		6.7		
AVE. DAYS LOST (EMPLOYEE)	13.4		14.4		
CHIEF OFFICIALS AND SJC STAFF					
	<u>31/03/2007</u>		<u>31/03/2008</u>		
TOTAL DAYS LOST	1,735		2,444		
AVERAGE NO. EMPLOYEES	182		163		
POSSIBLE WORKING DAYS	41,860		37,490		
PERCENTAGE DAYS LOST	4.1		6.5		
AVE. DAYS LOST (EMPLOYEE)	9.5		15.0		
CRAFT AND SJC MANUAL WORKERS					
	<u>31/03/2007</u>		<u>31/03/2008</u>		
TOTAL DAYS LOST	31,181		30,884		
AVERAGE NO. EMPLOYEES	2,269		2,154		
POSSIBLE WORKING DAYS	482,838		459,602		
PERCENTAGE DAYS LOST	6.5		6.7		
AVE. DAYS LOST (EMPLOYEE)	13.7		14.3		
ABSENCE PERCENTAGES (COMPARISON) – NATIONAL CATEGORIES					
CHIEF OFFICERS AND LOCAL GOVT EMPLOYEES					
	<u>31/03/2007</u>		<u>31/03/2008</u>		
TOTAL DAYS LOST	N/A		32,339		
AVERAGE NO. EMPLOYEES	N/A		2,266		
POSSIBLE WORKING DAYS	N/A		522,180		
PERCENTAGE DAYS LOST	N/A		6.2		
AVE. DAYS LOST (EMPLOYEE)	N/A		14.3		
CRAFT WORKERS					
	<u>31/03/2007</u>		<u>31/03/2008</u>		
TOTAL DAYS LOST	N/A		923		
AVERAGE NO. EMPLOYEES	N/A		44		
POSSIBLE WORKING DAYS	N/A		10,120		
PERCENTAGE DAYS LOST	N/A		9.1		
AVE. DAYS LOST (EMPLOYEE)	N/A		21.0		