

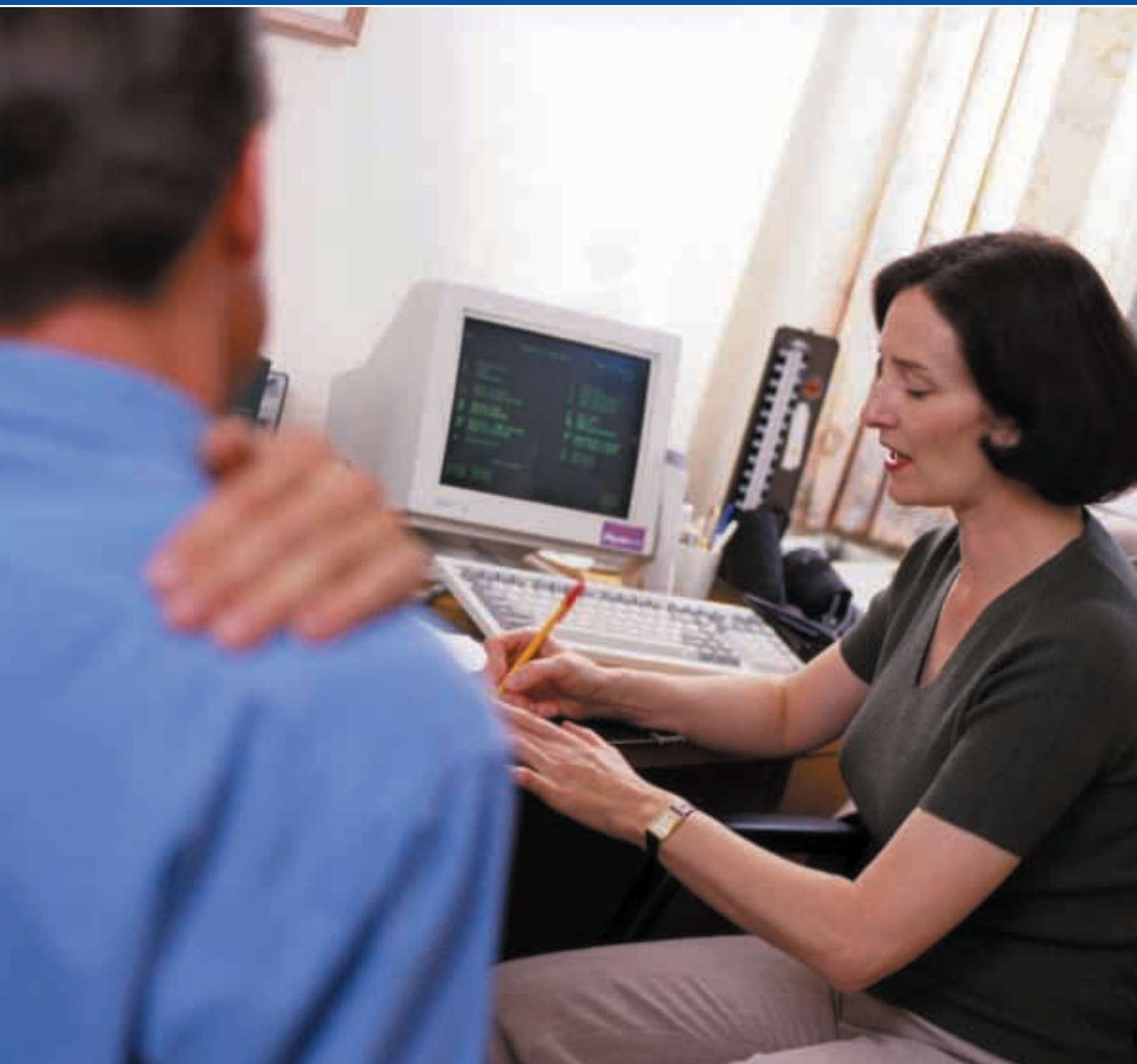


Northern Ireland Audit Office

# Department for Regional Development: Management of Industrial Sickness Absence

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

HC 736 - 1 July 2003





Northern Ireland Audit Office

Report by the Comptroller and Auditor General  
for Northern Ireland

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# Department for Regional Development: Management of Industrial Sickness Absence



This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987. The report is to be laid before both Houses of Parliament in accordance with paragraph 12 of the Schedule to the Northern Ireland Act 2000, the report being prescribed in the Northern Ireland Act 2000 (Prescribed Documents) Order 2002.

J M Dowdall  
Comptroller and Auditor General

Northern Ireland Audit Office  
30 June 2003

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For further information about the Northern Ireland Audit Office please contact:

Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU  
Tel: 028 9025 1100  
email: [info@niauditoffice.gov.uk](mailto:info@niauditoffice.gov.uk)  
website: [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk)

# List of Abbreviations

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CBI	Confederation of British Industry
DFP	Department of Finance and Personnel
DRD	Department for Regional Development
GB	Great Britain
HRMS	Human Resource Management System
NAO	National Audit Office
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
OHS	Occupational Health Service
PSNI	Police Service for Northern Ireland

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## Department for Regional Development Management of Industrial Sickness Absence

1. The management of sickness absence is increasingly recognised as an important business issue and a vital ingredient of successful personnel management within the Northern Ireland Civil Service (NICS). When staff are absent from work there is a direct cost to Departments in terms of sick pay. Poor attendance can also have an adverse effect on the services provided to the public. In addition, frequent or prolonged absences put pressure on colleagues who have to cover for the absence and may lead to declining staff morale. If overtime or cover staff are used, then less output will be lost, but cash costs will be correspondingly greater. All civil servants, therefore, have a duty to maximise their attendance and Departments and Agencies have a responsibility to encourage good attendance.
2. National statistics on sickness absence are reported annually by the Confederation of British Industry (CBI), covering all types of employer. Its most recent survey<sup>1</sup> showed that, on average, each employee was absent from work for 6.8 days during 2002. The survey also provided a sub-analysis comparing absence rates in the public and private sectors. This showed that public sector workers were absent from work for 8.9 days compared with 6.5 days for private sector employees. In addition, manual workers took more days off than non-manual workers, and Northern Ireland has traditionally had one of the highest absence rates for manual workers of any region in the United Kingdom.
3. The Department for Regional Development (DRD) employs some 2,000 manual or industrial staff across Northern Ireland within its two Executive Agencies. Roads Service employs 945 industrial staff and its organisational structure is based on separate business units for those Agency staff who purchase services (Roads Service Client) and those who provide services (Roads Service Direct and Roads Service Consultancy). Roads Service Direct accounts for the bulk of the industrial workforce (over 700) and carries out a wide range of activities, such as

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1 'The Lost Billions - the importance of addressing absence', published in April 2003 by the CBI in association with AXA PPP Healthcare. The CBI statistics were derived from the results of a voluntary postal survey of employers.



the patching and gritting of roads. Roads Service Consultancy is responsible for managing the Agency's engineering activities, such as design and contract supervision. Water Service employs 1,039 industrial staff and is organised into four operational divisions with main offices in Ballymena, Belfast, Craigavon and Londonderry.

4. The workload for industrial staff can be arduous and may require working in all weathers, often with high levels of physical activity. Comparisons with other workforces, therefore, are not easy. However, DRD's sickness absence data would suggest that its absence rate of approximately 20 days for each industrial employee during 2001-2002 was excessive. The cost of this absence amounted to around £2 million in salary costs alone.
5. In recent years, the Government has expressed its concern at the level of sickness absence in the public sector in a variety of documents and statements. Principal among these was 'Working Well Together: Managing Attendance in the Public Sector' published by the Cabinet Office in June 1998. This was commissioned following a number of high profile reports from the National Audit Office (NAO), the Audit Commission and Her Majesty's Inspector of Constabulary, all of which indicated scope for doing better. The Cabinet Office report identified managing sickness absence as an area "with significant scope for improving effectiveness and efficiency" and put forward a number of recommendations for promoting best practice.
6. In its February 2003 Session on the Management of Substitution Cover for Teachers, the Public Accounts Committee at Westminster noted that teachers in Northern Ireland had much higher levels of sickness absence than those in the English regions. The Chairman asked the Comptroller and Auditor General to do some further work on the levels of sickness absence in Northern Ireland. This report is part of the Northern Ireland Audit Office's (NIAO) response to that request.

## Scope and Structure of this Report

7. This report gives the results of a Northern Ireland Audit Office examination into the management of sickness absence within the industrial workforces of Roads Service and Water Service. These two Agencies are the largest employers of manual staff in the Northern Ireland Civil Service.
8. The examination focused on the extent and cost of sickness absence and the initiatives taken by both Agencies to minimise sickness absence among their staff. The objectives of the study were, therefore, to determine:
  - the level and cost of sickness absence within these industrial workforces (Part 1);
  - the availability of accurate and reliable management information (Part 2);
  - the policies and procedures that have been developed for the management of sickness absence (Part 3); and
  - current practice in the management of sickness absence and whether this conforms to recommended best practice (Part 4).

## Methodology

9. Our examination comprised:
  - meetings with Roads Service and Water Service staff who have a key role to play in the management of sickness absence;
  - detailed analysis of sickness absence data;
  - visits to divisional and section offices within Roads Service and Water Service to establish how local staff manage sickness absence in practice;

- examination of a sample of 40 personal files of staff who had incurred varying degrees of sickness absence during 2000-2001;
  - examination of a sample of 20 new employees that had been recruited since April 1999; and
  - examination of a sample of personal files of staff that had been dismissed on the grounds of inefficiency due to poor attendance over the past two years.
10. Many researchers have investigated sickness absence in recent years and identified best practice in sickness management. In evaluating Roads and Water Services' practices, we took account of the recommendations for the control of sickness absence set out in the 1998 Cabinet Office report. We also sought to identify any further initiatives which other organisations have found useful for improving the management of sickness absence and might be of benefit to Roads Service and Water Service. In particular, we drew on the experience of NAO reports on the Metropolitan Police Service (HC 413, 1997-98) and the Prison Service (HC 372, 1998-99).

## Conclusions and Recommendations:

### Level and Cost of Sickness Absence (Part 1)

11. In 2001-2002, almost 40,000 working days were lost through sickness absence among Roads and Water Services' industrial staff. On average, each employee took 19.9 days off sick which is equivalent to almost nine per cent of available working days.
12. There was a wide variation in absence levels between the Divisions of Roads Service and Water Service during 2001-2002, ranging from an average of 12 days to over 30 days per employee.

13. Comparisons between the levels of industrial sickness absence in Roads Service and Water Service and a range of public and private sector organisations in Northern Ireland (NI) and Great Britain (GB) indicate that both Agencies are at the higher end of the range. Although comparisons between organisations should be treated with some caution due to structural differences, workforce demographics and the lack of a standard measurement methodology, we consider the results to be sufficiently robust to indicate a high level of sickness absence relative to comparable public sector workforces.
14. We estimate that industrial sickness absence costs Roads Service and Water Service some £2 million per year. This does not take account of staff time involved in managing sickness or extra overtime that has to be worked. Every reduction of one day in the average sickness absence taken by industrial staff would result in savings of some £100,000. If both Agencies could reduce their sickness absence rates to that of the best performing Division, the annual cost of sick leave would reduce by £840,000.
15. Roads Service and Water Service have recently taken a number of initiatives to tackle sickness absence. Measures include the introduction of a health surveillance programme and the appointment of a full time nurse in each Agency to advise on the prevention of sickness and industrial injury.

## Recommendations

Both Agencies should:

- (a) Adopt the approach recommended by the Cabinet Office for measuring the rate of sickness absence. This will facilitate consistent comparison both between the Agencies and with other public sector organisations.
- (b) Review their approach to costing sickness absence to ensure the accuracy and currency of the figures produced and incorporate

the additional direct costs of employer's national insurance and accrued superannuation liability.

- (c) Calculate costs using a common formula to ensure consistency and to facilitate comparison between Agencies.
- (d) Publicise both the direct and wider indirect costs within their respective organisations to increase awareness, among both managers and workforce, of the significance of sickness absence.

### Management Information (Part 2)

16. In order to test the completeness and reliability of Roads and Water Services' sickness data, we compared periods of sickness recorded in the payroll system with a sample of individual personal files. In total, the documentation in 31 of the 40 files did not match. In most cases, the variances discovered were minor but these may have a significant cumulative effect on the overall recorded level of absence.
17. Roads Service relies on its industrial payroll system for sickness absence data but management information from this source is limited, severely restricting analysis of absence trends and causes. It is indicative of its limitations that Roads Service was unable to provide information on the number of spells of sick leave and the duration and causes of absence for use in this report. However, the Agency has recently purchased a new computerised personnel system which is intended to improve the quality of sickness absence data and monitoring.
18. Water Service has been recording industrial sickness absence on the NI Civil Service computerised personnel system since January 2001. This system is easier to update than the industrial payroll system and can provide a wider variety of information. This has enabled some analysis of sickness absence patterns to be included in this report.

19. In 2001-2002, 42 per cent of Water Service staff had a full attendance record, 30 per cent had one recorded absence, a further 16 per cent had two and the remaining 12 per cent had three or more absences. The main cause of sickness absence in 2001-2002 was in the category “injury/accident/assault” but this did not distinguish between workplace and other injuries.
20. Self-certified absences, which are absences of one week or less, accounted for 20 per cent of the total of working days lost in both Agencies. This would suggest that longer term sickness is a significant problem and is an area on which efforts should be concentrated if absence is to be reduced and maintained at acceptable levels.

### Recommendations

- (e) Both Agencies should undertake a review to confirm the accuracy of their sickness absence records and undertake periodic sample checks to ensure that an acceptable level of accuracy is maintained.
- (f) Water Service should analyse the reasons for absence to determine if a significant proportion is the result of workplace accidents, with a view to determining whether any change is required in Health and Safety policy and procedures to achieve reductions in absence levels. To facilitate future monitoring, the Agency should also consider recording workplace and other injury as two separate categories.
- (g) Both Agencies should review their management information requirements with a view to establishing what information is needed to provide a thorough analysis of current trends and patterns of absence and a firm basis for proactive management. As a minimum, each Agency should produce data on:

- the number of spells of absence;
- the duration of spells of absence, including an analysis of working days lost to assess the relative importance of long and short term sickness absence;
- causes of sickness absence; and
- trends in sickness absence.

(h) Both Agencies should review the capacity of their current information systems to ensure that information is being supplied on an accurate, cost-effective and timely basis.

(i) At the time of our audit, the new Roads Service computerised personnel system was not fully implemented and tested. The Agency should formally review this system six months after implementation to ensure that all data requirements are being met.

### Policies and Procedures (Part 3)

21. Roads Service and Water Service have developed their own sickness absence management policies which emphasise the duty on employees to attend regularly and inform the Agency when they are sick. We noted that although the policies had not been formally updated to take account of a 1998 Cabinet Office report on 'Managing Attendance in the Public Sector', many of the good practice recommendations were already standard practice in both Agencies.
22. The Cabinet Office report recommended that all public sector organisations should reduce average sickness absence rates by 30 per cent within five years. For Roads Service and Water Service, this is broadly comparable to a reduction in absence levels to the current average for Civil Service industrials in Great Britain and to the level of the best performing Division in both Agencies.
23. The most significant departure by Roads Service and Water Service, from the best practice identified by the Cabinet Office, is in the use of targets as a means of

reducing sickness absence levels. In May 2001, Roads Service Direct set an 'aspirational' target to reduce absenteeism to three per cent of available working days by 2006. We consider that aspirational targets of this kind are of limited use in securing improvements in performance and the Department has agreed that more work needs to be done to establish realistic targets. Water Service currently has no targets but is considering setting them.

## Recommendations

Both Agencies should:

- (j) Include sickness absence as a key performance indicator to be reported in their annual reports and accounts.
- (k) Carry out a thorough analysis of their current patterns of sickness absence and set separate targets for industrial sickness absence, with annual target reductions to achieve an overall reduction to an acceptable level within three to five years.
- (l) Consider setting separate targets appropriate to individual Divisions and for short and long term absence. This would inform line management action and concentrate efforts on those areas likely to yield the greatest contribution to an overall reduction.
- (m) Review the 1998 Cabinet Office report to ensure that their approach to the management of sickness absence fully reflects current best practice. In addition, Roads Service should publicise its sickness absence policy and procedures more widely to ensure that staff have a clear understanding of how absence is managed and what is expected of them.

## Management of Sickness Absence (Part 4)

24. Both Agencies have introduced 'trigger points', which combine the number of spells and length of absence, to prompt management action where staff have exceeded specified sickness absence limits. However, failure to respond to these



triggers and the issue of multiple informal warnings has resulted in long delays in definitive disciplinary action.

25. Return to Work Interviews are widely recognised as possibly the single most effective measure in reducing sickness absence and are mandatory in both Agencies. However, no record of these interviews is retained and it is, therefore, difficult to be sure that they are always carried out. In addition, we found that few managers had been formally trained in how to conduct them effectively.
26. The NICS staff handbook allows Departments to withdraw the self-certified facility if they feel it is being abused or used excessively. We found no cases in Roads Service or Water Service of management withdrawing self-certification rights and only one in a sample of 12 line managers interviewed was aware of this option.
27. A recent exercise carried out by Roads Service indicates that staff who have been absent for six months or more account for some 28 per cent of all sickness absence, while those who have been absent for one year or more account for approximately 19 per cent. There are no definitive figures currently available for Water Service but there are indications that they do not differ greatly from the general pattern. This would suggest that the effective management of long-term sickness is essential if absence is to be reduced and maintained at acceptable levels.
28. Delays in submitting cases to the Occupational Health Service, and multiple referrals of the same case, are resulting in individual cases taking years to resolve.
29. Medical retirements have increased in recent years to the point where, in 2001-2002, they accounted for some 58 per cent of all retirements by industrial staff in Roads Service and some 56 per cent in Water Service.

30. Both Agencies recruit most of their industrial staff directly, using standard Civil Service procedures and new recruits are subject to a probationary period of one year. During this time their performance is assessed against a number of criteria, including attendance. We noted that some staff have been confirmed in post despite high levels of sickness absence during their probationary period and have continued to have high levels of sickness absence.

### Recommendations

- (n) Roads Service should consider adopting the 'Bradford Formula' as a means of identifying those staff with excessive intermittent absences, as this prompts management action at an earlier stage than current procedures. This would have the added advantage of ensuring consistency of treatment throughout the Department.
- (o) Management review should be undertaken in all cases where trigger points are breached and the outcome of the review should be recorded on the employee's personal file, irrespective of whether any further inefficiency action is taken.
- (p) Guidance should be issued to line managers to ensure that, where performance remains unsatisfactory during a review period, repeated warnings are not issued rather than moving onto the next inefficiency stage. Both Agencies should also review their procedures to ensure that where performance improves during a review period but subsequently relapses, inefficiency procedures do not restart from the beginning. Agencies should consider giving warnings a currency beyond the review period (say two years) whereby any relapse within the longer period would result in a move automatically to the next inefficiency stage.
- (q) Return to Work Interviews should be formally recorded using a pro forma of the kind originally used by Water Service. This is

important to ensure that interviews are conducted for all absences and that any problems identified are formally addressed.

- (r) Both Agencies should update the training provided to line managers and supervisors and provide training to employees to explain what is expected of them at Return to Work Interviews.
- (s) Guidance should be issued to all staff clearly setting out the circumstances when the withdrawal of self-certification rights would be appropriate.
- (t) Both Agencies should explore, in consultation with the Occupational Health Service (OHS), the potential for reducing the length of time taken between referral of employees to OHS and a definitive outcome in terms of a return to work or termination of employment either by dismissal or ill-health retirement. Roads Service and Water Service should also establish Service Level Agreements with OHS in which lead times for medical examinations are clearly defined.
- (u) Both Agencies should consider implementing a formal periodic review (possibly monthly) of all outstanding cases, at which decisions on the management of long-term absences could be reviewed and documented. The Agencies should also consider involving OHS in the process.
- (v) Roads Service and Water Service should use modified or adjusted duties as a means of rehabilitating staff who have been absent for long periods but who are expected to recover fully. Since the capacity to employ staff on modified or adjusted duties is likely to be limited, both Agencies should define when the use of such duties is appropriate.
- (w) Both Agencies should review the reasons for the increase in the level of medical retirements in recent years and ensure that both their own policies and the advice of OHS are being applied appropriately and consistently.

- (x) Better use should be made of probationary periods to identify employees who are likely to be poor attenders and such employees should not be confirmed in post if their attendance does not meet acceptable standards. Both Agencies should also consider extending probationary periods where there is a continuing doubt but, if necessary, full use should be made of the probationary period to expedite dismissal procedures.
- (y) Roads Service and Water Service should emphasise to line managers that they are responsible for the implementation of absence management policies and procedures and, to reinforce this point, personal objectives should be set for the achievement of agreed target reductions in the level of sickness absence.
- (z) Roads Service and Water Service should examine the 'Managing Attendance Practice Review Programme' initiated by the Social Security Agency as part of its plan to reduce absence in line with the Cabinet Office's recommendations and consider the merits of adopting a similar approach within their respective Agencies.

## Conclusion

31. We acknowledge that both Agencies have devoted considerable efforts over the last few years to improving the management of sickness absence. However, high levels of absenteeism continue to cost significant amounts of the Agencies' resources and addressing this needs to be given higher priority. As this report makes clear, much has been done to establish sensible policies and procedures. In our view, therefore, the need is not so much for more rules as for better application of existing procedures. The implementation of a managing sickness absence policy, supported by a training programme for managers will serve to reduce sickness absence, offer appropriate support for staff and encourage a culture of attendance. This will strengthen the ability of both Agencies to deliver better quality public services.

# Part:1

## Level and Cost of Sickness Absence

### Introduction

- 1.1 Almost 40,000 working days were lost through sickness absence among Roads and Water Services' industrial workforces during 2001-2002. This is equivalent to almost 20 days absence for each employee. In this first part of the report we examine the level of sickness absence in detail, give an indication of the cost and estimate what savings would be possible by reducing current levels.

#### Key Audit Findings

- During 2001-2002 the average level of sickness absence for industrial staff was 20 days or 8.9 per cent of available working days.
- There was a wide variation in absence levels between the Divisions of Roads Service and Water Service during 2001-2002, ranging from an average of just over 12 days to over 30 days per employee.
- Comparing Roads Service and Water Service with other similar organisations shows their sickness absence rates to be at the higher end of the scale.
- The cost of time lost to sickness absence during 2001-2002 was approximately £2 million in direct costs.
- If both Agencies could reduce their sickness absence rates to that of the best performing Division, the annual cost of sick leave would reduce by some £840,000 per year.

## Levels of Sickness Absence

- 1.2 The 1998 Cabinet Office report<sup>2</sup> recommended that all public sector bodies should adopt a standard method when measuring the rate of sickness absence and advised that this should be calculated by dividing the days lost to sickness absence by the days on which each employee was expected to work, after all leave and public holidays had been deducted. We noted that the internal management systems operated by Roads Service and Water Service do not routinely produce sickness absence rates in this form. Both Agencies calculate their absence rates using the maximum number of working days available before leave is deducted. This results in a slightly lower percentage absence rate.
- 1.3 For the purposes of this study, we have calculated absence rates using the method recommended by the Cabinet Office. Calculated on this basis, Roads Service industrial staff each lost an average of 22.5 days due to sickness absence during 2001-2002. This is equivalent to 10 per cent of available working days. Water Service had a somewhat lower rate of 17.6 days per employee which is equivalent to almost eight per cent of available working days (see Figure 1).

Figure 1: Sickness Absence Rates 2001-2002

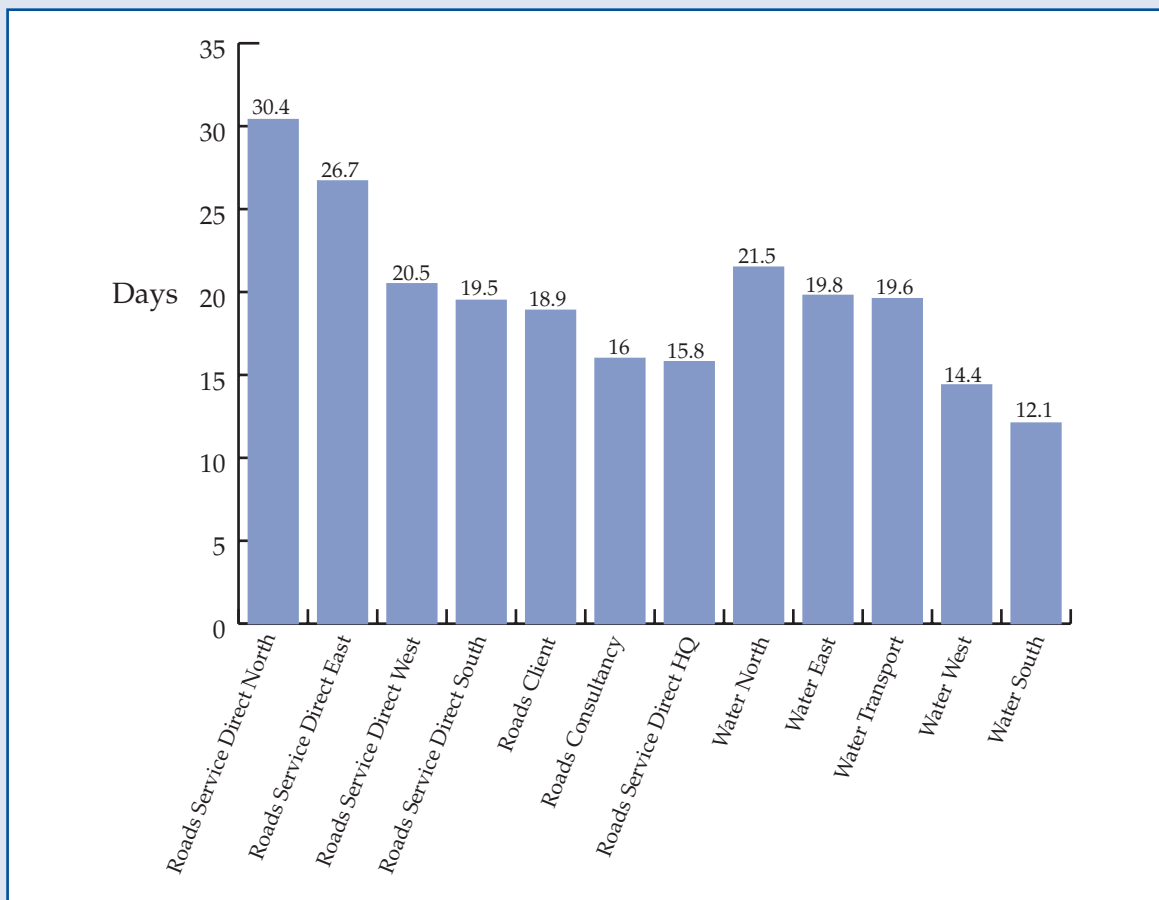
	Average Number of Industrial Employees	Working Days Lost	Average Number of Days Lost per Employee	Percentage of Working Days Lost
Roads Service	945	21,298	22.5	10.06%
Water Service	1,039	18,237	17.6	7.84%
Total	1,984	39,535	19.9	8.9%

Source: NIAO

<sup>2</sup> "Working Well Together - Managing Attendance in the Public Sector"

1.4 Within these overall figures, we found a wide variation between the worst and best performing Divisions, ranging from an average of over 30 days per employee in Roads Service Direct's Northern Division to just over 12 days per employee in Water Service's Southern Division (see Figure 2).

Figure 2 : Divisional Analysis 2001-2002 (Average Working Days Absence per Employee)



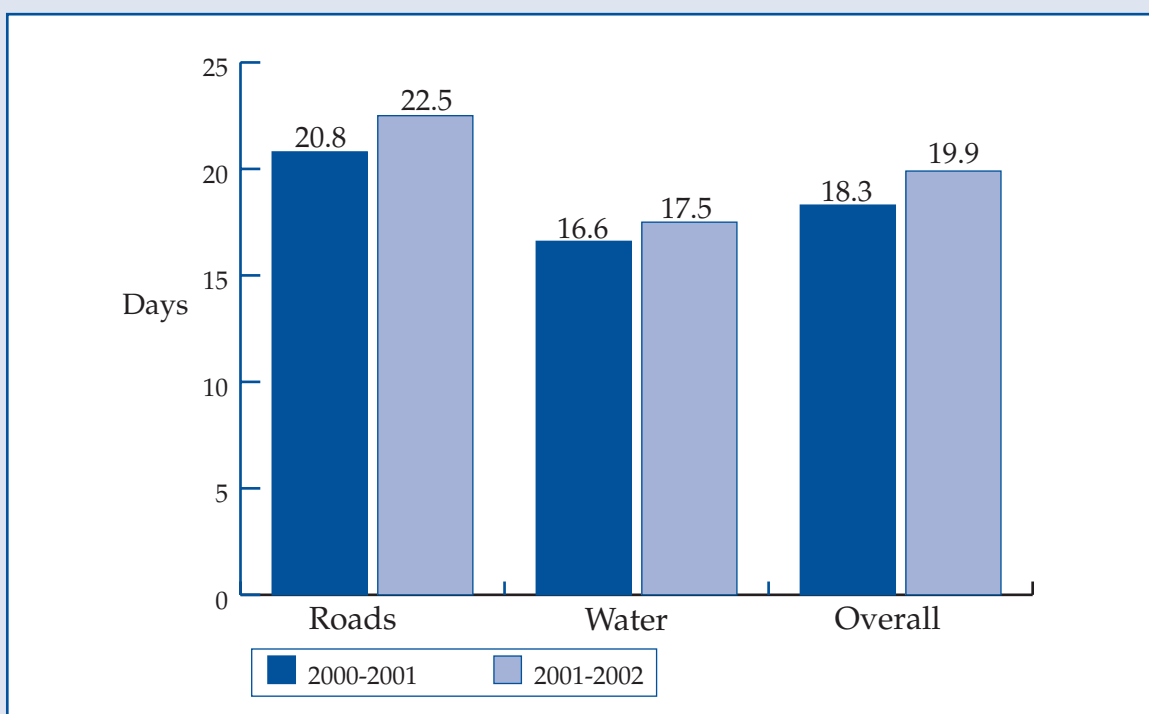
Source: NIAO

## Trends in Sickness Absence Rates

1.5 The Department told us that, historically, Roads Service and Water Service had compiled data and used it to monitor absence levels. However, at the time of our audit, only complete sickness absence statistics since 2000-2001 were readily

available for both Agencies (see Figure 3). This is insufficient to draw any clear conclusions on absence trends.

Figure 3 : Levels of Sickness Absence (Average Working Days Absence per Employee)



Source: NIAO

## Benchmarking and Comparisons with other Organisations

1.6 In 1999, Water Service carried out a benchmarking study with three Scottish Water Authorities. The exercise was designed to identify best practice in terms of policies and procedures, many of which are now in place in Water Service. Some analysis of absence levels was carried out and the exercise identified a wide range of performance and higher levels of absence among industrial employees compared to non-industrial employees. However, no comparison of each organisation's performance was reported. The Department told us that no comparative information was published because it was provided by the Scottish Authorities on an "in confidence" basis.

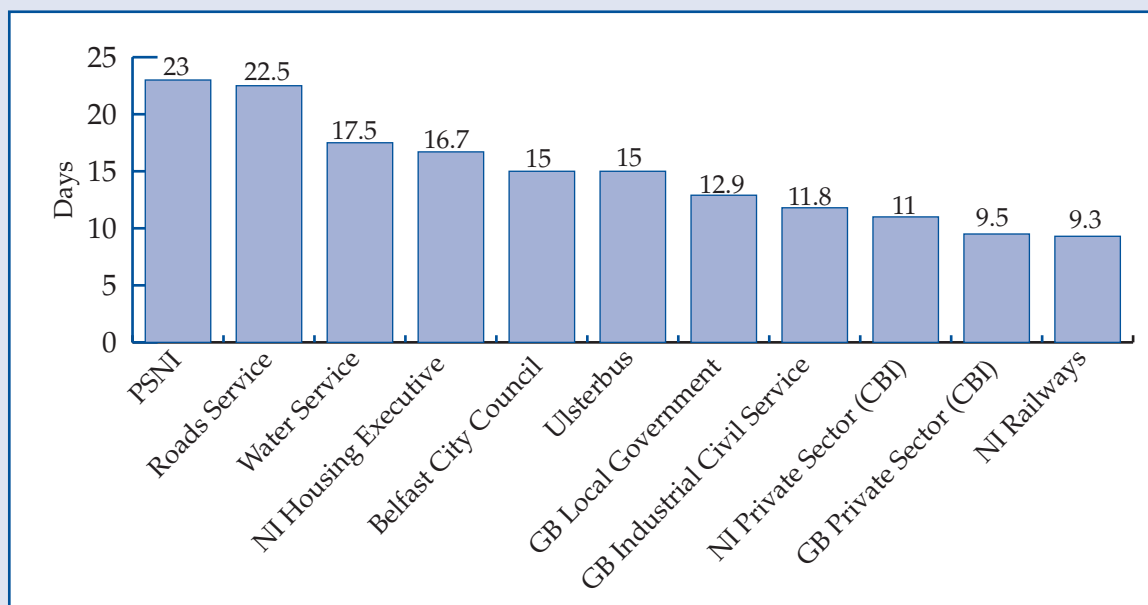


- 1.7 Water Service told us that in November 2000, it participated in a benchmarking study of human resources in which 48 public and private water companies from the UK, Europe, USA, South Africa and Australasia took part. The comparisons carried out did not differentiate between industrial and non-industrial staff, but indicated that for absences of more than one month Water Service compared unfavourably. For absences of less than one month, Water Service was in the middle to lower quartile of performance.
- 1.8 To help place the levels of sickness absence found in DRD's industrial workforce into context, we compared them with available statistics for a range of organisations with manual workforces, covering both public and private sectors in Northern Ireland and Great Britain. We also included a comparison with the Police Service for Northern Ireland (PSNI) which has been criticised for unacceptably high levels of sickness absence. The comparison outlined in Figure 4 clearly indicates that both Roads Service and Water Service are at the upper end of the scale with only PSNI having a higher rate of absence. However, we noted that PSNI has a target to reduce the average level of sick leave to 18.5 days for police officers by March 2003, and while final outturn figures are not currently available, we understand that significant progress has been made in meeting this target.
- 1.9 Structural differences between organisations, such as the nature of the work undertaken, workforce demographics and the lack of standard methodology for measuring sickness absence, means that some caution needs to be exercised in making comparisons across different organisations or sectors of the economy. However, we consider that the comparisons made in Figure 4 are valid for the following reasons:
- they have been limited, for the most part, to organisations employing manual workers and include a broad section of public sector employers;

- the Civil Service figures for Great Britain were produced for the Cabinet Office using the methodology recommended in its report and used by NIAO to measure absence levels in both Agencies;
- the Cabinet Office report concluded that the figures produced by the CBI surveys gave a fair aggregate indication of sickness absence levels across the economy and of the broad division between levels of absence in the public and private sector; and
- the differentials between the levels of absence measured in both Agencies and the recorded levels elsewhere, particularly of industrial civil servants in Great Britain, are too great to be attributed substantially to differences in measurement methodologies.

We would conclude, therefore, that these comparisons are sufficiently robust to indicate a high level of sickness absence in both Agencies, relative to comparable public sector workforces.

Figure 4 : Comparison of Sickness Absence Levels 2001-2002



Source: NIAO, based on submissions/reports from the above organisations.

Notes: All figures relate to manual workers, with the exception of PSNI.  
The figure for Belfast City Council relates to 2000-2001.

- 1.10 Surveys have shown that levels of sickness absence are normally higher among manual workers than non-manual; levels, on average, are higher in the public rather than the private sector; and levels tend to be higher in Northern Ireland than Great Britain. The Cabinet Office report, however, points out that an organisation may have characteristics which predispose it to higher levels of sickness absence, but that good attendance records have been achieved in such organisations as a result of determined management action. We would endorse this approach and consider that the wide variation in absence levels across different Divisions within the Agencies indicates that high levels are not inevitable. We recognise, however, that to reduce absence to an acceptable level will take time and that a concerted management effort will be required over the medium to long term.
- 1.11 Comparison of performance, both between the Agencies and with other public sector organisations, will be essential to the strategic management of absenteeism and is particularly helpful in setting realistic targets for reductions.

To facilitate consistent comparison, we recommend that both Agencies adopt the approach to measurement recommended by the Cabinet Office and that Roads Service ensures that figures produced for working days lost exclude public holidays and weekends.

## Cost of Sickness Absence

- 1.12 Calculation of the cost of sickness absence is essential in gauging the significance of the problem and both Roads Service and Water Service routinely produce cost figures. For 2001-2002, their estimates gave a total cost of £1.7 million. We consider this to be too conservative for two reasons:
- Roads Service's calculations were based on the rate of pay for the lowest industrial grade and the figure used was based on a rate which was applicable at April 2000; and

- the figures did not include Employer's National Insurance Contributions and accrued superannuation liability which we estimate would add a further 20 per cent to actual pay costs.

In response to our audit, Roads Service revised its calculations to reflect the actual numbers and grades of staff in post and up-to-date rates of pay. In addition, further adjustments were made to take account of staff who were on reduced pay due to sickness absence, and the additional costs for national insurance and superannuation. As a result, we estimate that the direct costs of sickness absence during 2001-2002 were in the region of £2 million (see Figure 5). This does not take account of staff time involved in managing sickness or extra overtime that had to be worked.

Figure 5: Direct Costs of Sickness Absence 2001-2002

	Agency Estimate £'000	NIAO Estimate £'000
Roads Service	788	909
Water Service	960	1,152
<b>Total</b>	<b>1,748</b>	<b>2,061</b>

Source: NIAO

## Potential Benefits from Sickness Absence Reductions

1.13 It is important to recognise that cost does not equate to potential savings, since it would be unrealistic to aim to eliminate sickness absence completely. Potential savings, therefore, will depend on what reductions in the level of absence can realistically be achieved. Figure 6 gives an indicative estimate of the benefits that can be had from various reductions in sickness absence and its associated direct costs. The setting of targets is discussed in detail in Part 3 but reduction of absence by the Cabinet Office target of 30 per cent would yield savings of some

£620,000. Given the comparatively high levels of absence already existing in both Agencies, however, a greater reduction in absence levels may be achievable in the longer term. In our opinion, Civil Service industrial staff in Great Britain would seem to be a reasonable comparator with an absence level of 11.8 days per employee. This is similar to the level of 12.1 days currently being achieved in the best performing Water Service Division. We estimate that if this level was achieved on average across both Agencies, it would result in savings of around £840,000 a year. The Department told us that, given the very difficult and often dangerous environment in which industrial employees operate, it considers comparisons with the GB Industrial Civil Service to be inappropriate and that GB Local Government (which includes Council Highway Departments) would be preferable. If this level was achieved, it would result in savings of some £725,000.

**Figure 6 : Potential Cost Savings from Sickness Absence Reductions**

Reduction in Percentage of Working Days "Lost"	Average Days Lost per Employee	Potential Savings £
Current Level (8.9%)	19.9	Nil
10% Reduction (8.0%)	17.9	207,000
20% Reduction (7.1%)	15.9	414,000
30% Reduction (6.2%)	13.9	621,000
GB Local Government Level (5.8%)	12.9	725,000
GB Industrial Civil Service Level (5.3%)	11.8	840,000

Source: NIAO

1.14 The Cabinet Office report emphasises that the true cost of sickness absence is considerably higher than the direct costs which do not take account of:

- additional management and administrative time in dealing with absences;

- lower productivity;
- reduced quality of service;
- occupational health and welfare costs;
- increased stress placed on colleagues attending work;
- missed delivery targets;
- lower customer satisfaction; and
- more accidents at work.

1.15 The report states that, while sufficient evidence had not been found to report with any great confidence on total indirect costs, it was convinced that these added considerably to direct costs and that “the damage caused through sickness absence is closer to twice the level indicated from direct costs alone”. Taking this approach, therefore, measures to reduce sickness absence are likely to offer much higher benefits than those indicated simply by the savings on direct costs.

## Conclusions on Cost of Sickness Absence

1.16 Costing sickness absence and communicating that cost to employees is a powerful means of both emphasising the significance of the problem and determining what level of management intervention is justified to reduce levels. It is important, therefore, that robust and accurate costing methodologies are established. We recognise the fact that both Agencies have costing mechanisms in place but these tend to understate the cost of sickness absence to each organisation. Roads Service told us that it reports sickness absence information to Trade Union representatives at quarterly meetings. However, the purpose of publicising the cost of absenteeism to staff is to emphasise the importance which management attaches to it and we consider it important, therefore, that this message should come clearly and unambiguously from management. In this

context we welcome the fact that subsequent to our audit, Road Service published two articles on the cost of absenteeism in its in-house magazine and that Water Service is currently considering future publication of levels of sick absence.

We recommend that both Agencies:

- Review their approach to costing to ensure the accuracy and currency of the figures produced and to incorporate the additional direct costs of employer's national insurance and accrued superannuation liability.
- Calculate costs using a common formula to ensure consistency and to facilitate comparison between Agencies. (An example is shown at Appendix 1)
- Publicise both the direct and wider indirect costs within their respective organisations to increase awareness, among both managers and workforce, of the significance of sickness absence.

1.17 The Department told us that both Agencies have recognised that sickness absence levels are too high and have taken initiatives to reduce them. In Roads Service:

- statistics are monitored bi-monthly by senior management;
- training in the management of absence is designated as a strategic training need and has been delivered to all supervisory staff since April 1999;
- a health surveillance programme has been operating since 1999, with a nurse recruited in 2001 to conduct this on a full-time basis; and
- formalised procedures have been issued to all staff.

Similarly in Water Service:

- statistics are presented to the Water Service Board each month;

- quarterly meetings are held with divisional representatives at which methods are identified to deal with cases of persistent absenteeism; and
- a full-time nurse has been appointed to advise on the prevention of sickness and industrial injury and to help expedite references to the Occupational Health Service (see paragraph 4.17).

Water Service also has plans to undertake a comprehensive review of the management of sickness absence among both industrial and non-industrial staff and will submit recommendations to the Water Service Board by mid-2003.



# Part: 2

## Management Information

### Introduction

- 2.1 Accurate, timely and accessible information on the extent, causes and patterns of sickness absence is a pre-requisite for its effective management. This information is required to inform strategy, to facilitate day-to-day management and to monitor the effectiveness of policies and procedures in keeping sickness absence to a minimum. This part of the report looks at how Roads Service and Water Service record absence and the capability of the current systems to provide managers at all levels with accurate, relevant and timely sickness absence data to fulfil these needs.

#### Key Audit Findings

- Roads Service currently relies on its industrial payroll system (Unipay) for sickness absence data but management information from this source is generally poor, severely restricting analysis of sickness absence trends and causes.
- Roads Service has recently acquired a computerised personnel system for its industrial workforce which is intended to improve sickness absence monitoring.
- Water Service has been recording industrial sickness absence on the NICS computerised personnel system since January 2001 which has the capability of producing a much wider range of information and reports than Unipay.
- The system for reporting sickness absence in both Agencies is well established. However, discrepancies were noted in the recording of sickness absence between the payroll records and information held on employees' personal files.
- The main causes of absence in Water Service during 2000-2001 were injury, accident or assault and musculoskeletal disorders.

- Almost four fifths of all absences were covered by a medical certificate.
- Overall, there is a need to improve the information provided to managers and staff in both Agencies on the extent and impact that sickness absence is having on the organisation.

## Reporting and Recording Sickness Absence

- 2.2 When absent due to illness, staff are required to inform their line manager who is responsible for ensuring that the absence is accurately recorded on the daily timesheets. At the end of each week the timesheets are checked by the line manager, authorised by the appropriate supervisor and passed to the relevant industrial payroll unit, via the local section offices. The details are then input into the computerised wages system (Unipay).
- 2.3 On return to work, employees have to provide evidence of incapacity in the form of a self-certificate or a certificate completed by a General Practitioner. The basic information gathered from this is the duration of, and reasons for, absence. The details are input onto the industrial payroll system in both Agencies and onto the NICS Human Resource Management System (HRMS) for Water Service and a manual record, including the self-certification and medical forms, are placed on the individual's personal file. We noted, however, that there was no reconciliation between the personal file and the computerised records to ensure that data capture was complete and accurate.
- 2.4 In order to test the completeness and reliability of Roads and Water Services' sickness data, we compared periods of sickness absence recorded in the payroll system with the employees' personal files. We found four main types of error within our sample of 40 cases:
- different start dates for absence between the documentation on file and the payroll system (12 out of 40);
  - different end dates for absence between the documentation on file and the payroll system (21 out of 40);

- sickness entry on the payroll system with no corresponding self or medical certification form on the personal file (13 out of 40); and
- self certified sickness form, or other sickness absence documentation, found in the personal file but not on the payroll system (1 out of 40).

2.5 In total, the documentation in 31 of the 40 files examined did not match for one or more of the reasons detailed above. In most individual cases the variances discovered were minor but these may have a significant cumulative effect on the overall recorded level of absence.

We recommend that both Agencies undertake a review to confirm the accuracy of their sickness absence records and undertake periodic sample checks to ensure that an acceptable level of accuracy is maintained.

## Availability of Management Information

2.6 Both Agencies use the NICS industrial payroll system (Unipay) to process industrial wages and until recently this was the only source of management information on sickness absence. Because it is primarily a payroll system, Unipay is severely limited in terms of routine reporting of absence data. Additional data can be obtained from special reports but these are expensive and their value as management information can be undermined by the time required to produce them. Consequently this facility has rarely been used.

2.7 Since January 2001, Water Service has been recording industrial absence information on HRMS which was previously used only for non-industrial staff. This system is easier to update and can provide a wider variety of information. Roads Service has plans to install a new industrial personnel system which is intended to improve the Agency's capacity to produce sickness absence information. The system is expected to go live in June 2003 and will interface with Unipay on a weekly basis. It will provide:

- management information reports, including sickness absence rates at area and business unit level, number of days lost due to industrial accidents, and staff on pensionable rate of pay, half pay or no pay, etc;
- reports that prompt management action, including a list of staff who exceed acceptable levels of sickness absence;
- medical history of staff for use in Occupational Health Service referrals; and
- standard forms and letters used in sickness management and inefficiency procedures.

For the purposes of our audit, however, information from Roads Service was limited to that produced by the Unipay system.

2.8 Line managers do not have on-line access to absence details and history of the staff they manage. However, the Department told us that they do have access to the information by contact with Non-Industrial Personnel staff in Roads Service Direct Headquarters and Water Service Divisional Personnel Units. In addition, sickness absence statistics are routinely produced by both computerised systems on a monthly basis and made available to relevant staff. The standard print-outs generated are summarised at Figure 7.

Figure 7: Information Routinely Generated from Management Information Systems

Information Available	Roads Service (Unipay)	Water Service (HRMS)
Aggregate working days absence per month/year	Yes	Yes
Comparison of sickness absence over time	No	No
Sickness absence by Division	Yes	Yes
Sickness absence by Section Office	Yes	Yes
Duration of Sickness Absence (individual employee)	Yes	Yes
Number of spells of absence (individual employee)	No	Yes
Sickness absence by age group	No	No
Onset of absence by day/month	No	No
Cause of Sickness Absence (individual employee)	No	Yes
Staff that breach the pre-determined trigger points	Yes	Yes

Source: NIAO

2.9 These monthly summary reports tend to focus on the aggregate number of working days lost per month and individuals who have breached specific limits, which should prompt management action. The reports are forwarded to the appropriate industrial pay units, with high level summaries also sent to the Agencies' management boards and onwards to the respective Chief Executives. A weakness in both systems, but especially Unipay, is the failure to routinely provide detailed analyses, showing the causes of sickness absence, the extent of long and short-term absence and trends in absence rates over time.

## Analysis of Sickness Absence Patterns

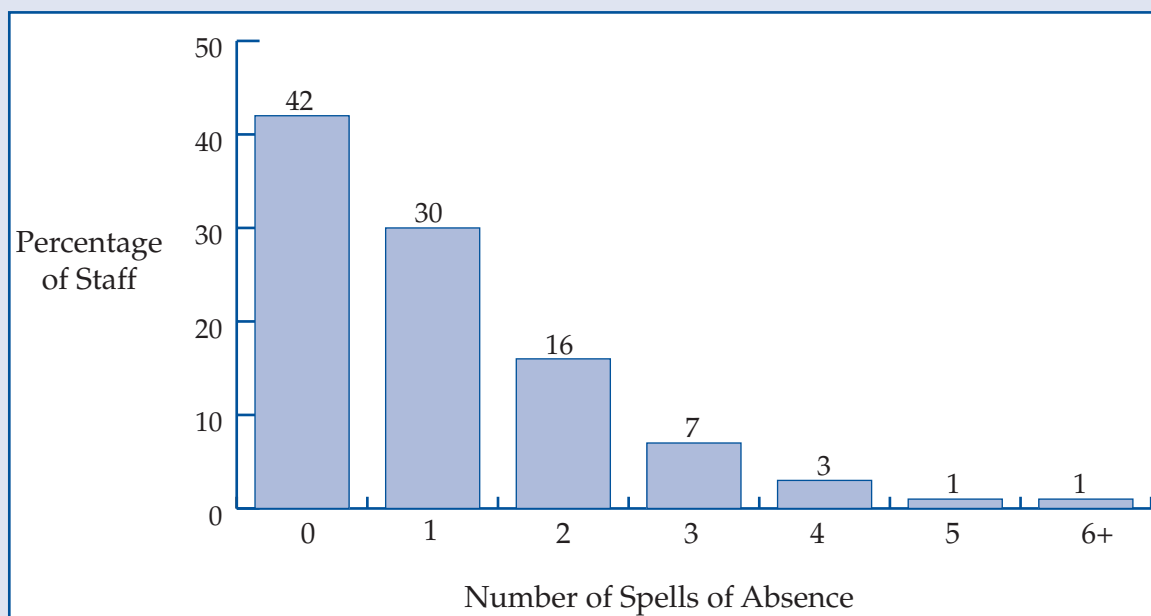
2.10 In order to provide some insight into the patterns of sickness absence in each Agency we requested basic information on the number of spells of sick leave and the duration and causes of absence. It is indicative of the limitations of the Unipay system, that Roads Service was unable to provide any information

beyond an analysis of working days lost in terms of certified and self-certified absences. To provide the information requested would have required writing special programmes which were prohibitively expensive. The following analyses, therefore, largely relate to Water Service which was able to obtain the information through HRMS.

### Number of Spells of Sickness Absence in Water Service

2.11 Water Service statistics indicate that in 2001-2002, 42 per cent of staff had a full attendance record, 30 per cent had only one recorded absence, a further 16 per cent had two and the remaining 12 per cent had three or more absences (see Figure 8).

Figure 8: Number of Spells of Absence in Water Service 2001-2002

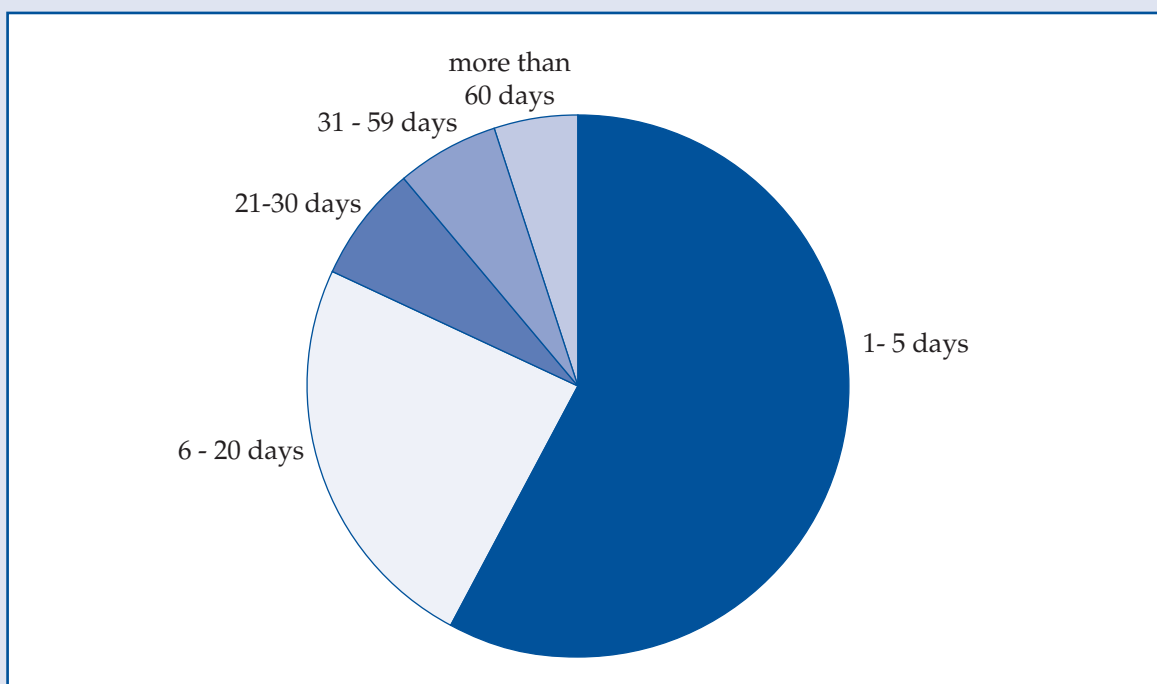


Source: NIAO

### Duration of Spells of Absence in Water Service

2.12 Most spells of absence (58 per cent) in Water Service during 2001-2002 lasted five days or less. Some 18 per cent of spells were for absences lasting more than 20 working days, with six per cent due to spells of over two months (see Figure 9). This would suggest that short term sickness is more of a problem than long term. However, experience elsewhere in the public sector indicates that whilst long term sickness affects a small proportion of employees, it causes a large part of total absence costs. For example, analysis of non-industrial absence in Northern Ireland, carried out by the Northern Ireland Statistical Research Agency, indicates that that whilst only nine per cent of spells of absence last more than 20 days, these account for 64 per cent of total working time lost. Water Service and Roads Service do not produce analyses of absence spells in terms of working days lost but a recent exercise carried out by Roads Service, to identify all staff who have been absent for six months or more, indicates that long-term sickness absence is a significant problem and is an area on which efforts should be concentrated (see paragraph 4.14).

Figure 9: Length of Spells of Absence in Water Service 2001-2002

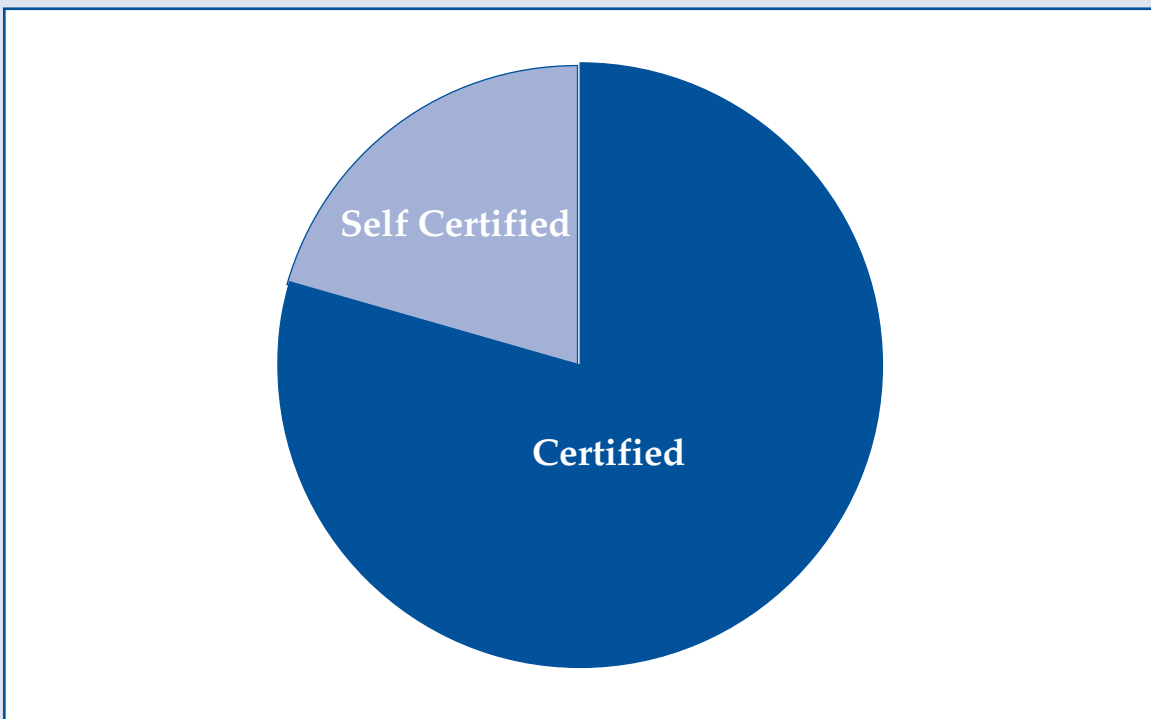


Source: NIAO

### Sickness Absence by Certification

2.13 A medical certificate is required for any absence lasting longer than one week and in the absence of a more detailed analysis, measurement of the number of working days lost which are covered by medical certificates will give some indication of the extent of longer term absence. We found that, of the total number of working days lost in 2001-2002, 80 per cent was covered by a medical certificate, with little variation between the two Agencies (see Figure 10). This would suggest that longer term sickness is a significant problem in both Agencies, accounting for a major proportion of total working days lost.

Figure 10: Proportion of Working Days Lost Covered by Certificates 2001-2002



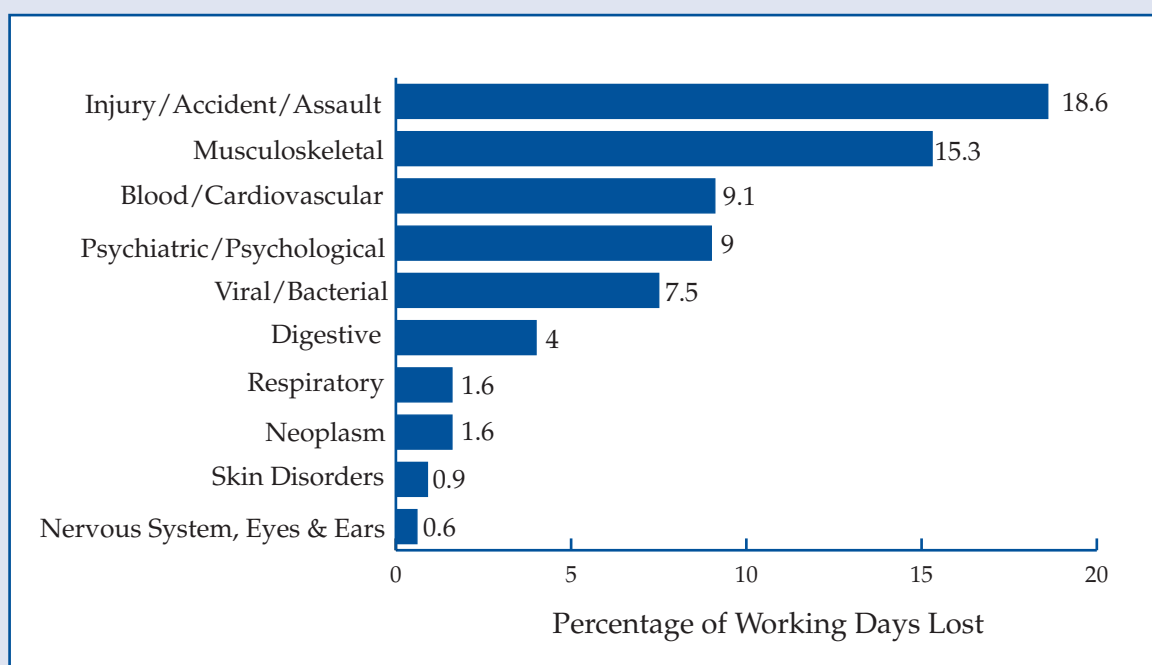
Source: NIAO



### Causes of Sickness Absence in Water Service

2.14 When staff notify their sickness absence, they are required to provide details of the cause, either in the form of a doctor's certificate or self certification. To record this information Water Service uses the NICS classification system which consists of over 200 categories. Figure 11 shows the 10 most prevalent causes of sickness absence among Water Service's industrial workforce during 2001-2002, accounting for some 68 per cent of all absence taken during the year.

Figure 11: Reasons for Absence in Water Service 2001-2002



Source: NIAO

2.15 Illnesses in the injury/accident category were the main cause of absence in Water Service during 2001-2002, accounting for some 19 per cent of working days lost, followed by musculoskeletal disorders at 15 per cent. Several surveys of sickness absence in the United Kingdom have indicated that back pain and other musculoskeletal disorders are the main cause of absence among manual workers, with injuries accounting for a lesser proportion. The combination of work related and non-work related injuries into one category may explain why this is the

highest category in the Water Service data and we noted that in the previous year musculoskeletal was the main cause of absence (24 per cent) with injury/accident in second place.

We recommend that:

- Water Service carries out a further analysis of the reasons for absence to determine if a significant proportion is the result of workplace accidents, with a view to determining whether any change is required in Health and Safety policy and procedures to achieve reductions in absence levels.
- To facilitate future monitoring, Water Service should consider recording workplace injury and other injury as two separate categories.

## Conclusions

2.16 A good understanding of the extent, causes and patterns of absence is essential to inform an effective approach to reducing levels. Historically, the level of analysis undertaken in both Agencies has been insufficient to provide this information and the limitations of the management information systems used until recently have been a serious obstacle to carrying out the level of analysis required. We note that Roads Service is in the process of installing a new personnel system which is intended to improve future monitoring and there is recognition within both Agencies of the need for improved management information.

We recommend that:

- Both Agencies review their management information requirements with a view to establishing what information is needed to provide a thorough analysis of current trends and patterns of absence and a firm basis for proactive management.

- As a minimum, each Agency should produce data on:
  - the number of spells of absence;
  - the duration of spells of absence, including an analysis of working days lost to assess the relative importance of long and short term sickness absence;
  - causes of sickness absence; and
  - trends in sickness absence.

2.17 The ability to analyse this information across Divisions would be invaluable in identifying any parts of the organisation which may be pushing averages up and where management action could most effectively be targeted.

Having identified their information requirements, we recommend that both Agencies review the capacity of their current information systems to supply that information on an accurate, cost-effective and timely basis.

2.18 HRMS has already demonstrated its capacity to produce some data for this report and we note that Water Service is investigating the possibility of extending the range of information produced. At the time of our audit, the new Roads Service system was not fully implemented and tested.

We therefore recommend that the Agency formally reviews this system six months after implementation to ensure that all data requirements are being met.

# Part: 3

## Policies and Procedures

### The Role of the Department of Finance and Personnel

3.1 The lead responsibility for Northern Ireland Civil Service-wide employment policies rests with the Department of Finance and Personnel (DFP). In 1998, DFP issued a new Staff Handbook which sets out the terms and conditions of service of civil servants. The provisions of the Handbook, unless otherwise indicated, apply to both non-industrial and industrial staff. Part 1 deals with leave and attendance and sets out the general policy, procedures and standards expected of staff. It emphasises the importance of Departments and Agencies having a clear framework for managing sickness absences, setting out standard reporting mechanisms and “using monitoring arrangements which trigger management action where a sickness absence record could be cause for concern”. Other specific issues covered by the Staff Handbook include:

- Evidence of Incapacity - the first seven calendar days in any spell of sickness absence can be certified by the employee. Once the absence exceeds seven days, staff must obtain a medical certificate from their doctor. The Staff Handbook allows Departments to withdraw the self-certified facility if they feel it is being abused or where there is a potential for abuse as it is being used excessively. Departments can refuse sick pay if satisfactory evidence is not provided;
- Occupational Health Service (OHS) - Departments should consult OHS when they need medical advice on particular cases.

It is a condition of employment that staff should co-operate fully with any investigations by OHS, including attendance for medical examinations when this is required. Occupational sick pay ceases to be payable if an officer fails to attend an OHS appointment; and

- Sick Pay - NICS operates an occupational sick pay scheme which enables staff to receive full pay for the first six months sickness absence in any period of 12 months. Thereafter, they are placed on half pay for a further six months, subject to a maximum of 12 months paid leave in any period of four years. If staff exhaust their entitlement to full and half-rate Occupational Sick Pay and their Department is satisfied from the medical evidence that there is a reasonable prospect of recovery and return to work, they may receive pay for further sick absences at a rate not exceeding the amount of pension (if any) they would have received if they had been retired on health grounds.

- 3.2 While DFP has overall responsibility for the general management and control of the Northern Ireland Civil Service, including terms and conditions of employment, each Department is responsible for determining its own procedures and practices for managing absenteeism but the agreed rules are set out in the Staff Handbook. DFP has also set up an NICS 'Attendance Matters' web-site which was launched in 2002 and which provides guidance to both line managers and staff across the NI Departments.

## Sickness Absence Policies in Roads Service and Water Service

- 3.3 Industrial Personnel Units within Roads Service and Water Service have developed their own absence management policies centrally which emphasise the duty on employees to attend regularly and inform the Agency when they are sick. We noted that although the policies had not been formally updated to take account of the 1998 Cabinet Office report, many of the good practice

recommendations in that report were already standard practice in both Agencies (see paragraph 3.8).

3.4 The policies currently in place in Roads Service and Water Service are broadly similar and can be broken down into the following main procedures:

- Pre employment checks of fitness for work - both Agencies require new recruits to complete a medical questionnaire. In addition, Occupational Health Service screens the fitness for work of all new industrial employees, who are then subject to a probationary period of twelve months;
- Reporting of absence - employees are expected to inform their workplace by a specified time when they are absent through sickness, notify the nature and probable duration of the illness and submit medical certificates and progress updates as appropriate;
- Ongoing recording and monitoring - absence data is recorded and reported to the appropriate levels of management to facilitate monitoring;
- Return to Work Interviews - it is mandatory for employees to have a return to work interview on their return from sickness absence. The exact tone and form of this type of interview will vary according to the significance of each absence and the individual's attendance record; and
- Inefficiency procedures - both Agencies have in place inefficiency procedures designed to address poor attendance, whether through intermittent short term absence or through long term absence. Key features include Letters of Concern, Informal Warnings, Formal Warnings and medical referrals to the Occupational Health Service.

## Roles and Responsibilities for Managing Sickness Absence

3.5 Managers at all levels have a role to play in managing sickness absence:

Senior Management - Chief Executives in both Agencies receive regular high level summaries for the whole of the organisation, including both industrial and non-industrial staff and these are reviewed by Management Boards.

Industrial Personnel Units - as part of the restructuring of Roads Service in 1999, a centralised Industrial Personnel Unit was created with responsibility for the provision of all personnel and payroll services for the Agency's industrial workforce. Water Service retains a separate industrial personnel unit at each of its four divisions although it is currently considering the centralisation of this function. The Industrial Personnel Units are responsible for inputting and filing sickness absence data, generating and issuing monthly absence management reports and prompting line managers to take appropriate action in relation to those staff whose attendance is causing concern.

Line Managers - both Agencies have delegated the most direct responsibility for managing sickness absence to the line manager, who is responsible for reorganising workloads to cover for sickness absence, ensuring the completion of timesheets and medical forms, carrying out return to work interviews and initiating inefficiency procedures, where appropriate.

### Best Practice Principles

3.6 The 1998 Cabinet Office report identified best practice in the public and private sectors and made detailed recommendations for the implementation of best practice policies and procedures across the public sector by December 1999. Following publication of the Cabinet Office report, DFP issued copies to all Departmental Establishment Officers in June 1998 and pointed out that the

recommendations had been endorsed by the Secretary of State for Northern Ireland. We noted that, at the time of our audit, neither Roads nor Water Services' personnel staff were aware of the existence of this important report.

- 3.7 The recommendations endorsed by the Secretary of State included a challenge to Departments to reduce absenteeism rates by 20 per cent by 2001 and 30 per cent by 2003 and to use absence rates as a key performance indicator. DFP told us that the issue of setting targets was to come under the devolved administration and the general targets contained in the Cabinet Office report were not adopted by Northern Ireland Departments. Departments have subsequently set targets for non-industrial staff for 2003 and 2005.

## Compliance with Best Practice

- 3.8 We compared Roads and Water Services' current policies and procedures with the best practice outlined in the Cabinet Office report and found that both Agencies compared very well, complying with most of the report's recommendations (see Figure 12).

Figure 12: Compliance with Cabinet Office Recommendations

Source:	Yes	Partly	No
NIAO			
Water Service	15	6	4
Roads Service	14	7	4

A full listing of the Cabinet Office's recommendations and the extent of compliance by Roads Service and Water Service is included at Appendix 2.

- 3.9 As part of our examination, we also identified other studies which have highlighted examples of reported success in the management of sickness absence.



The National Audit Office (NAO) in particular has published four reports on sickness management, the most recent one being in 1999 on the Prison Service. As part of its ongoing work, the NAO has identified 14 key principles for the effective management of sickness absence and these are included at Appendix 3. The NAO has reported that bodies implementing these principles have found tangible benefits in terms of reducing the cost of sickness absence and making more staff available for work.

## Targets to Reduce Sickness Absence

- 3.10 The most significant departure from best practice in both Agencies is in the use of targets as a means of reducing sickness absence levels. In May 2001, Roads Service Direct set an “aspirational” target to reduce absenteeism to three per cent of available working days by 2006. No divisional or interim time targets were set. Water Service currently has no targets but is considering setting them.
- 3.11 The Cabinet Office report states that, if an organisation wishes to address attendance seriously, it needs to have a clear idea about what reductions it aims to achieve, by when, and how to measure the effectiveness of its policies. The report makes the following recommendations for public sector organisations:
- set, at a minimum, a single overall target for attendance, which is quantified and dated, by June 1999;
  - agree rates of progress toward the target level of sickness absence which are appropriate to each part of the organisation;
  - reduce average sickness absence rates by 20 per cent by 2001 and by 30 per cent by 2003 (a five year period from publication of the report); and
  - study their true levels of absence over a trial period and use these as a benchmark for judging improvements in performance.

We noted that Water Service's benchmarking study (see paragraph 1.6) also suggested that there may be benefit in this approach with targets set at the level of the best currently achieved. It further suggested the inclusion of sickness absence as a key performance indicator and the calculation of the cost of sickness absence to focus management attention on its resource implications.

3.12 The Cabinet Office report set a challenge to all parts of the public sector to reduce sickness absence by 30 per cent within five years. We consider this to be a challenging but realistic target which is broadly comparable to the reduction of absence levels to the current average for Civil Service industrials in Great Britain and to the level of the best performing Division in Water Service (see paragraph 1.4). However, it is important that targets are set at levels which are realistically achievable. In our opinion, Roads Service's target of three per cent is not realistic and we consider that aspirational targets of this kind are of limited use in securing improvements in performance. The Department accepts that more work needs to be done to establish realistic targets.

3.13 Many of the recommendations contained in the Cabinet Office report were

We recommend that both Agencies:

- Include sickness absence as a key performance indicator to be reported in their annual reports and accounts.
- Carry out a thorough analysis of their current patterns of sickness absence and set separate targets for industrial sickness absence, with annual target reductions to achieve an overall reduction to an acceptable level within three to five years.
- Consider setting separate targets appropriate to individual Divisions and for short and long term absence. This would inform line management action and concentrate efforts on those areas likely to yield the greatest contribution to an overall reduction.

already in place in both Agencies when the report was published and the Department told us that they had been promulgated across the former DOE (NI) and its Agencies through its Good Practice Manual. Nevertheless, in our opinion, the Department should have drawn this important report to the attention of senior personnel managers in the Agencies at an earlier stage.

We recommend that the Agencies review the Cabinet Office report to ensure that their approach to the management of sickness absence fully reflects current best practice.

### Dissemination of Policies and Procedures to Staff

3.14 Both Agencies have drawn up procedural manuals on sickness absence, including standard forms and warning letters, for the information and guidance of their Industrial Personnel Units, line managers and supervisors. In addition, Water Service has produced a pocket guide on absence management which has been distributed to every member of staff to ensure that they are familiar with the policy and procedures. The Agency has also issued internal memos to staff (the latest being in August 2001), reminding employees of the main points of its absenteeism policy. Issues covered include notification procedures, certification requirements, keeping in touch, returning to work, attendance monitoring and the inefficiency procedure.

3.15 Roads Service has not issued any specific guidance to staff on its sickness absence policy and procedures although it has prepared a handbook for industrial employees which highlights their conditions of employment. Some general references are included to sickness absence with a specific warning to staff that “habitual absenteeism will render you liable to dismissal”.

We recommend that Roads Service publicises its sickness absence policy and procedures more widely to ensure that staff have a clear understanding of how absence is managed and what is expected of them.

# Part: 4

## Management of Sickness Absence

### Introduction

- 4.1 The procedures established by both Roads Service and Water Service comply for the most part with recognised best practice, yet sickness absence levels are some of the highest in the UK public sector. In this part of the report we examine how procedures have been applied in order to identify possible explanations for the continuing high level of absence. To do this we selected a random sample of 40 industrial employees who had been absent due to sickness during 2000-2001 and examined how procedures were applied in these cases. The sample covered both Agencies equally and included short, medium and long term absence.

### Key Audit Findings

- Both Agencies operate trigger points to prompt management action where staff have exceeded specified sickness absence limits. However, failure to respond to these triggers and the issue of multiple informal warnings has resulted in long delays in progressing cases through the inefficiency procedures.
- Return to Work Interviews are widely recognised as the single most effective measure in reducing absenteeism and are mandatory in both Roads Service and Water Service. However, they may not always be carried out and few managers have been trained in how to conduct them effectively.
- Delays in making referrals to the Occupational Health Service, and multiple referrals of the same case, are resulting in very long lead times to resolve cases of long-term absence.
- Medical retirements have increased over recent years to the point where they now account for more than half of all retirements by industrial staff.
- Staff have been confirmed in post despite high levels of sickness absence during their probationary period and have continued to have high levels of sickness absence thereafter.

## Trigger Points

4.2 The Cabinet Office report recommended the use of trigger points to alert management that a certain level of disruption had been caused by an individual's absence from work and that this had become serious enough to require some form of action. Both Agencies use the number of spells and length of absence to trigger management action in this way. In Roads Service, management action is prompted when, in any rolling period of twelve months, staff exceed:

- 14 days self-certified sick leave; or
- 14 days self and medically certified sick leave if aged 25 and under; or
- 21 days self and medically certified sick leave if aged 26 and over; or
- six periods of self-certified sick leave.

4.3 Water Service use the 'Bradford Formula' which combines both the number of spells and duration to give an overall 'score' for each employee. Management action is prompted when a score of 90 points has been reached (see Figure 13). This is also the system applied to all non-industrial staff within the Department. This approach is useful in highlighting irregular attendance which, because the total number of days is low, may not be picked up by a simple "total number of days" approach. In addition, both Agencies prompt referral to the Occupational Health Service when staff have been absent continuously for 20 days.

Figure 13 : Scoring System under the Bradford Formula

$S \times S \times D = \text{Score}$

S = the number of sickness absence spells in the last 365 days

D = the total number of days sickness absence in the last 365 days

Thus, three officers each with 10 days sickness absence could be represented by:

- a) One continuous absence of 10 days =  $1 \times 1 \times 10 = 10$  points.
- b) Five spells each of two days duration =  $5 \times 5 \times 10 = 250$  points.
- c) Ten spells each of one days duration =  $10 \times 10 \times 10 = 1,000$  points.

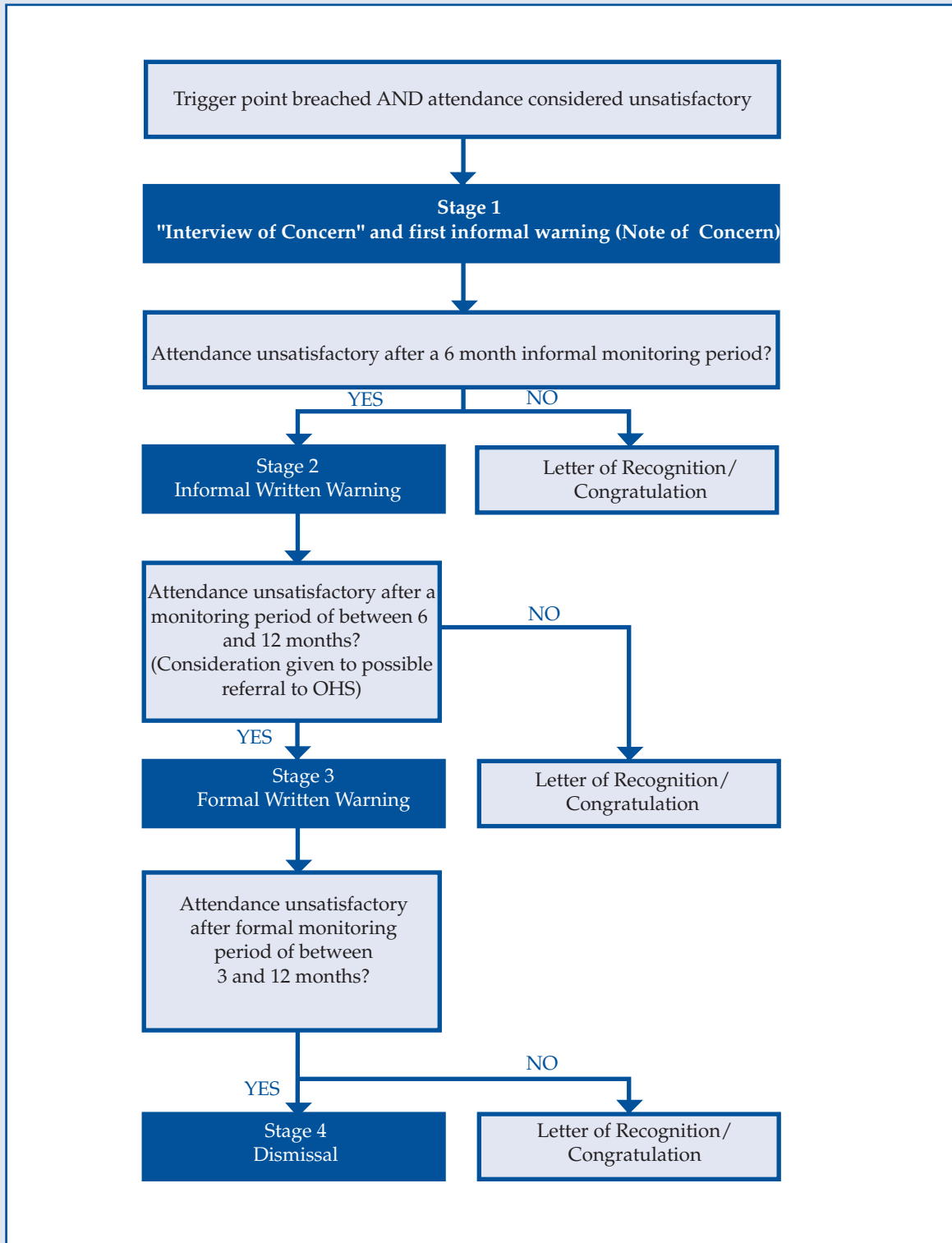
Source: NIAO

The Bradford Formula prompts management action for intermittent absence at a much earlier stage than Roads Service's current system and, given that procedures are already in place to highlight absence in excess of 20 days continuous absence, we recommend that Roads Service considers its adoption. This would have the added advantage of ensuring consistency of treatment throughout the Department.

## Short Term Sickness Absence

4.4 Short term absences in both Agencies are regarded as those lasting less than 20 days. However, where such absences are frequent, they can become a problem and are flagged for management attention by the system of triggers outlined above. Both Agencies operate a four stage procedure for dealing with absence of this kind and persistent short-term absence can result in dismissal (see Figure 14).

Figure 14 : Procedures for Dealing with Short-Term Sickness Absence



Source: NIAO

- 4.5 Employees are called initially to an “interview of concern” where the problem and possible solutions can be discussed. If there are no mitigating circumstances, the employee will be given a written “note of concern” and a period of six months in which to improve attendance. If performance does not improve a further informal written warning will be given. If there is still no improvement in performance after twelve months a formal written warning may be issued and the line manager may consider referral to the Occupational Health Service to assess the possibility of an underlying medical problem. If performance does not subsequently improve within a further twelve months, the employee may be dismissed on grounds of inefficiency or retired on grounds of ill health (see paragraphs 4.22 to 4.24).
- 4.6 In order to assess how effectively line managers are applying these procedures, we examined those cases within our sample who had taken two or more spells of sickness during 2000-2001 and had breached the Agencies’ trigger points without exceeding 20 days continuous absence. Of five cases meeting these criteria, three had been formally interviewed and three had received written warnings. However, two out of the five staff identified, had not been formally interviewed and it was not clear from the personal files why no action had been taken (see Case Example 1).

Case Example 1: Frequent Short Term Absence with no Management Action

Officer A breached the trigger point in July 2000 but no management action was taken, i.e. no interview of concern was carried out nor any form of warning issued. Following this, the officer took a further six periods of sickness absence with no evidence on file of management intervention. In total, this officer had 64 days absence in 17 spells between September 1998 and January 2002. Positive management action taken at an early stage when the trigger points were breached may have reduced or prevented the level of subsequent sickness absence taken by this officer.



- 4.7 The procedures outlined at Figure 14 should take a minimum of 15 months to progress from an initial trigger to dismissal. This can be as much as 30 months if maximum monitoring periods are applied at each stage. In practice, however, we found that the process is taking much longer due to the issue of repeated warnings at each stage and in those cases where performance improves but subsequently relapses, procedures begin afresh and do not progress to the next stage (see Case Examples 2 and 3).

#### Case Example 2: Issue of Repeated Warnings

Since recruitment in 1987, Officer B has received eight Interviews of Concern, one Note of Concern, five informal written warnings, two formal written warnings, one final formal written warning and seven extensions to these warnings. He has attended six OHS medicals and was medically retired in September 2002.

#### Case Example 3: Issue of Repeated Warnings

Officer C's sickness absence record has been a problem since his recruitment in 1979, resulting in eight interviews of concern, three notes of concern, seven informal warnings, four formal warnings, one final formal warning and a further three recommendations for dismissal. He attended seven OHS medicals which indicated no underlying health problems and was dismissed in 2000, having taken sick leave on 16 occasions during his last two years of service.

- 4.8 We recognise that to dismiss staff on grounds of inefficiency or to retire them on grounds of ill-health is inevitably a long process and that established procedures must be followed to ensure equity of treatment and to avoid claims of unfair dismissal. However, if both Agencies are to be effective in minimising the cost of sickness absence, it is important that cases, where sickness absence is

considered unacceptable, are progressed through the inefficiency process with an appropriate sense of determination and that staff are given a clear indication of the significance and severity of warnings given at each stage.

We recommend that:

- Management review is undertaken in all cases where trigger points are breached and that the outcome of the review is recorded on the employee's personal file, irrespective of whether any further inefficiency action is taken.
- Guidance is issued to line managers to ensure that, where performance remains unsatisfactory during a review period, repeated warnings are not issued rather than moving on to the next stage.
- Both Agencies review their procedures to ensure that where performance improves during the review period but subsequently relapses, inefficiency procedures do not restart again from the beginning. Agencies may wish to consider giving warnings a currency beyond the review period (say two years) whereby any relapse within the longer period would result in a move automatically to the next inefficiency stage.

## Return to Work Interviews

4.9 Much of the research we drew upon as part of this study highlighted one technique as likely to be the single most effective measure in reducing sickness absence - return to work interviews. The interview shows both the organisation's concern for the employee's health and its intention to address each instance of sickness absence as a management issue. It also updates the individual's sickness record and formally reviews whether any further action is needed. The Cabinet Office report strongly endorsed return to work interviews and recommended that all public organisations should:

- undertake return to work interviews after each period of absence;
- set clear guidance about the conduct and content of such interviews;
- record the actions agreed; and
- train all staff before return to work interviews begin.

- 4.10 Both Roads Service and Water Service have a policy of undertaking return to work interviews for all absences. These are carried out by line managers and may be formal or informal according to the significance of the absence. No record of the interview is retained apart from the manager's signature on the self certification form. However, we noted that Water Service at one time had used a pro forma (see Appendix 4) to record the interview and any action agreed, which was signed by both employee and manager.
- 4.11 The Cabinet Office report recognised that line managers with no personnel background may feel ill-prepared for dealing with matters of this kind and emphasised that training for all staff, both managers and employees, was vital to ensure the effective use of return to work interviews. We discussed the format of return to work interviews with a sample of 12 line managers and found that nine had received some degree of training. However, some of this dated back to 1994 and formed only a small part of a general absence management course.
- 4.12 We welcome the fact that both Agencies have endorsed the use of return to work interviews but we are not convinced that they have been implemented in such a way as to ensure that maximum effect is derived from them.

We recommend that both Agencies:

- Formally record all return to work interviews using a pro forma of the kind originally used by Water Service. This is important to ensure that interviews are conducted for all absences and that any problems identified are formally addressed.
- Update the training provided to line managers and supervisors and provide training to employees to explain what is expected of them at return to work interviews.

## Self Certification

- 4.13 The Cabinet Office report recommended that all public sector organisations should be able to withdraw self-certification from an individual, in certain circumstances. It considered the possibility of withdrawal would both guard against abuse and enable the identification of emerging medical conditions that could become a serious cause for concern. NIAO found no cases in Roads Service or Water Service of management withdrawing self-certification rights and only one in the sample of 12 line managers interviewed was aware of this option.

While we recognise that withdrawal of self-certification would be an exceptional step, we endorse the Cabinet Office's recommendation that all public sector bodies should provide clear guidance as to when this action would be appropriate.

## Long Term Sickness Absence

- 4.14 Long-term sickness absence affects a small proportion of workers but is responsible for the bulk of total absence costs. A recent exercise carried out by Roads Service to identify those staff who are on reduced or no pay due to sickness absence, indicates that staff who have been absent for six months or more account for some 28 per cent of all sickness absence in Roads Service, while those who have been absent for one year or more account for approximately 19 per cent. There are no definitive figures currently available for the percentage of working days lost due to long-term sickness absence for industrial staff in Water Service, but there are indications that in this respect, they do not differ greatly from the general pattern (see paragraphs 1.7 and 2.12). This would suggest that the effective management of long-term sickness is essential if absence is to be reduced and maintained at acceptable levels.
- 4.15 Research indicates that the longer individuals are away from work, the less likely they are to return. Concern for both the health of the individual and the efficiency of the organisation, therefore, points to the need for early intervention

where a long-term absence is indicated. This is necessary both to determine at the earliest opportunity whether employees are likely to be able to return to work and, if so, what assistance can be given to get them back as soon as possible. Both the Cabinet Office report and NAO best practice identify two key elements to ensuring that this happens:

- early referral to an occupational health advisor; and
- the use of recuperative or restricted duties for staff returning from long-term sickness absence.

4.16 The procedures for dealing with long-term sickness absence in both Agencies reflect these aspects of best practice and require line managers to:

- maintain contact with staff on long term sick leave;
- seek information about the condition and its prognosis;
- refer staff to the Occupational Health Service;
- facilitate the provision of welfare and rehabilitation services;
- provide, as far as possible, for light duties or reduced hours on return to work; and
- as a final resort, consider the need for dismissal or retirement on health grounds.

## Occupational Health Service

4.17 The NICS Occupational Health Service (OHS) is a unit within the Department of Health, Social Services and Public Safety and provides occupational health and medical advisory services to all NI Government Departments and Agencies. This includes advice on individual cases of sickness absence, the fitness of individuals for specific jobs, premature medical retirement and the rehabilitation of individuals after sickness. It is a condition of employment that staff should co-

operate fully with any OHS investigation, including attendance for medical examinations when required. On referral, a written report is prepared by OHS on the employee's medical condition, which advises the Department on:

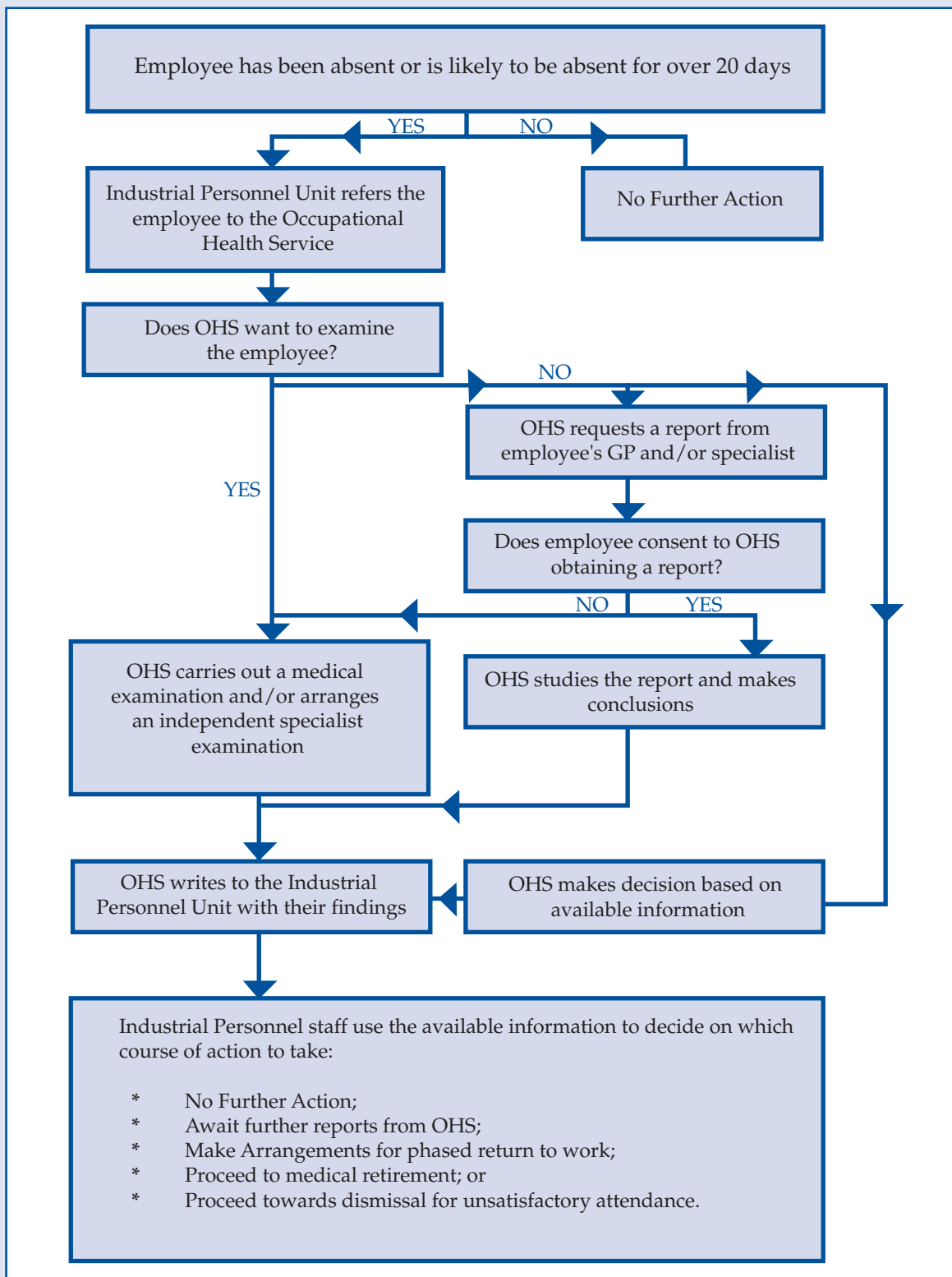
- current fitness for work, i.e. whether fit or temporarily unfit for duty;
- adjustments that may enable a return to work;
- when a return to work is likely;
- whether the individual has an underlying medical condition;
- the likelihood of regular and effective service in the longer term; and
- whether the criteria for ill health retirement are met.

4.18 Both Agencies use the services of OHS extensively with 30 of our sample of 40 employees being referred at some stage during their absence. Both operate a trigger point of 20 days continuous absence (see Figure 15), but we found that, in practice, referral could be delayed for long periods. We also found some examples where no referral had been made, including one example of 123 days absence with no reason for non-referral recorded on the personal file (see Case Example 4).

#### Case Example 4 : Delay in Referral to OHS

Officer D had two spells of long-term absence without being referred to OHS. He was referred during a third spell, resulting in a delay of over two years between the first breach of the trigger point and the case being submitted to OHS, during which time he was absent for a total of 233 days.

Figure 15: Procedures for Dealing with Long-Term Sickness Absence



Source: NIAO

- 4.19 The average length of time in our sample between referral and the first medical was 30 days which is consistent with OHS's current performance targets. Some cases can take longer, however, and we also found that multiple referrals were made in many cases with one individual case being referred 13 times. Consequently, individual cases can take years to resolve (see Case Example 5). OHS told us that in cases of ill-health retirement, decisions cannot always be made on first referral. For example, time may have to be made available to assess the impact of treatment or to judge whether a condition is permanent.

Case Example 5 : Time Taken to Resolve Cases

Officer E suffered an injury on duty in June 1998 resulting in an immediate absence from work of 31 continuous days. Following this he took a further three spells of absence totalling 117 days before going off work permanently on sick leave in June 1999. From this date until November 2000, he attended four OHS medicals, all of which reported that the officer was unfit for duty. In addition, the Agency received medical reports from the employee's doctor (May 2000) and specialist (April 2001), all agreeing with OHS's assessment. The officer was medically retired in August 2001. This means that it took some 12 months from the date of the injury for the first referral to OHS and a further 27 months to the date of ill-health retirement.

- 4.20 We recognise that referral to OHS may not be appropriate in all cases where the 20 day trigger is breached and that the decision to refer should be based on the line manager's judgement. We also recognise that there may be legitimate reasons for delay in carrying out examinations or for delaying a definitive decision on the final resolution of each case. However, we consider that both Agencies would benefit from a more structured approach to cases of long-term absence to ensure that procedures are being applied consistently and that the interests of both the Agency and the individual are being properly considered.



We recommend that both Agencies:

- Explore, in consultation with OHS, the potential for reducing the length of time taken between referral of employees to OHS and a definitive outcome in terms of a return to work or termination of employment either by dismissal or ill-health retirement. We also recommend that both Agencies should establish Service Level Agreements with OHS in which lead times for medical examinations are clearly defined.
- Consider implementing a periodic formal review (possibly monthly) of all outstanding cases, at which decisions on the management of long-term absences could be reviewed and documented. The Agencies should also consider involving OHS in this process.

## Modified Duties

4.21 We noted that, on some occasions, OHS has recommended “adjusted duties” for staff who are not capable of resuming their normal work. The practice of using modified duties is widely recognised as a means of rehabilitating staff who have been absent for long periods but who are expected to recover fully and return to work. However, we recognise that there is a limit to any organisation’s capacity to employ staff on this basis and particularly so in the case of Roads Service and Water Service, given the physical nature of their industrial functions.

Nevertheless, we would encourage Roads Service and Water Service to adopt this approach and recommend that both Agencies establish policies which clearly define when the use of modified duties is appropriate and the basis on which work of this kind can be made available.

## Medical Retirements

4.22 Staff whose attendance is unsatisfactory and where there is no evidence to suggest that it is likely to improve to an acceptable level, may face termination of their employment either by dismissal or early retirement on the grounds of ill-health. The Occupational Health Service is consulted in all such cases, and medical retirement is used only where it is recommended by OHS. Over the past three years, the number of industrial employees medically retiring has risen

steadily to the point where they account for 58 per cent of all retirements by industrial staff in Roads Service and 56 per cent in Water Service. This is in marked contrast to the comparatively small number of dismissals (see Figure 16).

**Figure 16: Medical Retirements and Dismissals**

	1999-00		2000-01		2001-02	
	Medical Retirements	Dismissals	Medical Retirements	Dismissals	Medical Retirements	Dismissals
Roads Service	7	1	13	2	15	3
Water Service	10	1	12	0	19	1
Total	17	2	25	2	34	4

Source: NIAO

4.23 Medical retirements are of particular interest because of the substantial additional costs involved. It is financially more advantageous for staff to retire early on medical grounds than to resign or be dismissed for inefficiency and have their pension benefits preserved until the normal retirement age. The additional costs are due to:

- enhancement of the employee's reckonable service which increases the amount of pension payable;
- the lump sum and retirement pension being payable immediately rather than at the normal retirement age; and
- no reduction in the pension to take into account the fact that it is being paid early.

4.24 There is a risk that these attractive terms could be an incentive for staff to take long term sickness absence in the hope that they will be offered ill-health retirement. In addition, medical retirements might be an easier option for managers wishing to avoid formal inefficiency proceedings. Because of the increased cost to the taxpayer, and recognising that OHS is consulted in all

medical retirement cases, it is important that Roads Service and Water Service keep medical retirements to a minimum, consistent with the proper operation of their sickness absence policies and to be aware that a perceived willingness to award ill-health retirement may contribute to increased levels of sickness absence.

We recommend that both Agencies review the reasons for the increase in the level of medical retirements in recent years and ensure that both their own policies and the advice of OHS are being applied appropriately and consistently.

## Recruitment of Staff

- 4.25 A logical first step in controlling absence is to reduce the risk of recruiting people who will be poor attenders. Past sickness absence is generally a good indicator of future attendance and the Cabinet Office report recommends obtaining references for all recruits and making full use of probationary periods to monitor attendance and ensure that an absence culture is not taking root.
- 4.26 Both Roads Service and Water Service recruit most of their staff directly, following standard Civil Service procedures. Candidates selected at interview complete a health declaration form but it is not standard practice to check each applicant's previous attendance record. All candidates are referred to the Occupational Health Service for pre-employment assessment as special standards of fitness are required for industrial staff. When appointed, new recruits are then subject to a probationary period of one year, during which time their performance is assessed against a number of criteria, including attendance. Both Agencies require four reports during the probationary period, at three, six, nine and eleven months.
- 4.27 In our sample of 40 employees, we noted four instances where staff had exceeded acceptable sickness absence levels during probation but only one was given any form of warning from management. All four were subsequently confirmed in post. Following their probation period, the attendance of three out of the four

continued to provide cause for concern, resulting in the issue of a total of 21 warnings, several referrals to the Occupational Health Service and one employee obtaining early retirement on ill-health grounds.

- 4.28 Since most of these employees were recruited some time ago, we examined a further sample of 10 recruits from each Agency employed since 1999 to assess the current application of procedures. Again, we found four employees who had breached the Agencies' trigger points during probation but were, nevertheless, confirmed in post. Three were employed by Water Service and systems flagged up their absences for the attention of the relevant line managers. Two of the three were subsequently called for an 'Interview of Concern'. The fourth case was in Roads Service. We could find no evidence of any management intervention during the probationary period and his attendance has continued to provide cause for concern. Case Examples 6 and 7 below provide further details, one example taken from each Agency.

**Case Examples 6 and 7: Poor Attendance during Probation**

Officer F was recruited in July 1999 and had 15 working days absence in four spells during his probation period. Although these breached the Agency's trigger points, there was no evidence on file of any management action. These absences were subsequently noted in the probation reports sent to his line manager, who reported a satisfactory performance and the officer was confirmed in post. In the 12 months following his probation, he was absent on another six occasions totalling 69 days before being invited to an 'Interview of Concern'. An informal written warning was issued in November 2001.

Officer G was recruited in June 1999 and had 38 days absence on two occasions during his probation period. The officer was called for an 'Interview of Concern' in March 2000 after which the line manager recommended 'no further action'. Since October 2000, the officer has had a further 32 days absence in five spells, providing him with an average of over 30 days per year between November 1999 and January 2002. The officer was called for a second 'Interview of Concern' in March 2002 when the line manager again recommended 'no further action'.

- 4.29 The results of this exercise suggest that poor attendance during the probationary period gives a valuable early warning of future absence and that failure to take decisive management action during this period is a contributory factor in the high levels of sickness absence in both Agencies.

We recommend that in future, better use is made of probationary periods to identify employees who are likely to be poor attenders and that such employees should not be confirmed in post if their attendance does not meet acceptable standards. Agencies may wish to consider extending probationary periods where there is a continuing doubt but, if necessary, full use should be made of the probationary period to expedite dismissal procedures.

## Improving the Management of Sickness Absence

- 4.30 Our review of Roads Service and Water Service indicates that while processes and procedures for the management of sickness absence are generally sound, they are not always being applied effectively by line management. The Cabinet Office report emphasises that, although central personnel functions are needed to provide specialist advice and assistance, the key role in dealing with sickness absence lies with line management. It also recognises, however, that line managers may not perceive this as part of their role or indeed they may feel ill-prepared in dealing with what they see as primarily a personnel issue. It is important, therefore, that managers are adequately trained for this role.

We recommend that both Agencies emphasise to line managers that they are responsible for the implementation of absence management policies and, to reinforce this point, personal objectives should be set for the achievement of agreed target reductions in the level of sickness absence.

- 4.31 As part of our review of practice in the public sector, we noted that the Social Security Agency has initiated a Managing Attendance Practice Review Programme as part of its plan to reduce absence in line with the Cabinet Office's recommendations. The aim of these "practice reviews" is to:

- measure local compliance with agreed procedures;

- highlight problem areas in their application, and identify solutions;
- gather feedback from local managers;
- identify and share examples of local good practice across the Agency; and
- cultivate an ongoing positive, professional working relationship between managers and HQ Personnel.

This appears to be a useful means of promoting absence reduction, supporting local managers and developing best practice. We recommend that both Agencies consider the merits of applying a similar approach.

## Conclusion

4.32 We acknowledge that both Agencies have devoted considerable efforts over the last few years to improving the management of sickness absence. However, high levels of absenteeism continue to cost significant amounts of the Agencies' resources and addressing this needs to be given higher priority. As this report has made clear, much has been done to establish sensible policies and procedures. In our view, therefore, the need is not so much for more rules as for better application of existing procedures. The implementation of a managing sickness absence policy, supported by a training programme for managers will serve to reduce sickness absence, offer appropriate support for staff and encourage a culture of attendance. This will strengthen the ability of both Agencies to deliver better quality public services.



# Appendices





## Formula for Measuring and Costing Absenteeism

### Definitions

Number of Staff	=	Total full time equivalent staff at week/month end
Working Days	=	The average number of days on which an employee is expected to work, i.e. excluding weekends or other rest days, annual leave including bank holidays and any other 'privilege' leave days. This is usually 224 to 230 depending on leave entitlement.
Wages	=	The average weekly wages bill for all staff, excluding overtime.
Sickness Absence	=	All absence due to sickness in full-time equivalents
On Costs	=	A notional 20% figure to cover employer's national insurance contributions and accrued superannuation liability costs.

### Cost of Sickness Absence

Enter number of staff	_____	(a)
Enter average weekly pay	£_____	(b)
Multiply (a) by (b)	£_____	(c)
Multiply (c) by 52	£_____	= Total Paybill
Enter total sickness days per year	_____	(d)
Enter number of available working days in year	_____	(e)
[(a) x 224]	_____	(e)
Divide (d) by (e) x 100	_____	% = Sickness Absence rate
Multiply [(b)/5] by (d) x 120%	£_____	(f) = Sickness Absence cost per year

### Potential Cost Savings

Enter saving in sickness days p.a.	_____	(g)
Divide (g) by (d)	_____	(h)
Multiply (h) by (f)	£_____	= Total savings per year

## Cabinet Office - Managing Attendance in the Public Sector Recommended Best Practice

	Roads Service Compliance			Water Service Compliance		
	Yes	Partly	No	Yes	Partly	No
<b>Early Contact</b>						
<ul style="list-style-type: none"> <li>Agree a specific time on the first day's absence by which employees should make contact with their line manager.</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Let them know who they should contact, naming an alternative if their line manager is not available.</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Agree what information should be provided, and how this should be recorded.</li> </ul>	√			√		
<b>Follow Up Contact</b>						
<ul style="list-style-type: none"> <li>Maintain frequent contact with absent staff, and on each occasion agree on the date and form of the next contact.</li> </ul>		√		√		
<b>Recording Absence</b>						
<ul style="list-style-type: none"> <li>Record specific core data in all instances of employee sickness absence, e.g. total working time lost for each spell of absence, and the no. of separate spells of absence.</li> </ul>	√			√		
<b>Back to Work Interviews</b>						
<ul style="list-style-type: none"> <li>Conduct back to work interviews after each period of sickness absence.</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Set clear guidance about the conduct and content of such interviews.</li> </ul>		√		√		
<ul style="list-style-type: none"> <li>Record the actions agreed.</li> </ul>			√			√
<ul style="list-style-type: none"> <li>Train all staff before back to work interviews begin.</li> </ul>		√			√	
<b>Review/Trigger Points</b>						
<ul style="list-style-type: none"> <li>Agree review/trigger points to trigger management action, based on an individual's cumulative absence from work.</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Provide clear guidance on the range of management actions available.</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Provide advice and training to line managers on selecting the most appropriate action.</li> </ul>		√			√	

	Roads Service Compliance			Water Service Compliance		
	Yes	Partly	No	Yes	Partly	No
<b>Occupational Health</b>						
<ul style="list-style-type: none"> <li>Consider introducing progressively earlier or wider referrals to OHS to address cases of work related injury or sickness.</li> </ul>	√			√		
<b>Working Hours</b>						
<ul style="list-style-type: none"> <li>Review the scope for offering more flexible working hours.</li> </ul>	√			√		
<b>Health Awareness/Welfare</b>						
<ul style="list-style-type: none"> <li>Consider adopting or participating in health awareness programmes for staff.</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Encourage staff to make full and effective use of welfare and counselling services in order to minimise sickness absence.</li> </ul>	√			√		
<b>Self-Certification</b>						
<ul style="list-style-type: none"> <li>Have arrangements to withdraw from individuals in extreme circumstances the facility to self-certify absence and provide clear guidance when this is appropriate.</li> </ul>		√			√	
<b>Policy Formation</b>						
<ul style="list-style-type: none"> <li>Establish absence policies that are able to respond sympathetically to exceptional demands on staff from outside work (family/social).</li> </ul>	√			√		
<ul style="list-style-type: none"> <li>Draw up sickness policies that set out the organisation's undertakings in providing for the health of staff</li> </ul>	√				√	
<ul style="list-style-type: none"> <li>Absence policies should apply to staff at all levels within the organisation.</li> </ul>	√			√		
<b>Targets</b>						
<ul style="list-style-type: none"> <li>Set, at a minimum, a single overall organisational target level for attendance, which is quantified and dated, by June 1999.</li> </ul>			√			√
<ul style="list-style-type: none"> <li>Agree rates of progress towards the target level of sickness absence which are appropriate to each part of the organisation.</li> </ul>			√			√
<b>Way Forward</b>						
<ul style="list-style-type: none"> <li>Public sector organisations use all the best practice principles and techniques identified by the Cabinet Office review.</li> </ul>		√			√	
<ul style="list-style-type: none"> <li>The public sector to reduce their average current sickness absence rates by 20% by 2001 and 30% by 2003.</li> </ul>			√			√
<ul style="list-style-type: none"> <li>All public sector organisations to study their true levels of absence over a trial period before the end of 1999, and use these as a benchmark for judging improvements in performance.</li> </ul>		√			√	

## NAO's Key Principles for the Effective Management of Sickness Absence

### Secure senior management commitment to reducing sickness absence

1. Formulate a clear policy for sickness absence in a statement linked to business objectives.
2. Develop performance measures and set targets for reducing existing levels of sickness absence.
3. Demonstrate the organisation's commitment to care for staff health, safety and welfare.

### Establish procedures and systems for reporting and reviewing sickness absence

4. Establish and disseminate clear procedures on the management of sickness absence, which define the roles and responsibilities of staff, line managers, local and central personnel managers.
5. Establish procedures for local reporting and recording of sickness absence, which are clear, precise and well publicised.
6. Provide appropriate and reliable information on sickness absence to senior management and to line managers, who should use the information to regularly review staff sickness absence at corporate and individual levels.

### Supervise sickness absence effectively

7. Make early contact with absent staff and maintain regular contact with them.
8. Carry out return to work interviews in all cases to establish underlying reasons for absence.
9. Take early and effective action by referring staff on long-term sickness absence, or whose attendance is irregular, to an occupational health advisor.
10. Where appropriate, identify the scope for offering recuperative or restricted duties to staff returning from long-term sickness absence.

### Encourage attendance

11. Recognise good attendance.
12. Take sanctions against staff suspected of inappropriately taking excessive sickness absence.

### Train managers in the relevant skills

13. Provide appropriate training in sickness absence management for all management grades.

### Arrange effective recruitment procedures

14. Reduce the risk of recruiting people who will be poor attenders.

# Appendix 4

(Paragraph 4.10)

## Return to Work Interview

Surname: \_\_\_\_\_ Forename[s]: \_\_\_\_\_

Grade: \_\_\_\_\_

Office: \_\_\_\_\_

Absent From: \_\_\_\_\_ To: \_\_\_\_\_

Returned to Work on: \_\_\_\_\_ (day) \_\_\_\_\_  
(Date)

Return to Work Interview Conducted on: \_\_\_\_\_

By: \_\_\_\_\_

Comments (by Officer or Manager)

Was Medical Opinion Sought      Yes/No

Officers Signature: \_\_\_\_\_

Manager's Signature: \_\_\_\_\_

# List of NIAO Reports

Title	NIA/HC No.	Date Published
<b>2002</b>		
Northern Ireland Tourist Board Accounts 2000/01 } Travelling People: Monagh Wood Scheme }	NIA45/01	26 February 2002
Indicators of Educational Performance and Provision	NIA48/01	21 February 2002
NIHE:Housing the Homeless	NIA55/01	21 March 2002
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