SUMMARY

The Audit Commission's review of local authority Building DLOs revealed that absenteeism was a significant problem for many authorities. In London, sickness absence was running at more than twice the national average for manual workers.

Further work by auditors in London has shown that the problem is more widespread, and affects whole authorities, not simply their DLOs. In 10 authorities reviewed in detail sickness absence for all employees averaged over twice the national norm. These differences cannot be explained by a higher incidence of genuine illness. They are symptomatic of more deep-seated problems of management, motivation and morale.

The financial consequences are severe. If the six worst affected authorities reviewed could achieve national average levels of sickness absence they could, with no reduction in service levels, reduce the community charge by £27 a head.

Members and senior officers have not, in the past, given the problem the attention it deserves, though there are now encouraging signs. A coherent approach is needed, with high-level commitment to control absence and clear management responsibilities backed up with robust and timely information systems.

This strategy should be buttressed with manager training, and set in a context of close attention to staff welfare.

There is some evidence already that a planned strategy on the above lines can make a difference. Authorities which have an absence problem are advised to review their procedures and consider a new approach.

INTRODUCTION

1 More than three-quarters of local authority spending goes on the salaries of directly-employed staff. Staff are an authority's most important asset; if they spend less time at work than they are contracted to do, it directly affects services that can be provided to the public.

2 National statistics are collected by the Confederation of British Industry, covering all types of employer, which provide a general indication of the average level of absence from work. A survey carried out in 1987* shows that, for the economy as a whole, employees take around 7 days absence, over and above the statutory

holidays and annual leave. For non-manual workers the average is around 5 days, for manuals around 9.

3 In a study of building direct labour organisations carried out in 1989 the Commission found that the absence figures for local authority direct labour staff were often significantly higher than the national average. No comprehensive statistics are available but returns from auditors’ work show that DLOs in all types of authority record above-average sickness absence (Exhibit 1).

4 These differences from the national average are very significant. It seems unlikely that they can be explained by a higher prevalence of illness or infection. It looks as though there is a problem of management, motivation or morale.

5 The problem is particularly severe in the capital. Within London the figures showed great variation, from 9 days in one authority reviewed, to 40 in another, but, on average, the figures were appreciably worse than elsewhere. The CBI figures show that across all employers sickness absence is slightly higher in London than elsewhere, but the difference (9.9 days compared to 9.0 days) is much lower than for building DLOs.

6 Following this work auditors in London from the District Audit Service extended their analysis of absence from work to cover the whole authority, and not just the direct labour organisation. They found, in a study of ten London Boroughs, that the average number of days sickness per year was 19.3. These 10 Boroughs are reasonably representative of the performance of all London Boroughs.

Exhibit 1
SICKNESS ABSENCE – LOCAL AUTHORITY DLOS
DLO levels well above national average

Source: CBI and Audit Commission surveys

7 The annual cost of this sickness absence (in terms of unproductive salaries and wages) averaged more than £5 million per authority. But the cost of poor attendance cannot be measured in financial terms alone. A recent Management Paper by the Audit Commission* identified the problems caused by shortages of professional and specialist staff. These problems are particularly severe in London and the South East. For many categories of staff, the option of employing additional staff may not exist so high absence levels will necessarily result in poorer services and in breakdowns in management and control systems.

8 This paper brings together the main issues of general importance which have emerged from the work in these 10 London Boroughs, drawing on the best practices within each of them.

Exhibit 2
SICKNESS ABSENCE IN LONDON DLOs
Sample LBs have above average sickness

Source: Audit Commission survey

The paper is in four sections:

— Section one outlines the scale of the problem within London

— Section two identifies five key management factors that are fundamental to a successful policy of controlling absence.

— Section three sets out the areas where effective procedures are required.

— Section four discusses the practical steps necessary to implement the required changes.

Results in these authorities have already shown that positive management action, if applied sensitively and fairly, can bring about substantial reductions in sickness levels.

1. THE PROBLEM IN LONDON

9 Exhibit 3 shows the comparative absence levels for all staff in the ten London Boroughs for which information was available. Teaching staff were not included as six of the ten authorities are Inner London Boroughs, without an Education function before April 1990. The Figure also shows the result of the CBI national survey.

10 It can be seen that the average number of days sickness varies from 22 working days per full-time employee in the two worst-affected Boroughs (almost 10 per cent of available days after excluding annual leave) to 12 days (5.3 per cent) in the best. This compares with the CBI figure of 7 days averaged across blue and white collar workers.

11 The introduction of compulsory competitive tendering (CCT) has highlighted the problems in many authorities. Councils have recognised that they are unable to compete on equal terms with the private sector if they are having to carry excessively high levels of sickness absence. For example, the Works Department in one authority needs to employ 75 additional staff (out of a total workforce of 850) to compensate for higher levels of sickness absence than its likely competitors in the private sector.

12 If the six worst authorities could reduce their sickness levels to that of the best authority (an Inner London Borough), they would generate between them a total of £14m per annum of additional staff resources. Alternatively, if reductions down to the CBI level could be achieved, £26m per annum of additional staff resources would be generated, or an average of £27 per community charge payer.

13 Exhibits 4 and 5 (overleaf) show the same results split between officers and manual employees. The absence levels for manual staff are consistently in excess of those for officers; this is true for the economy as a whole. But for each category of staff there is broadly a ratio of two to one between the worst and best authorities, and a ratio of three to one between the worst authority and the CBI average.

14 These figures show that London authorities face a severe problem. Fortunately, most members and officers, when the scale of absence is explained to them, are keen to take action. The remainder of the paper sets out the practices which should be adopted to make that action effective.

2. SUCCESS FACTORS

15 All authorities make some effort to control absence. And most of the authorities visited had in place some noteworthy and often innovative features. But their practices fell well short of nationally recognised procedures as set out, for example, by ACAS and the CBI*. Until recently, few had given the control of absence the priority it deserves, and most could not give a figure for absence levels across the authority.

Exhibit 3
AVERAGE SICKNESS ABSENCE PER EMPLOYEE
All authorities are above the CBI level

Source: Audit Commission survey

Exhibit 4
SICKNESS ABSENCE AMONG OFFICERS
The worst is twice as high as the best

Exhibit 5
SICKNESS ABSENCE AMONG MANUAL STAFF
Levels are above those for officers

16 Many councils had concentrated their efforts on detailed practices and had paid insufficient attention to a number of overriding principles.

Five key principles or success factors have often been ignored:
— High-level Commitment
— Clear Responsibilities
— Appropriate Information
— Suitably-Trained Managers
— Attention to Staff Welfare.

HIGH-LEVEL COMMITMENT
17 In order to bring about improved attitudes to attendance, an authority must demonstrate to all staff that it takes the issue seriously. Commitment and responsibility for controlling absence should be manifest at all levels of the authority.

18 At the highest level a corporate target should be set for the level of absence across the authority. It may also be appropriate to set interim targets for bringing present practice closer to the longer-term goal. The achievement of the corporate target should be the responsibility of the Chief Executive together with the Head of Personnel. Within the overall target, chief officers might agree targets for their own departments.

19 Targets should be set annually taking into account the existing position as well as external comparisons. Progress towards meeting these targets should be reported periodically to chief officers and at least annually to members.

20 One London Borough that has adopted an approach along these lines has set a target of reducing sickness absence to 5 per cent (12 days) by the end of 1990. Another authority has set separate targets for manual and non-manual staff (averages of 12 days and 10 days per employee respectively) to be achieved by April 1991.

21 Other ways in which an authority might demonstrate a high-level commitment to improving attendance include issuing information (eg individual letters) to all employees, organising seminars or training, and introducing new procedures. These are covered below.

CLEAR RESPONSIBILITIES
22 The main burden of monitoring and controlling absence on a day to day basis should rest with supervisors and line managers. They are in day to day contact with the situation and are most likely to have knowledge of any background circumstances affecting the attendance or performance of an individual.

23 In practice many supervisors and managers are reluctant to take on this role. Some may feel intimidated by pressure from colleagues or unions and it may seem easier to ignore poor attendance than to try and deal with it. Others might feel isolated from...
departmental management and more closely allied with frontline workers. Consequently, many local authorities and departments have left it to personnel sections to determine, on a case by case basis, when intervention is appropriate.

24 Action by personnel sections is likely to be less timely, more formal and often out of touch with the real circumstances. In most instances a few words from the supervisor at the appropriate time should be all that is needed. Only when the situation becomes more serious should a supervisor need to involve personnel officers. On the other hand, if personnel sections take the lead, supervisors will be further encouraged to wash their hands of the issue and so avoid any personal involvement.

25 In order to ensure that supervisors or section heads are managing the situation adequately, line managers must take responsibility for overseeing their performance. Only in this way will problems be addressed before they get out of hand and appropriate support provided when and where it is needed.

26 Such action will lead to a hierarchy of responsibilities as illustrated in Exhibit 6.

APPROPRIATE INFORMATION

27 Accurate, accessible and well-presented information is a prerequisite of effective absence control. The control of absence by supervisors and line managers is difficult without the appropriate information. Similarly there is little point in setting corporate targets to reduce absence if monitoring information is unavailable to show how actual performance compares.

28 Exhibit 6 shows how an authority's information requirements are linked with the management responsibilities defined previously. Different types of information are required at different levels in the organisation. At the highest levels, information is required infrequently and at a high level of aggregation. At the lowest levels, information is required on a day to day basis and for individual members of staff.

29 The presentation of information is also important. Well presented reports help managers identify key problems. Too much detail, or a lack of summary totals, may prevent managers from coming to the right conclusions. The use of graphs and bar charts can be particularly helpful in aggregate reports. In addition, the appendix demonstrates the use of a logic tree in presenting absence data.

30 All authorities must maintain sickness records for individuals, because this is required for Statutory Sick Pay (SSP) purposes. However in a number of Boroughs there was reason to doubt the totality of these records. Omissions will lead to a direct financial loss to the authority through an under-recovery of SSP. Section heads should be responsible for ensuring the completeness of the returns from which these records are compiled. If necessary, nil returns should be made when all members of a section are at work.

31 A more widespread weakness is the failure to combine data on individuals into aggregate data. For example,
although it was possible for auditors to make an estimate of the average sickness level in ten of the twelve authorities reviewed, only five of the authorities had done so themselves.

32 Several of the London Boroughs studied had recently installed, or were in the process of installing, a computerised personnel record system. Generally such systems are introduced primarily for assisting in other personnel tasks, but most have additional facilities for absence monitoring. Such facilities can enable aggregate data and individual records to be produced automatically from a single input source. This can enable a wide variety of summary reports to be produced for very little extra effort.

33 Ideally a computerised personnel system should be linked to an authority's payroll system in order to minimise duplication and to ensure that information is kept up to date. But aggregate absence data can be produced effectively without recourse to sophisticated computer systems. This had been achieved successfully by a number of authorities using standardised summary forms or computer spreadsheets.

SUITABLY-TRAINED MANAGERS

34 The key role that supervisors and line managers in controlling absence has already been highlighted. It is therefore important that they are given the skills, support and guidance they need to carry out this role successfully.

35 A number of authorities have linked the introduction of new procedures with training seminars for supervisors. For example in Lambeth all departments are required to arrange training sessions for their supervisors to cover the Council's revised absence procedures. Where changes in organisational culture are required the use of external training organisations might be considered.

36 In addition to training, supervisors and managers should be provided with handbooks outlining the agreed procedures. Flow diagrams can be included to illustrate the various options. In Camden, the Building Works Department has produced a Managers Guide which also contains a set of standard letters covering the most common situations. This Guide is being extended to cover all departments.

ATTENTION TO STAFF WELFARE

37 High sickness levels can be a result of poor working conditions or a stressful environment. There is much that authorities can do to alleviate the problems by improving health and safety standards and through job design, team building, training opportunities and flexible working hours. However without effective counselling these problems and opportunities may go undetected.

38 In the Housing Department at Greenwich, individuals are sometimes moved away from front-line positions for short periods, if they feel the pressures are getting too great. This is arranged through the Employee Welfare Officer and is for the benefit of the staff member and clients. A similar situation in another Inner London Borough has led to a dilemma. Many people recruited to fill vacancies in housing benefits offices have found the work too stressful and have thus sought redeployment to other council jobs, jobs for which they might not otherwise have been considered.

39 In some cases absence may be due to alcohol or drug related problems. Many authorities have developed policies to encourage an awareness of the problems and to encourage those concerned to seek specialist treatment. An effective staff welfare service can assist in dealing with these issues and also with other personal or mental health problems.

40 Some authorities are attempting to reduce absence by providing a more active occupational health service. Such services include regular health checks for specific categories of employee, analysis of trends in the reasons for sickness and injury, workplace advice on avoiding injury and dealing with emergencies, and seminars on diet, fitness or stress management.

3. EFFECTIVE PROCEDURES

41 The procedures for controlling absence fall into three areas of routine action covering all staff (recruitment procedures, reporting requirements and financial incentives) and two areas relating to staff who have a poor attendance record (frequent absence and long-term sickness).

RECRUITMENT

42 A first step in controlling absence is to reduce the risk of recruiting people who will be poor attenders. Many of the best authorities seek factual information from referees on an applicant's previous attendance and
timekeeping. Where there is possible cause for concern, the background to the poor attendance should be sought.

43 In addition to information from referees, nearly all authorities require applicants to complete a comprehensive medical questionnaire. This information should be treated confidentially and will normally only be available to medical staff. Nevertheless the information is necessary to ensure that applicants are not recruited to jobs for which they are medically unsuited. In spite of this, one authority did not require a detailed medical history from most of its employees, and several other authorities required its completion by manual workers only when they sought to join the superannuation scheme.

44 In all but one authority, recruits new to local government are required to complete a five- or six-month probationary period. This can be particularly useful in reinforcing the importance of good attendance at a time when an employee's attitudes and attendance patterns are being formed. Many authorities require two or three reports during the probationary period. The inclusion on the reports of factual information on the number of days and periods of absence, together with the reasons for absence, will help to ensure that this aspect is reviewed and discussed where appropriate. Probation periods should be extended when health problems have prevented a proper appraisal of performance.

45 Induction training can be used as another means to reinforce positive attitudes to good attendance before bad habits set in. It should also be used to familiarise new employees with the requirements for reporting absences. Induction training need not be excessively time-consuming; for example a number of departments at Camden use a checklist of issues to be covered at the workplace by departmental personnel officers and line managers.

REPORTING ABSENCES

46 Procedures for reporting absences should be clear, precise and well-publicised. All staff should be issued with a personal copy of the reporting requirements. For example, Waltham Forest issue to all new employees a copy of the reporting requirements with their contract of employment; other councils issue all employees with a staff handbook containing this information.

‘... requirement to report absences personally can act as a deterrent...’

47 The reporting requirements should make it clear who should report the absence, how, to whom, when and the information that should be provided.

48 Precise requirements for reporting sickness absence (eg by 10.00am or within two hours of normal start time) help emphasise the importance of good attendance. They also make it easier for managers to arrange cover. Furthermore, a requirement to report absences personally to a supervisor (other than in exceptional circumstances) can act as a deterrent to feigning illness. When telephoning, employees should also explain the nature of the illness, and its likely duration, although alternative arrangements may need to be made if the illness is of a personal or sensitive nature.

49 A number of authorities, such as Richmond, require supervisors to carry out “return to work” interviews with all employees after every period of absence. The purpose of these interviews is to ensure that employees know that their absences are noted and are taken seriously. They also provide an opportunity to identify any underlying problems that may affect the employee’s performance, or that should be referred to welfare or occupational health staff.

50 Under SSP regulations, absences of four or more days must be supported by a self-certification form, or a doctor’s certificate (if the absence extends for more than a week). Some authorities have extended the self-certification requirement to all absences, however short.

FINANCIAL INCENTIVES

51 Financial incentives can sometimes be used effectively to reduce absence. Many manual employees who are on bonus schemes lose bonus payments while they are on sick leave. At Camden, some DSO employees have fixed sums deducted from their pay for each day of sickness absence. The daily rate of deduction is highest for short periods of absence in order to discourage casual absences.

52 For many shift workers there can be a strong financial incentive to go sick on a normal working day and work instead on a scheduled rest day (the latter qualifying for higher hourly rates). Departments in some of the authorities studied have made over-
time, and rest day working, available only to employees who have a complete attendance record for the previous week. In some other authorities where this does not apply, overtime rates are only paid once the scheduled number of hours have been worked.

**FREQUENT ABSENCE**

53 There are a wide range of possible procedures for dealing with employees who have a record of frequent absences.

54 Some authorities try to deal with frequent absence by the use of short-term deterrents, eg the stopping of pay, or the requirement to provide a doctor's certificate for all absences. Though these can be used effectively in certain circumstances they need to be used with discretion.

55 For example, in one authority pay is stopped automatically if any individual exceeds 12 days uncertificated sickness absence in any twelve month period. However, some employees will assume that absence up to this level is acceptable, particularly as these days are referred to amongst officers (and even on some computer printout) as "free days".

56 The Building Department of another authority required all employees who exceeded 20 days sick leave per year (other than that supported by a doctor's certificate) to obtain a doctor's certificate for all future absences. At one stage 70 employees had been placed in this position. However, many found that their GPs were prepared to sign certificates without a detailed consultation and what might otherwise have been a one or two day absence often became much longer. These employees were also given little incentive to improve their attendance, for they were in a "Catch 22" situation: if their attendance improved it demonstrated the value of continuing the arrangement, and if no improvement occurred then there was no justification for withdrawing it.

57 All authorities had a procedure whereby those with persistent short-term absences could ultimately be dismissed, normally on the grounds of incapacity. However, a dismissal in these circumstances is time-consuming to achieve and proper procedures must be followed in order to avoid claims of unfair dismissal. Nevertheless it can be important that authorities demonstrate their willingness and ability to pursue cases of blatant abuse through to dismissal.

58 Apart from providing a deterrent, a frequent absence procedure (be it part of the disciplinary procedure or a separate incapability procedure) should ensure that those with poor attendance are counselled by their local manager as early as possible. It is at this stage that the greatest achievements are likely to be made. Targets for attendance should be set, or if it appears that there may be an underlying medical condition the employee should be referred to the occupational health department.

59 Many authorities have set "trigger levels" to determine when initial counselling should take place. There is an obvious danger that trigger levels may institutionalise "acceptable" levels of absence. However, without them there is a greater danger that local managers will fail to act, even when the situation justifies it. The best solution is probably to have unpublished triggers, set by individual departments and varied from time to time.

60 Absenteeism is more likely to be typified by the frequency of absences, rather than the total number of days. For this reason trigger levels are best set as a number of absences over a relatively short period of time (eg three absences in any 3-month period). By setting a short timescale, action can take place in a more timely fashion whilst details of the absences are more easily remembered.

**LONG-TERM SICKNESS**

61 Long-term sickness absence can put particular strains on local authority resources and yet, for a caring employer, possible action to alleviate the problem is limited. However, there are a few areas where improvements may be achieved, particularly regarding the speed of action.

62 In the authorities studied, the point at which those on long-term sickness are referred to the occupational health unit varied from five weeks to six months. Lengthy delays can then occur because of the need to obtain the employee's consent to approach their GP, the need to await information from GPs and specialists, and to link this with information about the employee's job. In general, the sooner a referral can be made the better. It may enable the employee to return sooner (eg on a part-time basis); it may also be in everyone's interest for a decision on the employee's future to be made as soon as possible.

63 Some authorities encourage home visits when employees are on long-
term sick leave. These may be made by line managers or welfare staff. The value is in encouraging the employee to think positively about a future return to work and any special arrangements that might need to be made. In some cases home visits may identify employees who are moonlighting on other work whilst they are absent.

64 Where it is apparent that an employee will be incapable of returning to his or her previous job, arrangements to seek a redeployment are often difficult. Other departments may be reluctant to take on someone with a poor health record, even though it may not affect their performance in another post. In order to overcome this, in one authority the Chief Personnel Officer has been given the authority to impose a redeployee on another department in these circumstances.

65 Even when employees have exhausted their entitlement to occupational sick pay, there may still be a cost to the authority of keeping their jobs open. Therefore procedures should allow a post to be advertised as soon as it has been established that the current holder is permanently unfit to return. However, in some authorities posts are kept open until the current holder has been successfully redeployed or has been retired on grounds of ill health.

4. MAKING THE CHANGES

66 Some of the measures identified in this paper may be time-consuming to implement, especially those that require changes to conditions of service, new computer systems or extensive training. Others can be introduced relatively simply. In order to implement changes as successfully as possible, authorities should draw up an action plan, phase in improvements and allow local flexibility.

67 As a first step, each authority should construct a diagnostic model of where they are in relation to each of the key success factors (Exhibit 7). This should also be extended to individual departments.

Exhibit 7
DIAGNOSTIC MODEL
Departments to show where priority action is needed

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<tr>
<th>KEY FACTORS</th>
<th>DEPT A</th>
<th>DEPT B</th>
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<td>Reporting</td>
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<td>Financial</td>
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<td>Frequent absence</td>
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<td>Long-term sick leave</td>
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68 Authorities and individual departments should then draw up action plans to implement the required changes. The plans should identify when action is expected to take place, and who is responsible for implementation. An action schedule has already been agreed with auditors in each of the London Boroughs studied.

69 Successful implementation will require changes to be phased in over a period of time. For example, training for managers needs to be carried out before new procedures are introduced. Also, it may be appropriate to try out some initiatives within a single department before introducing them on a wider scale. In addition there will be a need to discuss the strategy with appropriate union representatives.

70 Effective arrangements will need to allow local flexibility wherever necessary. Some systems (eg a computer system or an incapacity procedure) may need to be introduced consistently across the whole authority. However, other measures may need to accommodate the particular requirements of individual departments.

CONCLUSION

71 In a time of constrained resources, skills shortages and ever increasing demands for better quality services, authorities should do all they can to employ their existing staff to maxi-
mum effect. This does not mean forcing people to work when they are not fit to do so. Local authorities have, for the most part, good reputations as caring employers - reputations which they do not wish to lose. But the evidence in London - and a number of authorities elsewhere - suggests that by no means all the reported absence can be due to genuine incapacity. It is clear that much can be done to reduce the currently high levels of sickness absence without introducing burdensome terms and conditions. Many of the authorities reviewed here have already implemented auditors' recommendations, and are benefiting from the improvements associated with them.

**APPENDIX**

**GOOD PRESENTATION OF INFORMATION HELPS MANAGERS IDENTIFY KEY PROBLEMS**

A tree structure can be used to show how differences arise and to direct managements' attention to key problems. This example shows sickness absence among officers in an Inner London Borough's Social Services Department.

The figures come in pairs. The figure for the Social Services Department is on the left and is compared with the average level of sickness for officers in their authority – the figure shown on the right. Overall figures to the left of the tree are broken down into more detail on the right.

Reading from left to right, days absent per employee is broken down into certificated days and uncertificated & self certificated days. Each of these is broken down into duration of absence (days per spell) and frequency of absence (spells per employee).

A final column shows the difference from the authority's average in days lost. Figures in brackets are negative and show that the Department is better than the average.

The table at the bottom compares the Department's average levels of sickness absence with external averages – the best Inner London Borough and the CBI national average. It translates the additional number of days lost into numbers of full time staff required to compensate for the Department's higher than average level of sickness absence.