

## NOTTINGHAM CITY HOMES

HUMAN RESOURCES  
COMMITTEE  
14 APRIL 2009

### REPORT OF DIRECTOR OF ORGANISATIONAL DEVELOPMENT

#### ABSENCE MANAGEMENT

##### 1 SUMMARY

- 1.1 This report provides the committee with an update on absence management across the company including the evaluation of two absence scheme pilots and information on the tendering of the occupational health service.

##### 2 RECOMMENDATIONS

- 2.1 It is recommended that the report is noted.

##### 3 INTRODUCTION

- 3.1 This report provides the committee with an update on initiatives to reduce NCH's absence levels which stood at 15.49 days per employee per annum at the end of March 2008. This figure is in the bottom quartile when compared to other ALMOs and Housing Associations.
- 3.2 Of these 15.49 days, long terms absence contributed 11.01 days and short term 4.48 day. The top two causes of sickness were mental illness (27%) and musculoskeletal (17%). To try and address the high level of sickness absence NCH piloted two nurse-led management absence services. The outcome of the pilots is detailed below.

##### 4 ABSENCE MANAGEMENT SCHEMES PILOTS

- 4.1 The pilots were introduced to look at alternative ways to manage sickness absence. It was hoped that they would provide an effective management tool that:
- Offers a health benefit to employees
  - Standardises absence reporting across locations
  - Allows access to accurate real-time absence data
  - Provides an opportunity to be more proactive when dealing with employee absence
- 4.2 There are only a few providers in this field with Active Health Partners (AHP) being the leader. Both Derby Homes and Sandwell Homes have awarded contracts to them. Diagnostic Health Solutions (DHS) is another provider in this field. NCH piloted both companies.

#### 4.3 Principles to the pilot Schemes

Both AHP and DHS require a minimum of a 6 month trial period with at least between 300-400 employees in each pilot in return for a guaranteed 10% reduction in sickness absence. The charges are between £4.50 and £5.00 per month per employee in addition to initial set-up costs.

4.4 Generally, these types of services target short term sickness. However, there is also an intervention benefit in terms of long term sick by potentially restricting someone's short terms sickness progressing into long term absence. DHS was the first pilot to go live at the beginning of June 2008 and included all the Area Housing Offices and the Caretaking Services. This involved circa 190 employees. In September 2008 Supported Housing was added to the pilot which included another 108 employees. AHP went live on the 23<sup>rd</sup> October with Property Services and Housing Services monthly paid employees involving around a further 285 employees.

#### 4.5 Evaluation of DHS

This scheme has now been in operation for 9 months. The average sickness absence figures for the Area Housing Offices and Caretaking Services during the period has been as follows:-

	<b>DHS PILOT</b>	<b>9 MONTHS PRECEDING THE PILOT</b>
Short Term	3.6	4.81
Long Term	6.42	11.19
Total	10	16
<b>Overall Reduction</b>	<b>6 days per employee</b>	

4.6 A significant overall reduction can be seen from the figures. However, this is mainly due to the improvement in the management of long term sickness absence and not due to intervention from DHS. Most of the long term cases were already ongoing before the pilot commenced.

4.7 As an example, one particular manager in the Caretaking Services reduced the long term absence from a rolling average of 24.52 days at the end of March 2008 to 16.69 days at the end of February 2009 through better management of his caseload.

4.8 Another reason to be cautious of DHS's influence on the overall reduction is the impact of the company wide restructure in the summer of 2008. Employees transferred from Housing Operations into other parts of the organisation and their sickness record transfers with them. Consequently, if they transferred into an area that is not included in the pilot scheme afterwards they are not included in the pilot outcome.

4.9 The figures for Supported Housing, which went into the pilot in September 08 (6 months), are as follows:-

	DHS PILOT	6 MONTHS PRECEDING THE PILOT
Short Term	2.24	2.37
Long Term	14.69	9.01
Total	16.93	11.38
<b>Overall Increase</b>	<b>5.5 days</b>	

The restructure had very little impact on this service. As can be seen long term sickness increased significantly by over 5 days in 6 months. Digging deeper there were 9 long term sickness cases in July 2008 (prior to the pilot) but this increased to 16 in September 08. This would indicate that reporting to a nurse led contact centre does not work for short term absence developing into long term. Short term absence reduced marginally by 0.13 of a day in 6 months.

#### 4.10 Evaluation of AHP

We commenced the 2<sup>nd</sup> pilot scheme with AHP in October 2008. It included Housing Services (Voids, Allocations, Lettings, and Rents etc) and Property Services monthly paid staff. There are only 5 months of data to measure, but the reductions are marginal in both long and short term absence. The results are shown below.

	AHP PILOT	PRECEDING THE PILOT
Short Term	2.00	1.78
Long Term	3.17	3.86
Total	5.17	5.65
<b>Overall Reduction</b>	<b>0.5 of a day</b>	

#### 4.11 Conclusions

The average outcome of all pilots is:-

	ALL PILOTS	PRECEDING THE PILOT
Short Term	4.84	2.99
Long Term	8.09	8.02
Total	12.93	11.01
<b>Overall Reduction</b>	<b>1.92 days</b>	

Although the 10% reduction has been achieved, these figures should be viewed with some caution. There appears to be no strong link between the introduction of the pilots and a resulting decrease in absence levels. Please see [Appendix A](#) for a detailed breakdown of sickness absence in the pilot schemes.

4.12 There are additional areas of concern with the schemes. Firstly, if NCH adopts one of the pilots we will need to operate two absence reporting systems as DHS and AHP only record *unplanned* absence. There would still be a need for us to capture all other absence i.e. holidays, flexi time, compassionate etc. (There are no development plans for either provider to include other planned

absence in their reporting).

- 4.13 Secondly, the AHP scheme cannot report in actual contracted hours but can only round up or down in multiples of 2 hours. So for example NCH reports its absence on a 7 hours and 24 minute day, but AHP can only report in 8 hours. There is therefore a potential problem over reporting sickness absence. Also the AHP system cannot deal with compressed hours, leading to an under reporting of sickness in this case.
- 4.14 Neither DHS nor AHP report sickness absence which replicate our own reporting systems. In both pilots we have to extract the absence data and individually input absence into our own Cars reporting system before being able to produce accurate and meaningful management information.
- 4.15 There is also a question of usage in that only 50% of managers actually logged onto the system.

## **5 THE WAY FORWARD**

- 5.1 Sickness absence has reduced from 15.49 days in March 2008 to 13.28 days in February 09 (-14.3%). While this is a reasonable decrease a further reduction is required. We are currently ranked in 9<sup>th</sup> position out of 15 ALMOs and nationally the average number of days' sickness absence in the public sector is 9 days. We have lost 14,300 days at a cost of £1.7m during the year in question. This is more than half of NCH's rent arrears.
- 5.2 We have put in place the following initiatives to address these concerns
- since the March 2009 four HR Advisors have been working very closely with managers to help reduce sickness absence. They have been supporting them with all outstanding return to work and trigger interviews and will have an individual plan of action for each case where it is necessary;
  - The issuing of formal cautions will be the norm as opposed to the exception;
  - inactivity in managing sickness absence will be reported to EMT on a regular basis;
  - We have out-sourced the occupational health service from the City Council through a competitive tendering exercise. A company called the EEF (part of the Engineering Employers Federation) won the contract and have now started
- 5.3 In addition, we have also looked to improve employee welfare as a way of improving employee absence. The re-tendering of occupational health will be a key component in this and in improving NCH's sickness absence figures. A highly qualified nurse will attend either Hounds Gate or Harvey Road one day a week and deal with all referrals. In addition, there will be an opportunity for health screening such as well women/man days, cholesterol checks, blood pressure and a flu vaccine programme. The nurse is also a trained Cognitive Behavioural Therapist in Counselling which means that, where appropriate,

counselling sessions can be arranged in-house which potentially will have an impact on the work related stress cases which contribute to 27% of our long term absence.

- 5.4 Furthermore, the new service also includes an Employee Assistance Programme (EAP) whereby employees can phone confidentially for independent help, information and guidance on a range of sensitive issues such as relationship concerns, property disputes, financial problems, health and education and general medical/travel advice. This benefit to both our employees and their families will help reduce every day stresses of life which will hopefully help them resolve matters at the earliest opportunity where, in the past, it may have prevented them from attending work.
- 5.5 All of the above will help reduce sickness absence and will be monitored on a monthly basis. In addition a six month progress report will be presented to the committee in October 2009.

## **6 FINANCIAL AND RISK IMPLICATIONS**

- 6.1 One of the main aims of this paper is to reduce the significant cost of absence.

## **7 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 7.1 The implications for NCH have been included in the report.

## **8 VALUE FOR MONEY AND EFFICIENCY ISSUES**

- 8.1 The value for money and efficiency issues have been included in the report.

## **9 EQUALITY AND DIVERSITY IMPLICATIONS**

- 9.1 There are currently no equality and diversity implications.

## **10 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Chief Executive Board Report March 2009.

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**Date: 14<sup>th</sup> April 2009**

## **APPENDIX A**

Table A – DHS Pilot Scheme (9 months)

<b>Area housing offices and Caretaking Services</b>			
Month	Short Term	Long Term	Total
June 08	.28	.76	1.04
July	.40	.83	1.23
August	.24	.41	.65
September	.26	.60	.85
October	.57	.48	1.05
November	.37	.82	1.19
December	.49	.87	1.36
January 09	.64	.68	1.32
February	.35	.97	1.31
<b>Total Number of Days Lost</b>	<b>3.6</b>	<b>6.42</b>	<b>10 days</b>

Table B – 9 months preceding the pilot scheme

<b>Area housing offices and Caretaking Services</b>			
Month	Short Term	Long Term	Total
September 07	.30	1.26	1.56
October	.53	1.49	2.02
November	.84	1.70	2.55
December	.47	1.20	1.67
January 08	.96	1.33	2.29
February	.67	1.33	2.00
March	.31	1.04	1.35
April	.50	1.03	1.52
May	.23	.81	1.04
<b>Total Number of Days Lost</b>	<b>4.81</b>	<b>11.19</b>	<b>16 days</b>

Table C - DHS Pilot Scheme (6 months)

<b>Supported Housing</b>			
Month	Short Term	Long Term	Total
September 08	.19	2.88	3.08
October	.38	2.83	3.21
November	.60	2.57	3.16
December	.52	2.54	3.06
January 09	.32	2.23	2.55
February	.23	1.64	1.87
<b>Total Number of Days Lost</b>	<b>2.24</b>	<b>14.69</b>	<b>16.93 days</b>

Table D – 6 months preceding the pilot

<b>Supported Housing</b>			
Month	Short Term	Long Term	Total
March 08	.24	1.43	1.67
April	.51	1.49	2.00
May	.24	1.43	1.66
June	.35	1.35	1.70
July	.62	1.47	2.09
August	.41	1.84	2.25
<b>Total Number of Days Lost</b>	<b>2.37</b>	<b>9.01</b>	<b>11.38 days</b>

Table E – AHP pilot scheme (5 months)

<b>Housing Services/Property Services</b>			
Month	Short Term	Long Term	Total
October 08	.52	.94	1.46
November	.34	.53	.87
December	.41	.54	.95
January	.44	.51	.95
February	.29	.65	.94
<b>Total Number of Days Lost</b>	<b>2.00</b>	<b>3.17</b>	<b>5.17</b>

Table F – 5 months preceding the pilot

<b>Housing Services/Property Services</b>			
Month	Short Term	Long Term	Total
May	.26	.91	1.17
June	.28	.58	.86
July	.42	.95	1.38
August	.24	.73	.97
September	.58	.69	1.27
<b>Total Number of Days Lost</b>	<b>1.78</b>	<b>3.86</b>	<b>5.65</b>