

COMMITTEE: PERSONNEL

DATE: 2 JUNE 2010

REPORT OF: HEAD OF PERSONNEL

SUBJECT: MANAGEMENT OF ATTENDANCE POLICY:
SUPPLEMENTARY MEASURES TO FURTHER SUPPORT
REDUCTIONS IN SICKNESS ABSENCE

PURPOSE OF THE REPORT

To put forward proposals to reinforce existing sickness absence reduction initiatives, including strategic consideration of the future provision of professional Occupational Health Services.

RECOMMENDATIONS

The Committee is recommended to:

1. Review and authorise the proposal to consider procurement of external provision of Occupational Health Services and to establish a client management function to ensure the City Council secures maximum benefit from such arrangements.
2. To grant delegated authority to the Head of Personnel in consultation with the Executive Member for Finance and Human Resources to progress the detail of the procurement process.

FINANCIAL IMPLICATIONS FOR THE REVENUE AND CAPITAL BUDGETS

Operational costs will be determined following open tender and it is anticipated the potential cost of delivering the service through an external provider will be not be materially different from existing costs.

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WARDS AFFECTED: All
IMPLICATIONS FOR:

Anti poverty	Equal Opportunities	Environment	Employment
No	No	No	Yes

1. BACKGROUND

- 1.1 Sickness absence levels across the City Council have been gradually increasing over the past few years and are currently averaging 13.25 days per employee and a total across the authority of 135,557 days lost. Given the high level and cost of absence and the adverse impact on service delivery, managing absence is a key strategic priority for all City Council Directorates and represents a major ongoing challenge. Appendix 1 shows the absence levels across the City Council at January 2010.
- 1.2 In response to this, the Corporate Personnel Team in consultation with the trade unions, staff groups and managers undertook an extensive review of the Managing Attendance Policy resulting in a revised policy which was approved by Personnel Committee in February 2010.
- 1.3 To ensure that the new Policy is applied fairly and consistently, a mandatory corporate training programme for all managers with staffing responsibilities has been developed and is being rolled out over the next six months. The training is aimed at establishing a positive attendance culture across the workforce. In addition to the technical aspects of procedure, the training will also focus on providing managers with the necessary skills and confidence to motivate and challenge their staff, maximise attendance and apply the new arrangements for managing absence in a proportionate and consistent manner.
- 1.4 During the review of the Policy, consideration was given to other factors that impact on the absence management process. In particular, consideration was given to the effectiveness of the "in house" Occupational Health Service in providing managers with clear, robust and professional clinical advice in relation to an employee's fitness for work.
- 1.5 The Occupational Health Service is currently located in Corporate Personnel and works in conjunction with external service providers to deliver the following services:
 - i. Pre-employment screening for selected potential appointees and those of partner organisations;
 - ii. Physiotherapy;
 - iii. Counselling;
 - iv. Sickness absence referrals arising from long-term, or repeated intermittent sickness absence and other health and employment related issues and advice on rehabilitation and workplace adjustments;
 - v. Health Surveillance for identified "At risk" groups;

- vi. A system for statutory health examinations of current employees to enable the Council to meet its obligations under health and safety legislation including, asbestos, noise and vibration assessments.
- vii. Health examinations for former employees and advice on the release of pension benefits under the Local Government Pension Scheme, or the Teachers Superannuation Scheme Regulations; and
- viii. Advice on health risks and identified workplace problems.

2. STAFFING STRUCTURE

- 2.1 In October 2009 the Corporate Occupational Health team was amalgamated with the Neighbourhood Services Team and now operates as a combined unit from the Town Hall. The posts within the structure have been evaluated and the current establishment structure and staff deployment structure is outlined in Appendix 2. The structure is supported by sessional Occupational Health Physicians, agency staff and independent specialist services delivering Physiotherapy and Counselling.

3. BUDGET

- 3.1 The Occupational Health Unit spend is approximately £550,000, the majority of this being attributable to the staffing costs and the use of external Occupational Health Physicians, Counselling and Physiotherapy Services.
- 3.2 The Occupational Health Unit has historically provided services to external clients including Manchester College, Marketing Manchester and local Housing Companies. These organisations currently make minimal use of the service and this is reflected in the amount of external income received which has shown a continual downward trend during the last three financial years. A number of external clients have now chosen other suppliers as a result of performance issues over the last three years.

4. SERVICE IMPROVEMENT PROJECT

- 4.1 In August 2008, a Service Improvement Project was undertaken within the Occupational Health Unit as part of the overall review of Personnel services. This review resulted in the implementation of a number of structural and performance improvements.
- 4.2 Due to limited progress, the Personnel Advisory Manager (Neighbourhood Services) was seconded to manage the Occupational Health Unit for three months and tasked with implementing the proposed changes. The basis of the secondment was that he could bring to the task his knowledge of customer expectations and experience as a Personnel Manager.
- 4.3 Service improvements during the period of his secondment included the amalgamation of the Directorate occupational health teams, strengthening of the administrative management of the service, more effective workload

planning, organisation and administrative procedures, supported by a cultural change programme to improve the performance, quality and perception of the service.

- 4.4 Direct line management of the Occupational Health Unit has now been transferred to the management of the Personnel Advisory Manager (Neighbourhood Services) and work is ongoing in relation to the role of the Occupational Health Unit in supporting the management of attendance process.

5. PERFORMANCE MANAGEMENT

- 5.1 Whilst some improvements to administrative processes and procedures have been made, serious concerns remain about the Occupational Health Unit's capability and flexibility to meet Directorate service demands. Performance monitoring has demonstrated that the current internal clinical staffing arrangements are not effective and do not facilitate continuity of service.
- 5.2 Significant problems remain in relation to lead times between a management request for a referral to the Occupational Health Unit and the date of the appointment, delays currently range from four to five weeks for Occupational Health Advisors and for Occupational Health Physicians up to two months. Given the high level and cost of sickness absence to the Council, these delays frustrate timely case management; result in extended periods of absence, increased costs to services and reputational damage to the Unit.

6. RECRUITMENT AND RETENTION

- 6.1 The ability of the Council to attract and retain experienced Occupational Health Advisors impacts on the capacity to deliver continuity of service. Unlike external providers the service is restricted in the potential pool of applicants by the lack of a development framework that would enable the Council to recruit State Registered Nurses and train them in the specialist role of Occupational Health Advisor which is common practice in the larger, more specialist organisations.
- 6.2 A recruitment exercise was conducted in December 2009 to replace leavers, however, despite the posts being advertised locally and nationally in the professional Occupational Health journal, the Council only attracted eight applications, all of which were of a poor standard. Additionally, information from the Agency Client Group suggests that qualified Occupational Health Advisors are in short supply. The impact of this is that the Occupational Health Unit is now largely dependent on agency staff to ensure continuity of service delivery which will ultimately increase the overall cost of delivering the service. The Unit currently has three permanent Occupational Health Advisers and is using one agency Adviser.

7. CLINICAL GOVERNANCE – STAFF DEVELOPMENT

- 7.1 Occupational Health Advisors are required by the Nursing and Midwifery Council (NMC) to maintain professional registration and demonstrate continuing professional development. The current Occupational Health staffing deployment does not facilitate effective development in the absence of a clinical lead and does not have established clinical procedures and guidelines in place to support staff development or service improvement. The Unit is currently dependent on clinical governance and support being provided by one of the contracted Occupational Health Physicians.

8. AGMA BENCHMARKING

- 8.1 As part of preliminary investigations into improving the Occupational Health service, a survey was undertaken of how AGMA authorities were providing and procuring Occupational Health Services and to establish their experience of using external providers. It was found that a number of authorities who were already in receipt of services from external providers and were satisfied with the level and flexibility of the services being delivered. Of the ten AGMA member authorities, four currently have outsourced Occupational Health providers and two are considering outsourcing their provision.

9. SOFT MARKET TESTING

- 9.1 As part of the Service Improvement Project, a soft market test exercise has been undertaken to establish the appetite of external providers to deliver an improved, more cost effective Occupational Health Service. The intelligence gained through the soft market test would be used to inform the development a service specification and future delivery model.
- 9.2 A cross section of eight service providers was invited to participate in this exercise in early February 2010. Company profiles ranged from large companies that were well established and experienced in the delivery of a comprehensive range of services to similar sized organisations in the private and public sector to smaller companies who provided bespoke specialist areas of service.
- 9.3 The initial findings of the soft market test are that there is considerable interest from external occupational health providers and a sufficient number of providers with experience available in the market to make a tendering process viable. There is a broad range of services offered in the market place to various degrees subject to the size, structure and specialist nature of the company.
- 9.4 Tendering and award of the occupational health service to an external occupational health provider could provide strategic and operational advantages to the Council, including:

- Ability to set and achieve quicker turnaround for all aspects of the service, thereby supporting the Council's commitment to reducing absence levels;
- Achievement of a seamless approach to the delivery of a comprehensive service;
- Staff working on the contract would have team clinical supervision, governance and development opportunities;
- Provides the opportunity to implement proactive employee health and wellbeing initiatives.

10. CONCLUSION

- 10.1 Whilst a number of actions have been taken to improve the performance of the Occupational Health Unit, there are still significant barriers to improving the efficiency, quality and cost effectiveness of the Unit. In particular, extended appointment lead times, staff recruitment and retention difficulties, a lack of professional staff development and appropriate clinical governance are compromising the ability of the in-house service to effectively support the Managing Attendance Policy.
- 10.2 The Soft Market testing undertaken has revealed the external market has the experience and capacity to provide full or part Occupational Health Services and that it could meet the needs of the City Council. On that basis, a tender specification could be developed to stimulate interest and competition that could result in bids that would meet our quality, price and performance requirements.
- 10.3 Should the Council decide to proceed with the delivery of the service via an external provider, performance management would be a key element of the contract. An effective internal client management function would be required to provide the main interface between the service provider and the Council in order to monitor the performance and delivery of the contract and protect the Council's interest. Appendix 3 provides an indicative timetable for a procurement process.
- 10.4 The Council remains committed to the retention of staff and should it be decided to proceed, as outlined above, consultation would take place with existing staff to ensure they had the opportunity to consider all options available to them.
- 10.5 Subject to the Committee endorsing the overall approach set out in this report, it is requested that delegated authority is granted to the Head of Personnel in consultation with the Executive Member for Finance and Human Resources to progress the detail of the procurement process.
- 10.6 Should Committee approve the proposed approach to the future delivery of Occupational Health Services. The procurement process will be managed by the Personnel Advisory Manager Neighbourhood Services in conjunction with the Head of Corporate Procurement. The specification will be comprehensive and the preferred provider will be expected to meet the City Council's

performance and quality expectations, share its values and work within the framework of new policies and procedures. The trade unions will be fully consulted about the contract specification in advance of its release and any comments and concerns will be taken on board.

- 10.7 At the commencement of delivery of the contract by a new provider, an Occupational Health Steering Group will be established to oversee the performance of the contract and the trade unions will be invited to attend and participate in this group.

11.0 TRADE UNION COMMENTS

- 11.1 UNISON note the report and would like to state that after working with the Authority over many years to support the in- house service it has become apparent that the service can not sustain what is needed to curb high sickness absence levels whilst supporting staff.
- 11.2 We are happy to work with the Head of Personnel, the Personnel Advisory Manager (Neighbourhood Services) and the Executive Member for Finance and Human Resources to achieve the best outcome for the Authority and staff within the service.
- 11.3 We would welcome the opportunity to know who the tenders are from prior to selection so that compliance with paragraph 10.6 of the report is achieved, we also welcome the opportunity to be involved in appraising the specification for tender and to be included in a steering group to oversee the performance of the contract on a continuous basis.

Attached as Appendices:

Appendix 1. City Council absence levels 2006 – 2010;

Appendix 2. Structure charts, establishment and deployment;

Appendix 3. Indicative Procurement timeframe.

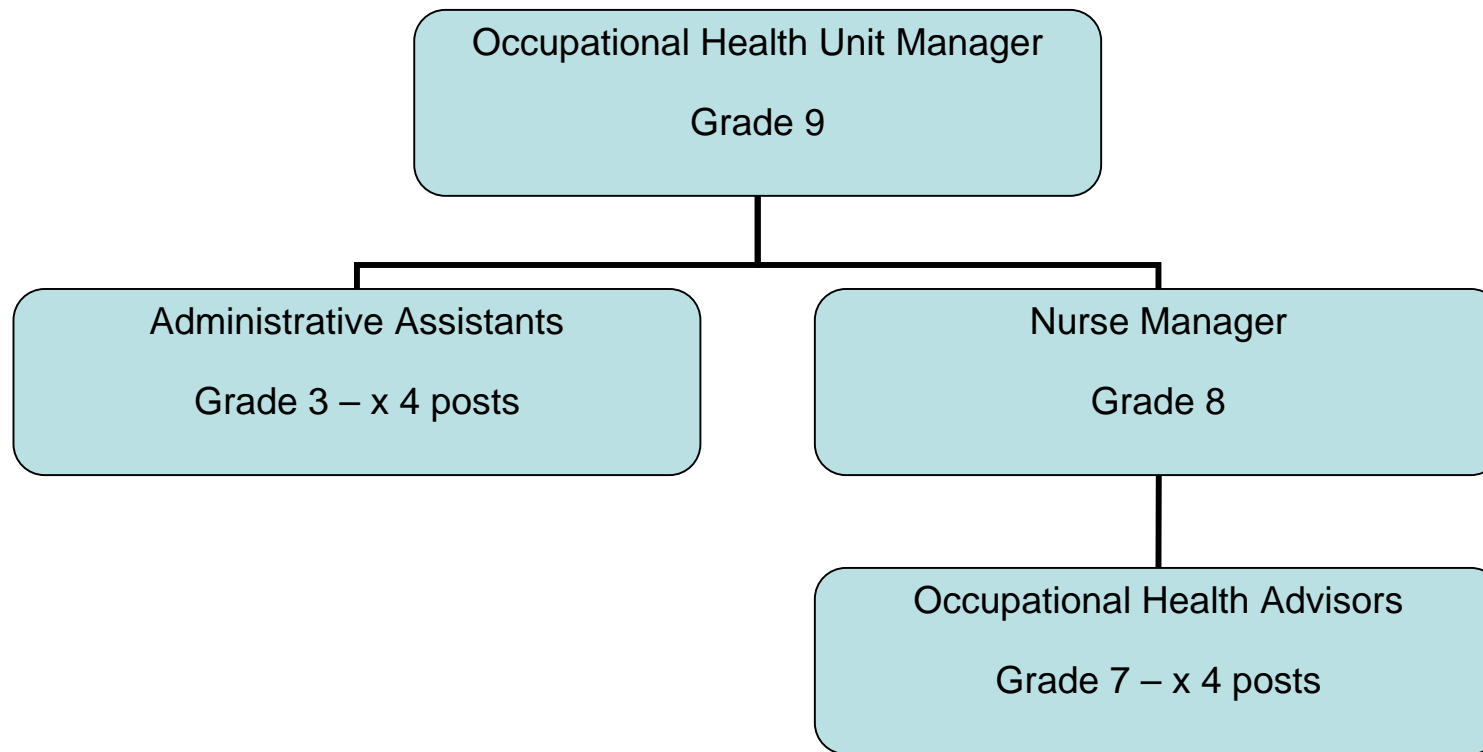
APPENDIX 1

City Council Absence Levels: 2006 - 2010

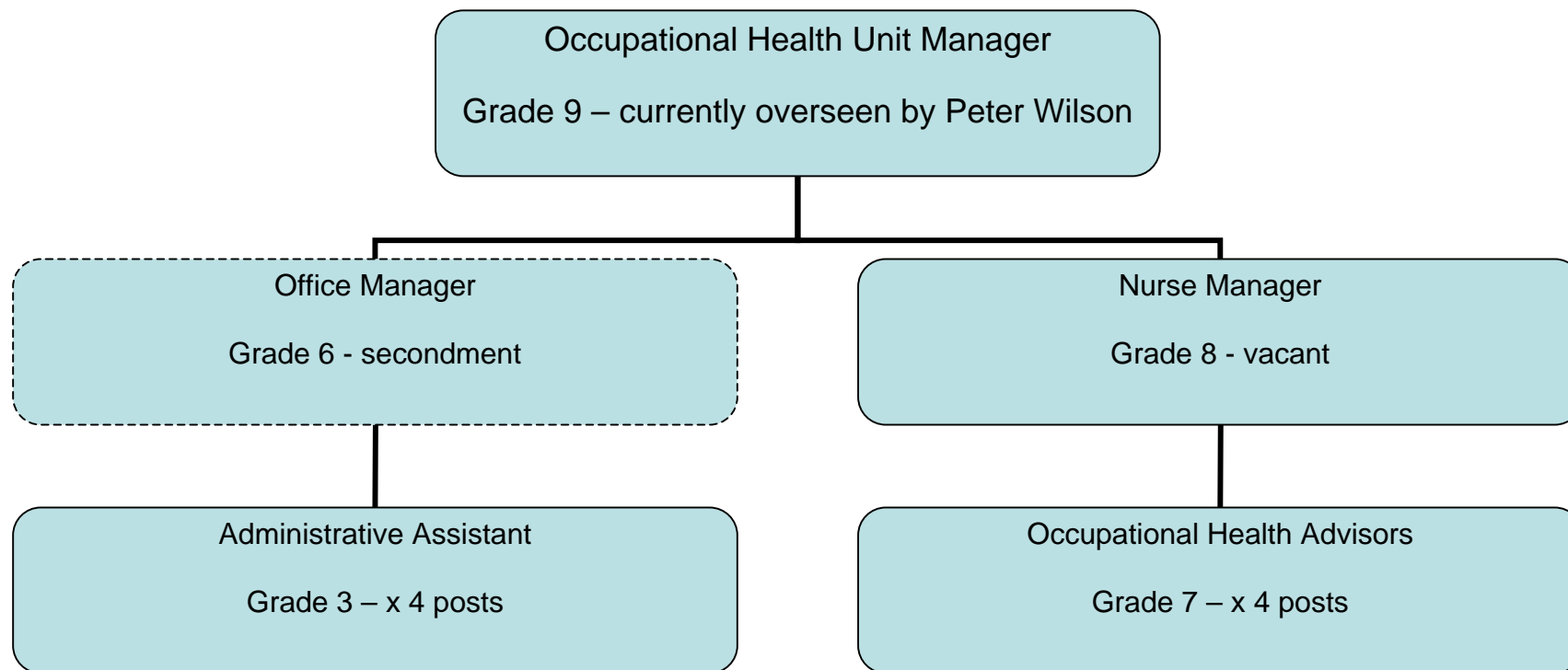
Sickness Monitoring Average days lost					
Department	Mar-06	Mar-07	Mar-08	Mar-09	Jan-10
Libraries & Theatres	10.32	10.20	12.61	11.55	12.80
Neighbourhood Services	12.63	14.85	14.89	16.02	13.96
Adult Services	Previously included in NS				16.68
Corporate Services	7.42	10.07	9.37	8.64	9.51
Chief Executive's	7.60	10.73	9.76	9.75	8.30
Galleries	5.43	7.88	6.12	Now included in Chief Executives	
Leisure	10.83	10.87	9.44	11.17	10.12
Childrens Services	10.62	12.30	13.26	12.87	13.53
Total (without Schools)	11.43	13.03	13.08	13.43	13.25

APPENDIX 2

CURRENT STAFF STRUCTURE



CURRENT STAFF DEPLOYMENT



Services bought in through procurement contracts:

- Occupational Health Physicians
- Physiotherapy
- Counselling (including CBT and Fast Track)
- Personal health screening
- Immunisations

APPENDIX 3

OCCUPATIONAL HEALTH SERVICE

INDICATIVE PROCUREMENT PROGRAMME

	Regulations
	Procedure Type
Ref.	Milestone
1	Draft PQQ to be prepared and sent to Procurement by:
2	PQQ to be prepared and sent to stakeholder for approved by:
3	PQQ to be amended, approved and returned to Procurement by:
4	Advert/OJEU Notice Placed /Issue PQQ by:
5	Return date of PQQ
6	Evaluation of PQQ to be completed by:
7	Specification / Pricing Schedule / Evaluation questions to be completed and approved by:
8	Tender Documents(ITT) to be prepared and approved by:
9	Invitation to Tender (ITT) to be issued by:
10	Return date of Tender (ITT)
11	Evaluation of Tender to be completed by(inc interviews/site visits/presentations):
12	Contract Report to be prepared and Signed off (Head of Section, City Treasurer, Chief Executive) by:
13	Key Decision to end by:
14	Alcatel Period to end by:
15	Contract Awarded following Standstill (Alcatel) Period
16	Transition period of Old to New Contract and/or TUPE Transfer - Transition period Ends for contract to commence
17	Contract Starts / Benefits Alignment & Communications
18	Migration Complete / Benefits Realisation Starts