ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 September 2017
REPORT TITLE	Internal Audit Report AC1805 – Attendance Management
REPORT NUMBER	IA/AC1805
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

1.   PURPOSE OF REPORT

1.1   The purpose of this report is to present the planned Internal Audit report on Attendance Management.

2.   RECOMMENDATION

2.1   It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3.   BACKGROUND / MAIN ISSUES

3.1   Internal Audit has completed the attached report which relates to an audit of Attendance Management.

4.   FINANCIAL IMPLICATIONS

4.1   There are no direct financial implications arising from the recommendations of this report.

5.   LEGAL IMPLICATIONS

5.1   There are no direct legal implications arising from the recommendations of this report.

6.   MANAGEMENT OF RISK

6.1   The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7.   IMPACT SECTION

7.1   **Economy** – The proposals in this report have no direct impact on the local economy.

7.2   **People** – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. The proposals in this report will have no impact on improving the staff experience.

7.3   **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.

7.4   **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

8.   APPENDICES

8.1   Internal Audit report AC1805 – Attendance Management.

9.   REPORT AUTHOR DETAILS

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Internal Audit Report

Corporate Governance

Attendance Management

EXECUTIVE SUMMARY

In order to maximise employee attendance, the Council introduced a policy and procedure on Attendance Management, known as 'Maximising Attendance', in 2010, which was last reviewed in March 2014. The objective of this audit was to test compliance across all Services and to determine if it is having a positive effect on attendance levels.

Some of the policy guidance and training is now out-of-date and needs to be updated in line with its three-yearly review period. The audit also identified that the policy is not being followed in all cases by Service management. It has been agreed with HR that the policy and associated documentation / training will be updated and Services reminded of the requirements to comply with it, with HR monitoring compliance. This will be done before the end of 2017/18.

Following the last policy review in 2014 there was a drop in absence rates, although they rose again but fell slightly when targeted action was taken. The levels remain fairly constant at present but are higher than following the policy review. Following review and relaunch of the policy in 2017/18 it can be anticipated that, if the policy is followed by all Services, absence levels should again reduce.

1.   INTRODUCTION

1.1   The Council is committed to maximising attendance at work by providing all reasonable support to employees and to remove or reduce any work-related factors that may discourage reliable attendance. To help achieve this, the Council has approved and published a policy and procedure on Attendance Management, known as 'Maximising Attendance'.

1.2   The objective of this audit was to test corporate compliance with the policy and determine if it is having a positive effect on attendance. This involved reviewing the policy and related procedures; analysing samples of absences to confirm procedures are being followed; and considering trends and reporting over the last 3 financial years.

1.3   The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Morven Spalding, Head of HR (Interim), and Lindsay MacInnes, Interim HR Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures and Training

2.1.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed.

2.1.2 The current policy is called Maximising Attendance (MA) and was introduced in 2010. The policy states that it should be reviewed by HR every three years; it was last reviewed in March 2014 and, at time of the audit, was scheduled for review by the HR Team Leader – Policies as part of a rolling process. Copies of policies and procedures are held on the Zone and training is available through the online training portal OIL.

2.1.3 Guidance was seen to be comprehensive and accessible; however some of the guidance relating to online certification dates from 2014 and is noted in the version control data as being maintained by an employee who has recently left the Council. The OIL training dates from 2011 and refers to statistics and forms which are now out of date. The Service was aware that the OIL training was out of date and that it is due to be reviewed and revised. The Interim HR Manager advised that targeted training is delivered by HR Business Partners to new managers based within Services, as part of an induction one to one. Maximising Attendance policy key points are covered in a Powerpoint presentation.

Recommendation
The Service should review, and update where necessary, the Maximising Attendance policy, guidance and training.

Service Response / Action
Agreed. The Maximising Attendance policy, guidance, and training are currently under review and it is anticipated the revised policy will be reported to the Finance Policy & Resources Committee in early 2018.

Implementation Date	Responsible Officer	Grading
February 2018	HR Team Leader, Policies & Performance	Important within audited area

2.2 Absence Reporting

2.2.1 The MA guidance includes instructions on the reporting of sickness absence. Absences of 7 days or less should be self-certified on the employee's return to work. For absences that exceed 7 days, employees are required to obtain a Fit Note from their General Practitioner and send this to their line manager for recording. It should be noted that this contradicts Government guidance for employees on the Fit Note, which states that "The fit note is your property and you should keep it – your employer can take a copy if they want one for their records". The practicalities of doing this would appear to outweigh the benefits. The Service advised that the guidance does not reflect current practice, which requires employees to send an electronic copy to their manager so that details can be input to YourHR. This will be covered in the review of guidance scheduled for early 2018.

2.2.2 Testing was undertaken on a sample of 40 absences (20 short-term and 20 long-term) to confirm that the terms of the MA Policy had been complied with. This confirmed that all but 6 had been notified through YourHR within 3 working days of the absence commencing. The exceptions took between 4 and 17 working days to be notified. If absences are not reported promptly they may not be recorded accurately and if a trigger is met by the absence, the appropriate process may be delayed.

2.2.3   Information on return to work interviews is recorded in YourHR. 25 of the sample had no evidence of a return to work interview being completed. Therefore there is no evidence of appropriate action being taken to address the cause of the absence or to support the employee as required by the Policy.

2.2.4   All were input to the YourHR system correctly and online sickness certificates were available. In 5 cases not all copies of Fit Notes had been provided to Payroll for filing, although they had been recorded in YourHR as seen by the managers concerned. This issue is considered in more detail in 2.2.12 below.

2.2.5   The MA procedures detail certain trigger points that are automatically advised to the relevant line manager and associated HR Business Partner by email when they are reached. Short term absence triggers are shown in the table below.

Absence over a rolling reference period of:	Total Working Days lost to sickness:	Number of separate occasions:
12 months	10 days	3
24 months	15 days	5

2.2.6   The trigger point for long term absence is the first day over four calendar weeks from the first day of sickness. The Interim HR Manager has advised that a HR Advisor is assigned to such cases.

2.2.7   Records relating to a sample of 40 employees who had reached absence trigger points were reviewed to confirm that trigger notifications had been sent timeously; an attendance review had been carried out; appropriate action was taken following the review; and supporting documentation was retained.

2.2.8   Appropriate trigger notifications had been issued for all but two of the sampled cases. One absence commenced prior to April 2016 when data was transferred to the YourHR system whilst in another case the employee had been absent on ten occasions over a twelve month period. IT investigated and established that the return to work entries, required to initiate the trigger notifications, had not been input into the YourHR system.

2.2.9   In 12 cases, no return to work interview was recorded. In 11 of these there was no record of appropriate action being taken to address the cause of the absence or to support the employee. In one case, the relevant Fit Note was missing from the employee file, but had been recorded as seen by the manager. This issue is considered in more detail in 2.2.12 below.

Recommendation
All Services should be reminded of the Policy requirements in relation to recording absences and the management actions that need to be taken when an employee returns to work.

Service Response / Action
Agreed. Once the revised policy has been approved by Committee communications on the revisions and fresh guidance will be sent out to Services and placed on the Zone with accountability indicators being built into the new Human Capital Management System.

Implementation Date	**Responsible Officer**	**Grading**
March 2018	HR Team Leader, Policies & Performance	Significant within audited area

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2.2.10   Information on Fit Notes is automatically interfaced from YourHR to the Payroll system PSe. The current guidance also advises mangers to forward Fit Notes to Payroll for filing. Payroll run a monthly report from PSe, after the payroll is run, to highlight missing Fit Notes so, should a person remain off after the note expires, this is identified and a letter / e-mail is sent to the employee. The message advises them to speak with their manager, but the manager is not automatically informed. If there is no response, a second letter is sent to the employee advising that their pay will be stopped if appropriate medical cover is not provided. Payroll advised that one or two employee's pay is stopped each month.

2.2.11   If sickness details are not recorded promptly and accurately, absence records will be inaccurate; employees may not receive pay to which they are entitled; industrial injuries may not be recorded as required; and there is a cost to the Council for sending out reminder letters to the employee if certificates are not submitted. If the performance of those administering the policy is monitored this enables issues to be noticed and corrected and means failure to follow procedure can be challenged promptly.

Recommendation
HR should monitor administration of the Maximising Attendance policy so that Services and individuals can be given feedback where performance could be improved.

Service Response / Action
Agreed. A new role covering these responsibilities was envisioned but was put on hold anticipating the HR restructure scheduled for early 2018. In the interim, monitoring will be supervised by the HR Manager.

| **Implementation Date** | **Responsible Officer** | **Grading** |
| April 2018 | Interim HR Manager | Significant within audited area |

2.2.12   In six of the absences reviewed above, copies of Fit Notes were missing from the employee files maintained by Payroll. Two of the managers concerned advised that they were unaware that they were required to do anything with Fit Notes other than input the details to YourHR. One advised that the missing note had been submitted to Payroll and should therefore be considered lost. All kept either copies or the originals in their files rather than destroying or returning them to the employee.

2.2.13   Payroll advised that as long as the key information has been input to YourHR by the recording manager, this was felt to be sufficient. Action would only be taken if there was no record of a Fit Note being seen. It is not clear from the guidance to managers if copy Fit Notes should be sent to Payroll or if it is sufficient merely to record the data in YourHR. Fit Notes contain information defined under Data Protection law as "sensitive personal data" and, as stated in the government guidance, are the property of the employee. If this data was lost or improperly disclosed, the Council could be subject to enforcement action by the Information Commissioners Office, including mandatory undertakings and monetary penalty, if it could not be shown that appropriate procedures were in place and that data had been properly secured. Guidance should therefore be given to managers to ensure that Fit Notes are handled and stored consistently and appropriately.

Recommendation
HR should ensure guidance is provided to line managers on Fit Notes to ensure that they are processed and filed consistently and appropriately.

Service Response / Action
Agreed. Once the revised policy has been approved by Committee fresh guidance will be sent out to Services and placed on the Zone. This will also be incorporated into Maximising Attendance training.

Implementation Date	Responsible Officer	Grading
March 2018	HR Team Leader, Policies & Performance	Significantly within audited area

2.3 Management Compliance

2.3.1 The MA policy highlights the importance of dealing robustly, sympathetically and confidentially with an employee who has been absent through illness, and gives clear guidance to the line manager of the procedures which must be followed in instances of short term, long term and repeated absences. It also highlights to employees the importance of regular attendance and the requirement to promptly notify an appropriate person in the event of an absence. However, at present there are no formal consequences for a lack of compliance with the policy by managers.

2.3.2 A sample of 10 managers from across the Council was selected from those managing the employees tested in section 2.2. They were contacted and asked to discuss their understanding of what the policy and procedures required of them. Training records were checked to establish whether and when managers had undertaken the OIL training provided, and their administration of the process relating to the specific absence was assessed.

2.3.3 Only 6 of the managers responded and they were all aware of the Policy. However, 3 stated that they did not feel confident they fully understood their responsibilities and were not sure if they had followed the procedure correctly. They advised they were not aware of all the existing resources, had not understood the guidance offered, or had received conflicting advice. Only 3 of the 10 had completed the OIL training provided.

2.3.4 If managers do not complete the training they are more likely to make errors and administer the process inconsistently, meaning that employees may not be given the support they require. This may affect employee retention and morale. In addition, if the process is not recorded through YourHR as required, performance statistics will not be accurate.

Recommendation
Once the training on the Maximising Attendance policy has been reviewed and updated as necessary, HR should promote its completion amongst managers.

HR should continue to work with Services to ensure that all staff are aware of how to access guidance and support when administering the Maximising Attendance Policy.

Service Response / Action
Agreed. Once the revised policy has been approved by Committee fresh guidance will be sent out to Services and placed on the Zone. Information provided on Maximising Attendance during Managers Induction training will also be reviewed. In the interim HR Business Partners will provide information, training and support to Service managers during monthly Maximising Attendance 'clinics' within their client services.

Implementation Date	Responsible Officer	Grading
March 2018	HR Team Leader, Policies & Performance	Significant within audited area

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2.3.5 The Interim HR Manager advised that HR Business Partners offer to work with managers when YourHR flags up that trigger dates have been reached but that it is not within the power of the Service to enforce compliance.

Recommendation
HR should review compliance and determine how compliance rates can be monitored, reported and improved to ensure that the benefits of the Maximising Attendance Policy are fully realised.

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Recommendation

HR should review compliance and determine how compliance rates can be monitored, reported and improved to ensure that the benefits of the Maximising Attendance Policy are fully realised.

Service Response / Action

Agreed. A new role covering these responsibilities was envisioned but was put on hold anticipating the HR restructure scheduled for early 2018. In the interim monitoring will be supervised by the HR Manager and is forecast to be encapsulated within the new Human Capital Management system once procured and launched.

Implementation Date	Responsible Officer	Grading
April 2018	Interim HR Manager	Significant within audited area

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2.4 Occupational Health

2.4.1 Since 2015 the Council has contracted with OH Assist to provide occupational health services both to treat employee ill health and to offer preventative services such as flu vaccination programmes and health advice. Monitoring of this provision, including provider performance and employee take-up, is carried out by the Health and Safety team, who also monitor and report on occupational injuries.

2.4.2 A variety of resources are available to support staff, including the Employee Assistance Programme which offers access to counselling by phone, online or face to face; access to a workplace chaplaincy programme; access to telephone support from a self-help coach or therapist through the NHS Living Life service, signposted by the Employee Good health group; and advice and support for managers on supporting employees with mental health issues. Employees can also book free 15 minute Health Checks with nurses which provide personalised action plans to support good health. On the Zone there are a number of links to other free or discounted sources of support, wellness treatments such as massage and yoga, and information on healthy living and self-care.

2.4.3 Referrals to OH Assist are made by managers through an online portal where they can also access case updates and reports. The Interim HR Manager advised where possible referrals to OH should be discussed with the employee beforehand. The Maximising Attendance procedure states where requested, every employee will comply with any reasonable request to attend medical appointments with OH. If employees do not attend scheduled appointments their manager will be notified (via monthly Did Not Attend reports from the provider). Three missed appointments will lead to the referral being closed, as will a failure to respond to OH Assist within 8 days. Where an employee refuses to attend OH, the manager will have to determine how to progress the case without the required medical information. Where a sustainable return to work has not been possible despite all reasonable support being offered and the employee has progressed to a capability assessment, a decision on whether to dismiss the employee, or not, will need to be made following careful consideration of the facts.

2.4.4 The provision of occupational health and the employee assistance programme was reviewed and found to have followed procurement processes correctly, and to be regularly monitored and reported on for uptake by employees, cases processed, and anonymised feedback from users on outcomes. The current providers were found to be performing adequately under the terms of the contracts. Other sources of support for employees are readily available on the Zone through the Health and Safety page, which was last updated in March 2017. All links were tested and found to be working.

2.4.5   A report to the Corporate Health and Safety Committee in November 2016 stated that, in relation to OH referrals, Directorates should be carrying out investigation and analysis of root causes and implement controls to prevent a reoccurrence or new cases. In addition, for psychological issues, Quality of Working Lives risk assessments should be completed.

2.4.6   Within the Chief Executive, Corporate Governance and Communities, Housing and Infrastructure Directorates, a tool called the People Performance Report or Dashboard is in use. This provides information on a monthly basis to Service Management Teams on, amongst other matters, sickness absence, staff retention, and occupational health statistics. The report offers breakdowns and comparisons of data, such as top 5 reasons for absence and number of staff reaching absence triggers, and some analysis of trends, although the latter is a work in progress. Information in these reports is used to identify areas for improvement which has led to a campaign to improve employee understanding of infection prevention controls. A Health and Safety Plan for each Service is being put together which includes risk assessments for industrial injuries and Quality of Working Lives.

2.4.7   The Coordinators for Education and Children's Services and Adult Social Work advised that a decision had been taken by their management not to use the People Performance Report although attendance management figures are reported to the Corporate H&S Committee and discussed in Directorate leadership team meetings. If attendance management is not reported consistently within Directorates, senior management will not have the same opportunities across the Council to investigate and address potential issues.

Recommendation
Services should ensure that Senior Management receive monthly reports on attendance management in a standardised format.

Service Response / Action
The Council has recently approved a new Target Operating Model which includes a Business Support Review and a Business Intelligence Unit. The exact remits and functions of these 2 units are yet to be determined, however the consistent production and analysis of data (such as sickness statistics) would potentially be of interest to both units for onward use by the other functions of the Council (as detailed in the Target Operating Model). It is proposed that this recommendation be considered through the governance structure for the Transformation Portfolio, as outlined in the report that Council considered on the 23 August 2017.

Implementation Date	Responsible Officer	Grading
April 2018	Head of HR (Interim)	Significant within audited
	Interim HR Manager	area

2.5   Monitoring & Reporting

2.5.1   Sickness absence data is recorded in YourHR and PSe, and in an Access database administered by HR which draws data from those systems. Each month reports are produced providing absence details for each Service and the Council as a whole. This includes the total number of days lost due to absence, a notional number of days per employee based on the total loss and total number of employees, and an analysis of the reasons for absence.

2.5.2   The reports are sent to Corporate Management Team and the Health and Safety team who produces their own quarterly reports including occupational ill health and injury statistics, and performance reports on the OH provider and counselling service, for the

Corporate H&S Committee. Copies of reports were obtained and were considered to be comprehensive and made on schedule.

2.5.3   Reports from HR were provided to the Finance Policy & Resources Committee from the introduction of the new policy in 2010. However, the frequency has been irregular and there have been none since April 2016. The Service advised that reports were made to managers and Directors as well as to Improvement Scotland (see below), and sickness statistics were included to some extent in Health and Safety reports to Committee.

2.5.4   Regular monitoring of staff sickness absence levels and reasons is an important part of efficient workforce planning, ensuring that issues affecting health and morale are quickly identified and addressed. It is important that Councillors are kept advised of the success or otherwise of policy implementation in order for them to carry out their role in developing policy and scrutinising Council activity.

Recommendation
HR should report absence monitoring statistics to Committee on a regular basis.

Service Response / Action
Agreed. Sickness Absence will be reported to Committee twice a year in February and August.

| **Implementation Date** | **Responsible Officer** | **Grading** |
| February 2018 | Interim HR Manager | Important within audited area |

2.6   Trends

2.6.1   Monitoring figures for the last three financial years show an initial drop in June 2014 to below 9 days lost per employee (teaching and non-teaching) with the introduction of the new policy, which is sustained throughout 2014. However absences rose to between 9 and 10 days in the first quarter of 2015 and again to over 10 days between August 2015 and July 2016. From July 2016 the number drops to between 9 and 10 and this is sustained to the current period.

2.6.2   In September 2015 the Service advised the Finance, Policy & Resources Committee that the figures had risen due to an increase in long term sickness absence. As a result they intended to improve how long term sickness absence was dealt with and review existing preventative measures. The result of this review was an amendment to the process to improve Return to Work plans for long term absences. In addition, a new Occupational Health Provider was contracted with and instructed to manage sickness absence more proactively. In April 2016 the Service advised Committee that a sustained effort had been made to target causes of long term absence and this had met with some success; it was their intention to begin targeting short term absences in the hope of a similar outcome. Absence levels have fallen since that point although not to previous levels.

2.6.3   The Improvement Service (IS) publishes benchmarking data for the Local Government Benchmarking Framework, including absence statistics. Per the latest figures available for comparison (for 2015/16) the average number of days lost per non-teaching employee for the Council is slightly above the average for Scottish Councils (12 compared to 10.6). However, there has been a significant improvement since 2011 (13 compared to 10.4). The figures for 2016/17 were sent to the IS by the Service in June 2017 and show a small drop (from 12 to 11.6), although figures for Scotland as a whole will not be available for comparison until January 2018. The Interim HR Manager advised, that following consultation with the Improvement Service, it has been established that absence has been incorrectly calculated. New guidance has been issued by the Improvement Service as a

result, which the Interim HR Manager anticipates will have the effect of reducing Council absence by approximately 1 day per employee, and will bring the Council's method of absence calculation in line with other local authorities, who have been using this method previously.

2.6.4   The latest comparison figures show days lost to absence per teaching employees is less than the Scottish average (5.7 to 6.1). This is a reversal of the situation in 2011 (6.7 to 6.2). However the rate has risen slightly for 2016/17, to 6.1.

2.6.5   In summary, levels of absence have risen since the MA policy was initially introduced but action has been taken to address this and when the policy is being monitored and proactively administered it can be seen to be having a positive effect.

AUDITORS: D Hughes
A Johnston
L Jarvis

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.

Financial Regulations have been consistently breached. |
| **Significant within audited area** | Addressing this issue will enhance internal controls.

An element of control is missing or only partial in nature.

The existence of the weakness identified has an impact on a system's adequacy and effectiveness.

Financial Regulations have been breached. |
| **Important within audited area** | Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control. |