



Annual survey report 2007

Absence management

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Summary of key findings

This report sets out the findings of the CIPD's eighth national survey of absence management policy and practice. The analysis is based on replies from 819 UK-based HR professionals in organisations employing a total of more than 1.6 million people.

Absence levels

- The average level of employee absence has increased by 0.2% to 3.7% of working time (8.4 days per employee per year).
- Average absence levels increased across all the main sectors, apart from manufacturing and production, which recorded a reduction of 0.2%.
- The average annual absence level for manual workers was 4.3% and 9.8 days per employee per year, compared with 2.7% and 6.2 days per employee for non-manual workers.
- The highest level of employee absence is in the north-east of England, at 5% (11.3 days), with the lowest levels recorded in London and the south-east of England, at 3.4% (7.8 days).

Costs

- The average cost of absence increased to £659 per employee per year from last year's figure of £598.
- Public services organisations recorded the highest average cost of absence, £732 per employee per year, compared with the previous year's figure of £680.
- The lowest cost of absence – £600 per employee per year – was recorded by employers in the private services sector, an increase from the previous year's figure of £522.
- Under half of the survey's respondents report that their organisation monitors the cost of absence.

Causes of absence

- Minor illness is the number one cause of short-term absence for both manual and non-manual employees.
- The next most significant causes of short-term absence for manual workers are back pain,

musculo-skeletal injuries, home and family responsibilities, and stress.

- Among non-manual workers, stress, musculo-skeletal injuries, back pain and home and family responsibilities are ranked, behind minor illness, as the most significant causes of short-term absence.
- Back pain is the leading cause of long-term absence for manual workers, while stress is the main cause of long-term absence for non-manual employees.
- On average, employers believe that about 16% of absence is not genuine.
- A positive net balance of 31% of organisations identified an increase in stress-related absence compared with the previous 12 months.

Managing absence

- Return-to-work interviews, trigger mechanisms and the use of disciplinary procedures are rated as the top three most effective approaches for managing short-term absence.
- The involvement of occupational health services and the provision of rehabilitation programmes and flexible working opportunities are identified as the top three most effective approaches for managing long-term absence.

Employee well-being

- An increasing number of employers are now focusing on promoting employee well-being as a means of reducing absence costs and boosting productivity.
- The proportion of respondent organisations that have an employee well-being strategy or similar has increased to 42%, compared with last year's survey figure of 26%.

- The most commonly provided employee well-being benefits are access to counselling, employee assistance programmes, 'stop smoking' support, health screening, healthy canteen options and subsidised gym membership.
- The survey reveals that the trend for further investment in employee well-being is set to continue, with 42% of respondents indicating that their organisation's well-being spend will increase in 2008.
- Only 11% of respondents believe their organisation's employees fully appreciate the well-being benefit spend.
- Nearly 40% of respondents rate their organisations' communication strategy on employee well-being as poor.

Occupational sick pay and statutory sick pay

- In all, 91% of respondents report that their organisation pays occupational sick pay (OSP).
- Of those organisations that provide OSP, 84% pay it to all employees.
- Just over half of employers impose a qualifying period of service that must be met before employees are eligible for the OSP scheme.
- A total of 87% of respondents say their OSP scheme covers the first three days of absence.
- The average number of weeks across all sectors that OSP is typically paid at full rate is 15.
- Public services organisations, paying an average of 18.8 weeks, provide OSP at the full rate for significantly longer than employers in the other main sectors.
- Half of our respondents identify Statutory Sick Pay as a significant or very significant cost to their organisation.

Rates of employee absence

The average level of employee absence has increased for the first time in two years and is now 3.7% of working time lost, or 8.4 days per employee per year.

The average level of employee absence has increased to 3.7% of working time lost compared with 3.5% for the previous 12 months, according to the CIPD's absence management survey.

In terms of days lost per employee per year, the rate has increased from 8 to 8.4 days over the same period.

Respondents were able to provide either the percentage of working time lost or the number of working days lost per employee, based on a 228-day working year.

The increase follows two consecutive annual falls in the level of employee absence. See Figure 1.

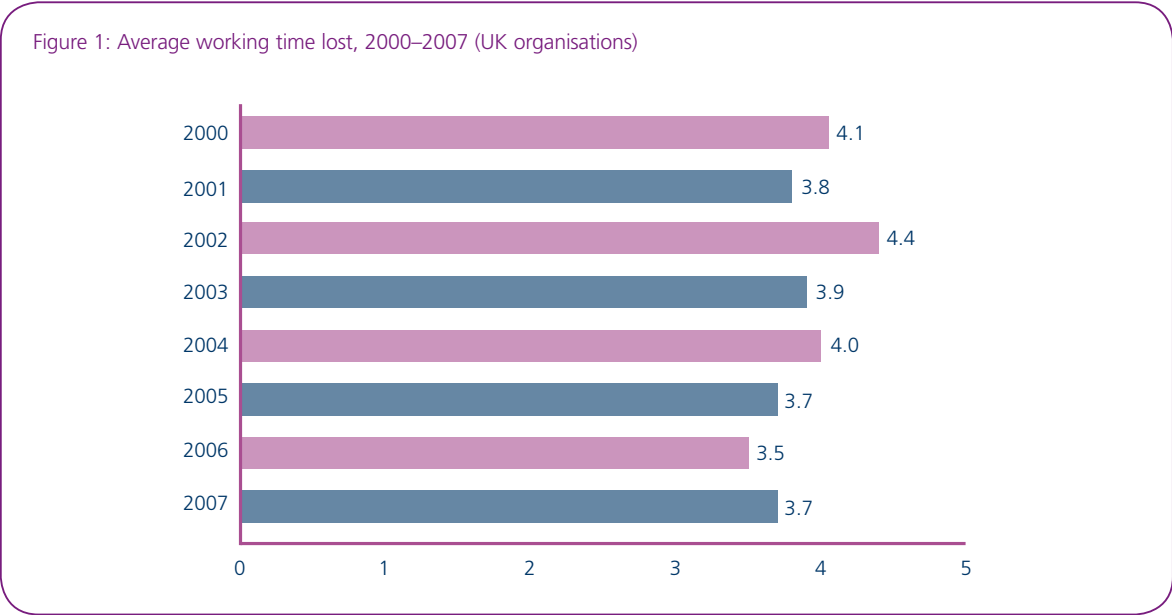
Sectoral variations

Absence levels for public services organisations increased to 4.5% (10.3 days) from 4.3% for the previous 12 months. There was also an increase in the average absence levels recorded by private services sector employers, with the rate rising over the year to 3.2% (7.2 days) from 3%. The non-profit sector recorded an increase in average absence levels to 4.2% (9.6 days) from 3.6%

But the average annual absence rate for manufacturing and production employers reduced to 3.3% (7.6 days) compared with 3.5% for the previous year.

Table 1 shows a more detailed breakdown of absence levels across the different sectors and industries.

In the public services, the health sector recorded the biggest annual increase in the level of employee absence, to 5.5% (12.6 days per employee) from



4.6% for the previous year. The annual average absence rate for central government employers increased to 4.9% (11.1 days per employee) from 4.6%. There was a small increase in the rate of absence among employers in the education sector, with average employee absence rising to 4.2% (9.6 days) from 4.1%. Absence levels among organisations in the 'other public services' category increased from 3.5% to 4.6% (10.4 days per employee).

The only decrease in average absence levels across the public services was recorded by local government organisations, which saw the headline rate of employee absence fall significantly to 3.7% (8.5 days) from 4.8%.

The highest average absence level in the private services sector was recorded by transport, distribution and storage organisations – 4.5% (10.3 days) compared with 4.1% for the previous year. Media organisations had the lowest absence level in the private services sector, 1.5% (3.5 days), representing a slight reduction from 2.3% for the previous 12 months.

As last year, employers in the food, drink and tobacco industries recorded the highest average absence rate in the manufacturing and production sector, 4.1% (9.4 days per employee), although this was a reduction on the previous year's 4.6%. The lowest level of employee absence among organisations in the manufacturing and production sector was 2.9% (6.7 days), recorded by engineering, electronics and metals employers and those in the chemicals, oils and pharmaceuticals industries.

In the non-profit sector, housing associations and charity services had the highest average levels of employee absence, with both types of organisations recording 4.6% (10.5 days), an increase compared with last year's figures of 4% and 2.8% respectively.

The lowest annual absence rate in the non-profit sector was 3.2% among employers in the 'other voluntary services' category.

Table 1: Average levels of sickness absence, all employees, by sector

	All employees		
	Total	Average working time lost per year	Average days lost per employee per year
Manufacturing and production	266	3.3	7.6
Agriculture and forestry	2	3.0	6.8
Chemicals, pharmaceuticals and oil	36	2.9	6.6
Construction	27	3.6	8.3
Electricity, gas and water	7	2.5	5.6
Engineering, electronics and metals	54	2.9	6.7
Food, drink and tobacco	38	4.1	9.4
General manufacturing	39	3.3	7.6
Mining and quarrying	1	3.4	7.8
Paper and printing	12	3.9	8.9
Textiles	3	3.7	8.4
Other manufacturing/production	50	3.4	7.8
Private services	334	3.2	7.2
Professional services (accountancy, advertising, consultancy, legal etc)	49	2.7	6.1
Finance, insurance and real estate	50	3.2	7.3
Hotels, restaurants and leisure	29	2.9	6.7
Transport, distribution and storage	21	4.5	10.3
Media (broadcasting and publishing etc)	8	1.5	3.5
Retail and wholesale	60	3.9	8.8
IT services	25	2.5	5.6
Communications	6	1.6	3.7
Call centres	11	3.5	7.9
Other private services	80	2.9	6.6
Public services	174	4.5	10.3
Central government	16	4.9	11.1
Health	33	5.5	12.6
Education	45	4.2	9.6
Local government	34	3.7	8.5
Other public services	46	4.6	10.4
Non-profit organisations	70	4.2	9.6
Care services	14	3.9	8.9
Housing association	19	4.6	10.5
Charity services	30	4.6	10.5
Other voluntary	9	3.2	7.2
Survey average	811	3.7	8.4

The average annual absence level for manual workers was 4.3% and 9.8 days per employee per year, compared with

2.7% and 6.2 days per employee for non-manual workers. See Tables 2 and 3 for a detailed breakdown.

Table 2: Average levels of sickness absence, manual employees, by sector

	Total	Average working time lost per year	Average days lost per employee per year
Manufacturing and production	266	4.1	9.3
Agriculture and forestry	2	.0	.0
Chemicals, pharmaceuticals and oil	35	3.5	8.0
Construction	27	4.6	10.4
Electricity, gas and water	7	.0	.0
Engineering, electronics and metals	54	3.3	7.6
Food, drink and tobacco	38	4.1	9.4
General manufacturing	39	4.3	9.8
Mining and quarrying	1	4.0	9.1
Paper and printing	12	6.4	14.7
Textiles	3	.0	.0
Other manufacturing/production	50	3.8	8.7
Private services	334	4.9	11.1
Professional services (accountancy, advertising, consultancy, legal etc)	49	.0	.0
Finance, insurance and real estate	50	1.3	3.0
Hotels, restaurants and leisure	29	3.9	9.0
Transport, distribution and storage	21	3.0	6.8
Media (broadcasting and publishing etc)	8	.0	.0
Retail and wholesale	60	5.7	13.0
IT services	25	.0	.0
Communications	6	1.9	4.3
Call centres	11	.0	.0
Other private services	80	5.1	11.6
Public services	174	4.9	11.1
Central government	16	5.7	13.0
Health	33	2.6	5.9
Education	45	5.2	14.2
Local government	34	5.4	12.2
Other public services	46	3.7	8.4
Non-profit organisations	70	4.0	9.2
Care services	14	.0	.0
Housing association	19	5.0	11.5
Charity services	30	.0	.0
Other voluntary	9	.0	.0
Survey average	811	4.3	9.8

Table 3: Average levels of sickness absence, non-manual employees, by sector

		Non-manual employees	
	Total	Average working time lost per year	Average days lost per employee per year
Manufacturing and production	266	2.4	5.5
Agriculture and forestry	2	.0	.0
Chemicals, pharmaceuticals and oil	35	2.5	5.8
Construction	27	1.6	3.6
Electricity, gas and water	7	.0	.0
Engineering, electronics and metals	54	2.3	5.3
Food, drink and tobacco	38	2.0	4.7
General manufacturing	39	2.6	5.9
Mining and quarrying	1	2.3	5.2
Paper and printing	12	2.3	5.2
Textiles	3	.0	.0
Other manufacturing/production	50	2.5	5.7
Private services	334	2.6	6.0
Professional services (accountancy, advertising, consultancy, legal etc)	49	3.2	7.4
Finance, insurance and real estate	50	2.4	5.4
Hotels, restaurants and leisure	29	2.2	4.9
Transport, distribution and storage	21	1.3	3.0
Media (broadcasting and publishing etc)	8	.0	.0
Retail and wholesale	60	2.7	6.3
IT services	25	2.5	5.6
Communications	6	1.1	2.5
Call centres	11	2.6	6.0
Other private services	80	2.9	6.6
Public services	174	3.8	8.7
Central government	16	3.5	8.0
Health	33	5.0	11.4
Education	45	4.6	10.5
Local government	34	3.5	8.1
Other public services	46	3.3	7.6
Non-profit organisations	70	2.5	5.6
Care services	14	.0	.0
Housing association	19	3.1	7.0
Charity services	30	.0	.0
Other voluntary	9	.0	.0
Survey average	811	2.7	6.2

The survey shows that about three-quarters of employers record the annual employee absence rate but a fifth don't record this information. In all, 90% of public

services employers record employee absence levels, with private services sector organisations least likely to have this information available (65%). See Table 4.

Table 4: Proportion of organisations that record the annual employee absence rate

	Respondents (%)				
	Total	Manufacturing and production	Private services	Non-profit organisations	Public services
Yes	77	84	65	78	90
No	21	15	32	19	8
Don't know	2	1	3	3	2

The effect of workforce size

The survey shows significant differences in average levels of absence between organisations of different sizes, with larger employers typically recording higher levels of absence than smaller organisations.

The lower levels of absence in smaller organisations may be because absence is harder to cover and causes more disruption. As a result, employees may be less likely to take time off unnecessarily and managers may manage absence more proactively.

Organisations employing 1–99 employees have an average absence rate of 3% (6.8 days per employee) compared with 4.4% (10 days per employee) for organisations of 2,000 or more workers. See Table 5.

Table 5: The effect of workforce size

	Total	Average working time lost per year	Average days lost per employee per year
1–99	143	3.0	6.8
100–249	222	3.4	7.7
250–499	147	3.8	8.6
500–749	65	3.6	8.3
750–999	33	4.4	10.0
1,000–1,499	51	3.7	8.5
1,500–1,999	18	4.0	9.1
2,000 or more	127	4.4	10.0
Survey average	805	3.7	8.4

Tables 6 and 7 compare the effect of workforce size on levels of absence in the private sector (private services and manufacturing and production sectors combined)

and the public sector respectively. The results show that, regardless of organisation size, public sector organisations have higher levels of absence than private sector employers.

Table 6: The effect of workforce size on absence levels in the private sector (manufacturing and production and private services sectors combined)

	Total	Average working time lost per year	Average days lost per employee per year
1–99	115	2.7	6.2
100–249	181	3.1	7.2
250–499	118	3.8	8.7
500–749	39	3.4	7.7
750–999	18	3.9	9.0
1,000–1,499	30	3.3	7.5
1,500–1,999	12	2.8	6.3
2,000 or more	55	3.5	8.1
Survey average	568	3.3	7.5

Table 7: The effect of workforce size on absence levels in the public sector

	Total	Average working time lost per year	Average days lost per employee per year
1–99	174	4.5	10.3
100–249	5	3.0	6.8
250–499	22	4.0	9.1
500–749	20	3.7	8.5
750–999	14	4.8	11.1
1,000–1,499	15	4.4	10.0
1,500–1,999	5	5.1	13.9
2,000 or more	68	4.9	11.1
Survey average	172	4.5	10.3

It's often been argued that one of the reasons for higher levels of absence in the public sector compared with the private sector is that public sector organisations are on average larger than private sector employers. But this doesn't appear to be a factor.

The difference in levels of absence is more likely to be accounted for by the high proportion of challenging

public-facing roles in the public sector, as well as by differences in age and gender profiles in the workforce. A report by the Health and Safety Executive (*Survey on Workplace Absence, Sickness and Ill Health 2005*) published in 2006 found that public sector organisations had on average a higher proportion of women and older workers compared with the private sector, which was a factor in high public sector absence levels.

Regional variations

The highest level of employee absence is in the north-east of England, at 5% (11.3 days), a significant increase compared with last year's figure of 3.9%.

This is followed by the West Midlands, where annual absence levels among employers averaged 4.2% (9.5 days per employee), up from 3.9% for the previous 12 months. See Table 8.

London and the south-east of England have the lowest levels of employee absence, with both areas averaging rates of 3.4% (7.8 days), a slight increase on last year's figures of 3% and 3.2% respectively.

The biggest annual regional reduction in the level of employee absence was recorded by employers in Wales, where the rate dropped to 3.8% (8.7 days) compared with 4.3% for the previous year.

Table 8: Average levels of absence, by region

	Number of responses	Average working time lost	Average days lost per employee
Base	819	3.7	8.4
East Anglia	48	3.7	8.4
East Midlands	47	3.6	8.2
West Midlands	58	4.2	9.5
North-east of England	37	5.0	11.3
North-west of England	85	3.6	8.3
South-west of England	80	3.5	8.1
Yorkshire and Humberside	56	3.7	8.4
South-east of England (excluding London)	110	3.4	7.8
London	84	3.4	7.8
Scotland	48	3.5	8.1
Wales	30	3.8	8.7
Northern Ireland	18	4.0	9.0
Whole of UK	163	3.4	7.7

In all 70% of employee absence is accounted for by short-term absences of up to seven days, 17% is due to absences of between eight days and four weeks, and a similar proportion is due to absences of four weeks or more.

However, there are very significant differences between the sectors.

Private services sector organisations report a higher-than-average proportion of short-term absence,

with absences of up to seven days accounting for 75% of total absence. In contrast, only 15% of absence is caused by absences of four weeks or more.

Just 53% of absence in the public services is caused by absences of up to seven days, 19% is generated by absences of between eight days and four weeks, and 29% is accounted for by absences of four weeks or more. See Table 9.

Table 9: The importance of short- and long-term absence, by workforce size and major sector

Number of employees	Total	Up to seven days	Eight days up to four weeks	Four weeks or longer
1–99	143	80	11	14
100–249	222	70	18	16
250–499	147	64	18	20
500–749	65	59	19	23
750–999	33	66	21	21
1,000–1,499	51	66	21	18
1,500–1,999	18	30	22	32
2,000 or more	127	54	19	29
Industry sector				
Manufacturing and production	266	66	20	21
Private services	33	75	15	15
Public services	17	53	19	29
Non-profit organisations	70	61	18	20
Survey average	642	70	17	17

A positive net balance of 22% reported a decrease in employee absence levels, with 25% of respondents indicating that the level of employee absence has increased in the last 12 months and 47% reporting a decrease. In all, 27% reported no change in the level of absence.

Manufacturing and production employers are most likely to report a reduction in absence, with a positive net balance of 26% reporting a decrease. Non-profit organisations are the least likely of the employers in the four main sectors to report annual reductions in absence levels, with a positive net balance of 5% reporting a reduction in absence levels. See Table 10.

Table 10: Absence increase or decrease, compared with last year, by industry sector

	Organisations (%) reporting an increase or decrease		
	Increased	Decreased	No change
Manufacturing and production	24	50	24
Private services	22	45	31
Public sector	32	49	18
Non-profit organisations	28	33	38
Survey average	25	47	27

Improved absence monitoring is the number one reason for increases in absence rates, followed by changes in methods for recording absence. Increased workload,

changes to workforce composition and tightened policies for reviewing attendance are also identified as significant reasons for increases in levels of absence. See Table 11.

Table 11: Reasons for increases in absence levels

	UK respondents (%) saying absence has increased				
	Total	Manufacturing and production	Private services	Non-profit organisations	Public services
Improved absence monitoring	29.9	31.0	31.7	35.3	27.5
Changes in methods for recording absence	25.4	15.5	26.7	41.2	33.3
Increased workload	23.2	13.8	23.3	35.3	27.5
Changes to workforce composition	14.1	19.0	11.7	–	17.6
Tightened policies for reviewing attendance	12.4	12.1	15.0	11.8	7.8
Changes in work organisation (such as shift patterns, flexibility and self-managed teams)	9.6	10.3	6.7	5.9	15.7
Return-to-work interviews have been introduced	7.9	5.9	10.0	17.6	9.8
Increased management buy-in	2.3	3.4	5.0	5.9	3.9
Reduced workload	–	–	–	–	–
Other	22.5	27.6	21.7	23.5	15.7
Don't know	16.4	13.8	25.0	17.6	9.8

Tightened policies for reviewing attendance and improved absence monitoring are, by some degree, identified as the two most important reasons behind reductions in levels of absence. The introduction of the use of return-to-work

interviews and increased management buy-in are also regarded by respondents as significant factors behind a reduction in the level of absence. See Table 12.

Table 12: Reasons for a reduction in absence levels

	UK respondents (%) saying absence has decreased				
	Total	Manufacturing and production	Private services	Non-profit organisations	Public services
Tightened policies for reviewing attendance	67.8	58.9	65.0	75.0	69.2
Improved absence monitoring	67.2	53.9	64.2	75.0	74.4
Return-to-work interviews have been introduced	37.3	35.1	44.7	40.0	25.6
Increased management buy-in	31.9	25.2	29.3	45.0	39.7
Changes in methods for recording absence	29.5	25.2	35.0	30.0	23.1
Changes in work organisation (such as shift patterns, flexibility and self-managed teams)	9.9	8.2	13.0	5.0	7.7
Changes to workforce composition	9.3	8.2	8.9	10.0	7.7
Increased workload	1.5	1.6	1.6	–	1.3
Reduced workload	0.9	0.8	0.8	–	1.3
Other	9.6	13.9	6.5	5.0	7.7
Don't know	5.4	4.1	7.3	5.0	6.4

The cost of employee absence

The average cost of absence increased to £659 per employee per year from last year's figure of £598, though less than half of organisations actually monitor the cost of absence.

The average cost of absence increased to £659 per employee per year from last year's figure of £598, reflecting the increase in overall levels of employee absence as well as increased wage costs. See Table 13.

The cost of absence increased across all four of the main sectors. As last year, public services recorded the highest average cost of absence, £732 per employee per year compared with the previous year's figure of £680.

The cost of absence per employee among manufacturing and production organisations increased to £726 from £652, even though absence levels in this sector fell slightly, probably as a result of increased labour costs.

In the private services sector, the annual cost of absence per employee increased to £600 from £522.

Average absence costs increased to £648 per employee per year in the non-profit sector – from £588 for the previous 12 months.

Table 13: The average annual cost of employee absence per employee, by sector

	Number of responses	Cost (£) per employee per year
Manufacturing and production	72	726
Agriculture and forestry	1	235
Chemicals, pharmaceuticals and oil	12	731
Construction	4	1,036
Engineering, electronics and metals	17	589
Food, drink and tobacco	10	493
General manufacturing	13	676
Paper and printing	2	1,250
Other manufacturing/production	13	1,004
Private services	74	600
Professional services (accountancy, advertising, consultancy, legal etc)	9	627
Finance, insurance and real estate	13	606
Hotels, restaurants and leisure	4	629
Transport, distribution and storage	7	581
Retail and wholesale	15	385
IT services	2	408
Communications	1	700
Call centres	4	351
Other private services	22	814
Public services	42	732
Central government	3	678
Health	7	823
Education	10	733
Local government	12	682
Other public services	10	737
Non-profit organisations	21	648
Housing associations	4	775
Charity services	7	777
Care services	10	546
Other voluntary services	1	450
Survey average	203	659

Monitoring the cost of absence

Under half of respondents report that their organisation monitors the cost of absence. Public services and private sector services employers are marginally more likely to have this information available than employers in the other two main sectors. See Table 14.

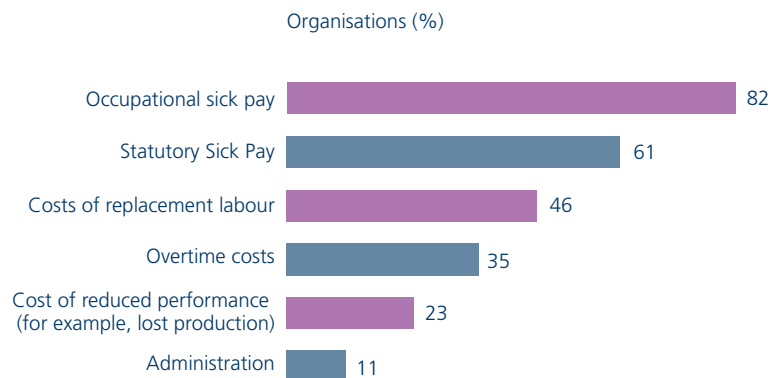
Smaller employers are much less likely to cost absence than larger employers, with 22% of organisations with 1–50 employees measuring the cost of absence, compared with 90% of employers with 10,000 or more members of staff.

Table 14: Organisations that monitor the cost of absence

	Organisations (%) monitoring the cost of absence				
	All	Manufacturing and production	Private services	Non-profit	Public services organisations
Yes	45	44	47	40	47
No	48	52	48	51	41
Don't know	7	4	5	9	12

Where the cost of absence is monitored, occupational sick pay (OSP) and Statutory Sick Pay (SSP) are the elements that are most commonly included. Nearly half of respondent organisations that cost absence include the cost of replacement labour, and just over a third include the cost of increased overtime. See Figure 2.

Figure 2: Elements included in the cost of absence



Base: 285 respondents

Case study

A combination of training for managers, clear procedures, employee health and well-being support and the provision of flexible working opportunities have helped BMW to maintain its workforce absence rate at its Hams Hall engine plant at extremely low levels.

The company trains all its managers in absence management and ensures that the issue is regarded as an ongoing priority through the use of a weekly balanced scorecard that shows absence targets and the latest figures across the business.

The company also carries out audits to ensure that return-to-work interviews happen as expected.

The absence management policy is underpinned by a clear trigger system. If an employee has three periods of absence or more in a 12-month period, they attend an absence review discussion with their manager. If they subsequently take another spell of absence in the next 13 weeks, they receive a first warning letter. If they then take a further two or more absences in the following 26 weeks, they will attend a further absence review meeting and will be issued with a second written warning. If, in the next 52 weeks, they take a further two or more absences they will attend a final absence review meeting, at which point the company is likely to terminate employment.

However, the company also provides a lot of support for employees if they suffer from health problems, as well as significant flexibility to help individuals balance their work and domestic lives.

Employees can take leave for family circumstances, as well as holiday time, at short notice. The company's manual employees are on individual working time accounts (annualised hours) and can manage their working time in a way that suits them and the company through working time accounts.

White-collar staff benefit from flexitime and managers benefit from 'working time sovereignty', which allows them a high degree of flexibility providing their targets are met.

In terms of health and well-being support, the company has an occupational health centre staffed by nurses and a doctor who visits once every two weeks to see employees with more serious or longer-term health problems.

Long-term absence is defined as four working weeks in the handbook, but employees are frequently referred to the company doctor after they have been absent for only two weeks.

BMW managers are trained in stress management as part of their general training in managing responsibly to ensure they're able to recognise the symptoms of stress among their employees and take appropriate action. In addition, all employees have access to a counselling service, either over the phone or face to face.

The company provides a healthcare cash plan, which provides benefits such as health screening and eye tests.

Other benefits include an in-house gym, healthy options in the canteen and occupational sick pay for up to two years.

Targets and benchmarking

Only about four in ten employers have a target for reducing absence or benchmark their absence levels against comparable organisations.

A total of 42% of respondent organisations report that they have a target for reducing absence. Just under two-thirds of public sector employers have an absence reduction target, as do half of manufacturing and production organisations. However, only about four in ten of non-profit organisations have a target and just over a quarter of private services have an absence rate target. See Table 15.

Types of target

Of those employers setting an absence reduction target, 59% have a target to reduce absence to an absolute percentage of working time lost. The most common target is a percentage of working time lost of 2.5–3.49%, with 42% of organisations that set this type of target choosing this range. In all, 26% of respondents choosing this type of target aim for a range of 3.5–4.49%, while 13% are aiming for a target of 4.5–5.49%.

Just 5% of respondent organisations with an absence reduction target are aiming for an annual percentage reduction in working time lost. Of these, a third are aiming for a reduction of 0.5–1.49% and 17% set annual absence reduction targets of 1.5–2.49%.

In all, 21% of organisations setting absence targets are aiming for a reduction to an average number of days lost per employee a year. Of these, 22% have a target of eight days per employee per year, 19% have a target of nine days, and 14% have a target of seven days.

Under 5% of respondents that set absence reduction targets aim for an annual reduction in the number of days lost per employee. The most popular targets of this type are a two-day reduction and a three-day reduction.

A total of 42% of respondent organisations benchmark their absence rates against other employers.

Nearly two-thirds of public sector organisations benchmark their absence levels, compared with about a third of private services sector organisations, which, of all employers across the four main sectors, are least likely to do so.

Where organisations benchmark absence levels, 86% do so against other employers in their sector and 36% also benchmark against organisations in their region.

Table 15: Organisations that have a target for reducing absence, by sector

	Number of responses	Yes (%)
Base	807	43
Manufacturing and production	260	50
Agriculture and forestry	2	0
Chemicals, pharmaceuticals and oil	35	53
Construction	27	26
Electricity, gas and water	7	29
Engineering, electronics and metals	52	42
Food, drink and tobacco	37	62
General manufacturing	38	68
Mining and quarrying	1	100
Paper and printing	12	50
Textiles	3	33
Other manufacturing/production	48	50
Private services	329	26
Professional services (accountancy, advertising, consultancy, legal etc)	49	14
Finance, insurance and real estate	50	28
Hotels, restaurants and leisure	29	31
Transport, distribution and storage	20	45
Retail and wholesale	59	36
IT services	25	4
Communications	6	17
Call centres	11	55
Other private services	77	27
Public services	172	61
Central government	16	81
Health	32	78
Education	44	41
Local government	34	47
Other public services	46	70
Non-profit organisations	69	39
Care services	14	43
Housing association	19	63
Charity services	29	31
Other voluntary services	9	11
Survey average	800	42

Encouragingly, 82% of respondents believe it's possible to further reduce their organisations' absence levels. More than 90% of public sector respondents believe further reductions in absence levels are possible.

Respondents from non-profit organisations are least likely to be optimistic, with 72% saying that progress in the reduction of absence is possible.

Causes of employee absence

Minor illness is the number one cause of short-term absence for both manual and non-manual employees. Back pain is the leading cause of long-term absence for manual workers, while stress is the main cause of long-term absence for non-manual employees.

Respondents were asked to rank the top five causes of short-term and long-term absence, for both manual and non-manual workers.

Causes of short-term absence for manual workers

Minor illness is identified as by far the most significant cause of short-term absence in manual workers. This is followed by back pain, musculo-skeletal injuries, home and family responsibilities and stress, in an unchanged top five from last year. See Table 16.

Recurring medical conditions such as asthma and diabetes, as well as injuries and accidents occurring outside of work and other absences not due to genuine ill health, are also rated highly as causes of short-term absence in manual workers.

Sectoral differences

Public services respondents are less likely than the survey average to identify minor illness as the number one cause of short-term absence, although it remains the number one cause overall. Musculo-skeletal injuries and stress are rated more highly by public services respondents as causes of short-term absence in manual employees than by employers in the other three main sectors.

However, home and family responsibilities are not seen as anything like as significant as causes of absence by public services respondents, with just 21% ranking this as a top five cause of short-term absence in manual workers compared with a survey average of 44%. No doubt the greater prevalence of flexible working and policies on leave for family circumstances in the public sector is a significant reason for this finding.

Home and family responsibilities, injuries and accidents not related to work and non-genuine absence are rated by manufacturing and production organisations more highly than the survey average as causes of absence.

Private services sector employers also rate home and family responsibilities highly as a main cause of absence and are also significantly more likely than the survey average to rate pregnancy-related absence as a main cause of short-term absence for manual employees.

Non-profit organisations are more likely than the survey average to rate back pain and stress as a top five cause of absence.

Table 16: Causes of short-term absence, manual workers, by major sector

	Respondents (%) citing this as a leading cause				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Minor illness (eg colds/flu/ stomach upsets/headaches and migraines)	97.0	98.1	98.1	95.8	93.2
Back pain	62.2	63.5	59.6	79.2	62.5
Musculo-skeletal injuries (eg neck strains and repetitive strain injury but excluding back pain)	58.0	61.5	42.9	58.3	76.1
Home/family responsibilities	44.1	48.6	49.4	45.8	21.6
Stress	41.5	32.7	36.5	54.2	65.9
Recurring medical conditions (eg asthma/ angina and allergies)	32.8	28.8	34.6	33.3	37.5
Injuries/accidents not related to work	31.3	38.0	30.8	25.0	18.2
Other absences not due to genuine ill health	30.0	34.6	34.0	20.8	14.8
Work-related injuries/ accidents	26.7	34.1	25.6	16.7	14.8
Mental health (eg clinical depression and anxiety)	19.6	11.5	19.9	33.3	31.8
Acute medical conditions (eg stroke/heart attack and cancer)	16.5	17.8	13.5	12.5	19.3
Pregnancy-related absence (not maternity leave)	8.3	4.8	14.1	8.3	5.7
Drink or drug-related conditions	4.1	4.8	4.5	4.2	1.1

Causes of short-term absence for non-manual workers

Minor illness is also the main cause of short-term absence among non-manual workers, followed by stress, musculo-skeletal injuries, back pain and home and family responsibilities. Other significant causes of short-term absence in this category of employees include recurring medical conditions, mental ill health, and injuries and accidents not related to work.

Compared with last year's survey results, musculo-skeletal injuries are rated more highly, jumping to third place from sixth, and back pain has also moved up the list to fourth from fifth. See Table 17.

Sectoral differences

Public services respondents, compared with employers in the other main sectors, rate minor illness less highly as a cause of short-term illness in non-manual employees. Employers in this sector also rate stress, musculo-skeletal injuries and back pain more highly as causes of short-term absence than the other main sectors.

Employers in manufacturing and production and the private services sectors more commonly than the survey average identify home and family responsibilities, injuries and accidents not related to work and other absences not due to genuine ill health as significant causes of short-term absence in non-manual staff.

Table 17: Causes of short-term absence, non-manual workers, by major sector

	Respondents (%) citing this as a leading cause				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Minor illness (eg colds/flu/ stomach upsets/headaches and migraines)	97.8	98.5	98.8	100.0	93.1
Stress	55.6	45.9	49.6	69.4	76.7
Musculo-skeletal injuries (eg neck strains and repetitive strain injury but excluding back pain)	49.7	51.0	40.2	51.0	65.5
Back pain	46.0	42.8	43.4	46.9	56.0
Home/family responsibilities	45.3	51.5	52.0	44.9	20.7
Recurring medical conditions (eg asthma/ angina and allergies)	38.2	34.5	38.1	49.0	37.9
Mental health (eg clinical depression and anxiety)	29.3	23.2	25.8	40.8	41.4
Injuries/accidents not related to work	27.7	34.0	29.5	18.4	19.8
Other absences not due to genuine ill health	27.7	29.4	31.1	24.5	15.5
Acute medical conditions (eg stroke/heart attack and cancer)	16.0	17.5	13.9	16.3	18.1
Pregnancy-related absence (not maternity leave)	12.9	11.3	17.2	12.2	8.6
Work-related injuries/ accidents	7.7	12.9	4.9	8.2	6.9
Drink or drug-related conditions	1.9	2.6	2.0	2.0	0.9

Non-genuine absence

On average, employers believe that about 16% of absence is not genuine. Respondents working in the manufacturing and production sector believe that a larger proportion of absence is non-genuine (17%) compared with the other main sectors, in particular the public services (12%).

Causes of long-term absence in manual workers

The top four causes of long-term absence in manual workers are back pain, acute medical conditions, musculo-skeletal injuries and stress. There is little difference between the top four causes of absence in terms of reported prevalence. And the top four causes of absence are unchanged from the previous survey, except that acute medical conditions have jumped into second place, ahead of musculo-skeletal injuries, as a cause of long-term absence. See Table 18.

The CIPD, in conjunction with Cancerbackup and the Working with Cancer (WwC) group, has produced a guide called *Cancer and Working: Guidelines for employers, HR and line managers*, which is free to download from www.cipd.co.uk/guides

Although the guide focuses on cancer, a lot of the advice applies to managing critical and acute illness at work in general.

Sectoral differences

Stress and musculo-skeletal injuries are identified most commonly by public services respondents as being significant causes of long-term absence in manual employees.

Acute medical conditions are rated most highly as causes of long-term absence by employers in the non-profit sector.

As causes of long-term absence in manual employees, manufacturing and production employers rate injuries and accidents not related to work more highly than employers in the other main sectors.

Private services organisations are the most likely of those in the four main sectors to identify recurring medical conditions as a leading cause of long-term absence in this group of employees.

Table 18: Causes of long-term absence, manual workers, by major sector

	Respondents (%) citing this as a leading cause				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Back pain	58.4	57.4	58.4	65.2	60.5
Acute medical conditions (eg stroke/heart attack and cancer)	56.4	58.3	53.7	78.3	50.0
Musculo-skeletal injuries (eg neck strains and repetitive strain injury but excluding back pain)	55.7	58.8	42.3	52.2	69.8
Stress	55.0	45.1	48.3	78.3	79.1
Mental health (eg clinical depression and anxiety)	43.4	38.7	40.9	52.2	54.7
Injuries/accidents not related to work	34.2	41.7	33.6	26.1	19.8
Recurring medical conditions (eg asthma/angina and allergies)	32.0	32.4	34.9	30.4	29.1
Work-related injuries/accidents	28.0	35.5	24.2	13.0	23.3
Minor illness (eg colds/flu/stomach upsets/headaches and migraines)	18.8	19.1	17.4	13.0	27.9
Home/family responsibilities	15.0	16.7	13.4	17.4	11.6
Other absences not due to genuine ill health	14.1	14.7	16.8	8.7	10.5
Pregnancy-related absence (not maternity leave)	6.9	3.9	12.1	4.3	4.7
Drink or drug-related conditions	3.1	4.9	2.7	–	1.2

Causes of long-term absence in non-manual employees

Stress is rated as the leading cause of long-term absence for non-manual employees, ahead of acute medical conditions, mental ill health, musculo-skeletal injuries and back pain. See Table 19.

Sectoral differences

Stress is rated most highly by public services employers and non-profit organisations as a cause of long-term absence in non-manual workers.

Injuries and accidents not related to work are identified most commonly as a leading cause of long-term absence by manufacturing and production employers.

Pregnancy-related absence is most likely to be rated by private services sector organisations as a leading cause of long-term absence for non-manual employees.

Table 19: Causes of long-term absence, non-manual workers, by major sector

	Respondents (%) citing this as a leading cause				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Stress	67.6	59.3	58.0	86.0	88.3
Acute medical conditions (eg stroke/heart attack and cancer)	59.1	59.9	56.1	58.0	61.3
Mental health (eg clinical depression and anxiety)	49.9	41.8	47.2	60.0	61.3
Musculo-skeletal injuries (eg neck strains and repetitive strain injury but excluding back pain)	46.1	45.2	35.8	40.0	66.7
Back pain	42.4	40.7	37.7	42.0	54.1
Recurring medical conditions (eg asthma/angina and allergies)	37.1	42.9	33.0	44.0	34.2
Injuries/accidents not related to work	32.0	40.7	33.0	34.0	17.1
Minor illness (eg colds/flu/stomach upsets/headaches and migraines)	20.5	22.0	21.2	18.0	23.4
Home/family responsibilities	19.4	22.0	21.2	26.0	11.7
Other absences not due to genuine ill health	11.3	10.7	13.2	18.0	7.2
Pregnancy-related absence (not maternity leave)	10.5	9.0	13.2	8.0	10.8
Work-related injuries/accidents	9.0	10.2	9.0	8.0	9.9
Drink or drug-related conditions	1.7	1.7	1.9	2.0	1.8

Workplace stress

Stress-related absence is still on the increase, even though almost three-quarters of employers are taking action to try and improve how they manage this issue.

In all, 40% of organisations report that stress-related absence increased in the previous 12 months. Just 9% of respondents identified a decrease in stress-related absence, with 34% seeing no change. A total of 17% of

respondents didn't know whether the level of stress-related absence had changed or not.

Public services organisations and non-profit employers are most likely to report increases in stress-related absence. See Table 20.

Table 20: Organisations citing changes in levels of stress-related absence, by sector

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Increased	40	34	34	54	54
Decreased	9	10	8	7	9
Stayed the same	34	40	38	25	22
Don't know	17	16	19	13	15

Larger organisations are significantly more likely to report increases in stress-related absence, reflecting the higher

levels of absence generally experienced by bigger employers. See Table 21.

Table 21: Organisations citing changes in levels of stress-related absence, by size of organisation

	Respondents (%)						
	1-50	51-250	251-500	501-1,000	1,001-5,000	5,001-10,000	10,001 or more
Increased	32	32	38	47	52	60	65
Decreased	5	11	6	10	7	5	20
Stayed the same	41	40	44	28	20	19	5
Don't know	21	17	12	15	21	17	10

The survey asked respondents to identify and rank the top three causes of work-related stress.

Workload is, by some way, identified as the number one cause of work-related stress, followed by management style and organisational change. The top three causes of work-related stress remain unchanged from last year.

Other significant causes of work-related stress are relationships at work, pressure to meet targets, and lack of support for employees from line managers. See Table 22.

Long-hours working is cited as the seventh most significant cause of work-related stress.

Workloads are identified by organisations in all four main sectors as the most significant cause of work-related stress, with little difference between them in terms of the proportion regarding this as the leading cause.

Management style is most likely to be identified as a top three cause of work-related stress among private services sector respondents, followed by those in the manufacturing and production sector.

Relationships at work are significantly more likely to be identified by respondents in the public services as a top three cause of work-related stress.

Organisational change is rated more highly by non-profit organisations and public services employers as a cause of work-related stress.

Table 22: The causes of stress at work

	Respondents (%) citing this as a cause	
	Any mention	Main cause
Workloads/volume of work	64.6	34.4
Management style	42.2	16.9
Organisational change/restructuring	37.0	14.3
Relationships at work	36.1	13.2
Pressure to meet targets	32.2	6.3
Lack of employee support from line managers	18.6	3.3
Long hours	18.5	3.5
Job insecurity	10.6	3.0
Lack of control over how work is carried out	9.9	1.5
Poorly designed jobs/poorly designed roles	7.1	1.4
Lack of consultation	4.8	1.0
Lack of training	4.6	0.7
Other	6.0	3.1

Almost three-quarters of employers are taking action to improve how they identify and tackle stress at work. This rises to 91% of public services employers and falls to 66% among manufacturing and production organisations.

The top four most common approaches to managing work-related stress are the provision of training for managers and/or staff in stress management skills, risk

assessments, staff surveys and flexible working. More than half of respondents report that their organisations have adopted all these methods as part of their approach to stress management. See Table 23.

Just under half of organisations have a written stress policy or guidance, and a similar proportion are looking to provide greater involvement of occupational health professionals.

Table 23: Methods used to identify and reduce stress in the workplace

	Organisations (%) using this method				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Training for managers/staff	64	54	66	66	64
Risk assessments/stress audits	59	57	53	51	72
Staff survey	59	45	57	70	73
Flexible working options/ improved work-life balance	55	41	51	66	73
Written stress policy/guidance	48	42	35	57	67
Greater involvement of occupational health specialists	46	56	27	42	63
Employee assistance programmes	36	39	31	45	39
Focus groups	20	19	15	25	29
Changes in work organisation	19	21	18	11	18
Other	3	2	4	4	2

Just over a third of respondent organisations say they are already using or are planning to use the Health and Safety Executive’s stress management standards. On the other hand, 28% of organisations are not using or planning to use the standards and 37% said they didn’t know whether their organisation is using or planning to use the standards or not.

Public services organisations are the most likely of the four main sectors to be using or planning to use the Health and Safety Executive standards (58%), with private services sector organisations being least likely to do so (27%).

Only just under a quarter of organisations record work-related stress and non-work-related stress separately. Non-profit organisations (28%) and public

services employers (27%) are most likely and manufacturing and production (24%) and private services employers (22%) are least likely to do this.

Respondents estimate that, on average, 61% of stress is caused by employees’ lives outside work, with just under 40% caused by work and employment. Manufacturing and production organisations are most likely (64%) and public services employers are least likely (56%) to think that a greater proportion of stress is caused by individuals’ lives outside work.

However, only about a quarter of organisations record work-related stress and stress caused by individuals lives’ outside work separately.

Case study

Victim Support West Midlands (VSWM) works with employees' GPs, wherever possible, to help individuals who are suffering from stress make a phased return to work as part of their rehabilitation, for example with reduced hours or in a less demanding role.

The organisation's Area HR Manager, Chris Morris, said that, as a matter of course, individuals suffering from stress and other long-term health problems are asked if they are happy for their employer to contact their GP.

Morris said GPs are generally willing to provide a report, typically charging about £10 for the service.

VSWM frequently makes changes to employees' hours and job roles to support them in their recovery and return to work. And it has an employee assistance programme helpline as well as face-to-face counselling to support those suffering from stress.

VSWM places an emphasis on early referral of employees with health problems to occupational health services, which are provided by the West Midlands Police occupational health department.

In addition, the organisation is planning to use the Health and Safety Executive's management standards to identify stress-related problems more effectively.

VSWM has an area office and 22 business units, with 11 of these offices based in the courts and 11 in the community.

Morris believes that, as a significant proportion of stress is caused by individuals' lives outside work, it's important to promote work-life balance opportunities wherever possible.

VSWM provides a significant degree of flexibility over hours, which is usually managed on an informal basis by the business unit co-ordinator. The organisation has also offered job-sharing opportunities where appropriate.

Managing absence

Return-to-work interviews, trigger mechanisms to review attendance and disciplinary procedures are rated as the three most effective management interventions for short-term absence. The provision of occupational health services and rehabilitation programmes are rated as the top two most effective practices for managing long-term absence.

Methods for managing short-term absence

Respondents were asked to select from a list of 25 practices those that are used in their organisation to manage short-term absence.

The most commonly used intervention for managing short-term absence is return-to-work interviews, with 85% of organisations using this approach as part of their policies and procedures. See Table 24.

Disciplinary procedures for unacceptable levels of absence and providing sickness absence information to line managers are the next most commonly used interventions for managing short-term absence.

Trigger mechanisms to identify recurrent short-term absences, ensuring line managers take primary responsibility for managing absence, and special leave for family circumstances are also very widely used approaches for managing short-term absence, with about two-thirds of employers using such practices.

Just over half of respondent organisations train their line managers in absence management skills.

Just under half of employers provide access to occupational health services and flexible working to help manage short-term absence.

Another commonly used approach is restricting sick pay, an intervention that's used by 46% of organisations.

Return-to-work interviews are most commonly used in public services organisations and least likely to be used in the private services.

Manufacturing and production and private services organisations are more likely to use disciplinary procedures to manage unacceptable levels of absence than public services employers and non-profit organisations.

Only just over a quarter of private services sector employers provide employees with access to occupational health services to manage short-term absence problems, compared with three-quarters of public sector organisations.

Early intervention and referral to occupational health services is important if employers are serious about managing absence effectively. Much short-term absence is recurrent and often symptomatic of underlying health problems, such as stress or depression, which can escalate into long-term absence if timely diagnosis and appropriate treatment strategies are lacking.

Just 18% of public services employers restrict sick pay as part of their approach to managing short-term absence, compared with more than half of manufacturing and production and private services sector employees.

Table 24: Absence management tools for short-term absence

	Respondents (%) using this method				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Return-to-work interviews	85	87	79	87	90
Disciplinary procedures for unacceptable levels of absence	79	86	79	67	72
Sickness absence information provided to line managers	76	73	74	83	83
Trigger mechanisms to review attendance	70	73	61	58	84
Line managers taking primary responsibility for managing absence	67	61	64	75	75
Leave for family circumstances	63	57	58	67	77
Line managers trained in absence management	55	54	48	51	69
Occupational health involvement	47	52	28	39	76
Flexible working	46	33	38	61	73
Restricting sick pay in absence management	46	54	56	45	18
Stress counselling available	43	37	32	38	75
Absence rate as key performance indicator	40	47	29	36	51
Attendance as recruitment criterion	36	34	32	48	39
Changes to working pattern or environment	36	28	31	36	54
Capability procedure	33	25	26	42	57
Employee assistance programme	31	26	27	39	40
Health promotion	30	31	21	15	48
Employee's absence record taken into account when considering promotion	30	33	29	23	25
Tailored support for line managers (such as online support/care conference with HR)	24	18	20	13	46
Attendance bonus or incentive	17	24	18	7	8
Physiotherapy services available	19	17	11	12	36
Rehabilitation programme	16	19	9	3	28
Attendance driven by the board	12	10	8	9	23
Nominated absence case manager	9	9	8	4	15

Return-to-work interviews are rated as the most effective method for managing absence by respondents across all the main sectors. One of the challenges for HR practitioners is ensuring that busy line managers understand the importance of carrying out return-to-work interviews and have the knowledge and soft skills to conduct them effectively. See Table 25.

Return-to-work interviews are an opportunity for the line manager to let the employee know that they were missed, to bring them up to speed on any important work matters, to find out if any underlying work, health or family problem is at the root of their absence from work and to offer the individual help with this if necessary.

One way of ensuring line managers regard return-to-work interviews as a priority is to ensure that they are included as part of development and performance reviews.

Trigger mechanisms to identify short-term recurrent absences are identified as the second most effective intervention, followed by the use of disciplinary procedures for unacceptable absence.

Restricting sick pay is rated as the fourth most important management intervention.

The role of line managers in taking primary responsibility for absence management is also seen as being important to effective absence management, and training for line managers is rated highly.

Table 25: The most effective absence management tools for short-term absence

Respondents (%) citing as a top three most effective absence management approach

	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Return-to-work interviews	68	66	66	65	74
Trigger mechanisms to review attendance	28	31	22	19	38
Disciplinary procedures for unacceptable levels of absence	27	35	28	13	19
Restricting sick pay	19	27	24	15	1
Line managers taking primary responsibility	15	15	16	11	18
Managers trained in absence management	11	6	9	15	18
Occupational health involvement	11	16	6	7	14
Sickness absence information provided to line managers	8	6	6	24	11
Flexible working	6	6	6	15	8
Attendance bonuses or incentives	5	7	6	5	1
Leave for family circumstances	5	3	7	5	5
Absence rate as key performance indicator	5	6	6	3	4
Tailored support for line managers (such as online support/care conferences with HR)	3	2	2	3	5
Capability procedure	3	2	2	2	4

Case study

Blacks Leisure Group has introduced controls to ensure that line managers conduct return-to-work interviews with all employees following any period of absence.

The company, which specialises in outdoor clothing and equipment, introduced return-to-work interviews about two years ago, but not all managers across its 450 retail outlets were ensuring they were carried out.

In response, the company changed its self-certification forms which, before they can be processed by HR, now have to be signed by a manager to confirm that the employee has had a return-to-work interview.

HR Manager Kerry Davies said: 'This has helped ensure that managers are conducting return-to-work interviews as part of their daily routine.'

The company has also tightened its absence reporting procedures to help managers report absence more consistently.

Another area where Blacks is taking action is in its approach to managing stress at work. The issue is discussed regularly by the company's employee listening forums as well as its health and safety forum, both of which meet every other month and report to the board.

Blacks also has an employee assistance programme helpline, and individuals are referred for one-to-one counselling where necessary. In addition, its stress management policy ensures that employees are aware of the support that's available and encourages consistency across the organisation in the way stress is managed.

Looking ahead, the organisation, which employs about 5,400 people, is planning to conduct a stress audit to help identify and manage stress-related problems.

A key part of the Blacks drive to manage absence and boost productivity is its focus on employee well-being. The company introduced an employee well-being strategy in 2006 and provides a wide range of benefits that include dental health insurance (Denplan), a healthcare cash plan, health screening, and personal accident insurance. Subsidised gym membership is also provided for employees with the leisure group Canons.

The company employs two occupational health specialists, with additional occupational health support provided by Bupa Healthcare.

Methods for managing long-term absence

Respondents were asked to select from a list of 25 absence management interventions those that are used by their organisation to manage long-term absences of four weeks or more.

Return-to-work interviews are the most common approach to managing long-term absence, being used by three-quarters of respondent organisations. See Table 26.

Occupational health involvement is also very widely used, with 70% of employers reporting that they

provide employees with access to such services as part of their approach to managing long-term absence.

Risk assessments to aid return to work after long-term absences and the provision of sickness absence information are used by about two-thirds of employers to manage long-term absence.

The other most common approaches, used by more than half of respondent organisations for long-term absence management, include trigger mechanisms to review attendance, flexible working and disciplinary procedures.

Table 26: Absence management tools for long-term absence

	Respondents (%) using this method				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Return-to-work interviews	76	77	68	84	86
Occupational health involvement	70	72	50	77	95
Risk assessment to aid return to work after long-term absence	67	68	60	63	79
Sickness absence information provided to line managers	66	63	61	72	80
Trigger mechanisms to review attendance	58	61	45	53	78
Flexible working	58	45	53	69	80
Disciplinary procedures for unacceptable levels of absence	53	56	46	52	62
Line managers trained in absence management	49	47	38	53	67
Line managers taking primary responsibility for managing absence	47	41	41	52	68
Capability procedure	46	43	36	50	66
Changes to working patterns or environment	46	38	43	50	62
Restricting sick pay	45	48	52	52	27
Rehabilitation programme	40	45	32	19	52
Absence rate as key performance indicator	37	45	23	34	52
Employee assistance programme	35	29	30	46	43
Leave for family circumstances	33	31	26	32	50
Tailored support for line managers (such as online support/care conference with HR)	32	24	26	24	57
Health promotion	29	31	20	13	48
Attendance record as recruitment criterion	27	25	22	32	34
Employee's absence taken into account when considering promotion	23	23	22	19	24
Physiotherapy services available	21	20	11	15	41
Nominated absence case manager	18	15	15	10	28
Attendance driven by the board	12	10	7	9	23
Attendance bonus or incentives	10	16	9	4	9

The top three most effective approaches to managing long-term absence, according to the survey respondents, are occupational health involvement, rehabilitation programmes and flexible working. See Table 27.

Rehabilitation programmes rate consistently highly for their effectiveness in the CIPD absence management surveys. However, only 40% of organisations actually use such an approach. These programmes can, through the provision of adequate and appropriate support, underpinned by good case management, help individuals with long-term health problems make a successful return to work.

The CIPD guide, *Recovery, Rehabilitation and Retention: Maintaining a productive workforce*, which is free to download from www.cipd.co.uk/guides, provides useful advice on how to establish an effective rehabilitation programme.

Also rated highly for their effectiveness in managing long-term absence are return-to-work interviews, restrictions on sick pay and changes to working patterns or the working environment.

Public services organisations are the most likely of the employers in the four main sectors to rate occupational health involvement and the use of rehabilitation programmes highly.

Private services sector employers and non-profit organisations regard the use of flexible working as a particularly effective approach to manage long-term absence.

Manufacturing and production organisations are most likely to identify the restriction of sick pay as an effective intervention.

Table 27: The most effective absence management tools for long-term absence

Respondents (%) citing any of the following as a top three most effective absence management approach

	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Occupational health involvement	76	77	68	84	86
Rehabilitation programme	70	72	50	77	95
Flexible working	67	68	60	63	79
Return-to-work interviews	66	63	61	72	80
Restricting sick pay	58	61	45	53	78
Changes to working patterns or environment	58	45	53	69	80
Risk assessment to aid return to work	53	56	46	52	62
Capability procedure	49	47	38	53	67
Line managers taking primary responsibility for managing absence	47	41	41	52	68
Managers trained in absence management	46	43	36	50	66
Tailored support for line managers (such as online support/care conference with HR)	46	38	43	50	62
Stress counselling available	45	48	52	52	27
Trigger mechanisms to review attendance	40	45	32	19	52
Employee assistance programme	37	45	23	34	52
Nominated absence case manager	35	29	30	46	43
Disciplinary procedures for unacceptable levels of absence	33	31	26	32	50

Case study

The provision of a staff childcare co-ordinator at Great Ormond Street Hospital has played an important role in helping the hospital manage absence and reduce staff turnover among staff with childcare responsibilities.

The part-time post-holder assists in staff finding childcare and to make best use of childcare vouchers. In addition, the hospital has its own on-site nursery, with places for 75 children, and a holiday play scheme to help support employees during school holidays.

Helen Cooke, Assistant Director of Workforce Planning for Great Ormond Street Hospital, said the childcare co-ordinator and the on-site nursery had helped support attendance levels and the retention of mothers, particularly those with more than one child.

The hospital also provides a range of flexible working options and special leave for family circumstances. 'A lot of our staff are in roles that can be physically and emotionally stressful, and a significant number of staff have caring responsibilities so it's in the interests of the organisation and the people we employ to provide support,' Cooke explained.

The provision of flexible working is also part of the hospital's approach to the management of stress, which is the number one cause of absence. In addition, there is a free counselling service which employees can self-refer to. The counselling service can provide cognitive behavioural therapy, which is recognised as one of the most effective treatments for stress.

Going forward, Great Ormond Street Hospital is planning to use the Health and Safety Executive's stress management standards risk assessment tool for stress. 'The process can allow people to feed back on issues that are bothering them. If there is a problem, it's better to turn over the stone rather than pretend it doesn't exist,' said Cooke.

An important strand of the hospital's approach to absence management is the occupational health department, which works closely with the HR function and line managers to ensure early referral of employees with health problems.

Training for managers in absence management is provided through formal training courses, as well as more informal workshops. Cooke said the hospital is looking to support this in the future with pre-course e-learning modules.

Another priority for the hospital in the coming year is the improvement in the quality and consistency of management information on absence. A new IT system is beginning to deliver better absence data, but not all managers are using it as they should. 'We've put the system in place and rolled it out. The next stage is manager compliance and getting them to see the value this data can bring in managing absence,' said Cooke.

Encouragingly, 82% of respondents believe it's possible to further reduce their organisations' absence levels. More than 90% of public sector respondents believe further reductions in absence levels are possible. Respondents from non-profit organisations are least likely to be optimistic, with 72% saying that progress in the reduction of absence is possible.

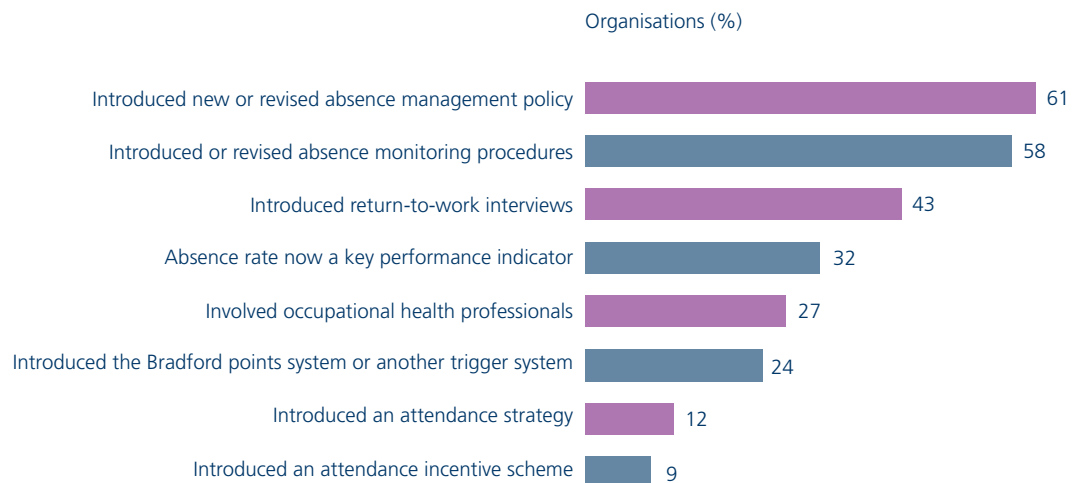
More than 90% of organisations have a written absence or attendance management policy. In all, 99% of public sector organisations have a policy on managing absence or attendance. Private services sector organisations are the least likely of all employers in the four main sectors to have such a policy (88%).

Smaller organisations employing 1–50 employees are also less likely than the survey average to have absence management policies in place, with just over three-quarters (78%) of these employers having written policies. Among employers with 51–250 workers, the proportion of those with a written policy increases to 89%.

Seven in ten employers have made changes to their approach to absence management in the last two years. There is very little difference between the sectors in this respect. However, the smallest employers, with 1–50 employees, are less likely than larger organisations to have made changes to the ways they manage absence. Only 66% of the smallest employers have changed how they manage absence over the period, compared with 84% of organisations with 10,000 or more employees.

The most common changes are the introduction of new absence policies, the introduction of return-to-work interviews and new or revised absence monitoring procedures. Other common changes include the absence rate being made a key performance indicator, employee access to occupational health services, and the use of a trigger system to highlight frequent or long-term periods of absence among employees. See Figure 3.

Figure 3: Changes made to absence management policy and procedures



Employee well-being

The survey reveals that an increasing number of employers are now focusing on promoting employee well-being as a means of reducing absence costs and boosting productivity.

The proportion of respondent organisations that have an employee well-being strategy or similar has increased to 42%, compared with last year's survey figure of 26%.

Public services employers are the most likely of those in the four main sectors to have an employee well-being strategy. Nearly 60% of organisations in this sector now have a well-being strategy or similar, compared with 42% last year.

The proportion of manufacturing and production organisations with an employee well-being strategy has risen to 41% from 27% for the previous 12 months.

There has also been a dramatic increase in the private services sector, with 38% of such employers having a strategy for employee well-being compared with just 22% for the previous year.

Only among non-profit organisations has there been no change, with 25% having an employee well-being strategy, the same proportion as the year before. See Table 28.

In terms of size of organisation, the proportion of employers that have an employee well-being strategy ranges from 23% among employers with 1–50 employees to 75% among organisations with 10,000 or more staff.

Employee well-being benefits

Respondents were asked to indicate which employee well-being benefits are offered by their organisation to all employees and which were offered only to employers of particular grades or seniority. See Table 29.

Almost half of employers provide all employees with access to counselling services, with just 3% restricting this benefit to more senior staff.

The next two most commonly offered benefits are employee assistance programmes and 'stop smoking' support, provided to all employees by just under a third of organisations. Very few organisations restrict these benefits to more senior employees.

Just over a quarter of employers provide health screening, healthy canteen options and subsidised gym membership to all employees. However, 10% of organisations providing health screening restrict this benefit to staff of a particular grade or seniority.

Private medical insurance is more commonly provided to more senior staff, with 31% offering this benefit to particular grades of employee. A fifth of organisations provide private medical insurance to all members of staff.

Table 28: The proportion of employers that have an employee well-being strategy or similar

	Respondents (%)				
	Total	Manufacturing and production	Private services	Non-profit organisations	Public services
Yes	42	41	38	25	59
No	54	56	59	72	35
Don't know	3	2	3	2	7

Public services employers, in particular, are investing in employee well-being benefits for their employees.

However, organisations from all the main sectors are providing a wide range of benefits in this area.

Table 29: Employee well-being benefits provided by employers

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Access to counselling services					
All employees	47	39	34	44	80
Dependent on grade/seniority	3	3	3	3	2
Employee assistance programme					
All employees	31	26	28	36	39
Dependent on grade/seniority	2	2	2	1	1
'Stop smoking' support					
All employees	31	35	18	13	54
Dependent on grade/seniority	1	0	1	0	0
Health screening					
All employees	26	35	14	10	43
Dependent on grade/seniority	10	13	14	3	2
Healthy canteen options					
All employees	26	27	22	9	37
Dependent on grade/seniority	1	2	1	0	0
Subsidised gym membership					
All employees	26	21	26	14	38
Dependent on grade/seniority	2	2	2	0	1
Advice on healthy eating					
All employees	21	23	11	10	36
Dependent on grade/seniority	0	0	0	0	0
Private medical insurance					
All employees	20	23	29	7	5
Dependent on grade/seniority	31	46	35	10	9
Healthcare cash plans					
All employees	19	21	20	11	16
Dependent on grade/seniority	4	6	4	1	2
Access to physiotherapy					
All employees	19	20	11	10	36
Dependent on grade/seniority	1	1	1	0	1
Long-term disability/permanent health insurance/income protection					
All employees	18	22	23	7	4
Dependent on grade/seniority	11	15	12	4	3

Table 29: Employee well-being benefits provided by employers (continued)

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Critical illness cover					
All employees	12	11	17	7	8
Dependent on grade/seniority	13	20	13	6	4
In-house gym					
All employees	12	7	5	4	34
Dependent on grade/seniority	1	0	1	0	1
Exercise classes					
All employees	11	5	7	6	28
Dependent on grade/seniority	0	0	0	0	0
On-site massage					
All employees	10	6	10	7	17
Dependent on grade/seniority	0	0	0	0	0
Dental illness insurance					
All employees	9	9	14	4	2
Dependent on grade/seniority	2	3	4	0	0
Personal accident insurance					
All employees	8	11	11	0	1
Dependent on grade/seniority	2	6	2	0	0
Walking/pedometer initiatives					
All employees	6	2	3	6	17
Dependent on grade/seniority	0	0	0	0	0
Hydration promotion					
All employees	6	4	5	9	9
Dependent on grade/seniority	0	0	0	0	0
Free fresh fruit					
All employees	6	4	10	4	3
Dependent on grade/seniority	1	0	1	0	0
Personalised healthy living programmes					
All employees	5	5	2	1	10
Dependent on grade/seniority	0	0	0	0	0

Case study

Employee well-being initiatives are becoming increasingly important to public relations firm Edelman as a means of supporting the health and attendance of its staff.

The company is in the process of developing an employee well-being strategy, but it already has a range of employee well-being benefits in place for its 150-strong workforce.

HR Manager Rebecca Hall said that absence levels are typically low, with a greater concern being the health and well-being of individuals working in what is frequently a high-pressure and occasionally long-hours environment.

Support includes access to face-to-face counselling where necessary, as well as to physiotherapy services. The company is looking at introducing an employee assistance programme, which would be available to all staff.

Other benefits include free fresh fruit in the mornings, 'stop smoking' support, on-site massage, and HR is exploring the possibility of a subsidised gym membership scheme.

Employees also receive private medical insurance, critical illness insurance, life assurance, pension contributions and personal travel insurance.

Hall said that the company is looking at ways to introduce more flexibility at work as this issue was consistently raised in the company's annual staff survey.

The company provides generous time off in lieu for weekend working and all employees get the day off on their birthday.

Hall said the business also allows informal flexibility over hours and homeworking where client needs allow. The company is looking at issuing staff with laptops and blackberries to help them work from home if possible.

The HR team provides a wide range of training for the firm's managers as well as one-to-one coaching in skills such as how to handle awkward conversations around performance or absence.

The company is planning to deliver refresher training for managers that will cover core people management skills including absence management.

Edelman has recently updated its sickness management policy to ensure consistency for absence reporting across the organisation.

The survey shows the growing trend for organisations to increase their investment in a wide variety of employee well-being benefits. Almost across the board, organisations are either maintaining their current level of

benefit or intending to increase the value of their benefit spend. Very few are reducing or phasing out employee well-being benefits of any description. See Table 30.

Table 30: Organisations that are increasing or decreasing the value of employee well-being benefits they offer

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Access to counselling services					
No change	87	92	86	63	90
Increase value	13	8	14	37	11
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Employee assistance programme					
No change	84	90	87	59	78
Increase value	16	11	13	41	22
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
'Stop smoking' support					
No change	68	70	62	57	76
Increase value	32	29	38	44	24
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Health screening					
No change	80	80	83	80	79
Increase value	20	20	18	20	21
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Healthy canteen options					
No change	78	79	78	93	78
Increase value	22	21	22	7	22
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Subsidised gym membership					
No change	87	91	84	74	93
Increase value	13	9	17	26	7
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Advice on healthy eating					
No change	75	79	75	52	78
Increase value	25	21	25	48	22
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0

Table 30: Organisations that are increasing or decreasing the value of employee well-being benefits they offer (continued)

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Private medical insurance					
No change	92	96	86	100	98
Increase value	8	5	13	0	2
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Healthcare cash plans					
No change	87	90	85	60	96
Increase value	13	8	15	40	4
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Access to physiotherapy					
No change	90	94	90	93	84
Increase value	10	6	10	7	16
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Long-term disability/permanent health insurance/income protection					
No change	94	96	91	82	100
Increase value	3	1	3	0	0
Reduce value	2	1	3	0	0
Phase out	2	0	4	0	0
Critical illness cover					
No change	95	97	93	94	100
Increase value	4	4	5	6	0
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
In-house gym					
No change	95	97	93	100	92
Increase value	5	3	7	0	8
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Exercise classes					
No change	87	91	88	94	80
Increase value	13	9	12	6	20
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
On-site massage					
No change	87	97	81	61	94
Increase value	12	3	19	33	6
Reduce value	1	0	0	0	0
Phase out	0	0	0	0	0

Table 30: Organisations that are increasing or decreasing the value of employee well-being benefits they offer (continued)

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Dental illness insurance					
No change	87	89	85	65	97
Increase value	13	10	15	35	3
Reduce value	0	0	0	0	0
Phase out	1	1	0	0	0
Personal accident insurance					
No change	95	95	94	92	100
Increase value	5	5	6	8	0
Reduce value	0	0	0	0	0
Phase out	0	0	0	0	0
Walking/pedometer initiatives					
No change	88	92	93	86	77
Increase value	11	8	7	14	19
Reduce value	1	0	0	0	2
Phase out	1	0	0	0	2
Hydration promotion					
No change	91	96	87	93	91
Increase value	8	5	13	7	7
Reduce value	0	0	0	0	0
Phase out	1	0	0	0	2
Free fresh fruit					
No change	87	90	86	77	90
Increase value	12	9	14	24	10
Reduce value	1	1	0	0	0
Phase out	0	0	0	0	0
Personalised healthy living programmes					
No change	89	97	88	77	81
Increase value	10	3	12	24	16
Reduce value	1	0	0	0	2
Phase out	0	0	0	0	0

The survey reveals that the trend for further investment in employee well-being is set to continue, with 42% of respondents indicating that their organisation's well-being spend will increase in 2008.

Non-profit organisations (58%) and private services sector organisations (47%) are most likely to be planning to increase employee well-being investment for 2008. See Table 31.

In all, 41% of organisations are planning to maintain the current level of investment, while just 2% are intending to reduce their employee well-being spend.

Table 31: Organisations planning to increase or decrease their employee well-being spend during 2008

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Increase	42	40	47	58	30
Decrease	2	1	1	0	5
No change	41	41	43	39	44
Don't know	15	15	16	13	10

Table 31: Organisations planning to increase or decrease their employee well-being spend during 2008 (continued)

	Respondents (%)						
	Number of employees						
	1-50	51-250	251-500	501-1,000	1,001-5,000	5,001-10,000	10,001 or more
Increase	58	44	38	48	37	30	43
Decrease	0	1	3	4	2	5	0
No change	33	45	42	33	36	45	43
Don't know	9	10	18	15	25	20	14

Despite the significant investment in employee well-being, our survey reveals that many respondents don't appreciate the benefits they are being provided with.

Two-thirds of respondents think these benefits are partially appreciated, while 23% are of the opinion that employees don't appreciate the organisation's investment in this area. See Table 32 for a sector breakdown.

Only 11% of respondents believe their organisation's employees fully appreciate the well-being benefit spend.

Table 32: Extent to which employees are thought to appreciate the employee well-being benefits provided

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Fully appreciated	11	9	12	17	10
Partially appreciated	66	67	64	66	70
Not appreciated	23	24	24	17	20

One of the reasons for employees not fully valuing the employee well-being benefits provided to them is likely to be poor internal communication.

On average, respondent organisations are investing in employee well-being benefits to the value of 5.4% of their pay bill. This rises to 5.7% among private services organisations and falls to 4.6% for public services employers.

Nearly 40% of respondents rate their organisations' communication strategy on employee well-being as poor, though 43% of respondents categorise the communication strategy in this area as satisfactory.

However, organisations employing 1–50 employees spend on average 9.7% of their pay bill on employee well-being benefits. See Table 33.

Just 2% of respondents rate their organisations' employee communications strategy on employee well-being as excellent and only 16% believe communications in this area are good.

Table 33: Approximate value of organisations' employee well-being benefit spend as a proportion of the overall pay bill, by size of organisation

	Number of employees						
	1–50	51–250	251–500	501–1,000	1,001–5,000	5,001–10,000	10,001 or more
Mean pay bill (%)	9.7	4.2	6.2	2.5	10.4	3.3	4

Despite the considerable sums being invested in employee well-being, just 13% of organisations evaluate the impact of their employee well-being spend.

Public services organisations most commonly evaluate the impact of employee well-being (17%). And 14% of both non-profit organisations and private sector services evaluate the impact of employee well-being, as do 9% of manufacturing and production employers.

Occupational sick pay and Statutory Sick Pay

More than 90% of employers provide occupational sick pay. However, about half of organisations only provide access to their schemes once employees have accrued a qualifying length of service.

In all, 91% of respondents report that their organisation pays OSP. This is most likely to be the case among public services organisations and least likely among private services sector and non-profit organisations. See Table 34.

The survey reveals that the smallest employers, of 1–50 employees, are least likely to provide OSP and that the proportion of employers providing OSP typically climbs with size of organisation. However, the largest employers, of 10,000 or more employees, are also significantly less likely than the survey average to provide OSP. See Table 35.

Table 34: Proportion of organisations that provide OSP, by sector

	Total	Manufacturing and production	Private services	Non-profit organisations	Public services
Yes	91	91	88	88	97
No	8	9	10	10	3
Don't know	1	0	1	2	0

Table 35: Proportion of organisations that provide OSP, by size of organisation

	Respondents (%)						
	Number of employees						
	1–50	51–250	251–500	501–1,000	1,001–5,000	5,001–10,000	10,001 or more
Yes	83	88	94	98	95	100	85
No	13	12	6	1	5	0	15
Don't know	3	0	0	1	0	0	0

Of those organisations that provide OSP, 84% pay it to all employees. Non-profit organisations most commonly pay OSP to all employees, with manufacturing and

production employers least likely to do this. See Table 36.

Table 36: Proportion of employers that provide OSP to all employees, by sector

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Yes	84	77	83	93	92
No	16	23	16	7	7

Once again, it's the smallest employers that are least likely to provide OSP to all employees. See Table 37.

Table 37: Proportion of organisations that provide OSP to all employees, by size of organisation

	Respondents (%)						
	Number of employees						
	1–50	51–250	251–500	501–1,000	1,001–5,000	5,001–10,000	10,001 or more
Yes	78	84	78	89	87	93	88
No	20	16	23	10	13	7	12
Don't know	3	0	0	1	0	0	0

Of those employers that don't provide OSP to all employees, 30% provide OSP to 76–100% of employees. Just 12% of these respondents provide OSP

to 51–75% of employees and 18% of employers provide OSP to around 26–50% of employees. See Table 38.

Table 38: Proportion of employees provided with OSP by employers that don't provide OSP to all staff

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
0–10%	19	15	28	25	0
11–25%	20	23	25	0	9
26–50%	18	25	13	25	0
51–75%	12	12	13	0	9
76–100%	30	25	23	50	73
Mean score (%)	46	44	38	55	79

Of all organisations providing OSP, about 10% report that its payment depends on the category of employee. This is most common among manufacturing and production employers. See Table 39.

Table 39: Proportion of employers that restrict payment of OSP to certain categories of employee

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Yes	11	18	11	2	4
No	88	82	88	98	95
Don't know	1	0	1	0	1

In employers where OSP is restricted to certain categories of employee 76% of respondents report that senior managers qualify, 71% say that middle managers qualify and 42% of respondents provide OSP to line

managers and supervisors. Half of employers that restrict OSP provide it to professional staff, 41% provide OSP to technical staff and 47% provide OSP to administrative employees. See Table 40.

Table 40: Category of employees that qualify for OSP

	Organisations (%) that restrict OSP to certain categories of employee				
	All	Manufacturing and production	Private services	*Non-profit organisations	Public services
Senior managers	76	83	73	–	43
Middle managers	71	78	63	–	43
Line managers/ supervisors	42	54	23	–	43
Professional staff	51	66	30	–	43
Technical	41	54	20	–	43
Administrative	47	63	23	–	43
Other staff	30	15	40	–	71

* There were no responses from organisations in the non-profit sector to this question.

In all, 51% of employers impose a qualifying period of service that must be met before employees are eligible for the OSP scheme.

This is most likely to be the case among manufacturing and production employers, 63% of which impose a qualifying period of service before OSP becomes payable.

A total of 58% of private services sector employers impose a qualifying period of service, as do 46% of non-profit organisations and 27% of public services employers.

Among employers that impose a qualifying period of service before which OSP becomes payable, the average qualifying period is 26 weeks.

This rises to 30 weeks among manufacturing and production employers and falls to an average of 17 weeks for public services organisations. See Table 41.

Table 41: Average qualifying period of service before which OSP becomes payable

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Number of weeks (mean)	26	30	26	21	17

The proportion of OSP schemes that cover the first three days of absence

A total of 87% of respondents say their OSP scheme covers the first three days of absence.

Tesco hit the headlines in 2004 over its decision not to provide OSP to new employees for the first three days of absence. However, a significant number of organisations use this approach, which takes account of the fact that employers are under no legal obligation to pay sick pay until the fourth consecutive day of absence.

Manufacturing and production and private services sector employers’ OSP schemes are least likely to cover the first three days of absence. In all, 16% of manufacturing and production employers’ and 15% of private services sector organisations’ OSP schemes don’t cover the first three days of absence. See Tables 42 and 43 for a breakdown by sector and size of organisation.

Table 42: Proportion of OSP schemes that cover the first three days of absence, by sector

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
Yes	87	84	85	93	95
No	12	16	15	5	2
Don't know	1	0	1	2	2

Table 43: Proportion of OSP schemes that cover the first three days of absence, by size of organisation

	Respondents (%)						
	Number of employees						
	1–50	51–250	251–500	501–1,000	1,001–5,000	5,001–10,000	10,001 or more
Yes	83	87	87	87	88	91	94
No	17	12	13	12	11	7	6
Don't know	0	1	0	1	2	2	0

Almost 90% of employers provide OSP at the same level as employees' full wage or salary. There is little difference between organisations' approaches here, regardless of sector or size of organisation.

However, 56% of respondents that don't provide OSP at the level of employees' full wage or salary say the amount of OSP provided to employees depends on length of service, and 22% of these respondents report that the amount of OSP provided to employees depends on the category of employee.

The survey also asked respondents to specify the maximum number of weeks for which they provided OSP at the full rate.

The average number of weeks across all sectors that OSP is typically paid at full rate is 15.

Public services organisations, paying an average of 18.8 weeks, provide OSP at the full rate significantly longer than employers in the other main sectors.

Manufacturing and production employers provide OSP at the full rate for 16.2 weeks, while the figure for non-profit organisations is 14.4 weeks. Private services employers provide OSP at the full rate for the shortest length of time, with an average of 11.5 weeks.

The length of time OSP is paid at the full rate is shortest among organisations with 1–50 employees. However, there doesn't appear to be a uniform relationship between the size of organisation and the length of time that OSP is paid at the full rate. See Table 44.

Table 44: Average maximum number of weeks OSP is paid at the full rate, by size of organisation

	Respondents (%)						
	Number of employees						
	1–50	51–250	251–500	501–1,000	1,001–5,000	5,001–10,000	10,001 or more
Average maximum number of weeks	12.4	14.1	13.9	15.5	18.7	14.3	18.3

The average number of weeks that respondent organisations pay OSP at a reduced rate is 16.4 weeks. Once again, the public services pay OSP at a reduced rate for the longest period time, with an average of 19.8 weeks. This is followed by 15.7 weeks in non-profit organisations, 14.4 weeks in private services

sector employers, and 13.1 weeks in manufacturing and production organisations.

Smaller organisations generally pay OSP at a reduced rate for a shorter period than larger employers. See Table 45.

Table 45: Average number of weeks organisations pay OSP at reduced rate, by size of organisation

	Respondents (%)						
	Number of employees						
	1-50	51-250	251-500	501-1,000	1,001-5,000	5,001-10,000	10,001 or more
Average number of weeks	12.7	15.9	16.9	16.3	17.7	16.7	21.4

The Department for Work and Pensions (DWP) is currently reviewing the Statutory Sick Pay (SSP) system and is interested to know how employers view the current arrangements.

In terms of cost, 8% of respondents say SSP is a very significant cost to their organisation and 42% say it's a significant cost.

In order to provide evidence for the review and ensure that CIPD members' views are taken into account, this year's absence survey questionnaire included a number of questions developed in conjunction with DWP officials to explore some aspects of SSP.

Exactly half of respondents report that SSP is not a significant cost.

The public services are most likely to see SSP as a major cost. In all, 57% of public services employers identify SSP as a significant or very significant cost. See Table 46 for a detailed sector breakdown.

Table 46: Proportion of organisations identifying whether SSP is a significant cost, by sector

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
SSP is a very significant cost	8	8	7	3	13
SSP is a significant cost	42	40	40	47	44
SSP is not a significant cost	50	53	54	50	41
Don't know	1	0	0	0	2

Smaller employers are generally less likely than larger organisations to identify SSP as a significant or very significant cost, which may be because of the lower

levels of absence typically recorded by smaller organisations. See Table 47.

Table 47: Proportion of organisations identifying whether SSP is a significant cost, by size of organisation

	Respondents (%)						
	1–50	51–250	251–500	501–1,000	1,001–5,000	5,001–10,000	10,001 or more
SSP is a very significant cost	0	6	10	7	12	11	24
SSP is a significant cost	23	35	43	51	52	66	47
SSP is not a significant cost	77	59	46	42	35	21	24
Don't know	0	0	0	0	1	3	6

The majority of respondents don't seem to find SSP particularly difficult to administer. In all, 47% report that SSP is very simple or simple to administer, and 44% say that SSP is neither simple nor complex to administer. Just 9% of respondents report that they find SSP complex to administer and 1% indicate that SSP is very complex.

Manufacturing and production employers are most likely to report that SSP is very simple or simple to administer, and non-profit organisations are most likely to regard SSP as complex or very complex. See Table 48.

Table 48: Proportion of organisations that find SSP simple or complex to administer

	Respondents (%)				
	All	Manufacturing and production	Private services	Non-profit organisations	Public services
SSP is very simple to administer	11	13	9	2	12
SSP is simple to administer	36	41	33	37	33
SSP is neither simple nor complex to administer	44	39	46	45	45
SSP is complex to administer	9	7	10	15	8
SSP is very complex to administer	1	0	0	0	2

The survey reveals that only a minority of employers are aware of the Percentage Threshold Scheme (PTS), which allows organisations to reclaim some of the Statutory Sick Pay they have paid out if a high percentage of their workforce is off sick at any one time.

Just 14% of employers are aware of the PTS, rising to 15% among manufacturing and production organisations and falling to 12% of public services respondents who are least likely to know about the scheme.

Across all sectors and sizes of organisation, less than 1% of respondents report that their organisation has used the PTS in the last 12 months.

In all 48% of respondents said their organisation had not used the scheme while 52% did not know.

Background to the survey

In March 2007, a total of 9,988 survey questionnaires were sent out to a sample of people management specialists in the UK. An online version of the questionnaire was also sent out to 4,825 HR practitioners.

A total of 819 replies were received, comprising 437 paper questionnaires and 382 online questionnaires. The response rate was 4.4% for the paper questionnaire and 7.9% for the online version.

The questionnaire included 54 questions exploring absence levels, costs and causes of absence, as well as the most effective management interventions.

This year's survey included an expanded section looking at the issue of employee well-being benefits and a section focusing on OSP and SSP.

The average size of organisation was 1,923 employees. The non-profit organisations surveyed employed on average 403 employees, manufacturing and production organisations employed on average 531 employees, respondent organisations from the private services averaged 1,412 employees, while the average-sized public service organisation surveyed employed 5,606 employees.

In all, 20% of responses were from the public services, 31% were from manufacturing and production organisations, 40% were from the private services sector and 8% were from non-profit organisations.

Table 49: Distribution of responses by sector

	Number of responses
Manufacturing and production	269
Agriculture and forestry	2
Chemicals, pharmaceuticals and oil	36
Construction	27
Electricity, gas and water	7
Engineering, electronics and metals	54
Food, drink and tobacco	38
General manufacturing	39
Mining and quarrying	1
Paper and printing	12
Textiles	3
Other manufacturing/production	50
Private services	339
Professional services (accountancy, advertising, consultancy, legal etc)	49
Finance, insurance and real estate	50
Hotels, restaurants and leisure	29
Transport, distribution and storage	21
Media (broadcasting and publishing, and so on)	8
Retail and wholesale	60
IT services	25
Communications	6
Call centres	11
Other private services	80
Public services	174
Central government	16
Local government	34
Health	33
Education	45
Other public services	46
Non-profit organisations	72
Care services	14
Housing associations	19
Charity services	30
Other voluntary services	9

*The number of responses in this table add up to slightly more than the total survey respondents as some organisations operate in more than one sector.

Conclusions

One of the most striking findings from this year's survey is the significant increase in the proportion of employers with an employee well-being strategy. The proportion of employers with employee well-being strategies has increased from about one in four in last year's survey to more than four in ten this year.

The survey findings show that organisations are providing a wide range of well-being benefits to support employees' mental and physical health. Counselling services, employee assistance programmes, 'stop smoking' support, health screening, healthy eating options and subsidised gym membership are among the most popular benefits provided.

The market in employee well-being is set to expand further, with more than 40% of respondent organisations planning to increase their well-being spend in 2008, compared with just 2% intending to reduce investment in this area.

The survey suggests that most employers should consider improving how they communicate the value of the benefits they already provide. Just 11% of respondents believe that employees fully appreciate the investment in employee well-being being made by their employer.

Respondent organisations are investing an average of 5.4% of their total pay bill in these benefits but, despite the size of this financial commitment, just 13% of employers are looking to evaluate the impact of this spend. Ongoing investment in employee well-being may be difficult to justify unless it's possible to demonstrate the return on this investment.

Evaluation initiatives may include piloting particular interventions within departments or business units. Information on levels and causes and costs of absence, staff satisfaction surveys, staff turnover rates and customer satisfaction surveys are all measures that might be used to provide evidence of the impact of employee well-being initiatives.

An increased emphasis by employers on providing support for employee well-being is perhaps not surprising with the average absence level climbing once more – after two years of falls – to 3.7%, the same level as in 2005.

Since the CIPD started the absence management survey in 2000, it has been characterised by yoyo-ing in the overall average level of absence. This highlights one of the challenges of managing absence for many employers, which is that absence management tends to become an organisational priority only when absence levels climb to a particular level – leading to management action and often to changes to policy and procedures. However, once absence levels fall again, it ceases to be a management priority and creeps back up. The only way to prevent this pattern being repeated is to ensure that line managers are made accountable for their absence management performance through their annual appraisals and performance targets. Last year's survey shows that only a third of organisations include absence management performance as an element of line managers' appraisals/performance targets.

Line managers' absence management performance can be assessed in a number of ways, including:

- the absence rate in their team/department (recognising that external factors may be to blame for higher-than-average absence in some situations) compared with the organisation as a whole or against a specific target
- whether they always conduct return-to-work interviews
- whether they always conduct absence review meetings in a timely manner
- whether their employees adhere to absence policy in terms of reporting and providing medical certificates.

The survey once again highlights the impact of stress and mental ill health on the workplace. Stress is the second most significant cause of short-term absence among non-manual employees and the fifth most significant cause of short-term absence among manual workers. With regard to long-term absence among non-manual staff, stress is the top cause and mental ill health the third most significant cause. Among manual employees stress and mental ill health are the fourth and fifth biggest causes of long-term absence respectively. Further evidence on the issue is provided by a new CIPD research report, *New Directions in Managing Absence*, produced in conjunction with Active Health Partners. The report, which is based on the analysis of 30,000 employees' absence records across more than 40 organisations, found that mental ill health, including stress, is the second largest cause of time lost to sickness absence. It also revealed that the average length of time an individual takes off with a mental ill health condition is 21 days.

This underlines the importance of ensuring line managers are able to spot the warning signs that might indicate that an individual is suffering from mental ill health so that they can be given support and advice and, where necessary, be referred for treatment by an appropriate health professional. Warning signs may be characterised by changes in behaviour or performance or in their interpersonal relationships, such as:

Emotional behaviour:

Aggressive behaviour
Over-reaction to problems
Sudden mood changes
Irritability/moodiness

Relationships

Criticism of others
Lack of co-operation
Marital or family difficulties
Poor employee relations

Work performance:

Inability to concentrate
Loss of enthusiasm
Declining performance
Failing to take leave
Working excessive hours
Accidents

Withdrawal:

Reluctance to give support
Poor time-keeping
Extended lunches
Absenteeism

Return-to-work interviews provide managers with the opportunity to ask questions around the underlying causes of absence and ensure that employees with mental health issues, or other health concerns, are identified at an early stage before their problems escalate.

The survey reveals that return-to-work interviews are still viewed by respondents as the most effective approach for managing short-term absence, but they are also rated very highly for helping to manage long-term absence.

The other most effective interventions for managing short-term absence, as rated by respondents, are trigger mechanisms to review attendance, use of disciplinary procedures for unacceptable levels of absence, and restricted sick pay.

Ensuring line managers take primary responsibility for absence management and training line managers in absence management skills are also rated highly. Unless line managers take the appropriate actions, absence management policies and procedures will be ineffective.

The top three most effective interventions for managing long-term absence are the involvement of occupational health professionals, rehabilitation programmes and flexible working. However, the survey reveals that many employers are still failing to manage long-term absence proactively.

Almost a third of respondent organisations provide no access to occupational health services, and just 40% of employers use tailored rehabilitation programmes to help individuals make supported and successful returns to work.

Of course, any efforts to manage absence will be undermined by poor people management and work organisation. Recent CIPD research into employee engagement found that engaged employees take less time off sick, perform better, are less likely to leave the organisation and more likely to recommend it to others as a good place to work.

The research, *Working Life: Employee attitudes and engagement 2006*, found that the main drivers of employee engagement are opportunities for upward feedback, good communication at all levels within the organisation and managers who demonstrate commitment to the organisation. The provision of flexible working opportunities also has a positive impact on levels of employee engagement.

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We produce many resources on absence management issues including guides, books, practical tools, surveys and research reports. We also organise a number of conferences, events and training courses. Please visit www.cipd.co.uk to find out more.



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