

Meeting:	Health and Safety Partnership Board
Date:	28 September 2006
Subject:	Well-being proposal: Health workplace, healthy workforce, improved business delivery
Corporate priorities	Tackling Waste and Giving Real Value for Money Making Harrow Safe, Sound and Supportive
Contact:	Paul Williams, Health & Safety Service Manager

### **Executive Summary**

The scale of the cost of sickness absence is such that even small improvements in occupational health and safety performance may offer significant opportunities for improving the health of the workforce and business performance. Despite uncertainties around sickness absence data collection there is a significant opportunity to tackle waste and give real value for money and to improve organisational well being which will help with making Harrow safe, sound and supportive.

Three options for a well-being proposal are outlined with a core element of each option being the strategic "Health at Work Group" to act as a key driver for implementing an effective framework for the management of well-being/ occupational health at Harrow.

### **Key Recommendations:**

1. Recommend that the "Health at Work Group" provide a strategic steer on Occupational Health implementation and management.  
Develop a business case for appropriate funding to allow the development of
2. priority occupational health programs, including proactive health promotion linked to corporate objectives.
3. Undertake an occupational health needs analysis.  
Conduct an appraisal of services provided by National Britannia / our
4. Employees Assistance Program to determine whether they meet our needs.  
This could be incorporated into the re-tender process that will be needed before contact expiry in Sept 2007.  
Explore opportunities for forging closer links between internal and external
5. partners to work on identifying sickness/absence and rehabilitation issues and using the appropriate expertise to speed return to work.

## **Introduction**

The workplace has a significant impact on people's health and well-being. Poor management of workplace health can lead to work-related illness and high levels of sickness absence. Apart from the consequences for individual staff, the impact may be felt in terms of both higher costs and impaired service delivery.

There are indications that occupational ill health is a greater cause of distress and loss than occupational injury. For example, the Health and Safety Commission (HSC) estimated that 35 million working days were lost in 2004/05: 7 million to workplace injury and 28 million due to work related ill health. For this reason, the emphasis in managing occupational safety and health is increasingly shifting towards managing health risks.

## **National Context**

The government has demonstrated its intention to highlight occupational health risk management with current programmes such as the *Securing Health Together* (HSC, 2000) a long-term occupational health strategy for England, Scotland and Wales and "Good Health is Good Business". The ethos is one of "whole person health" and emphasis is given to all factors that may improve a person's health

The Government's national strategy includes the following targets:

- A 20% reduction in the incidence of work related ill health
- A 20% reduction in ill health to members of the public caused by work activity
- A 30% reduction in the number of days lost due to work related ill health<sup>1</sup>

These targets are to be achieved by 2010 with interim targets.

A major survey of sickness absence trends (EEF, 2006) has demonstrated a clear link between addressing business absence and improving business performance. Tackling sickness absence itself is only one side of the coin. It is far better if the problem is prevented from occurring in the first place.

---

<sup>1</sup> There is a Government absence target of 7.50 days lost per FTE

**Case study: Somerset County Council**

The cost of sickness absence was estimated to be £3.7 million in 2001/02. The council initiated an employee Well-being / Quality of working life initiative and the sickness absence levels fell from 10.75 day in 2001/02 to 8.29 days in 2003/04. In monetary terms this represented a saving of approximately £1.9 million.

Source: HSE (2005): RR295 - Case study: Establishing the business case for investing in stress prevention activities and evaluating their impact on sickness absence levels

Research by the Employers' Organisation has shown that in both 2003/04 and 2004/05 that *stress* (22%) was the most important single cause of absence followed by *musculo-skeletal problems*<sup>2</sup> (13%).

**Sickness Absence**

The Government's (Best Value) Performance Indicator BV 12 requires that the Council's sickness absence figures (including schools) are calculated to allow monitoring of sickness absence levels in local authorities. Table 1 below shows the BV 12 for Harrow Council over the last four years. Harrow's sickness absence level in 2004/05 was below the median quartile for the London Boroughs. Further information is given in Table 2 (*Appendix 1*).

Table 1: BV 12 – Days lost per FTE

Year	Days lost FTE [BV 12]
2002/2003	9.98
2003/2004	9.84
2004/2005	9.19
2005/2006	10.08

It can be seen from Table 1 that the average days lost per FTE is about 10. Care must be taken when interpreting and drawing conclusions from BV 12 as an audit report in 2005 highlighted two issues relating to the compilation of the Indicator. The Auditors concluded:

“The above weaknesses increase the risk that the Council may be under-reporting sickness absence. As a result, the performance on BVPI 12 could be over-stated” (Morgans *et al*, 2005).

---

<sup>2</sup> In this instance Musculo-skeletal problems excludes back problems, but includes problems with arms and legs.

The BTP ERP initiative should provide more accurate information with respect to work related absence, and this will help to identify the key causes of sickness, allowing improved reporting and monitoring.

### **Costing Sickness Absence**

Given the current uncertainties around data collection for sickness absence it is difficult to estimate the true cost of sickness absence. However, for illustrative purposes only Table 3 (*Appendix 2*) demonstrates how a reduction in sickness absence levels from their current level to the Governments target of 7.50 days per FTE might save the Council in excess of £1 million

#### **Investing in health and well-being: What are the key benefits?**

##### **The council – Tackling waste and giving real value for money**

- Higher employee motivation
- Higher productivity
- Stable workforce
- Healthy workforce

##### **Individuals and their families – Making Harrow safe, sound & supportive**

- Improved quality of life
- Better health & well-being
- Increased prosperity

##### **Society - Making Harrow safe, sound & supportive**

- Reduced inequalities
- Greater stability of communities
- Increased national & local economic prosperity

Whilst the cost of sickness absence is difficult to quantify, data for the last five years, provided by the insurance team on claims for personal injury<sup>3</sup> by employees has shown that to date the Council has paid or set aside a sum in excess of £500,000 with respect to claims.

---

<sup>3</sup> There were 66 employee liability claims for personal injury over the last five years.

### How to deliver a reduction in sickness absence

The HSE (2006) suggests that a straightforward approach can be taken to effective management of occupational health and safety to help deliver reductions in sickness absence. It requires:

- Sustained **leadership** from the top of an organisation
- A good **occupational health service** that can deliver a proactive service; playing an active part in preventing both work-related ill health and proactively managing common health problems in order to help employees remain at work.
- **Training** and **support** for line managers
- Regular, supportive **contact** with those who are absent due to sickness.
- The right **systems and data** to support better absence management.

Whilst Harrow does have some of these vital components in place, there are opportunities to build upon and enhance these significantly. In particular there is real opportunity for a through review of the strategy for managing occupational health, linked to a proactive refocusing of the service.

As a result of occupational health programmes on case management of long-term sickness absence, work-related sickness absence levels in 2005/06 were reduced to 5.6 days per person for police officers and 8.4 days per person for police staff. This realised a saving of £250,000 on 2004/05

**Humberside Police**

*Source: HSE, 2006*

### Well-being proposal

Harrow's wider health and safety strategy needs to include a core element of occupational health set in context of its broader strategic direction, objectives, measures and core values. A strategic 'Health at Work Group' is envisaged as a key driver for implementing an effective framework for the management of well being / occupational health. Three options for a well-being proposal are detailed in Table 4 below:

Table 4: Options for a corporate well being proposal

	Description
Option 1	Recommend that the <i>Health at Work Group</i> to provide a strategic steer on Occupational Health. The Group will take a lead on reviewing and developing the Occupational Health strategy and help deliver priority programmes linked to corporate objectives.
Option 2	As Option 1. In addition, provide funding up to (£10,000 p.a. for three years) and for the Group to focus on priority programs and health promotion. A target Return on Investment (ROI) of 200% to be achieved within three years, measured as a reduction in days lost per FTE.
Option 3	As Option 1. In addition provide funding up to (£50,000 pa for three years) and for the Group to focus on priority programs and health promotion. A target ROI of 300% to be achieved within three years, measured as a reduction in days lost per FTE.

The benefits for a corporate well-being / occupational health strategy include:

- Establishing an existing disease or onset that can be monitored to demonstrate that illness, etc has not been caused by Harrow
- Applying a prevention approach that stops work related ill health taking hold and encouraging healthy living and contribute to reduced sickness absence
- Occupational health schemes that include rehabilitation of employees and reduces the time off may prove net savings with respect to lost productive time and sick pay
- To monitor effectiveness of safe systems of work such as hearing protection programmes

**Appendix 1**

Table 2: BV 12 Comparisons with other London Boroughs

<b>Borough</b>	<b>2004/05 BV 12</b>
<i>Harrow</i>	9.19
Hounslow	6.94
Hillingdon	8.36
Ealing	8.71
Brent	7.30
London Boroughs	
Highest Quartile	7.92
Median Quartile	9.01
Lowest Quartile	9.74

## Appendix 2: Estimated cost of sickness absence to Harrow Council

Table 3: Estimate cost of sickness absence to Harrow Council based upon total working days/shifts lost

Year	Days lost per FTE [BV 12]	Number of staff FTE	Adjusted absence Days FTE	Average daily pay estimate <sup>1</sup> , £	Estimated cost absence, £
2003/04 Actual	9.84	4789.06	47,103.33	126	5,935,020
2004/05 Actual	9.19	5,021.13	46,165.22	126	5,816,818
2005/06 Actual	10.08	5,263.48	53,069.95	126	6,686,814
2009/10 <i>Target</i>	<i>7.50</i>	<i>5,260</i>	<i>39,450.00</i>	<i>126(1.025)<sup>4</sup></i>	<i>5,486,627</i>

Note: Table 3 above is an estimated cost of sickness absence for the authority for illustrative purposes only. All sickness absence is unlikely to be captured and the data employed above may not be reliable.

<sup>1</sup> The average figure for daily pay was calculated by taking the total pay bill for May 06 less non contractual overtime multiplied by 12 for annual estimate, divided by the FTE number of employees for the annual average pay and divided by number of working days (i.e. 365 minus weekends, annual leave and bank holidays)



## **Bibliography**

DETR (2000). Revitalising Health and Safety: Strategy Statement

EEF (2006). Sickness absence and rehabilitation survey

Employers Organisation (2005). Sickness absence in local government 2004/05

Health and Safety Commission (2000). Securing Health Together

Health and Safety Executive (2005). Case Study: Establishing the business case for investing in stress prevention activities and evaluating their impact on sickness absence levels, Prepared by Robertson Cooper Ltd

HSE (2005): RR295 - Case study: Establishing the business case for investing in stress prevention activities and evaluating their impact on sickness absence levels

Health and Safety Executive (2006). Healthy workplace, healthy workforce, better business delivery – Improving service delivery in universities and colleges through better occupational health

Morgans, D; Pinto, R & Khalsa S K. (2005). London Borough of Harrow Best Value Performance Indicators Final Report