

Jelf Employee Benefits White Paper

Managing Absence

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Any sickness absence policy should encompass the three P's – prevention, proactivity and provision.

We've recently worked with a client to implement an absence management policy that, over an 18 month period, reduced staff absence for certain illnesses from 38 to 22 weeks, generating significant savings against direct, and indirect, costs of absence.

Employers can do a great deal to help ensure their employees remain fit, healthy and able to work. In practice, having an absence policy can be positive for the whole company. In its purest form, we believe a sickness absence policy should encompass the 3 Ps - prevention, proactivity and provision.

Prevention

The most helpful absence policies are those that are implemented for all staff from day one of joining. The element that's important from day one is "prevention".

There are a lot of tools available to employers today to help with prevention, including health-awareness days, wellbeing information campaigns, and an effective absence management policy. External health benefits providers will help with some of these, while others can be instigated by the employer.

Employers themselves can do a lot to help. For instance, specialist training is readily available to help line managers identify signs of stress-related absence, one of the most common reasons for absence. As with many absences, early diagnosis and intervention is key to prevent a short-term absence from becoming long-term. When triggers of stress are identified it is possible to put a solution in place. If left unresolved, the situation can get worse and affect more staff.

Communication is key

The most important point to emphasise here is communication. When staff feel that their employer cares if they're present or not, it can mean the difference between bouncing out of bed to go to work, or not. So the key is to let staff know that you do care, and to tell them how.

Proactivity

One of the aspects of a successful sickness absence policy that many employers ignore is being proactive. Employers that are proactive from day one of absence put themselves in the best position for quicker returns to work. When staff have to talk to their line manager on their first day of absence, the manager has an opportunity to find out the reason for the absence and measures can be put in place.

Another reason it is important to record the first day of absence is that it is then possible to schedule measures at other key dates. For instance, at 28 days there might be an automatic referral to the company's occupational health service, irrespective of the reason for the absence. There could be a review of all absences every three months, a chance to look at how they're all being managed and what stage each absence is at. If absence isn't recorded, this management isn't possible.

Another common reason for sickness absence is musculoskeletal injuries. If the company can identify this as the reason, it has an opportunity to help. For instance, it may have access to fast-track physio and the employee can be made aware that this is available.

Recent research we conducted found that the timing for staff to be offered a medical assessment varied widely between different companies, but 30% of companies either did not offer, or didn't know if they offered, a medical assessment of staff. If it is available, it needs to be offered.

Provision

When staff are absent, they don't stop being the employer's concern. A number of areas of care can still be provided, and it is imperative that managers know what is available and what to expect. All resources can be brought into play, including access to EAPs, cognitive behavioural therapy (CBT), private medical insurance (PMI) and income protection (IP).

The longer a member of staff remains absent, the less likely they are to return to work. At some stage it is important to find out when an employee may come back to work, and the question needs to be asked. This might be handled by the company or by an external provider.

Even if the absence is going to be long term, there is still much that can be done to manage the individual, from including them on the distribution of company news bulletins to inviting them to company events. This improves engagement and makes their return to work much easier. It is also positive for present employees to see that absent staff are managed.

The key here is early intervention. Make an assessment of the reason for absence. Understand what support is available, including from your insurers; OH, IP and PMI are all able to help with prevention as well as physical and emotional treatment. The sooner the employee's absence is managed, the more likely they are to return more quickly.

Central absence policy and policing

For an absence policy to be effective it must apply to everyone and it must be policed - this is where many companies don't do themselves justice.

It is important for every company to have a policy, whatever their size. For some companies it may not seem important if one person is off for a short time as the rest of the staff will often rally. But a long-term absence can put pressure on departments already working to capacity.

On the flip side, some companies will automatically bring in cover for absent staff, such as a fire crew that can only operate with a given number of staff. In such situations, absences aren't immediately felt by remaining staff.

In both situations, without a policy, the staff and the company are left in the dark. Line managers should take ownership of the first stage of absence management. They are best placed to find out when a member of staff is absent and the reason. It's also imperative that they know what support is available so they can instigate the next step, which is often referring them to a central department, usually HR. HR needs to know about all the support that's available and how best to use it. OH, PMI and IP can be underused, but can be helpful in both prevention and cure.

OH teams can achieve results by identifying a pattern of absence and developing processes for better working conditions. For example, this can be particularly effective in companies with a high degree of manual labour with a lot of musculoskeletal absences, where OH teams have helped develop manuals on improving posture when carrying out activities to prevent injury.

The providers of IP will also have services available to help prevent absence, and it is prudent to explore these. It is also important to note that the most effective absence policies apply to everyone consistently. Some companies will choose to offer IP to just a few members of staff, usually determined by seniority or length of service. In research we conducted in 2013 we found that just 25% of employers offer this to all staff. IP comes at a cost, but this needs to be compared with the benefits of preventing absence and reducing absence.

It is not always the best solution for the line manager to decide what support is offered. When different line managers have differing levels of expertise and knowledge, there is little hope of consistency. Line managers benefit from training - such as how to identify stress triggers, what questions to ask when an employee is absent and how to encourage engagement of absent employees - but when absences are managed centrally, such as by a central HR department, employees are more likely to be managed consistently.

Return-to-work interviews

The most effective absence management policies actively manage the return to work. This starts with an interview, which shouldn't be simply a tick-box exercise. The line manager is well placed to carry out a return-to-work interview and as with the rest of absence management, management information needs to be handled centrally in case more action is required, so that it can be handled consistently.

The first thing a company should find out is whether or not an employee is fully recovered. However, it may well be that ongoing management is required. If a number of employees are off with similar diagnoses there may be preventative measures that can be put in place to

We believe there are 3 P's to good absence management:

Prevention

This includes support with health awareness, employee assistance programmes, along with training of staff to identify problems early and take prompt action.

Proactivity

Record absence early and understand the underlying reasons, which can help you do something about it. For example, musculoskeletal problems could be referred to a fast track physio, for prompt treatment.

Provision

Know what support options you have available within your insurance policies and make this available to your teams. Bring all your resources in to play, including EAPs, private medical insurance and income protection to support your staff as quickly as possible. The longer they are off work, the less likely they are to return.

mitigate further absences. This could mean removing triggers for stress, improving ergonomics of an office, improving preventative health screening or increasing education of health and fitness. After a return to work from a trauma, ongoing counselling may be of benefit.

Employers should find out more about the absence, even at the stage of return. The collective management information will be valuable and ongoing measures can be implemented for continuous improvement.

This stage of the process is also important for staff who are still at work. Present staff can also be affected by others' absence. For instance, if a colleague has been affected by a serious illness, others may want to rally and get involved in events related to a particular charity to show their support. This is also why it is important to communicate with all staff regarding absences. Sensitive information cannot be relayed, but support from staff can be encouraged.

Specialist rehabilitation support

Companies with a lot of support available often fail to use it. Frequently this is because they don't understand the benefits on offer. Many IP policies have EAPs, grief counselling or trauma counselling included, for example. Quite a few OH providers will offer a raft of guides on particular causes of absence – for example, dealing with cancer in the workplace or correct posture for manual tasks. Many PMI schemes will include free information on health, wellbeing and preventive care.

Another inhibitor to using these services is that employers see them as traditional insurances that should not to be used for fear that premiums will increase. However, it is in the interests of company-funded health and protection insurers to do what they can to keep staff well and facilitate return to work, and this can actually decrease costs.

It is important for health insurance and OH providers, as well as the company, to regularly review absences so that they can review their management. In our research less than 30% of absence stakeholders discussed ongoing absence on a regular weekly or monthly basis. Management needs to be constantly reviewed to ensure it is effective.

Employers may look at the cost of absence as just the £680 that the CIPD quotes as the average cost of absence per employee per year. But this figure only takes into account the direct cost. There is also the cost of the effect on the rest of the staff, clients and the company. In real terms the cost is much higher, and it makes good business sense to manage this.

Why now?

Welfare reform is having a big impact on employers, all of which have more responsibility for their employee's welfare than ever before. The costs and implications of unmanaged absence can skyrocket, and can be far-reaching and devastating for the employee, the employer and other staff.

The companies that have the most successful absence policies are those that don't shy away from the issue, use their insurances, start managing early and have a central policy.

The Sickness Absence Review - returning to work

The latest government-backed scheme is to pay £500 per member of staff to encourage earlier return to work. On the face of it, this seems like a good idea: any extra financial help to facilitate return to work must be a good thing. However, the details remain woolly.

Managing the assessment of all individuals after a time-specified absence on a national scale will need careful and detailed planning. Initial areas that we would like to see clarified include whether it can be offset against existing - or new - private medical insurance (PMI) schemes; we'll also need to know the extent of choice the employer has on how this is spent.

This is a continuation of Welfare Reform recommendations which the Health & Work Service (HWS) is developing, and, as such, it increases the emphasis of responsibility on the employer. In fact employers may already have access to this kind of support via Group Income Protection (GIP) policies, potentially at a much lower cost.

Let income protection take the strain

Income protection is a much misunderstood insurance by individuals and employers alike. With many commercial insurances, such as property or fleet, the claims incidence will increase premiums, whereas group income protection can be incredibly valuable in offsetting people absence risks, particularly so when utilised. Like most employer-funded insurances, the better the communication with the provider, the better the engagement. The reality is that it is in the interests of company-funded health and protection insurers to do what they can to facilitate health and wellbeing. Consequently they all offer a raft of support at no extra charge to help keep staff at work.

Most GIP policies now automatically include full employee assistance programmes (EAPs), at no extra charge. It makes good sense for employers to make use of these services: they're run professionally, confidentially, to further enhance the support for employees, and their families.

Key points to consider:

- Absence management starts on day one of attendance.
- Companies need to look after their staff and tell them how they are being looked after.
- Find out why staff are absent and understand what support is available.
- Have a centrally managed process to manage absence and use all support available.
- Assist staff back to work, including after their first day of return.
- Look after staff who are still at work while colleagues are on sickness absence leave.
- Ensure the sickness absence policy is communicated.

For all the additional benefits of GIP, the cost is not prohibitive. GIP can typically cost less than 1% of salary to introduce an element of cover for all staff, with this cost easily recovered from reduction in overall cost of absence, when the policy is fully integrated within company absence management processes.

In the interests of managing all staff consistently, GIP is most beneficial when it's a company-wide offering. Some companies only offer it to a select number, depending on seniority or length of service. However, the most effective absence-management policies are those that apply to the whole company. Economies of scale also come into play here and it makes financial sense to offer this widely, and to pro-actively utilise it.

Other support is also available at no extra cost, for instance, occupational health providers will offer a number of guides on particular causes of absence, such as dealing with cancer in the workplace, correct posture for manual tasks, etc. With musculoskeletal problems being one of the other main reasons for absence, prevention is the first place to start.

What does this mean to Employers?

With all the pressures of running the day-to-day business, particularly in the current economic climate, employers could be forgiven for missing the emphasis of the HWS, arising from the detail of 2012's Sickness & Absence Review (SAR).

The starting premise, which seeks to tackle the spiraling cost of sickness absence to UK plc based on the underlying principle that work is good for you, is laudable. Unfortunately, this message is lost in the political tennis around the cost of state benefits versus unemployment versus the cost of long-term medical care, and so on.

In the meantime, back on the shop floor, employers of all sizes continue to be impacted by absenteeism (and presenteeism) in the work place, with many lacking resource, time or knowledge to address this reported average cost of the £680 per employee per annum. And, this is just the quantifiable cost; if you add this to the immeasurable impact on morale and productivity to those in the work place covering the long-term absentees, these costs are significantly higher.

Therefore, it makes complete sense to assess these absences early which brings us nicely to one of the key recommendations, which is for employers to arrange an independent medical assessment for all employees who have been absent for four weeks or more, with the idea to develop a return-to-work plan for each individual. It is a huge task to implement this on a national scale, and the funding required will be significant, with latest estimates that it'll be 2015 before the HWS will be ready to launch this.

One other consideration to raise is that of recording absence. A number of employers struggle to manage this consistently, which makes absence tracking difficult. Without a central reporting capability, unmanaged absence is more likely to become a long-term absence, and employers will struggle to implement the recommended four-week assessment.

Therefore, the concept of a consistent approach is the right way to manage absence. And, with stricter government

criteria meaning that fewer people qualify for state benefits, employees will turn to their employer for support.

However, what does, or should, this support look like, and aren't employers already doing this? In principle, of course they should be, but the reality will be hostage to day-to-day operational pressures where, all too easily, an absent employee can slip off the radar.

This isn't intentional from either party, as at this early stage, in the majority of incidences, neither have an expectation of likely longevity of absence. But, with no early intervention, all too quickly these can become long-term absences.

The role of the occupational health practitioner

For this reason alone, the proposed independent assessment would (or should) arrest this trend but how, in practice, will employers undertake these? Current thinking would suggest assessments will be delivered by Occupational Health (OH) practitioners.

Given that not all employers currently have access to OH; the first question is how the significant increased volume will be delivered. But, more importantly for employers, how will they be funded, including follow-up on any recommendations. And, will these general assessments fully consider specific functional expectations of a particular role?

Outside of an established OH relationship, follow-up is unlikely, and even where this link is in place, generally initial assessments tend to be employee led and therefore unlikely to challenge early return-to-work discussions in the way welfare reform change is expecting.

This is where income protection offers so much more than insurance to employers, as a genuinely cost-effective alternative. Under income protection, the insurer can not only undertake the independent absence assessment at four weeks, but also extend this to proactive support for employer and employee, with timely return to work.

Typically this support would include access to appropriate early rehabilitation

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for common absence triggers, notably musculoskeletal and stress-related symptoms; where the latter would often be non-work related.

These interventions can be stand-alone or in tandem with existing OH or other health provision. This offers clear benefits to employee wellbeing, and the hidden value of the income protection insurance (where this support is integral) would not be lost on finance directors.

Therefore, without in any way underestimating the need and value of income protection insurance for those unfortunate enough to be affected by serious long-term illness, emphasis on the in-built added value should be the focus, offering practical support for employers facing the new challenges SAR will bring.

For a number of employers, this will require investment in income protection insurance for all employees, which would form an integral part, including SAR considerations, of early absence management and intervention processes, with the majority of these costs absorbed by the insurer!

These immediate savings will quickly extend to significant return on investment to the bottom line, through reduced absence durations, improved employee wellbeing and increased productivity.

In summary, used effectively, an appropriately structured income protection policy will allow employers to confidently embrace the SAR challenges through practical absence intervention solutions that ensure a happy and engaged workplace.

Jelf is a leading independent consultancy with experience of advising companies of all sizes on a range of employee benefits strategies.

For more information on how we can help your organisation monitor and manage its absence, contact us on 0333 920 8171 or email benefits@jelfgroup.com.

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