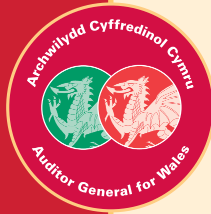
THE MANAGEMENT OF SICKNESS ABSENCE BY NHS TRUSTS IN WALES

Report by the National Audit Office Wales on behalf of the Auditor General for Wales



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30 January 2004

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This report was prepared for the Auditor General for Wales by the National Audit Office Wales.

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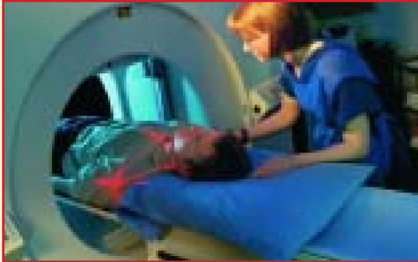

THE MANAGEMENT OF SICKNESS ABSENCE BY NHS TRUSTS IN WALES

Report by Auditor General for Wales, presented to the National Assembly on 30 January 2004

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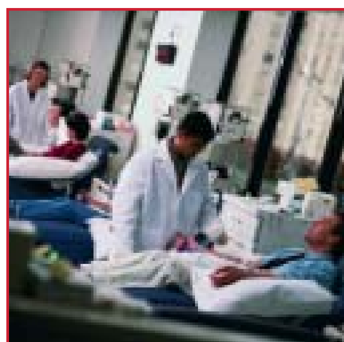
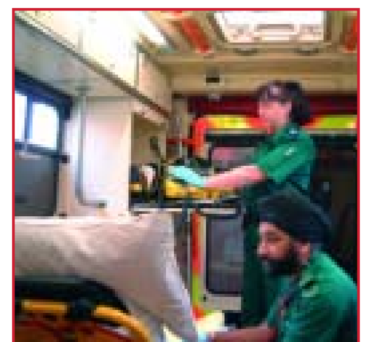




Executive Summary

1 The health and well being of the National Health Service (NHS) workforce is critical to the effective functioning of the NHS in Wales. Staff sickness absence affects the quality of patient care and exacerbates the service delivery problems caused by staff shortages and vacancies. Sickness absence also carries a significant financial cost, drawing resources away from other activities. However, the presence in work of NHS staff who are suffering from, or recovering after illness or injury, presents its own risks to staff and their patients.

2 It is therefore important that NHS trusts in Wales manage sickness absence effectively and seek to promote and protect the health of their workforce. This report examines the extent and impact of sickness absence across NHS trusts in Wales (Part 2), the quality of available management information (Part 3) and the adequacy of the action taken and investments made by trusts to manage and, where possible, prevent cases of sickness absence (Part 4).

Main findings and conclusions

On the extent and impact of sickness absence

3 Figures reported by the 15 NHS trusts in Wales[1] indicate that, on average, 6.0 per cent of the contracted hours of NHS trust staff in Wales were lost to sickness absence in 2002-03. This is higher than the 4.7 per cent of contracted hours reported by NHS trusts in England for 2002.

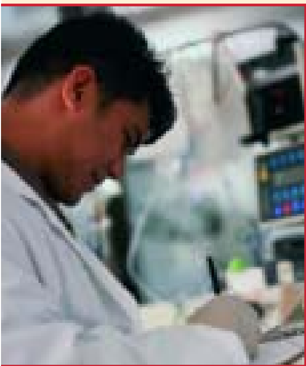
4 Our examination of the sickness absence records held by trusts found that the figures they report understate their levels of sickness absence due to errors in recording. Adjusting for this under recording suggests an actual level of sickness absence of at least 6.3 per cent of contracted hours in 2002-03. Under recorded sickness absence also presents a financial risk where staff may not be entitled to full occupational sick pay, or where accurate recording would result in an earlier transition from full to half, or half to nil pay (see Appendix 2). As a result, we estimate that the 15 NHS trusts in Wales risked overpaying around £400,000 per annum in occupational sick pay.

5 The Assembly's NHS Wales Department has not established a common definition of sickness absence; neither has it collated or disseminated any central information on the levels of sickness absence across NHS trusts in Wales, as has been done in England. The 15 NHS trusts in Wales have therefore been using at least six different definitions to calculate their levels of sickness absence, restricting the extent to which they can compare their relative performance.

6 To date, only two of the 15 NHS trusts in Wales have achieved sustained reductions in sickness absence since 2000-01, but even these amount to less than a 12 per cent decrease overall. It is unlikely that any trusts will achieve the Assembly's original target of a 30 per cent reduction in sickness absence by the end of 2003-04, and five trusts do not have comparable data with which to assess their individual progress over the past three years.

7 Reported levels of sickness absence are highest among ancillary, nursing and midwifery, and maintenance staff. As nurses and midwives make up almost half of the NHS trust workforce in Wales, this group has a particularly significant impact upon the overall levels of sickness absence reported.

1 *There are now fourteen NHS trusts in Wales because, as of 1 April 2003, the staff and functions of Powys Health Care NHS Trust have been absorbed within the structure of the newly created Powys Local Health Board. However, we refer throughout this report to the 15 NHS trusts in Wales, including Powys Health Care, which were the focus of our fieldwork.*



8 The costs of sickness absence to NHS trusts are substantial. We estimate that the total value of staff time lost to sickness absence in 2001-02 exceeded £61 million, of which almost £48 million was paid to staff in occupational sick pay. In 2002-03, the total value of staff time lost is likely to have exceeded £66 million, accounting for general salary increases and rising levels of sickness absence. We further estimate that the sickness absence related costs of replacement bank, agency and locum staff amounted to over £14 million in 2001-02. Were NHS trusts in Wales to reduce their levels of sickness absence to the average level reported by NHS trusts in England, they could together expect to benefit from additional staff time to the value of £14 million per annum and a reduction in the costs of bank, agency and locum staff of around £3 million per annum. Additional costs to NHS trusts include management and administrative time and NHS treatment, but information with which to estimate the extent of these costs is not available.

On the lack of robust management information

9 Eleven of the 15 NHS trusts in Wales have established corporate targets for their levels of sickness absence, but only four trusts have set specific deadlines for their achievement. Were they to achieve their corporate sickness absence targets, only Cardiff and Vale and Gwent Healthcare NHS Trusts would also meet the original target of a 30 per cent reduction in sickness absence established by the Assembly's NHS Wales Department.

10 NHS trust staff, particularly those with management responsibility for staff sickness absence, are insufficiently aware of the extent, impact or patterns of sickness absence across their organisations, or within their departments. The analysis of sickness absence trends by NHS trusts in Wales is often limited to headline trends across operational departments, directorates or hospital units, and there are general deficiencies in the depth of management information available.

11 Only two of the 15 NHS trusts in Wales have themselves attempted to collate any robust information on the costs of staff time lost to sickness absence, and none is able to quantify with any reliability the cost of replacement staff or general management time. Similarly, most trusts are unable to identify the underlying medical causes of sickness absence across their organisations or the general levels of work related ill health.

12 The introduction of the Electronic Staff Record system is expected to facilitate an improvement in the quality of management information on sickness absence and the consistency of analysis across trusts. However, most NHS trusts in Wales will still have to wait until mid 2005, at the earliest, before the new system is introduced.

On the management and prevention of sickness absence cases

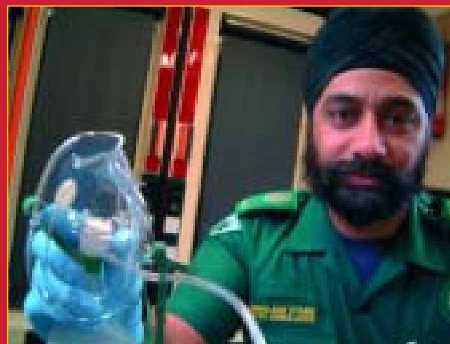
13 All 15 NHS trusts in Wales have developed internal procedures to guide the management of sickness absence, although there are considerable differences in their detail. These procedures have been designed without central guidance from the Assembly's NHS Wales Department, reflecting the extensive degree of autonomy of trusts following the internal market of the 1990s.

14 Responsibility for the application of these sickness absence procedures is generally devolved to local managers, with little central monitoring or accountability. However, we found that routine requirements for the certification of sickness absence and return to work interviews are frequently overlooked, and the extent to which managers are taking timely action in response to frequent short term or long term sickness absence is limited. We estimate that, in 2001-02, the 15 NHS trusts in Wales paid up to £1.3 million in occupational sick pay to cover absences over seven calendar days that were not covered by a medical certificate. Although eight of the 15 NHS trusts in Wales have introduced formal training for all managers, a majority of managers have still received no formal training in the management of sickness absence.

15 Occupational health services play an important role in workplace health promotion and the management of sickness absence cases through in-service referrals. However, the overall service provided by occupational health departments is too slow, limiting the extent to which trusts can intervene at the earliest possible opportunity to facilitate the recovery and return to work of sick employees. The 15 NHS trusts in Wales spent almost £3 million on their occupational health provision in 2001-02, of which around one third was generated from external contracts. The income from these contracts can help trusts enhance the overall capacity and range of services provided, to the benefit of their own NHS staff. However, some trusts appear to be spending a disproportionate amount of time servicing these contracts.

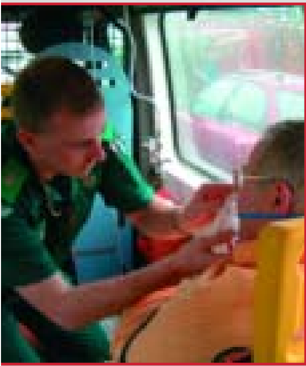
16 As a measure of commitment to the promotion and protection of workplace health, NHS trusts in Wales have been expected to obtain the Assembly's *Corporate Standard* quality mark. Of the 13 trusts that have been assessed to date, only two have achieved a gold award, indicating considerable scope for improvement. However, the general absence of robust data on the causes and costs of sickness absence limits the extent to which trusts can effectively target resources at the issues of greatest concern, or evaluate the impact of any initiatives that are undertaken.

THE BIG PICTURE



Staff sickness absence has a significant impact on the NHS, costing money, taking up time and ultimately affecting the quality of patient care. Reported figures indicate that 6.0 per cent of the contracted hours of NHS trust staff in Wales were lost to sickness absence in 2002-03, the total value of which alone was likely to exceed £66 million. Although trusts have invested in improving the management of sickness absence cases and promoting workplace health, these efforts are undermined by the poor quality of their management information, inconsistencies in the management of sickness absence at the local level and problems in the speed of service provided by their occupational health services. In particular, the general lack of information on the causes or costs of sickness absence limits the extent to which trusts can effectively prioritise resources at the areas of greatest concern, or evaluate the impact of any action taken. Whilst the introduction of the Electronic Staff Record system has the potential to improve the quality of management information available, trusts can ill afford to wait for this system before taking action to improve the management of sickness absence.

Recommendations



17 This report contains a number of recommendations which, although focused upon the Assembly's NHS Wales Department and NHS trusts in Wales, are of relevance to the management of sickness absence across NHS Wales. These recommendations do not involve any change in staff sick pay entitlements; nor do they involve imposing new, intrusive staff monitoring systems. Instead, they are designed to address the overall quality and consistency of sickness absence management, largely through improvements to existing procedures.

18 It is for the individual NHS trusts and the Assembly's NHS Wales Department to prioritise their own action in response to these recommendations. While some of the recommendations require the NHS Wales Department to provide central guidance, trusts remain responsible for managing sickness absence and so should not defer action on other recommendations. The order in which these are presented therefore reflects the structure of the main report, rather than itself suggesting relative priority.

On the extent and impact of sickness absence we recommend that:

i as a matter of urgency, the Assembly's NHS Wales Department and NHS trusts agree and implement a common definition for the calculation of sickness absence statistics, based on 'the percentage of contracted hours lost for directly employed staff'. This will allow more reliable comparison between NHS trusts in Wales, and with NHS trusts in England;

ii NHS trusts review their sickness absence recording systems, and establish a rolling programme of local audit work to examine the extent of under recording and ensure that the importance of accurate recording maintains a high profile with managers;

iii NHS trusts take action to ensure that, wherever possible, the salary costs of sickness absence are reclaimed from liable third parties, such as in the case of road traffic accidents, and that they keep an accurate record of the sums reclaimed;

iv NHS trusts systematically monitor the reasons for booking replacement staff shifts, including bank, agency and overtime cover. This will enable them to identify more reliably the sickness absence related costs of replacement staff.

On the lack of robust management information on sickness absence, we recommend that:

v the Assembly's NHS Wales Department agree revised corporate targets for sickness absence with each individual NHS Trust in Wales and set deadlines for the achievement of these targets. In agreeing these targets, the Department and trusts should use the levels of sickness absence reported by NHS trusts in England as a benchmark;

vi having agreed new corporate targets, NHS trusts also establish separate sickness absence targets for their key operational units or staff groups, taking account of the levels of absence currently reported for these groups;

vii NHS trusts report trends in sickness absence to their Trust boards on a monthly basis, and report on progress towards their corporate targets for sickness absence in their annual reports. This will help ensure that sickness absence maintains a strong corporate profile;

viii NHS trusts take steps to improve and maintain awareness of the extent and impact of sickness absence among their staff, in particular those with responsibility for managing staff sickness absence;

ix NHS trusts systematically capture the costs of sickness absence in terms of the value of staff time lost and occupational sick pay and report these figures alongside their sickness absence percentage rates;

x NHS trusts develop common categories for the medical causes of absence in line with the development of the Electronic Staff Record (ESR) system, and begin to train managers in recording the causes of absence;

xi the Assembly's NHS Wales Department and NHS trusts agree a common definition of work related injury and ill health, and that the Department ensures that the ESR system is capable of differentiating between the work and non work related reason for sickness absence;

xii NHS trusts agree common definitions and methods of calculation in order to assess the relative contribution of short, medium or long term sickness to their overall levels of absence;

xiii the Assembly's NHS Wales Department prioritise the implementation of the ESR system across the NHS in Wales and make every effort to ensure no further slippage in its introduction beyond mid 2005;

xiv the Assembly's NHS Wales Department develop a framework for an annual benchmarking report on sickness absence across NHS trusts in Wales incorporating, as a minimum, headline levels, statistics for key operational groups and departments, the costs of sickness absence in terms of the value of staff time lost and occupational sick pay, the relative contribution of short and long term absence, and the underlying causes of absence. The introduction of the ESR system should enable such a report to be developed centrally without the need to collate data from individual trusts.

On the management and prevention of sickness absence cases, we recommend that:

xv the Assembly's NHS Wales Department develop all Wales guidance on the management of sickness absence and consider introducing common routine procedures;

xvi NHS trusts monitor the extent of adherence to their procedures for the certification of absence and return to work interviews, and check for evidence of management action in response to frequent short term or long term absence. In doing so we recommend that all trusts introduce combined documentation for self certification and return to work interviews, to be completed after all spells of sickness absence;

xvii NHS trusts develop user friendly guides to their sickness absence procedures for distribution to staff or display in departments, and update these as necessary;

xviii NHS trusts ensure that all those with responsibility for managing staff sickness absence receive training in the practical application of sickness absence management procedures;

xix the Assembly's NHS Wales Department and NHS trusts prioritise actions designed to improve the provision of occupational health, in response to the recommendations made by the Occupational Health and Health and Safety Subgroup;

xx NHS trusts review the corporate lines of responsibility of their occupational health services so as to improve relationships between them and their local departments;

xxi NHS trusts develop standard referral forms to improve the quality and consistency of management referrals;

xxii the Assembly's NHS Wales Department evaluate the impact of the various fast tracking schemes being developed by NHS trusts in Wales and disseminate good practice;

xxiii the Assembly's NHS Wales Department develop key criteria within the *Corporate Standard* assessment, such as the availability of data on the causes of absence or incidence of work related ill health, without which organisations can not achieve a gold award;

xxiv as reliable and comparable data on the medical causes of sickness absence becomes available, the Assembly's NHS Wales Department, in consultation with the Office of the Chief Medical Officer, consider using this information to develop, target and fund appropriate health promotion programmes for NHS Wales staff.

1 Background

Healthy staff are critical to the effective working of the NHS in Wales

1.1 The National Health Service (NHS) is the largest employer in Wales, with a total of 60,145 whole time equivalent staff as at 30 September 2002[2], most employed by what were then the 15 NHS trusts in Wales[3]. Sickness absence and the general health and well being of NHS staff affects the quality of patient care and presents a range of direct and indirect costs, drawing resources away from other activities.

1.2 We estimate that the total value of staff time lost to sickness absence across the 15 NHS trusts in Wales amounted to over £66 million in 2002-03 (see paragraph 2.13). Other costs include management and administrative time, occupational health provision and additional pension costs due to ill health retirements. The NHS will also meet the treatment costs of most of its staff and, as a result, has even more to gain by improving the general health of its workforce.

1.3 The NHS strategy *Improving Health in Wales - A Plan for the NHS with its partners*, published by the Welsh Assembly Government in January 2001, sets out a wide ranging vision for change and improvement across the NHS in Wales. The Plan notes the critical role of the NHS workforce in delivering this vision, whose health and well being therefore takes on added importance. Not least, the value of any increases in staffing levels will be diminished if the levels of sickness absence also increase.

'It appears that, even if 34 per cent of the workforce is absent, the remainder is expected to fulfil the quota as if the department was running at full strength'

Source: The quotes used throughout this report are taken from the National Audit Office Wales survey of NHS trust staff

1.4 It is, therefore, important that the NHS manages sickness absence effectively, as well as generally promoting and protecting the health of its workforce. Nevertheless, a certain level of sickness absence is inevitable, and the presence in work of employees who are suffering or recovering from illness or injury presents its own risks to the individual, their colleagues and their patients. As a result, staff should only return to full duties when fit to do so.

Levels of sickness absence across the NHS workforce are higher than the UK average

1.5 Results from the Chartered Institute of Personnel and Development *Employee Absence* surveys for 2002 and 2003 suggest that the rates of sickness absence among NHS staff are higher than both the UK wide and UK public sector averages **(see Figure 1)**. The characteristics of working life within the NHS, such as the manual handling of patients, irregular working patterns and contact with contagious illnesses, present particular risks to health which may contribute to these above average levels of absence.

1.6 The Nuffield Trust Report, *Improving the Health of the NHS Workforce*, published in 1998, highlights a range of research demonstrating that the levels of psychological disturbance among hospital doctors, general practitioners, nurses and other NHS staff groups are significantly higher than for equivalent professional groups. Staff shortages may exacerbate these levels of stress, and can combine with sickness absence to create an ongoing cycle **(see Figure 2)**. As at 31 March 2003, 1,331 whole time equivalent NHS trust posts in Wales (2.2 per cent of the total) had been vacant for at least three months.

2 *This figure excludes general medical and dental practitioners who are independent NHS contractors.*

3 *There are now fourteen NHS trusts in Wales because, as of 1 April 2003, the staff and functions of Powys Health Care NHS Trust have been absorbed within the structure of the newly created Powys Local Health Board. However, we refer throughout this report to the 15 NHS trusts in Wales, including Powys Health Care, which were the focus of our fieldwork.*

1.7 In coming into contact with the general public, NHS staff also face an increased risk of assault in the workplace. This is demonstrated by the *2000 British Crime Survey* which showed that nurses have the second highest risk of assault, behind the security and protective services. In 2002, the Royal College of Nursing published the results of its *Working Well* survey, involving a random sample of 6,000 nurses. Of those respondents working in NHS hospitals, 32 per cent reported having been subjected to physical assault by a patient or their relatives in the previous 12 months.

Good practice in managing sickness absence involves robust management information, clear corporate procedures and measures to prevent absence

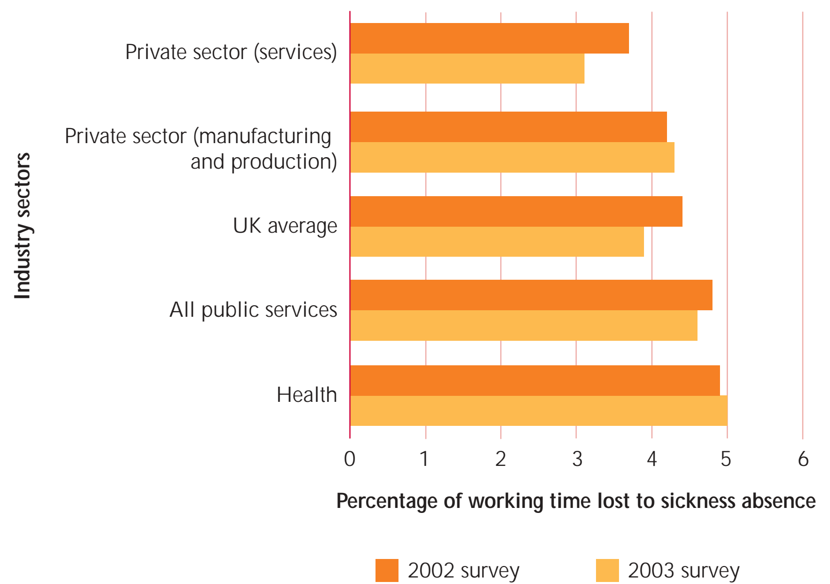
1.8 There remains relatively little robust evidence of the efficacy of particular interventions on overall levels of sickness absence. However, our literature review has identified a range of accepted good practice **(see Figure 3)**. All of these activities require the investment of resources, the sum of which should be proportionate to the impact of sickness absence. Whether such proportionate resources are committed will depend upon the extent to which this impact is accurately recognised by managers at all levels of an organisation.

'When positions are vacant these are not filled for many months, and this causes severe stress on staff covering'

'Violence and aggression by patients and relatives is on the increase. It is only a matter of time before someone is seriously hurt'

1 Comparative levels of sickness absence across UK industry sectors

Average levels of sickness absence across the UK healthcare sector are higher than the UK workforce average.



Source: Chartered Institute of Personnel and Development 'Employee Absence' surveys, 2002 and 2003

2 The relationship between staff shortages, stress and sickness absence

Source: National Audit Office Wales

3 Examples of potential good practice in the management of sickness absence

Management information

- clear systems for the recording of sickness absence
- systems to verify the accuracy of sickness recording
- identification of underlying trends in sickness absence
- corporate targets for the level of sickness absence, communicated to all staff
- regular monitoring of sickness absence trends at the local and corporate levels
- benchmarking with other organisations

Management procedures

- clear documented policies and procedures that are regularly reviewed
- appropriate training for all management grades
- clear and regular explanation of policies and procedures to all staff, particularly new staff
- policies for the rehabilitation or redeployment of sick staff back into the workplace
- return to work interviews for all absence
- trigger points for the review of frequent or long term absence
- frequent and regular contact with sick staff
- systems to ensure the consistent application of sickness absence procedures

Prevention of absence

- general health promotion campaigns
- recruitment and screening procedures
- family friendly initiatives and flexible working arrangements
- improving the physical working environment
- workplace health and safety risk assessments
- protection from violence and aggression
- physiotherapy services, counselling services or other staff clinics
- encouraging staff to look after their health, for example by providing discounted gym/sports facilities
- manual handling training

Source: National Audit Office Wales literature review

The scope of the National Audit Office Wales examination

1.9 Against this background, the National Audit Office Wales examined the management of sickness absence by the 15 NHS trusts in Wales. We focused our study on trusts as these employ the majority of directly contracted NHS staff in Wales. The remainder of this report sets out the results of our examination, as follows:

- evidence of the extent and costs of sickness absence (Part 2);
- the quality of management information on sickness absence (Part 3);
- the management of sickness absence cases and promotion of workplace health (Part 4).

1.10 Our study methods are described in Appendix 1. In summary we:

- examined staff sickness records in five of the 15 NHS trusts in Wales to identify errors in the recording of sickness absence and evidence of adherence to local sickness absence procedures;
- complemented these audit visits with a survey of all 15 NHS trusts in Wales;
- surveyed 1500 staff employed across the 15 NHS trusts in Wales;
- consulted with a range of relevant NHS Wales groups, most notably a group of Deputy Human Resource Directors who have been working together to share information on the management of sickness absence, and to develop and disseminate good practice[4].

1.11 This report addresses the overall quality and consistency of sickness absence management across the 15 NHS trusts in Wales. It is does not question the levels of sick pay entitlement available to NHS staff; nor does it seek to impose new, intrusive staff monitoring systems. The report also recognises that working life within the NHS presents particular risks to employees' health, and that it is important that NHS staff do not return to full duties until fit to do so.

4 This group first met in November 2002 and involved representatives from eight of the 15 NHS trusts in Wales. We have consulted extensively with this group and shared our findings with them. In October 2003, the subgroup produced its own report for consideration by the Human Resources Directors Group for NHS Wales.

Sickness absence is a significant problem for NHS trusts in Wales 2

2.1 Sickness absence presents a range of direct and indirect costs to the NHS and ultimately affects the quality of patient care. This part of our report examines:

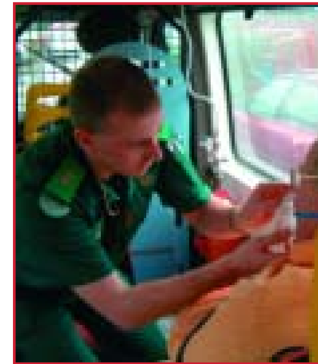
- the levels of sickness absence reported by NHS trusts in Wales since 2000-01, and the comparability and reliability of this information;
- the estimated costs of sickness absence to NHS trusts in Wales in terms of the value of staff time lost, occupational sick pay, replacement staff and ill health retirements.

Reported figures indicate that 6.0 per cent of the contracted time of NHS trust staff in Wales was lost to sickness absence in 2002-03

2.2 There is no centralised data with which to assess the extent and impact of sickness absence across the NHS in Wales. Based on figures reported to the National Audit Office Wales by the 15 NHS trusts in Wales, which we have recalculated to a common base, 6.0 per cent of the contracted hours of NHS trust staff in Wales were lost to sickness absence in 2002-03[5]. This represents an average sickness absence record of 15.6 working days a year for an employee working a five day, 37 hour week. In 2000-01 and 2001-02, the levels of sickness absence reported by trusts averaged 5.7 per cent of contracted hours.

Reported levels of sickness absence across NHS trusts in Wales are higher than in England

2.3 The levels of sickness absence across the 15 NHS trusts in Wales compare unfavourably with the figures for English NHS trusts, which averaged 4.7 per cent of contracted hours lost in 2002 **(see Figure 4)**. Overall only 14 per cent of all NHS trusts in England reported rates of absence for 2002 equal to or above the Wales average of 6.0 per cent for 2002-03. Almost all of these were mental health or ambulance trusts. The average figures for Wales were also greater than for any individual region of England in 2001, the highest being the Trent region at 5.3 per cent, and the North West at 5.1 per cent.



4 Comparison of the estimated percentage of contracted hours lost to sickness absence across NHS trusts in Wales and England

NHS trusts in Wales reported higher average levels of sickness absence than trusts in England.

	NHS trusts in Wales	NHS trusts in England
2001-02	5.7	4.8
2002-03	6.0	4.7

NOTE

Figures for NHS trusts in England are based on the calendar years 2001 and 2002 rather than financial years.

Source: National Audit Office Wales survey of NHS trusts in Wales, and analysis of Department of Health and Commission for Health Audit and Inspection data

5 *Contracted hours include annual leave and other leave entitlements.*

2.4 Human resource managers at NHS trusts have suggested that these differences reflect general trends between the English and Welsh populations. For example, the *UK Labour Force Survey*, Spring 2002 found that 3.5 per cent of employees in Wales reported being absent from work due to illness or injury for at least one day in the previous week, compared to an English average of 3.1 per cent. However, such trends can not explain the full extent of the difference in the levels of sickness absence reported by NHS trusts in Wales and England.

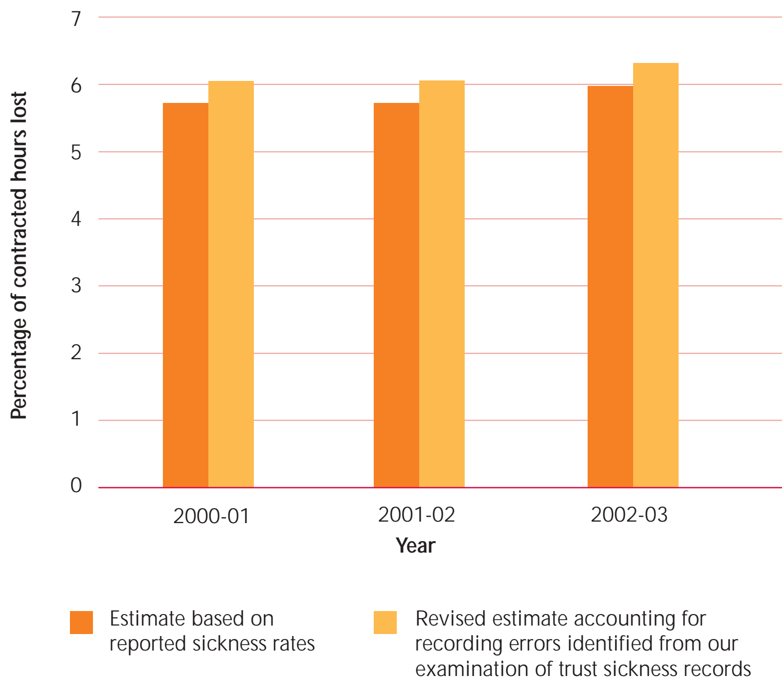
The statistics reported by NHS trusts in Wales understate their levels of sickness absence

2.5 Based on our review of sickness records in five of the 15 NHS trusts in Wales, we estimate that the statistics reported by trusts represent, on average, 94 per cent of all recorded sickness absence and 88 per cent of all recorded sickness absence cases. Correcting for this under recording increases our estimate of the level of sickness absence across the 15 NHS trusts in Wales in 2002-03 to 6.3 per cent **(see Figure 5)**. The actual levels of sickness absence are likely to be higher still because of absence that was not recorded on any of the source documents examined during our audit visits.

2.6 Under recorded sickness absence presents the risk of overpayment where staff are not entitled to full occupational sick pay (see Appendix 2), or where the change from full to half, or half to nil pay occurs later than if this absence had been recorded. We therefore estimate that the 15 NHS trusts in Wales together risked overpaying £400,000 in occupational sick pay during 2001-02, based on an average 94 per cent of all sickness absence being recorded against staff sick pay entitlements (see paragraph 2.5). Despite its potential impact, both statistically and financially, only two of the 15 NHS trusts in Wales have introduced any systematic initiatives designed to assess the accuracy of sickness recording across their organisation **(see Figure 6)**.

5 The impact of recording error on the levels of sickness absence reported across NHS trusts in Wales

Adjusting for recording error increases the reported levels of sickness absence from 6.0 to 6.3 per cent for 2002-03, and from 5.7 to 6.0 per cent for 2000-01 and 2001-02.



Source: National Audit Office Wales

6 Work undertaken by NHS trusts to examine the accuracy of sickness recording

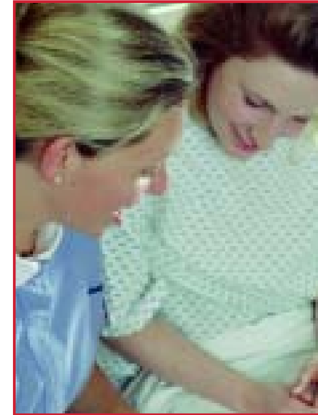
North Glamorgan NHS Trust: in the first quarter of 2001-02, the Trust identified, through ongoing random checks, in excess of 400 monthly paycards that recorded no sickness absence. Staff were contacted and asked to confirm whether or not they had taken any sick leave during the period. This yielded an additional 585 hours of sickness absence, equivalent to 0.9 per cent of the total number of hours sickness recorded for the first quarter of the year. This is likely to be only a fraction of the total under recording across the Trust which would include those for whom some, but not all absence, may have been recorded on their paycard. The Trust is using these findings to raise awareness of the importance of accurate sickness absence recording with managers and staff.

North West Wales NHS Trust - as part of a specific project aimed at improving the management of absence, the Trust developed a specific Human Resource Manager (Attendance Management) work programme in September 2002. The job description for the programme includes a rolling series of audit visits to test that the details held centrally correspond with local records.

Source: National Audit Office Wales survey of NHS trusts

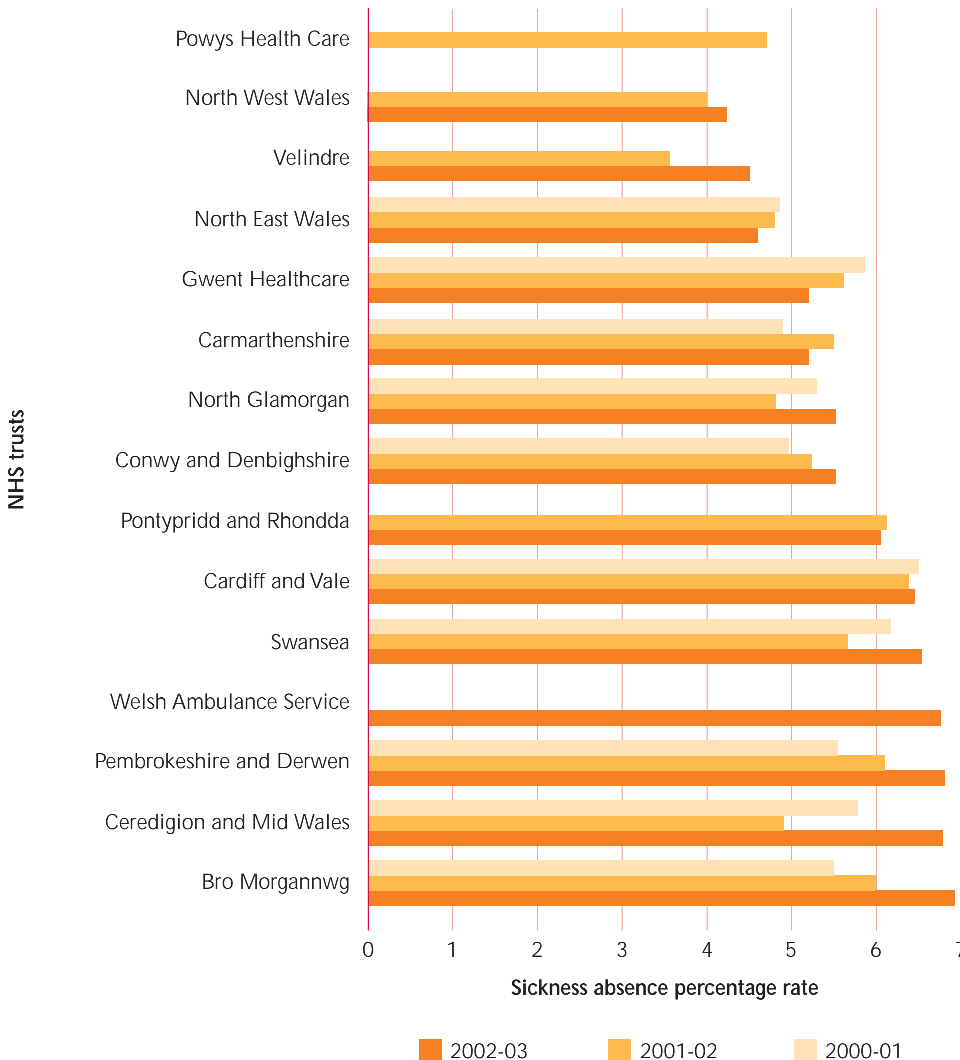
Differences in definitions affect the comparability of sickness absence rates between trusts

2.7 In 2002-03, the levels of staff sickness absence reported by the 15 NHS trusts in Wales ranged from 4.2 to 6.9 per cent **(see Figure 7)**. However, trusts use at least six different definitions to calculate these figures **(see Figure 8)**, and this has a potentially significant impact on the comparability of this information. For example, North Glamorgan NHS Trust reported a sickness absence rate of 4.8 per cent in 2001-02 using their standard measure based on the percentage of worked hours lost; compared to 5.4 per cent calculated using the measure of contracted hours lost. Even where trusts use the same definitions, a high percentage figure does not necessarily mean that sickness absence is being managed any less effectively, as accurate recording systems are one part of effective management.



7 Reported levels of sickness absence across NHS trusts in Wales since 2000-01

In 2002-03, the rates of sickness absence reported by NHS trusts in Wales ranged from 4.2 to 6.9 per cent, although trusts use different calculations to generate these figures. Five trusts were unable to provide comparable figures for all three years.



Source: National Audit Office Wales survey of NHS trusts

8 Definitions used by NHS trusts in Wales to calculate their levels of sickness absence

Total contracted hours

Bro Morgannwg, Cardiff and Vale, Ceredigion and Mid Wales, Gwent Healthcare, North West Wales, Pembrokeshire and Derwen, Pontypridd and Rhondda, Swansea, Welsh Ambulance Services

Total contracted hours less annual leave and bank holidays[b]

Velindre

Total contracted hours ***(excluding sickness while not entitled to occupational sick pay)***[c]

Conwy and Denbighshire

Total worked hours of contracted staff ***(inclusive of additional shifts worked by part time staff only)***[a]

North Glamorgan

Total worked hours of contracted staff ***(includes general overtime but does not include bank or locum shifts)***

Carmarthenshire, Powys Health Care

Total worked hours of contracted staff ***(includes overtime and bank shifts, but excludes sickness while not entitled to occupational sick pay)***

North East Wales

NOTES

a Use of a worked hours measure is expected to produce a lower percentage rate than a comparable contracted hours measure. This is because overtime or bank shifts may be included despite the fact that these would only be worked by fit employees, who in many cases would be covering other staff sickness absence.

b Exclusion of annual leave and bank holidays, as in the case of Velindre NHS Trust, produces a higher percentage rate than if these are included.

c Exclusion of sickness absence where staff are not entitled to occupational sick pay results in lower percentage rates than if these are included.

Source: National Audit Office Wales survey of NHS trusts

The Assembly's NHS Wales Department could have established a common approach to the measurement of sickness absence

2.8 In its human resources strategy for NHS Wales, *Delivering for Patients*, the Assembly's NHS Wales Department required NHS trusts to establish baseline data on sickness absence levels by December 2000. However, the Department did not issue guidance on the approach that should be used by trusts to measure sickness absence, and has not collated any central data on the levels of sickness absence reported by trusts. This is in contrast to the position in England where the Department of Health has established sickness absence as a national performance indicator, defined as 'the percentage of available working hours lost to sickness for directly contracted staff'. This definition was used in the Department of Health guidance, *Managing Sickness Absence in the NHS*, distributed to all NHS trusts in England in 2000. Levels of sickness absence across NHS trusts in England are reported as part of the new NHS Star Ratings.

It is unlikely that any NHS trusts in Wales will achieve the Assembly's original target of a 30 per cent reduction in sickness absence by the end of 2003-04

2.9 Despite not establishing a common approach to the measurement of sickness absence, the Assembly's NHS Service and Financial Framework targets originally sought a 30 per cent reduction in sickness absence by the end of 2003-04, from a 2000-01 baseline. The Assembly's NHS Wales Department recognises that this may not have been realistic and is in consultation with trusts in order to clarify its sickness absence targets. Trusts have themselves expressed the view that generic targets for percentage reductions can place an undue burden on those trusts which already have low levels of sickness absence. Nevertheless, it is unlikely that any of the 15 NHS trusts in Wales will achieve the original target. For five trusts, determining the extent of any progress is impossible because they do not have comparable baseline data for 2000-01, despite the request made by the Department for such a baseline (see paragraph 2.8).

2.10 Although Gwent Healthcare and North East Wales NHS Trusts have reported sustained reductions in sickness absence since 2000-01, these still represent less than a 12 per cent reduction overall. Bro Morgannwg, Conwy and Denbighshire, and Pembrokeshire and Derwen NHS Trusts have experienced year on year increases in sickness absence since 2000-01.

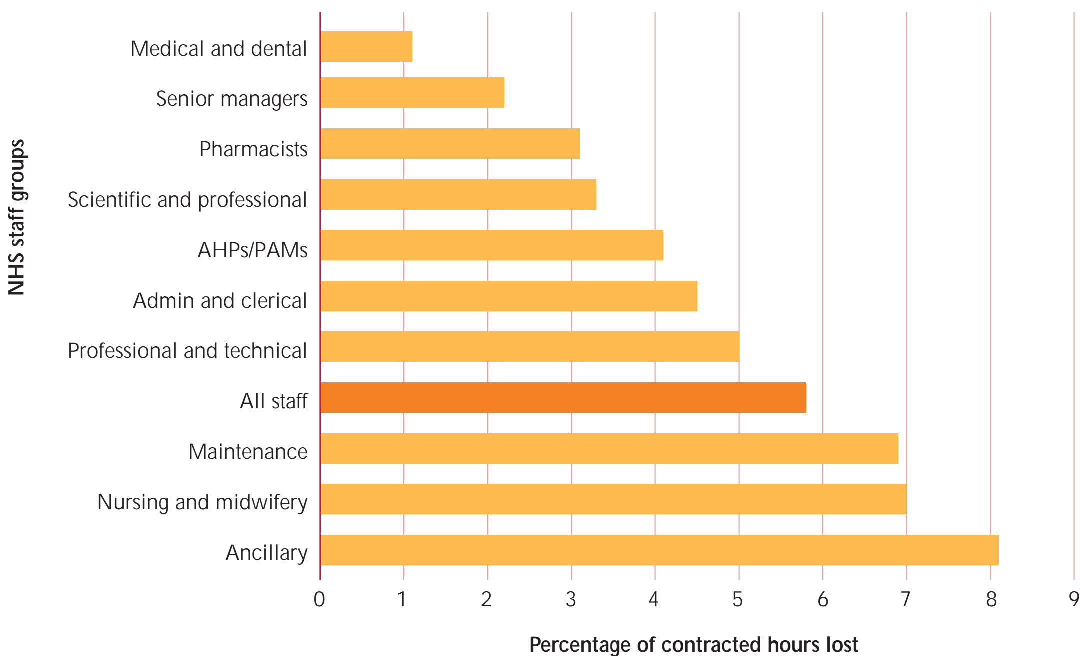
Ancillary, nursing and maintenance staff have the highest levels of sickness absence

2.11 All 15 NHS trusts in Wales report sickness absence rates across specific management units, such as hospitals, directorates or staff groups. While it is appropriate that trusts use units of analysis that are meaningful for them, the lack of a central data set limits the analysis of trends across different NHS staff groups.

2.12 Comparable figures provided by nine trusts show that ancillary, nursing and midwifery, and maintenance staff have the highest aggregate rates of sickness absence **(see Figure 9)**. As nurses and midwives make up almost half of the NHS workforce in Wales, their rates of sickness absence have a significant impact upon the overall levels reported. Although absence rates are lowest among medical and senior management staff, Trust human resource managers have expressed concerns about the rigour with which sickness absence is recorded for these staff groups.

9 Estimated levels of sickness absence across NHS trust staff groups in Wales during 2001-02

The average rates of sickness absence recorded for different NHS staff groups in Wales vary considerably, from 1.1 per cent of contracted hours for medical and dental staff to 8.1 per cent for ancillary workers.



NOTE

These figures are based on comparable information provided by nine of the 15 NHS trusts in Wales.

Source: National Audit Office Wales survey of NHS trusts

KEY POINTS

on the extent of sickness absence

- The Assembly's NHS Wales Department could have usefully provided a stronger lead on the measurement of sickness absence by NHS trusts in Wales, particularly by developing a common framework for measurement. The Department holds no central information on the levels of sickness absence and has not established a common definition for calculating the levels of sickness absence, as has been done in England. As a result, the 15 NHS trusts in Wales used at least six different definitions in 2002-03, preventing reliable comparison between trusts.
- Recalculating the figures reported by the 15 NHS trusts in Wales to a common base, 6.0 per cent of the contracted hours of trust staff were lost to sickness absence in 2002-03, an increase from 5.7 per cent in 2001-02. These levels are higher than the average of 4.7 per cent of contracted hours reported by English NHS trusts for 2002.
- Errors in the recording of sickness absence suggest that the actual levels of sickness absence across NHS trusts in Wales exceeded 6.3 per cent of contracted hours in 2002-03. As a result of this recording error, we estimate that the 15 NHS trusts in Wales risked overpaying around £400,000 per annum in occupational sick pay.
- It is unlikely that any of the 15 NHS trusts in Wales will achieve the Assembly's original target of a 30 per cent reduction in sickness absence between 2000-01 and 2003-04. To date, only two trusts have achieved any consistent reduction in sickness absence since 2000-01.

We recommend that:

- as a matter of urgency, the Assembly's NHS Wales Department and NHS trusts in Wales agree and implement a common definition for the calculation of sickness absence statistics, based on 'the percentage of contracted hours lost for directly employed staff'. This will allow more reliable comparison between NHS trusts in Wales, and with NHS trusts in England;
- NHS trusts review their sickness absence recording systems, and establish a rolling programme of local audit work to examine the extent of under recording and ensure that the importance of accurate recording maintains a high profile with managers.

The total value of staff time lost to sickness absence was at least £66 million in 2002-03

2.13 In the absence of consistent and robust data from across the 15 NHS trusts in Wales, we estimate that the value of staff time lost to sickness absence amounted to around £61 million in 2001-02, or £53.9 million (excluding the cost of employers' national insurance and pension contributions). Of this sum, we estimate that actual salary payments to sick staff represented £47.7 million, accounting for absences paid at half or nil pay (see Appendix 1). Increases in the levels of sickness absence, and general salary inflation, suggest that the total value of staff time lost to sickness absence exceeded £66 million in 2002-03[6].

2.14 Trusts have the opportunity to reclaim some of these salary costs where staff are absent due to incidents involving liable third parties, such as in the case of road traffic accidents. However, only three trusts were able to confirm the amounts reclaimed in 2001-02, which represented an average 0.62 per cent of the salary payments made to sick staff.

> 'Solicitors are claiming all the monies back that I was paid for being on the sick, so the Trust will be refunded in full'

We estimate that over £14 million was spent on replacement staff to cover for staff sickness absence in 2001-02

2.15 Although the employment of temporary staff may replace some of the lost productivity of a sick employee, it does so at a financial premium. Trusts reported total expenditure on bank, or agency and locum staff, of £50.8 million in 2001-02[7], not including general overtime costs.

2.16 While the costs of replacement staff are clearly substantial, the reasons for which they are required also include staff vacancies and other types of leave such as holidays, maternity or study leave. In their 2001 publication, *Brief Encounters: getting the best from temporary nursing staff*, the Audit Commission identified sickness absence as the reason for booking bank or agency nurse cover in 28 per cent of cases. Applying this percentage to the total bank, agency and locum costs of the 15 NHS trusts in Wales results in sickness absence related expenditure in excess of £14 million in 2001-02.

Ill health retirements in the financial years 2000-2003 have resulted in increased NHS pensions costs of £37 million

2.17 Final decisions on ill health retirements are made by the NHS Pensions Agency, which also meets the costs of these retirements. Between April 2000 and March 2003, a total of 883 staff from across the 15 NHS trusts in Wales were retired on ill health grounds at a cost of almost £37 million, or £42,000 per retirement[8].

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6 *These costs will be higher still given that our estimates are based on the levels of sickness absence reported by trusts, not accounting for under recording.*

7 *This figure excludes expenditure by Powys Health Care NHS Trust which has been unable to provide the necessary information for 2001-02.*

8 *The NHS Pensions Agency calculates this cost as the average annual cost of an ill-health pension multiplied by the number of years between actual and normal retirement age.*

KEY POINTS

on the costs of sickness absence

- The gross value of NHS staff time lost to sickness absence exceeded £61 million in 2001-02, of which actual salary payments in occupational sick pay comprised some £48 million. In 2002-03, the value of staff time lost increased to over £66 million.
- Although trusts can reclaim some of these salary costs from third parties, such as in the case of road traffic accidents, it is not apparent that they routinely and rigorously do this.
- We estimate that the employment of replacement staff to cover sickness absence, not including general overtime, cost the 15 NHS trusts in Wales in excess of £14 million in 2001-02.

We recommend that:

- NHS trusts take action to ensure that, wherever possible, the salary costs of sickness absence are reclaimed from liable third parties, such as in the case of road traffic accidents, and that they keep an accurate record of the sums reclaimed;
- NHS trusts systematically monitor the reasons for booking replacement staff shifts, including bank, agency and overtime cover. This will enable them to identify more reliably the sickness absence related costs of replacement staff.

3 There is a lack of robust management information on sickness absence

3.1 The comparability and reliability of the management information on sickness absence available across NHS trusts in Wales is a cause for concern (see paragraphs 2.5 to 2.7). There are also general deficiencies in the depth of this information and the ability of trusts to identify the full impact of, and underlying trends in, sickness absence. This part of our report examines:

- the general profile of sickness absence management within the 15 NHS trusts in Wales;
- the amount of management information available to trusts beyond headline percentage rates, and the implications of the planned introduction of the Electronic Staff Record system.

Levels of sickness absence could have a higher corporate profile across NHS trusts in Wales

3.2 Levels of sickness absence are considered by the boards of each of the 15 NHS trusts in Wales, with Cardiff and Vale, Conwy and Denbighshire and North West Wales NHS Trusts doing so on a monthly basis. However, only eleven of the 15 trusts had established their own corporate targets for sickness absence, and only four trusts had set specific deadlines for achieving these targets **(see Figure 10)**. Gwent Healthcare and Cardiff and Vale NHS trusts are the only two trusts where achievement of these corporate targets would also achieve the Assembly's original target of a 30 per cent reduction in sickness absence by the end of 2003-04 (see paragraph 2.9).

10 Corporate sickness targets established by NHS trusts in Wales

Eleven of the 15 NHS trusts in Wales had established corporate targets for sickness absence but only four had established specific deadlines for their achievement.

	Target (percentage)	Deadline
Bro Morgannwg	5.0	Annual - ongoing
Cardiff and Vale	4.0	✗
Carmarthenshire	5.0	✗
Ceredigion and Mid Wales	✗	✗
Conwy and Denbighshire	5.0	March 2003
Gwent Healthcare	4.0	✗
North East Wales	✗	✗
North Glamorgan	4.5	March 2004
North West Wales	✗	✗
Pembrokeshire and Derwen	5.1	March 2003
Pontypridd and Rhondda	4.5	✗
Powys Health Care	5.0	✗
Swansea	5.0	✗
Velindre	✗	✗
Welsh Ambulance Services	6.0	2002-03

NOTE

North West Wales NHS Trust reported that a corporate target was under discussion, while the six per cent target of the Welsh Ambulance Services NHS Trust is a financial target based on the salary costs of sickness absence relative to their total staffing budgets.

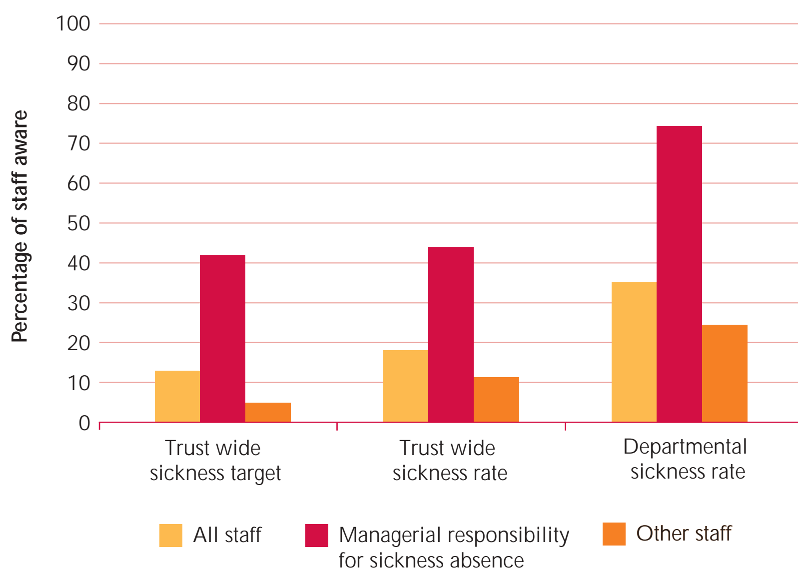
Source: National Audit Office Wales survey of NHS trusts

3.3 Only 13 per cent of respondents to our staff survey were aware of the sickness targets established by their Trust, and only three per cent correctly identified these targets. Similarly, only 18 per cent of staff reported that they had been made aware of the overall rate of absence across their Trust, with 35 per cent aware of the absence rate within their own department **(see Figure 11)**.

3.4 Human resource managers have expressed some concerns to us that the communication of sickness absence rates and targets can lead to these being interpreted as a sickness entitlement. However, proportional reduction, rather than absolute targets could help to overcome this problem. As a minimum, those with responsibility for managing staff sickness absence should be aware of any sickness targets, local levels of sickness absence within their departments and how these compare with the Trust as a whole.

11 The awareness of sickness absence levels and corporate sickness targets among NHS trust staff

The substantial majority of NHS Trust staff are unaware of any sickness absence targets established by their Trust, or of sickness absence rates for the department and Trust in which they work. These include a substantial percentage of those with responsibility for managing staff sickness absence.



NOTE

Percentage figures for the awareness of sickness targets are based only on respondents from trusts that had established corporate targets.

Source: National Audit Office Wales survey of NHS Trust staff

KEY POINTS

on raising the profile of sickness absence

- Although eleven of the 15 NHS trusts in Wales had established corporate targets for their levels of sickness absence, only four trusts had set deadlines for the achievement of these targets. Were they to achieve their corporate sickness absence targets, only Cardiff and Vale and Gwent Healthcare NHS Trusts would also meet the Assembly's original target of a 30 per cent reduction in sickness absence by 2003-04.
- The majority of NHS staff, including a substantial proportion of those with line management responsibility for staff sickness absence, are unaware of local departmental or Trust-wide sickness absence rates or targets.

We recommend that:

- the Assembly's NHS Wales Department agree revised corporate targets for sickness absence with each individual NHS Trust in Wales and set deadlines for the achievement of these targets. In agreeing these targets, the Department and trusts should use the levels of sickness absence reported by NHS trusts in England as a benchmark;
- having agreed new corporate targets, NHS trusts also establish separate sickness absence targets for their key operational units or staff groups, taking account of the levels of absence currently reported for these groups;
- NHS trusts report trends in sickness absence to their Trust boards on a monthly basis, and report on progress towards their corporate targets for sickness absence in their annual reports. This will help ensure that sickness absence maintains a strong corporate profile;
- NHS trusts take steps to improve and maintain awareness of the extent and impact of sickness absence among their staff, in particular those with responsibility for managing staff sickness absence.

There is a general lack of management information on sickness absence beyond headline figures

Few trusts collate any robust data on the costs of sickness absence

3.5 Reliable information on the costs of sickness absence will allow trusts to manage the problem proportionately and evaluate the financial impact of their efforts. However, of the 15 NHS trusts in Wales, only North Glamorgan and the Welsh Ambulance Services NHS Trusts have attempted to analyse their own productivity or salary costs on an individual by individual basis, accounting for the fact that levels of sickness absence will vary among staff at different rates of pay[9].

3.6 None of the 15 NHS trusts in Wales is able to quantify with any reliability the proportion of bank, agency, locum, or overtime expenditure attributable to sickness absence. Similarly, none have attempted to estimate the general administration and management costs associated with sickness absence.

Only two trusts have any data on the medical causes of sickness absence

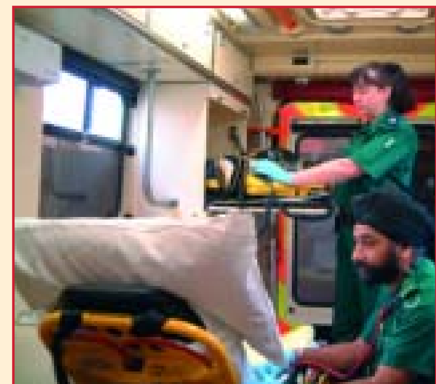
3.7 Robust identification of the underlying causes of sickness absence would enable trusts to target these causes in an attempt to reduce their overall levels of absence. Of any organisation, the NHS is arguably the best placed to determine appropriate definitions and categories to record these causes. However, only North Glamorgan and the Welsh Ambulance Services NHS Trusts have developed systems to capture such information[10] **(see Case Example A)**.

3.8 Even in these two trusts it will be some time before longer term trends can be reliably identified, and familiarising managers with systems for recording the causes of sickness absence will take time. For example, 40 per cent of the sickness absence reported across the North Glamorgan NHS Trust in 2002-03 was categorised as 'unknown'. This limits the value of this data and emphasises the training required to ensure that systems for recording the causes of absence are appropriately used by managers. However, it appears that some progress is being made as the Trust has reported a reduction in 'unknown' sickness absence to 29 per cent of the total in the first quarter of 2003-04.

A The recording of the causes of sickness absence by the Welsh Ambulance Services NHS Trust

The **Welsh Ambulance Services NHS Trust** piloted a new timesheet in 2002-03 which included 20 possible causes of sickness absence, each of which is able to be identified as industrially or non-industrially related. These categories are broadly similar to those proposed as part of the Electronic Staff Record system (see Appendix 3). The timesheet has been rolled out across the Trust from 1 April 2003.

- Bronchial/respiratory
- Cancers
- Cardiac/circulatory disorder
- Confidential/restricted knowledge
- Contagious disease
- Digestive tract disorder
- Ear, nose, eye complaint
- Genito-urinary
- Gynae-pregnancy related
- Medical condition
- Muscular strain/sprain (back)
- Muscular strain/sprain (other)
- Nervous system disorder
- Physical abuse
- Post op. recovery
- Rheumatisim/arthritis
- Skeletal fracture
- Skin complaint
- Stress/psychological
- Viral infection (flu, cold etc)



Source: National Audit Office Wales survey of NHS trusts

9 *Swansea and Gwent Healthcare NHS Trusts were able to generate such figures in response to our audit visits. Bro Morgannwg, Cardiff and Vale, Carmarthenshire and Gwent Healthcare NHS Trusts have also produced rough estimates by multiplying the total number of hours lost to sickness by an average hourly rate, or by applying their sickness absence percentage rate to their overall staffing costs.*

10 *North West Wales NHS Trust has also introduced a new recording system, although the only medical cause of absence included is stress.*

Most trusts are unable to identify their levels of work related ill health

3.9 The UK Government and the Health and Safety Commission jointly launched *Revitalising Health and Safety* on 7 June 2000. This strategy aims to deliver significant improvements in workplace health and safety by 2010. Included within it are targets for a 20 per cent reduction in the incidence of work related ill health and a 30 per cent reduction in the working days lost per 100,000 workers as a result of work related injury and ill health[11]. The intention is that half of the improvements under each of these targets be delivered by 2004.

3.10 The 15 NHS trusts in Wales contribute to the achievement of these targets. In March 2002, the Director of NHS Wales contacted trusts to request their baseline data and action plans for working towards the Revitalising Health and Safety agenda. However, in response to this request, only three of the 15 NHS trusts in Wales provided data to show the amount of sickness absence attributable to work related accidents. For example, in Bro Morgannwg NHS Trust these accidents accounted for two per cent of the total recorded sickness absence in 2001-02. None of the 15 NHS trusts in Wales was able to provide data on the amount of sickness absence attributable to more general work related illness, such as work related stress[12].

3.11 Developments since March 2002 mean that North Glamorgan and North West Wales NHS Trusts now record industrial injury related sickness absence. Conwy and Denbighshire **(see Case Example B)**, and North East Wales NHS Trusts are also now able to distinguish between absence resulting from work related injury or work related ill health in general. However, with the introduction of its new reporting system the Welsh Ambulance Services NHS Trust is the only Trust capable of differentiating between the work and non-work related nature of specific medical causes of absence. Despite these developments, there is no commonality in the systems that have been introduced and no shared understanding of the definition of work related ill health.

'My five days absence was due to diarrhoea and vomiting at a time when a ward was closed due to the winter vomiting virus, so it may well have been contracted at work'

'Work related stress contributed to an exacerbation of a chronic illness'

B The recording of work related sickness absence in Conwy and Denbighshire NHS Trust

Since 1 January 2003, **Conwy and Denbighshire NHS Trust** have been using four separate codes for the reporting of sickness absence. Broad definitions have been provided to assist managers in determining the appropriate codes to use for particular absences.

B1 - Injury at work

- slips and trips
- needlestick injuries
- falls and/or falls from height
- musculo-skeletal injury (sprains, strains, neck, back, shoulder problems)
- any violent incident while at work injuries

B2 - Non work related injury

- sports injuries
- accidents at home (falls etc)
- lacerations
- fractures/sprains/strains
- road traffic accidents/whiplash

B3 - Ill health due to work

- musculo-skeletal problems (neck, back, shoulder etc)
- infections, hepatitis etc
- skin problems
- vibration white finger
- other occupational illnesses

B4 - Non work related ill health

- colds/flu
- chicken pox etc
- diarrhoea and vomiting
- hypertension/heart attacks
- any other illness not related to work

Source: National Audit Office Wales survey of NHS trusts

11 *These targets also feature in Securing Health Together: A long term occupational health strategy for Great Britain, published by the Health and Safety Commission in 2000.*

12 *Respondents to our own survey of NHS trust staff attributed 14 per cent of their total sickness absence to work related stress, although this does not necessarily reflect any medical diagnosis.*

Additional analysis of sickness absence trends is limited

3.12 Nine of the 15 NHS trusts in Wales have analysed the relative contribution of short or long term absence to their overall sickness absence rates **(see Figure 12)**. In Pembrokeshire and Derwen NHS Trust, the total hours lost to absences of 21 calendar days or more comprised 59 per cent of the total sickness absence in 2002-03. However, trusts adopt different definitions and methods for this analysis, preventing an all Wales estimation of these patterns. Overall, only five trusts have conducted any systematic analysis of sickness absence using demographic variables, or by assessing trends in absence on particular days of the week. For example, Gwent Healthcare NHS Trust has undertaken an analysis of sickness absence related to bank holidays.

The Electronic Staff Record (ESR) project is intended to change the way that sickness absence is recorded and analysed

3.13 Eleven of the 15 NHS trusts in Wales generate corporate sickness absence statistics from their electronic payroll systems. Cardiff and Vale, Ceredigion and Mid Wales, Pontypridd and Rhondda, and Velindre NHS Trusts collate statistics from figures reported manually by local managers. In theory, the generation of statistics via payroll systems offers greater potential for the analysis of underlying sickness trends, although the systems currently in use across NHS trusts in Wales are not best designed for this purpose. Neither approach is capable of delivering statistics in real time, relying on either the submission of information from local managers or the processing of payroll, which is itself done in arrears.

12 Additional analysis of sickness trends by NHS trusts in Wales

Nine of the 15 NHS trusts in Wales reported that they distinguished between their relative levels of short and long term sickness absence, but only four had conducted analysis using demographic variables and only three had investigated underlying trends on different days of the week.

	Long term/short term absence split	Demographic variables (age/gender)	Trends (days of week)
Bro Morgannwg	✓	✓	✗
Cardiff and Vale	✓	✗	✗
Carmarthenshire	✗	✗	✗
Ceredigion and Mid Wales	✗	✗	✗
Conwy and Denbighshire	✗	✗	✗
Gwent	✓	✓	✓
North East Wales	✗	✓	✗
North Glamorgan	✓	✗	✗
North West Wales	✓	✗	✓
Pembrokeshire and Derwen	✓	✗	✗
Pontypridd and Rhondda	✓	✗	✗
Powys Health Care	✗	✗	✗
Swansea	✓	✓	✓
Velindre	✓	✗	✗
Welsh Ambulance Services	✗	✗	✗

Source: National Audit Office Wales survey of NHS trusts

3.14 The Assembly's NHS Wales Department recognises that the NHS in Wales has, on the whole, not invested in human resource systems which has created difficulties in the recording and monitoring of sickness absence. The Electronic Staff Record (ESR) project is intended to introduce a single standardised payroll and personnel system across the NHS in England and Wales and should change the way that sickness absence is recorded and analysed (see Appendix 3). By facilitating the electronic entry of data at a local managerial level, linked directly to payroll functions, the system has the potential to overcome some of the limitations in current manual and electronic recording practices. Although already behind schedule by almost a year, current plans suggest that the ESR system will have been introduced across all NHS trusts in Wales by the end of 2005.

3.15 Among the notable developments within the ESR system will be the ability to generate reports on the salary costs of sickness absence, the medical causes and the contribution of absences of different lengths to overall absence trends. However, it is not yet apparent that the system will be able to distinguish between the work or non work related reason for absence.

KEY POINTS

on the lack of management information

- There are serious deficiencies in the ability of the 15 NHS trusts in Wales to identify and compare underlying trends in sickness absence. In particular, there is a general absence of robust information on the costs of absence, a lack of historical data on the underlying medical causes of absence and, in six trusts, no attempt to identify the contribution of long and short term absences to their overall levels of absence.
- Furthermore, only seven of the 15 NHS trusts in Wales have systems capable of monitoring the amount of absence attributable to work related injuries, of which only three trusts are also able to identify absence related to more general work related illness. This limits the measurement of progress towards the UK wide targets for reductions in work related ill health established by the *Revitalising Health and Safety* strategy.
- NHS trusts systematically capture the costs of sickness absence in terms of the value of staff time lost and occupational sick pay and report these figures alongside their sickness absence percentage rates.
- The introduction of the Electronic Staff Record (ESR) system across the NHS in Wales could significantly improve the quality of management information available to trusts. Most trusts are unlikely to begin introducing this system until mid 2005, yet can ill afford to wait until this time before addressing the current deficiencies in management information.

We recommend that:

- NHS trusts systematically capture the costs of sickness absence in terms of the value of staff time lost and occupational sick pay and report these figures alongside their sickness absence percentage rates;
- NHS trusts develop common categories for the medical causes of absence in line with the development of the ESR system, and begin to train managers in the recording of the causes of absence;
- the Assembly's NHS Wales Department and NHS trusts agree a common definition of work related injury and ill health, and that the Department ensures that the ESR system is capable of differentiating between the work and non work related reason for sickness absence;
- NHS trusts agree common definitions and methods of calculation in order to assess the relative contribution of short, medium or long term sickness to their overall levels of absence;
- the Assembly's NHS Wales Department prioritise the implementation of the ESR system across the NHS in Wales and make every effort to ensure no further slippage in its introduction beyond mid 2005;
- the Assembly's NHS Wales Department develop a framework for an annual benchmarking report on sickness absence across NHS trusts in Wales incorporating, as a minimum, headline levels, statistics for key operational groups and departments, the costs of sickness absence in terms of the value of staff time lost and occupational sick pay, the relative contribution of short and long term absence, and the underlying causes of absence. The introduction of the ESR system should enable such a report to be developed centrally without the need to collate data from individual trusts.

4 The management and prevention of sickness absence cases could be improved

4.1 This part of our report focuses upon the extent of the action taken by NHS trusts in Wales to ensure that cases of sickness absence are appropriately managed and, where possible, reduced or prevented. It examines:

- the procedures developed by trusts to direct the management of sickness absence cases and the extent to which these procedures are applied and understood;
- the provision of occupational health services by trusts;
- evidence of the commitment of trusts to promoting workplace health.

NHS trusts in Wales have documented sickness absence management procedures, but these are not consistently applied

4.2 In the absence of central guidance from the Assembly's NHS Wales Department, NHS trusts in Wales have designed and developed their own internal procedures for the management of sickness absence. These procedures vary in structure and length, dependent to some extent on whether related issues such as ill health retirement or rehabilitation into work are incorporated in their own stand alone documents.

4.3 The lack of central guidance reflected the extensive degree of autonomy of NHS trusts in Wales following the internal market of the 1990s. It should, however, be noted that sickness absence management is one of the themes addressed as part of the Assembly's good practice visits to trusts, and that the Human Resource Deputy Directors Sickness Absence Group has been reviewing the procedures developed by trusts with a view to establishing good practice.

Requirements for the certification and monitoring of sickness absence are frequently overlooked

4.4 The sickness procedures of all 15 NHS trusts in Wales include requirements for:

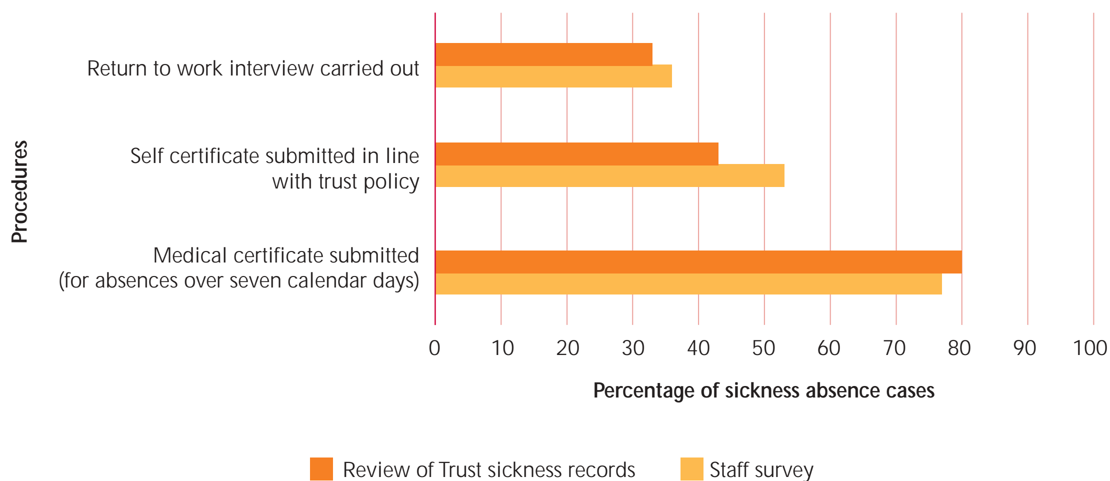
- **employee self certification** - for all absences (six of the 15 NHS trusts in Wales), from the fourth calendar day of absence (seven trusts), or from the fourth working day (two trusts);
- **medical certification** - to cover periods of absence beyond the seventh continuous calendar day, without which trusts may refuse occupational sick pay;
- **return to work interviews following any period of absence** - with the exception of Ceredigion and Mid Wales, and Swansea NHS Trusts, these interviews are expected to be documented. Most trusts have developed standard forms for this purpose.

4.5 Our examination of NHS Trust sickness records, and our survey of Trust staff, both indicate that that these routine requirements for self certification, medical certification and return to work interviews are frequently overlooked **(see Figure 13)**. Similar patterns were identified from both sources, with return to work interviews attracting the lowest levels of adherence, occurring in around a third of all sickness cases.

> 'I had 8 months off sick with a back problem. When I eventually did return there was no back to work interview and not once was I asked how I was coping'
>
> 'Nothing, as far as I am aware, is in place to discourage absenteeism. Genuine sickness - fair enough - but far too many people seem to just take the day off. No interviews afterwards and no set policy to ask people why they are absent'

13 The extent of adherence to NHS trust procedures for self certification, medical certification and return to work interviews

Routine sickness absence procedures are frequently overlooked, in particular return to work interviews which occur in only around one third of all cases.



Source: National Audit Office Wales survey of NHS Trust staff and examination of NHS Trust sickness absence records

4.6 Our examination of Trust sickness records also found that an average 2.8 per cent of all staff time lost to sickness absence occurred beyond the seventh consecutive calendar day of absence and was not covered by a medical certificate. This includes cases for which no medical certificates were identified, or where the certificates did not cover the full period of absence beyond the seventh day. We estimate that, in 2001-02, the 15 NHS trusts in Wales together paid some £1.3 million in occupational sick pay to cover this absence.

4.7 Part of this shortfall in medical certificates may have been due to poor record keeping, rather than non-submission. There may also have been circumstances in which managers used their knowledge of individual situations to be flexible with the requirements for medical certification, though it would be appropriate to note such decisions.

Management intervention in response to frequent short term absence is irregular

4.8 Each of the 15 NHS trusts in Wales have specific 'trigger points' for the monitoring of frequent sickness absence. Although stricter in some trusts than in others, these are generally set in terms of a particular number of spells of absence, or a cumulative amount of absence, in a given period.

4.9 Three of the 15 NHS trusts in Wales have introduced the Bradford scoring system to help monitor individual levels of sickness absence **(see Figure 14)**. As with any trigger point, Bradford scoring is not a perfect system and discretion in its use is appropriate. For example, the bias towards the number of spells of absence means that individuals who have been off work for the same cumulative number of days may have very different Bradford scores. With the introduction of the ESR system, all NHS trusts in Wales will have the opportunity to use Bradford scores for the monitoring of sickness absence trends.

14 The use of Bradford scoring by NHS trusts in Wales

The Bradford approach uses the formula (S x S x D) to calculate a score for an individual's sickness record where:

S = the number of separate spells of sickness absence in a 12 month period; and

D = the total number of days' sickness absence in the same period.

North Glamorgan NHS Trust reports Bradford scores back to managers on a monthly basis using a traffic light system of:

- Bradford scores over 800
- Bradford scores over 250
- Bradford scores under 250.

The Trust also encourages the use of the more conventional triggers of more than five spells of sickness absence or a cumulative total of 10 days of absence in a twelve month period.

Velindre NHS Trust has introduced the Bradford scoring system within its sickness absence procedure as a tool to help local managers to identify trends in short term absence. However, the Trust is deliberately non-prescriptive about the requirements for management intervention and has not set specific thresholds for management intervention.

Pembrokeshire and Derwen NHS Trust introduced Bradford scoring on 1 April 2003. The informal review stage of their sickness policy is triggered by a Bradford score of 100. The Trust has developed a spreadsheet for managers to use to record local sickness absence which highlights those individuals with scores of over 100.

Source: National Audit Office Wales survey of NHS trusts

4.10 Managers are encouraged, though not necessarily required, to commence procedures for dealing with frequent sickness absence where they identify breaches of trigger points. While it is appropriate that managers use their local knowledge to determine the need for intervention, this presents the risk of inconsistent application by assuming managers are actively reviewing their records to identify breaches or that these records are accurate enough to identify the breaches.

4.11 Our examination of Trust sickness records found relatively little evidence of management intervention in response to apparent breaches of trigger points **(see Figure 15)**. One possible explanation for this trend might be the fact that return to work interviews are so often overlooked (see paragraph 4.5). These discussions should normally offer the opportunity to reflect on the absence record of an employee and to thereby determine the need for further intervention.

Trusts recommend management intervention at different points in longer term sickness absence cases

4.12 The procedures established by trusts for managing longer term sickness absence follow similar paths, from an initial review and ongoing contact between the manager and member of staff concerned, the possibility of occupational health referral, through to either their return to work, termination of employment, or retirement. Despite these similarities, the point at which the initial review meeting is recommended varies between two and six weeks **(see Figure 16)**.

15 Evidence of management intervention in response to breaches of trigger points for frequent sickness absence

From our analysis of sickness absence cases in 2001-02, we found only limited evidence of management intervention in response to apparent breaches of trigger points for frequent sickness absence.

Trust	Examples of trigger points used (absences : months)	Evidence of intervention in….:
Ceredigion and Mid Wales	3 : 2	1/4 cases
Gwent Healthcare	3 : 6	0/13 cases
Swansea	3 : 6	1/23 cases
Conwy and Denbighshire	3 : 12	11/33 cases
Pontypridd and Rhondda	4 : 12	1/11 cases

Source: National Audit Office Wales examination of NHS Trust sickness absence records

16 Recommended timescales for sickness reviews in longer term absence cases NHS trusts in Wales

Source: National Audit Office Wales survey of NHS trusts

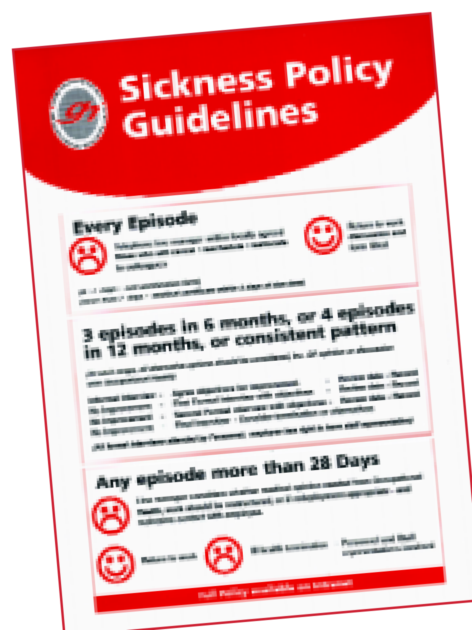
4.13 Our examination of Trust sickness records identified evidence of sickness reviews for only 23 per cent of sickness absence cases that lasted beyond their respective long term trigger points. In some of these cases, individuals had returned to work soon after the breach of the trigger, possibly explaining why a review meeting was not deemed necessary. However, even where sickness reviews had been carried out, these generally occurred some time after the recommended intervention point.

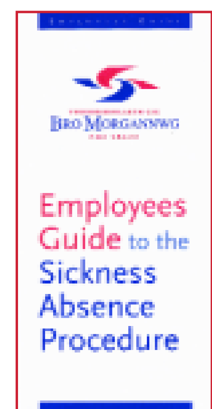
Few trusts routinely monitor adherence to their sickness absence procedures

4.14 Only three of the 15 NHS trusts in Wales reported having introduced measures to monitor the extent of management intervention in relation to both frequent short term and long term sickness absence. In doing so, Gwent Healthcare, North Glamorgan and North West Wales NHS Trusts are identifying breaches of trigger points using their central payroll systems **(see Case Example C)**. In addition Pembrokeshire and Derwen and the Welsh Ambulance Services NHS Trusts require that local managers provide senior management with monthly updates on the status of their long term sickness absence cases and the action taken. None of the 15 trusts reported having monitored adherence to routine procedures for sickness certification or return to work interviews.

Sickness absence procedures are not always clear to trust staff

4.15 The 15 NHS trusts in Wales communicate their sickness absence procedures in a variety of ways including induction training, one to one communication by line managers, the provision of hard copies of the sickness procedures or smaller summary leaflets and documentation. Despite these efforts, the feedback from NHS Trust staff suggests that key elements of these procedures are not always clear **(see Figure 17)**. This lack of clarity may arise from poor communication, but also from the inconsistent application of some of these procedures.





C The monitoring of management intervention in response to frequent short term and long term sickness absence in North West Wales NHS Trust

North West Wales NHS Trust uses information from its payroll system to monitor the management of both frequent short term and long term sickness absence by:

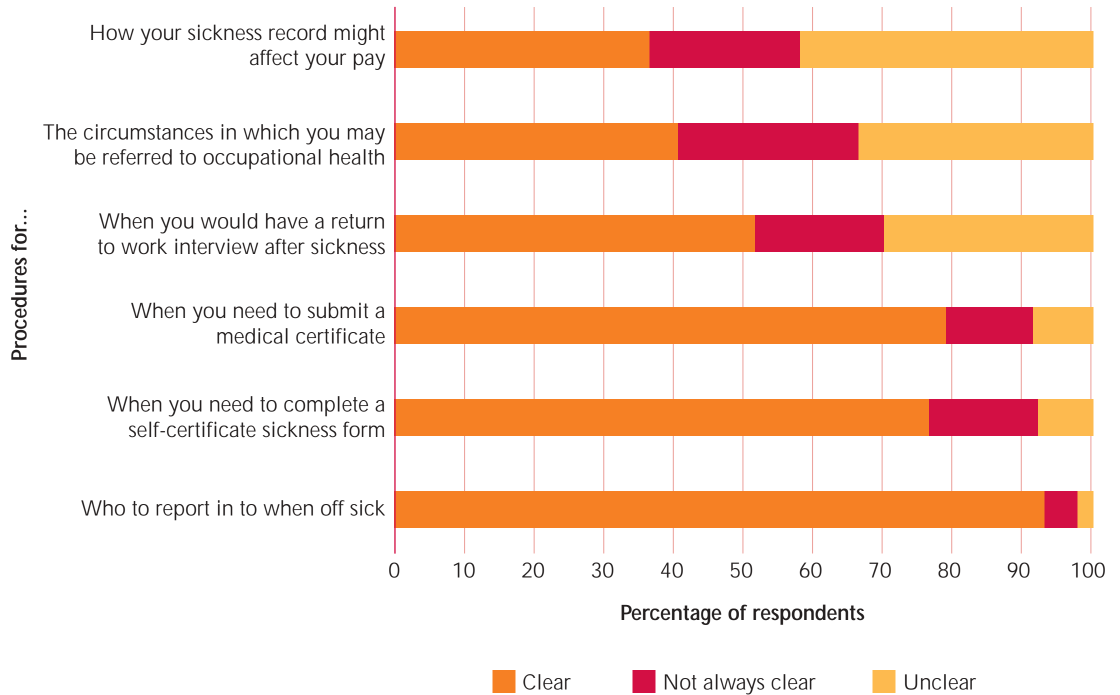
- identifying the names and location of staff who have been absent on five or more occasions in 12 months, or who have been off sick for four weeks or more; and
- ascertaining the actions taken by line managers in response to these absences and providing monthly reports to the Director of Human Resources.

This work forms part of the HR Manager (Attendance Management) Work Programme developed by the Trust, which is also assessing the reliability of reported sickness statistics and establishing a rolling programme of sickness absence training events for managers.

Source: National Audit Office Wales survey of NHS trusts

17 The clarity of sickness absence procedures as perceived by NHS Trust staff

Procedures for the management of sickness absence, in particular provisions for return to work interviews, occupational health referral and sick pay entitlements, are not always clear to a significant percentage of NHS Trust staff.



Source: National Audit Office Wales survey of NHS Trust staff

Management training could be further enhanced

4.16 It is important that managers are not only provided with knowledge of procedures for the management of sickness absence, but that they are confident in applying them and capable of doing so in a sensitive and consistent manner. Evidence provided by Gwent Healthcare NHS Trust suggests that enhanced training and support for local managers can stimulate a reduction in the levels of sickness absence **(see Case Example D)**.

'I was off work for the equivalent of six weeks because of domestic and work related stress. I was on the verge of giving up work completely in order to cope, it was only the support and professionalism of my line manager that encouraged me to stay'

'The way return to work interviews are conducted lacks sensitivity, the implication being that a member of staff is having time off for no good reason. I think that there is plenty of scope for training managers'

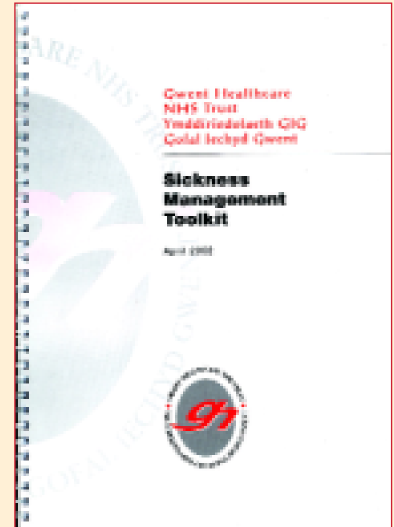
4.17 Eight of the 15 NHS trusts in Wales reported that they are now delivering formal sickness absence management training to all managers as a stand alone issue, accompanied in some cases by the provision of in house training materials. In the remaining seven trusts, formal training is only provided on a needs or request driven basis.

4.18 Responses to our staff survey from those with line management responsibility for sickness absence suggested that across the 15 NHS trusts in Wales, the majority of managers have either not received training in particular aspects of sickness absence management, or have done so informally **(see Figure 18)**. Overall, 45 per cent of managers reported that they have received no formal training in any of the activities listed.

D The development of the 'Sickness Management Toolkit' and 'Sickness Tsar Initiative' within Gwent Healthcare NHS Trust

In April 2002, Gwent Healthcare NHS Trust produced a *Sickness Management Toolkit* to accompany their training programme. Included within the toolkit are:

- user friendly guides to the sickness absence procedure, other leave policies and sick pay entitlements;
- sample forms for attendance recording, return to work interviews and other management intervention;
- full copies of the managing sickness absence policy and related policies such as health at work, special leave and flexible working options.



The toolkit has been used as one element of the *Sickness Tsar Initiative*, supported by an investment of £25,000. The aim of the initiative has been to reduce sickness absence levels and improve sickness absence management within the Trust's Newport hospitals. The main focus was on the nursing workforce and the initiative was centred on an enhanced programme of skills based training for managers.

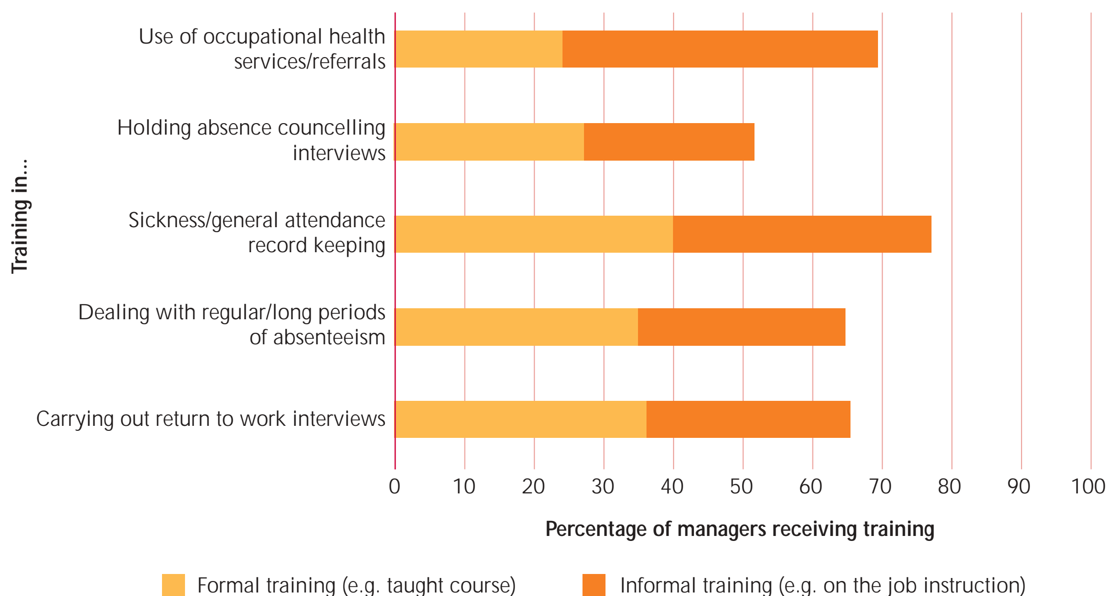
In an interim evaluation of the initiative, the Trust noted a reduction in sickness absence among Newport based nurses from 7.9 per cent (September 2001 to March 2002), to 6.6 per cent (April 2002 to August 2002). Although the rate of absence had reduced across the Trust as a whole, possibly due to seasonal fluctuations, had the reduction for Newport based nurses mirrored that across the Trust, their absence rate would have only fallen to 7.2 per cent.

The Trust estimated that the reduction, beyond the trend identified across the Trust, would yield savings in the costs of replacement staff of at least £171,000 if continued over the whole year. Based on the success of this initiative, the Trust has committed itself to an ongoing investment of £50,000 per annum to provide two 'Sickness Tsar' posts.

Source: National Audit Office Wales survey of NHS trusts

18 The extent of training received by NHS Trust staff with responsibility for managing staff sickness absence

Less than half of those NHS Trust staff with responsibility for managing sickness absence had received formal training in particular elements of these responsibilities, such as conducting return to work interviews or making use of occupational health referrals.



Source: National Audit Office Wales survey of NHS Trust staff

KEY POINTS

on the management of sickness absence cases

- All of the 15 NHS trusts in Wales have developed local procedures for sickness absence management. However, the lack of central guidance from the Assembly's NHS Wales Department has resulted in inconsistencies in the conditions placed upon employees in different trusts, particularly regarding the timing of recommended management intervention in response to frequent short term or long term absence trends.
- Routine requirements for sickness certification and return to work interviews are frequently overlooked, and the extent and timeliness of management intervention in response to frequent short term or long term absence appears limited.
- We estimate that, in 2001-02, the 15 NHS trusts in Wales paid up to £1.3 million in occupational sick pay to cover absences over seven calendar days that were not covered by a medical certificate.
- Despite the efforts of trusts to communicate their sickness absence procedures, a substantial percentage of staff remain unclear about core requirements such as return to work interviews. Only 45 per cent of managers reported that they had received any formal training on the application of their local sickness procedures.

We recommend that:

- the Assembly's NHS Wales Department develop all Wales guidance on the management of sickness absence and consider introducing common routine procedures;
- NHS trusts monitor the extent of adherence to their procedures for the certification of absence and return to work interviews, and check for evidence of management action in response to frequent short term or long term absence. In doing so we recommend that all trusts introduce combined documentation for self certification and return to work interviews to be completed after all spells of sickness absence;
- NHS trusts develop user friendly guides to their sickness absence procedures for distribution to staff or display in departments, and update these as necessary;
- NHS trusts ensure that all those with responsibility for managing staff sickness absence receive training in the practical application of sickness absence management procedures.

The overall provision of occupational health services could be improved

4.19 Occupational health services play an important role in workplace health promotion and in the general management of sickness absence by dealing with in service referrals and pre-employment health checks. Thirteen of the 15 NHS trusts in Wales provide their own in house occupational health service, while Velindre and the Welsh Ambulance Services NHS Trusts contract with other health providers.

4.20 Previous research has highlighted the scope for significant improvements in the provision of occupational health services across the NHS in Wales **(see Figure 19)**. However, the extent to which these recommendations have been progressed is unclear, and the themes addressed by these recommendations have continued to be raised as concerns during the course of our examination.

There are substantial differences in expenditure on occupational health between trusts

4.21 NHS trusts in Wales spent some £2.9 million on occupational health during 2001-02, around one third of which was generated from external contracts **(see Figure 20)**. Staffing costs comprise an average 86 per cent of the total NHS trust expenditure.

19 Recommendations made by the Occupational Health and Health and Safety Sub Group of NHS Wales

In March 2002, the Occupational Health and Health and Safety Sub Group of NHS Wales published the results of an exercise to benchmark occupational health services across NHS trusts in Wales. Their report, endorsed by the NHS Partnership Forum[13] in June 2002, recommended that:

1. clear standards are established for occupational health provision in NHS Wales. It is recommended that equitable funding levels be set for trusts and that the spending be ring fenced against an agreed occupational health development plan;
2. the National Assembly for Wales identify and fund a suitable number of occupational health training posts across NHS Wales for accreditation to the Faculty of Occupational Medicine;
3. occupational nurse training needs be identified and that in future, suitable training delivered in a flexible modular format be provided that would build toward higher level occupational health qualifications;
4. occupational health departments should review the activities and skill mix of nursing staff in order to make best use of the limited trained occupational health nurse resource;
5. NHS Wales sets clear guidelines for the collection of sickness absence and occupational health service data and that a standard IT system be funded and developed for occupational health services in NHS Wales;
6. occupational health departments review the cost effectiveness of providing occupational health services for external companies to ensure that where such external services are provided, this is not at the expense of services to trust staff.

Source: Occupational Health and Health and Safety Sub-group for NHS Wales report, 'Benchmarking Occupational Health Provision in Wales'

13 *The NHS Partnership Forum comprises representatives from NHS trade unions, NHS trusts and health authorities, local health groups and the National Assembly for Wales.*

20 Occupational health expenditure by NHS trusts in Wales during 2001-02

Trusts spent almost £2 million on occupational health provision for their own staff in 2001-02. The level of expenditure per staff member varied considerably between trusts, ranging from £18 per whole time equivalent in Velindre NHS Trust to £65 in Ceredigion and Mid Wales NHS Trust.

		Expenditure (less income from external contracts)		
	Total Trust expenditure (£000's)	Total (£000's)	As a proportion of total Trust revenue expenditure (%)	Per WTE member of staff (£'s)
Ceredigion and Mid Wales	55	53	0.15	65
Pembrokeshire and Derwen	210	147	0.17	56
Conwy and Denbighshire	292	202	0.14	49
Pontypridd and Rhondda	156	154	0.13	47
North Glamorgan	107	106	0.12	43
Bro Morgannwg	237	226	0.11	43
Welsh Ambulance Services	69	69	0.10	34
Cardiff and Vale	441	295	0.07	30
Swansea	198	179	0.08	30
Powys Health Care	72	42	0.09	29
North West Wales	204	116	0.08	28
North East Wales	303	100	0.07	27
Gwent Healthcare	411	236	0.08	27
Carmarthenshire	188	60	0.06	20
Velindre	16	16	0.03	18
All Wales	**2,874**[a]	**1,999**[b]	**0.09**	**34**

NOTE

a The total Trust expenditure of the Velindre and Welsh Ambulance Services NHS Trusts is also included in the figures for the other NHS providers with whom they contract and has therefore been excluded from the all Wales total occupational health expenditure.

b The total Trust expenditure (less income from external contracts) does not equal the sum of the 15 NHS trusts due to rounding.

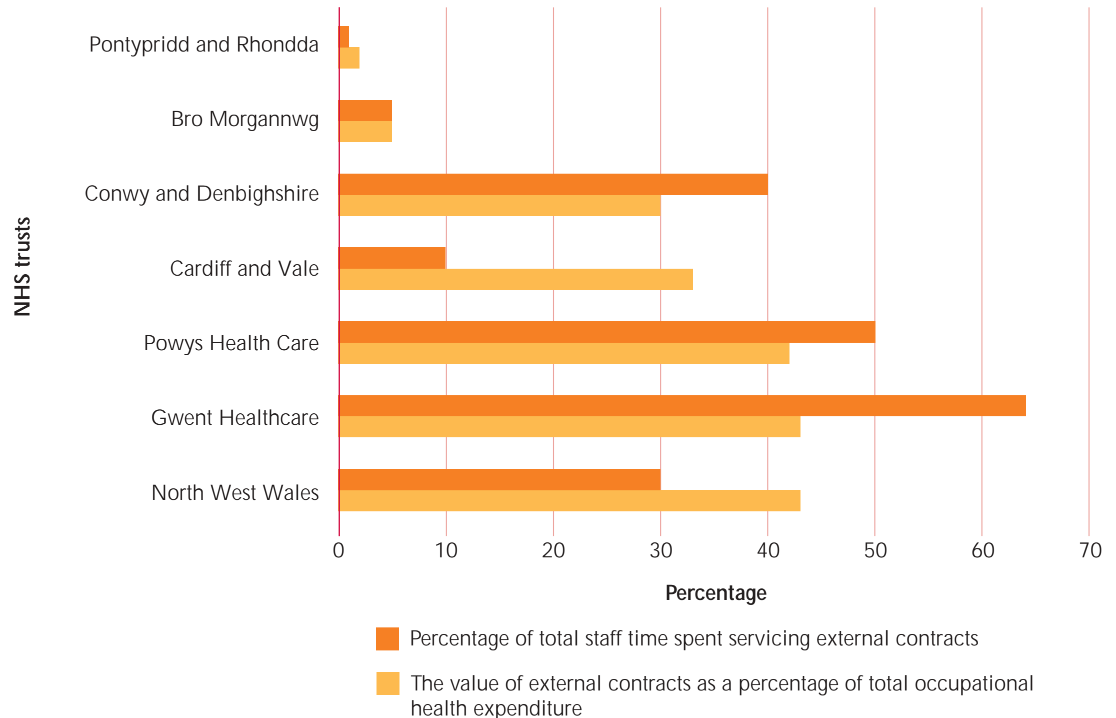
Source: National Audit Office Wales survey of NHS trusts

4.22 When income from external contracts is excluded, there are clear differences in the occupational health expenditure committed by trusts, either per head, or as a proportion of total revenue expenditure. Economies of scale in occupational health provision may explain some of this variation in expenditure. For example, Ceredigion and Mid Wales NHS Trust has the highest level of expenditure per whole time equivalent member of staff but is the smallest Trust in Wales and did not have an occupational health consultant post.

4.23 In bringing in additional funds, external contracts can help to enhance the overall capacity and range of services available to NHS staff. By providing services to external organisations, the NHS is also benefiting the wider population. However, there is the risk that trusts may spend a disproportionate amount of their time servicing these contracts relative to the income gained, to the possible detriment of NHS staff and consequently to the detriment of patients. This is the case in at least three of the 15 NHS trusts in Wales, although some trusts spend proportionally less time servicing external contracts relative to their value (see Figure 21).

21 Comparison of the proportion of occupational health expenditure generated by external contracts and staff time committed to servicing these contracts in 2001-02

In some NHS trusts, the amount of staff time spent servicing external contracts is disproportionately high compared with the value of these contracts.



NOTE

Only seven of the 15 NHS trusts in Wales provided estimates of the proportion of staff time spent servicing external occupational health contracts.

Source: National Audit Office Wales survey of NHS trusts

'The occupational health department's waiting times are unacceptable and call ups, e.g. immunisation are not computerised, resulting in them being overdue'

The time taken to process occupational health referrals is generally regarded as inadequate

4.24 The speed of turnaround of the occupational health referral process has been a common complaint during our study, examples of which were identified from our examination of Trust sickness records **(see Case Example E)**. In 2001, the Department of Health produced guidance on the *Effective Management of Occupational Health and Safety Services*, which included standards for in service referral stating that, *"the first appointment will be offered within five working days for an occupational health nurse or ten working days for an Occupational Physician"*. The Assembly's NHS Wales Department has not produced any similar guidelines or standards for the NHS in Wales.

4.25 Evidence provided by one NHS Trust in Wales showed that they would have met the English standard for physician referrals in only 28 per cent of cases during 2002. These trends were attributed in part to the pressures of serving an external local authority contract, which has since been terminated.

'After complications following an appendix removal I could have done with some help from occupational health to speed my recovery. I feel I could have been back to work three months earlier'

4.26 Delays in occupational health referral impact on the ability of trusts to identify the help and support that could be provided to facilitate the return to work of sick staff or to help address underlying health problems. Among the strategies that may be used by trusts are rehabilitation into work on reduced hours or light duties, or temporary redeployment in a different role.

E Evidence of slow turnaround of in service occupational health referrals in Ceredigion and Mid Wales NHS Trust

One trust employee was referred to occupational health having returned to work following a long term spell of absence. Their line manager had expressed concern about the extent to which they were fit to be back in work. The appointment booked with occupational health was six weeks later than the original referral.

Another employee was referred to occupational health following a letter from their General Practitioner suggesting they avoid night duties. It was four weeks before the employee had an appointment and a further six weeks before the line manager received a response from occupational health.

Source: National Audit Office Wales examination of NHS Trust sickness absence records

F Fast track referrals to private physiotherapy services in West Suffolk Hospitals NHS Ttust

In 2000-01, the West Suffolk Hospitals NHS Trust lost 10,049 staff working days as a result of musculo-skeletal injury. In an attempt to reduce this absence, the Occupational Health Service negotiated with a local private organisation to introduce a scheme to fast track referrals following injuries to Trust staff. The introduction of the scheme coincided with the appointment of a Manual Handling Advisor by the Trust and, between September 2001 and the end of May 2002, a total of 104 members of staff had been referred for treatment.

Of the 104 staff referred, only one remained off work and two were referred back to their GP for further advice. The Trust calculated that between September 2001 and the end of May 2002, the number of days lost due to musculo-skeletal absences fell by more than 40 per cent compared with the previous year, delivering a reduction of £170,000 in the direct costs of musculo-skeletal injuries from an investment of only £21,000.

Source: National Audit Office England report, 'A Safer Place to Work: Improving the management of health and safety risks to staff in NHS trusts', published April 2003

4.27 At least six of the 15 NHS trusts in Wales have also attempted to develop fast tracking policies for their staff. For example, staff with back problems in the North Glamorgan NHS Trust will now be automatically referred for physiotherapy within seven days. Although carrying some political sensitivity where staff are fast tracked to NHS services, the experience of at least one NHS Trust in England suggests that innovative arrangements with private sector providers can also prove cost effective **(see Case Example F)**.

> "Some times waiting lists affect nurses and that affects the NHS with absences, this circle needs to be broken"

4.28 As well as the speed of service, Trust managers have criticised the quality of feedback from occupational health referrals, whilst occupational health staff have similarly criticised the quality of referrals. In attempting to address these problems, Cardiff and Vale, Gwent Healthcare, North Glamorgan and North East Wales NHS Trusts have been actively attempting to foster closer relationships with their occupational health services through general management training, or improved links between Trust human resource managers and occupational health staff. Seven of the 15 NHS trusts in Wales also include occupational health referral forms as part of their sickness management procedures in an attempt to standardise the quality of referrals and questions asked of the occupational health service.

KEY POINTS

on the provision of occupational health services

- the Assembly's NHS Wales Department and NHS trusts prioritise actions designed to improve the provision of occupational health, in response to the recommendations made by the Occupational Health and Health and Safety Subgroup;
- Income from external contracts can help increase the capacity of occupational health provision, to the benefit of NHS trust staff. However, there is the risk that trusts spend a disproportionate amount of time servicing these contracts relative to the income gained, to the detriment of their own staff.
- There are widespread delays in dealing with in-service occupational health referrals. These delays affect the ability of trusts to provide effective help and support to sick staff or to help address any underlying health problems.

We recommend that:

- the Assembly's NHS Wales Department and NHS trusts prioritise actions designed to improve the provision of occupational health, in response to the recommendations made by the Occupational Health and Health and Safety Subgroup;
- NHS trusts review the corporate lines of responsibility of their occupational health services so as to improve relationships between them and their local departments;
- NHS trusts develop standard referral forms to improve the quality and consistency of management referrals;
- the Assembly's NHS Wales Department evaluate the impact of the various fast tracking schemes being developed by NHS trusts in Wales and disseminate good practice.

There is scope for improvement in the promotion of workplace health by trusts

4.29 As a demonstration of their commitment to promoting workplace health, the NHS service and financial framework targets established by the Assembly's NHS Wales Department have included the expectation that NHS trusts achieve the *Corporate Standard* for workplace health. This is the quality mark for workplace health promotion in Wales, administered by the National Assembly for Wales (see Appendix 4).

4.30 As at 31 September 2003, 13 of the 15 NHS trusts in Wales had passed through the *Corporate Standard* assessment process, but only two trusts have yet achieved a gold award, suggesting considerable scope for improvement **(see Figure 22)**. However, the inability of most of the 15 NHS trusts in Wales to reliably identify the underlying costs or causes of absence limits the extent to which they can effectively prioritise resources, or evaluate the impact of particular interventions **(see Case Example G)**. The fact that Pembrokeshire and Derwen and North East Wales NHS Trusts have achieved the gold standard without this background information highlights a potential flaw in the assessment process[14].

G The use of influenza vaccinations within the Conwy and Denbighshire NHS Trust

Conwy and Denbighshire Trust has, since 1999, run annual influenza campaigns offering free vaccinations to all Trust staff.

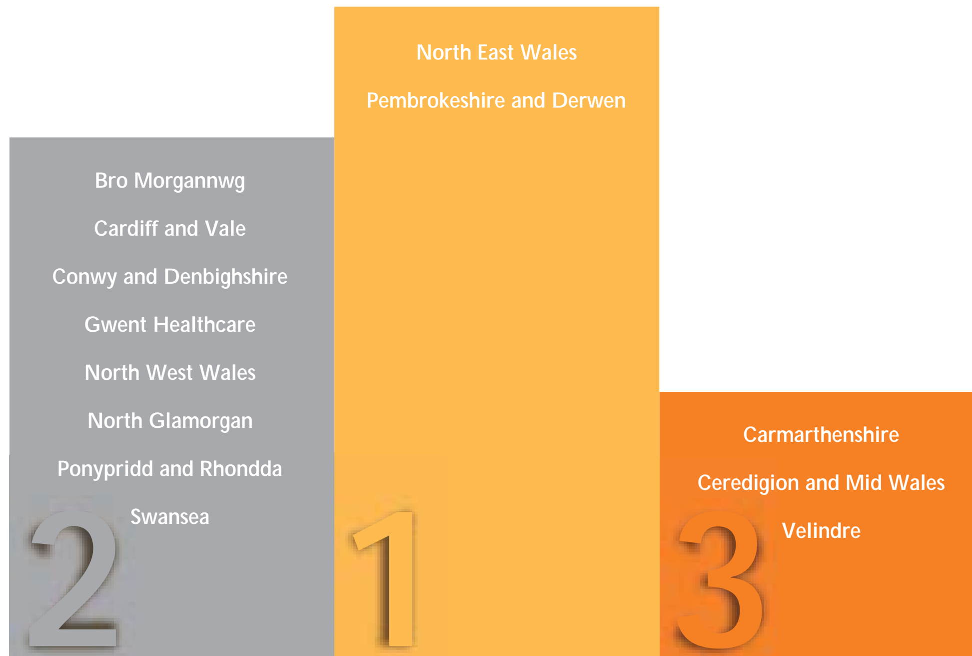
Overall take up of the scheme has increased from 450 staff in 1999 to 679 in 2002, 63 per cent of whom were working in patient contact roles.

The campaign cost £4465 in 2002, although its overall effectiveness can not be systematically evaluated because the Trust does not collect data on the amounts of sickness absence attributable to influenza.

Source: National Audit Office Wales survey of NHS trusts

14 *The National Assembly for Wales has recently tendered for an evaluation of the impact of the Corporate Standard. This project will include a review of the assessment criteria and consideration of the possibility of developing sector specific standards.*

22 Levels of achievement of the Corporate Standard by NHS trusts in Wales



NOTE

The assessment for the Welsh Ambulance Services NHS Trust has been postponed until January 2004, while Powys Health Care NHS Trust was not expected to apply since the trust ceased to exist as a separate organisation from 1 April 2003.

Source: National Assembly for Wales

KEY POINTS

on the promotion of workplace health

- Only two of the 15 NHS Trusts in Wales have so far achieved the gold award for the Assembly's *Corporate Standard* for workplace health, indicating considerable scope for improvement in the commitment of trusts to workplace health promotion.
- The lack of robust data on the costs or causes of sickness absence limits the extent to which trusts can prioritise and evaluate the impact of their workplace health promotion.

We recommend that:

- the Assembly's NHS Wales Department develop key criteria within the *Corporate Standard* assessment, such as the availability of data on the causes of absence or incidence of work related ill health, without which organisations can not achieve a gold award;
- as reliable and comparable data on the medical causes of sickness absence becomes available, the Assembly's NHS Wales Department, in consultation with the Office of the Chief Medical Officer, consider using this information to develop, target and fund appropriate health promotion programmes for NHS Wales staff.

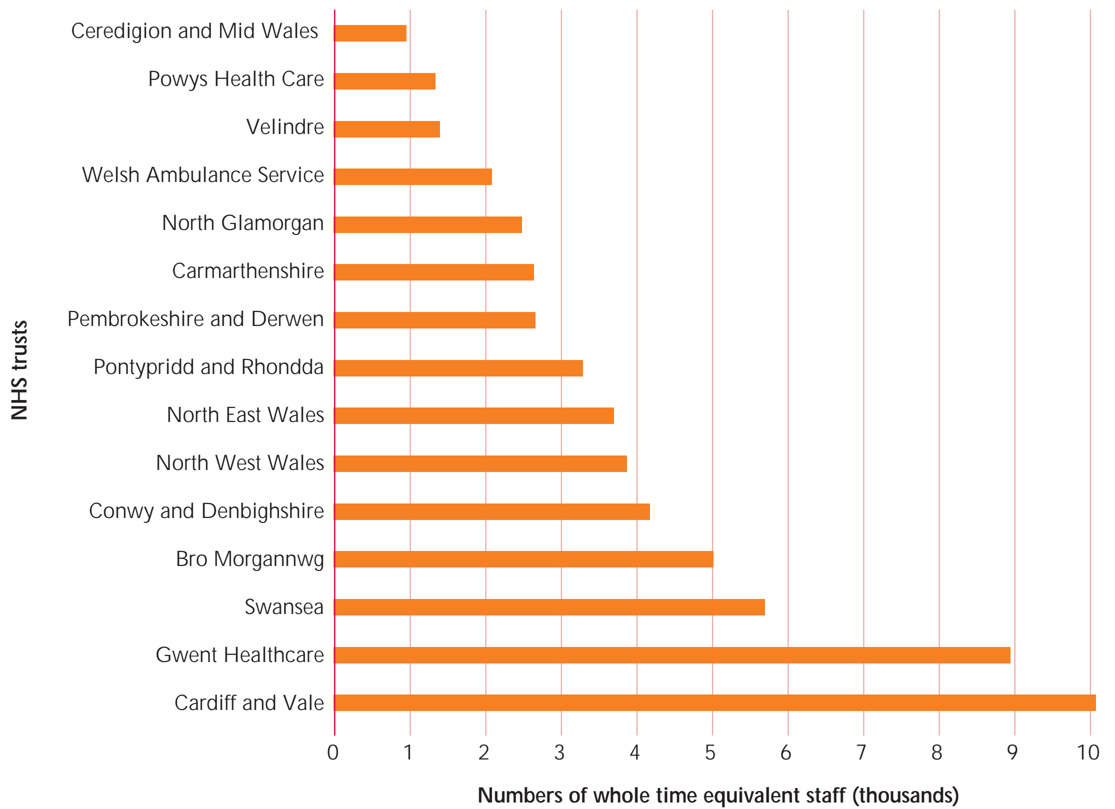
Appendix 1

Study methods

The key features of our study methods

- Formal audit visits to the Ceredigion and Mid Wales, Pontypridd and Rhondda, Conwy and Denbighshire, Swansea and Gwent Healthcare NHS Trusts. These trusts were selected to represent the five former health authority regions and to provide a mix of organisations of different size **(see Figure 23)**.

23 Numbers of staff employed by NHS trusts in Wales at 30 September 2002



Source: National Assembly for Wales Statistical Bulletins 42/2003 and 43/2003

- During these audit visits we examined sickness records relating to a total of 382 randomly selected trust employees, including evidence from employee self certificates, medical certificates, attendance records, staff paycards and electronic payroll systems. As a result we were able to estimate the accuracy of the levels of sickness absence reported by trusts, and assess the extent to which local sickness absence procedures were being implemented. We have provided trusts with their own summary of the findings from these visits. We based our examination on the 2001-02 financial year because, at the time of our main study fieldwork, this was the period for which a full year's financial and sickness absence data was available.
- A survey of the 15 NHS trusts in Wales to establish information on a range of sickness absence management issues including procedures for sickness absence management, systems for recording sickness absence and reported rates of absence; the provision of sickness absence management training and the costs of sickness absence.
- The distribution of survey questionnaires to random samples of 100 employees in each of the 15 NHS trusts in Wales to assess the communication and perceived clarity of local sickness absence procedures, knowledge of local sickness absence rates and corporate targets, the extent of training in sickness absence management where appropriate and the procedural processes undertaken during recent periods of sickness absence. We received completed returns from 718 NHS Trust staff, representing a 48 per cent response rate. We have distributed a summary of these survey results to trusts.
- Liaison with relevant NHS Wales groups including; the NHS Partnership Forum and their Occupational Health and Health and Safety Subgroup, the Welsh Occupational Health Services Benchmarking Club, the Human Resources Directors and Deputy Directors Groups and their subgroup on sickness absence management. We continue to work with Assembly officials and NHS trusts to disseminate our findings and to assist them in addressing the issues raised in this report.
- A background literature review and consultation with academics experienced in the field of NHS sickness absence management.

Methodology for estimating the value of staff time lost to sickness absence

In the absence of consistent and robust costings from across the 15 NHS trusts in Wales, we estimated the salary costs of sickness absence in 2001-02 **(see Figure 24)** using the following approach:

Step 1: We estimated the sickness rates of all NHS trusts under the definition of the 'percentage of contracted hours lost including absences paid at half and nil pay'. We applied these percentage rates to the overall staffing costs of trusts to provide an estimate of the total value of staff time lost to sickness absence. We excluded bank and agency expenditure from these staffing costs but were unable to exclude overtime costs.

Step 2: Evidence from three trusts that were able to calculate the costs of sickness absence on an individual by individual basis suggested that the methodology used in Step 1 overestimates the true costs of sickness absence. This accounts for the fact that sickness rates will vary across staff groups with different costs per head. As a result, we estimated that the value of staff time lost to sickness absence represented an average 76.7 per cent of the costs generated by the method used in Step 1.

Step 3: Using figures provided by four trusts, we estimated that an average 82.5 per cent of all sickness absence is paid at full pay, 12.1 per cent at half pay and 5.4 per cent at nil pay. We applied this analysis to the costs generated in Step 2 to estimate the amount of occupational sick pay that was actually paid out to staff, accounting for absence at half and nil pay.

24 Estimates of the value of staff time lost to sickness absence and actual payments in occupational sick pay to NHS trust staff in Wales for 2001-02

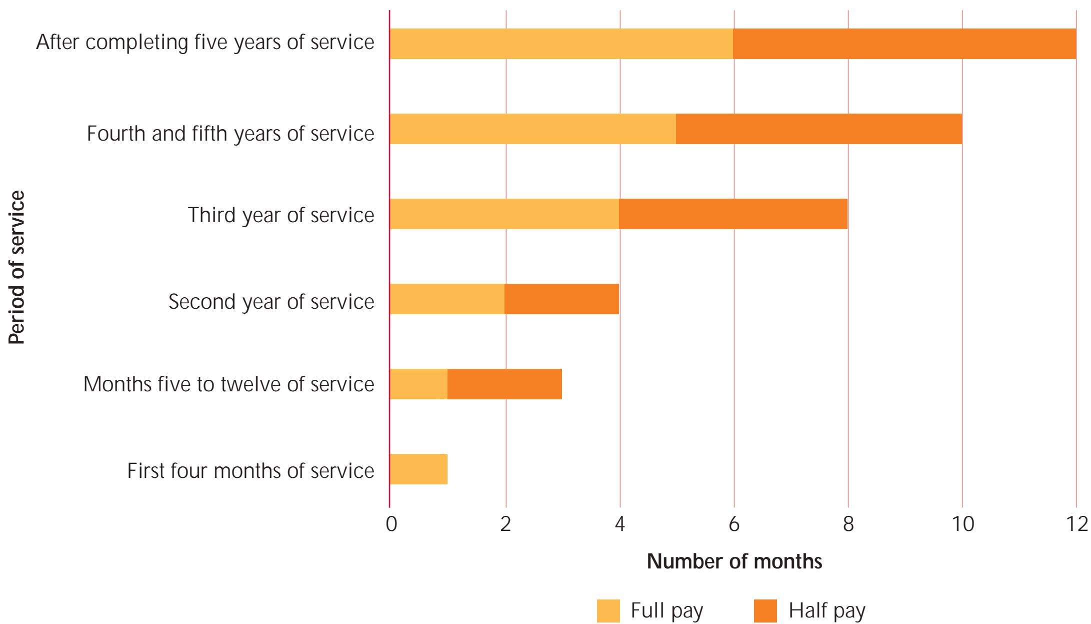
	Step 1 Value of staff time lost	**Step 2** Value of staff time lost	**Step 3** Occupational sick pay
Total costs (including the National Insurance and pension contributions of employers)	£79,589,174	£61,044,897	Not applicable
Total costs (excluding the National Insurance and pension contributions of employers)	£70,223,812	£53,861,664	£47,674,305

Source: National Audit Office Wales

Appendix 2

NHS occupational sick pay entitlements

25 Occupational sick pay entitlements for NHS employees in Wales under the Whitley Council agreements for the health service in Great Britain



NOTE

Under the Whitley conditions, ancillary, maintenance and ambulance workers are not entitled to occupational sick pay during the first four months of service.

Cardiff and Vale, Pembrokeshire and Derwen, and Swansea NHS Trusts use different local conditions for at least some staff.

Source: Whitley Council Agreements for the health service in Great Britain

Appendix 3

The Electronic Staff Record (ESR) Project

What is the ESR Project?

1 The NHS currently operates several different human resource and payroll systems and there are wide variations in the administrative processes employed. The Electronic Staff Record (ESR) project is intended to standardise these administrative processes and to introduce a single combined human resource and payroll system for the NHS in England and Wales.

2 The ESR project forms part of the Financial Shared Services initiative, launched in 1999 (www.doh.gov.uk/sharedservices) and is an important part of the wider program for the development of information technology across the NHS. The contract for delivering the ESR system, signed in December 2001, is worth £400 million over ten years, of which Wales represents seven per cent. The supplier is a consortium headed by McKesson Information Solutions UK Ltd and supported by Oracle, PwC Consulting and IBM.

3 Despite the costs of the ESR contract, the total discounted value of process efficiency savings alone was estimated within the ESR full business case at some £325 million over ten years. For example, almost three quarters of NHS staff appointed each year transfer from another NHS employer. The development of ESR will mean that their employee records can be automatically transferred rather than manually updated each time they move. The full business case also estimated a one off saving of £21 million as a result of the centralised procurement, and possible savings of £30 million a year from the improved management of attendance and unplanned absence.

How has the ESR system been developed?

4 Although taking around a year longer than initially expected, the configuration and customisation of the ESR system was delivered in July 2003 with extensive capability testing taking place throughout July and August 2003. The ESR project team has selected three forward pilot groups to test the ESR system in an NHS environment, one of which is the North East Wales NHS Trust. These are expected to be operational with the ESR system by November 2003 followed by a further 13 pilot groups in the first half of 2004. Subject to successful piloting, it is currently anticipated that the ESR system will be rolled out to Conwy and Denbighshire and the Welsh Ambulance Services NHS Trusts in late 2004, and across the rest of Wales in mid 2005.

What will ESR mean for the recording of sickness absence?

5 The ESR system will facilitate the electronic entry of absence data at a local managerial level and, by doing so, should help to overcome many of the flaws in the current manual and electronic recording practices. By reducing the number of recording stages necessary, the ESR system should also help improve the accuracy of trust sickness statistics. However, the extent to which this is achieved will still rely on the commitment of local managers to maintain accurate records of absence from work.

6 One of the most significant improvements offered by the ESR system will be the ability to produce standardised management information at a local and national level. As well as providing a set of standard sickness reports, trusts will have the opportunity to carry out additional analysis of sickness trends in a more user friendly manner, and to a greater depth, than is currently practical. Notable developments for most NHS trusts in Wales will be the ability to generate consistent salary costs for sickness absence, use the Bradford scoring system if desired, and record the causes of sickness absence **(see Figure 26)**. However, it is not clear that the system will differentiate between the work or non work related reasons for sickness absence.

26 Causes of sickness absence developed as part of the ESR system

Cardiac conditions

Eyes, ears, nose and throat

Gastro-intestinal

Genito-urinary and female (non-pregnant)

Infections, anaemia, endocrine disorders

Malignancy

Musculo-skeletal (back)

Musculo-skeletal (neck)

Musculo-skeletal (other joint, lower limb)

Neurological

Not known

Other

Other mental disorders

Pregnancy related

Psychological

Psychoses

RTA severe injury fractures

Respiratory

Skin

Stress

Substance abuse

Surgery

Upper limb disorders

Source: ESR project team (as developed at 30 June 2003)

Appendix 4

Health at Work: The Corporate Standard

1 Originally developed by Health Promotion Wales in 1996, *Health at Work: The Corporate Standard*, is the national mark of quality for workplace health promotion in Wales. The Standard is endorsed by the Health and Safety Executive, the CBI in Wales and the Wales TUC. The assessment and award of the Standard is administered by the National Assembly for Wales to public or private sector organisations which have demonstrated commitment to protecting and improving the health of their workforce.

2 To qualify for the award, organisations complete an assessment form and are visited by a team of assessors with relevant health promotion experience who will score the organisation and recommend either a gold, silver or bronze award. Akin to other workplace quality initiatives, such as *Investors in People*, the Corporate Standard is a progressive process and organisations are reassessed every three years.

3 The criteria for assessment currently consist of four core components and nine general health issues, under which a range of activities might be looked for by assessors **(see Figure 27)**. This list is not exhaustive, and the assessment process is intended to emphasise the overall quality, rather than quantity, of these activities.

27 Examples of evidence that may be looked for within the Corporate Standard

Core Components

Organisational support

- Backing of the most senior decision makers
- Allocated health promotion budgets
- Workplace risk assessments
- Health promotion topics included within training and development

Monitoring, assessment, review and evaluation

- Needs assessment reports
- Evaluation reports
- Examples of specific workplace risks

Communication

- A two-way communication process
- A variety of communication methods
- Use of consultation procedures

Employee involvement

- Minutes
- Membership of working groups
- Consultation procedures

Health Issues

Policy development and implementation

- Creates framework for action
- Legitimises action
- Justifies allocation of resources
- Helps to meet health and safety requirements
- Demonstrable commitment to employee health

Smoking

- Designated areas for smoking
- Successful smoking policy
- Provision of smoking information
- Employees access to counselling and/or advice

Nutrition

- Implementation of a nutrition policy
- Healthy food choices and information
- Implementation of food safety practices
- Heartbeat Award

Workplace risks

- Promoting back care
- Identification of workplace risks
- Written risk assessments
- Training for managers
- Manual handling training

Men's and women's health

- Occupational health service
- Allowing employees time with their GP
- Health issues communicated to staff
- Availability of professional advice
- Support and help for employees

Occupational stress

- Flexible working practices
- Development of communication framework
- Counselling services
- Stress courses
- Pleasant working environment

Exercise

- Subsidised gym membership
- Links with leisure centres
- Providing bicycle racks and showers
- Exercise promotion and organised activities

Alcohol and substance abuse

- Clear policy on alcohol and substance misuse
- Support and help for employees

First aid at work

- Provision of first aid in the workplace
- Comprehensive first aid programmes
- Specific training on CPR
- Number of first aiders with certificates

Source: National Assembly for Wales