

CBIBRIEF

Attending to absence

CBI/AXA absence and labour turnover survey 2007: a summary

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Now in its 20th year, our survey provides the definitive source of long-term data on the cost, causes and extent of absence in the UK – and how best to reduce it. Costing more than £13bn in 2006 – 175 million days a year – absence is a significant burden, and organisations that improve their attendance can reap significant rewards.

Absence averaged seven days per employee in 2006

In 2006 absence rose slightly to an average of seven days per employee – 3.3% of working time. Across the UK economy, 175 million working days were lost. The best performing organisations lost an average of 2.7 days per employee – more than nine days fewer than the worst performing organisations, which lost an average of 12 days per employee.

As in previous years, manual employees were absent from work more than non-manual employees – eight days compared to 6.2 days – but the gap is narrowing. Smaller organisations recorded lower absence levels, with absence averaging four days in the smallest organisations, half the rate in the largest (eight days). The public sector reported the highest average absence (nine days per employee), followed by transport and distribution (8.1 days) and retail (7.1 days). Where trade unions were recognised, absence was more than two days higher – eight days compared to 5.6 days for non-unionised workforces. A gap remained irrespective of organisational size and prevalence of manual staff.

Public sector absence rose by half a day in 2006 to nine days and was higher, regardless of organisation size, than in the private sector (6.3 days). Despite the government's efforts, the gap between public and private sector absence rates has increased – in 2006 absence was 44% higher in the public sector than in the private sector. If public sector absence could be reduced to private sector levels, absence would fall by 15.8 million days, saving the taxpayer £1.1bn a year.

Absence cost UK employers over £13bn last year

The direct cost of absence – based on salary costs of absent individuals, replacement costs and lost service or production time – was £537 per employee. This means absence cost the UK economy £13.4bn in 2006. Larger organisations and particular sectors experienced higher costs of absence – the highest costs of absence per employee were found in utilities (£844), transport & distribution (£663) and the public sector (£642).

Few organisations were able to quantify the indirect costs of absence – those arising, for example, from lower customer

satisfaction and efforts to prevent absence – but those that did estimate it added £270 per employee. With this included, the total cost of absence topped £20bn in 2006.

Long-term absence accounted for 43% of working time lost

Long-term absences (those of 20 days or more) accounted for almost half (43%) of working time lost, costing the UK economy £5.8bn in 2006. More working time was lost to long-term absence in the public sector than in the private: although only 7% of absence cases in the public sector became long term, they accounted for more than half (52%) of working time lost. In the private sector 5% of absence spells were long-term, accounting for over a third (38%) of overall working time lost. The best performing organisations lost much less working time to long-term absence – 33% in the best quartile compared to 50% in the worst.

The main causes of long-term absence – back pain and non-work related stress, anxiety & depression – are being addressed by firms. More than a quarter of all employers – and 71% of the largest organisations – now offer mental wellbeing support. And nearly nine out of ten employers (89%) offered rehabilitation services to help ill or injured staff back to health and work – a threefold increase on 2001, when just 28% of employers operated a rehabilitation policy. Providing access to medical or surgical treatment, and using occupational health or case management services, were the most effective rehabilitation policies, particularly in smaller firms employing fewer than 500 staff. These policies also helped reduce absence in the larger organisations, and organisations of 5,000+ employees that provided flexible working for rehabilitation purposes reported 20% less absence than those that did not.

Most absence is genuine but absenteeism remains an issue – costing £1.6bn

Employers believe the vast majority of absence is caused by genuine illness, with minor illnesses being the most common cause. But employers estimate that around 12% of absence is not genuine – this means 21 million days may have been lost unnecessarily to absence in 2006, costing the UK economy £1.6bn. Over two thirds of employers (68%) also believe non-genuine sickness absence occurs regularly, either in certain sites or among certain groups of employees (48%), or across their organisation as a whole (20%). Employers believe that regarding paid sick leave as an entitlement is a significant cause of absence, and 70% of employers believe there is a link between absence and Mondays/Fridays, 68% that there is a link with holidays, and 39% that there is a link with special events, such as football internationals.

Taking sickness leave to deal with home and family responsibilities, and for medical appointments, were also considered to be significant causes of absence – here employers need to work with employees to ensure that they do not need to take sick leave for these reasons.

Commitment from the top is the key to lower absence levels

The key to good absence management is commitment from the top and having the right policies in place. Where senior managers had primary responsibility for absence management, absence rates averaged nearly a day lower. They were also lower where HR managers had primary responsibility – but in the majority of organisations (71%) it is line managers who have day-to-day responsibility for absence management.

Some sectors with generous sick pay schemes also experienced higher levels of absence (public sector and transport & distribution), while others with less generous sick pay had lower absence levels (hotels & restaurants, construction and professional services). But generous sick pay did not have to mean higher absence if policies in place to assist employees in returning to work were effective – the utilities sector provided sick pay as generous as the public sector but had absence levels that were more than 3.5 days lower.

Employers typically take action after three spells or ten days of absence – but the best performing organisations triggered their absence management policies earlier, usually after seven to eight days of absence. Private medical insurance proved to be the most effective attendance management policy for reducing absence. But effective absence management combines carrots with sticks – employers that applied waiting days before sick pay is payable (as 22% of employers do), and that examine absence records during redundancy selection, also reported lower absence rates than those that did not.

Labour turnover remains relatively stable

Labour turnover fell slightly on last year to an average of 14.7%. Turnover varied markedly by sector, with the highest turnover in retail (27%) and the lowest in utilities (9%). On balance, 15% of employers felt that their turnover was too high (two thirds were satisfied with their turnover but 23% felt it was too high and 8% felt it was too low). Despite significantly lower average turnover in the public sector (11.8% compared with 15.8% in the private sector), employers in the public sector were more likely to feel job security had fallen in 2006 (a negative balance of 28%). Job security in the private sector was, on balance, perceived to have remained unchanged.