

AGENDA ITEM:

BRIEFING NOTE TO:	MERSEYSIDE FIRE & RESCUE SERVICE MEETING
DATE:	12TH MAY 2011
BRIEFING NOTE NO.	CFO/052/11
REPORTING OFFICER:	DEPUTY CHIEF EXECUTIVE & DEPUTY CHIEF FIRE OFFICER
CONTACT OFFICER:	PAUL BLANCHART FLETT, OCCUPATIONAL HEALTH MANAGER – EXT 4339 NICK MERNOCK, DIRECTOR OF PEOPLE & ORGANISATIONAL DEVELOPMENT – EXT 4320
OFFICERS CONSULTED:	SIMON PURCELL, FINANCE DEPARTMENT – EXT 4204
SUBJECT:	ATTENDANCE INCENTIVE SCHEME

THERE ARE NO APPENDICES TO THIS BRIEFING NOTE

Purpose of Briefing Note

1. To request that Members consider the proposed changes to the Service Attendance Incentive Scheme that would come into effect from 1st April 2011 for the financial year 2011-12, including the Attendance Incentive Prize Evening 2011.

Recommendation

2. That Members approve the proposed changes to the Service Attendance Incentive Scheme to reduce all the incentive awards by 50% and change the way in which the annual incentive prize is awarded (as outlined in paragraph 7). With the Scheme to be reviewed in 2 years time.

Introduction & Background

3. In February 2006 Merseyside Fire and Rescue Authority took the bold and innovative step of introducing an Attendance Incentive Scheme, as part of the new Absence and Attendance Policy. Absenteeism and sickness levels were high and the Authority wanted to adopt a proactive alternative approach to keeping our staff safe, healthy, and working. The Authority undertook initiatives that, for a UK Fire Service, were a radical approach, and the Incentive Scheme was part of a range of measures to improve attendance.

4. The Incentive Scheme, together with other measures, has resulted in the Service sickness absence rate falling from 10.02 shifts/days lost per employee in 2005/06 and 10.24 shift lost per wholetime uniformed employee in 2005/06 to the current sickness rates of 6.14 lost per employee and 5.29 per wholetime uniformed employee as at March 2011. This represents a halving of the sickness absence rate.
5. The Attendance Incentive Scheme attracted criticism in 2006 when it was first introduced and last year it attracted more criticism and allegations of the public sector wasting public money from newspapers such as the Sunday Times, Daily Telegraph and Daily Express. Despite the assertions about the Incentive Scheme by the newspapers, the whole package has seen a reduction in sickness absence for a cost of under £40,000 a year. The saving in costs of sickness absence is several hundred thousand pounds. Nevertheless, Members are determined to scrutinise every area of Authority spending in order to seek out further efficiencies.
6. The Attendance Incentive Scheme currently offers employees the following benefits for attending work:
 - (a) A car, employees with 12 months without sickness are eligible to be entered into the prize draw. This is a car that costs the Service approximately £10,000. This car has been provided by Lookers Honda since 2007 with them offering a Honda Jazz at a discounted price to the Service.
 - (b) At the annual Attendance Incentive Prize Draw Evening the final 12 in the Car Prize Draw, this having been reduced by the Preliminary Draw event prior to this evening, are awarded £200 in John Lewis Vouchers as a consolation for the eleven who do not win the car.
 - (c) The Service offer to employees who maintain 3 months attendance the opportunity to participate in a monthly prize draw that provides the winner with either £1,000 in cash or John Lewis Vouchers. In the former case the employees pays tax on the £1k and so receives a reduced amount. The latter costs the Service the tax due.
 - (d) Additional to these instant prizes there are two longer term prizes with those staff without sickness for 12 months eligible for an additional day's leave and £50.
 - (e) At the Attendance Incentive Prize Draw Evening there has been introduced prizes for those staff who achieve 15 or 20 years without sickness. These prizes take the form of a gift for between £150 - £200.

7. Since the introduction of the Attendance Incentive Scheme the Service have awarded, to date, a total of 63 awards, and the recipients of these incentives have been drawn from across the Service. The winners of the £1,000 draw have been 1 Group Manager, 10 Watch Managers, 2 Crew Managers, 23 Wholetime Firefighters, 1 Marine Rescue Crew, 14 Administrative/ Support Staff, 3 Advocates, 1 Cleaner, 1 Cook, 1 Locality Manager, and 1 School Fire Liaison Officer. The winners of the 5 car prizes have been 1 member of the Administrative/Support staff, 3 Firefighters, and 1 member of MACC Staff. Of those staff winning the £1,000, 41 employees have opted for the John Lewis Vouchers, and 16 have taken the monetary prize, (1 pending).
8. With the Service now facing further severe financial restrictions due to the cuts in public sector finances, a review of the Attendance Incentive Scheme has been undertaken. It is proposed that the Service amend the incentives offered to staff to accommodate the reduction in the budget for the Incentive Awards. The proposed changes are:
 - (a) The Service cut all the Incentive Award monetary prizes by 50%, and that the Attendance Incentive Scheme is reviewed again in two years.
 - (b) The main car prize is replaced with vouchers redeemable at Co-operative Travel totalling £5,000. This change would be effective for the Attendance Incentive Prize Evening 2011. The Co-operative has been chosen as the partner for this Incentive Award Prize due to their ethical investment position and history.
 - (c) The runners up in the main prize draw at the Attendance Incentive Prize Evening would see the consolation £200 reduced to £100 in John Lewis Vouchers.
 - (d) The £1,000 Monthly Prize will be reduced to £500, with the options for cash, John Lewis Partnership or Co-operative vouchers for employees to choose their preferred option. This reduction will also reduce the tax liability on the Service for those staff who opt for vouchers.
 - (e) The Service would remove the longer term incentive of the accrued day annual leave and bank these Attendance Incentive Leave days awarded since 2006 to be granted on the employee leaving the Service. The change in the annual leave and the £50, proposed below, will end the circumstances where the Service is accruing a significant long term liability in terms of these rewards.
 - (f) The £50 incentive awards accrued since 2006 would be paid out in May 2011, and thereafter rather than employees accruing the £50 each year to be paid upon leaving the Service it is proposed that the Service would pay out the £50 accrued, each financial year, in the May pay period. This would result in the majority of employees seeing a tangible benefit from the Incentive Scheme every year at a level that is broadly equivalent to a meal out for two.

9. If Members approve the above changes to the Incentive Scheme the Service will engage in a communication programme to explain to staff the need for the changes and it is hoped that staff will continue to engage with and support the Attendance Incentive Scheme.

Equality & Diversity Implications

10. The Incentive Scheme applies to all Service employees and takes into account issues such as disability.

Financial Implications & Value for Money

11. These proposals create a saving of £12,100 p.a. plus the saving of the accrual of a days leave for all employees eligible for the annual Attendance Awards Evening Prize Draw.

Health & Safety and Environmental Implications

12. No Health & Safety and Environmental implications.

Contribution to Achieving Our Purpose:

“To Make Merseyside a Safer, Stronger, Healthier Community”

13. The Attendance Incentive Award Scheme assists in the achievement of the Service in continuing to attain low sickness absence levels and winning recognition and awards for the level of absence achieved.