

APPENDIX C
CFO/061/12 - IRMP SCRUTINY 8 MAY

OPTION 3

The Attendance Incentive Scheme currently offers employees the following benefits for attending work:

1. Car:
Employees with 12 months without sickness are eligible to be entered into the prize draw. Cost to the service approximately £10,000:
Peoples provided a Fiesta in 2011 and previously, Lookers, Honda (2007-2010) who offered a Honda Jazz; both dealerships offered the car at a discounted price to the Service.
2. 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.
3. The Service also offers 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.
4. Additional to these instant prizes there are two longer term incentives within the scheme for those staff without sickness for 12 months. Staff receive a days leave and £50 for every 12 months without absence – received on retirement or similar.
5. At the Attendance Incentive Prize Draw Evening, MFRS has 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.
6. The continuation of the current Attendance Incentive Scheme does have the following benefits:
 - 6.1 the Attendance Scheme remains an innovative approach to solving the problem of employee absence and the Authority remains at the forefront of pushing boundaries;
 - 6.2 the Scheme has, in conjunction with the other initiatives, reduced sickness absence, as shown in the figures in paragraph 3 above. The Service rate of 7.38 for all employees remains below the average sickness absence rate in the UK of 7.7 days (Absence Management: Annual Survey Report 2011 – CIPD) and significantly below the public sector average of 9.1 days.

7. However, there are several concerns that need to be highlighted to maintaining the existing Scheme:

7.1 there is a diminishing impact for all Incentive Schemes and the Service Scheme is no different. For the last two years there have been small increases in the sickness absence. The Service sickness rate has increased from 2009/10 6.14 to 2010/11 6.16 to 2011/12 7.38; and the Wholetime uniformed sickness rate has increased from 2009/10 5.25 to 2010/11 5.40 to 2011/12 6.65.

7.2 The cost of the Scheme, particularly when the Service is likely to face a significant budget cut, gives the clear impression of imprudence. The cost of the Scheme could be equated with the cost of a job.

7.3 The cost of the Scheme is not just immediate, the Scheme is accruing a long term liability that will fall on the Service. The Finance Department have advised that the currently liability to the Authority for this long term incentive stands at £635,000 (as reported under the International Financial Reporting Standards earlier this year) and this liability is increasing at a current rate of £120,000 every year. If this Incentive remains this liability will reach £1 million by April 2014.