

# What is the total cost of staff absence to your school or academy?

Staff absence can have a huge impact on any business, but arguably none more so than a school or academy.



Paying to cover absent employees presents a very real risk of budget overspend, but the true cost is more than just financial. Although less tangible, the absence of a valued member of staff can have a significant impact on the school community, the continuity of teaching and your ability to meet your duties to your pupils, parents and governors.

## Reducing the financial impact of staff absence and maternity leave

Member of staff absent? Can the rest of your employees cover the workload, or are you restricted by the Teachers' Workload Agreement? What will be the impact on staff morale? Do you need to buy in supply staff and, if so, what's in the budget?

Your school or academy's record on staff absence may historically be very good but a sudden, unexpected change can have significant impact on your budget. What happens when suddenly one, maybe two teachers suffer illness or an accident, and another has some very happy news about an unexpected new arrival?

Smaller schools often have the least flexibility when it comes to coping with absences. With relatively few teachers it is impossible to plug gaps other than for very short periods and the impact of additional payments for supply staff have the greatest impact on smaller budgets. But even larger schools and academies that employ permanent cover staff may need to think about some form of protection. A flu epidemic can affect cover staff as much as anyone else.

## Insurance: What are the options?

### Insure the amount by which you exceed your staffing budget

It is possible just to cover the impact of a bad year when staff costs run well over budget – only insuring the amount by which costs exceed the annual amount you budgeted for. Once the cost of absences reaches the level agreed in the terms of the insurance policy, it starts to pay out for the rest of the year.

### Exchange the unknown for the known – Staff Absence and Maternity Insurance for the year

Supply cover is probably the least predictable or controllable area of expenditure for most schools and academies, and can often be the main contributory factor in budget overspends (most supply agencies charge between £150 and £200 per day) – balancing the budget may be the hardest sum your Bursar or Finance Manager will face. It is possible to minimise the potential impact of an unexpected hit to your staffing budget, by exchanging the unknown for a known cost: At the beginning of the year you cannot predict the potential cost of staff absence as a result of illness, injury or maternity; you can quantify the cost and benefit of taking out Staff Absence and Maternity Insurance.

### Staff Absence and Maternity Insurance: Important considerations

The cost of Staff Absence and Maternity Insurance will depend on the age and gender profile of your staff and your absence record. If your absence record is good, your premiums will be lower, so now is a good time to take out insurance.

Comparing commercial insurance quotes for Staff Absence and Maternity on a like-for-like basis can be difficult because there is a huge variety of policy wordings available, each offering varying levels of cover and limitations. For example, different insurers will have different attitudes to pre-existing conditions, chronic conditions, planned operations and stress limitations, which you will need to take into account.

The range of policies available can include:

- Illness and Accidental Injury
- Maternity / Paternity / Adoption Leave
- Compassionate Leave
- Jury Service
- Pregnancy Related Illness
- Stress and Related Illness

It is important to look for a renewable policy – some expire at the end of the year, terminating any ongoing absence claims and re-commencing pre-existing conditions, exclusions and maternity claims moratoria.

A 'best value' exercise will require a detailed analysis of each insurer's full policy wording. The advice of a specialist independent broker can help you make an informed choice.

## How can you keep the cost of insurance down?

You can benefit from Staff Absence and/or Maternity Insurance but minimise your outgoings by:

- Only insuring selected staff categories (e.g. teaching staff only) for absence as a result of illness, accident or injury;
- Increasing the excess period applied to each staff category and the daily benefit payable for each day of qualifying absence. Schools and academies receive a benefit payment from the insurer for each day of qualifying absence, once the excess period has elapsed. Qualifying absences are determined by the cover and cover limitations as defined in the terms of the insurer's full policy wording.

## Pro-actively preventing and reducing absence: healthy, motivated staff

It is important to protect your school or academy from a negative impact on your staffing budget, but insurance is only one aspect of managing the risk of staff absence – you can go some way to minimising absence through investing in the welfare of your staff.

Effective absence management helps employees to return to work after spells of sickness, whilst health and wellbeing benefits can be part of a long-term strategy to improve the productivity and health of staff, as well as reducing the number and frequency of days taken sick.

### Effective absence management

In a survey by the Audit Commission, 60 percent of School Business Managers questioned said that there was scope for schools to make savings through better absence management.<sup>1</sup>

There are many reasons why an employee may take absence, not only sickness. These might include lack of motivation; a heavy workload or difficult working conditions; demands and commitments outside of work – caring for family, for example; or bereavement.

Each absent employee will have their own unique set of circumstances and it is difficult to put a policy in place to manage every scenario, but you can take the following steps to help minimise the length of time and frequency of absence, and support your staff when they return to work:

- Nominate an individual to record and report on all instances of staff absence – even if it only takes the form of a spreadsheet.
- Hold – and record – return to work meetings following every employee absence. Demonstrate a commitment to supporting the employee in question in their return to work. A phased return after a lengthy period of sickness or incapacitation, for example, will pay dividends in the long-term if it results in the retention and motivation of a valued member of staff.
- Monitor and review the information gathered about your employees' absence to help inform decisions about how to adapt your absence management programme to respond to employees' needs. For example, an increase in absence attributed to work related stress will indicate a need to examine ways to reduce certain stresses in the school or academy as a working environment.
- Benchmark your employee absence record against other schools or academies.
- Arrange regular risk assessments, workplace assessments and health and safety audits to minimise the risk of accidents or incidents in your school or academy – and be sure to act on any outcomes.
- Consider conducting a staff survey on attitudes to work and (within reason), act on the responses.
- Review your school or academy's absence policies, including eligibility for leave and the terms by which it is offered and ensure you are compliant with the employment laws in relation to staff absence.
- Invest in a health and wellbeing programme to support good attendance at work – see below – and educate employees about the impact of health and lifestyle on mental health and wellbeing.

<sup>1</sup>Audit Commission, Managing Staff Absence and Cover, Better Value for Money in Schools, 2011

## Improving health and wellbeing

Health and wellbeing programmes can include things like healthcare cash plans, employee assistance programmes (EAPs), discounted gym membership and health screening. You needn't invest enormous sums in order for your staff – and your school or academy in turn – to benefit. For example, a cash plan allows employees to seek treatment for ailments, such as dental, optical, osteopathy etc., and then claim the cost of the treatment back. Some also cover expenses for a hospital stay. These can cost from as little as £1.50 per week per employee.

For a similar cost, employee assistance programmes (EAPs) can be established – providing information via a phone or online helpline which employees can use for confidential advice and some even allow face-to-face counselling.

Proactive health and wellbeing programmes like these can make employee absence less of a burden, and the costs outweigh the potential total cost of absenteeism.

## Talk to us

For further information on the services we provide to schools, academies and other educational establishments, please call us on **0161 972 2480**, email us at [education@lucasfettes.co.uk](mailto:education@lucasfettes.co.uk) or visit [www.lucasfettes.co.uk/education](http://www.lucasfettes.co.uk/education).