

Executive

24 June 2021

Report of the Chief Operating Officer
Portfolio of Executive Member for Finance & Performance

Future of Medigold element of CYC approach to Absence Management

Summary

1. In September 2019 City of York Council, in response to comparatively high sickness rates and feedback from senior managers about existing sickness processes, introduced a new sickness process in conjunction with a company called Absentia which is known throughout the organisation as Medigold / DayOneAbsence. This project was funded up to 180k over the two years with money from the Venture fund.
2. Understanding the impact of the Medigold processes has been significantly affected by the impact of Covid on the sickness landscape, whether this has been the raising of the profile and impact of sickness on the workforce, or the increase of homeworking and reduced travel to work, and the data in this report must be seen in this light.
3. The original term of the Medigold contract is for a period of 24 months, taking the organisation up to September 2021, and this paper has been written to give Executive;
 - An overview of the updated sickness processes that have been put in place,
 - Feedback from across the organisation on the Medigold process, impact on sickness rates,
 - Options for future sickness processes and this contract.

Recommendations

4. Executive are asked to approve:

The extension to the contract with Medigold for 1 year so that a full assessment of the benefit can be made, at a cost of £90k.

Background

5. Sickness rates in City of York Council have been above the public sector benchmark over the last ten years, and whilst there will be anomalies with how sickness is measured and recorded between organisations, it has been recognised by CMT, Executive and Scrutiny that it was an organisational issue that needed to be tackled.
6. Pre-September 2019, the organisation had an embedded sickness process which put the onus on managers to take the initiative in various process steps and understand the various teams, departments and processes that were in place to support them. This is not to say these historic practices were poor processes, more that it had been several years since they had had an overhaul, and outside of monitoring of sickness rates, did not have quality assurance processes inbuilt to make sure that processes, and paperwork, were completed in a timely fashion.
7. During 2018 and 2019 the organisation sickness rate increased, and alongside the changing nature of the CYC workforce which saw an increase in new manager starters within both the establishment and non-establishment positions, it was determined that a "new" process would be looked at to support managers.
8. This was discussed in detail internally, and externally at Executive and Scrutiny, with a commitment made to set aside significant budgetary resources to support, and train, managers and employees to tackle sickness levels. Tackling sickness is seen as a key tenet of the organisation's Organisation Development plan.
9. A number of models for dealing with sickness were considered, all of which are still applicable, and none of which are standalone i.e. all could be completed alongside each other;
 - External Call Centre and workflow processes - This in effect is the Medigold model, whereby the responsibility for recording sickness remains with the employee, but now involves greater structure facilitated by Medigold process-driven systems, where issues are able to be constructively challenged and actioned. This process comes with additional benefits of being supported by systems solely dedicated to sickness which allow

for a series of "timed" processes and reminders, which aid managers in making sure all relevant processes connected to the individual's sickness case are carried out, as well as assisting the managers to deal with longer-term sickness issues.

- Improvement on processes with Itrent (CYC HR System) - Sickness processes on Itrent generally contain a series of basic/simple documents which record start/end dates for sickness and are processed by managers. This information is held within Itrent and it is the manager's responsibility to make themselves aware of any other actions that need to be undertaken.
- No change on systems - This scenario is where it was felt that existing systems and processes were already robust enough and it was manager and employee training on existing processes that was required.
- Improved training on existing processes - This solution is not system dependent and involves raising the profile of sickness across the organisation alongside clarity of support available to both managers and employees. These processes have always existed.
- Improved management information - This solution is not system dependent and involved increasing the availability of management information around patterns in an employee's sickness, alongside other employee information accessed via the KPI machine. Under the Itrent solution this would remain rather simplistic performance information showing sickness dates (start and end), whereas under the Medigold solution additional information could be provided around return to work interview timeliness, employees that had passed previously agreed end-points, sickness cases that had moved between managers etc.
- Improved connection between sickness and occupational health processes - Prior to 2019 discussions it had already been agreed that City of York Council was changing the supplier of these processes to HML Online, and there had been an ambition to align the Occupational Health process closer to sickness triggers. Further work could be considered to bring Occupational Health and sickness processes under the same supplier. The HML contract expires 2022.

10. A statistical target was made for the project within the original Executive report (October 2018) of a reduction of sickness by a third, but no baseline was agreed at this stage and in subsequent Executive discussions it was agreed that success would be reflected in;
 - A falling sickness rate which in time would be more comparable to the public sector average (8.5 days per FTE vs CYC rate of approximately 12 days at time of introduction)
 - Managerial feedback on improvements in sickness process.
 - Employee feedback on improvements in sickness process.
 - Improved timeliness in sickness activity being completed.

Current Medigold Contract and Progress

11. During the spring of 2019, after a VfM tender process it was agreed to award a contract to Medigold for a period of 24 months commencing in the autumn. As this was a new type of business model for City of York Council, it was felt that initial focus should be the introduction of the call centre and recording system for managers and employees, and that training and support for HR procedures would come further into the contract lifespan.
12. Introduction and investigation with newly agreed sickness processes took approximately 3 months to organise, with input from wide range of internal stakeholders; CMT, HR, Department Leads, Business Intelligence and Business Support. In order to resolve a number of detailed legal scenarios, HR and Business Intelligence have worked in conjunction with Information Governance and Unions to resolve issues.
13. A key element of the overall project was to move City of York Council sickness processes to a digital process whereby records could be accessed, shared and analysed as necessary, and similar to the introduction of any IT system there were a number of early integration issues which were quickly dealt with.
14. Overall the introduction of the new system was a relatively smooth process, and an internal governance group has met on a monthly basis, with the supplier, in order to iron out any difficulties. The greatest challenge to date has been the early stages of the Covid pandemic when significant strains were put on a number of elements of the project; call centre staff availability, recording of

Covid information, requirements for daily sickness and Covid levels, training and clarity of processes for managers with staff whom were shielding etc., but through a strong client/supplier relationship the vast majority of these issues were able to be dealt with quickly, effectively and "behind-the-scenes" allowing the organisation to focus on resourcing pressures arising from the lockdown.

15. Having a "real-time" sickness process in the form of Medigold, compared to Itrent, has allowed CYC to respond to the Covid pandemic in a way that it would have been previously unable to. Levels of absence were able to be checked on an hourly basis during the pandemic, allowing managers to have an oversight of their wider workforces, and data could be used to prioritise where levels of sickness were rising rapidly using an evidence base, rather than anecdote. The organisation was able to quickly change recording of Covid cases, and get advice out to its workforce, alongside bringing in processes for recording and managing shielding. Although some of the required changes could possibly have been made within the previous paper forms / Itrent processes, it is unlikely that these would have been able to be introduced "at speed" due to the non-digital nature of these processes, and would not have had any "real-time" element.
16. In order to maximise the "value" of the Medigold agreement, HR has designed a number of its internal processes around the data and information that is created, and this allows HR to work with managers where;
 - Triggers have been met but no action taken;
 - Track the progress of return to work interviews making sure complete and of sufficient quality;
 - Track individuals whom have passed sickness "end" dates;
 - Close sickness cases which should no longer be open.
17. The majority of newly created information from Medigold is now embedded within corporate data and information products used within performance forums across the council, whether this be sickness trends by volume and type, timeliness of RTWs, or outstanding actions that are required. There is further work to complete in this area as the organisation's structures evolve.
18. The Medigold project and process has undergone a number of rounds of scrutiny with initial discussion on the project taken place at Executive (November 2018), a call in of the project at CSMC

(January 2020), and regular updates on the project within the Council's finance and performance monitors at quarterly Executive (throughout 2020).

19. The initial terms of the Medigold contract were to be reviewed at April 2021, with a planned closure at September 2021. At present discussions on future costs with the supplier have not taken place, although it is likely that yearly costs will remain at similar levels to previous (approx. 90k). At present CYC pay for this contract, based on the establishment headcount, and if the organisations headcount was to significantly reduce/grow this would obviously affect monthly costs.
20. In outline discussions with procurement colleagues, it is likely that if the Medigold contract was to continue for one year, the organisation would need to undertake a waiver process.

Supporting Processes – Manager Training

21. On system launch, comprehensive training was delivered by the Medigold Team to over 85% of CYC managers. The training equipped managers with the information and guidance needed to support the wellbeing of the teams that they manage and the visibility of real time information. This has been followed with further sessions over the last 18 months for new managers.
22. In October 2020, the toolkit for managers was enhanced by introducing the stage management element of the system. Medigold, in conjunction with the HR team, delivered further training to support the functionality. Medigold training will continue throughout 2021, capturing new starters and an online training video is also available by way of refresher.

Supporting Processes - Models of Data Integrations and Processes

23. In order to introduce the Medigold system a wide range of data transfers and integrations, alongside a complex set of rules for data storage and information governance has had to be put in place. These integrations, in effect, move sensitive personalised data, securely, between the Councils HR system (Itrent), and the Medigold portal, using the data warehouse capabilities which are built around the Councils KPI machine and covers individual records, and notifications based on certain types of sickness.

24. There are a number of automated processes to make sure that employee, manager, and hierarchy held in Medigold are kept in line with the Itrent system, and this has assisted the organisation in identifying errors with employee records, new individual setup, and managerial structures when staff leave. Processes have been put in place for Non-establishment managers to work within the Medigold structure.
25. A number of complex issues in the data processes have caused minor issues over the last year but time has now been invested to solve these. Examples of these are types of Covid recording being added to the categorisation of sickness, the Medigold structure being co-terminus with the Itrent structure, and immediate automated notifications for HR when Covid cases are reported.
26. The Council, through robust information sharing agreements, is storing a significant amount of sickness details and ongoing management action on the Medigold system. There are currently procedures in place to move, retain and delete information for when an employee leaves the organisation. If a decision to not continue with the Medigold system is made then a series of actions will need to be undertaken to transfer these records back safely to the organisation and store appropriately.

Managerial and employee feedback on Medigold processes

27. At the start of 2021, a survey of employees and managers was undertaken to gain further feedback around the Medigold process, with 82 managers and 336 employees participating. Whilst we appreciate these numbers are only a sample of overall users, the results seem to reflect the anecdotal evidence we receive.
28. Overall, results indicate that the service has been positively received, but that there is around 1/3rd of the organisation staff who have not needed the process (and question why it was there), and around 15% of staff whom feel that it does not provide assistance in managing sickness.
29. Key patterns from the manager element of the survey suggest that whilst well received, continual ongoing work is required in making sure managers understand organisational process, and that although in some areas there is a relatively high percentage of managers whom “disagree” this is connected to not having to use

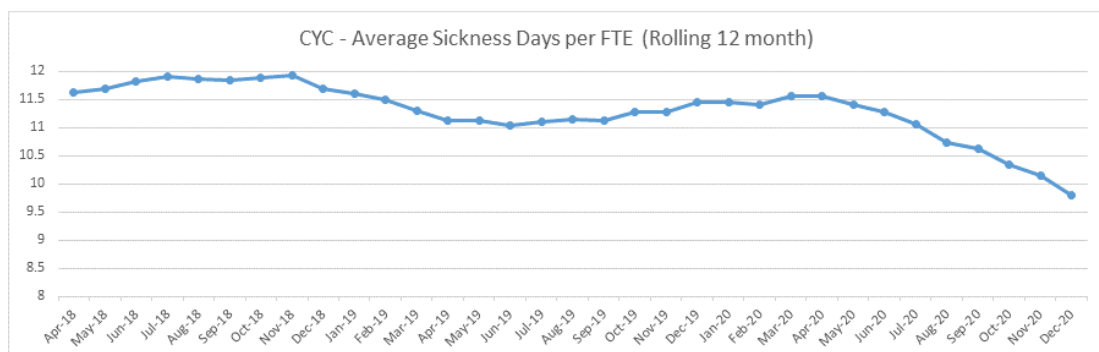
the service, as no members of their team, or direct reports have been off work sick;

- 89% of managers agreeing they receive timely notifications of sickness (2% disagree);
- 47% of managers agreeing that it allows them to manage their staff in more detailed and timely manner (22% disagree).
- 67% of managers agreeing they understand the emails and actions required (21% disagree)
- 57% of managers know whom to contact in HR for support (32% disagree)

30. Key patterns from the employee's element of the survey suggest that the "process" of Medigold worked well, but that they did not see the benefits to them as an employee. This is understandable as it is a transaction process to record absence.

- 64% of employees felt it was easy to phone their sickness through Medigold (17% disagreed)
- 57% of employees felt it easy to close their absence (21% disagreed)
- 67% of employees felt calls were answered in a timely manner (14% disagreed)
- 25% thought the service was beneficial to them as an employee (34% disagreed)

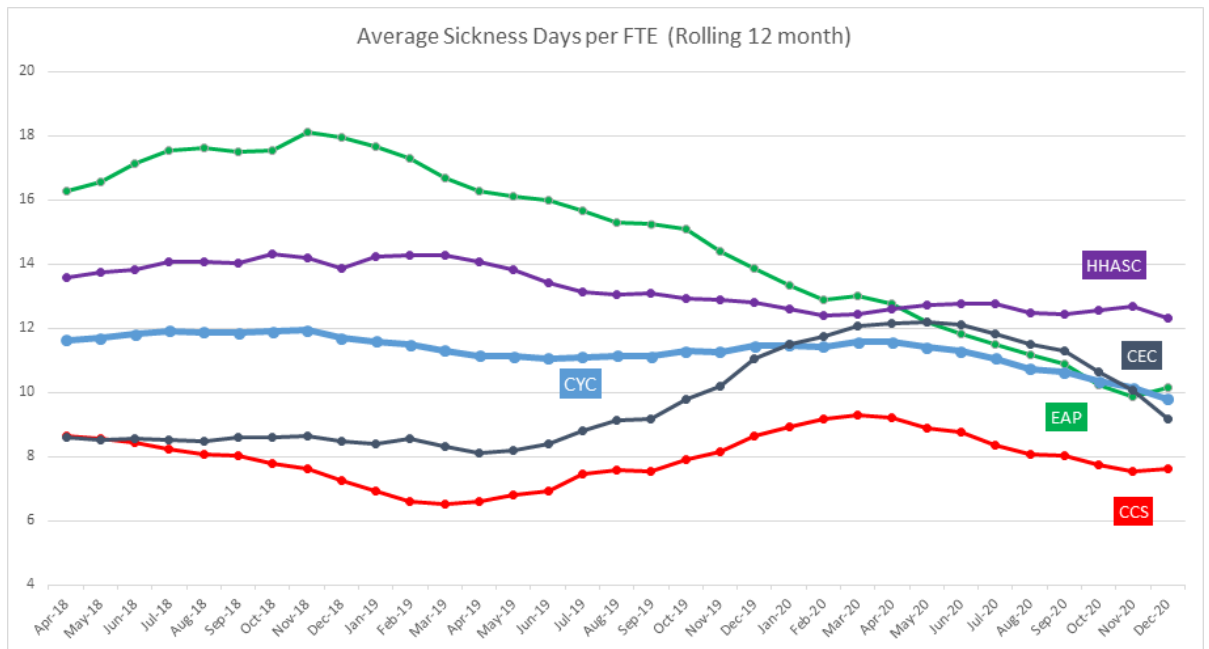
Current sickness patterns



31. Although a myriad of factors at play, mainly due to Covid impact, statistically sickness levels across the authority have been consistency reducing since the start of 2020. At present there is no new "public sector benchmark" for sickness levels, but at current

trajectory, CYC is likely to reach the previously stated "8.5 day per FTE" figure by around December 2021.

32. On introduction, September 2019, the sickness level sat at 11.2 days per FTE and at the last validated figure in December 2021, 9.7 days per FTE. Whilst cost avoidance, not cost saving and although a crude calculation, in the six months pre the introduction of Medigold, sickness was costing the organisation approx. £215k per month in salaries, and based on the latest figure (December 2020) has cost the organisation £187k, with some of the summer months in 2020 being as low as £140k. The monthly costs of sickness is likely to keep reducing based on overall sickness trajectory.
33. It was envisioned on the introduction of the Medigold systems that under-reporting in a number of areas would be brought to the surface, and whilst data was affected by the start of the pandemic, rises in sickness rates in the six months from introduction were seen especially in the CEC department.
34. Covid has changed the pattern of sickness in the authority, but this has tended to occur only at start of the national lockdowns where the number of people whom are "unavailable to work" has risen dramatically, but then returned to normal levels in the period 3-4 weeks after the start of the lockdown. Examples of this are that City of York Council over the past couple of years, usually has around 140 individuals out of its 2,500-2,600 headcount whom are unavailable to work for sickness. At the start of the first lockdown in March 2020, this figure rose to 330 individuals and in second national lockdown in January this figure rose to around 200 individuals. The current number of individuals unavailable to work at end February 2021 is 85.
35. The flexible working arrangements, including working from home, may have also contributed to the reduction in absence figures.

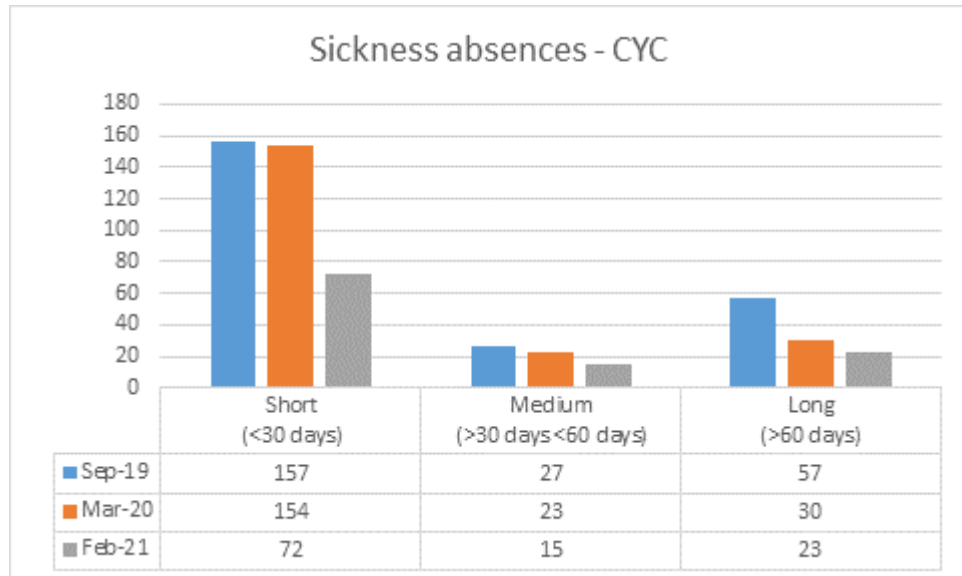


36. Sickness rates have reduced across all areas of CYC with;

- EAP - Seeing the largest reduction of any of the directorates, which was a continuation of the trend that had started 9 months previously when focussed activity was taking place at individuals whom were either off long-term sick or had passed triggers.
- CCS - Seeing a rise in sickness figures upon introduction of the Medigold system which have now reduced to Sep 2019 levels. This department has historically had lower levels of sickness connected to "office-based" activities.
- CEC - Upon introduction, sickness levels rose dramatically as a combination of COVID activity pressures and significant under-reporting in service. After six months of the new processes sickness figures started to fall, and this has continued in to 2021, with CEC predicted by summer to be the department with the lowest sickness rates in the authority.
- HHASC - Seeing a relatively stable level of sickness within the directorate, where due to Covid it would probably expect to have significantly risen.

37. The introduction of Medigold has created the circumstances for a greater tracking and performance culture of longer-term sickness cases. The graph below shows the total numbers of individuals off sick on the last day of the month grouped in to short, medium and long-term sickness. The number of individuals in CYC whom have

been off for more than 60 days now stands at 23, and the ability to evidence interventions, and follow through actions in a timely fashion to support these individuals, has had the greatest impact on the overall sickness figure.



38. In the period October 2020 to February 2021, the Medigold system has recorded approximately 3500 cases of sickness, all of which will have been subject to a phone call, notification email, reminder, closure and return to work processes.
39. At 1st April there were 70 return to work documents that have not been completed since the introduction of Medigold (out of 3500) and around 11 absences which have overdue dates (out of approx. 100). The knowledge of these cases means that managers can have further requests sent to them to complete the process, and embedded issues can be dealt with within performance settings. The HR team also monitor this data and contact managers direct, provide real time support.

Options

40. As per previous sections, the organisation has to make a decision about whether it is able to continue with the Medigold contract and the viability of this in the current environment. The options available to City of York Council are;
 - Option 1: Continue with Medigold agreement for a further year to assess the impact on sickness figures and the benefits

- Option 2: Go to market for similar supplier and negotiate lowest possible cost
- Option 3: Return to original model around Itrent
- Option 4: Return to original model around Itrent with additional resource in HR

Analysis

41. Option 1: Continue with Medigold agreement and negotiate lowest possible cost

	Year 1 Costs (est.)
External	£90k
Internal	BAU

- The option to extend for a further year allows a full assessment of the benefit of the system and any future implications without being in a global pandemic. The rest of this section applies whether it's a one year extension or to agree a longer period.
- This option is likely to have the greatest ongoing impact on sickness levels, create the least disruption to the organisation on changes in process and re-training, but is also the most costly of the options, and that over the long-term creates little opportunity to reduce costs.
- The Medigold contract is currently priced on a per head basis (based on the headcount in ITrent of establishment employees), and would be able to flex as the organisation evolves. Now that processes are embedded, CYC would look to see a small cost-reduction within the contract.
- The long-term future of ITrent is currently back in a "holding pattern" due to the costs of system change, but if this situation changes, the majority of functionality within the web-forms process of Medigold could be included within the specification.

42. Option 2: Go to market for similar supplier and negotiate lowest possible cost

	Year 1 Costs (est.)
External	£90k+
Internal	£40k

- Similar to Option 1, but CYC would go back to the "market" to look at the delivery and financial viability of other suppliers. As the procurement of the Medigold process took place in 2019 it is unlikely that there will be better VfM suppliers available, and even if found these would probably be offset against the costs of changing suppliers.
- Additional internal resource would be needed for 3 months to 'change' systems and ensure data transfer and processes are in place.

43. Option 3: Return to original model around Itrent

	Year 1 Costs (est.)
External	£0k
Internal	£40k

- This option would see City of York Council return to the manager driven paper-processes that previously existed, whereby individual managers would be responsible for managing sickness cases with little corporate oversight and supporting workflow processes.
- Costs to an external supplier would no longer exist, but a small staffed project would need to be put in place to; update Itrent paper forms in light of Covid, train/remind the organisation of previous processes and responsibility, re-establish the self-service recording functions currently "offline" in Itrent and de-commission Medigold and supporting data infrastructure, and finally move back records of live cases from Medigold to Itrent (historic records are already moved back weekly). It is estimated that this work would take a small project team around 3 months and therefore this work would need to be commenced by June 2021
- In order to move back "safely" to previous processes a small amount of dual running of processes maybe required and therefore suggested that this would be completed on a directorate by directorate basis.

44. Option 4: Return to original model around Itrent with additional resource in HR

	Year 1 Costs (est.)
External	£0k
Internal	£83k

- As Option 3, but with a role/post put in to HR to provide additional support to managers around the "Return to Work processes" and complex sickness scenarios.
 - In October 2018, CYC had proposed an option of a much larger internal team, however as we have progressed over the past 18 months with Medigold, and sickness rates have fallen we are recommending a smaller internal team. This is proposed as a grade 6 Well Being Officer 1 FTE and grade 4 Administrator at 0.5 FTE.
45. Views have been sought of CMT and the general consensus is that changes have assisted staff and managers on understanding the CYC sickness process, the independence of Medigold appears to have a positive behavioural impact on staff, particularly front line staff who have access 24/7 but, despite the training, more work may be needed to reach small pockets of managers whom are resistant to change.
46. CMT have considered the options and recommend that Option 1 is progressed. That we continue with Medigold for one year to assess the benefits outside of a global pandemic.

Consultation

47. Consultation with scrutiny committee took place on 12 April, as they have an ongoing interest in staff wellbeing and absence rates. Consideration was given to scrutiny's preferred option, with some preference expressed for either Option 1, in light of the understanding that a longer term contract under the existing arrangement was likely not to be sought, or otherwise Option 4.
48. Staff and Managers who have used the process have been surveyed and we have used those results as a basis to ask to extend and also to make improvements to the service.
49. The trade unions confirm that they have had no issues raised by staff regrading Medigold and in some areas, frontline, they have welcomed the telephone line and its accessibility. They have also

welcomed the real-time information and especially in the global pandemic the ability to know what is going on with staff immediately, to support track and trace.

Council Plan

50. The information outlined in this report is in line with the Council Plan and the Organisational Development plan where the Health & Wellbeing of staff is a priority.

Implications

51. There are a number of implications depending on the option proposed to progress with.

Financial

52. The financial implications have been shown within the report. For year one only the table below shows the comparable costs of the 4 options

	Option 1	Option 2	Option 3	Option 4
	1yr extension	Multiyear to market	Return to in-house no enhancement	Return to in-house additional support
Year one est cost	£90k	£130k	£40k	£83k

53. The recommended option 1 can be accommodated within existing budgets in the current year.

Human Resources (HR)

54. There are a number of HR implications depending on the option chosen. For option 1 there are only minor implications as the current practices are continuing.

55. Options 2, 3, and 4 will mean a change in practice and hence retraining of managers and staff.

Equalities

56. There are no equality implications.

Legal

57. There are a number of legal implications depending on the option chosen. Options 1 will require officers to submit a waiver request. If waiver approval is obtained, the existing contract with Medigold will need to be varied to reflect the new arrangements. Extending the original contract term brings with it the risk of procurement challenge due to the increased contract value. Legal and procurement support will be needed for Option 1.

58. Option 2 will require procurement and legal involvement to ensure the process to appoint a new supplier complies with the council's policies, contract procedure rules and UK public procurement legislation (where relevant).

59. Options 3 and 4, there are limited legal implications as the contract with Medigold will expire automatically. However, there will be issues to work through regarding the data transfer and ensuring we are compliant with data governance.

Crime and Disorder

60. There are no implications.

Information Technology (IT)

61. The current system is externally hosted and provides a data transfer both ways between CYC and the provider. Depending on the options there will be some Business Intelligence support required to ensure the data transfer.

Property

62. There are no implications.

Risk Management

63. There is a risk to the council to ensure that absence management is managed appropriately and staff are supported to enable a safe return to work. This includes have the right systems, processes and trained staff in place.

Contact Details

Author:

Ian Cunningham
Head of Business
Intelligence
Customer and Corporate
Services
01904555749

Chief Officer Responsible for the report:

Ian Floyd
Chief Operating Officer

**Report
Approved**



Date 20.05.21

Claire Waind

HR Manager

Customer and Corporate
Services
01904554519

Specialist Implications Officer(s)

Debbie Mitchell
S151 Officer

Trudy Forster
Head of HR

Janie Berry
Monitoring Officer

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Annexes

None

List of Abbreviations Used in this Report

BAU	Business As Usual
CCS	Customer and Corporate Services
CEC	Children, Education and Communities
CMT	Corporate Management Team
CSMC	CCS Scrutiny Management Committee
CYC	City of York Council

EAP	Economy and Place
FTE	Full Time Equivalent
HHASC	Health, Housing and Adult Social Care
HML	Health Management Ltd
KPI	Key Performance Indicator