



Rolls-Royce

Rolls-Royce plc

Rolls-Royce plc employs around 22,000 staff in aerospace, defence, marine and energy divisions. A new sickness absence management policy has benefited employees and the company by reducing absence and costs.

**No. of employees:** 22,000

**Business sector:** Aerospace and defence [FTSE-listed company]

**Business activities:** Engineering & manufacturing

**Stakeholders:** Employees, company, shareholders

**Location:** UK-wide

### Improving Absence Management

Before the initiative staff sickness absence levels varied from around 3%-9%. Rolls-Royce calculated that if it could reduce absence levels by 10% it would make significant savings.

**“Companies should adopt absence management policies. They are a positive contribution to help people return to work as soon as is reasonable and they help to significantly reduce costs incurred by avoidable absence.”**

*John Rivers, Director - Human Resources*



### BUSINESS BENEFITS

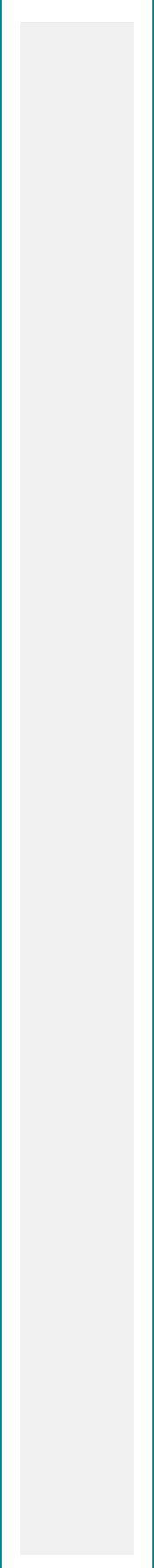
- A reduction in staff absence from an average of 2.9%(1999) to 2.4%(2002) of the workforce, saving around £11m
- Average number of days lost per employee per year has fallen to 4.2 (CBI estimates national average is 6.8)
- Consequently, more staff contribute to Rolls-Royce's business activities at any one time
- Employees feel managers are positively interested in their prompt return to work
- As employees return to work more quickly, management time is spent on each absence is more effective

### HEALTH & SAFETY BENEFITS

- The ability to analyse the causes of staff absence accurately. For example, Rolls-Royce has recorded a drop in the proportion of staff absence due to stress from 20% to 16%
- Fewer staff days absence due to illness

**“This initiative has had a positive effect on both the businesses and individuals by enhancing mutual respect and reducing absence.”**

*John Rivers, Director - Human Resources*



**THE COST-BENEFITS**

One staff month was spent developing the policy and procedures, at a cost of approximately £7,800. Briefing managers and HR specialists on the new procedures cost about £200,000 in time. The IT programme was part of a wider IT initiative, and so there was no cost to the project. The time managers spend managing staff absence is largely the same as before the initiative, but is used earlier in the period of absence. The same is true for the occupational health service.

**£11,000,000 saved**

In the first year of the initiative, about 191,000 work days were lost through sickness absence. This cost Rolls-Royce

around £71.7 million (direct and indirect costs).

**By reducing absence by about 15%, the company has saved approximately £11 million.**

This vastly outweighs the one-off costs incurred at the start of the project.

**A DIRECTOR'S VIEW**

The Human Resources Director and the Board-level health, safety & environment committee gave their full support & authority to the Chief Medical Officer to plan & implement the new policies.

**15% absence reduction!**

**WORKER INVOLVEMENT**

Trade union representatives from a number of different unions were consulted over the proposed procedures at the planning stage. All staff were trained on the new policies & procedures.



**What did the company do?** Rolls-Royce developed an effective sickness absence management programme including:

**Implementing a company-wide absence management policy**, explaining the responsibilities of managers, human resources and occupational health advisors

**Early rehabilitation.** Anyone who is absent for 4+ weeks benefits from an action plan, including physiotherapy services (for both work and non-work related injuries)

**Introducing an IT programme** that monitors employee absence, records the reasons for the absence and calculates costs