NAO
NATIONAL AUDIT OFFICE

DEPARTMENT FOR WORK AND PENSIONS

Managing Attendance in the Department for Work and Pensions

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EXECUTIVE SUMMARY

1   The Department for Work and Pensions (the Department) is the largest employer in central government, with 142,000 staff in post (headcount) in 2003-04, or over 25 per cent of civil servants. Staff are a crucial resource for the Department, and their skills, knowledge and enthusiasm are vital if it is to provide a high quality service. This is particularly important at a time of continuing change in the way in which Government interacts with citizens – be they, for example, pensioners, the disabled or those looking for work. Departmental staff undertake a wide range of tasks including dealing with benefit applications by telephone, by post and face-to-face, claim processing and decision-making, giving personal advice to jobseekers, designing policy, and providing a range of support functions. Against this background, this report examines how successfully the Department is dealing with levels of sickness absence amongst its staff.

Managing attendance is a major challenge for the Department at a time of considerable organisational and cultural change
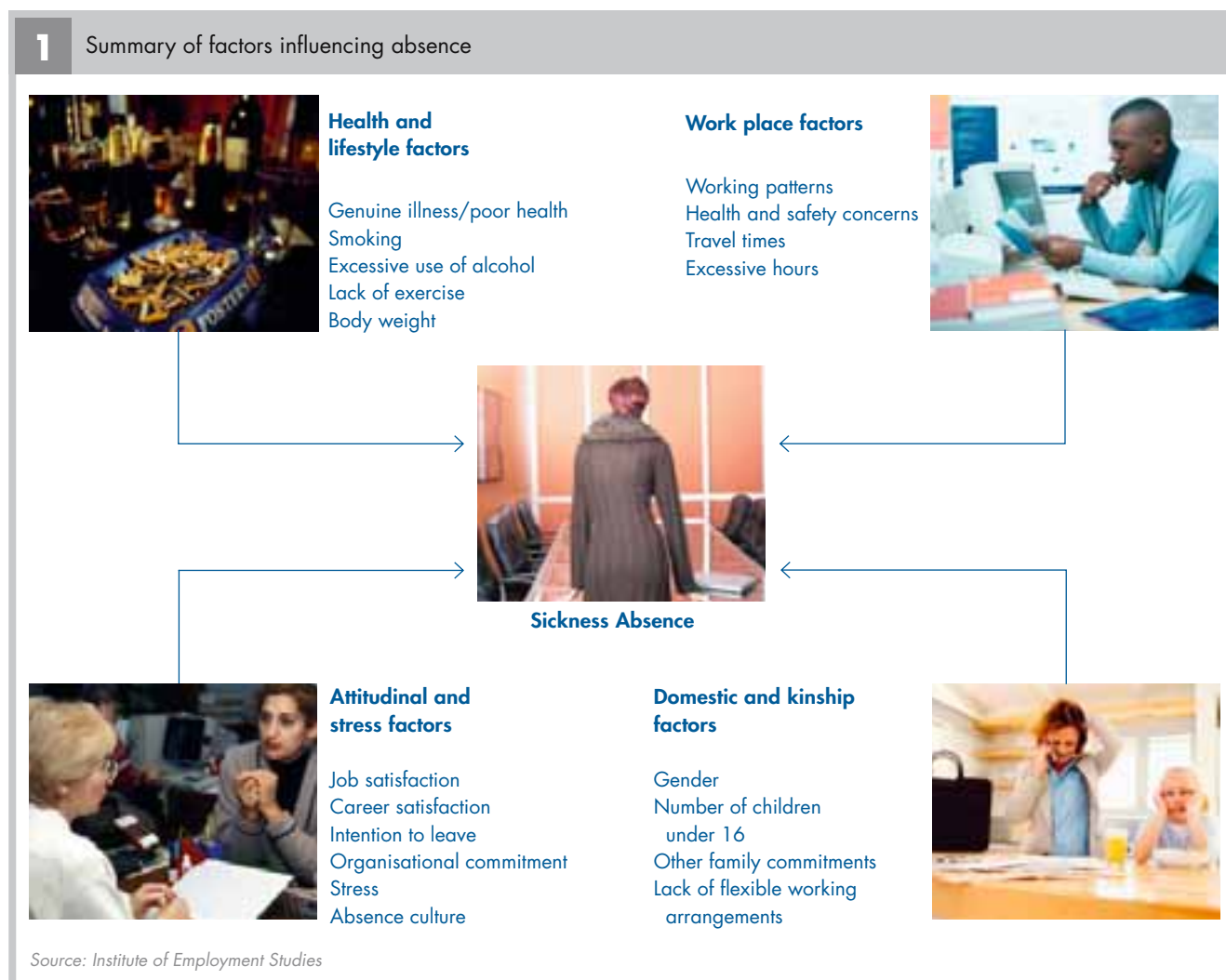
2   The majority of staff have good to fair attendance records. A third took no sick leave in 2003-04, while 62 per cent had fewer than five days off. And when the Department's absence rate is adjusted for differences in employee profile for gender, age and grade it is in fact lower than the weighted figures for two other major government bodies with comparable responsibilities, the Inland Revenue and HM Customs and Excise[2]. Nevertheless, the Department loses a very significant amount of time to sickness absence - an average of 12.6 days per person in 2003-04 – one of the highest in the civil service. This is equivalent to 5 per cent of the Department's staff being absent on any given day. This is not a new phenomenon – the equivalent figure for the former Department of Social Security was 12.4 days in 1999. Absence was recognised as a significant problem in that Department and in the former Employment Service[3] which, in common with other civil service bodies, have had targets to reduce sickness absence since 1998.

3   Research shows that the level of absence in an organisation is influenced by factors such as employees' health, their motivation and attitudes, the characteristics of the workplace (including the amount of stress arising, for example, through confrontational situations) and employees' domestic responsibilities **(Figure 1)**. In addition, part-time, female and lower-graded employees all tend to have higher rates of absence, as do those who deal with the public. The Department has large numbers in all these categories. The majority of staff are in the most junior grades, and 28 per cent, mostly women, work part-time. Many staff have roles which bring them into contact with the public, where they may be required to give unwelcome news about eligibility for benefit or discuss complex or personal matters, which may lead to confrontational situations.

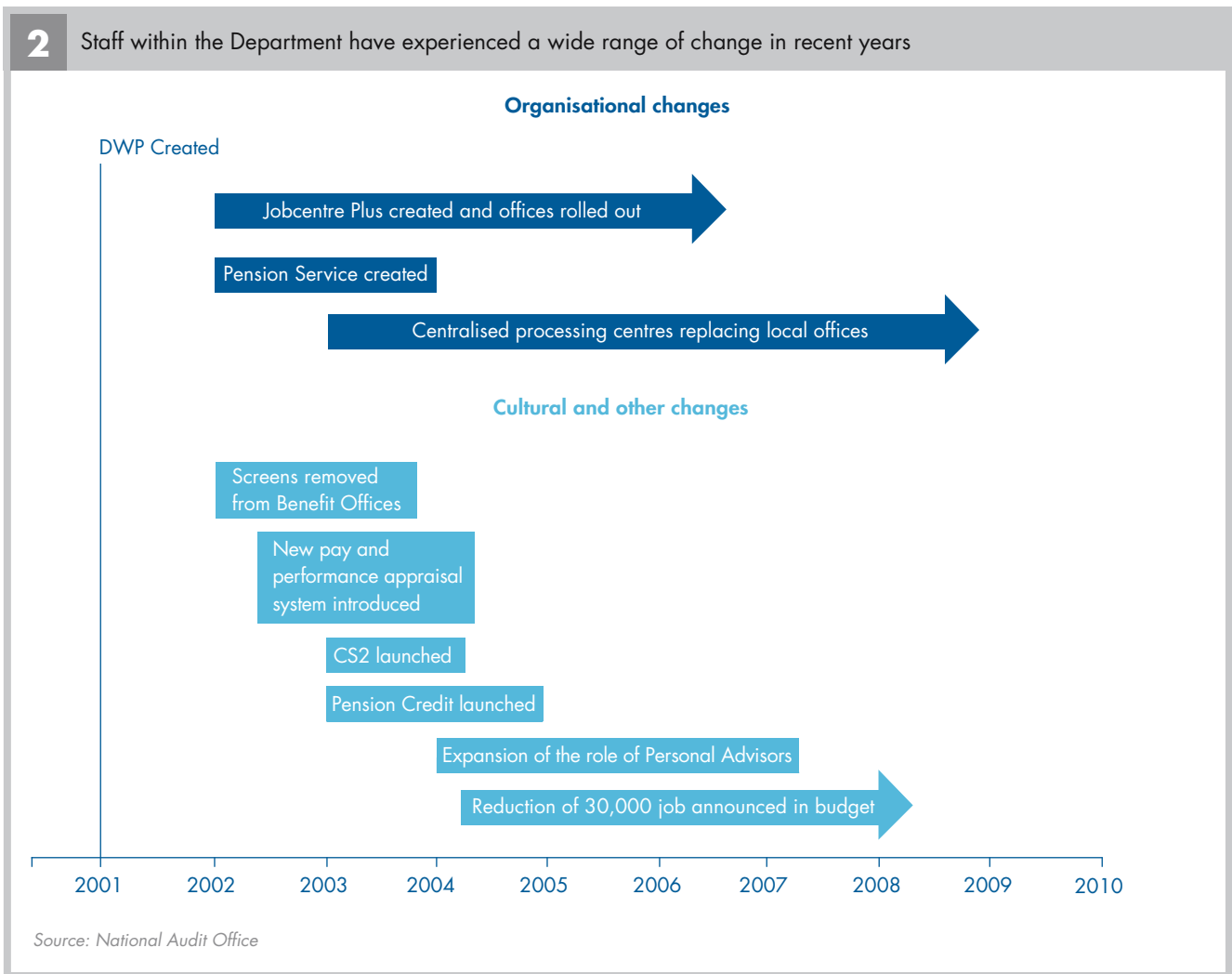2   Analysis of Sickness Absence in the Civil Service, 2002 – AON Limited for the Cabinet Office.

3   Merged with the Department of Social Security to form the Department for Work and Pensions in 2001.

1 Summary of factors influencing absence

Health and lifestyle factors

Genuine illness/poor health
Smoking
Excessive use of alcohol
Lack of exercise
Body weight

Work place factors

Working patterns
Health and safety concerns
Travel times
Excessive hours

Sickness Absence

Attitudinal and stress factors

Job satisfaction
Career satisfaction
Intention to leave
Organisational commitment
Stress
Absence culture

Domestic and kinship factors

Gender
Number of children under 16
Other family commitments
Lack of flexible working arrangements

Source: Institute of Employment Studies

4 The management of staff has to be seen against the background of major organisational and cultural change within the department. The Department for Work and Pensions was created in 2001 from a merger of the former Department of Social Security and staff from the employment elements of the Department for Education and Employment. The Employment Service and parts of the former Benefits Agency became Jobcentre Plus (which will not be fully rolled out until 2006), while services for pensioners have been brought together in The Pension Service. Other main service delivery units include the Child Support Agency, which is also undergoing major change as it introduces reformed child support arrangements, and the Disability and Carers Service **(see Figure 5)**. The Department is also responsible for The Appeals Service.

5 These and other changes will continue for some years, and are affecting the nature of many jobs within the organisation, for example, the increased personal contact with those seeking work and the increasing proportion of work performed in contact centres and other centralised processing centres **(Figure 2)**. Such change can be expected to influence attendance levels. The announcement in March 2004 of plans to reduce the number of staff in the Department by some 30,000 (full time equivalent) by 2008 further adds to the challenge facing managers.

2   Staff within the Department have experienced a wide range of change in recent years
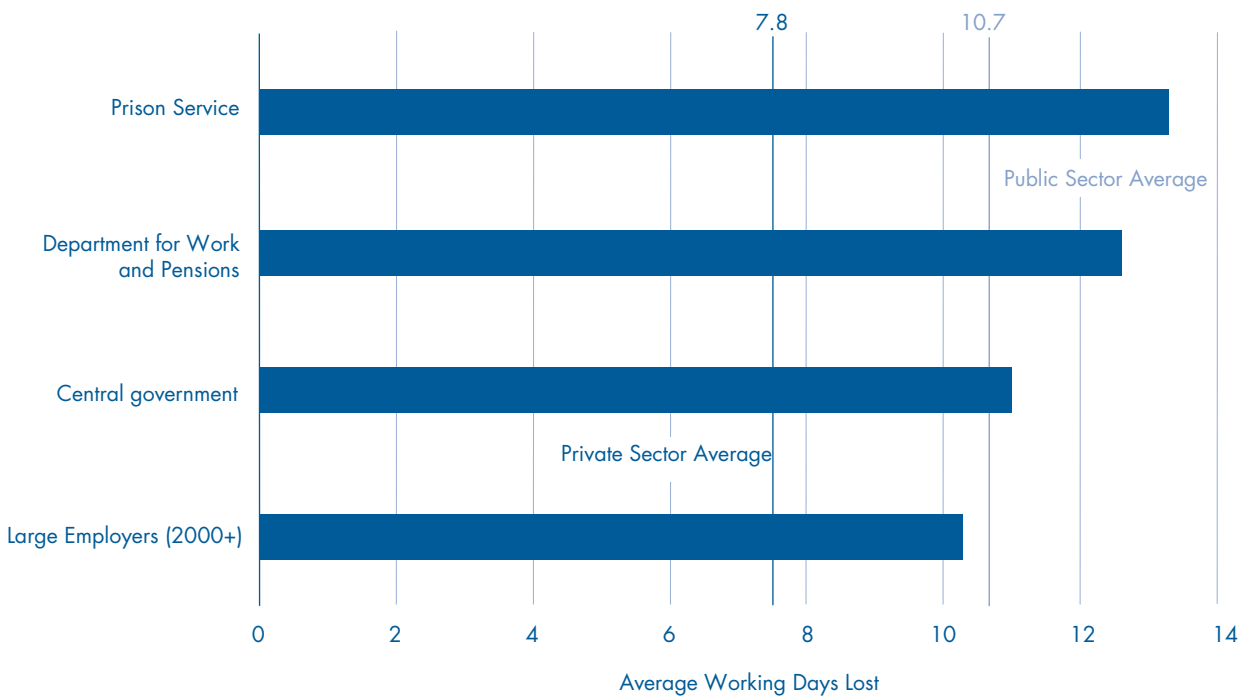
Organisational changes

DWP Created

Jobcentre Plus created and offices rolled out

Pension Service created

Centralised processing centres replacing local offices

Cultural and other changes

Screens removed from Benefit Offices

New pay and performance appraisal system introduced

CS2 launched

Pension Credit launched

Expansion of the role of Personal Advisors

Reduction of 30,000 job announced in budget

2001   2002   2003   2004   2005   2006   2007   2008   2009   2010

Source: National Audit Office

The Department continues to fall well short of targets for sickness absence levels agreed with the Cabinet Office

6   In 2002, the Department agreed new targets with the Cabinet Office (which has overall responsibility for staffing issues across government) to reduce sickness absence to an average of 10 days working days lost per member of staff by 2004 and eight days by 2006. This would bring the civil service closer to private sector average levels of sickness absence **(Figure 3)** (Private sector averages mask differences between sectors and type of working environment. For example sickness absence in private sector contact centres, with activities similar to some parts of the Department, can be amongst the highest of all industrial sectors).[4] The Department will not achieve its 2004 target, averaging 12.6 working days lost per employee in the 2003-04 financial year. This represents 5.1 per cent of staff time.

4   Income Data Services Ltd, Pay and conditions in call centres 2004.

7   Despite the impact of business change within the Department, the recent rate of absence month by month has improved from a peak of 14 days on average in November 2003 to 11.9 days in April 2004, although this is partly due to seasonal variation. The overall figure reflects the improving performance in Jobcentre Plus. In The Pension Service, sickness absence rates were worse throughout 2003-04 than in 2002-03, while in the Child Support Agency, absence rates have worsened steadily since November 2003, against the background of problems with the implementation of child support reforms.

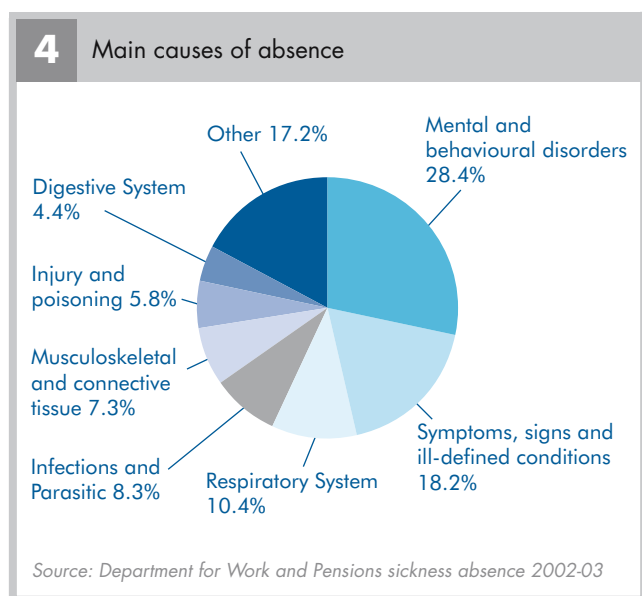**3** Days lost to sickness absence

7.8	10.7

Prison Service

Public Sector Average

Department for Work and Pensions

Central government

Private Sector Average

Large Employers (2000+)

Average Working Days Lost

Sources: CIPD, Employee Absence 2004; NAO analysis of Department for Work and Pensions sickness absence data; Comptroller and Auditor General's report: The Management of sickness absence in the Prison Service (HC533 2003-04)

8 Overall figures mask large differences in the performance of local operational units. In Jobcentre Plus, absence at district level ranged from 8.7 to 18.4 average working days lost, and there was a similar range of performance across Child Support Agency business units and Pension Centres. There is no consistent regional pattern and our visits to good and poor performers across the agencies indicated that sustained management attention to attendance issues was the factor that made an impact. Variations also occur between different categories of staff. The sickness absence rate of Grade 7 managers, for example, is around one quarter of more junior grades. Women lose an average of 2.2 more days per annum due to sickness absence than men.

9 Although over 40 per cent of absences are for one day, some 70 per cent of the total time off is accounted for by periods of 28 calendar days or more, the Department's measure of long term absence. Since January 2003, a taskforce within Jobcentre Plus – by far the largest agency - has been working with managers to ensure that long-term absentees are dealt with promptly, and since January 2004, the Department has been taking further action to deal with the 4,000 longest cases of absence.

This is beginning to have an impact. In Jobcentre Plus, during 2003-04 there was a net reduction of 300 long-term absentees. The main causes of absences (in terms of the percentage of working days lost) are summarised below **(Figure 4)**.

10 Absence on the scale experienced by the Department is expensive. The cost of salary payments to those on sickness absence in 2003-04 was around £100 million, 3.6 per cent of the Department's total salary costs. The Department will always incur some direct costs in paying staff who are on sickness absence so it would be impossible to save this sum. Nor is it possible to judge the impact on total costs because in some cases staff cover for absent colleagues' work. However, the opportunity cost could be reduced through successful implementation of the Department's policy now in place. For example, reducing absence to the Government's target of an average of 8 working days would lead to additional days worked - with a salary value of some £37 million a year. There are other indirect costs associated with sickness absence, including the cost of administering absences, management time spent considering solutions, and the impact of additional pressures on staff covering absent colleagues'

4 Main causes of absence

Other 17.2%

Digestive System 4.4%

Injury and poisoning 5.8%

Musculoskeletal and connective tissue 7.3%

Infections and Parasitic 8.3%

Respiratory System 10.4%

Mental and behavioural disorders 28.4%

Symptoms, signs and ill-defined conditions 18.2%

Source: Department for Work and Pensions sickness absence 2002-03

work. Absence also impacts on the performance of the Department, for example, in terms of its ability to meet targets for benefit processing, and is likely to feed through into increased error rates where inexperienced staff are substituting for others.

The Department has the opportunity to make significant improvements in performance through improved human resource policies

11 As one of the biggest employers in the country, the Department has in place a range of policies to promote attendance and manage sickness absence. Human resource policies such as good terms and conditions, equal opportunities and health and safety policies, all play a role in encouraging people to work for the Department, and managers are usually able to offer flexible working arrangements to those who need them.

12 We found that staff and managers at all levels in the Department accepted that absence was a serious issue and staff attendance needed to be improved in order to use its resources more efficiently, ensure Government targets are met, a good service provided to the public, and its responsibilities as an employer to all staff are fulfilled. Each business unit has been set targets to improve performance, and since 2002 performance has been reported to the Department's Executive Committee and its board. In January 2004, the Executive Committee responded to slow progress towards the Cabinet Office targets by setting up a Senior Attendance Management

Steering Group, which has had an impact in tackling priority areas. However, the evidence from our interviews and focus groups is that some managers still perceive a conflict between attendance management and priorities such as delivering against performance targets or achieving business change, and continue to give it a low priority.

In 2003 a new attendance policy was introduced across the Department's agencies, emphasising the role of line managers

13 In February 2003, the Department introduced a new attendance management policy as part of a range of human resource policy developments, including changes to leave arrangements, discipline and performance appraisal. These were designed to bring together existing policies within the Department and help managers motivate and encourage staff to improve performance. The policy places increased emphasis on the role of line managers in operating the new arrangements, including those for attendance management. Human resource specialists located within the Department's business units are expected to provide advice and support to managers.

14 The Department's attendance policy accords with good practice in providing a set of clear, consistent procedures for managing sickness absence across its businesses (see Figure 5). It encompasses the use of trigger points for managers to consider action where attendance is considered unacceptable; return-to-work interviews with all staff who have been absent; advice for managers on taking a range of actions to deal with absences; flexible working; support for those returning to work, and access to occupational health advice.

The policy could have been introduced more effectively

15 Although the absence management policy accords with best practice it could have been introduced more effectively. All staff were issued with a booklet before the policy was introduced, explaining the forthcoming changes. Local managers were asked to cascade information to staff following presentations on the policy. However, we found that many staff did not recognise the policy had changed significantly, and some aspects such as the scope for discretion and the support available to staff were overlooked. The full policy document is

available on the Department's intranet, although many suggested that a short summary document would have been more helpful. In summer 2004, the Department published on its intranet a short guide for line managers summarising the key points of the policy and highlighting the actions they are required to take.

16 Line managers are expected to implement the procedures with expert assistance from human resource teams in each business unit. These teams were in a period of transition when the policy was introduced and as a result support to line managers was less comprehensive when it was needed most. The launch of the policy also resulted in an increase in occupational health referrals of 9 per cent during 2003-04, for which the contractor was not prepared, resulting in delays. This in turn has affected the ability of some managers to tackle attendance cases promptly.

Generally, staff and managers at local level understand and follow the basic procedures but there has been inconsistency in managing absence

17 The requirements to report absence and conduct return-to-work interviews are well understood within the Department. All staff with whom we came into contact were aware of the 8-day trigger point at which management action should be considered. However, there was less knowledge of other aspects of the attendance policy such as long-term absence procedures, the scope to provide return-to-work support and the employee assistance programme, despite some advice being contained in the guidance.

18 Although the policy sets out the required procedures clearly, at local level we found that there was little shared understanding of how they should be implemented. Managers were aware of their responsibility for implementing attendance policy but were insufficiently clear about the respective roles and responsibilities of line managers, senior managers and human resource teams, which were interpreted in different ways across the Department's business units.

19 The attendance policy expects managers to use judgement, sensitivity and common sense when managing attendance, while being sympathetic, firm, fair and consistent. While the majority of managers with whom we had contact told us they were confident in handling absence amongst their staff, in the discussions with the

NAO and its expert consultants, many were concerned about their ability to handle some aspects of managing attendance. Few had received specific training. Similar conclusions have been drawn from the Department's own 2004 evaluation and survey work. Since January 2004 all newly promoted line managers in Jobcentre Plus are required to undergo training which should ensure they have the skills to comply with the requirements of the attendance management policy. Some felt that the requirements of the policy could conflict with their other duties, especially around team building and team support. Issues remain about whether managers are clear about their role and responsibilities and consider them part of their job, the time taken to carry out the required procedures, and how confident managers are in making decisions about complex cases.

20 As a consequence, there has been inconsistent treatment of staff who have reached the 8-day trigger point, and there is a perception amongst some that the policy was implemented unfairly. Different standards were also applied by some managers which resulted in delays in taking action against staff with unsatisfactory attendance. For some, the trigger point was followed by a warning. On the basis of the information available for 2003-04 (which is not complete), more than 2,000 oral warnings and a further 434 written warnings were issued. In about a third of cases, however, no action had been considered. Ultimately, unsatisfactory attendance can lead to dismissal, which happened in 400 cases across the Department in 2003-04.

Good support mechanisms are available to staff but they could be better used

21 As well as dealing appropriately with staff who are absent, the Department's policies provide for measures to prevent absence or enable employees to return to work. The use of part-time and flexible working and workplace adjustment arrangements is widespread and the Department has taken steps to raise awareness of this further. There have been some local initiatives to prevent sickness, promote good health, or provide better support to staff, such as on-site occupational health advice. Managers can find it difficult to offer changes to employees' job roles, particularly for those who have problems with dealing with the public.

22 An occupational health service provided by Atos Origin and costing £2.2 million in 2003-04 is available to advise on measures to assist return to work or prevent absence. Many managers do not understand properly what the service can be used for. Referrals have increased since the introduction of the attendance management policy, resulting in a backlog of cases (more than 300 cases were not cleared within the target time in April 2004) and delays in managers receiving reports on staff with absence problems. Managers commented to us that this made it difficult to manage actively an individual's attendance and, in view of difficulties, in June 2004 the Department agreed a plan with Atos to clear outstanding cases. Atos Origin is also running a series of awareness workshops to explain to managers the role of occupational health. The Department also has an employee assistance programme (costing £2.8 million in 2003-04), but although the majority of staff know about the programme, awareness of the full range of services is low.

Managers need better access to timely, accurate management information to allow effective management of attendance

23 The availability of good quality information – both at local level for day to day management, and in summarised form at senior level – is essential. To monitor staff absence, managers rely on absence data produced by the Department's two payroll systems. This data is updated using paper systems, is slow to process and managers lack confidence in its accuracy. This is not unjustified as a review in early 2004 found that many of the longest absence cases were incorrect. Few local managers have access to the systems. As a result, numerous local databases have been set up to improve accuracy and circumvent access difficulties.

24 This lack of access to timely, reliable data also inhibits local analysis of patterns of absence, the identification of specific issues, or action to deal with them. The Department recognise that poor management information is a significant barrier to progress on managing attendance and has developed a new staff information system, to be rolled out by the end of 2004, which will allow data to be entered on-line and should improve access to absence data for managers.

RECOMMENDATIONS

25 The Department has a long term problem of sickness absence but has recognised the importance of achieving good staff attendance and taken action to improve its arrangements. It has the potential to achieve substantially better performance by doing more to ensure that good management policies and practices, which have already been developed and introduced, are adhered to systematically across the Department. There is no quick fix solution. The key areas the Department needs to continue its work on include reinforcing the **culture** of attendance in the organisation; better **communication** of their attendance policy; more effective use of **management information** in managing attendance; and improved **support for managers** in fulfilling the role expected of them. These key areas show that tackling sickness absence is about more than just implementing procedures, it is also about influencing the motivation and attitudes of staff, as well as highlighting responsibilities.

26 As well as raising efficiency and performance, improvements in absence levels would deliver significant productivity improvements. To help achieve this, we recommend that the Department should:

To reinforce the culture of attendance

1 Underline the Department's commitment to reduce absence and improve workplace health. The Department and the Health and Safety Executive have developed a framework for the delivery of improvements to health and safety, including sickness absence. This should include re-emphasising senior management commitment to delivering improvements; clear rules and targets; a work environment which better recognises good performance and attendance; more intensive support to overcome problems that lead to long-term absences; and the implementation of measures to reduce ill-health, focusing on key areas, such as stress, identified by absence data.

To communicate attendance policies better

2 Consider a Department-wide relaunch of the attendance policy as amended. The Department needs to make sure that it communicates clear, consistent messages to all staff to develop a shared understanding of its aims and targets, employees' roles and responsibilities, and the support available. The relaunch should emphasise senior management commitment to securing good attendance management and take account of lessons learned from the Department's own evaluation and our work.

To use management information more effectively

3 Use management information to better analyse patterns of absence and target interventions on areas which are likely to deliver significant improvements in attendance. The Department is developing a new staff information system to manage attendance rather than relying on the two current payroll systems, which do not provide timely, reliable data because of delays in data input and lack of validation of data. The new system needs to get accurate information to managers more quickly, permit effective monitoring of compliance with procedures, and enable managers locally to identify and tackle causes of absence.

To ensure managers can fulfil their role

4 Strengthen the monitoring of management actions. Inconsistent treatment of absentees and failure to manage absences actively are factors in preventing improvements in attendance. Business partners, the human resource specialists located in the Department's business units, need to provide more support for senior managers to ensure consistent application of procedures and that appropriate action is taken to manage individual absences.

5 Consider reassigning responsibility for some elements of attendance management from the most junior managers. Whilst it is good practice for line managers to deal with day-to-day absences, disciplinary processes and the management of very long-term absences require more specialist knowledge which it is unreasonable to expect of inexperienced first-line managers. This might be overcome by involving middle managers in unsatisfactory absence cases or giving responsibility to a specialist absence manager at operational level in each region.

6 Provide more support for line managers. Many managers lack the knowledge and confidence to manage attendance effectively. Their competence levels could be improved by mentoring for new managers, an easy-to-follow guide to the key elements of attendance management and the availability of direct contact with a medical professional (for instance, on-site occupational health nurses as piloted by the Child Support Agency).

7 Develop more effective attendance management training. Managers need more training to ensure attendance policies are implemented fairly and consistently; in how to deal with difficult personal issues; in how to raise staff morale; and in what to expect from occupational health. The Department also needs to encourage more staff to take up training to develop key management skills.

8 Clarify the role of occupational health and other welfare support and ensure performance targets are met. The Department should focus the efforts of occupational health on support for longer-term absences and rehabilitation. It should work with Atos Origin to ensure they meet the agreed performance targets. Greater use should be made of the Employee Assistance Programme for short-term issues and to provide management advice. The Department should make greater use of information on the issues presented to the providers to identify underlying causes of absence.

9 Spread information on good practice actions widely amongst managers. The table overleaf sets out key examples of good management which our fieldwork indicates should be followed in implementing the Department's policy at a local level.

Good line management practice

1   Ensure absent staff make early contact with the organisation. Absences should be recorded on the first day of absence and closed immediately on the individual's return to ensure that information is accurate and can be relied upon. Managers should agree minimum 'keeping in touch' arrangements at the first point of contact and maintain regular contact with staff until their return.

2   Managers should know the absence records of their staff and check that they are accurately reflected on the Department's systems. Offices should use available management information to review regularly staff sickness absence at office and individual levels and identify patterns and trends which may indicate external causes.

3   Managers should carry out return to work interviews after each absence to establish any underlying reasons for absence and to demonstrate concern for the employee's welfare. There should be clear guidance on the content and conduct of the interviews and they should be used to agree on actions to be taken with employees to help improve their attendance.

4   Where trigger points are reached, managers must consider what action should be taken and keep a record of this. Advice from the human resource business partner should be sought where managers are unsure about their options. They should initiate disciplinary action where there is no underlying medical reason for repeated absences and confirm what action has been taken with the business partner, even where disciplinary action is not appropriate.

5   Managers should take early and effective action by referring those likely to be away from work long-term, or whose attendance is irregular, to an occupational health adviser and ensure staff are aware of the full services provided by the Employee Assistance Providers.

6   Where appropriate, and with the help of occupational health advice, managers should identify the scope for offering recuperative or restricted duties to staff returning from long-term sickness absence. Adjustments should be considered in light of the work that staff are expected to do. When adjustments are being considered care should be taken to ensure that they do not negatively impact on others, for example, increasing workloads. There is no need to create jobs for staff who are unable to do the work the office requires of them.

7   A case conference approach should be considered, bringing line management, human resource specialists and occupational heath advice together to discuss persistent absenteeism. If a specialist provider is assisting the individual or someone is tracking progress of long-term cases, regular feedback should be provided to managers on the status of the case.

8   Team communication and feedback should be used to emphasise the importance of good attendance and support wellbeing initiatives. Offices should promote good health among staff members, for example, by offering information about healthy eating and healthy living, lifestyle screening, and welfare and counselling services.

9   Local support should be provided for managers through coaching by more senior managers or the business partner and mentoring of junior managers.

10 Each office should consider making one of their experienced managers a dedicated 'absence champion', specialising in attendance management issues locally.

11 Experiences, problems and good practice should be shared regularly with other offices and business units and local initiatives should be evaluated.