



National Audit Office

The management of staff sickness absence in the Department for Transport and its agencies

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 527 Session 2006-2007 | 8 June 2007

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6 June 2007

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SUMMARY

1 Sickness absence across the Department for Transport and its seven executive agencies averaged 10.4 days for each full time employee¹ in 2005 costing around £24 million, including indirect costs. This compares with a Civil Service average of around 9.8 days in 2005.

2 The Department's overall figure reflects both strong and weak performance within the Department. Four agencies and the centre of the Department reported sickness absence at or below rates found in what we regard as comparable private and public sector organisations. These organisations have a similar staff profile and carry out similar activities to Department for Transport businesses. In 2005, three agencies reported sickness absence rates above those suggested by our sample of private and public sector comparators. The

Driving Standards Agency and the Driver and Vehicle Licensing Agency had sickness absence rates of 13.1 days and 14 days per full time employee respectively, this compares with 10 days in our comparator organisations. The Vehicle and Operator Services Agency achieved 8.9 days compared to eight days.

3 If the Department's businesses were to achieve the sickness absence rates achieved by comparable organisations, this could save £3 million each year (£15 million over five years). Ministers have challenged all Departments to reduce 2004 sickness absence rates by 30 per cent by 2010. Achieving this would save £6.3 million per year (£32 million over five years). To do so, however, requires all parts of the business to continue improvements made to managing sickness absence in recent years. In particular, some businesses need to

Summary text continued

hold managers more accountable for achieving targets on sickness absence and to review and take action in long-term sickness absence cases.

4 There are factors in the Driver and Vehicle Licensing Agency and the Driving Standards Agency which are known to lead to higher rates of absence. The Driver and Vehicle Licensing Agency has a large proportion of relatively lowly paid administrative staff and the Driving Standards Agency has a high incidence of work-related injury. The rates in both agencies are, however, higher than most other benchmark organisations that have some similar characteristics. There is evidence of low staff morale in both agencies which may also cause higher levels of sickness absence. In the Driver and Vehicle Licensing Agency shift working which can cause sleep and digestion problems may also be a factor.

5 Both the Driver and Vehicle Licensing Agency and the Driving Standards Agency have faced increasing volumes of work in recent years but have continued to perform well despite high levels of sickness absence. For example, the Driver and Vehicle Licensing Agency managed to achieve all but one of its key business performance targets in 2005-06, including its overall value for money target, and has delivered efficiency savings of nearly £32 million in the two years to March 2006. In part, this is because the Agency has based resource planning assumptions each year on existing levels of sickness absence. This means that managers are able to deliver their business objectives without achieving reductions in current absence levels. The Agency believes that this is a realistic basis on which to plan its business, without which the overall delivery of business objectives would be compromised. This may, however, reduce the incentives on individual managers to reduce sickness levels, as they know that staff will be available to cover for absentees. The Agency uses separate incentive regimes to encourage managers to deliver on sickness absence targets.

6 Although some parts of the Department, such as its central organisation and the Highways Agency report average levels of sickness absence comparable to the best performing similar organisations in both the public and private sectors, all businesses could do more in at least some respects to manage sickness absence. This could be achieved in part by more systematic sharing and

promulgation of good practice from within individual businesses, for example, the use of realistic trigger points for the management of short and medium-term absence at the Highways Agency, the early referral of a range of long-term cases to occupational health services at the Maritime and Coastguard Agency and the focus on stress cases under an initiative at the Driver and Vehicle Licensing Agency.

7 To make significant reductions to the level of sickness absence however, there is a need for action at both corporate and individual business level. At corporate level, the Department for Transport needs to:

- agree targets for each part of the Department which are tailored to their individual circumstances and reflect the best performing external benchmark organisations. At the moment, 2006 targets set by the Driver and Vehicle Licensing Agency and the Driving Standards Agency are above the median absence rates of equivalent benchmark sample organisations and a target should be set for the Government Car and Despatch Agency and for the central Department;
- establish quality standards for the recording of sickness absence and the provision of management information to line managers which allows them to identify particular problem areas or areas of good performance and take appropriate action. The Department has begun operations at a new Shared Services Centre, in part to deliver efficiencies through common Human Resources and financial processes and in part to support much better management through fuller and more consistent information. It will also process sickness absence transactions for the whole group and provide a standard set of management information. The full range of reports is due to be agreed as part of the implementation planned for this Summer; and
- establish a consistent framework for the evaluation of initiatives and for developing and sharing good practice. We found that while many of the businesses had put in place initiatives to tackle particular problems, there had been very little formal evaluation of their success.

- 8** At individual business level we found that:
- all businesses could do more to:
 - a** ensure that line managers realise their responsibilities and duties in relation to managing sickness absence and to hold them accountable for reducing sickness absence at business level. We found that line managers did not always take appropriate action in individual cases;
 - b** improve intervention in long-term cases, which our file examination showed at best was first done at six weeks despite some agencies having policies to intervene earlier, and to take steps to resolve long-running absences;
 - a review of case files showed that there were particular areas in each business which required improvement;
 - a** long-term sickness absence cases in the Driver and Vehicle Licensing Agency take a long time to progress through the latter stages and they need to take a more rigorous approach to bring them to a swifter resolution. They accounted for 61 per cent of working days lost in 2005 and 2006. The Agency also needs to redress the staff perception that management has become “soft” on sickness absence;
 - b** in the Department for Transport (Centre), the Highways Agency, Maritime and Coastguard Agency, Driving Standards Agency and the Vehicle and Operator Services Agency managers did not always hold return to work interviews, despite a mandatory requirement to do so in the Driving Standards Agency for example;
 - c** trigger points for action in the Department for Transport (Centre) and the Maritime and Coastguard Agency were too high at 21 days and 22 days respectively.

We understand that since our fieldwork, and in preparation for the Shared Services Centre roll out and following a review of best practice, all businesses are reviewing their trigger points and reporting requirements. In the Driver and Vehicle Licensing Agency an eight day trigger was implemented in April 2007 and other Department for Transport businesses are considering a similar approach, subject to trade union consultation.

9 The transfer of human resources transaction processing to the Shared Services Centre will result in greater responsibility falling on line managers for the day to day management of individual sickness cases. This makes it more important that managers are trained well and have access to good quality specialist advice. The project timetable has slipped and agencies began migrating their payroll, financial and human resources functions over two years from April 2007. The delay to the project has caused staffing problems at some agencies which had put in place arrangements to release relevant staff in anticipation of originally expected timelines. The slippage has also delayed progress on, for example, standardising codes, management information, workflows and related management accountabilities and training.

10 We recommend that:

the Department should:

- a** set sickness absence targets for each part of the Department in consultation with each business which are tailored to their individual circumstances and reflect the best performance in comparable external organisations to aid their drive to reduce sickness absence levels. The approach to setting basic and longer term sickness absence targets suggested in this Report provides a useful starting point;
- b** establish quality standards for the provision of management information to line managers, which allows them to identify particular problem areas or areas of good performance and take appropriate action;
- c** establish a consistent framework for the evaluation of initiatives across the different businesses to develop understanding about the effectiveness of individual initiatives and to develop and share good practice more systematically; and
- d** base resourcing and workforce planning calculations for each part of the Department on agreed sickness absence targets rather than on current sickness rates, with contingency measures in place if targets are not met.

The Shared Services Centre should give priority to:

- e** discontinuing the use of any remaining general or vague reason codes and ensure that all staff enter a valid reason code for every absence;
- f** providing line managers with prompt, accurate notifications of when trigger points have been reached in every case;

- g** as a minimum, producing regular reports analysing sickness absences by length and cause of absence, grade and gender. Analyses should seek to identify particular problem areas to inform understanding of sickness patterns and appropriate management responses. Additional reporting of trigger points hit, actions taken and progress against sickness targets would also be useful;

All businesses in the Department should:

- h** agree specific sickness absence targets with individual business units and hold managers at appropriate levels accountable for achieving them;
- i** remind line managers of their responsibilities in managing sickness absence as part of the mandatory training for line managers following the introduction of the Shared Services Centre. In the **central Department, the Driving Standards Agency, Highways Agency, Maritime and Coastguard Agency and the Vehicle and Operator Services Agency** this should stress the need to hold return to work interviews and to keep proper records;
- j** all cases of long-term sickness absence should be reviewed to establish which could be resolved by either return to work, staged return, medical retirement or dismissal. This should be a particular priority for **the Driver and Vehicle Licensing Agency**. In assessing the feasibility of a return to work, agencies should consider extending to all staff the possibility of making reasonable adjustments to working arrangements advocated by disability legislation;
- k** in all long-term cases managers should intervene at the point of three weeks of absence at the latest and consider whether specific illnesses, such as stress, should be the subject of immediate referral to occupational health services;
- l** **The Driver and Vehicle Licensing Agency** should provide additional training to its Human Resources staff on managing the latter stages of long-term sickness absence cases;
- m** **The Driver and Vehicle Licensing Agency, Driving Standards Agency and the Highways Agency** should routinely collect and analyse data on the amount of sick leave resulting from work-related activities to identify and take appropriate preventive measures.



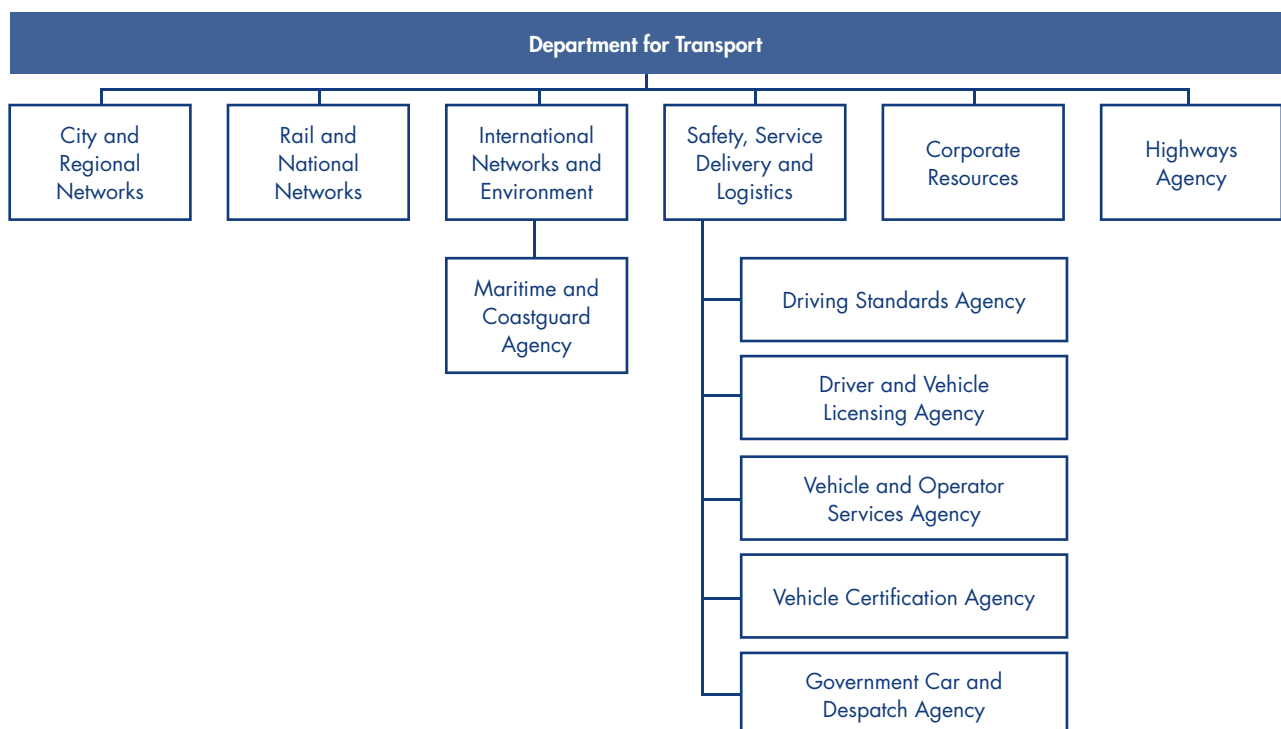
Sickness absence across the Department for Transport costs £24 million each year

1.1 The Department for Transport (the Department) is responsible for promoting a sustainable, safe, reliable and accessible transport system for all users. Much of the transport system is run by the private sector, but some key customer services, regulatory and safety functions are delivered through seven executive agencies (**Figure 1**, more detail is provided in Appendix 2). In total, the Department and its agencies employed over 17,000 full time equivalent staff in 2005-06, accounting for £573.4 million in pay and associated costs.² Around 90 per cent of staff work in the seven executive agencies and are the main point of contact with the Department for most members of the public.

Sickness absence in the Department as a whole was 10.2 days in 2006

1.2 The combined average rate of sickness absence recorded across the Department and its agencies in 2006 was 10.2 days for each staff member.³ In 2005, the most recent year for which comparable information is available, the Department's performance as a whole at 10.4 days compared unfavourably with the rate in both public and private sector organisations with average rates reported for the: wider Civil Service of 9.8 days⁴; private sector of six days⁵; and for a sample of 180 organisations in the United

1 The agencies make a major contribution to meeting the Department's objectives



Source: The Department for Transport

Kingdom, eight days.⁶ Current performance is also above the Health and Safety Commission-inspired target for the Department of 7.5 days per employee, which it is aiming to achieve by 2010.⁷ As reported in the Department's annual reports on occupational health and safety, the Department's sickness rate has remained at broadly similar levels over the last four years, being 10.2 days for each staff member in 2003, 10.7 days in 2004 and 10.4 days in 2005⁸.

Sickness absence levels are highest in the Driver and Vehicle Licensing Agency and the Driving Standards Agency

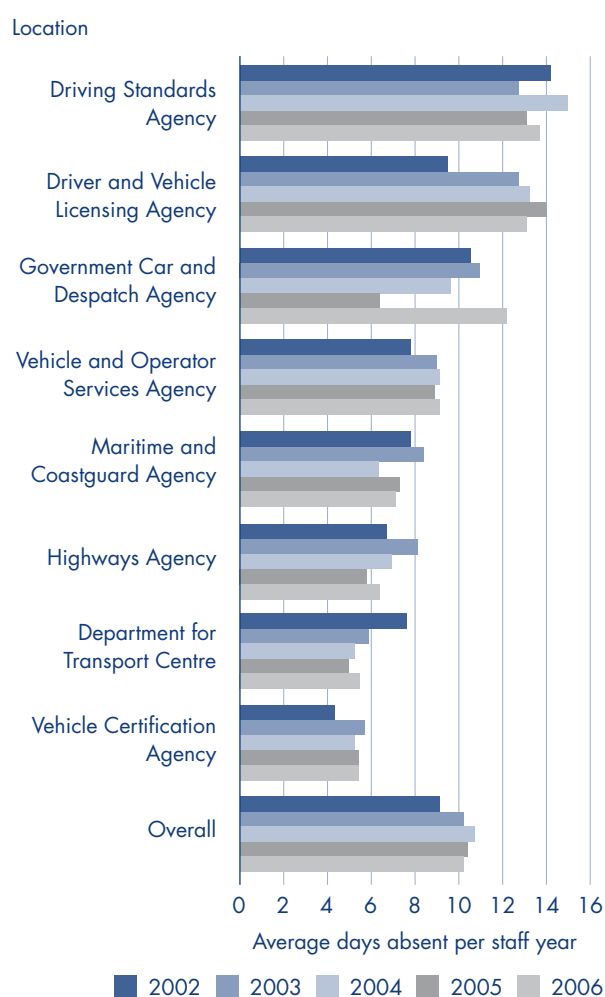
1.3 The above comparisons do not take account, however, of underlying differences between organisations which are known to influence levels of sickness absence. The Department's overall figure also reflects a mix of both stronger and weaker performance across the central Department and its Agencies. The Vehicle Certification Agency and the Department's central organisation have recorded absence rates of between five days and 5.9 days since 2003. Absence levels are generally higher in the three customer-facing organisations within the group (**Figure 2** and Appendix 3, Figure 9). For example, since 2003, the Driver and Vehicle Licensing Agency and the Driving Standards Agency have recorded absence levels averaging between 12.7 days and 15 days for each member of staff.

1.4 Half the Department's agencies⁹ recorded a better average sickness absence performance in 2006 than in 2002 when the Department was established in its current form. Within the last three years, the position at most agencies has remained broadly stable or fluctuated only slightly. The Driving Standards Agency and the Government Car and Despatch Agency, however, recorded a deterioration in absence levels in 2006 from 13.1 days to 13.7 days and 6.4 days to 12.2 days respectively.

1.5 The Driving Standards Agency told us that the key reasons for the increase were likely to be linked to five months of industrial action and concerns about job security arising from a major reorganisation of the Agency, including the closure of three of the Agency's five Area Offices and its Cardiff Call Centre. These circumstances may have affected some people's ability and willingness to attend work when not fully well. In addition, the Agency has gradually increased its focus on attendance management and this may have led to an initial increase in the reporting of sickness absence by staff. The Government Car and

Despatch Agency explained that both years' performance was outside its normally expected range of eight to 10 days for each staff member. Good performance in 2005 reflected considerable intervention by human resources staff and the dismissal of several long-term sick employees. Performance in 2006, however, followed an easing of the regime due to resources being deployed elsewhere, changes to pay arrangements and a spate of industrial injuries to drivers which had resulted in both physical and mental stress injuries to the staff concerned.

2 The Driver and Vehicle Licensing Agency and the Driving Standards Agency have consistently recorded the highest average number of days lost to sickness per employee



Source: National Audit Office analysis of the Department for Transport's annual Health and Safety reports (not audited by the National Audit Office)

NOTE
2006 data is provisional.

1.6 The type of work and the composition of staff is likely to explain in part the high levels of sickness absence in the Driver Vehicle and Licensing Agency and the Driving Standards Agency compared to other parts of the Department. Appendix 4 sets out the clear correlation between average rates of sickness absence in an organisation and the organisation's salary levels and the extent of their administrative and clerical work. The nature of the core work carried out at both agencies (processing licence applications and conducting driving tests respectively) mean that many staff do not have the option of working at home if they have a minor illness, unlike staff in the Department's policy units for example, who told us that this was an option that they could and did take. In the Driver and Vehicle Licensing Agency shift working which can cause sleep and digestion problems may also be a factor.

1.7 Our interviews with staff in the Driver and Vehicle Licensing Agency highlighted these and other factors which they believed contributed to the high rate of sickness absence: the mundane nature of some of the work; working in large teams which allows work to be more easily shared out and therefore may lead staff to feel that their absence will have less of an impact; an uncomfortable working environment due to fluctuating temperatures; the introduction of "hot desking" and staff not feeling sufficiently valued; the lack of crèche facilities for night shift workers; the lack of on-site car parking facilities. The Agency believes that several of these issues, such as "hot-desking", reflect arrangements in place to improve its efficiency and overall value for money. Some staff also believed that there had been a general softening of day to day management grip on sickness absence in recent years.¹⁰ The Agency does not believe this to be the case, pointing, for example, to the introduction in August 2005 of the requirement for staff to make daily contact during self-certified absences and the appointment of Attendance Managers in absence "hotspots" in January 2006.

1.8 The Department's Occupational Health and Safety Report for 2005-06 noted that, in total, the Departmental group had reported 53 serious accidents to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations including "major injury" accidents involving Traffic Officers at the Highways Agency and staff at the Driver and Vehicle Licensing Agency. It is unclear how many accidents reported in 2005-06 led to the need for sickness absence since none of the agencies currently analyse their absence data to identify work-related causes.

1.9 The above Report shows that 53 per cent (926 cases) of all accidents occurring across the Departmental group in 2005-06 involved staff at the Driving Standards Agency.

The vast majority (828 cases) were work-related road accidents, of which 366 (95 per cent of the total for the Departmental group) involved personal injury (whiplash injuries are common among driving examiners). There were also 18 physical assaults and 341 verbal assaults against Driving Standards Agency staff during driving tests in the year.

1.10 We found further evidence to suggest that in the Driving Standards Agency the risks associated with the work are a factor in the higher rate of sickness absence. The Agency recorded 8,478 days lost due to musculoskeletal injuries in 2006, accounting for nearly a quarter of all sickness absence at the Agency and equating to over three days sickness absence for each employee. Musculoskeletal injuries are at a much higher rate in the Agency than elsewhere in the Department, for example the next highest rate is for staff at the Vehicle and Operator Services Agency, where many staff carry out physical work (examining Heavy Goods Vehicles) but the rate was 1.7 days per employee.¹¹ The Driving Standards Agency is currently unable to say what proportion of these absences was attributable to its work, however, and is investigating the scope to adjust the absence recording system in future to provide this data. The Agency considers that analysis of causes of sickness absences may not always be straightforward, however, since, for example, work-related incidents may exacerbate separate pre-existing conditions.

Both the Driver and Vehicle Licensing Agency and Driving Standards Agency have had to deal with increasing volumes of work in recent years

1.11 Against this background of high levels of sickness absence, both the Driver and Vehicle Licensing Agency and the Driving Standards Agency have had to cope with rising volumes of work in recent years and have done so whilst still meeting most of their performance targets, including those set out in their respective value for money plans to achieve at least 2.5 per cent of cost savings and 2.5 per cent efficiency and productivity improvements.

1.12 The Driver and Vehicle Licensing Agency met or exceeded eight of its nine Secretary of State targets in 2005-06 and achieved 14 of its 17 "timeliness of service" targets. At the same time, overall service delivery transaction volumes increased by 2.4 per cent from 113.2 million in 2004-05 to 115.9 million, partly due to the growth in the numbers of drivers and vehicles registered by the Agency during the year and partly due to an increase in the scope and nature of its statutory functions.¹² The Driving Standards Agency, meanwhile, achieved six of its eight Secretary of State targets in

2005-06, including its key targets of a national average six week waiting time for car practical tests over the year and nine week appointment availability at 99 per cent of permanent car test centres by the end of March 2006, and met 11 of its 17 service standard targets. This performance was achieved despite the Agency handling nine per cent more car practical tests than it had forecast for the year and nine per cent more than it processed in 2004-05.¹³

1.13 The Driving Standards Agency implemented extra measures to cope with the increased demand for car practical tests. These included: flexible working patterns and staggered test programmes; testing on seven days a week from early morning to early evening; the use of senior driving examiners and fee paid examiners; and the conversion of motor cycle test slots to car test slots to improve throughput. Although these measures were successful, sickness absence still had an impact on the Agency's customers as it led to the cancellation of some 21,700 driving tests in the year.

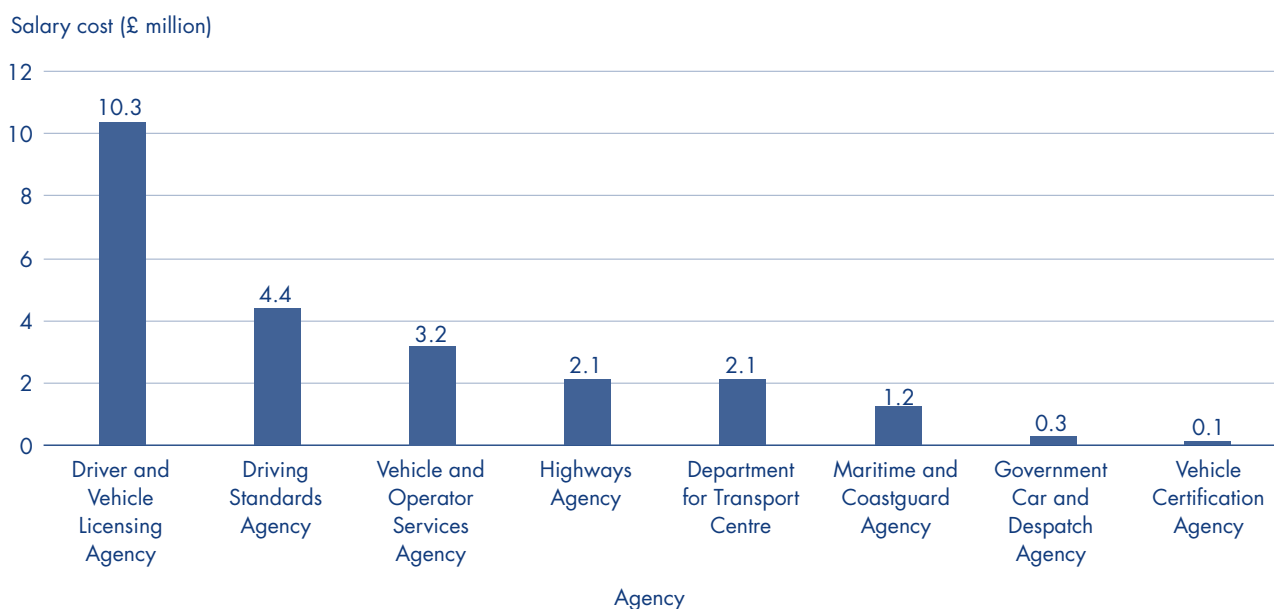
1.14 Our further examination revealed that, while managers at the Driving Standards Agency planned on the basis of targeted absence rates, managers at the Driver and Vehicle Licensing Agency routinely factored existing levels of sickness absence into their resource planning

assumptions each year. This means that managers are able to deliver their business objectives without achieving reductions from current absence levels. The Agency believes that this is a realistic basis on which to plan its business, without which the overall delivery of business objectives would be compromised. In our opinion, however, this may reduce the incentives on individual managers to reduce sickness levels, as they know that staff will be available to cover for absentees. We consider that agencies should base their workforce planning calculations on targeted sickness absence rates, supported by appropriate contingency measures should targets not be achieved.

Reducing levels of sickness absence could save the taxpayer around £15 million over five years

1.15 Using average salary information provided by the Department and its agencies, we calculated that the level of sickness absence recorded by the group in 2005 equated to around £24 million in payroll costs, some 4.1 per cent of total staff costs (Figure 3).¹⁴

3 Sickness absences accounted for £23.7 million in staff costs in 2005



Source: National Audit Office analysis of Departmental and agency data

NOTES

- 1 While some agencies' performance may be understated, estimated costs may be overstated due to the inclusion of unpaid absence in respect of staff on very long sick leave.
- 2 Salary costs are based on average salary costs for each business.

1.16 To calculate the potential savings that could be achieved if the Department reduced the amount of sickness absence, we compared the performance of the various businesses in the Department with similar private and public sector bodies. The selection of comparator organisations is not a precise science, and there are different factors which could be taken into account in selecting benchmarks. As noted in paragraph 1.6, there is a clear link between average rates of sickness and an organisation's salary levels and the extent of administrative work, so for the purposes of this exercise we chose organisations that had a similar staff profile, in terms of the proportion of administrative staff and average levels of remuneration, and that carried out similar activities to establish the range of sickness absence rates achieved in such organisations (Appendix 4) and to arrive at "basic" and longer term targets for each business. The longer term targets reflect the performance achieved by the best comparators.

1.17 Figure 4 shows that, were all agencies to achieve the suggested basic targets, the Department would realise a saving in payroll costs of some £3 million each year or £15 million over five years. While Figure 4 suggests that the Department for Transport (central) and the Highways Agency are already exceeding the suggested basic targets, as explained in paragraph 2.3, we believe that they are both under-recording sickness absence. Savings could rise to £6.3 million annually or £32 million over five years, if all agencies were to reach the targets agreed by them as part of the Health and Safety Commission initiative to reduce sickness absence rates in the public sector by 30 per cent by 2010. In the longer term this could rise to

£7.5 million annually or £38 million over five years if, in a bid to maintain continuous improvement, all agencies achieved performances equivalent to the best comparators in their sectors as suggested at Appendix 4.

1.18 In addition to the direct payroll costs of absentees, agencies may incur a range of additional costs as a result of sickness absence. For example, agencies may need to pay overtime to existing staff or to buy in agency staff as temporary cover. These costs are not all readily identifiable since agencies do not routinely monitor the costs of absence to this level of detail. We found good practice in the Maritime and Coastguard Agency where the Wales and West region calculated that it incurred around £25,000 in overtime costs covering for sick absentees in the six month period to 30 September 2006, adding some 25 per cent to the basic salary cost of the working days lost.¹⁵ The Region now undertakes this exercise on a continuing basis. The Government Car and Despatch Agency also told us that it only ever employed temporary agency drivers to cover for sick absentees (costing £175,000 in 2005-06).

1.19 The Driving Standards Agency incurs further costs when driving tests have been cancelled due to examiner sickness. As well as reimbursing the cost of the test fee in each instance, the Agency pays compensation to candidates to cover the cost of the hire of their vehicles for one and a half hours, amounting to some £0.3 million each year on average.¹⁶ Before cancelling driving tests, however, the Agency will look to provide an examiner from another source, including employing former examiners on a fee basis.

4 Achieving revised targets for sickness absence would result in savings in unproductive payroll costs of between £3 million and £6.3 million each year

Agency	Average days absent per staff year (2005)	Basic target		2010 target ¹	
		Target (working days)	Cost savings £000	Target (working days)	Cost savings £000
Driver and Vehicle Licensing Agency	14.0	10.0	2,931	9.2	3,523
Driving Standards Agency	13.1	10.0	1,037	10.0	1,037
Vehicle and Operator Services Agency	8.9	8.0	318	7.4	534
Maritime and Coastguard Agency	7.3	7.0	43	5.0	387
Government Car and Despatch Agency	6.4	8.0	(74)	6.7	(13)
Highways Agency	5.8	8.0	(798)	5.0	300
Vehicle Certification Agency	5.4	6.0	(11)	5.0	8
Department for Transport (Centre)	5.0	6.0	(400)	3.7	562
Overall	10.4	8.7	3,046	7.5	6,338

Source: National Audit Office analysis of Departmental and agency data

NOTE

¹ Ministers have challenged all parts of the public sector to reduce its 2004 sickness absence rates by 30 per cent by 2010.



PART TWO

The Department and its agencies need to do more to manage sickness absence

Strategies for managing sickness absence are decided locally

2.1 Each agency has discretion within a general framework to negotiate terms and conditions for its staff to reflect best the agency's business needs so that it can deliver operations with the most value for money. All parts of the Departmental group have an underlying strategy that absence management is the responsibility of line managers, with guidance and support available from human resources teams and occupational health services. The larger operational businesses, for example the Driver and Vehicle Licensing Agency, the Driving Standards Agency, the Highways Agency and the Vehicle and Operator Services Agency, set standing objectives in annual performance agreements to measure the extent to which action has been taken on sickness absence. Appendix 6 provides some other examples of good practices that we found within the agencies. The primary components of a good strategy are:

- **targets:** At present agency Chief Executives set their own targets each year which are endorsed by the Department's Management Board. These are based on seeking year on year improvements to each agency's historical performance and are also guided by a Health and Safety Commission initiative to achieve a 30 per cent reduction in sickness absence rates by 2010¹⁷ (Appendix 3, Figure 10). For example, the Driver and Vehicle Licensing Agency has a target to improve average absence rates by one day each year based on the previous year's achieved absence. If sickness absence rates increased in any year, as occurred in 2005, however, the target for the following year would also increase.¹⁸ Targets which take into account the type of workforce and the nature of the work undertaken and which are time limited would be more appropriate and the approach to setting such targets suggested in Figure 4 on page 12 would be a starting point;

- **accountabilities:** targets need to be owned by Chief Executives and cascaded to line managers at an appropriate level throughout each business who should be accountable for their achievement. In practice, we found that specific sickness absence targets were not always set for individual business units within agencies;
- **workforce planning** and resourcing should be carried out on the assumption of a successful absence management strategy and on target levels of sickness absence. Contingency plans should exist to maintain service levels should targets not be achieved; and
- **resources:** human resources and other management resources need to be in place to tackle the problem, together with a commitment to maintain those resources over the period to which the target relates.

Management information is poor

There is evidence of under-reporting and misreporting

2.2 Effective management of sickness absence depends upon regular, good quality, timely data to identify trends. We found evidence of problems with both the recording of sickness absence and the reports provided to management.

2.3 There was some suggestion at the Department's central organisation and the Highways Agency that sickness absence rates were under-recorded in their organisations¹⁹. It is difficult to quantify the degree of under-recording that has occurred since the evidence for this is largely anecdotal and revolves around the suggestion from focus groups that staff and managers do not record sickness absence as they find the process for doing so too bureaucratic. The Highways Agency's internal audit unit found evidence to support this in a

comparison of time recording and human resources information systems which showed that around 900 days of sick absence had not been recorded by office-based staff between June 2005 and January 2006 (Traffic Officers are not covered by the time recording system). The team estimated that this would add an extra 0.75 days to the reported average sick absence for each member of staff.²⁰ The central Department tells us that it is rolling out a new system of work management and time recording which should enable it to establish the extent of under-reporting.

2.4 There is also evidence of misreporting from the failure to document reasons for absence or the use of vague or general reason codes. For example, the Driving Standards Agency found that its staff had failed to provide reasons for sickness absences on over 400 occasions between January 2005 and June 2006, amounting to 1,872 days of absence. On further investigation in Summer 2006, Human Resources staff were able to reduce sickness absence bookings in the period by 213 working days²¹. The Agency's system for recording staff absences assumes that staff are sick until it is updated. We also found that the causes of 1,054 days of sick absences in 2006 (some 4.7 staff years²²) at the Driver and Vehicle Licensing Agency had not been recorded. The Agency told us that it had since completed a data cleansing exercise which resulted in over 70 per cent of these absences being allocated to an absence code. Staff at the Maritime and Coastguard Agency, on the other hand, were confident that their absence data was accurate since the Agency checks it against its time management system.

2.5 As part of a move to improve the quality of sickness absence data available across Government, the Cabinet Office issued guidance to all departments and agency Chief Executives in May 2006 to standardise the collection, analysis and reporting of sickness absence data. The main changes will be to introduce common absence data definitions and to collect data on a financial rather than calendar year basis from 2007. The Department will be implementing these later this year.

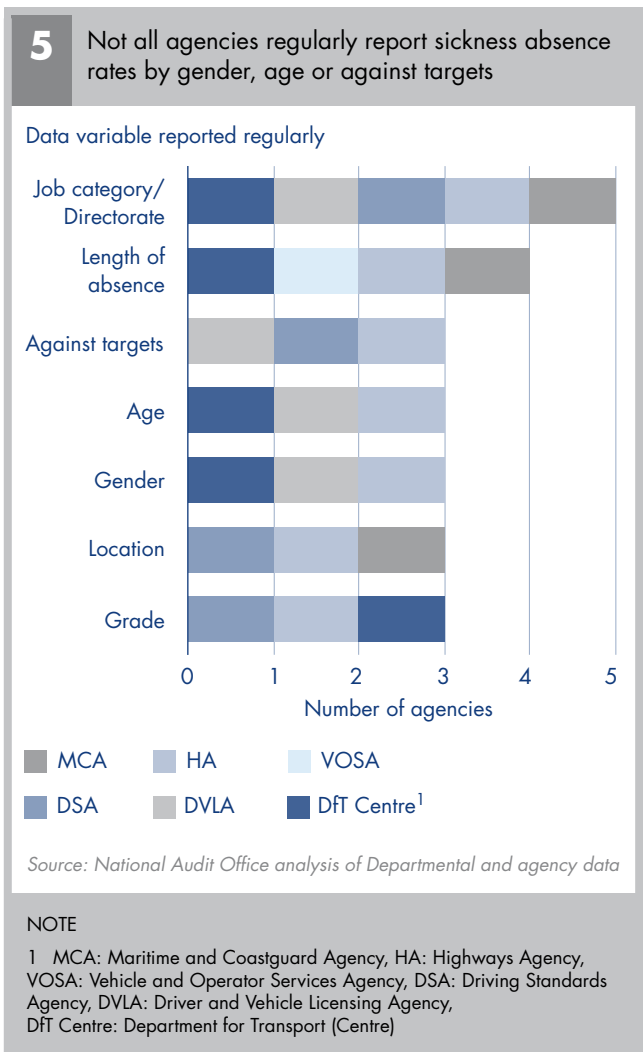
The quality and range of reports on sickness absence is variable

2.6 While most agencies report sickness absence data on a monthly or quarterly basis, we found that the quality and range of regular reports provided to senior managers varied. For example, only three agencies reported monthly or quarterly on the level of sickness absence against targets.²³ **Figure 5** shows the range of factors against which agencies regularly report sickness absence.

2.7 While some of the reports produced analyse variables on a full time equivalent staff basis, none of the Departmental group routinely analyse sickness absence

data to identify whether the percentage share of sickness absence reported within a particular location or grade of staff equates to the percentage share of staff resources in those locations or grades. Regular analyses would help managers to identify particular problem areas or potential areas of good practice and to determine the appropriate targeted response. Regular reporting of trigger points hit per full time equivalent, action taken against trigger points and progress against targets would also be beneficial.

2.8 For example, for every agency²⁴, women accounted for a higher share of sickness absence than their share of full time equivalent staff numbers, comprising around 41 per cent of the workforce in 2006 but accounting for 52 per cent of all working days lost to sickness. This finding is in line with general trends identified in wider surveys of sickness absence elsewhere. We also found that there was more sickness absence in the lower grades, although they sometimes skipped the lowest grade, but that there were no particular problem areas discernable by age band.²⁵



2.9 The ability of agencies to produce meaningful management information on sickness absence is severely limited by the existing information systems that they use pending the roll out of the Shared Services Centre.²⁶ For example, the Driving Standards Agency operates a manual system for recording sickness absence and an internal audit report of February 2006²⁷ concluded that it was unable to capture accurate and effective management information. For example: there were no automatic triggers or reminders to help managers to monitor absences and the provision of return to work forms; the number of separate manual processes involved increased the risk that data would be inaccurately recorded; and file review identified examples of sickness absence having been misrecorded and of causes of absence not being captured.

2.10 Errors and shortcomings in the underlying information systems used by the Driver and Vehicle Licensing Agency meant that human resources staff had been unable to produce meaningful comprehensive analyses of sickness absence data for more than 18 months. The Agency introduced a new computerised system in June 2005. Data migrated to the new system came from the payroll system rather than the human resources system. As a result, critical information, such as the cause of absence, was missing. The new system had also produced inaccurate information about the number and duration of absences taken by Agency staff. Consequently, reports provided to senior managers amounted to little more than basic sets of statistics with no attempt to interpret them at a strategic level for the Agency as a whole. The Department told us that the Agency had since worked to overcome the problem of missing data and that it had begun producing detailed reports for Directors from November 2006.

2.11 The Department told us that the shortcomings of existing systems to support managers was one of the main drivers for its decision to establish the new Shared Services Centre. Once full functionality is in place, the Shared Services Centre should provide line managers with better systems and tools for managing absence. Improvements would include mandatory capture of the reason for illness, the identification of work-related illnesses, mandatory return to work interviews and consistent reporting. All members of the Departmental group will be provided with a standard set of sickness absence management information. At the time of our examination, however, the precise form of the management information remained unclear. A number of agencies were also concerned that the data that they would receive from the Centre may be of poorer quality than was currently available from their own bespoke systems. The Department established a

cross Agency working group in January 2007 to develop a common reporting format and to agree a core process for absence management across all agencies.

The application of good practice policies, procedures and initiatives in key areas is variable

2.12 The Department's policy on managing sickness absence is contained within wider guidance on the terms and conditions of employment of its staff. In common with the wider Civil Service, the Department's conditions of service provide for staff to remain on full pay for the first six months of sickness absence and to revert to half pay for a further period of six months thereafter. To ensure that all staff within the Departmental group are treated similarly, the Department issued guidance to each agency on the policy that it should adopt. Much of the guidance is mandatory although agencies have some discretion in, for example, the handling of long-term sickness cases and the use of trigger points to manage short and medium-term absences.²⁸

2.13 Successful management of sickness absence also depends on line managers applying policies and procedures appropriately and consistently. We found, however, that all agencies varied in the degree to which they followed established policies and procedures in practice.

Trigger points used by agencies vary greatly and there are weaknesses in the way that they are applied

2.14 All members of the Departmental group had defined trigger points to guide line managers in deciding when to take action in respect of individual sickness absence cases. But there were a number of weaknesses in their definition and application and these are explained in more detail at Appendix 5. Broadly, we found that: several trigger points for initial action had been set at levels higher than the agency's target sickness levels; most trigger points focused solely on the number of working days lost and failed to consider also the number of spells of sickness absence in any period; line managers were not always notified when trigger points had been reached or there were inaccuracies in the prompts received; and the records of action taken in response to prompts were inadequate or non-existent in some agencies. We understand that since our fieldwork, all businesses are reviewing their trigger points and reporting requirements. The Driver and Vehicle Licensing Agency implemented an eight day trigger in April 2007 and other Department for Transport businesses are considering a similar approach, subject to trade union consultation.

Return to work interviews are held infrequently

2.15 The holding of return to work interviews with employees after each and every period of sickness absence, regardless of duration, is a recognised best practice principle and, where applied consistently, has been shown to reduce the incidence of recurrent short and medium-term absences which accounted for 42 per cent²⁹ of all sickness absence days in 2006.³⁰ We found that return to work interviews were not mandatory at two agencies visited³¹ and that generally there was no evidence that interviews had taken place in the case files we examined at these organisations. Evidence of compliance with the requirement to hold interviews at the four remaining agencies varied between 45 per cent and 77 per cent of the cases examined by us.³²

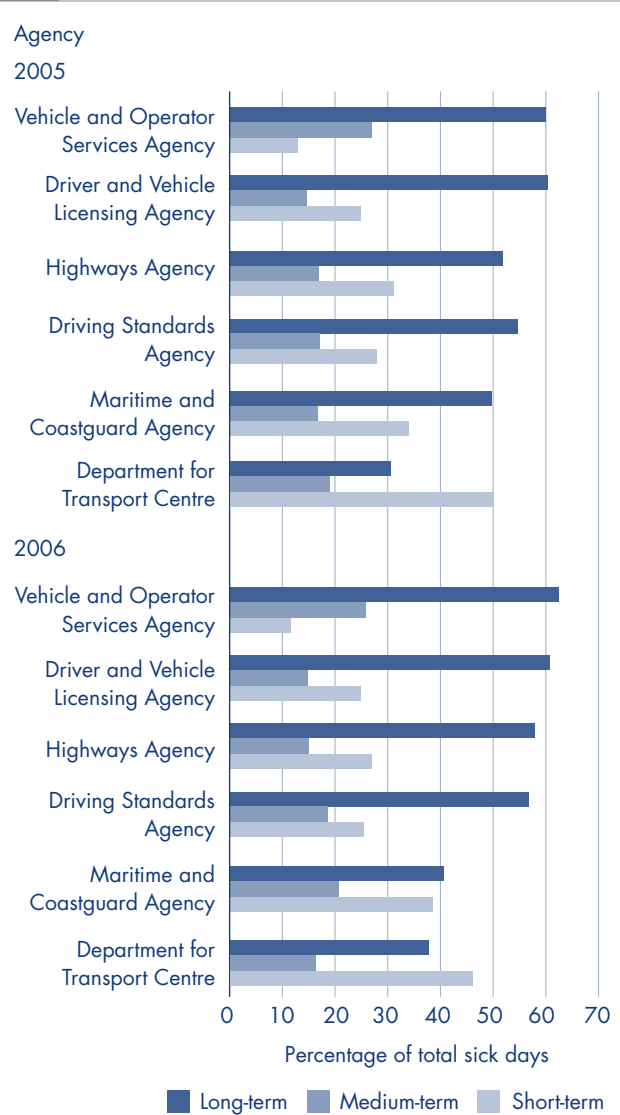
The management of long-term sickness absence is generally poor

Long-term sickness often accounts for the biggest share of working days lost

2.16 A small number of staff on very long sickness absence can have a disproportionately large impact on the number of working days lost. We found that long-term absences³³ accounted for 57 per cent of all working days lost recorded by the Department and its agencies in 2006³⁴, including 63 per cent (nearly 15,000 days) at the Vehicle and Operator Services Agency, 61 per cent (over 49,000 days) at the Driver and Vehicle Licensing Agency and 41 per cent (nearly 3,000 days) at the Maritime and Coastguard Agency. In total, the number of days lost to long-term sickness absence in 2006 (some 103,000 days) equated to 458 full time equivalent staff years³⁵ (**Figure 6**).

2.17 Successful management of long-term sickness absence requires organisations to have a systematic approach and to work closely with occupational health services to help staff back to work or, if necessary, terminate employment. Research undertaken on behalf of the Department for Work and Pensions suggests that, after six weeks of absence, it becomes increasingly difficult for people to return to work.³⁶ Early and continued regular management intervention (for example, referral to occupational health services or attempts to keep in touch) in individual cases is, therefore, essential to reducing the duration of such absences and in bringing them to the desired conclusion.

6 Long-term sickness absence accounts for the highest number of working days lost at each agency



Source: National Audit Office analysis of Departmental and agency data

NOTE

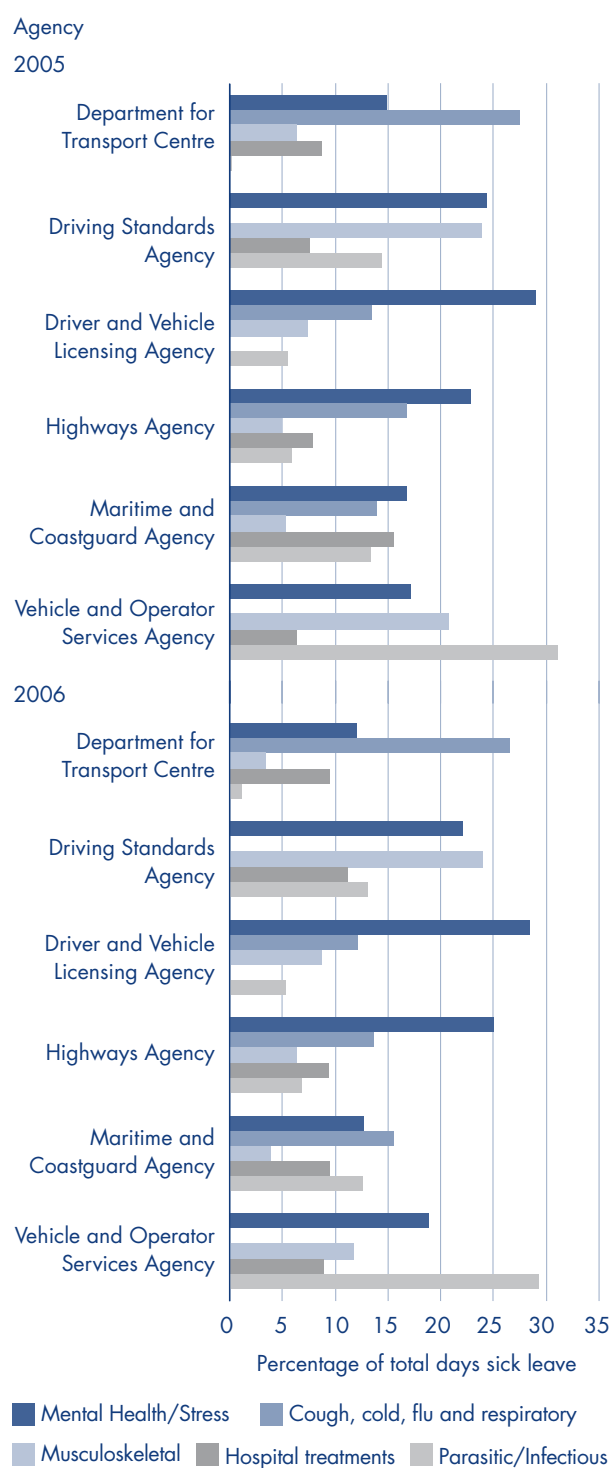
Short-term absence is defined as a period of 1 to 5 working days, medium-term absence is 6-20 working days and long-term is defined as a period of absence of 21 working days or more.

2.18 Despite agencies having agreed policies and procedures for managing long-term cases, we found that, in practice, the evidence on a sample of files that we reviewed suggested that all parts of the Departmental group were slow to intervene in such cases. The Driving Standards Agency and the Vehicle and Operator Services Agency were the quickest to intervene with an average time to first intervention of around six weeks – this is the time around which it is already becoming difficult to secure a return to work (paragraph 2.17). The longest average time to first intervention was 150 days, around 21 weeks, recorded in cases managed by the Department’s central organisation. This organisation also had the lowest average number of recorded interventions over a six week period and there was no evidence of any form of intervention having taken place in more than three-quarters of their case files examined by us, including one case where an individual had been absent for 1,011 days or nearly three years. In contrast, two of the agencies³⁷ with the quickest time to first intervention also recorded some form of intervention in every case examined and maintained the highest levels of contact throughout the term of absence among those agencies visited. The central Department told us that some interventions are recorded on files other than those we sampled and that since our fieldwork, it had identified all of its long term sickness cases (around 40) and was now working through each case systematically. The Driver and Vehicle Licensing Agency also arranged for its occupational health service provider to review its long term cases in February 2007 and had agreed a number of actions to improve procedures.

Mental health/stress illnesses are key reasons for absence

2.19 The Department does not collate aggregated information about the key causes of sickness absence across the group. However, our analysis shows that, other than for the Department for Transport Centre and the Vehicle and Operator Services Agency, the main causes of sickness absence during 2005 and 2006 were due to mental health illnesses, including stress (**Figure 7**). Overall, mental health/stress issues gave rise to the highest number of working days lost each year (around 25 per cent).

7 Mental health/stress is a significant cause of sickness absence across the Departmental group



Source: National Audit Office analysis of Departmental and agency data

NOTE

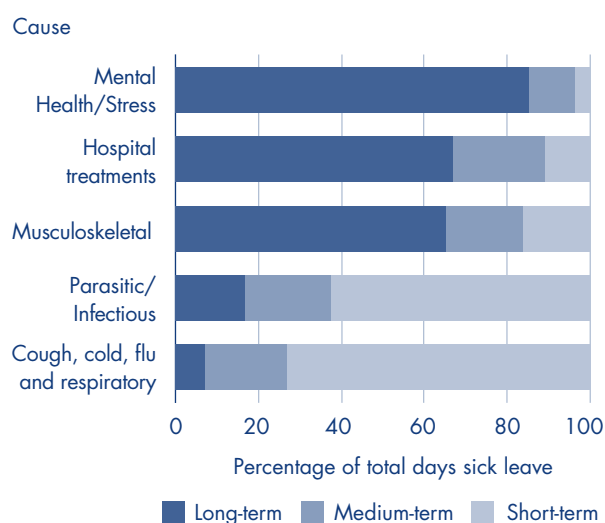
Not all agencies categorise absences according to the above headings.

2.20 Several agencies reported that stress/mental health issues were the cause of most days lost to sickness and that most of these form part of long-term absences (**Figure 8**). For example, 28 per cent of all recorded working days lost at the Driver and Vehicle Licensing Agency in 2006 were due to stress and mental health issues and 86 per cent of these were accounted for by long-term cases. Equivalent figures for the Driving Standards Agency and the Department's central organisation in this period were 22 per cent and 82 per cent and 12 per cent and 73 per cent respectively. Appendix 6 provides some examples of good practice to prevent or minimise absences due to stress and mental health issues, but we found that all agencies had scope to improve their policies about whether early action was required for certain types of illness which have the potential to develop into long-term absences, for example stress and mental health problems, and how often cases should be reviewed.

2.21 Only four agencies³⁸ had specified points at which managers should refer cases to occupational health services (ranging between 20 days and 30 days of continuous absence) although in practice many cases took longer. At the Maritime and Coastguard Agency, however, it was common practice to refer cases of certain disorders³⁹ sooner to ensure that appropriate action could be taken in each case, though there was no formal list specifying the disorders to which this applied. Managers at the Maritime and Coastguard Agency received electronic alerts to prompt them to take action after 21 days. The Highways Agency used its electronic notification system (Appendix 5) to monitor only recurrent sickness absences rather than long-term spells meaning that reports were sent to managers after individuals had returned to work thus making them of no use to the management of long-term sick cases.

2.22 Only the Highways Agency had formally created a list of pre-determined causes of illness, for example mental health issues, for which staff should be referred immediately to occupational health services. In recognition of the long-term nature of stress-related disorders, however, in September 2005 the Driving and Vehicle Licensing Agency launched a six month "Stress Pilot" exercise in selected business areas designed to refer stress-related disorders to occupational health services at an early stage. Initial results were encouraging and showed that 82 per cent of staff returned to work within two months rising to 93 per cent within three months compared to 73 per cent and 78 per cent of staff respectively in 2004-05. Following evaluation and adjustment of the procedures the Agency began a phased roll out to the remainder of its business areas in October 2006 which is scheduled to be completed in May 2007.

8 Mental health illnesses, including stress, very often led to long-term sickness absences in 2006¹



Source: National Audit Office analysis of Departmental and agency data

NOTE

¹ Excluding the Government Car and Despatch Agency, the Vehicle and Operator Services Agency and the Vehicle Certification Agency for which data is unavailable.

2.23 All agencies have rehabilitation policies for staff returning to work after periods of long-term sickness absence to ease their return and reduce the number of days that would otherwise be lost to sickness absence. All agencies provide for staff to return to work on a part time basis (most for up to three months) and for reasonable adjustments to be made to employment arrangements or premises under the terms of the Disability Discrimination Act 1995 for disabled staff.⁴⁰ While some agencies' policies are to provide a full rehabilitation programme to all staff, we found from a sample of case files that we reviewed that only two agencies⁴¹ appeared to have routinely considered wider options such as providing reasonable adjustments to other than disabled staff and offering redeployment to other duties or organisations where staff are no longer suited to their previous jobs.

2.24 Following a period of rehabilitation, employees are expected to return to work in their normal employment capacity. Only the Driver and Vehicle Licensing Agency, the Highways Agency and the Vehicle and Operator Services Agency gave clear policy guidance to its managers about the steps to take when this was not possible – permanent redeployment, retirement or dismissal on grounds of medical incapacity.⁴² We found that some agencies were slow to engage in steps to finally

resolve outstanding long-term sickness cases or, where retirement on medical grounds had been refused, to dismiss staff with compensation.

Agencies have instigated a range of initiatives to manage sickness absences

2.25 Despite the shortcomings in sickness management noted above, several agencies that we visited had a number of initiatives in place to manage/reduce sickness absences in their organisations (examples are noted at Appendix 6). Few of the initiatives were common across all agencies. Nor, for the most part, have agencies undertaken any robust evaluation of the various initiatives to provide evidence of their success in reducing sickness absence. This is particularly important where several initiatives are operating simultaneously and it becomes necessary to distinguish the impact of one initiative from another.

One of the aims of the Shared Services Centre is to support improved management of sickness absence, but there are risks

2.26 The Department is in the process of establishing a Shared Services Centre to process all payroll, financial and human resources transactions, including sickness absence records, on behalf of the Department's central organisation and each of the seven executive agencies. Implementation of the project has slipped and agencies are now expected to migrate their functions to the Centre as part of a phased programme between April 2007 and April 2009. The Driver and Vehicle Licensing Agency and the Driving Standards Agency were the first agencies to transfer.

2.27 The migration of the agencies' human resources transaction processing activities to the proposed Shared Services Centre between 2007 and 2009 will result in significant staff reductions at some locations. For example, resources at the Driver and Vehicle Licensing Agency are predicted to reduce from 192 staff to a retained complement of 106.5 full time equivalents (45 per cent) while human resources staff at the Vehicle and Operator Services Agency will fall from 60 staff to 17.5 full time equivalents (71 per cent). These reductions reflect the Department's assessment of practice across the public sector, which is based on a greater degree of day to day management of individual cases by line managers at each organisation and capturing data once, rather than having staff match data from different systems.

2.28 Agencies are concerned that these reductions will impact on the ability of remaining human resources teams to provide sufficient support and advice on the management of individual sickness absence cases. Given the sometimes poor standard of adherence by line managers to good practice principles demonstrated in this Report, this represents a sizeable challenge and there is clearly a risk to the ability of agencies to maintain a sufficient grip on the management of sickness absence at each location. The Shared Services Centre has issued paper guidance to managers at the Driver and Vehicle Licensing Agency. The Department has supplemented this with human resources briefings to line managers and is developing further guidance and information for inclusion on the Agency's intranet system.

2.29 The slippage of the timetable for the transfer of functions to the Shared Services Centre has already led to staffing problems at a number of agencies. In anticipation of the move to the Shared Services Centre against original timescales, several agencies had entered into arrangements to release human resources staff in line with those expectations or had engaged replacement staff on short-term contracts which will now expire before the revised transfer dates.⁴³ This has resulted in additional pressures on remaining staff to cope with current workloads. The slippage has also delayed progress on, for example, standardising codes, management information, workflows and related management accountabilities and training.

APPENDIX ONE

Methodology

The majority of the fieldwork was carried out by PricewaterhouseCoopers LLP under the direction of the National Audit Office. The main aspects of the methodology, which were applied to all but the smallest executive agencies, were as follows:

1) Data gathering and interpretation

a We obtained data about the number of working days lost to sickness absence from two main sources. For a summary of historic performance levels by each element of the Departmental group since 2002, we extracted data used in the Department's annual reports on occupational health and safety. To inform more detailed cross cutting analyses, we asked agencies to provide details of the number of working days that had been lost due to absence during 2005 and 2006, split by categories of the number of working days lost, and by various other factors where available e.g. Directorate, Location, Age band, Gender, Grade, Employment type, Absence Cause and Month of the year.

b We asked agencies to provide full time equivalent information for each category of the above factors for which data were provided.

c We analysed the working days lost data to identify areas of high, medium and low density absence. Absence density for each category listed in a) was calculated by:

- calculating the number of full time equivalent employees in the category as a percentage of the total number of full time equivalent employees in the organisation;
- calculating number of absence days in the category as a percentage of the total number of absence days in the organisation; and
- comparing these figures to identify areas of low and high density absence.

d Sick Absence Management Policies within each agency require that records of cumulative absence are maintained and state that managers should take specified forms of action (e.g. meet with the employee to discuss their absence record) when certain "trigger points" are hit. We asked individual agencies to provide us with information on the number of sick absence trigger points hit by their staff within the 12 month period to 31 August 2006 and the corresponding number of actions taken by management in response to those triggers. This information was supplied by the individual agencies based on their own records.

It should be noted that the trigger points in operation differed between agencies but, for each agency, the percentage of cases where required action was taken provides a measure of compliance with absence policy. In each agency policy on trigger points and associated required action has the same aim – primarily it serves to prevent and/or manage the causes of recurrent short-term absence. It also has a secondary role in identifying and managing causes of potential long-term absence.

e We asked about the effects that absence could have, and has had, on service delivery and costs in relation to their overall strategy and targets in the last 12 to 18 months. Limited quantitative evidence was available but we did obtain evidence relating to the impact of sick absence levels during 2005 on compensation payments made by the Driving Standards Agency to driving test candidates for cancelling driving tests.

f We examined case file information on the management of individual absence cases. These cases were selected as a stratified sample, covering long, medium and short-term absences in high, medium and low density areas in each agency (as defined in 1c above). The details examined included:

- number of days absent;
- number of days to first intervention (for example, referral to Occupational Health, referral to counsellor, meeting with management etc.);
- whether trigger points had been hit by the absence spell in question;
- whether action was initiated in response to a trigger point being hit; and
- whether notification of reduced pay was given.

2) Benchmarking (see also Appendix 4)

Our consultants benchmarked levels of working days lost in each agency against appropriate public and private sector comparator groups. Most public sector data was taken from the annual Cabinet Office report (Analysis of sickness absence in the Civil Service 2005, RED Scientific Limited). Most private sector data was taken from the PwC Saratoga Human Resources benchmark database, the Confederation of British Industry's absence survey 2006 *Absence Minded* and absence surveys carried out by the Chartered Institute of Personnel and Development.

3) Stakeholder meetings and focus groups

a Meetings with Human Resources Directors.

We met with the HR Director of each Agency to discuss:

- methods used for long-term resource planning;
- common responses to short-term resource shortages;
- the impact of resource constraints on achieving Public Service Agreement targets;
- views on what a realistic target for the agency would be and why; and
- views on what specific initiatives work well at maximising attendance.

b Meetings with key Human Resources personnel.

We met with other key Human Resource personnel as required to discuss:

- absence management policies and procedures in place;
- details of any other initiatives, piloted, planned or underway;
- results of the absence density analysis (see 1c above);
- views on what influences absence levels in high and low density areas;
- barriers to effective absence management;
- method of cascading performance against targets to managers (if applicable);
- nature and content of absence monitoring and reporting, including monitoring of actions against triggers and occupational health referrals; and
- issues relating to the implementation of the Shared Services Centre (including impact on levels of Human Resources' resource and knowledge of future processes relating to sick absence management within the Shared Services Centre).

c Focus groups with people with sick absence management responsibility and with lower-grade employees.

We held focus groups separately with these two categories of employee. In most cases employees volunteered to take part in the focus group and the topics discussed were:

- knowledge of the absence management process;
- culture within the organisation and common causes of absence;
- what ability employees have to get and stay healthy;
- what ability staff have to minimise non-genuine absence; and
- how teams cope when people are off sick.

d Meetings with agency Chief Executives

We met with the Chief Executive of each agency to discuss our key findings, sick absence targets and their appropriateness and their thoughts on the future Shared Services Centre provision.

e Meetings with Trade Unions

At the Driver and Vehicle Licensing Agency and the Driving Standards Agency we met with Trade Union representatives to discuss:

- views on factors that contribute towards high absence levels;
- views on current efforts to reduce absence; and
- any other matters they wanted to raise in relation to absence management within the agency.

4) Document review

a We reviewed sick absence policies and procedures to establish each agency's intended approach to the management of short and long-term absence, including the extent to which they focused on the key causes of absence. The reviews examined both reactive and proactive policies and procedures and included a comparison against approaches shown to be good practice elsewhere.

b We also examined related policies and procedures impacting sick absence management e.g. stress management policies, policies on rehabilitation and reasonable adjustments, occupational health referral practices, training provision and extent to which this is mandatory.

c In addition we reviewed any other documentation deemed to be relevant, for example prior reviews of absence management issues, including internal audit reports.

Methodology with smaller agencies

The above activities were carried out at the Department and at all executive agencies, except for the Government Car and Despatch Agency and the Vehicle Certification Agency. For these small agencies we carried out activities 2, 3a, 3d, 4a, 4b and 4c.

APPENDIX TWO

The work of the Department and its executive agencies

The central Department for Transport

The Department's strategic objectives are to sustain economic growth and improved productivity through reliable and efficient transport networks; improve the environmental performance of transport; strengthen the safety and security of transport; and enhance access to jobs, services and social networks, including for the most disadvantaged. It creates the strategic framework for transport services, which are delivered through a wide range of public and private sector bodies including its own executive agencies. It often works in partnership, funding the provision and maintenance of infrastructure, subsidising services and fares on social grounds, and setting regulatory standards, especially for safety, accessibility and environmental impact. The Department has some 2,000 staff, with a male-female ratio of 65:35, who are mainly based in London.

The Driver and Vehicle Licensing Agency

This is the Department's largest agency. Its principal objective is to maintain an accurate and up-to-date record of people entitled to drive various vehicles, together with a register of all vehicles entitled to use public roads. It uses this data to contribute to road safety improvement, crime reduction and environmental sustainability. It also collects Vehicle Excise Duty and sells number plate registration marks. The Agency is a trading fund with some 6,500 employees (of whom, approximately 75 per cent are administration and support staff) and a male-female ratio of 39:61. The Agency's headquarters is in Swansea.

The Driving Standards Agency

The Agency is responsible for promoting road safety through improving driving standards. Its overall aim is to contribute to a 40 per cent reduction (compared to the 1994-98 average) in riders/drivers, under the age of 24, killed or seriously injured in road accidents, by 2010. It aims to improve driving tuition and ensure tests are fair and efficient. It maintains the register of Approved Driving Instructors and Large Goods Vehicle Instructors and supervises learner motorcyclists' training. The Agency is a trading fund with some 2,600 employees and a male-female ratio of 74:26. The Agency's headquarters is in Nottingham, with other offices in Bedfordshire, London, Newcastle, Birmingham and Edinburgh and over 400 test centres across the country. Of the staff employed by the Agency, 70 per cent are Driving Examiners.

The Government Car and Despatch Agency

The Agency is the first choice supplier of secure transport, distribution and mail-related services to Government, the wider public sector and other approved customers. It does this through the Government Car Service, which provides secure cars and drivers to Ministers and senior Civil Servants, the InterDespatch Service and the Government Mail Service. The Agency has some 300 employees. The Agency's headquarters is in London with smaller offices in Birmingham, Bradford and Cardiff. Over half of the Agency's staff are employed in the Government Car Service.

The Highways Agency

The Agency's role is to operate, maintain and improve the strategic road network in England. It is responsible for setting and maintaining road, safety and structural standards for the network which carries some 66 per cent of road traffic in England. The Agency aims to provide customers with more reliable journey times by reducing congestion on the network and it contributes towards wider targets for reducing the number of people killed or seriously injured in road accidents and for improving air quality. It employs around 3,200 staff, including some 1,200 Traffic Officers who have assumed responsibility from the police for a range of duties such as traffic direction, road closures and debris removal. Traffic Officers began operating during 2005-06. The Agency has a male-female ratio of 70:30 and staff are based at various locations around the country, including Birmingham, Leeds, Manchester, Bedford, Dorking and Bristol and in several Regional Control Centres.

The Maritime and Coastguard Agency

The Agency supports the development and practical application of the Government's maritime safety strategy. Its main responsibilities include: developing, promoting and enforcing high standards of marine safety; minimising loss of life among seafarers and coastal users; responding to maritime emergencies; minimising risks of marine pollution; and administering the United Kingdom shipping register. The Agency's work includes dealing with calls to Coastguard Co-ordination Centres; carrying out surveys and inspections of ships; managing a hydrographic survey programme; providing navigational warnings and shipping forecasts; and representing the United Kingdom at the International Maritime Organisation and the International Labour Organisation. It employs around 1,200 staff and has access to some 3,500 volunteer Coastguard Rescue Officers. The Agency has a male-female ratio of 67:33 and staff are based at various locations around the United Kingdom, including the Agency's headquarters in Southampton.

The Vehicle and Operator Services Agency

The Agency's main objectives are to raise compliance of the road haulage industry with licensing, roadworthiness, road traffic and environmental regulations and standards through effective testing and training, advisory and enforcement services. It supervises the MOT scheme for private vehicles and supports traffic commissioners in their responsibilities for operator licensing and bus registration services. The Agency is a trading fund with approximately 2,700 employees and a male-female ratio of 71:29. The Agency's headquarters is in Bristol, with Traffic Area Offices, Testing Stations and Enforcement Offices throughout the country.

The Vehicle Certification Agency

The Agency tests and certifies that vehicles and vehicle parts have been designed and constructed to meet internationally agreed standards of safety, environmental protection and crime prevention. It publishes the definitive data on emissions, fuel consumption and noise for different models of vehicles. Its mission is to be the best Type Approval and Certification Authority, specialising in the automotive industry. The Agency operates in a competitive market and has a remit to break even each financial year. It has 140 employees, many of whom are based at its headquarters in Bristol, with some staff in the United States, Japan, Malaysia and Beijing.

APPENDIX THREE

Sickness absence in calendar years 2002 to 2006

9 Summary of sickness absences in the Department for Transport and its agencies 2002 to 2006¹

Overall sickness absence rates have remained broadly constant since 2003

Location	2002	2002	2003	2003	2004	2004	2005	2005	2006	2006
	Total working days sick absence	Average days absent per staff year	Total working days sick absence	Average days absent per staff year	Total working days sick absence	Average days absent per staff year	Total working days sick absence	Average days absent per staff year	Total working days sick absence ⁴	Average days absent per staff year ⁴
Driving Standards Agency	26,967	14.2	27,166	12.7	35,447	15.0	32,974	13.1	35,011	13.7
Driver and Vehicle Licensing Agency	53,168	9.5	77,571	12.7	85,912	13.2	92,938	14.0	85,919	13.1
Government Car and Despatch Agency ²		10.5		11.0		9.6	1,962	6.4	3,589	12.2
Vehicle and Operator Services Agency	16,944	7.8	23,950	9.0	23,819	9.1	23,961	8.9	23,512	9.1
Maritime and Coastguard Agency	8,505	7.8	9,708	8.4	7,309	6.3	8,493	7.3	8,356	7.1
Highways Agency	11,459	6.7	15,329	8.1	13,396	6.9	13,686	5.8	21,190	6.4
Department for Transport (Centre) ³	14,004	7.6	9,888	5.9	9,416	5.2	9,496	5.0	10,505	5.5
Vehicle Certification Agency	465	4.3	626	5.7	561	5.2	591	5.4	584	5.4
Overall performance	131,512	9.1	164,238	10.2	175,860	10.7	184,101	10.4	188,666	10.2

Source: Department for Transport annual Health and Safety reports (not audited by the National Audit Office)

NOTES

- 1 Some figures may be understated. Total working days sick absence includes pregnancy-related absences and sickness absences taken at half pay or nil pay rates.
- 2 The Government Car and Despatch Agency transferred to the Department for Transport in 2005: Total working days sick absence data for 2002 to 2004 is not available.
- 3 Established in May 2002 – part year data only therefore.
- 4 2006 figures are provisional as they are subject to annual data cleansing which is carried out after the end of the financial year.

10 Only one agency achieved its sickness absence targets in 2006 and several agencies remain some way short of their 2010 objective

Agency	2006 Performance – Average Working Days Lost ¹	2006 Target – Average Working Days Lost	2010 Target – Average Working Days Lost
Driving Standards Agency	13.7	11.0	10.0
Driver and Vehicle Licensing Agency	13.1	12.2	9.2
Government Car and Despatch Agency	12.2	No target	6.7
Vehicle and Operator Services Agency	9.1	8.0	7.4
Maritime and Coastguard Agency	7.1	6.0	5.0
Highways Agency	6.4	7.9	5.0
Department for Transport (Centre)	5.5	No target	3.7
Vehicle Certification Agency	5.4	5.0	5.0
Overall	10.2		7.5

Source: National Audit Office analysis of Departmental and agency data

NOTE

1 Some performance data may be understated.

APPENDIX FOUR

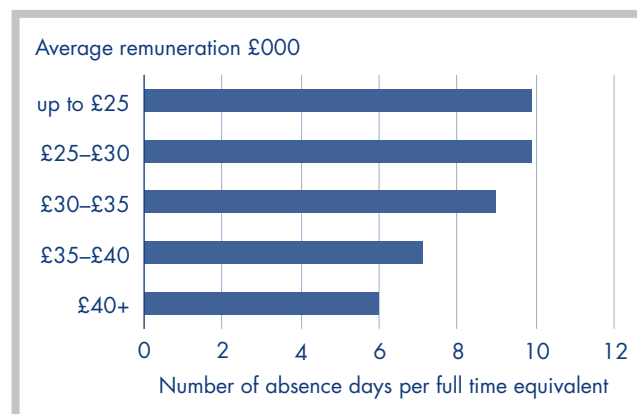
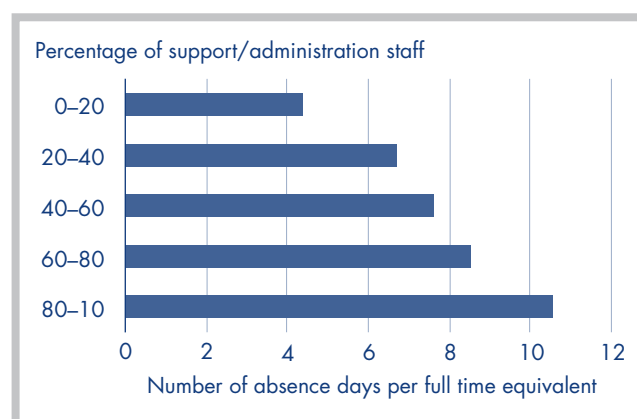
Benchmarking exercise

1 This Appendix sets out an approach to setting targets for sickness absence which are more appropriate to each business' individual circumstances, while still being challenging. Given the diversity of businesses within the Department for Transport group, the level of sickness absence within each part of the Departmental group should be expected to vary, depending on the type of workforce and the nature of the work carried out at each, and no single target should apply to all of the organisations. In summary, the approach is to select a number of organisations which are similar in terms of the type of work they carry out and their staff composition to each business within the Department and to use sickness absence data from these organisations to identify the range of sickness absence achievable. Once this is identified an appropriate target level of sickness absence can be established.

2 For the purposes of this exercise, we have applied this approach drawing on a wide variety of sources of information, including published surveys and a proprietary source of data on sickness absence management.⁴⁴ The approach has been to focus on the factors which influence levels of sickness absence in an organisation. The two factors that we have taken into consideration are:

- **The proportion of administrative and clerical staff,** and linked to this the average level of remuneration. The charts opposite show the correlation between these two factors and the levels of sickness absence:

The data show that staff undertaking administrative and clerical work are more likely to have higher levels of sickness absence and this is a consistent finding across both the public and private sectors. The adjustment for clerical and administrative staff encompasses a number of other features that are sometimes associated with higher levels of sickness absence, including higher levels of absence amongst women and front-line staff.



■ **The physical aspects of the work** carried out. We consider that the physical aspects of work should be taken into account when setting targets since people might, for example, be unfit to drive or carry out manual tasks, even though they would otherwise be fit to carry out office-based work. A sample drawn from the Saratoga database, based on logistics/transport organisations showed a median of 10.5 days. This is corroborated by other data – for example a Confederation of British Industry survey⁴⁵ found that the average number of days lost for manual workers was 11 days in the public sector and 7.5 days in the private sector. This contrasts with non-manual workers where the figures for the public and private sectors were 7.9 days and 5.2 days respectively. The Confederation of British Industry survey also found that the average days lost for private sector manual workers in the transport and communications sector was 9.3 days. A Chartered Institute of Personnel and Development survey⁴⁶ reported 9.4 days lost in the transport and storage sector.

Benchmarking samples

3 Having regard to the key factors discussed in paragraph 2, we identified benchmarking samples for each of the organisations within the Departmental group, using a “bottom up” approach to create what we consider to be a realistic absence rate figure for the whole of the Departmental group. We considered public and private sector benchmarks for each organisation. Unless otherwise stated all public sector comparator information was taken from an annual Cabinet Office report.⁴⁷ Details of private sector comparators have not been disclosed because of commercial confidentiality but the comparator group was drawn from a database of over 1,000 United Kingdom organisations. Details of average employee costs and administrative staff numbers are based on the respective agencies’ data.

Department for Transport (Centre)

Average cost per employee: £50,000;
% Administration Staff: 17%;
2006 Sickness Absence Target: No target;
2010 Sickness Absence Target: 3.7 days.

4 Private sector benchmarks would suggest that a target of between five and six days a year⁴⁸ would be appropriate for this organisation. While there are other Government departments of similar size that have higher figures, for example, the Department for Environment, Food and Rural Affairs has an average annual sickness absence per employee of 8.2 days, as the purpose of

the exercise is to set targets which would lead to an improvement in performance, more appropriate central Government comparators would be:

	Numbers of Staff	Absence days
Department for International Development	1,876	5.7
Department of Communities and Local Government	2,453	5.7
Department for Constitutional Affairs	2,088	5.3
Department of Trade and Industry	4,086	5.0
HM Treasury	1,145	4.9

5 This would suggest an initial basic target of six days a year and a longer term target of five days a year. The Department appears to be performing well in comparison to these targets and to have set itself a challenging Cabinet Office target but sickness absence may be under-recorded at present (paragraph 2.3)). We do not know whether there is any under-recording in the comparator organisations.

Driver and Vehicle Licensing Agency

Average cost per employee: £25,000;
% Administration Staff: 75%;
2006 Sickness Absence Target: 12.2 days;
2010 Sickness Absence Target: 9.2 days.

6 Private sector comparators based on the following:

Selected Sample	Percentile		
	25th	50th	75th
Average days per full time equivalent	8.0	9.0	11.0

7 These data were drawn from large data processing centres, with a high proportion of administrative and clerical staff. Performance at some comparable organisations in the public sector, comprising a large proportion of low-grade administrative staff operating from large centres was:

	Numbers of Staff	Absence days
Child Support Agency	10,735	11.2
HM Revenue & Customs	19,835	9.7
Pension Service	14,265	9.3
HM Land Registry	7,928	9.0
UK Passport Services	2,843	10.2

8 This would suggest that a basic sickness absence target of 10 days a year would be realistic for the Agency based on the levels of sickness absence currently being achieved by other comparable public sector organisations. We further consider that a longer term target of eight days a year might be achievable to bring levels of sickness absence into line with those comparable organisations in the private sector.

Driving Standards Agency

Average cost per employee: £30,000;
% Administration Staff: 23%;
2006 Sickness Absence Target: 11 days;
2010 Sickness Absence Target: 10 days.

9 The private sector comparators from Saratoga show the following:

Selected Sample	Percentile		
	25th	50th	75th
Average days per full time equivalent	9.0	10.0	12.0

10 We adjusted the benchmark data to take account of work-related absences for driving examiners which is a unique feature of the Driving Standards Agency. They suggest that a target of 10 days is reasonable and that the Agency might ultimately achieve a longer term target of eight days a year on average.

Government Car and Despatch Agency

Average cost per employee: £35,000;
% Administration Staff: 19%;
2006 Sickness Absence Target: No target;
2010 Sickness Absence Target: 6.7 days.

11 The private sector comparators drawn from Saratoga involved driving and physical demands to reflect the physical aspects of the work of many of the employees of the Agency:

Selected Sample	Percentile		
	25th	50th	75th
Average days per full time equivalent	6.0	8.0	10.0

12 This suggests a basic target of eight days a year and a longer term target of six days a year would be appropriate.

Highways Agency

Average cost per employee: £35,000;
% Administrative Staff: 60%;
2006 Sickness Absence Target: 7.9 days;
2010 Sickness Absence Target: 5 days.

13 The private sector comparators from Saratoga are as for the Government Car and Despatch Agency. The Highways Agency consists of a mixture of office-based staff and Traffic Officers and the sample selected took account of the physical nature of the work of Traffic Officers. This suggests that a basic target of eight days a year and a longer term target of six days a year would be appropriate.

Maritime and Coastguard Agency

Average cost per employee: £33,000;
% Administration Staff: 38%;
2006 Sickness Absence Target: 6 days;
2010 Sickness Absence Target: 5 days.

14 The private sector comparators from Saratoga show the following:

Selected Sample	Percentile		
	25th	50th	75th
Average days per full time equivalent	5.0	7.0	8.0

15 This suggests the Agency should be able to achieve a basic target of seven days a year and a longer term target of five days a year.

Vehicle and Operator Services Agency

Average cost per employee: £30,000;
% Administration Staff: 24%;
2006 Sickness Absence Target: 8 days;
2010 Sickness Absence Target: 7.4 days.

16 The private sector sample was as for the Government Car and Despatch Agency and the Highways Agency, taking account of the physical aspects of the work of many of the Agency's employees. This suggests that a basic target of eight days a year and a longer term target of six days a year would be appropriate.

Vehicle Certification Agency

Average cost per employee: £40,000;

% Administration Staff: 51%;

2006 Sickness Absence Target: 5 days;

2010 Sickness Absence Target: 5 days.

17 The private sector comparators from Saratoga show the following:

Selected Sample	Percentile		
	25th	50th	75th
Average days per full time equivalent	4.0	7.0	11.0

18 This suggests that the Agency should be able to achieve a basic target of six days a year and a longer term target of five days a year.

Overall targets

19 The results of this exercise are summarised at **Figure 11**.

20 The separate targets suggested for each organisation provide a basis for an aggregate basic target of 8.7 days a year for the Departmental group. Achievement of this target is dependent upon significant improvements by the Driver and Vehicle Licensing Agency (from 14 days to 10 days) and the Driving Standards Agency (from 13.1 days to 10 days). We would suggest that this should be achievable by 2010. We have also suggested that a longer term target of 6.9 days would be feasible (noting that some parts of the group are ahead of the suggested basic targets). Assuming average costs per employee at each agency, achievement of the basic targets could potentially result in a saving of around £3 million in unproductive payroll costs. Potential savings would increase to £7.5 million a year if the suggested longer term targets were to be achieved across the group. Figure 11 shows that were agencies to achieve the suggested basic targets, they would reduce 2005 levels of total sickness absences across the group by over 29,000 days (16 per cent), equating to 130 staff years.⁴⁹

11 The successful achievement of revised targets offers scope for significant savings

	Average number of employees (2005)	Estimate average cost per employee £000	Total working days sick absence (2005)	Average days absent per staff year (2005)	Basic target			Longer term target		
					Target	Target absence days	Cost savings £000	Stretch target	Target absence days	Cost savings £000
Department for Transport (Centre)	1,883	50	9,496	5.0	6.0	11,298	(400)	5.0	9,415	0
Driver and Vehicle Licensing Agency	6,656	25	92,938	14.0	10.0	66,560	2,931	8.0	53,248	4,410
Driving Standards Agency	2,517	30	32,974	13.1	10.0	25,170	1,037	8.0	20,136	1,708
Government Car and Despatch Agency	305	35	1,962	6.4	8.0	2,440	(74)	6.0	1,830	21
Highways Agency	2,352	35	13,686	5.8	8.0	18,816	(798)	6.0	14,112	(66)
Maritime and Coastguard Agency	1,171	33	8,493	7.3	7.0	8,197	43	5.0	5,855	387
Vehicle and Operator Services Agency	2,697	30	23,961	8.9	8.0	21,576	318	6.0	16,182	1,037
Vehicle Certification Agency	109	40	591	5.4	6.0	654	(11)	5.0	545	8
	17,690		184,101	10.4	8.7	154,711	3,046	6.9	121,323	7,505

Source: National Audit Office analysis of Departmental and agency data

APPENDIX FIVE

The use of trigger points in managing short and medium-term sickness absences

1 Sickness absence policies at all agencies provide for line managers to initiate a range of action, progressing from an informal discussion through to a formal written warning, when an individual's cumulative sick leave exceeds a specified number of working days within any 12 month period. The trigger points used by each agency to initiate such action are different in each case and, generally, bear no relation to the agency's sickness absence target (**Figure 12 overleaf**).

2 To be an effective management tool, trigger points need to: be set at a level close to an organisation's overall sickness absence target; take into account the number of spells of absence rather than just total days; and be automatically notified to line managers on a timely basis. We found, in respect of each of these best practice principles, that:

- Only three agencies⁵⁰ employed trigger points that bore some relationship to their overall sickness absence targets. All other trigger points were higher than the respective sickness targets. For example, two agencies⁵¹ had trigger points of 21 days or more in a 12 month period, over three times higher than their respective annual sickness absence targets. These policies do not, therefore, encourage an environment which is conducive to driving down sickness absence rates;
- Trigger points at four agencies refer to the frequency of spells of sickness absence as well as the number of days. This is good practice, but it could be improved by using a recognised system such as the Bradford Factor which scores the severity of an individual's sickness absences by combining information about the number of days lost and the frequency of spells

of absence and is one technique that could be considered by agencies.⁵² Analysis of the Bradford Factor scores helps managers to identify trends and patterns of absence and informs the choice of appropriate management action. At both the Driver and Vehicle Licensing Agency and the Highways Agency, however, the two measures are considered separately and not linked formally in this way. The Driver and Vehicle Licensing Agency told us that it had previously considered using the Bradford scoring system but had concluded that it offered no advantages over its current trigger system and could lead to an increase in recorded sickness absence. And while we found that the Driving Standards Agency calculated Bradford Factor scores, routine reports provided to managers did not explain the significance of the overall scores achieved or compare them to any kind of trigger in individual cases thus losing the potential for the scores to assist in reducing recurrent short and medium-term absences. The Agency told us that this situation had now improved, supported by greater understanding gained from mandatory training provided to managers;

- Only two of the organisations visited⁵³ did not have an established system for notifying line managers when trigger points had been reached, preferring instead to leave it to individual line managers to recognise when this occurred. Of the remaining agencies, continuing difficulties with computerised systems at the Driver and Vehicle Licensing Agency meant that line managers had to rely on human resources staff to notify them when trigger points had been reached rather than receive electronic prompts as happened elsewhere;⁵⁴

12 Trigger points used by agencies range between 8 days and 22 days within a 12 month period and have not been set with the organisation's overall sickness absence target in mind

Agency	Trigger point (within a rolling 12 month period)	2006 Sickness Absence Target (Days)
Department for Transport Centre Driver and Vehicle Licensing Agency ¹	<ul style="list-style-type: none"> ■ 21 working days First stage – oral warning <ul style="list-style-type: none"> ■ 10 working days or 4 spells ■ 10 days self-certified ■ 8 spells Second stage – written warning <ul style="list-style-type: none"> ■ 15 working days or 5 spells ■ 15 days self-certified ■ 11 spells ■ 29 days in 2 years 	No target 12.2
Driving Standards Agency	<ul style="list-style-type: none"> ■ 15 working days or 7 occasions following a pattern 	11.0
Government Car and Despatch Agency	First stage interview <ul style="list-style-type: none"> ■ 12 days or 4 spells Second stage interview <ul style="list-style-type: none"> ■ 6 spells ■ 10 days self-certified 	No target
Highways Agency	<ul style="list-style-type: none"> ■ 8 working days or 4 spells (informal discussion) ■ 21 working days or 11 spells (formal oral or written warning depending on case history) 	7.9
Maritime and Coastguard Agency	<ul style="list-style-type: none"> ■ 22 working days² 	6.0
Vehicle and Operator Services Agency	<ul style="list-style-type: none"> ■ 8 working days (informal discussion) ■ 14 working days (formal oral warning) ■ 20 working days (formal written warning) 	8.0
Vehicle Certification Agency	<ul style="list-style-type: none"> ■ 14 days cumulative or 21 days total (self or medically certified)³ 	5.0

Source: National Audit Office analysis of Departmental and agency policy statements

NOTES

1 From April 2007 the Agency has streamlined its trigger points to: First stage oral warning after 8 working days or 4 occasions within a 12 month period and Second stage written warning after 12 working days or 5 occasions within 12 months.

2 The Maritime and Coastguard Agency's policy expresses the trigger point as when absence "exceeds 21 working days".

3 Guidance doesn't state whether the trigger point relates to working days or calendar days.

- There were also issues related to the accuracy of prompts received by managers at two agencies. Notifications produced at the Highways Agency are based on the number of calendar days lost rather than working days. This is inefficient since some prompts are produced unnecessarily and line managers need to recalculate the period of absence each time to ensure that trigger points have actually been met before deciding what, if any, action to take. And triggers used at the Driving Standards Agency are calculated on the assumption that all staff are full time, requiring line managers to adjust the trigger point calculations where part time staff are involved to obtain an accurate indication of whether trigger points have been reached.
- 3** As a matter of good practice, where trigger points have been met, line managers should document the action taken by them or, where they deem it inappropriate, the reasons why no action has been taken. This would help to ensure that managers give proper consideration to each case and provide an audit trail for human resources staff in the event that subsequent action is required. We found little evidence from our file reviews at agencies of any action having been taken by line managers when trigger points had been reached. More generally, only three agencies were able to provide information about the number of trigger points reached by staff in the year to August 2006 and of actions taken. Performance varied significantly – the Driver and Vehicle Licensing Agency had acted on over three-quarters of trigger points reached in that time while no action had been taken in respect of any triggers reached at the Department’s centre.⁵⁵
- 4** We found that the absence of formal action recorded by line managers when trigger points are achieved can be attributed to several factors including the lack of a formal requirement to document why action was not taken, lack of confidence in dealing with staff and the absence of appropriate support from human resources teams, sometimes leading to uncertainty among managers about the appropriate action to take. For example, formal training at the Driver and Vehicle Licensing Agency only covers the initial action to be taken by managers when trigger points have been reached rather than all stages of the process (third stage action is currently taken by the Agency’s human resources team) and staff at two agencies commented on the lack of involvement by human resources staff in taking forward management action.⁵⁶
- 5** Given the pivotal importance of prompt notification of trigger points reached to the effective management of recurring short and medium-term sickness absences, it will be important to ensure that proposed arrangements under the Department’s Shared Services Centre (paragraph 2.26) provide sufficient information to line managers. The Department told us that, in preparation for the roll out of the Shared Services Centre and following a review of best practice, all businesses are reviewing their trigger points and reporting requirements. In the Driver and Vehicle Licensing Agency an eight day trigger was implemented in April 2007 and other Department for Transport businesses are considering a similar approach, subject to trade union consultation.
- 6** We also found that, in viewing absence details on the new computerised system, line managers will only be able to see details of the start and end dates of any spell of absence. They will not be shown details of the number of working days and calendar days lost nor the day of the week that absences started. This will inhibit their ability to identify patterns of absence and/or when trigger points have been reached and places a premium on prompt and accurate electronic notifications being provided by the new system. The Driver and Vehicle Licensing Agency told us that it had asked for such information to be included within the portal but that the Shared Services team had advised that it was too late to make any changes. This information will now be included in the final solution of the portal. In the meantime, line managers will be able to view a monthly absence screen which will help them to identify specific patterns of absence.

APPENDIX SIX

Initiatives to manage sickness absence

Several of the Department's agencies that we visited had introduced initiatives to manage and/or reduce sickness absence. The Driver and Vehicle Licensing Agency, the Driving Standards Agency and the Vehicle and Operator Services Agency had been particularly proactive, for example. Together, a wide range of initiatives were in place aimed at preventing sickness through, for example, the promotion of healthier lifestyles to controlling both short-term and long-term absences.

Few initiatives were common to all agencies and there was little evidence of formal evaluation or of sharing lessons across the group. Examples of initiatives that we found were:

a Preventive measures

Some agencies provide staff with the ability to purchase healthy food options or to take regular exercise by the provision of gym facilities or by individual line managers promoting, for example, regular lunchtime walks. Some agencies have staged health awareness campaigns amongst their staff and provide health screening while, more widely, other agencies undertake pre-employment checks on health and attendance before offering posts to prospective staff in an attempt to prevent potential problems developing.

b Initiatives aimed primarily at reducing short/medium-term sickness absence

Some agencies that we visited had introduced flexible working arrangements to allow staff to take annual leave at short notice in an attempt to counter the possibility that staff might otherwise take short-term sick leave. These initiatives are aimed at staff whose ability to take annual leave at short notice is restricted because of their work patterns, for example, shift workers at call centres run by the Driver and Vehicle Licensing Agency and the Driving

Standards Agency and driving examiners who may be allocated to driving test appointments up to six weeks ahead. The Driver and Vehicle Licensing Agency allows call centre staff to swap shifts with colleagues where annual leave cannot otherwise be taken and, more widely, has introduced guaranteed "duvet days" to allow staff to take one or two days of annual leave at very short notice. Most staff at the Agency also have the opportunity to earn flexitime to add to their leave entitlement. The Driving Standards Agency permits its staff to vary their working hours so that they can occasionally work a shorter week.

c Initiatives aimed primarily at reducing long-term sickness absence

As noted elsewhere in this Report, mental health illnesses, including stress, account for a significant proportion of long-term sickness absences each year and several agencies had introduced initiatives specifically to prevent or minimise such absences. For example, some agencies, including the Highways Agency, had introduced a system of stress risk assessments which have been designed to aid line managers to manage change in their areas whilst reducing stress amongst their workforce. Several agencies have introduced arrangements to manage staff grievances in an attempt to resolve situations that may otherwise lead to stress-related absences or to enable staff to return to work. And a number of agencies had made provision to refer staff suffering from mental health disorders to occupational health services at an early stage or provided access to specific treatments such as cognitive behaviour therapy. More widely, some agencies had introduced formal "keeping in touch" schemes where line managers or human resources teams made regular contact with staff on long-term absences to avoid the risk that such staff would otherwise feel cut off from their workplace and perhaps be less inclined to hasten their return to work.

ENDNOTES

- 1 Absence rates are calculated on the basis of full time equivalent employees. The Department's *Annual Report on Occupational Health and Safety 2005-06* reports an absence rate in 2005 of 10.5 days, but this figure excludes data from the Government Car and Despatch Agency.
- 2 2005-06 published accounts for the Department for Transport and its agencies.
- 3 Provisional data.
- 4 Cabinet Office – *Analysis of Sickness Absence in the Civil Service 2005* (RED Scientific Limited), September 2006.
- 5 Confederation of British Industry Report – *Absence minded – Absence and labour turnover 2006*.
- 6 PricewaterhouseCoopers' survey of 180 private sector organisations' data held on its Saratoga database.
- 7 The Department does not set a single overarching target for itself and its agencies. Instead, individual targets are set by agency Chief Executives and agreed by the Department for Transport Management Board each year. The Health and Safety Commission target derives from the *Revitalising Health and Safety Strategy Statement*, led by the Health and Safety Commission and launched by the Deputy Prime Minister in June 2000. This was followed in November 2004 by the report *Managing Sickness Absence in the Public Sector* jointly produced by the Cabinet Office, Department for Work and Pensions and the Health and Safety Executive on behalf of the Ministerial Task Force on Health, Safety and Productivity. Both documents challenged the public sector to reduce average sickness absence rates by 30 per cent by 2010, equating to an aggregate target of 7.5 days per employee for the Departmental group.
- 8 Department for Transport: *Annual Report on Occupational Health and Safety 2005-06*. This Report reports an absence rate in 2005 of 10.5 days, but this figure excludes data from the Government Car and Despatch Agency, responsibility for which only passed from the Cabinet Office to the Department in 2005.
- 9 The Department's central organisation, the Driving Standards Agency, the Highways Agency and the Maritime and Coastguard Agency
- 10 Source: Interviews and focus groups with managers and staff.
- 11 Based on 2005 data since full year data for 2006 is not available.
- 12 *Driver and Vehicle Licensing Agency Annual Report and Accounts 2005-06*, July 2006, HC 1395.
- 13 The Agency received 1.85 million applications for car practical tests against a forecast of 1.7 million and processed 1.9 million tests compared to 1.75 million in 2004-05. Source: *Driving Standards Agency Annual Report and Accounts 2005-06*, July 2006, HC 1172.
- 14 These calculations are based on 2005 data since audited 2006-07 financial data is not yet available.
- 15 Total cost of sick absence days was £102,361 while the cost of overtime (assumed to be all paid at time and one half) was £25,317.
- 16 We have not included the value of reimbursed fees here since the Agency will recoup the fee in each case once the test has been rearranged.
- 17 Deputy Prime Minister and Health and Safety Commission: *Revitalising Health and Safety Strategy Statement*, June 2000; Cabinet Office, Department for Work and Pensions and Health and Safety Executive: *Managing Sickness Absence in the Public Sector*, November 2004.

- 18 The Agency's sickness absence target for the calendar year 2005 was 11.4 days and increased to 12.2 days in 2006.
- 19 Also recognised in the Department's *Annual Report on Occupational Health and Safety 2005-06*.
- 20 Source: *Leave and Attendance Phase 1 – Managing Attendance*, April 2006 (HA117/003/000460).
- 21 The Agency found that these days should have been recorded as annual leave, special leave or that staff had, in fact, been at work. The Agency now undertakes this exercise on a monthly basis since some staff still fail to record the reasons for sickness absence.
- 22 Assumes a standard working year of 225 days.
- 23 The Driver and Vehicle Licensing Agency, the Driving Standards Agency and the Highways Agency.
- 24 Excluding the Government Car and Despatch Agency and the Vehicle Certification Agency for which data is unavailable.
- 25 Also excludes the Vehicle and Operator Services Agency.
- 26 The Department is to introduce, from 2007, a Shared Services Centre to process all payroll, financial and human resources transactions on behalf of the centre and the seven executive agencies.
- 27 Audit and Risk Assurance Report 05/32: *Audit of Sickness Absence and Attendance Management*.
- 28 Short-term absence is defined as a period of one to five working days while medium-term absence is defined as a period of 6 to 20 working days.
- 29 Excluding the Government Car and Despatch Agency and the Vehicle Certification Agency for which data is unavailable.
- 30 Chartered Institute of Personnel and Development *Absence Management Factsheet, July 2006* and *IDS Absence Management Study (No 810)*.
- 31 The Department for Transport central organisation and the Vehicle and Operator Services Agency.
- 32 Forty five per cent of case files examined at the Highways Agency contained evidence of return to work interviews having been held, rising to 54 per cent at the Maritime and Coastguard Agency and 77 per cent at the Driving Standards Agency. Since July 2006, the Highways Agency has promoted the use of return to work interviews more widely. We did not see evidence of return to work interviews held at the Driver and Vehicle Licensing Agency as papers were held in files at local offices not visited by us.
- 33 Defined as a period of absence of 21 working days or more.
- 34 Excluding the Government Car and Despatch Agency and the Vehicle Certification Agency for which data is unavailable.
- 35 Assuming a working year of 225 days.
- 36 Remploy Interwork.
- 37 The Maritime and Coastguard Agency and the Vehicle and Operator Services Agency.
- 38 The Driver and Vehicle Licensing Agency, the Driving Standards Agency, the Highways Agency and the Maritime and Coastguard Agency.
- 39 For example, stress, anxiety, depression and cancer.
- 40 Reasonable adjustments include altering workstations or access to buildings, providing stair lifts, altering working hours, reallocating duties, acquiring or modifying equipment, arranging training etc.
- 41 The Maritime and Coastguard Agency and the Vehicle and Operator Services Agency. The Maritime and Coastguard Agency won a Remploy award in 2005 for its treatment of disabled people.
- 42 The Driver and Vehicle Licensing Agency introduced its revised procedures in October 2006.
- 43 The Driving Standards Agency, the Maritime and Coastguard Agency and the Vehicle and Operator Services Agency.

- 44 Unless otherwise stated data set out in this Appendix comes from Saratoga which is PricewaterhouseCoopers' database of people performance metrics. It is the largest such database in existence with information from over 8,500 organisations.
- 45 Confederation of British Industry Report – *Absence minded – Absence and labour turnover 2006*.
- 46 Chartered Institute of Personnel and Development – *Absence Management* – Annual survey report 2006.
- 47 *Analysis of sickness absence in the Civil Service 2005* – RED Scientific Limited.
- 48 Data from Saratoga, the Confederation of British Industry Survey and the Chartered Institute of Personnel and Development Survey all suggest this as the appropriate figure for professional services organisations.
- 49 Assumes a working year of 225 days on savings of 29,390 days.
- 50 The Driver and Vehicle Licensing Agency, the Highways Agency and the Vehicle and Operator Services Agency.
- 51 The Department for Transport central organisation and the Maritime and Coastguard Agency.
- 52 The Bradford Factor methodology scores the sickness absence record of an individual by multiplying the square of the number of separate spells of absence by their total duration with the higher the final score the more serious the case. For example, two absences of three days duration each would result in a Bradford Factor of 24 (two spells squared = 4, multiplied by 6 = 24).
- 53 The Driving Standards Agency and the Vehicle and Operator Services Agency.
- 54 The Department for Transport central organisation, the Highways Agency and the Maritime and Coastguard Agency.
- 55 Department centre: 110 trigger point breaches, no action; Driving Standards Agency: 579 breaches, 59 action meetings; Driver and Vehicle Licensing Agency: 1,163 breaches, 898 action meetings.
- 56 The Department for Transport central organisation and the Driving Standards Agency.

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