

East Herts Council

TURNOVER REPORT

1 APRIL 2008 – 31 MARCH 2009

1 Summary

This report provides a detailed analysis of turnover for the financial year 2008/9. Turnover is analysed by length of service, reason for leaving and by Service.

2 Turnover

The turnover rate for 2008/09 was 8.6%. This equates to 30 leavers and is a positive outcome against the target of 12%.

Of the 30 leavers, 22 staff left voluntarily and 8 left involuntarily (due to redundancy, retirement, end of contract, dismissal). The voluntary leaver's rate is 6.3%, a positive outcome against the target of 8%.

Figure 1 compares the turnover and stability rates for the last four financial years

Financial Year	Percentage of turnover	Percentage of Turnover identified as Voluntary Leavers	Stability Index*
2005/6	12.26%	7.4%	73.53%
2006/7	13.73%	8.91%	79.49%
2007/8	12.24%	9.51%	87.88%
2008/9	8.6%	6.3%	81.82%
2009/10	Target 12%	Target 8%	Target 90%

* The stability index is measured by dividing the number of voluntary leavers with over one year's service divided by the total number of voluntary leavers (multiplied by 100 to express as a percentage).

As shown in the table above, the turnover rate for total and voluntary leavers has reduced significantly since 2007/8.

There have been a number of improvements throughout the Council in 2008/9, including a re-launched PDR process giving staff clear objectives and learning and development plans and a Professional, Career and Vocational Study Policy to aid the development and retention of staff. The management development programme is currently being rolled out to all middle managers and a new corporate training plan is in place for the entire authority. Communications with staff have been improved and further work is being done to ensure that staff remain engaged throughout the C3W programme.

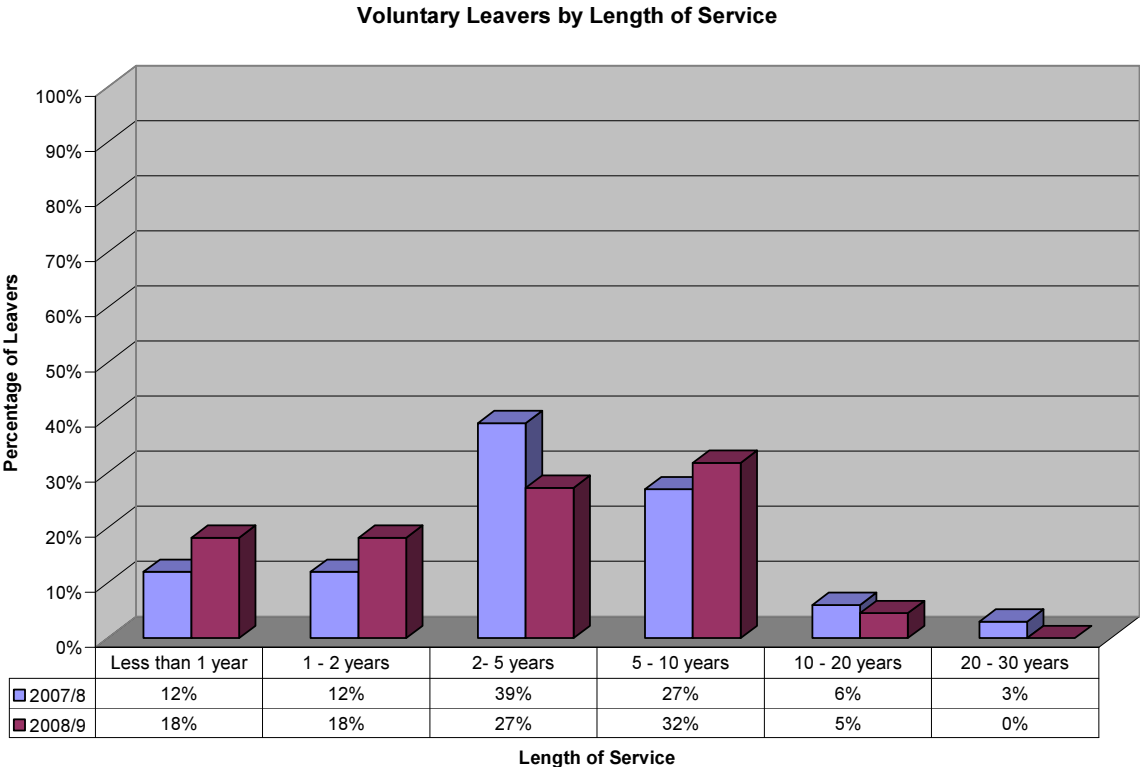
However, the reduction in leavers also needs to be considered in relation to the current economic climate. The monthly *Report on Jobs* (Recruitment & Employment Confederation) has shown a rapid decrease in the number of permanent and temporary vacancies from December 2008 to March 2009, with vacancies decreasing at the fastest pace since the survey was first published in 1997. The reports also show that the number of people placed in permanent jobs had decreased for the 10th consecutive month.

The Stability Index indicates the retention rate of employees with over one year's service. This is a clear indication whether we are losing staff in the first year of service, which may cause us concern and question our recruitment process. The Council have a stability index target of 90%. The stability index 2008/9 is 81.82% which is below the target of 90%.

3 Voluntary Leavers

3.1 Voluntary turnover by Length of Service

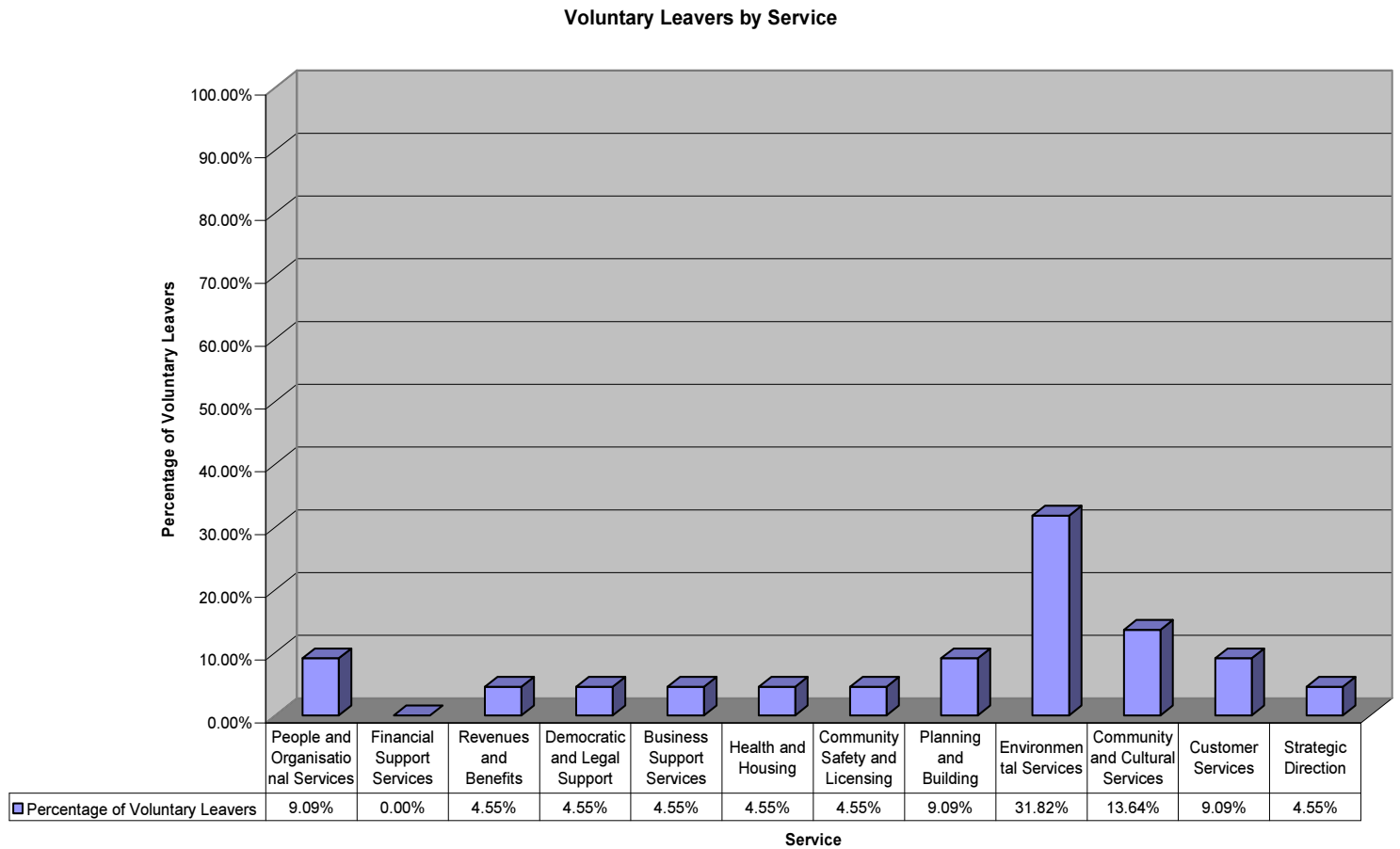
Figure 2 details voluntary leavers by length of service.



In 2007/8 the peak of voluntary leavers was at the 2-5 years service stage. Although this stage still has a large proportion of leavers in 2008/9, the majority (32%) are now leaving the authority at the 5 – 10 years stage. The two main reasons for people leaving the authority at this stage were promotion/ pay (43%) and relocation/ personal Circumstances (43%). Previously staff appeared to leave after the two year tie-in for training fees had expired. However, perhaps due to the new policies and the practice of advertising all vacancies internally first, staff are now remaining with the Council longer. Career progression within the authority needs to be addressed further however to ensure that talent and experience are retained where required.

3.2 Percentage of Voluntary Leavers by Service

Figure 3 details the percentage of voluntary leavers by service.

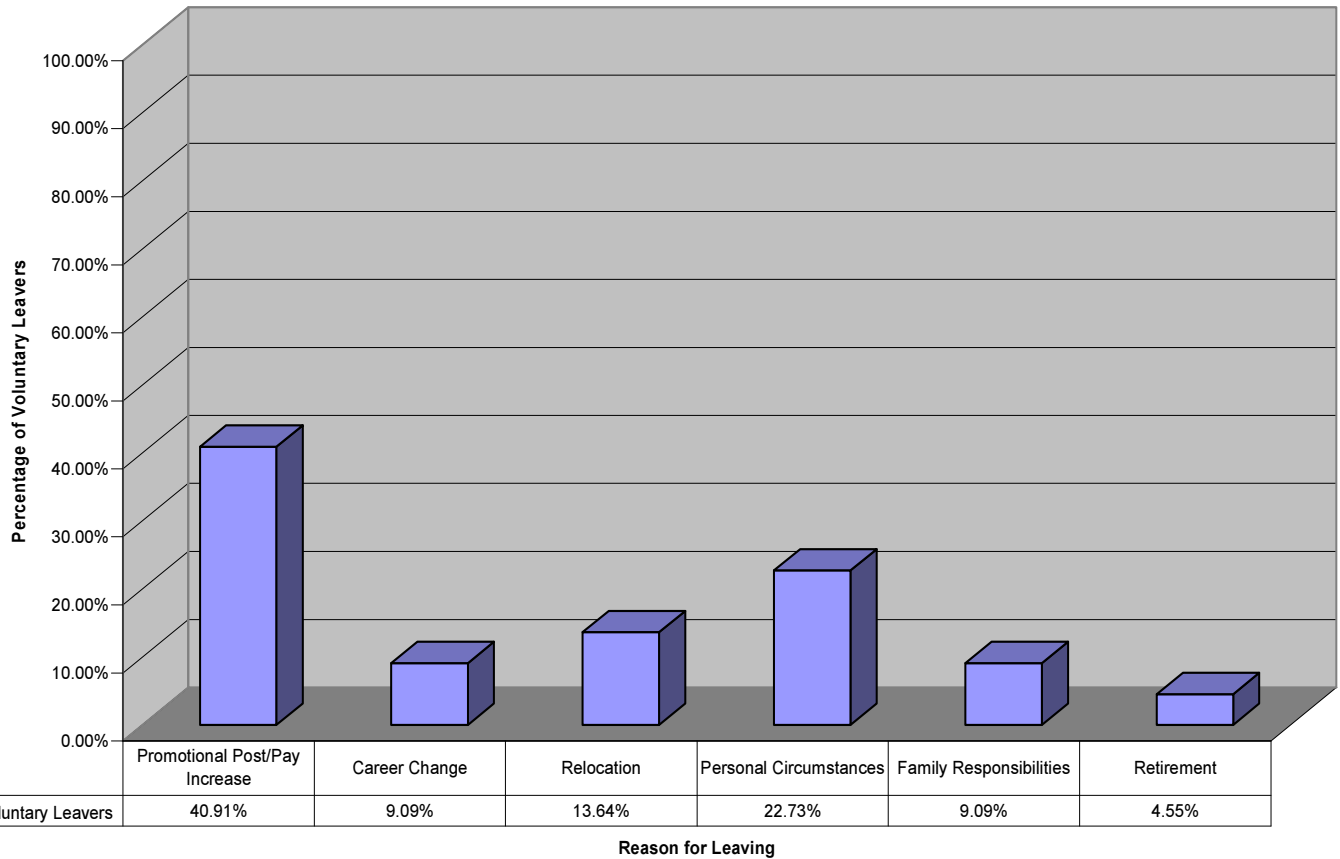


Environmental Services had the highest proportion of voluntary leavers at 31.82%, followed by Community and Cultural Services at 13.64%. Following analysis of the reasons for leaving in these two services, there does not appear to be any particular cause for concern in either service. There were no voluntary leavers in Financial Support Services.

4 Reasons for Leaving

Figure 4 below shows the reasons for leaving amongst voluntary leavers.

Reasons for Leaving (Voluntary Leavers Only)



Of the 30 leavers in 2008/9, 22 staff left voluntarily and 8 left involuntarily (due to redundancy, retirement, end of contract and dismissal). The most common reason for leaving for voluntary leavers was promotion/ pay at 40.91%. This was followed by personal circumstances at 22.73%. Figures 5 and 6 show the reasons for leaving for those with i) less than one year's service and ii) more than one year's service. This should help identify whether there are any particular issues causing staff to leave the Council early on in their employment.

Figure 5 shows the reasons for leaving amongst voluntary leavers with less than one year's service.

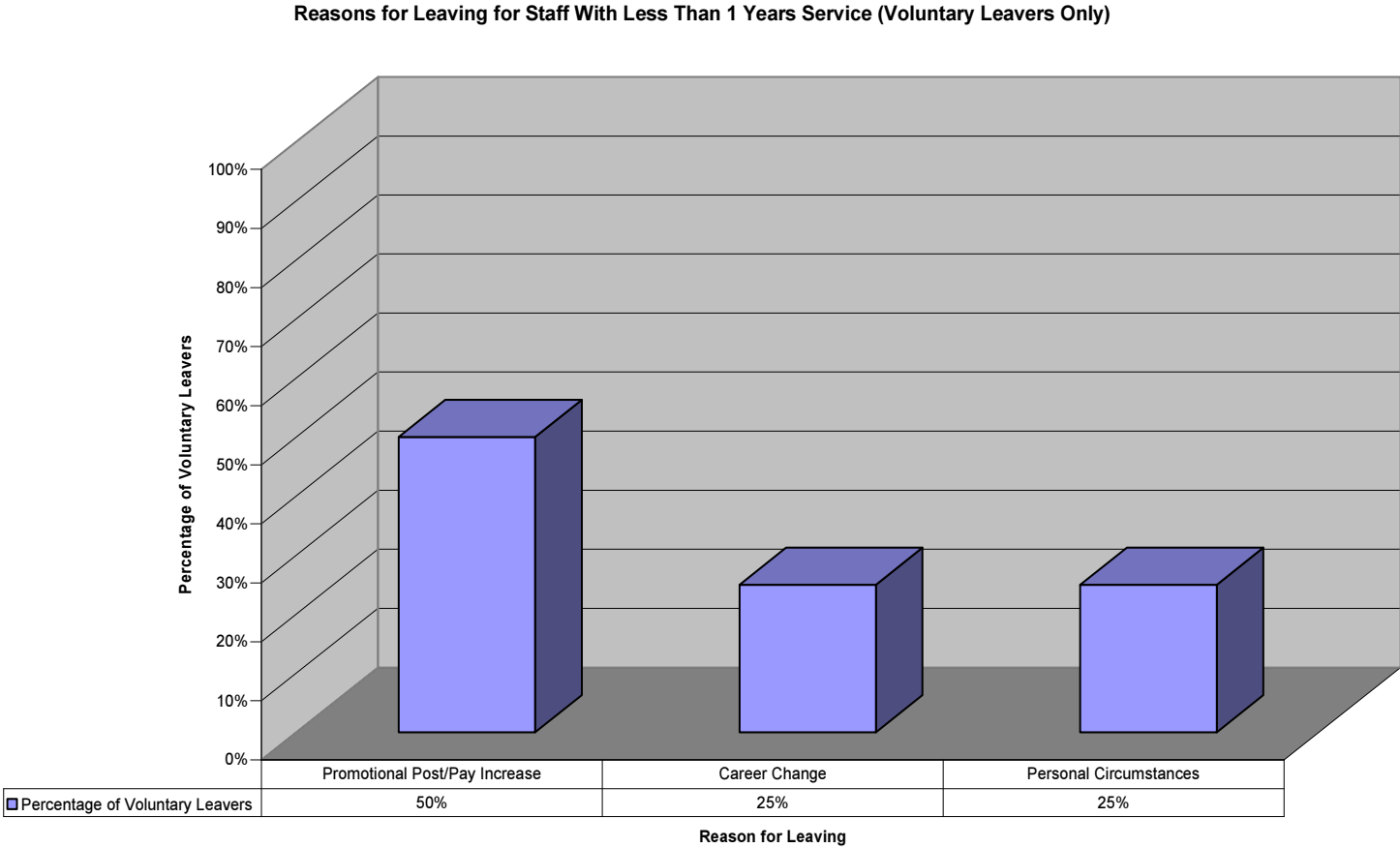


Figure 5 shows that 50% of voluntary leavers with less than one year's service did so for reasons of promotion, followed by career change at 25%. However, it should be noted that of the 22 voluntary leavers only 4 (18%) had less than one year's service and so the information in Figure 5 only relates to a small number of people. Despite this, the information in Figure 5 tends to suggest that career progression is an issue for leavers with less than one year's service. Moving forward the revised exit interviews will explore why employees decide to leave and examine whether there are problems with career progression. However, the Professional Career and Vocational Study Policy launched in October 2008 should help to ensure that staff have the opportunity for development and therefore promotion.

In addition, the CIPD state that poor recruitment and selection decisions, both on the part of the employee and employer, are usually to blame for staff leaving in the first year of service. Therefore, improving the recruitment process will ensure the right candidates are selected and that those candidates have a good understanding of the role they are undertaking.

Figure 6 shows reasons for leaving amongst voluntary leavers with more than one year's service

Reasons for Leaving for Staff With More Than 1 Years Service (Voluntary Leavers Only)

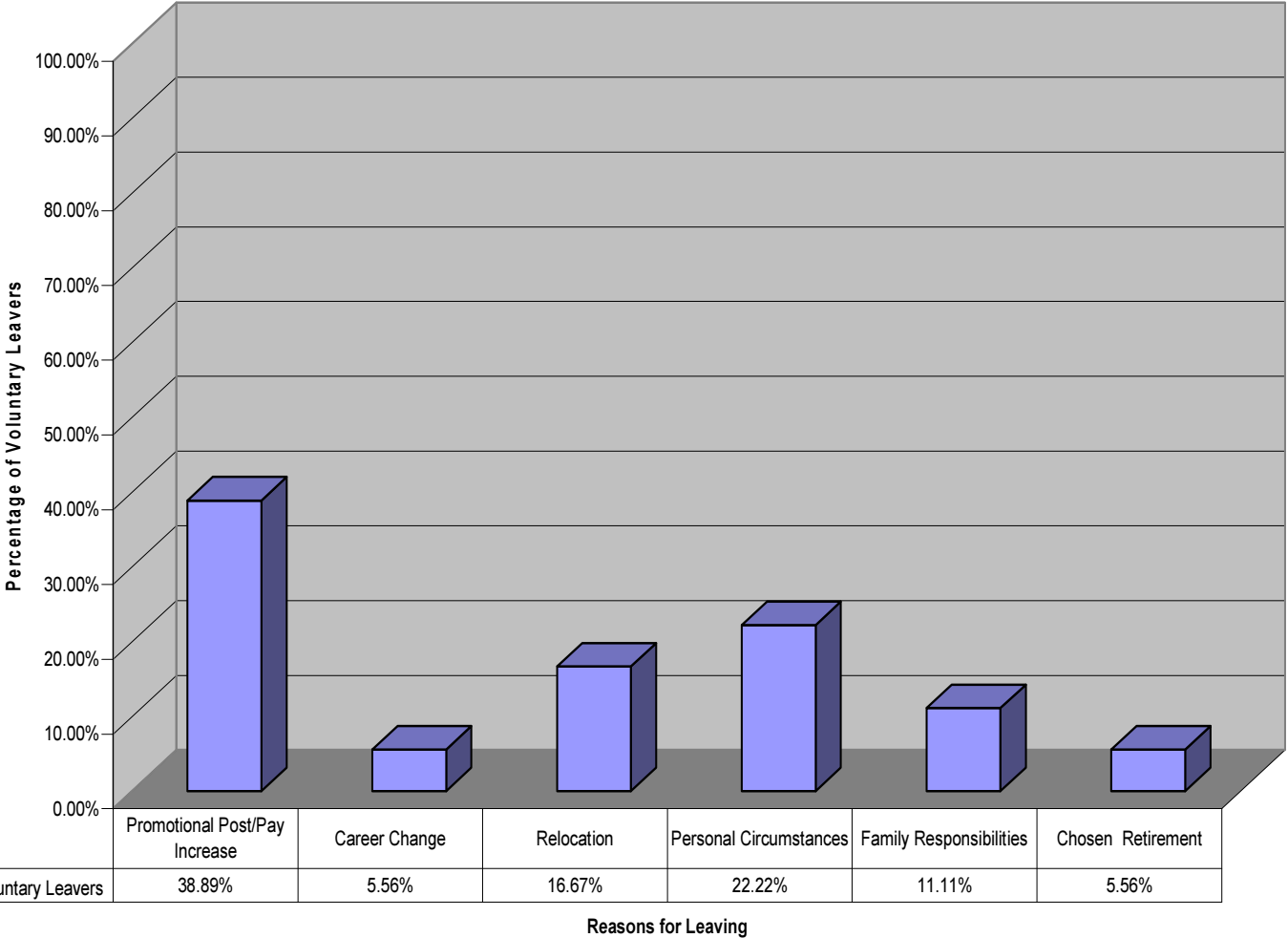


Figure 6 shows that for voluntary leavers with more than one year's service, promotion and pay are still the most common reasons for leaving. At 38.89%, this is still quite a high proportion of staff but is not as high as for those with less than one year's service (50%). Relocation, personal circumstances and family responsibilities appear to play more of a role in the reasons for leaving for members of staff with more than one year's service than for those with less than one year's service.

5 Turnover Costs

Research shows that the average cost of recruitment advertising is £4,667, and the average total cost of recruitment including labour is £5,800 (CIPD Recruitment and Retention Survey 2008).

In 2008/9 the Council spent £83,765 on recruitment advertising which is an increase of £8760 from 2007/8. The average cost was £1821 per post, which is less than the average cost of £3,000 in 2007/08. This is based on 46 external adverts. The overall increase in advertising costs is mainly attributable to the increase in external advertising last year; this was due to several posts being advertised more than once and some new posts being created. The average cost has reduced due to cost saving initiatives such as an increased use of websites such as Jobs Go Public, regional networking sites such as EERA and the use of composite adverts where possible. The cost of temporary staff in 2008/9 was £537,172. This figure is particularly high due to the recruitment of an interim director as well as consultant costs in Planning and Building Control.

On April 1 2009 the Council entered into a recruitment contract with Manpower as part of the Hertfordshire Pathfinder Agenda. The Key Performance Indicators include a provision for the Council's advertising costs to reduce by at least 1% over the financial year. This will be achieved via the use of internal advertising, joining with Hertfordshire County Council's Jobs Bulletin, preferential rates from the advertising agency and the use of Manpower's talent pool for candidates for administration roles.

6 Exit Interview Analyses

Upon leaving, employees are asked to complete an exit interview form; staff are encouraged to complete this although it is not compulsory. Usually the line manager will conduct the interview, although employees may speak to HR if they prefer. The form is separated into eight sections. The form does not currently address issues such as corporate communications, line management, workload and career opportunities. The form and process were due to be reviewed in 2008/9 but due to other priorities, this was rescheduled to be completed in 2009/10.

Nine of the thirty leavers in 08/09 completed the exit interview. At 30% this is a lower return rate than 2007/8 (81%). This could be explained by the fact that several members left due to difficult personal circumstances such as ill health, which may have meant that arranging an exit interview in their final weeks at the Council was not practical. In addition, these responses are from all leavers, not just voluntary leavers and there were eight involuntary leavers in 08/09 who may have been less inclined to want an exit interview. Not all respondents completed every question.

Enjoyed Working at East Herts

Of the 9 who responded to this question 7 stated they had enjoyed working at East Herts 'very much' and 2 responded 'Yes Mostly'. None of the respondents replied 'Not Really' or 'Hated it'

Training & Development

The vast majority of people (7) rated the training opportunities at East Herts as 'Excellent' or 'Good' only 1 person considered the opportunities to be 'Poor' and no-one felt they were 'Very Poor'. It is important to note that the Training policy was not introduced until October 2008.

Returning to East Herts

The majority (7) said 'Yes' or 'Probably' to the possibility of returning to work for the Council. 11 stated that they would 'Probably not' consider returning and no-one said they would 'Definitely not'.

Favourite Aspect of Working for the Council

When asked what they had particularly enjoyed about working for East Herts the vast majority cited their team members and training opportunities.

Treatment of Staff – Areas for Improvement

When asked how East Herts could have improved its treatment of the employee, the majority cited communication and training as areas for improvement.

7 2007/8 Recommendations – Progress

Improved Recruitment Process

Although there has been considerable progress with employee turnover for those with less than one year's service, 18% of voluntary leavers are still in this category. Improving the recruitment process will ensure the right candidates are selected and that those candidates have a good understanding of the role they are undertaking.

Improved Succession Planning & Career Paths

This is being addressed through the People Strategy. A large number of leavers cite promotion as their reason for leaving and as such, it has been identified that a strategy for retaining talent within the organisation is necessary.

Review of PDRS process

The PDRS process has been revised and the return rate has risen significantly in 2008/9, as noted by the IIP assessor. Further training is being given to managers to ensure high quality PDRs.

Clear Communication from Senior Management

To ensure that employees are aware of the Council's objectives, steps have been taken to increase communication from senior management to employees. Team brief is cascaded down to staff at monthly team meetings and completion rates are sent to CMT monthly; these are currently at 100%. With the introduction of the new PDRS scheme, staff now understand how their job links to the Council's corporate objectives. Team Update is used to inform staff about important matters affecting the Council and Staff Briefings are held quarterly. In addition, special C3W staff briefings have been held to inform staff about important developments in the C3W programme.

Review of Exit Interview Form

This was not completed in 2008/9 due to other priorities taking precedence and is now scheduled for completion in 2009/10.

8 Moving Forward - Recommendations for 2009/10

Review of Exit Interview Form

Currently the exit interview form does not ask all the questions that are needed to fully evaluate the reasons for turnover and the employee experience at East Herts. It is recommended to review the form ensuring that it addresses both corporate, department and personal issues. It is also recommended that the interview is not conducted by the line manager but is conducted by a member of the HR team, to ensure the exit interview is confidential and unbiased. It is also important that the interview takes place shortly after the resignation is submitted as the CIPD note that the nearer the exit interview takes place to the leaving date, the less likely it is that the real reason for leaving will be disclosed.

Monitoring Manpower Recruitment Contract

The Manpower recruitment contract will be monitored closely to ensure that the recruitment process is being managed effectively. It is hoped that with the assistance of the advertising agency, Tribal, adverts will be placed in publications that will attract the right sort of applicants, ensuring that the right candidates are selected and that those candidates have a good understanding of the role they are undertaking.

Work Life Balance – Flexible Working

With the introduction of the C3W programme, members of staff are being encouraged to work more flexibly which can help employees to balance their work, home and personal priorities better and this could aid retention.

C3W Issues

It is possible that as the Council progresses through the C3W programme, turnover may increase. For example, in one to one staff consultations, 26 members of staff expressed an interest in flexible retirement. It is also common to see a general increase in turnover during a change programme, particularly one which involves relocation of staff.

Demographic of Workforce

Below is a table summarising the demographic of the workforce at the Council. It can be observed that over half of the workforce are aged between 40 and 59 and 10% are 60+. This may have implications on turnover levels at the Council over the next few years as more and more staff reach normal retirement age. The Council has a policy on extending employment beyond normal retirement age and may need to develop strategies to both attract younger employees and retain older employees if the current demographic pattern at the Council continues.

Age	Number of Staff	Percentage
Under 20	2	0.55%
20 - 29	44	12.09%
30 - 39	66	18.13%
40 - 49	108	29.67%
50 - 59	104	28.57%
60 - 64	33	9.07%
65 & Over	7	1.92%

Review Staff Survey

The 2008 staff survey found that when employees were asked about employment conditions and opportunities, 'opportunities for career progression' received the lowest level of satisfaction, although it has increased from 24% in 2006 to 33% in 2008. The survey also found that those employees in service for up to two years and/or aged under 40 are more likely to choose 'opportunities for career progression as the most important factor to them. These figures are reflective of the 40.91% of voluntary leavers who left for promotional or pay reasons, which suggests that there are some career progression issues at the Council. An action plan is being developed to address the issues raised through the staff survey and in addition, the People Strategy 2009-12 has already identified succession planning and career progression as people management issues to be addressed over the next three years.