

# **East Herts Council TURNOVER REPORT 1 APRIL 2011 – 31 MARCH 2012**

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## **1. Summary**

- 1.1 This report provides a detailed analysis of turnover for the financial year 2011/12. Turnover is analysed by reason, length of service and service area.
- 1.2 Overall there has been an increase in turnover in 2011/12, with both the percentage of voluntary and involuntary leavers increasing.

## **2. Turnover**

- 2.1 The turnover rate for 2011/12 is 11.86% against a target of 10%. Turnover rates are based on headcount where full-time and part-time are undifferentiated rather than full-time equivalent posts. The average headcount for 2011/12 was 362.5.
- 2.2 This year's outturn equates to 43 leavers. Of the leavers 30 left voluntarily and 13 left involuntarily (due to compulsory redundancy 4, end of contract 2, dismissal 1, ill-health retirement 1, retirement 3 and other 2). The voluntary leavers rate is 8.28% against a target of 7%.
- 2.3 In 2011/12 the turnover targets for the Council were reduced. The overall target was reduced from 12% to 10% and the voluntary turnover target from 8% to 7%. The targets were changed due to both outturns for the past 4 years were below targets set and it was believed it would be a more achievable target.
- 2.4 The Council although over target in 2011/12 still remains below the shire district average of 13% (Local Government Association Workforce Survey 2011). This is consistent with the national trend with smaller organisations more likely to report an increase in turnover and larger organisations a decrease (CIPD Resourcing & Talent Planning Report 2011).

- 2.5 The service restructures completed in 2011/12 have contributed to the increase in the number of leavers, as budget savings required have caused an increase in the number of posts being changed or reduced.

### 3. Stability Index

- 3.1 The Stability Index indicates the retention rate of employees with over one year's service. This demonstrates whether staff are leaving in their first year of service, which may indicate problems with the Council's recruitment processes. The outturn for 2011/12 was 73.33% against a target of 90%. This is a reduction from the outturn in 2010/11 (95.24%). However of the 8 voluntary leavers with under a year's service in 2011/12, 4 chose to leave as part of the relocation of Stevenage Revenues and Benefits Shared Service workers to Hertford. Excluding this group the Stability Index outturn for 2011/12 would have been 84.62%. Whilst this is still a reduction on the outturn in 2010/11 it is in keeping with previous year's outturns and can be seen as a positive result during organisational change.

Figure 1

| Financial Year | Percentage of turnover | Percentage of turnover identified as voluntary leavers | Stability Index*  |
|----------------|------------------------|--|-------------------|
| 2005/6         | 12.26%                 | 7.40%  | 73.53%            |
| 2006/7         | 13.73%                 | 8.91%  | 79.49%            |
| 2007/8         | 12.24%                 | 9.51%  | 87.88%            |
| 2008/9         | 8.60%                  | 6.30%  | 81.82%            |
| 2009/10        | 5.39%                  | 3.50%  | 84.62%            |
| 2010/11        | 8.24%                  | 5.77%  | 95.24%            |
| 2011/12        | 11.86%                 | 8.28%  | 73.33%            |
| <b>2011/12</b> | <b>Target 10%</b>      | <b>Target 7%</b>                                       | <b>Target 90%</b> |

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

### 4. Vacancy Rate

- 4.1 This year the Council exceeded its target of a 3% vacancy factor with an overall vacancy rate\* of 6.66% for 2011/12. The current outturn exceeded last year's (4.13%) and is far greater than the latest available data for Shire district councils, 3.8% (LGA Workforce Survey 2011).

- 4.2 There are a number of reasons for the increase in the Council's vacancy rate. Service savings targets have contributed to this increase, whereby by holding a vacancy longer a saving can be made. This has also been supported by the vacancy control exerted by the Corporate Management Team. Other areas have had an increased vacancy rate as positions are held in order to facilitate changes to the structure or new positions are left open for longer than usual whilst redeployments and other options are explored.
- 4.3 Overall the higher vacancy rate was positive for the Council in 2011/12 as it allowed for savings to be made and forward planning for restructures and shared service. However going forward it will be important for services to carefully manage their vacancies. A consistently high vacancy rate within a department could suggest the structure is incorrect and the role is not required, or the role is required and either other employees are shouldering the burden of the vacancy or temps are being employed at greater cost.
- 4.4 East Herts Council has a lean workforce and therefore it is recommended that the vacancy factor rate remains at 3%.

\*This is defined as the average number of vacant full-time equivalent positions, expressed as a percentage of the average number of budgeted full-time equivalent positions

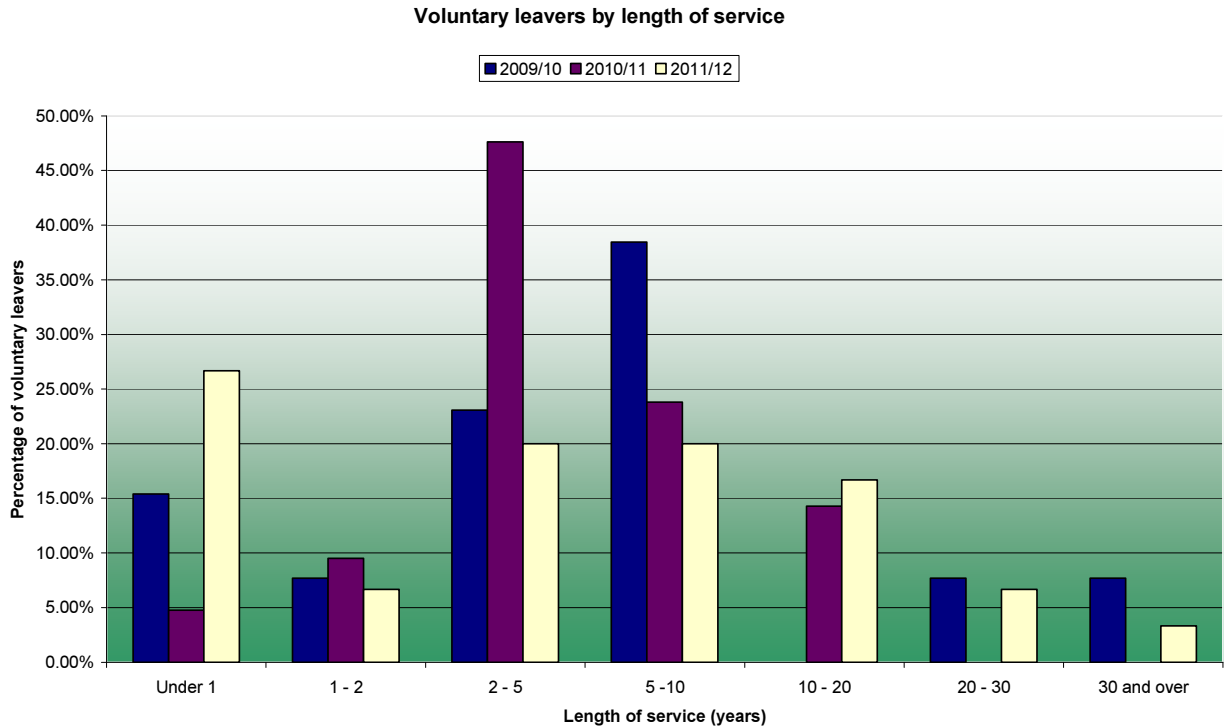
## **5. Voluntary Leavers**

5.1 This section reviews the voluntary turnover by length of service, service area and reason.

### **5.2 Voluntary leavers by length of service**

Figure 2 details voluntary leavers by length of service

Figure 2



5.3 In 2010/11 the majority of staff left after 2 – 5 years. In 2011/12 this has moved forward to under 1 year’s service. However as outlined under the stability index 50% of leavers with under 1 year’s service left as part of the Revenues & Benefits Shared Service move to Hertford. Therefore this outturn does not truly reflect the Council as a whole.

5.4 A significant percentage of staff are still leaving in the 2-5 year bracket (20%), with the majority of these (5 out of 6 employees) leaving to achieve a promotion or pay increase. This discussed further in section 5.3.1.

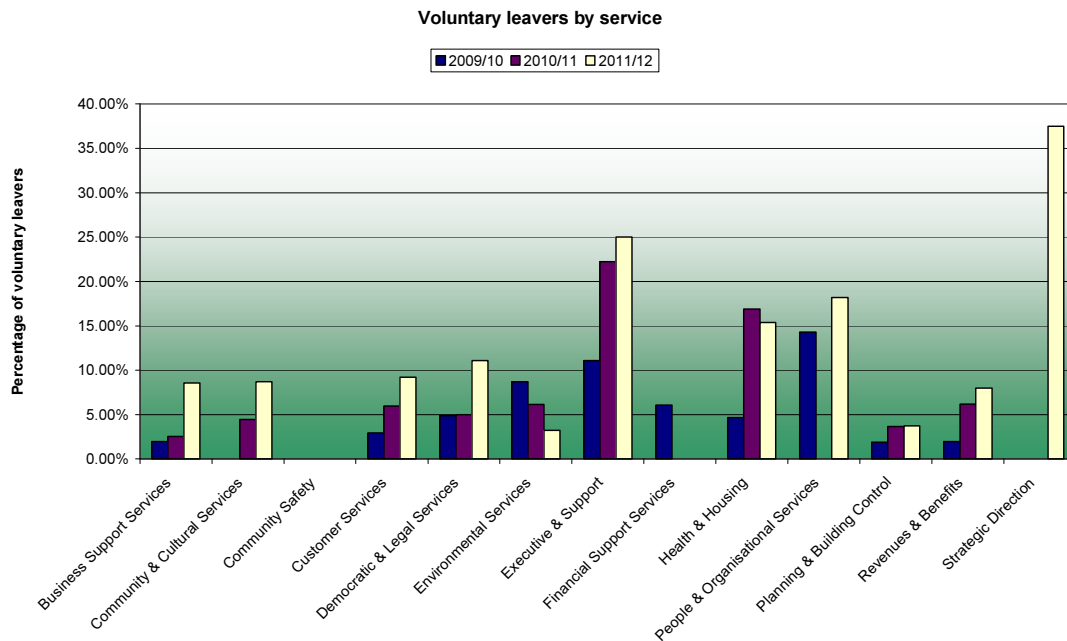
5.5 An equal percentage of leavers (20%) left after 5-10 years of service. The reasons for leaving at this stage are more varied (personal reasons, retirement, family responsibilities) and do not suggest a key concern for the Council.

## 5.6 Voluntary leavers by service

5.7 Figure 3 details voluntary leavers service. This is calculated as a percentage base on each service’s headcount and the number of leavers from that service.

5.8 During 2011/12 a number of services were restructured. For the purposes of this report the service outturns are based on the original Council structure in April 2011.

Figure 3



5.9 In 2011/12 8 services' turnover increased, 3 services' turnover decreased and 2 remained the same.

5.10 Strategic Direction had the greatest increase in turnover during 2011/12. This service was restructured and integrated into different teams as part of the larger restructure in autumn 2011. Some members of the team remained with the Council, others chose to pursue roles elsewhere or take voluntary retirement. The exit interview analysis for the team shows that 66% would rate East Herts highly as an employer and 66% would recommend the Council as an employer to others.

5.11 The majority of remaining services which increased turnover in 2011/12 were also subject to restructures during this period (Business Support Services, Community & Cultural Services, Community Safety,

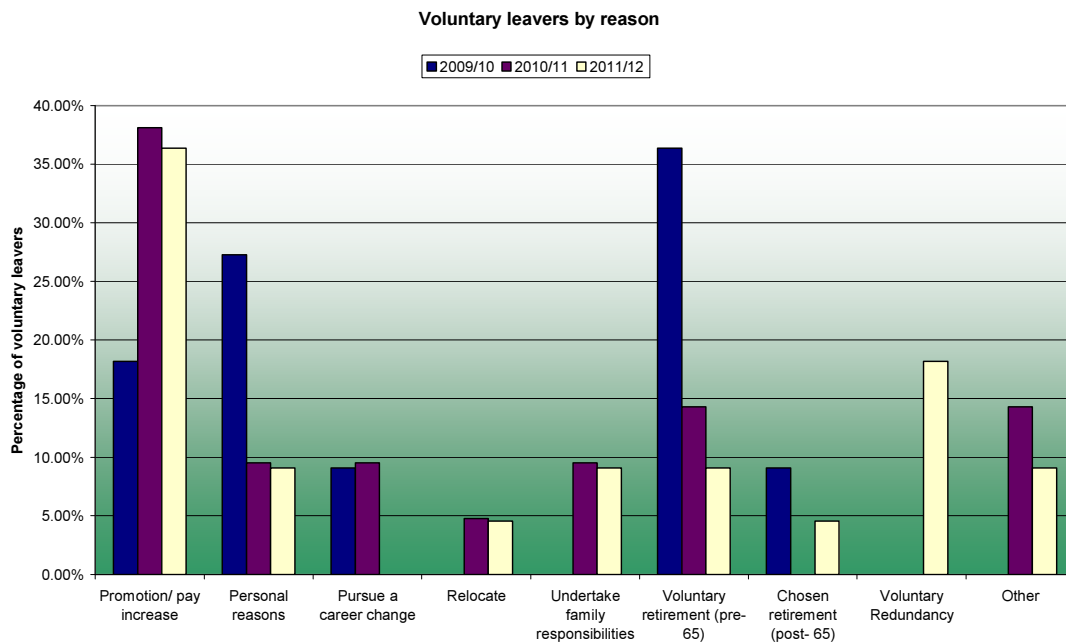
Legal & Democratic Support Services and Revenues and Benefits (which is now Revenues & Benefits Shared Service). People & Organisational Services has also increased its turnover this year. However this is a small team and represents one leaver.

### 5.12 Voluntary leavers by reason for leaving

5.13 Of the 43 leavers in 2011/12, 30 staff were voluntary leavers. Eight voluntary leavers left within their first year of service, the reasons for this are outlined in section 2.

5.14 Figure 4 shows the reasons for leaving amongst voluntary leavers with more than one year's service.

Figure 4



5.15 The main reason employees left in 2011/12 was for a promotion or pay increase (38.10%, 8 people), which is consistent with 2010/11 (36.36%, 8 people). The majority of these leavers in 2011/12 left after 2 – 5 years service. The need for succession planning and career progression options was highlighted in the 2010/11 report. Successful succession planning has been achieved in a number of services. However due to the size of some of the Council's services it is more challenging to identify succession planning within specialist fields.

Succession planning remains a service plan priority which will be explored as part of the new HR shared support service.

- 5.16 The second most common reason for leaving was voluntary redundancy (18.18%, 4 people). This is due to the number of restructures taking place over the year. The Council seeks to avoid and minimise redundancies and voluntary redundancy is only available to those employees who are placed at risk through a restructure.
- 5.17 The 'other' category includes employees who choose to leave for health reasons.

## **6. Recruitment Costs**

- 6.1 This year the Council has spent £6,765.00 on recruitment. There were no senior management appointments. This was for 16 vacancies and can be broken down into £4,646 for advertising costs and £3,500 for Manpower's placement and administration fees. Of the 16 vacancies advertised 13 were filled. This equates to an average cost per hire of £520.38. This is a reduction on last year's average of £581.84 (there were also no senior management campaigns in 2010/11). This is a cost reduction of over 10%, following on from cost reductions of 30% in 2010/11 and 35% in 2009/10.
- 6.2 The estimated total cost of recruitment in the UK (advertising costs, agency or search fees) is £2,500 (CIPD Resourcing and Talent Survey 2011). This is the median rate based on recruitment advertising for all positions other than those at Senior Management and Director level.

## **7. Exit Interview Analysis**

- 7.1 Employees are asked to complete a confidential exit interview form upon resigning. Only voluntary leavers are asked to complete the form. If HR identify any areas of concern a meeting is set up between the HR Officer and employee to explore the issues. HR may also take up actions with the line manager if appropriate. The results of the exit interviews are discussed below.

### **7.2 Overview**

- 7.3 The exit interview return rate for voluntary leavers was 77%, an improvement of last year's return rate of 67%.
- 7.4 The results of this year's exit interviews are positive. In 2011/12 the majority (57%) considered the Council to be a level 8 or 9 employer (1 being poor and 10 being excellent). This is an improvement in 2010/11 the majority of leavers (53%) rated the Council as a level 5 – 7 employer and 2009/10 outturn of 50% respondents rating the Council as a level 8 or 9 employer.
- 7.5 74% of respondents said they would recommend the Council as an employer to others. Again this is a great improvement on 2010/11(53%).

## **7.6 Line Management**

- 7.7 Between 2009/10 and 2010/11 there was a big improvement in this area. In the 2010/11 respondents said that their line manager:
- Always or often gave them help and advice (94%)
  - Always or often gave them praise or recognition (88%)
- 7.8 In 2011/12 this outturns have dropped slightly, however the results are still very positive:
- Always or often gave them help and advice (91%)
  - Always or often gave them praise or recognition (70%)

## **7.9 Training, development and promotion**

- 7.10 Overall respondents continued to view training opportunities within the Council positively. The majority (91%) considered the training that they had received had been 'completely' or 'partially' fulfilled. 70% of leavers also considered the Induction to be 'completely' or 'partially' effective.
- 7.11 Promotion within the Council remains an issue for leavers. In 2011/12 38% of respondents considered the prospect for promotion 'excellent' or 'good' in comparison to 40% in 2010/11. The remainder thought promotional prospects were either 'poor' 38% (29% in 2010/11) or 'very poor' 21% (29% in 2010/11).



7.12 Further analysis of the respondents shows that a significant number were from small teams. As a District Council East Herts provides a large number of services to the community with a relatively small number of staff. This means that whilst opportunities for interesting work are always present within the Council those with specialist skills wishing to advance their career may not have the opportunities for promotion afforded by larger organisations.

## **8 HR actions to support Recruitment and Retention in 2011/12**

- 8.1 The Council's recruitment policy has been updated this year to ensure it remains fit for purpose. This will be reviewed again in light of any changes occurring through the shared services or change in recruitment contract. However as recruitment is on the increase a review of the policy at this stage was deemed appropriate.
- 8.2 Following a successful pilot at Hertford Theatre the Council's new volunteering policy was approved. This policy facilitates managers taking on volunteers a practice which compliments the work of officers and encourages the public to engage with the Council in new ways. This is evidenced by the successful volunteer steward scheme at Hertford Theatre.
- 8.3 Throughout 2011/12 the Council has maintained a programme of vacancy control with the Corporate Management Team approving all vacancies. In order to plan ahead for structural changes (including the possibility of shared service) a number of roles have been approved on a fixed-term basis only. Internal recruitment has been encouraged where possible and appropriate redeployments have been explored for all those at risk. These provisions have made sure that redundancies were kept to a minimum during any of the change programmes. The majority of employees put at risk through restructures were offered roles within the new team structures. The Council has also successfully redeployed staff into new teams where roles in their original area were not available.

## **9 Review of Progress – Recommendations from 2011/12**

### **9.1 Turnover targets**

The Council surpassed its turnover targets for 2011/12. Further detail and analysis is given in section 2.

### **9.2 Monitoring Manpower recruitment contract**

HR continues to receive quarterly reports from Manpower tracking vacancies, temps and applicant equalities and diversity data. The contract has continued to provide economical recruitment solutions.

During 2011/12 a number of issues arose. These included poor response rates for three positions. These issues were taken up with Manpower and alternative arrangements were made where necessary. Feedback from these campaigns will inform decisions made about the provision of permanent recruitment services at the end of the Manpower contract.

### **9.3 Removal of default retirement age**

In April 2011 the Council removed its default retirement age of 65 in line with changing legislation. From October 2012 all retirement will be voluntary. On reaching the qualifying age/service, staff will be able to choose when they retire.

At the moment it is too early to tell what the long term effects of the removal of the default retirement age will be. In 2012 there has been an increase in the number of staff choosing to retire post-65 and a decrease in the number of staff choosing early voluntary retirement. However a number of staff choosing voluntary redundancy were close to retirement age and this may explain the outturn.

According to the latest CIPD survey (Resourcing & Talent Planning Report 2011) half of public sector organisations believe the abolition of the Default Retirement Age will mean they recruit fewer people. The Council will need to continue to monitor the effects of this change on turnover, succession planning and the demographic of the workforce.

### **9.4 Career progression and succession planning**

Exit interviews over the last two years have shown succession planning to be an issue within the Council. Over 2011/12 there were areas of good practice within the Council. Some services were able to

plan ahead, training staff to ensure that when vacancies arose through leavers, maternity leave or reorganisations employees were able to move up through the positions. In general this was only possible in the larger services. Other teams have used career grade or apprenticeship positions to ensure career progression is possible.

These practices have ensured career progression for certain groups of employees, the next step will be to roll-out initiatives Council wide. As a small organisation the Council will always have certain constraints when devising career progression and succession planning schemes, however it is important for the Council to utilise all available options. The Revenues and Benefits Shared service project has shown the increased opportunities afforded by joining with other districts and these should be explored with any subsequent shared services.

## **10 Proposed Actions for 2012/13**

### **10.1 New recruitment contract/ In-house recruitment**

The Council's contract with Manpower ends concurrently with Hertfordshire County Council's contract (currently 7 April 2013). The County have chosen to bring permanent recruitment in-house and are currently in the process of tendering for a temporary recruitment contract. East Herts continues to maintain dialogue and may choose to enter into this contract if it is deemed attractive. The Council will also need to consider whether permanent recruitment is brought back in-house or alternatives are sought. These decisions will need to be taken after the outcome of the shared service proposals are known.

### **10.2 EELGA Recruitment portal**

The Council is in the process of exploring a shared regional recruitment portal. This project is being lead by EELGA. At present only draft proposals are available. Should the portal provide value for money it is recommended that the Council considers signing up, especially given the likely loss of inexpensive recruitment advertising options when the Manpower contract ends.

### **10.3 Career progression and succession planning**

As outlined in sections 6 and 10 it can be difficult for a small organisation to establish career progression for the majority of employees. It is recommended that possible council wide initiatives are explored including potential benefits of shared service and informal sharing across Councils should be explored in 2012/13.

Career progression and training were also identified as areas for improvement through the Staff Survey (November 2011) and the Investors in People review (April 2012). An action plan is currently being devised to support this improvement.

#### **10.4 Apprenticeships & Voluntary Work Experience**

The Council has run two successful apprenticeships over the last couple of years with a further apprenticeship planned for 2012. It is recommended that the Council reviews new roles to ascertain whether they would be suitable for apprentice positions.

In 2011 youth unemployment equated to 1 in 5 economically active 16-24 year olds (Office of National Statistics). Promoting apprenticeships within the Council will not only offer a positive response to this by the Council it will also encourage succession planning. The average number of apprenticeships per district council in 2011 was five (LGA Workforce Survey 2011). East Herts has a relatively small workforce when compared to some other district councils as departments are lean and a number of services have been contracted out. Two apprenticeships per year is therefore recommended as a more realistic target.

Voluntary Work Experience is a scheme run by the JobCentre Plus in response to current national unemployment rates. Placements last between 2 – 8 weeks and provide those currently out of work with valuable work experience. The Council is currently in communication with the JobCentre Plus to run a pilot. It is recommended that the Council supports this scheme as part of its ongoing commitment to supporting the local community.

#### **10.5 Turnover Targets**

The turnover targets were reduced in 2011/12 in response to the consistently low outturns. It is suggested that although future change is planned at the Council the targets remain unchanged in 2012/13 as the Council only exceeded the targets slightly in 2011/12.