

East Herts Council

TURNOVER REPORT

1 APRIL 2010 – 31 MARCH 2011

1. Summary

This report provides a detailed analysis of turnover for the financial year 2010/11. Turnover is analysed by length of service, reason for leaving and by service.

Overall there has been an increase in turnover for 2010/11, with both the percentage of voluntary and involuntary leavers increasing. There have also been changes to the reasons for leaving and the length of service point employees are choosing to leave the Council.

2. Turnover

The turnover rate for 2010/11 was 8.24%, against a target of 12% this equates to 30 leavers. Of the 30 leavers, 21 staff left voluntarily and 9 left involuntarily (due to redundancy 1, retirement 5, end of contract 2, other 1). The voluntary leaver's rate is 5.77%, against a target of 8%.

In April 2011 the Council removed its default retirement age of 65 in line with changing legislation. Taking into consideration the transitional arrangements, from October 2012 retirement will be voluntary. On reaching the qualifying age/service, staff will be able to choose when then retire. Managers and staff will be supported regarding the changes on retirement through guidance notes and workshops.

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 has a stability index target of 90%. This year the Council surpassed its target with an outturn of 95.24%

Figure 1 compares the turnover and stability rates for the last six 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	5.39%	3.50%	84.62%
2010/11	8.24%	5.77%	95.24%
2010/11	Target 12%	Target 8%	Target 90%

* 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).

Note: Turnover rates are based on headcount where full time and part time are undifferentiated rather than full time equivalent posts

Vacancy Rate

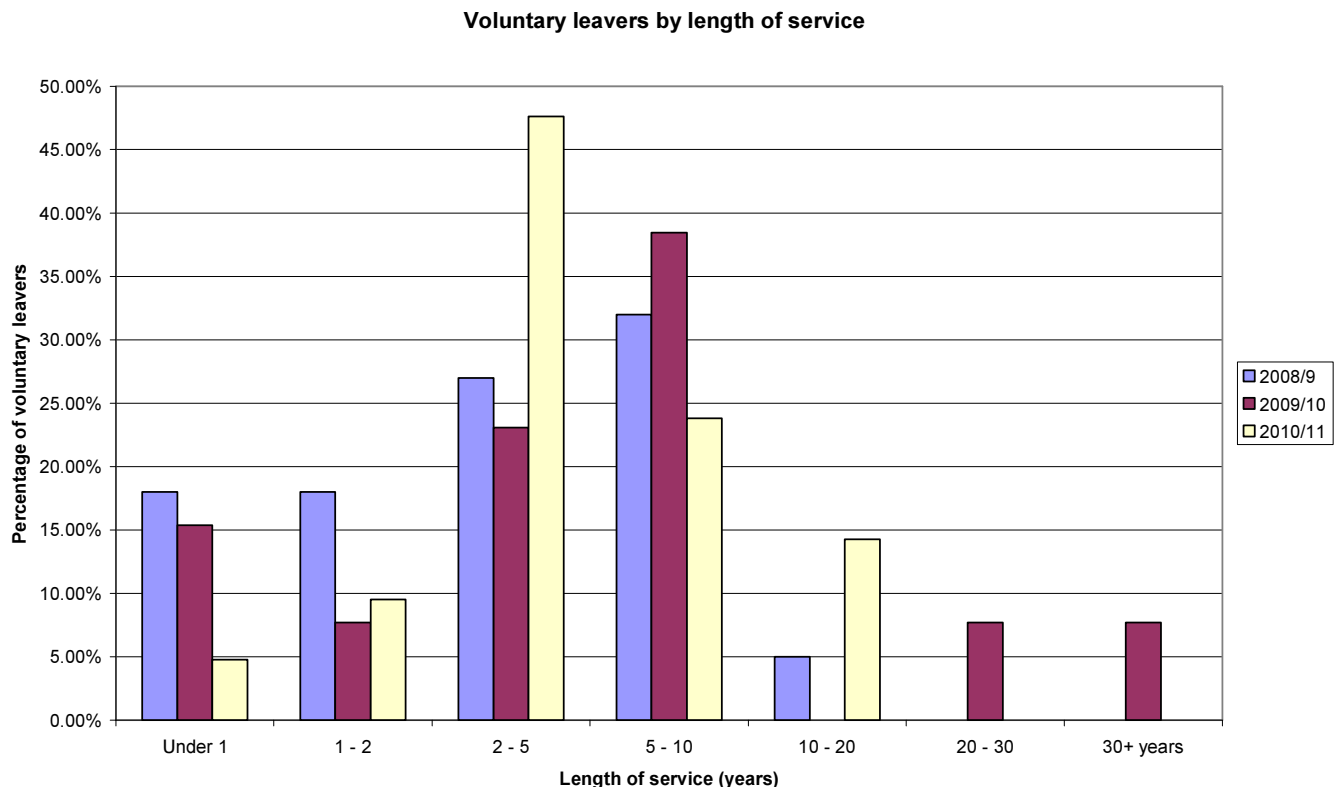
This year the Council exceeded its target of a 3% vacancy factor with an overall vacancy rate* for 2010/11 of 4.13%. The latest available data shows that the average vacancy rates for shire district Councils is 8% (Local Government Survey England 2010). However, it should be noted that compared to other local district council East Herts has quite a lean workforce and therefore for most departments a higher vacancy rate than the 3% target would be unsustainable and necessitate an increase in the use of temps.

* 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.

3. Voluntary Leavers

3.1 Voluntary turnover by Length of Service

Figure 2 details voluntary leavers by length of service.

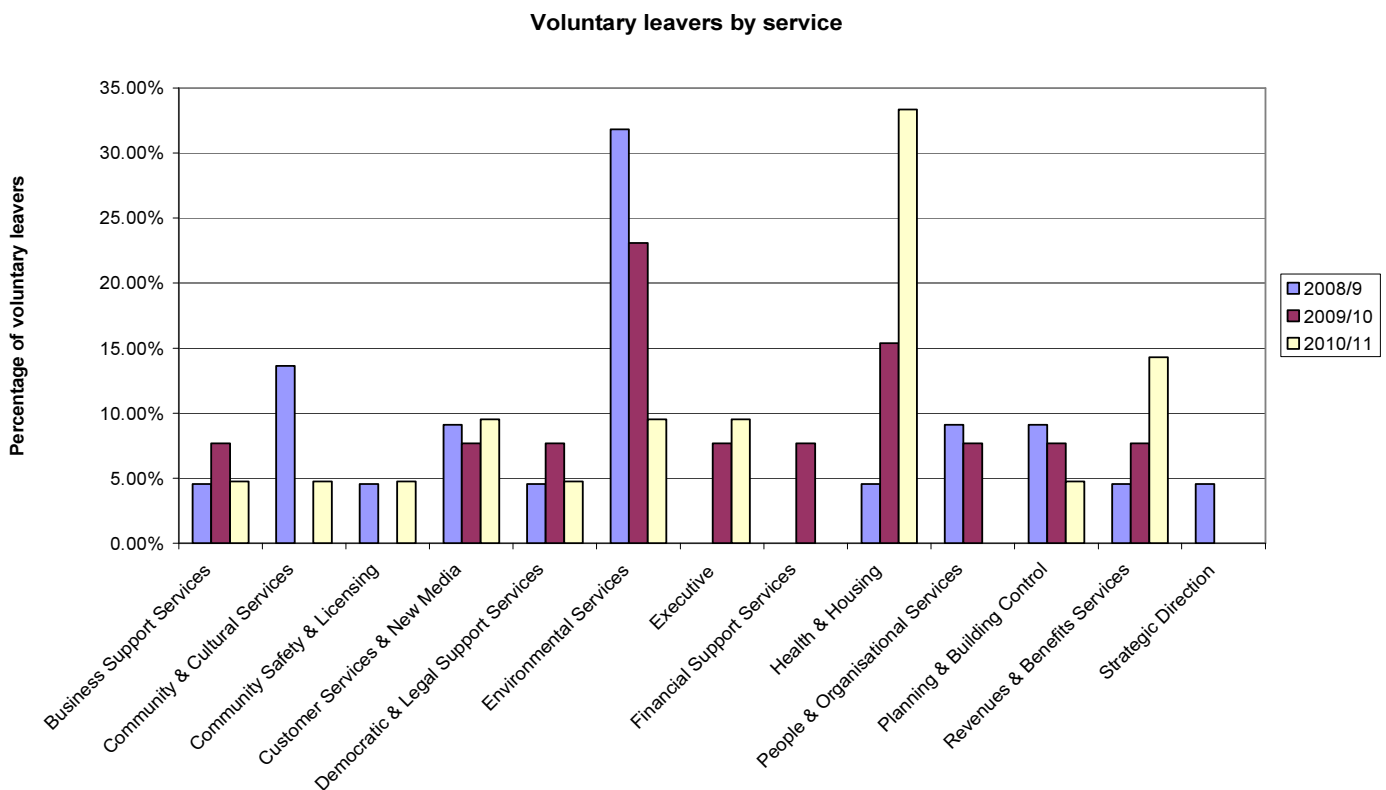


In 2009/10 the majority of staff left after 5 – 10 years of service. In 2010/11 this has moved forward to the 2 – 5 years point. This suggests the employees may find career progression difficult within the Council, this is discussed further in section 4.1 (reasons for leaving).

The number of voluntary leavers with under one year's service has reduced greatly since 2009/10. Only one member of staff left in 2010/11 within their first year of service. This shows that the recruitment campaigns have been successful, with the roles meeting incoming employees expectations and accurate selection processes.

3.2 Voluntary Leavers by Service

Figure 3 details voluntary leavers by service. This is calculated as a percentage based on each service's headcount and the number of leavers from that service.



In 2010/11 6 services' turnover increased, 6 services' turnover reduced and one has remained the same.

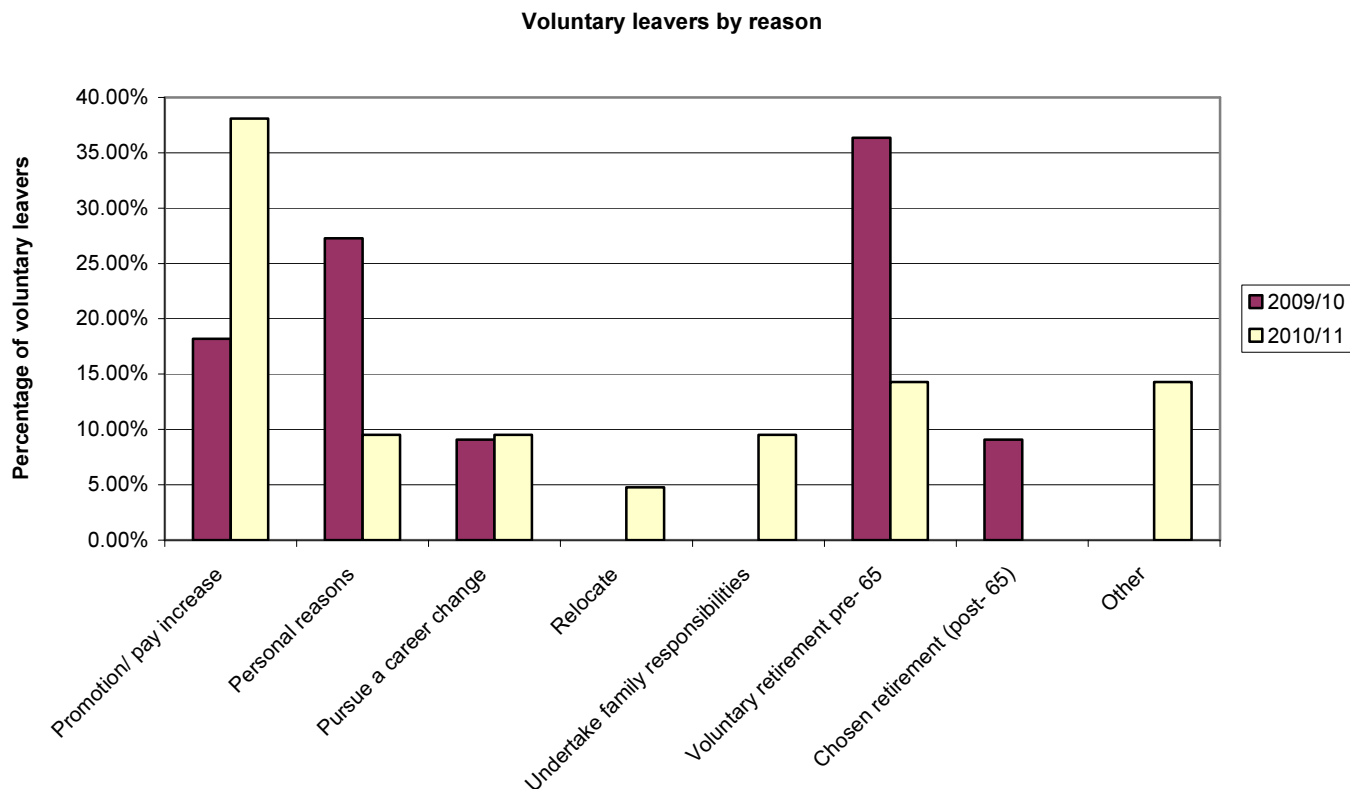
Health and Housing had the most dramatic increase in turnover during 2010/11. Analysis shows that this is not due to any one aspect. The majority of leavers in the service left after 5- 10 years of service, however they left for a wide variety of reasons including relocation and family responsibilities. Only 2 of the 7 leavers left to achieve a promotion. The exit interviews from the service show that overall employees had a positive experience of East Herts. Therefore, although the turnover in this service has doubled in the last year, there does not appear to be a service specific reason or cause for concern.

4. Reasons for Leaving

Of the 30 leavers in 2010/11, 21 staff were voluntary leavers. One voluntary leaver left within their first year of service, this equates to 0.5% of voluntary leavers.

4.1 Voluntary leavers with one year or more service

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



The main reason employees left in 2010/11 was for a promotion or pay increase, 38% (8 people), this is more than double those who left for a promotion or pay increase in 2009/10 (18%)

The Council may need to consider strategies for retaining talent, 75% of those who left for a promotion or pay increase did so after 2 -5 years service. The nature of a small District Council can limit options for promotion in the smaller services. As one member of staff stated on their exit interview 'best start to my career, sad to leave'. The 8 leavers for promotion or pay increase were spread across four services suggesting it is a Council wide issue. Consideration needs to be given to the succession and career planning options available. This can be difficult in times of change, however it is important to retain talent throughout this period.

The other main reasons for people leaving were voluntary retirement pre-65 (14%) and other (14%). The 'Other' category includes employees who left prior to the end of their fixed-term contract as they wished to seek other (permanent) employment and those that choose to leave for health reasons.

5. Turnover Costs

This year the Council has spent £8,146 on recruitment. There were no senior management appointments. This was for 14 vacancies and can be broken down into £4,646 for advertising costs and £3,500 for Manpower's placement and administration fees. This equates to an average cost per hire of £581.84. Last year the average cost per hire was £830.65 (there were also no senior management campaigns in 2009/10). This is a cost reduction of nearly 30%. It is worth noting that this achievement comes after a reduction of costs in 2009/10 of 35% when compared to 2008/9. This has been achieved through both the continued use of Manpower's talent pool for suitable vacancies rather than spending on advertising and the use of combined adverts where possible for more cost-effective campaigns.

The estimated total cost of recruitment in the UK (advertising costs, agency or search fees) is £2,930 per hire (CIPD Resourcing and Talent Survey 2010). This is the median rate based on recruitment advertising for all positions other than those at Senior Management and Director level. It is therefore clear that the Manpower contract is providing the Council with value for money.

6. Exit Interview Analyses

Upon leaving, employees are asked to complete an Exit Interview form although it is not compulsory. If HR identify issues that need addressing a meeting is set up between the HR Officer and employee to explore the areas of concern further. HR may also take up any actions with the line manager. The main focus is on voluntary leavers, and the results of their exit interview are discussed below.

Overview

The exit interview return rate for voluntary leavers this year was 67%, a drop from last year's return rate of 92%.

The results reflect the difficult year the Council had. The terms and conditions review, whilst not directly impacting turnover did have an effect on the morale within the organisation. In 2009/10 50% of respondents rated the Council as a level 8 or 9 employer (1 being poor and 10 being excellent). In 2010/11 the majority of leavers (53%) rate the Council as a level 5 – 7 employer. However, further analysis of the returns shows that overall outgoing employees consider working for the Council to be a positive experience. Respondents considered their relationships with colleagues to be excellent or good (94%), 53% would consider returning to East Herts Council and 53% would recommend working for the Council to others.

Line management

The responses showed clear improvements in certain areas. In 2009/10 questions on line management scored the lowest. Respondents said that their line manager:

- seldom gave them help and advice (56%)
- seldom gave them praise or recognition (50%).

In 2010/11 this has improved significantly, 100% of respondents considered their relationship with their line manager to be 'good' or 'excellent'. The majority of respondents said that their line manager:

- always or often gave them help and advice (94%)
- always or often gave them praise or recognition (88%).

The last tranche of the management development programme was completed in January 2010 and it is clear this is having a positive effect on management throughout the organisation.

Training, development and promotion

Overall respondents viewed the training opportunities at the Council as positive. When asked whether the induction was effective 82% said 'yes completely'. The majority of respondents also considered the training for their role to be 'excellent' or 'good' (88%).

Promotion within the Council was viewed in a different light, only 40% of respondents consider the prospects for promotion as 'excellent or 'good'. The remainder thought promotion prospects with the organisation were either 'poor' (29%) or 'very poor' (29%).

7. Review of Progress - Recommendations from 2010/11

Monitoring Manpower Recruitment Contract

A number of line managers had comments and complaints in the first quarter of 2010/11. The complaints mainly centred around a lack of communication with candidates on feedback and process and delays to the recruitment process whilst Manpower's talent pool was updated to include suitable candidates for East Herts roles. These complaints were resolved, however it became apparent that issues were not being monitored in a systematic way. This meant that issues took longer than necessary to rectify. A dedicated email address was created to ensure there is a clear record of when complaints are raised.

HR have regular meetings with Manpower to discuss concerns and progress projects (for example on-line recruitment). Manpower provide quarterly reports to East Herts tracking vacancies, temps and recruitment equalities and diversity data.

C3W Issues

In 2009 HR coordinated a consultation exercise with staff to ascertain whether they were in a position to adopt the new working practices required for C3W. After their 1-2-1 consultations staff were placed into one of three categories; 31 Red (unable to adopt the new practices/ relocate), 79 Amber (potential issues around adoption of new practices/ relocation) or 235 Green (no issues). HR worked with managers whose staff had been designate Amber or Red to find solutions. In March 2011 a review was undertaken to pick up any changes and capture new starters. The traffic light figures now stand at: 1 red, 2 amber and 335 greens. Work is being progressed with the red/ambers to review any changes that can be made to ensure they are able to continue working for the Council. Solutions for staff include a number of flexible working options that have been introduced. These include home-working, remote (field based) working, compressed hours and utilising

the desks at Charrington's house. It is therefore not anticipated that C3W will have an impact on retention.

Demographic of Workforce

The current demographic pattern at the Council remains, 40% of staff are over 50 years old). Strategies to support succession planning and talent management are required. This was not progressed last year as the Council was going through a number of changes (the terms and conditions review and C3W) but will be reviewed in 2011/12.

Review Staff Survey

The staff survey for 2010 was postponed and the date of the next survey is planned for 2011/12. The survey will explore employees' views on promotion and career progression within the Council HR will review the results and address any areas of concern. An action plan will be developed to ensure appropriate talent and experience are retained within the Council.

Terms and Conditions Review

Last year the possible effect on turnover of staff not signing contracts was highlighted. The Council achieved a 100% return rate on signed contracts so there was no direct effect on turnover. HR will continue to monitor the situation until the protection of the review of terms and conditions cease, as this may have an impact on turnover.

8. Moving Forward - Recommendations for 2011/12

Turnover Targets

It is recommended that the turnover targets are reduced for 2011/12. The local government workforce survey 2010 found that the mean average turnover rate for district councils was 9%. In the last three years the Council has been below its turnover targets of 12% overall and 8% voluntary turnover. A level of turnover is healthy for an organisation, however targets of 10% overall and 7% voluntary turnover may be more realistic. This would still reflect the current economic climate and the proposed changes to services within East Herts Council.

Removal of the default retirement age

The effect of this will be monitored to gauge the impact on turnover and succession planning.

Succession planning

Succession planning and talent management within East Herts should be explored to ensure the Council is retaining talent, particularly where employees have completed training with the authority.

East Herts is currently exploring shared services with Stevenage Borough Council and North Herts Council. Two of the people benefits of this partnership will be resilience for smaller services and increased opportunities for promotion and career progression.

Monitoring Manpower Recruitment Contract

The Manpower recruitment contract will continue to be monitored closely to ensure that the recruitment process is being managed effectively.