

East Herts Council

EMPLOYEE TURNOVER REPORT

1 APRIL 2017 – 31 MARCH 2018

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1. Aim/Purpose

- 1.1 This report provides a detailed analysis of East Herts Council's employee turnover rates for the financial year 2017/18.
- 1.2 The report analyses turnover by reasons for leaving, length of service, service area, profession, and exit questionnaire data to identify any trends.
- 1.3 Comparisons have been made with previous years' data.

*****Please note that the latest benchmarking data has not been included in this report as the Local Government Workforce Survey 2016/17 had not been published at the time of writing this report.*****

2. Executive Summary

- 2.1 Employee turnover has fallen since the previous year (from 17% in 2016/17 to 14.9% 2017/18) however it remains above the council's target of 10%.
- 2.2 *Voluntary* turnover has increased since the previous year (from 11.4% in 2016/17 to 12.3% in 2017/18).
- 2.3 The reasons for leaving were varied with the most common reasons being due to a change in career (21%) and retirement (16%).
- 2.4 Leavers had varying lengths of service. The percentage of leavers with less than 1 years' service has continued to fall (9% in 2017/18) compared to previous years (15% in 2016/17). This has given a stability rate of 91% demonstrating that the council has been successful in retaining employees in their first year of service. This could be due to the council improving its recruitment processes (e.g. having clearly defined adverts and job descriptions, well-designed interviewing/selection methods and efficient appointment process); fine tuning its corporate and local inductions, and managers effectively managing new employees during their probation period.
- 2.5 There were voluntary leavers from all services with the exception of HR & OD. The services with the highest voluntary turnover in 2017/18 were Housing and Health (20%, 10 employees), Legal and Democratic Services (19%, 4 employees) and Planning (17%, 7 employees). Both Housing & Health and Planning restructured in 2017 and it is not uncommon during restructures for employees to reflect on whether they wish to be part of a new service and new ways of working or whether they wish to take the opportunity to try something new in another organisation or to retire. Legal

and Democratic Services have seen a fall in voluntary turnover of 17% since the previous year (36% in 2016/17).

- 2.6 The council's vacancy rate was high in 2017/18 (13.1%) compared to the previous year (9.1% in 2016/17). HR are working closely with managers to promote recruitment campaigns, develop career-graded posts, and consider re-designing posts to develop career pathways for apprentices and graduates in order to fill vacancies.
- 2.7 The average cost per hire has increased since the previous year (from £927 in 2016/17 to £1,365 in 2017/18) and is higher than the UK average cost per hire (£1000). This is partly due to having to advertise 'difficult to fill' posts several times.
- 2.8 The return rate of completed exit questionnaires has fallen despite HR chasing for their return: 18 out of the 43 voluntary leavers (42%) completed an exit questionnaire. Leavers rated the council on the whole positively. Comments included "great colleagues", "interesting and varied work", "strong sense of team work" and "good flexible working". The data shows that two thirds of leavers (66%) rated the council as 8 out of 10 or higher. This is a small increase on the previous year (62% in 2016/17). The percentage of leavers who said they would recommend the council as an employer to others is also high (87%) however it has fallen since 2016/17 (96%).
- 2.9 Other positive comments from the exit questionnaires are as follows:
 - 95% (17 respondents) said that relationships with their colleagues were either good or excellent.
 - 84% (15 respondents) said that the relationship with their manager was either good or excellent.

- 83% (15 respondents) said that their manager always held PDR meetings with them.
- 50% (9 respondents) completely agreed that they had received adequate training/coaching and 44% (8 respondents) partially agreed.
- 94% (17 respondents) said that flexible working at the council was either good or very good.

2.10 There were some areas of the exit questionnaires in which, although the majority of responses were positive, there were significant numbers that responded negatively and may need attention. They relate to:

- 44% (7 respondents) said prospects for promotion/advancement were poor or very poor.
- 33% (6 respondents) who said they seldom or never had 1 to 1s with their manager.
- 22% (4 respondents) said their manager seldom or never listened to their ideas and suggestions.
- 28% (5 respondents) said their manager seldom gave them praise/recognition where it was due.
- 22% (4 respondents) said their workload was too much.
- 27% (4 respondents) said they would rate their salary as poor or very poor.

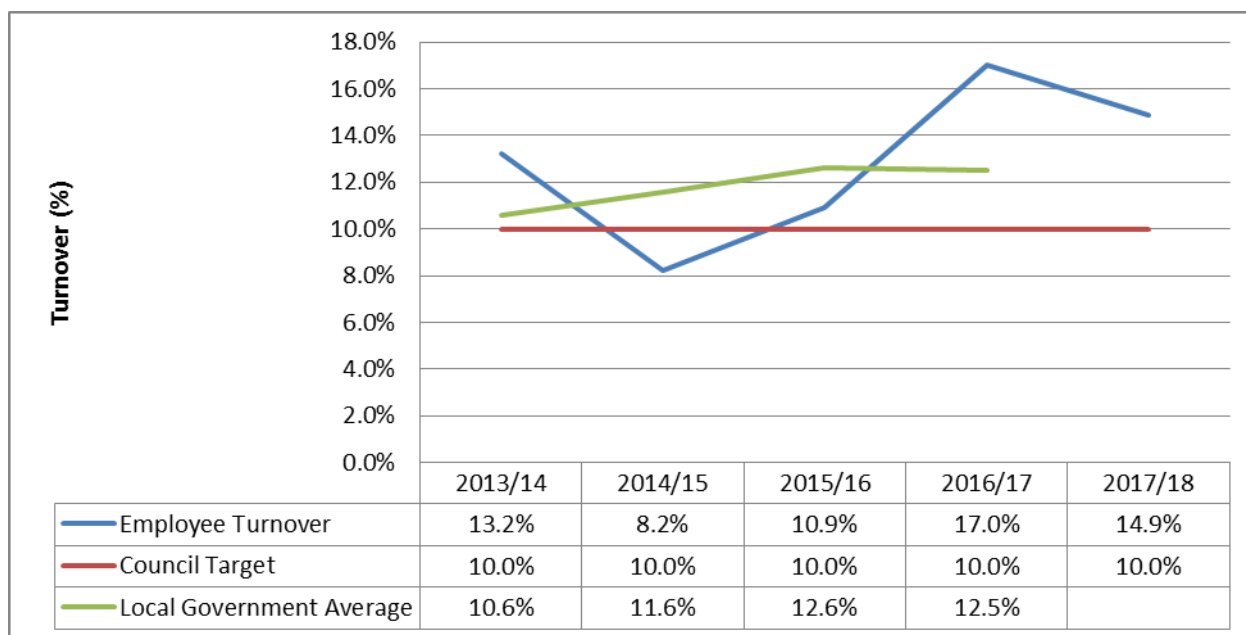
2.11 There have been various actions taken in 2017/18 to improve recruitment and retention. They include:

- implementing strategies to reduce advertising costs (e.g. bulk-buying advertising credits to reduce the cost per advert);
- attending 4 career fairs at local schools to promote the council as an employer of choice;
- employing an additional 4 apprentices;
- implementing split 50/50 funding between the employee and the council to allow more employees to undertake professional study;
- developing pay-linked progression criteria within some 'difficult to fill' posts;
- renewing the council's status as a Disability Confident Employer demonstrating it supports employees with disabilities;
- analysing turnover on a more regular basis (i.e. monthly) to identify any patterns at an earlier stage;
- identifying career pathways for employees;
- organising an Employee Survey and implementing actions as a result of employee feedback; and
- implementing a new rewards system, MyRewards.

3. Turnover and Stability Rate

- 3.1 Employee turnover has fallen since the previous year (from 17% in 2016/17 to 14.9% 2017/18). However it remains higher than the council's target of 10%. See Figure 1 below.
- 3.2 Please note that the latest benchmarking data has not been included as the Local Government Workforce Survey 2016/17 had not been published at the time of writing the report.

Figure 1 – Employee Turnover over the last 5 years compared with the council’s target and Local Government Average



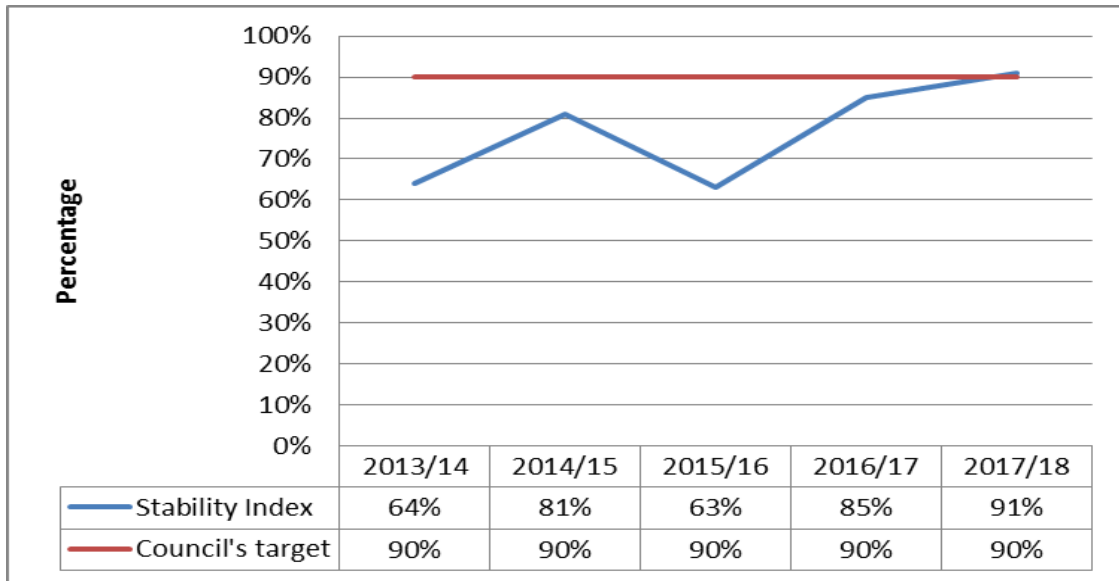
* The 2016/17 figure includes 10 Building Control employees who were transferred out under TUPE. Excluding these employees, the turnover rate was 14.4%.

** The 2017/18 figure includes 3 employees who transferred out under the Waste Shared Services project. Excluding these employees, the turnover rate was 14.3%.

*** The Local Government Average is the average employee turnover for shire districts (5% trimmed mean) – Local Government Workforce Survey. Please note that the latest local government average figure was not available as the Local Government Workforce Survey had not been published at the time of writing this report.

3.3 The council’s stability rate was 91% in 2017/18 which has increased from 63% in 2015/16 and is the highest it has been over the last 5 years. It is above the council’s target (90%). This indicates that the council is retaining employees in their first year of service and can be attributed to the council improving its recruitment processes (e.g. having clearly defined adverts and job descriptions, well-designed interviewing/selection methods and an efficient appointment process); fine tuning its corporate and local inductions, and managers effectively managing new employees during their probation period. See Figure 2 below.

Figure 2 – Stability Index over the last 5 years compared with the council’s target

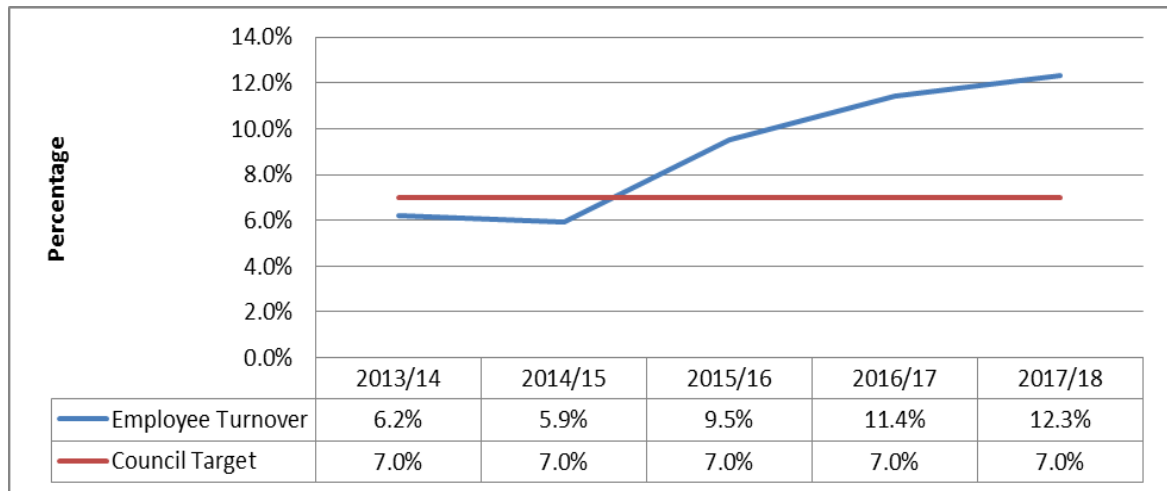


The Stability Index is calculated by dividing the number of voluntary leavers with 1+ years' service by the total number of voluntary leavers (multiplied by 100 to express as a percentage)

4. Voluntary Employee Turnover

4.1 There were 43 voluntary leavers in 2017/18 compared to 21 leavers in 2013/14. Voluntary employee turnover has increased over the last 5 years (from 6.2% in 2013/14 to 12.3% in 2017/18) and is higher than the council's target (7%). See Figure 3 below.

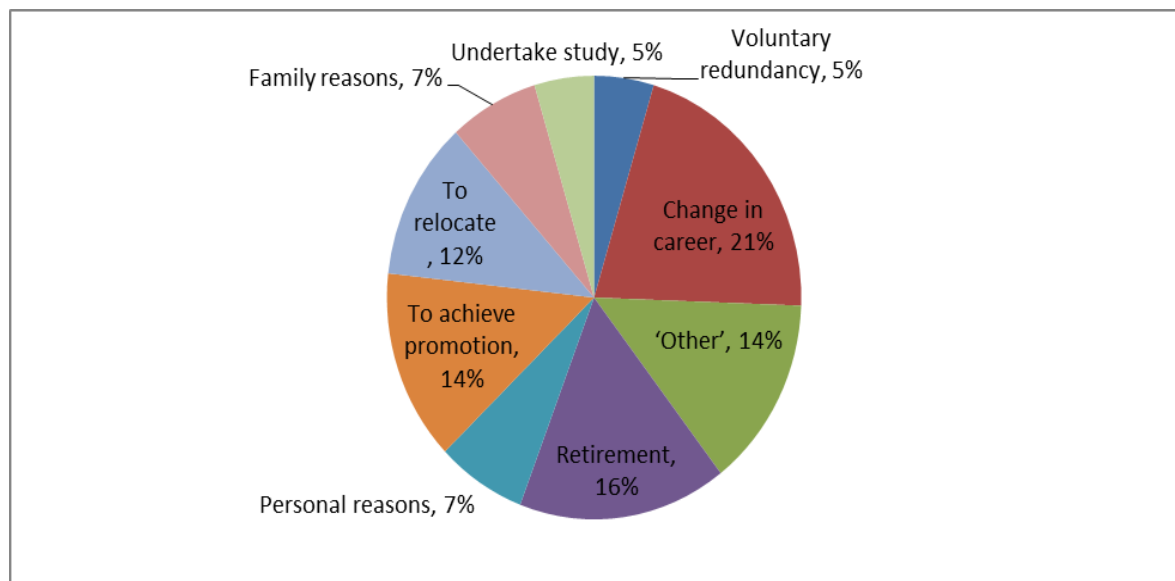
Figure 3 – Voluntary Employee Turnover over the last 5 years compared with the council’s target



4.2 During 2017/18, 6 out of 8 services in the council restructured their teams. It is not uncommon during restructures for employees to reflect on whether they wish to be part of a new service and new ways of working or whether they wish to take the opportunity to try something new in another organisation or to retire.

4.3 Analysis of reasons for leaving

4.3.1 The reasons for leaving in 2017/18 were varied. The most common reasons were 'change in career' (21%) followed by retirement (16%). See Figure 4 below.

Figure 4 – Reasons for leaving in 2017/18

4.3.2 The reasons for leaving have been analysed over the past 5 years to identify whether there are any trends. Apart from an increase in employees leaving due to a change in career and a decrease in employees leaving due to personal reasons over the last 5 years, there are no other trends of note. Please see Figure 5 below.

4.3.3 For those who left due to a change in career, 4 left to work in the private sector, 1 to work in local government and 3 to work in other public sector bodies.

4.3.4 An analysis of employees leaving due to 'other' reasons (14%, 6 employees) has been undertaken however no patterns have been identified.

Figure 5 - Reasons for leaving over the last 5 years

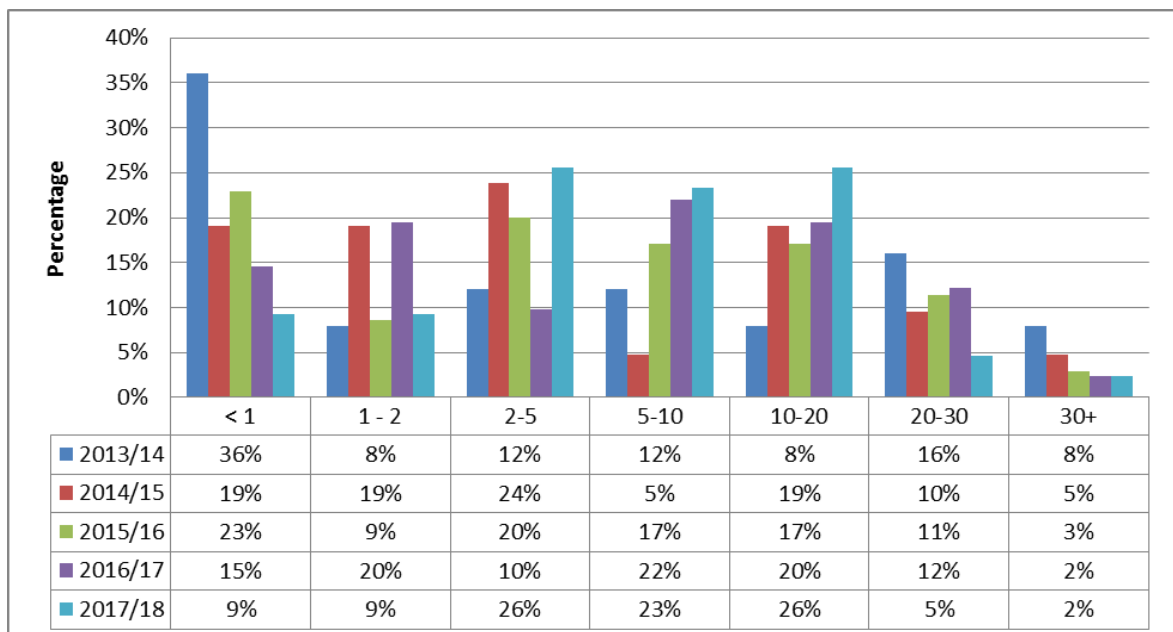
Reason	2013/14	2014/15	2015/16	2016/17	2017/18
Voluntary redundancy	0%	5%	0%	20%	5%
Change in career	13%	5%	14%	20%	21%
'Other'	17%	19%	20%	17%	14%
Retirement	33%	29%	43%	12%	16%
Personal reasons	25%	24%	11%	10%	7%
To achieve promotion	4%	10%	6%	10%	14%
To relocate	8%	10%	6%	5%	12%
Family reasons	0%	0%	0%	5%	7%
Undertake study	0%	0%	0%	2%	5%

4.4 Analysis by Length of service

4.4.1 Leavers had varying lengths of service.

4.4.2 The percentage of leavers with less than 1 years' service has fallen over the last 5 years (from 36% in 2013/14 to 9% in 2017/18) which is a significant improvement. The percentage of leavers with between 1 and 2 years' service has also fallen from 20% in 2016/17 to 9% in 2017/18. See Figure 6 below.

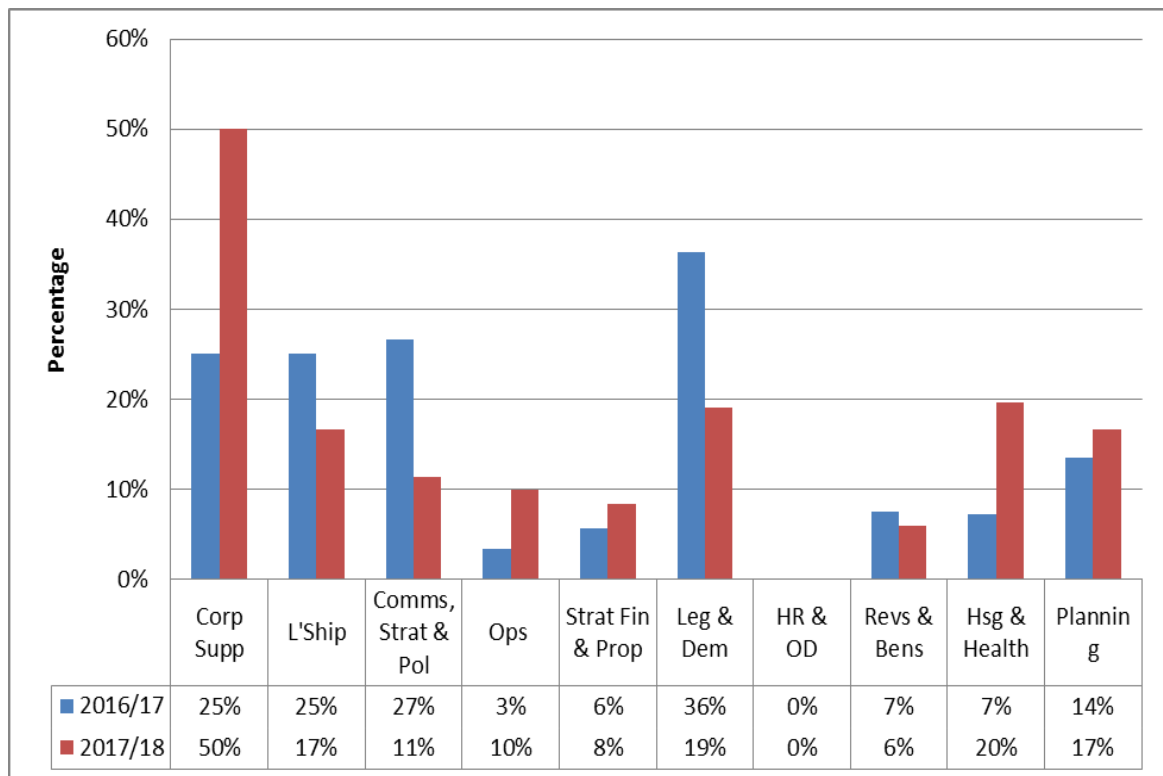
Figure 6 – Voluntary Leavers by Length of Service



4.5 Analysis by Service area

4.5.1 There were voluntary leavers from all services with the exception of HR & OD. See Figure 7 below.

Figure 7 - Voluntary Leavers by service



Figures for Corporate Support are skewed due to the small number of employees in the team overall

4.5.2 Apart from Corporate Support where the figures are skewed due to the small number of employees in the team overall (4 employees), the services with the highest employee turnover are as follows:

1. Housing and Health (20%, 10 employees)
2. Legal and Democratic services (19%, 4 employees)
3. Planning (17%, 7 employees)

4.5.3 Both Housing and Health and Planning services restructured in April and May 2017 respectively. Employee turnover in Legal and Democratic Services has fallen significantly since the previous year (from 36% in 2016/17 to 19% in 2017/18)

4.5.4 Reasons for leaving in the three services were varied as follows:

Reason	Housing & Health	Legal & Democratic	Planning
Retirement	2	0	1
Voluntary Redundancy	2	0	0
Change in career	2	2	2
To achieve promotion	1	0	0
To relocate	1	0	3
Family responsibilities	1	0	0
To undertake Study	0	1	0
Other	1	1	1
TOTAL	10	4	7

4.6 Analysis by Profession

4.6.1 The professions with the highest employee turnover in 2017/18 were Planning Officers and Environmental Health Officers (6 leavers for each in 2017/18).

5. Involuntary Leavers

5.1 Involuntary Turnover in 2017/18 was 2.6% (9 employees). The reasons for leaving were varied and have been compared with the previous 4 years. There were no trends of note. See Figure 8 below.

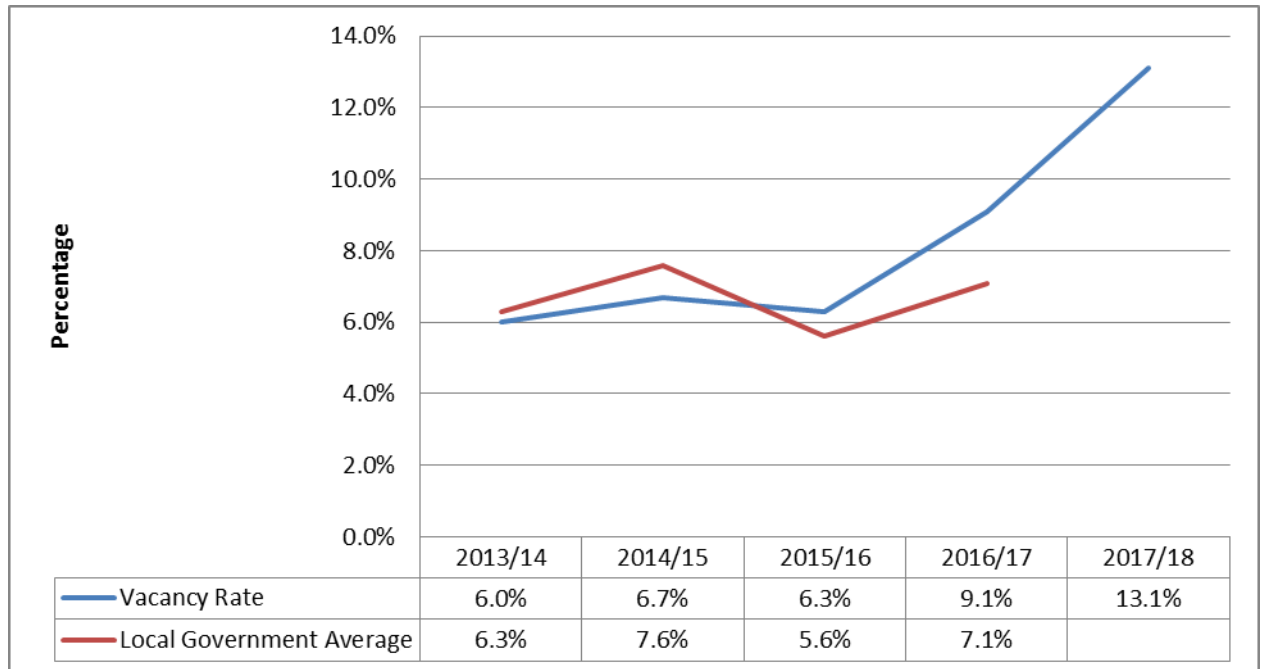
Figure 8 - Involuntary reasons for leaving over the last 4 years

Reason	2014/15	2015/16	2016/17	2017/18
Transferred out (e.g. under TUPE)	0	0	9	3
End of Fixed term Contract	6	4	4	2
Compulsory Redundancy	0	0	6	3
Dismissal	2	1	0	1
Other	0	3	2	0
TOTAL	8	8	21	9

6. Vacancy Rate

- 6.1 The vacancy rate is defined as the number of vacant full-time equivalent positions expressed as a percentage of the number of budgeted full-time equivalent positions. This has been calculated as at 31 March 2018.
- 6.2 The council's vacancy rate has increased over the last 5 years (from 6% in 2013/14 to 13.1% in 2017/18). See Figure 9 below.
- 6.3 Please note that the latest benchmarking data has not been included as the Local Government Workforce Survey 2016/17 had not been published at the time of writing this report.

Figure 9 – The council’s vacancy rate over the last 5 years compared to the local government average.

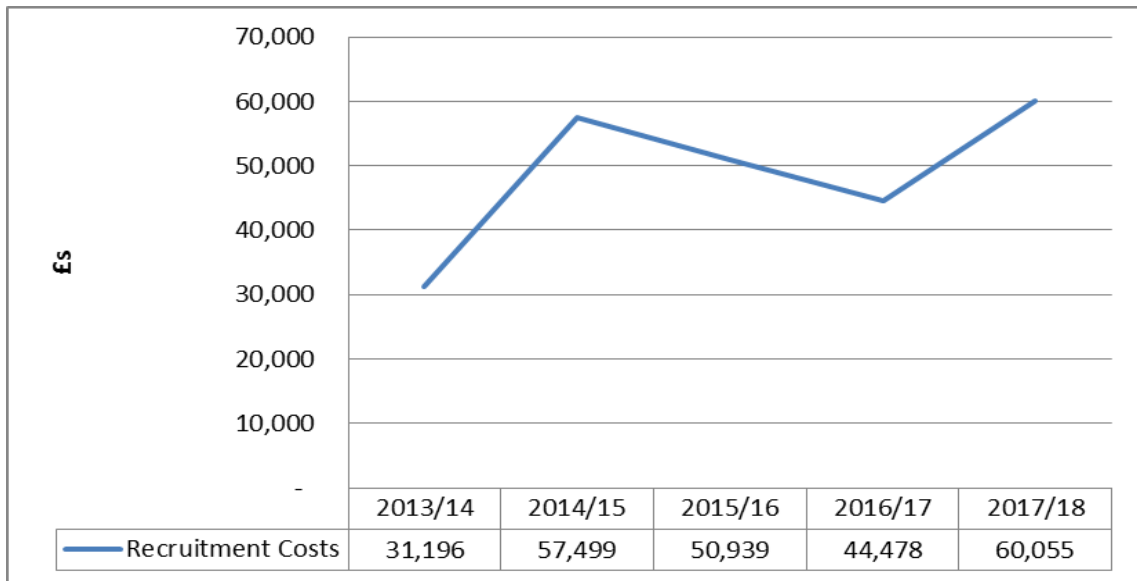


The Local Government Average is the average (mean) vacancy rate for shire districts taken from the Local Government Workforce Survey. Please note that the latest local government average figure was not available as the Local Government Workforce Survey had not been published at the time of writing this report.

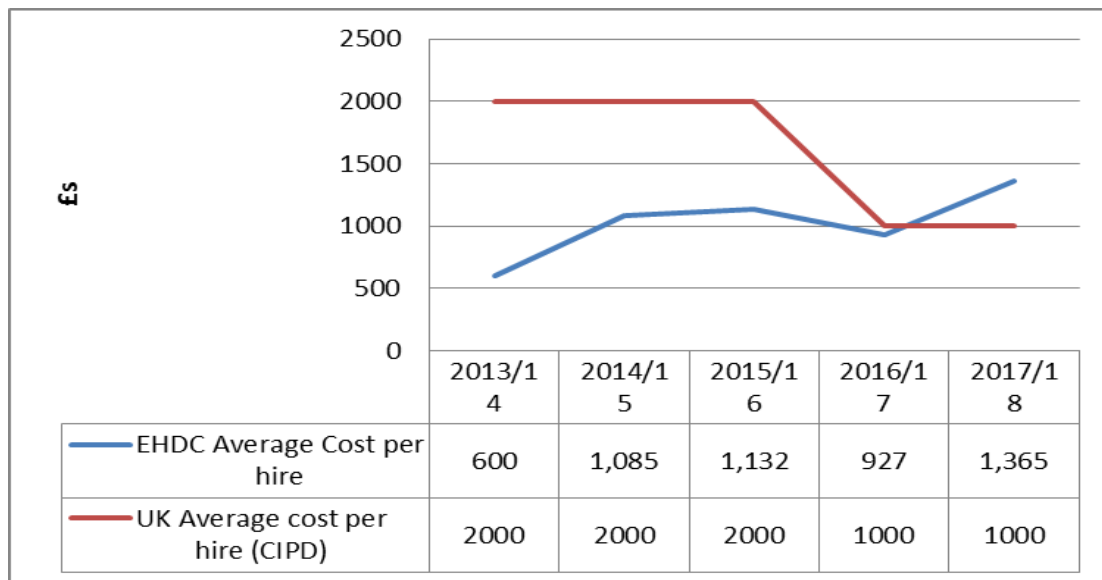
6.4 The council has held some posts vacant due to the single customer services project to avoid potential redundancies. A number of vacancies are difficult to fill posts (8 posts in total). HR are working closely with managers to discuss solutions including improving job design, developing career graded posts, and using alternative advertising methods.

7. Recruitment Costs

7.1 In 2017/18 the council spent £60,055 on recruitment. This covers external advertising costs, agency or search fees for 44 vacancies. Recruitment costs had fallen between 2014/15 (£57,499) and 2016/17 (£44,478) however they have increased this year and are now closer to the 2014/15 spend levels. Please see Figure 10 below.

Figure 10 – Recruitment Costs over the last 5 years

- 7.2 HR Officers have implemented a number of strategies to try to keep recruitment costs low including negotiating with advertisers to reduce advertising costs, purchasing advertising credits in bulk with frequently used providers, and encouraging managers to use free advertising (e.g. the council's website, LinkedIn, Twitter, Indeed, University job boards, and the job centre).
- 7.3 The average cost per hire has also increased over the last few years (from £1,085 in 2014/15 to £1365 in 2017/18) and is higher than the UK average (£1000). See Figure 11 below.

Figure 11 - Average cost per hire over the last 5 years

UK Average Cost per hire is taken from the Chartered Institute of Personnel Development (CIPD) Resourcing and Talent Survey 2017. This is the median rate based on recruitment advertising for all positions other than those at senior management and director level in the public service sector.

- 7.4 One reason that the cost per hire has increased is due to some 'difficult to fill' posts having to be advertised more than once and having to use several advertising methods for each post to reach the widest audience possible. With some posts e.g. Environmental Health Officer and Principal Planning Officers, this has been more difficult as there is a national shortage of skills in these areas.
- 7.5 Of the 44 vacancies advertised externally in 2017/18, 25 (57%) were successfully filled. HR are working closely with managers to fill the remaining 19 posts of which 8 are difficult to fill.

8. **Exit Questionnaire Analysis**

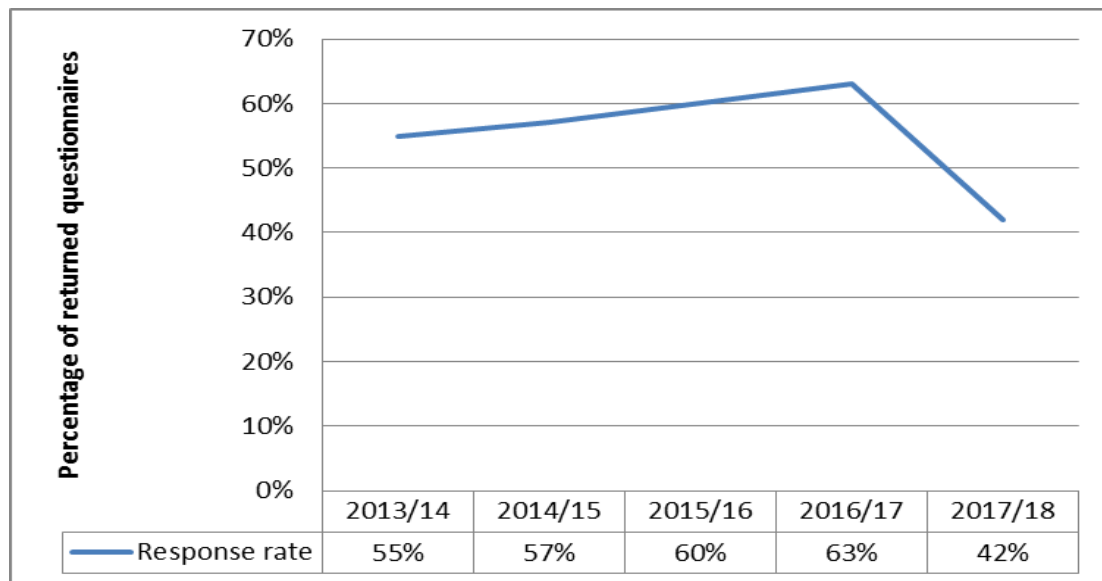
- 8.1 Voluntary leavers are asked to complete a confidential exit questionnaire upon resigning. If HR identify any areas of

concern, a meeting is set up between the HR Officer and employee to explore the issues further. HR may with the express agreement of the leaver also take up actions with the manager. A summary of the results of the exit questionnaires is provided below. For the full results, please see Essential Reference Paper C.

8.2 Response rate

8.2.1 The percentage of voluntary leavers completing an exit questionnaire in 2017/18 was 42% (18 employees) which has fallen since 2016/17 (63%) despite HR regularly chasing leavers to return their questionnaires. Please see Figure 12 below.

Figure 12 - Exit questionnaire response rate

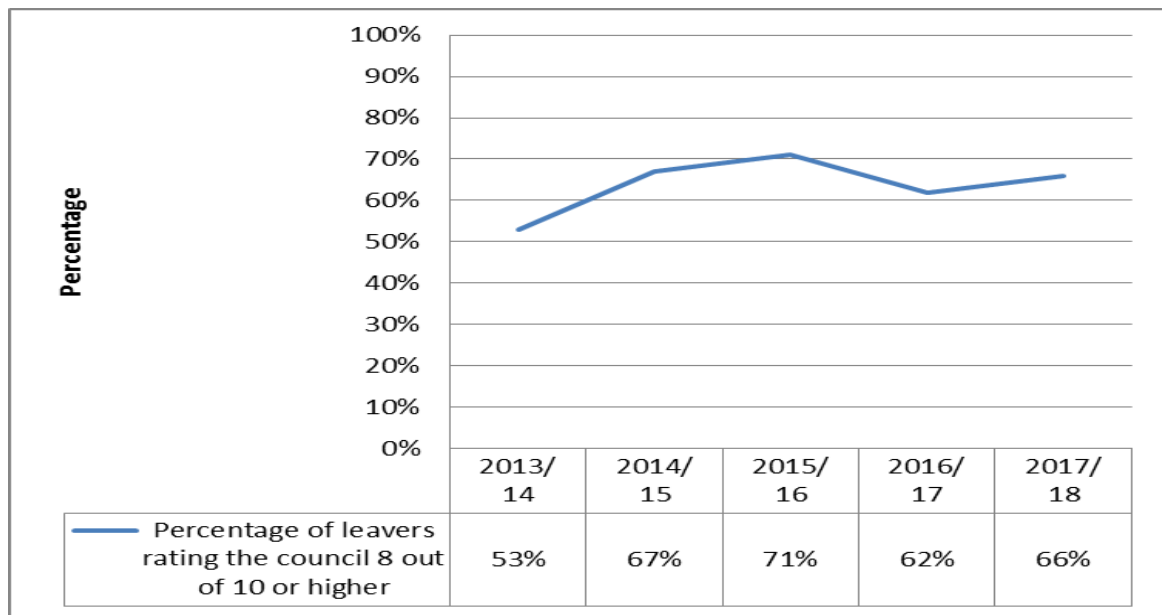


8.3 Overview of exit questionnaire responses

8.3.1 Leavers rated the council positively on the whole. Comments included "great colleagues", "interesting and varied work", "strong sense of team work" and "good flexible working".

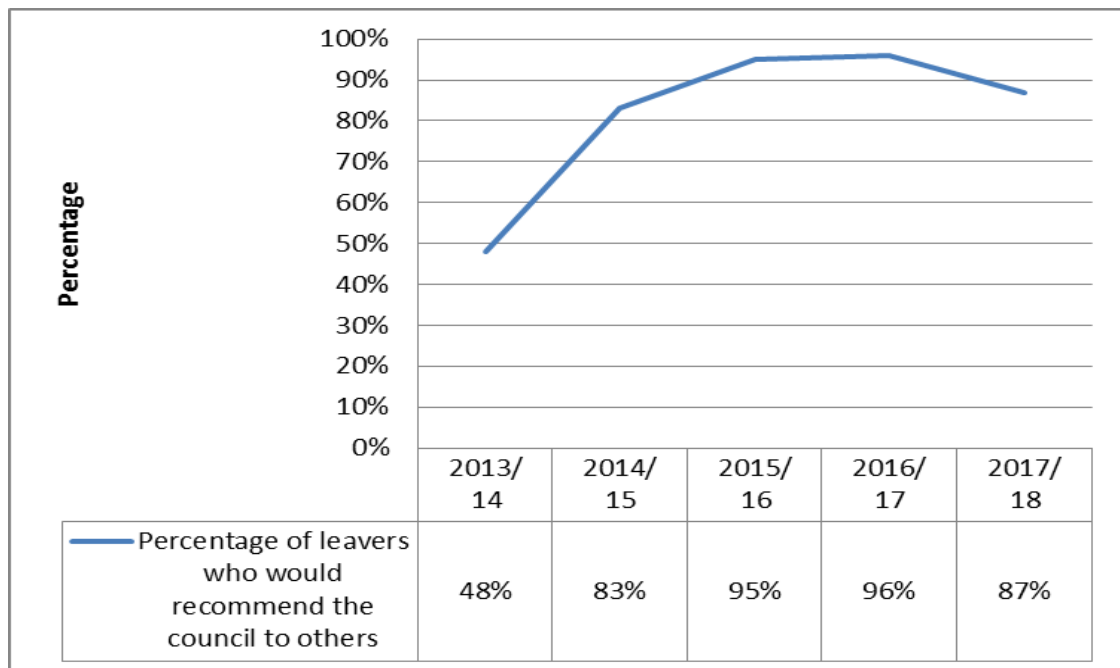
8.3.2 Two thirds of leavers (66%) rated the council as 8 out of 10 or higher. This is a small increase on the previous year (62% in 2016/17). See Figure 13 below.

Figure 13 – Percentage of leavers rating the council as 8 out of 10 or higher



8.3.3 The percentage of leavers who said they would recommend the council to others is also high (87%, 14 employees) however it has fallen since 2016/17 (96%). See Figure 14 below.

Figure 14 – Percentage of leavers who would recommend the council to others



8.4 Positive Comments from Exit Questionnaires

8.4.1 There were numerous positive areas on the exit questionnaires. The highlights are as follows:

Relationships with colleagues:

95% (17 respondents) said that relationships with their colleagues were either good or excellent. This is also the view of current employees as reported in the 2017/18 Employee Survey where 95% of employees said that colleagues were friendly.

Relationship with their manager:

84% (15 respondents) said that the relationship with their manager was either good or excellent.

Performance Development Review (PDR) meetings:

83% (15 respondents) said that their manager always held PDR meetings with them.

Induction:

75% (12 respondents) completely agreed that they had had an effective induction and 25% (4 respondents) partially agreed.

Training opportunities:

50% (9 respondents) completely agreed that they had received adequate training/coaching and 44% (8 respondents) partially agreed.

Flexible working:

94% (17 respondents) said that flexible working at the council was either good or very good. This also reflects the view of current employees in the 2017/18 Employee Survey which reported that 83% were satisfied with working hours.

Reasonable pay and benefits:

29% (5 respondents) completely agreed that the council's pay and benefits were reasonable for the work that they did. Just over half (53%, 9 respondents) partially agreed.

8.4.2 The positive areas from the exit questionnaire analysis have been summarised in the table below:

Leavers reported:	2017/18	
	% age	Number
They had good or excellent relationships with colleagues	95%	17
They had a good or excellent relationship with their manager	84%	15
Their manager always conducted PDRs with them	83%	15
Their manager always or often gave adequate help and advice	83%	15
Their manager always or often knew and followed council procedures	89%	16
They had an effective induction	75%	12
They received adequate training/coaching*	50%	9
The flexi-time scheme was good or very good	100%	18
Flexible Working Options were good or very good	94%	17
Pay & Benefits were completely or partially reasonable for the work and responsibility undertaken	82%	14

Please note that not all respondents completing the exit questionnaires answered every question

* An additional 44% *partially* agreed that they had received adequate training/coaching

8.5 Areas of consideration from Exit Questionnaires

8.5.1 There were some areas of the exit questionnaires where, although the majority of responses were positive, there were significant numbers that responded negatively and may need attention. They relate to:

Prospects for promotion/advancement:

Although most respondents (56%, 9 respondents) said that prospects for promotion/advancement were good or excellent, it is worth noting that there were still a considerable number (44%, 7 respondents) who said prospects were poor or very poor.

1 to 1s with their manager:

Again, although the vast majority (67%, 12 respondents) said they always (50%, 9 respondents) or often (17%, 3 respondents) had regular 1 to 1s with their manager, there were still one third (33%, 6 respondents) who said they seldom (28%, 5 respondents) or never (5%, 1 respondent) had 1 to 1s with their manager.

Having their ideas listened to:

Similarly, over two thirds of respondents (67%, 14 respondents) said that their manager always (50%, 9 respondents) or often (17%, 3 respondents) listened to their ideas and suggestions, however it is worth noting that just under a quarter of respondents (22%, 4 respondents) said their manager seldom (17%, 3 respondents), or never (5%, 1 respondent) listened to their ideas and suggestions. The results were more positive for current employees as the 2017/18 Employee Survey reported that 80% said that managers listen to their ideas.

Receiving praise/recognition from their manager:

Although almost three quarters (72%, 13 respondents) said that their manager always (44%, 8 respondents) or often (28%, 5 respondents) gave them praise/recognition where it was due, there is still over a quarter (28%, 5 respondents)

who said their manager seldom gave them praise/recognition.

Workload:

The majority of respondents said that their workload was about right (67%, 12 respondents), 11% (2 respondents) said it was easy, and 22% (4 respondents) said it was too much. Overall, this is reflective of what current employees say about their workload as the Employee Survey 2017/18 reported that 81% of respondents said they were able to cope with the demands of the job.

Satisfaction with salary:

The majority of respondents said they would rate their salary as good (66%, 10 respondents), 7% (1 respondent) said they would rate it as very good, 20% (3 respondents) as poor and 7% (1 respondent) as very poor. The negative responses reflect those of current employees as the Employee Survey 2017/18 reported that just under two fifths (38%) were dissatisfied with basic pay.

8.5.2 The areas for consideration from the exit questionnaire analysis have been summarised in the table below:

Leavers reported:	2017/18	
	% age	Number
Their workload was too much	22%	4
Their manager seldom or never had 1 to 1s with them	33%	6
Their manager seldom or never listened to their ideas and suggestions	22%	4
Their manager seldom gave praise/recognition where due	28%	5
Prospects for	44%	7

promotion/advancement were poor or very poor		
Their salary was poor or very poor	27%	4

8.3.3 HR encourage leavers to give their permission to share their exit questionnaire responses with their manager so that any feedback can be taken on-board and improvements can be made, where applicable.

9.0 Actions taken in 2017/18 to support Recruitment and Retention

9.1 Recruitment

9.1.1 To keep recruitment costs low, HR have implemented a number of strategies including negotiating with advertisers to reduce advertising costs, purchasing advertising credits in bulk with frequently used providers, and encouraging managers to use free advertising (e.g. the council's website, LinkedIn, Twitter, Indeed, University job boards and the job centre).

9.1.2 To help promote the council as an employer of choice, particularly to young people, HR representatives have attended 4 career fairs at schools in the district and a number of short term work placements have been arranged.

9.1.3 In September 2017 the council employed an additional four apprentices in Planning and Building Control, Housing and Health, Strategic Finance, and Communications, Strategy and Policy. Including one apprentice from the 2016 intake who has continued with the council on the second year of their apprenticeship programme, the total number of apprentices the council had in 2017/18 was five.

9.1.4 The council currently employs one graduate who is in their second year of the National Graduate Development Programme (NGDP) through partnership with HCC. No new graduates were employed in 2017/18.

9.2 Retention

9.2.1 To enable more employees to benefit from support for professional study, financial support was changed in January 2018 to dual funding between the council and employee (up to 50%). Full funding is still available for 'difficult to fill' posts.

9.2.2 HR have worked closely with managers to design pay-linked progression criteria to recognise and reward employee development within some 'difficult to fill' posts.

9.2.3 HR lead on a piece of work to renew the council's status as a Disability Confident Employer in June 2017 by demonstrating the actions the council is taking to support employees with disabilities.

9.2.4 Throughout 2017/18 HR have been analysing turnover data on a more regular basis (i.e. monthly) to identify any patterns at an earlier stage.

9.2.5 HR have worked with managers to identify career pathways for employees e.g. expanding existing career graded posts to allow an earlier entry point for those without the necessary qualifications but who are committed to studying.

9.2.6 To seek employees' views and increase employee engagement, HR organised for an Employee Survey to be conducted in December 2017. An action plan has been developed to address any issues raised by employees and HR are working with managers to implement this.

9.2.7 HR have lead on the launch of a new rewards system in 2017, MyRewards, which provides the following:

- consolidates existing benefits into one place and includes a wellbeing centre providing articles, tips and videos for physical, mental and financial wellbeing;
- gives employees access to various discounts with major retailers;
- allows employees to spread the cost of technology and gym membership purchases over a 12 month period with SmartTech and SmartFit; and
- allows employees various ways to say thank you to each other e.g. sending e-cards.

10. **Summary and Recommendations for 2018/19**

10.1 The following actions have been identified to support the council in improving recruitment and retention in 2018/19:

- HR to continue to explore innovative ways to keep recruitment costs to a minimum;
- HR to continue to attend career's events at local schools and universities and to encourage representatives from services to attend particularly those services who have 'difficult to fill' posts;
- HR to continue to analyse turnover data on a monthly basis to identify any patterns and take any remedial action at an earlier stage;

- HR to support managers in implementing the actions identified from the Employee Survey e.g. 'back to the floor';
- HR to continue to work with managers to identify career pathways for employees;
- HR to continue to promote the MyRewards system;
- HR to continue to promote the e-learning platform, Skills Build, to support employee development;
- HR to review the exit interview process to ensure that it is fit for purpose.

10. Turnover Targets

It is recommended that the turnover targets remain unchanged for 2018/19.

Turnover rate	target 2018/19	10%
Voluntary turnover rate	target 2018/19	7%
Stability index	target 2018/19	90%