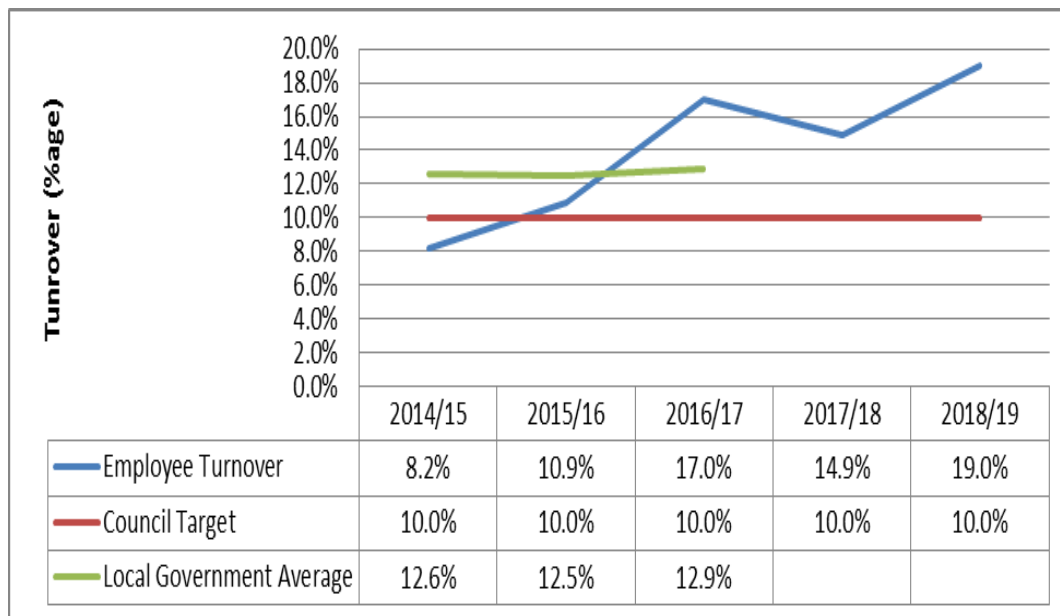# East Herts Council
EMPLOYEE TURNOVER REPORT
2018/19

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1. Summary

1.1 The chart below shows that turnover in the council in 2018/19 was 19% which is significantly higher than the council's target (10%) and the local government average (12.9% in 2016/17*).

	2014/15	2015/16	2016/17	2017/18	2018/19
Employee Turnover	8.2%	10.9%	17.0%	14.9%	19.0%
Council Target	10.0%	10.0%	10.0%	10.0%	10.0%
Local Government Average	12.6%	12.5%	12.9%		

Y-axis: Turnover (%age), ranging 0.0% to 20.0%

* The Local Government Average is the average employee turnover for shire districts (mean) and it taken from the Local Government Workforce Survey 2016/17 (the latest survey to be published at the time of writing the report)

1.2 There were a total of 63 leavers (53 were voluntary and 10 were involuntary). Involuntary leavers were predominantly those leavers whose temporary contract had come to an end. They also included any dismissals e.g. as a result of compulsory redundancy or misconduct, of which there were very few.

1.3 Voluntary turnover in 2018/19 was 16%. This was higher than the council's target (7%) and has increased

from 12.3% in 2017/18. Please see Chart 1 in Essential Reference Paper C (ERP C) for trends in voluntary turnover over the last 5 years.

1.4   Although turnover in the council was high in 2018/19, exit questionnaires, which 66% of leavers completed, indicated that leavers think that the council is a good place to work. Please see Section 5 for further analysis of exit questionnaires.

1.5   The CIPD's Labour Market Outlook Report (Spring 2019) reported that around a third (33%) of employers say that it has become harder to retain staff.

2.   Reasons for Leaving

2.1   A full breakdown of the reasons for leaving in 2018/19 can be found in Chart 2 in ERP C. The single most common reason for leaving in 2018/19 was to achieve promotion (14%, 9 employees). This is also reflected in exit questionnaires, where 68% (21 employees) said that opportunities for promotion were poor or very poor, and in the 2017 Staff Survey, where 25% said they were dissatisfied with opportunities for career development. The council is a relatively small organisation with around 330 employees and therefore opportunities for promotion are more limited than in a larger organisation. The council invests in the training and development of its employees which can give them the skills and confidence to progress to the next level. If the promotion opportunities are not available within the council, employees may leave to find them elsewhere.

2.2   It is worth noting that the improvements made from 1 April 2019 to the pay and grading structure, which reduced overlaps along with the introduction of more

career graded posts, should create further growth opportunities but this will still be limited by the size of the council. In order to try to retain more employees, the council has also provided funding for professional study to help employees to progress to the next level. Career progression aspirations are identified as part of the Performance Development Review (PDR) process.

2.3 The second most common reason for employees leaving in 2018/19 was to retire (13%, 8 employees). Retirement is very much a personal decision made by an employee and is largely outside the influence of the council. The council has an older workforce and therefore retirement is likely to continue to be a common reason for leaving. The council has a flexible retirement policy which gives employees the option of reducing their hours whilst drawing their pension.

2.4 Almost a quarter (22%, 14 employees) gave 'other' as their reason for leaving including leaving to get a new job (in local government or other public sector), to set up their own business, to return to contract work, and to move to a job closer to home.   These are largely outside of the council's control. For a full breakdown of 'other' reasons for leaving please see Table 1 in ERP C.

3. Stability Rate

3.1 The council measures its Stability Rate to understand whether it is retaining employees in their first year of service. The Stability rate is calculated by dividing the number of leavers with 1 or more years' service by the total number of voluntary leavers (multiplied by 100 to express as a percentage). In 2018/19 the council's stability rate was 85% which is just under its target of 90%. Please see Chart 3 in ERP C.

3.2 There were 8 voluntary leavers with less than 1 years' service. Their reasons for leaving were: to undertake study (1 employee), to change career (1), to return to contract work (1), to achieve promotion (1), new job in local government (1), new job in other public sector (1), for family reasons (1), and the job was not what they expected (1).

3.3 The council has improved its induction processes in 2018/19 to ensure that new starters settle into their role as quickly and effectively as possible including introducing a Buddy Scheme. This has proved effective as demonstrated in exit questionnaires where 83% (5 employees) of those with less than 1 years' service reported that they had an effective induction.

3.4 No other trends have been identified with regard to the length of service of leavers in 2018/19. Please see Chart 4 in ERP C for more detail.

4. Service Area

4.1 A breakdown of voluntary turnover in each service can be found in Chart 5 in ERP C. It has been calculated by dividing the total number of leavers in each service by the average headcount in the service (the average headcount is calculated by adding the headcount as at 1 April 2018 and 31 March 2019 and dividing by two).

4.2 Turnover in 2018/19 has increased in 6 out of the 10 services across the council since the previous year. Services with the highest turnover were Corporate Support, Planning, Legal and Democratic Services, and Housing and Health.

4.3   The Corporate Support Team had the highest turnover rate of 86% (3 employees) however the figures are skewed due to the small number of employees in this team (average headcount for the period was 3.5 employees). There were no patterns with regard to the reasons for leaving: 2 left to achieve promotion and 1 left to change their career.

4.4   The Planning service had the second highest turnover rate of 35% (14 employees). Leavers worked in different teams within the service. The reasons for leaving were varied: to achieve promotion (3 employees), new job in local government (2), new job in other public sector (1), to relocate (1), personal reasons (1), to undertake study (1), change in career (1), for family reasons (1), to set up their own business (1), more money (1) and no reason provided (1). Planning Officer roles are nationally difficult roles to fill and therefore employees can command higher salaries in the private sector and nearby in London. To help retain employees, a number of career graded posts have been introduced which gives employees planned progression through the grading structure. Funding for professional study has also been provided to help employees progress to the next grade.

4.5   The Legal and Democratic Service had the third highest turnover rate of 22% (4 employees): 2 of those left to retire, 1 to achieve promotion and 1 to return to contract work. There were no other patterns of note in this service.

4.6   Housing and Health had a turnover rate of 21% (11 employees): 4 left to retire, 2 to relocate, 1 for family reasons, 1 to move to a new job in local government, 1 left on voluntary redundancy and 2 did not give a reason. Leavers worked in different teams within the

service. To help with retention, career graded Environmental Health Officer posts have been introduced to offer planned progression through the council's grading structure as these roles are also nationally hard-to-recruit-to roles. Funding for professional study has also been provided to help employees progress to the next grade. Roles have been redesigned to ensure they are interesting and varied.

5.   Exit Questionnaire analysis

5.1   All voluntary leavers are asked to complete an exit questionnaire. The data collected helps the council to gain important feedback on why employees are leaving to identify any trends or actions. The information given on questionnaires is treated in confidence and leavers are asked whether their feedback can be shared with their manager.

5.2   Of the 53 voluntary leavers in 2018/19, 36 (66%) completed an exit questionnaire. The results show that the majority think that the council is a good place to work.

5.3   Of those leavers completing an exit questionnaire, 66% (23 employees) said that they would rate the council at least 7 out of 10; 83% (29 employees) enjoyed working at the council; and 76% (25 employees) would recommend the council to others. They also reported positive relationships with their manager and colleagues (91%, 31 employees and 100%, 35 employees respectively). 91% (32 employees) commented positively on the training and development they had received and 94% (31 employees) responded positively on the flexible working options available in the council.

5.4   One of the areas that leavers completing the exit questionnaire reported less positively was pay: 33% (11 employees) said that pay was poor or very poor. Councils often cannot compete with the private sector on pay and with the council located near to London, employees can more easily find jobs with higher salaries elsewhere. The council wanted to look into pay as the 2017 Staff Survey found that 38% were dissatisfied with basic pay.

5.5   In addition to the National Joint Council (NJC) national pay award applicable from April 2019, the council has negotiated further investment in pay for all employees through collective bargaining with the recognised trade union, Unison. Previously employees could be awarded a local award of an additional 2% payment once they had completed 3 years' service with the council. The council commissioned the East of England Local Government Association (EELGA) to review the current pay and grades and this demonstrated that the council was below market rates in a number of areas and this was supported by recruitment difficulties therefore an investment in pay was required as was the need to improve the grading structure.

5.6   The negotiated local agreement consolidated this 2% local award into the basic salaries of all employees regardless of service to improve recruitment and retention (the local 3 year award has therefore ceased from 1 April 2019). The local negotiated agreement has also sought to address undesirable significant overlaps between grades and to reduce the number of increments in grades so progression through grades and differences between grades became more meaningful and fair. The new pay scales are effective

from 1 April 2019 and therefore the council should see the effects of this in 2019/20.

5.7 The exit questionnaire data found that leavers were more positive regarding the benefits the council provides and rated the following benefits as very good or good: Pension (97%, 30 employees), Flexi-Time Scheme (91%, 32 employees) and Flexible Working Options (94%, 31 employees). When asked whether they felt that pay and benefits were reasonable for the work and responsibility undertaken, 69% (24 employees) said 'yes, completely' or 'yes, partially'.

5.8 As mentioned earlier under 'Reasons for leaving', another area where the council has been rated less positively is with regard to opportunities for promotion: 68% (21 employees) said that opportunities for promotion were poor or very poor. The majority of 'other' reasons also appear to be for promotions and it is clear from feedback that employees feel that they develop well at the council which enables this progression. Due to the council's size and structure, promotional opportunities are limited but it is clearly positive that employees are suitable for progression.

6. Vacancy rate

6.1 The council monitors its vacancy rate as this can have an impact on employee turnover e.g. employees may feel under additional pressure to cover the work of any vacant posts. The vacancy rate in 2018/19 was 11.1% which is higher than the local government average (7.2% in 2016/17 which is the latest data available). For the first time since 2015/16 the council's vacancy rate has fallen however it is some way off from reaching 2015/16 levels when it was 6.3%.

6.2 At the end of March 2019, there were 29 vacancies and of these: 10 were on hold (e.g. pending job or structure reviews), 8 were being actively recruited to, 8 remained unfilled following unsuccessful recruitment attempts (some are hard-to-recruit-for roles) and 3 are due to 'other' (e.g. filled temporarily through an honorarium arrangement).

6.3 The council has experienced difficulties filling particular posts such as Planning Officer, Environmental Health Officer and Solicitor posts in 2018/19. These are nationally hard-to-recruit-for posts as highlighted by EELGA. The Chartered Institute of Personnel and Development (CIPD)'s Labour Market Outlook Report (Spring 2019) reported that "according to the survey data in this report, the recent strong growth in employment looks set to continue in the short term. Buoyant demand continues to cause recruitment and retention difficulties for many employers. Around two-fifths (41%) of employers say that it has become more difficult to fill vacancies during the past year and UK businesses seem to be most struggling with acquiring quality, experienced professionals with technical skills."

6.4 The council has focussed on upskilling employees through introducing career graded posts and funding professional study as well as employing apprentices. Career graded posts allow the recruitment of candidates with more transferable skills which can then be developed The CIPD Report said that "upskilling remains at the forefront of employers' responses to such difficulties. More than two in five (43%) employers say that they are upskilling existing employees to fill hard-to-recruit-for positions".

6.5   The CIPD report went on to say that "candidates increasingly understand that it is their responsibility to mould their own careers, set their own goals and build their own skill sets to achieve upskilling. In the Adecco Group's recent Future-Proofing the Workforce report, 62% of respondents said that they were most responsible for the acquisition of new skills compared to just 22% who said employers were."

6.6   The CIPD report said that "successful internal training and promotion schemes can be highly valuable tools for attracting talent at all levels of business. Digital platforms, such as Glassdoor and LinkedIn, allow employees to advocate for the positive things companies do that used to be hidden behind closed doors.   UK employers should take advantage of this drive and interest in upskilling by creating internal pipelines of talent".

6.7   The CIPD report said that "other popular responses to attract staff include improving the pay and benefits package and hiring more apprentices". The council's improved pay scales and annual leave entitlement for all employees from 1 April 2019 should also help with attracting quality candidates (see Section 5 for further information on the new pay scales). The council has also recruited an additional 6 apprentices in 2018/19 as well as using Apprenticeship Levy funding to support two existing employees to develop.

6.8   The latest official data from the Office for National Statistics (ONS) also suggests that employers are looking to broaden their approach to recruiting staff in light of a tightening labour market. It shows that employers have hired a relatively large proportion of older workers, women returners and people with disabilities during the past year. The council will

explore through networking with similar organisations in 2019/20 how it may attract more from this group into the organisation.

7. Recruitment Costs

7.1 The council's commitment to fill vacant posts can be seen in the increase in recruitment costs year on year (£44,478 in 2016/17 to £66,633 in 2018/19). Please see Chart 7 in ERP C. Recruitment costs include external advertising costs, agency and search fees.

7.2 The cost per hire has also increased due to the number of attempts made at re-advertising hard-to-recruit-for posts. Costs have also been affected by Agency terms which are going to be reviewed in order to improve them in due course. Please see Chart 8 in ERP C. The council has aimed to keep recruitment costs as low as possible by using social media platforms (e.g. LinkedIn, Twitter), University job boards, the job centre and online jobs boards which are either free or cheaper than the more traditional professional magazines.

7.3 The council is looking more at using multiple-website advertising packages that are easily searchable for candidates.

8. Actions taken in 2018/19 to improve recruitment and retention

8.1 In addition to some of the actions already mentioned earlier in this report, such as developing career graded posts, providing funding for professional study, recruiting apprentices, introducing a Buddy Scheme for new starters, commissioning a survey into pay and benefits in the council, the council has also in 2018/19 achieved the following:

- Attended several careers fairs at schools to promote careers at the council

- Introduced a 'golden hello' payment pilot for new Principal Planning Officers in Development Management as an incentive to attract candidates to these nationally hard-to-recruit-for roles. Three attempts to recruit to these roles with the golden hello payment were made in July, August and November 2018 using various media (Planning Resource website, jobs go public website, Indeed, LinkedIn and Twitter) however only 3 applications were received and no appointments were made.

- Implemented a health and wellbeing programme for employees including training Mental Health First Aiders, offering wellbeing sessions such as reflexology, reiki, arranging free flu jabs in the workplace, organising lunchtime health walks, introducing a wellbeing page on the intranet containing advice and sources of support. Positive feedback has been received from employees on the wellbeing events being offered. Although Mental Health First Aiders were trained in 2018/19, the scheme was officially launched in April 2019. The scheme will be monitored throughout 2019/20. The recruitment adverts will be developed to promote these benefits further to potential applicants in 2019/20.

- Continued with its action plan resulting from the 2017 Staff Survey, including improving communication to employees from the Leadership Team by having weekly briefing sessions, re-establishing team meetings etc.

- Introduced a Staff Recognition Scheme to reward employees for excellent work or exceptional modelling of the council's values and behaviours. Since the launch of the Scheme in February 2019, 77 nominations have been made and 6 employees have been given an award.

- Developed and promoted the e-learning platform, Skills Build, to support employee development.

9. Actions planned for 2019/20 to improve recruitment and retention

9.1 Whilst the council recognises that some employee turnover in an organisation is healthy, it remains committed to reducing its turnover rate in 2019/20. The actions it is planning to take in 2019/20 are as follows:

Actions continuing from 2018/19:

- Promote the council as an employer of choice at school careers fairs. HR to produce materials with support from Communications to really promote the whole package on offer both at these events and in recruitment adverts.

- Further trial the 'golden hello' payment for new Principal Planning Officers in Development Management in conjunction with the new payscales

- Continue with the employee health and wellbeing programme and evaluate feedback

- Monitor the Staff Recognition Scheme as a tool to reward and motivate employees, and evaluate usage

- Continue to use the e-learning platform, Skills Build, to support employee development

Further actions identified:

- In light of a tightening labour market, to review the council's recruitment processes to ensure that applying for a job with the council is as easy and straightforward as possible e.g. piloting accepting CVs initially as the method of applying for jobs

- To continue to upskill employees through e.g. designing career graded posts, funding professional study, arranging training and development opportunities e.g. secondments

- To develop core competencies which will allow more transferable skills to be recognised in the selection process

- To use digital platforms such as Glassdoor and LinkedIn to allow employees to advocate for the positive things that the council does e.g. training and development, flexible working

- To continue with the employee health and wellbeing programme including offering free NHS health checks in the workplace, promoting mental health awareness e.g. providing case studies and tips during mental health awareness week, participating in Time to Talk national events, signing up to the Time to Change employer pledge.

- To improve exit questionnaires to include feedback on the council's approach to wellbeing

- To monitor the impact of the new 2019/20 pay scales on recruitment and retention through benchmarking and exit questionnaires

- To continue to develop the council's branding/employee experience further e.g. through promoting the council's wider employee benefits via job adverts.

10. Turnover Targets

10.1 As the council has not met its turnover targets for the last 4 years and has been higher than the local government average (12.6% on average) during the same period, it is recommended that the turnover targets for all turnover and voluntary turnover are increased for 2019/20 to reflect the employment market trends and recognise that the council's size and ability to promote employees will be likely to result in a higher turnover that the previous target of 10%. It is recommended that the Stability rate target remains unchanged.

10.2 The recommended revised targets have been derived by averaging the council's turnover rate over the last 4 years (15% for all turnover and 11% for voluntary turnover).

Indicators	2018/19 outturns	2018/19 target	2019/20 Recommended target
Turnover Rate	19%	10%	15%
Voluntary Turnover Rate	16%	7%	11%
Stability Rate	86%	90%	90%

10.3 The other option which was suggested by the Leadership Team is to remove the turnover target and continue to monitor and benchmark against previous years and employment market turnover rates (widen this to include other benchmarks including benchmarking against similar organisations where possible and generic figures i.e. from the CIPD and CBI where available).