



Benchmarking Survey 2017

Turnover and Retention

June 2017

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Background

17 councils from across the South East Region responded to this survey that focused on Turnover in the financial year 2015 – 2016. There were sections of the questionnaire that some councils were unable to complete as a result of reporting limitations. Analysis and commentary is based on a response rate of 17 (n = 17) unless otherwise stated. Of this, 3 County, 5 Unitary and 9 Borough or District Councils responded. Normally we would use type of council as the method of drilling down through the data. However, due to the low number of County responses, we have analysed the data using Small, Medium and Large councils which are determined using employee full time equivalent.

Definitions:

Small Council – up to 500 FTE

Medium Council – 501 – 1500 FTE

Large Council – 1500 plus FTE

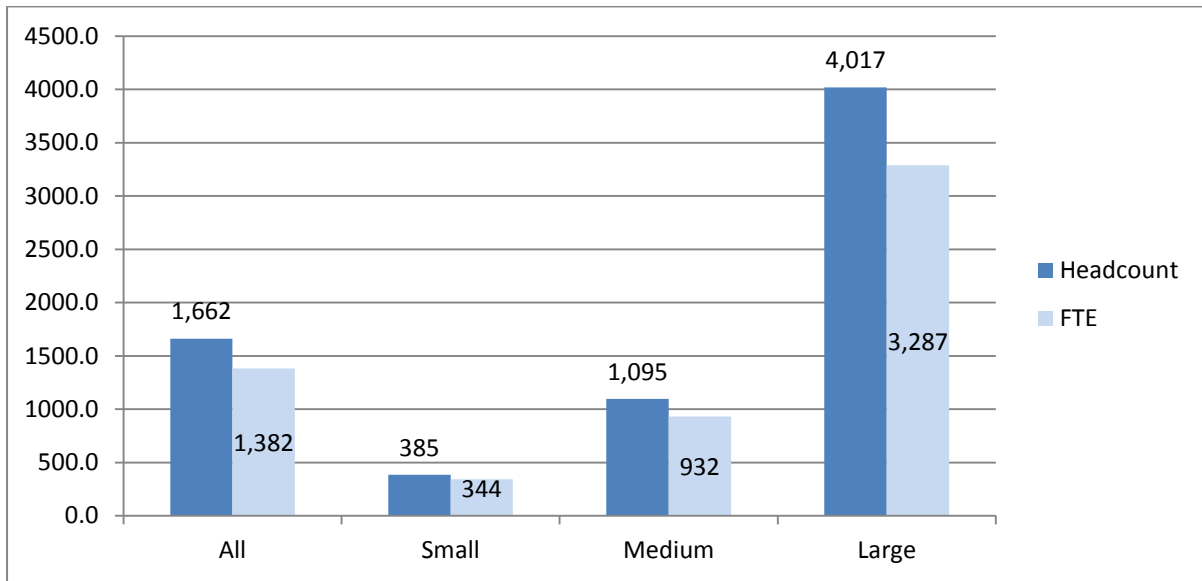
Comparison data has been drawn from Acas, XpertHR, CIPD and Monster.co.uk.

Context

In order to help you understand the circumstances of the councils responding to this survey and to enable more reliable comparison of your council to the information contained in this report we have included some contextual information. The graphs and analysis refer to the responding councils, so the 'All' element is based on the number of responding councils.

Workforce Averages

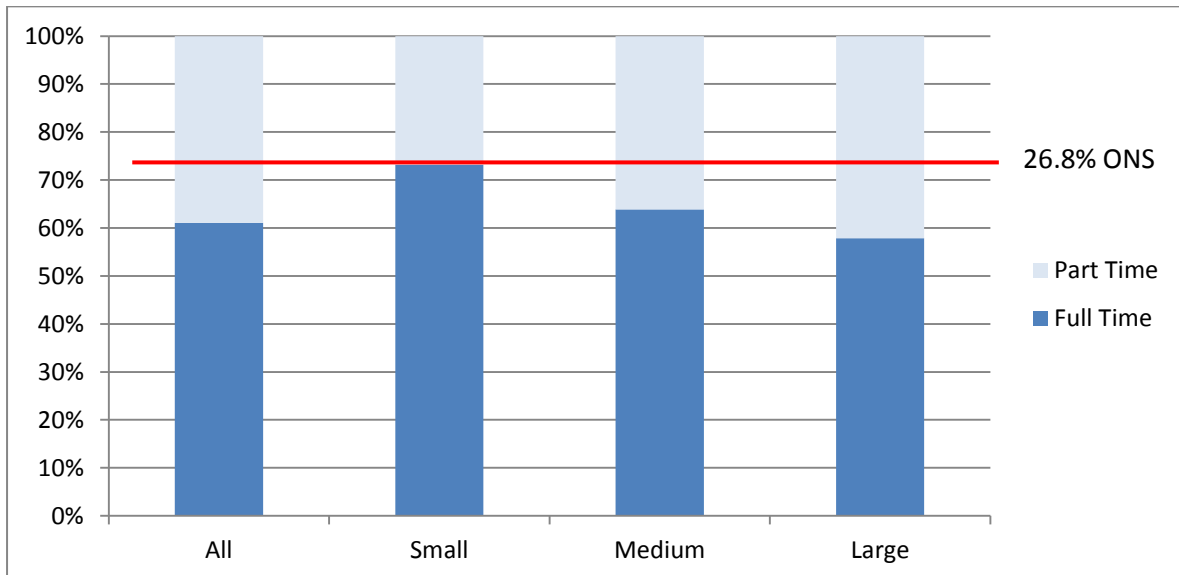
Headcount and FTE



Headcount

Lowest	260	598	2539
Highest	510	1610	5084

Full Time and Part Time

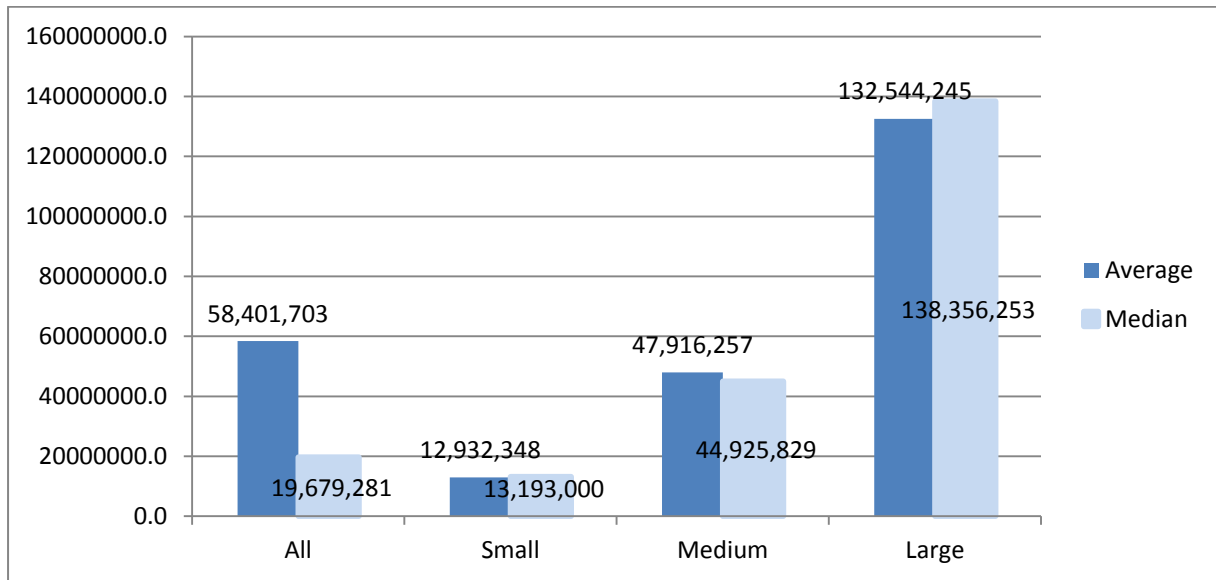


Response n = 16

ONS figures put the national average of part time workers at 26.8%. Small councils in our region are currently mirroring that level, with larger councils employing a greater percentage of part time workers to their workforce.

Paybill

Average Total Paybill

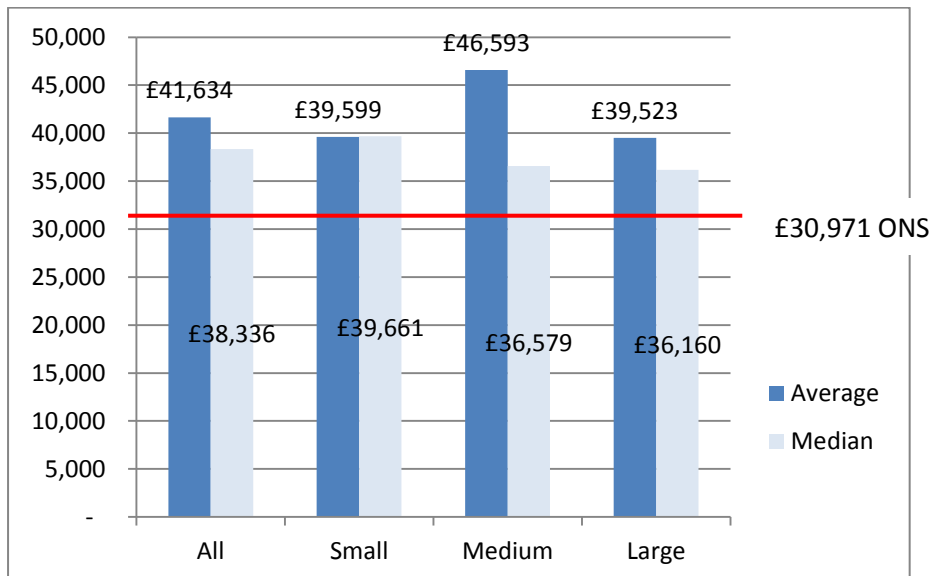


Lowest	10,382,000	13,072,983	71,400,515
Highest	15,484,690	115,500,000	201,780,000

Response n = 17

It is not unexpected to see larger paybill figures for larger councils.

Average Annual Salary



Calculation:

Average of (total pay bill divided by FTE)

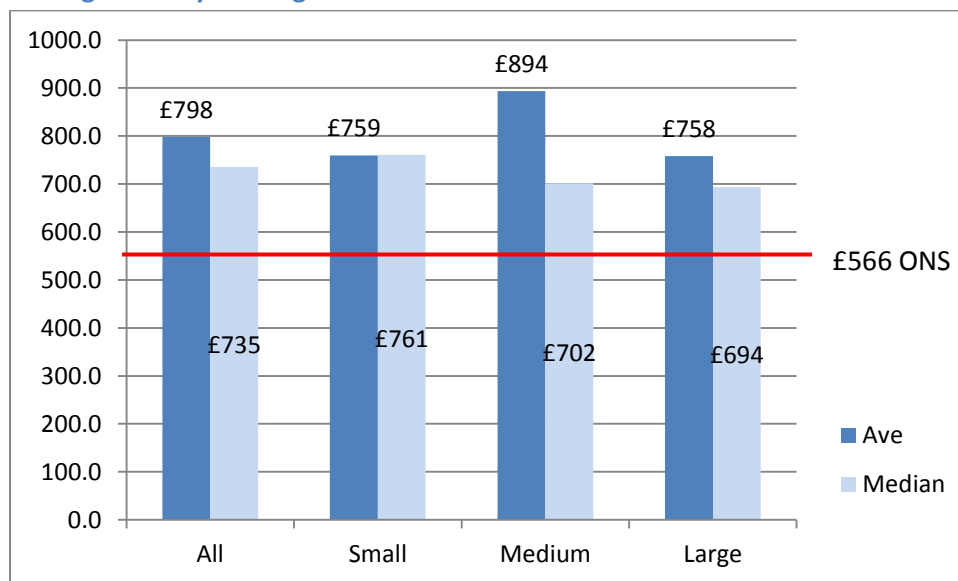
Response n = 17

High	57,026	91,011	47,914
Low	22,217	24,485	32,392
Averages taken from SEE Sickness Absence Survey	District	Unitary	County
	35,704	46,834	62,111
High	47,963	75,636	113,950
Low	22,217	32,045	33,627

According to the ONS the national average salary is £28,103 per annum (£30,971 in the public sector (indicated by the red line), £26,956 in the private sector).

In breaking the paybill down into an annual salary per FTE it is expected that some 'levelling' would occur. There seems to be a slight anomaly in medium sized councils as these results indicate that the average salary is higher in such councils. This could be a result of having a greater number of senior management/leadership positions and/or a lack of lower paid jobs through outsourcing. This differs from the information gathered in the previous bite-sized benchmarking survey on Sickness Absence where there was a significant difference in average salary paid in County Councils.

Average Weekly Earnings



Calculation:

Average Annual Salary divided by 52.14 weeks per year
Response n = 17

The Average Weekly Earnings (AWE) in the South East are £566 and in London £671 according to ONS.

Average weekly earnings as identified in SEE's Sickness Absence Benchmarking Survey

	All	District/ Borough	Unitary	County
	839	685	898	1,191

Even when comparing our results to our geographic region, our council responses seem high. Obviously our survey was not a salary benchmarking survey, as this is undertaken through Epaycheck. So these results do need to be viewed carefully as we were unable to take account of any extreme values that could skew these figures.

Average Daily Rate

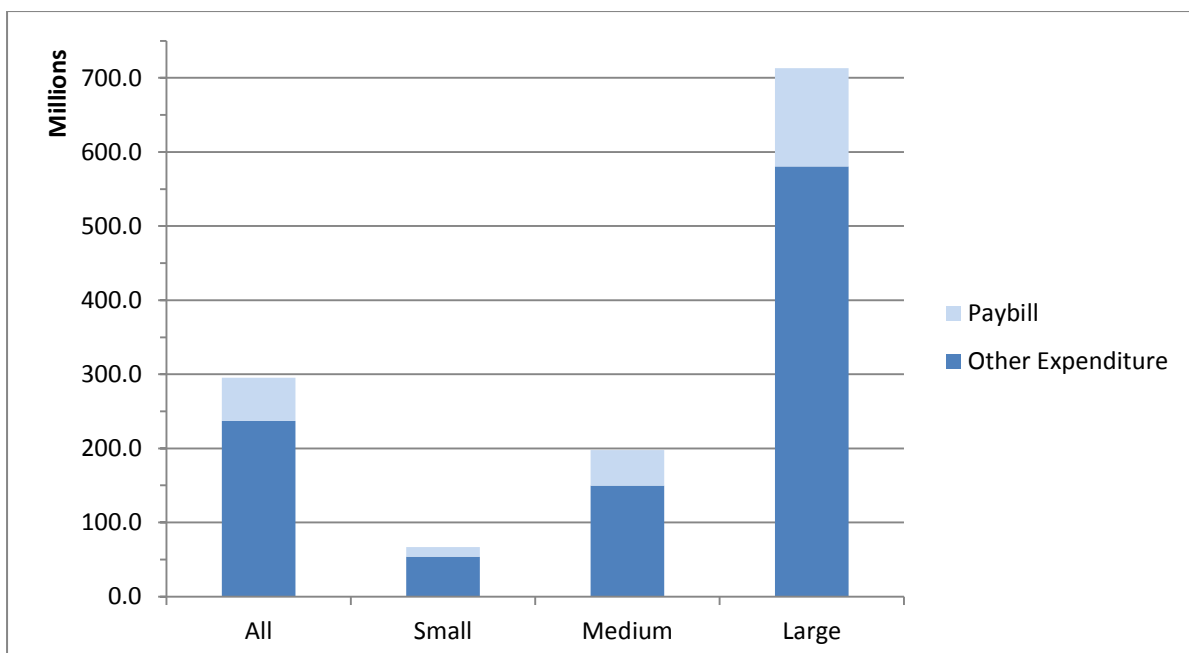


Calculation: Average Annual Salary divided by 52.14 weeks per year divided by 5 working days per week.
 Response n = 17

Sickness Absence Survey	District/Borough	Unitary	County
	137	180	238

Council Total Gross Expenditure

The Total Gross Expenditure of a council is the total amount of money spent by the council in the given year. It includes staffing costs, buildings rent, upkeep or repair, and spend on service delivery. It should include any money spent even when some of the cost is recoverable through grants or other sources of funding.

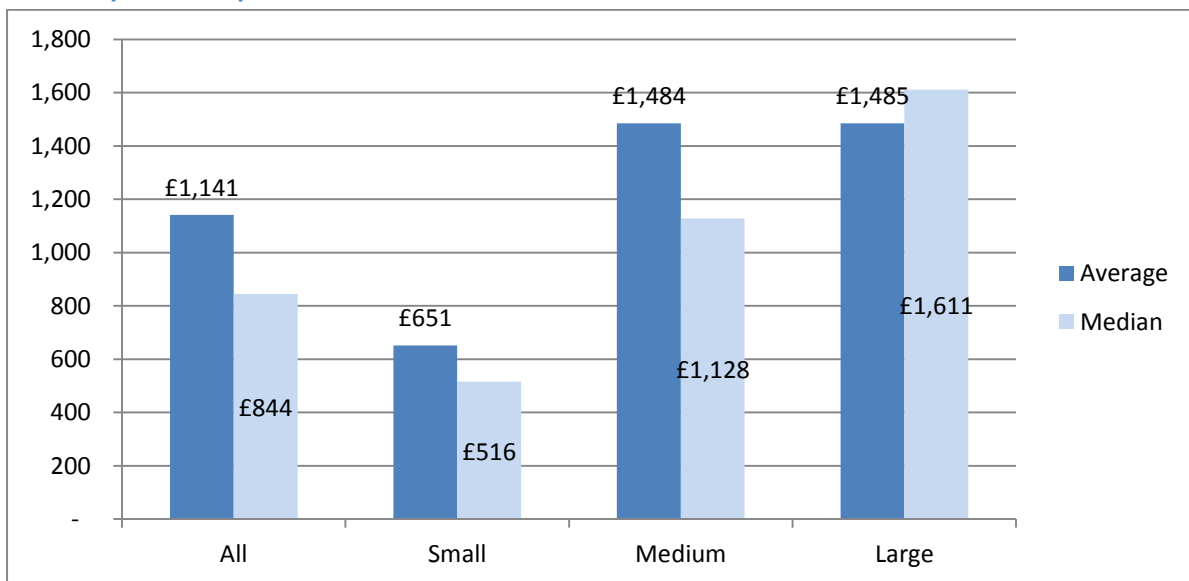


Average Total Expenditure	66,739,121	197,777,386	712,991,272
Average % that is Pay	23%	23%	22%
Lowest % that is Pay	13%	11%	15%
Highest % that is Pay	48%	42%	37%

The light blue section of each of the bars in the graph above indicates the salary bill amount. The dark blue section of each of the bars shows the rest of the expenditure. The two sections add together to form the Total Gross Expenditure average for each type of council.

The average percentage of gross expenditure spent on the paybill is around 22% regardless of the size of council. However, the percentage of gross expenditure spent on pay ranges from 11% (in a medium sized council) to nearly half (in a small council).

Gross Expenditure per Resident



Lowest	131	750	731
Highest	1,416	2,399	2,360

Response n = 17

This shows the amount of money spent per resident. While medium and large councils are on average spending similar amounts per resident, small councils are spending less than half the amount. However, looking at the median amounts, which removes some of the bias of extreme values, there is a clear increase in spend per resident as the size of council increases.

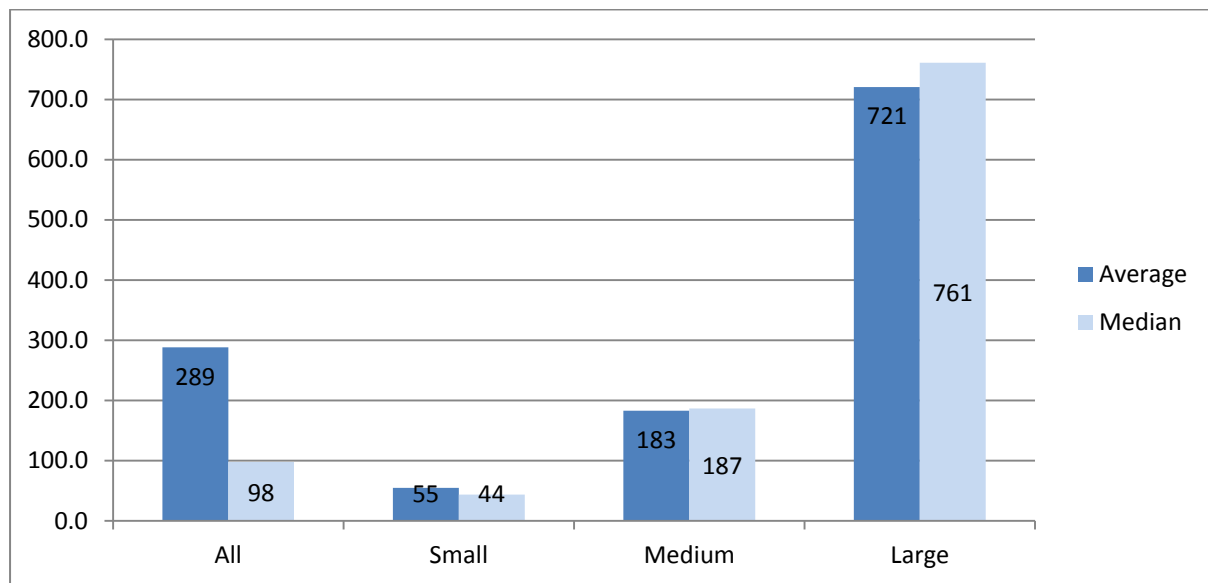
Turnover

Turnover Rates

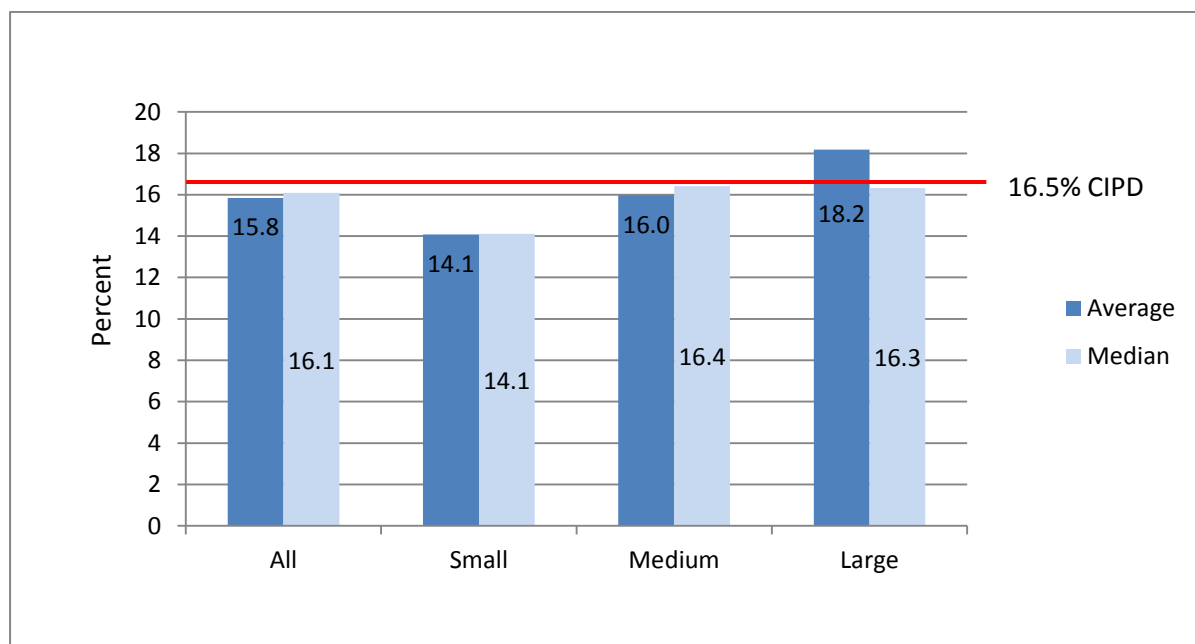
There is no set rate of turnover which is good or bad. Turnover becomes a problem when it starts to negatively impact on the organisation. Situations where a vacancy is hard to fill or posts in a critical delivery team are likely to be more problematic than in situations where the post is easy to recruit to. The more valuable an employee is because of their skills or knowledge set, the more problematic and damaging the loss is.

In some circumstances turnover is good, e.g. a poor performer, disruptive influence or challenging personality moves on or in time of organisational change where receiving a resignation avoids compulsory redundancy. Turnover can also be an opportunity to bring in fresh eyes and new ideas.

Number of Leavers



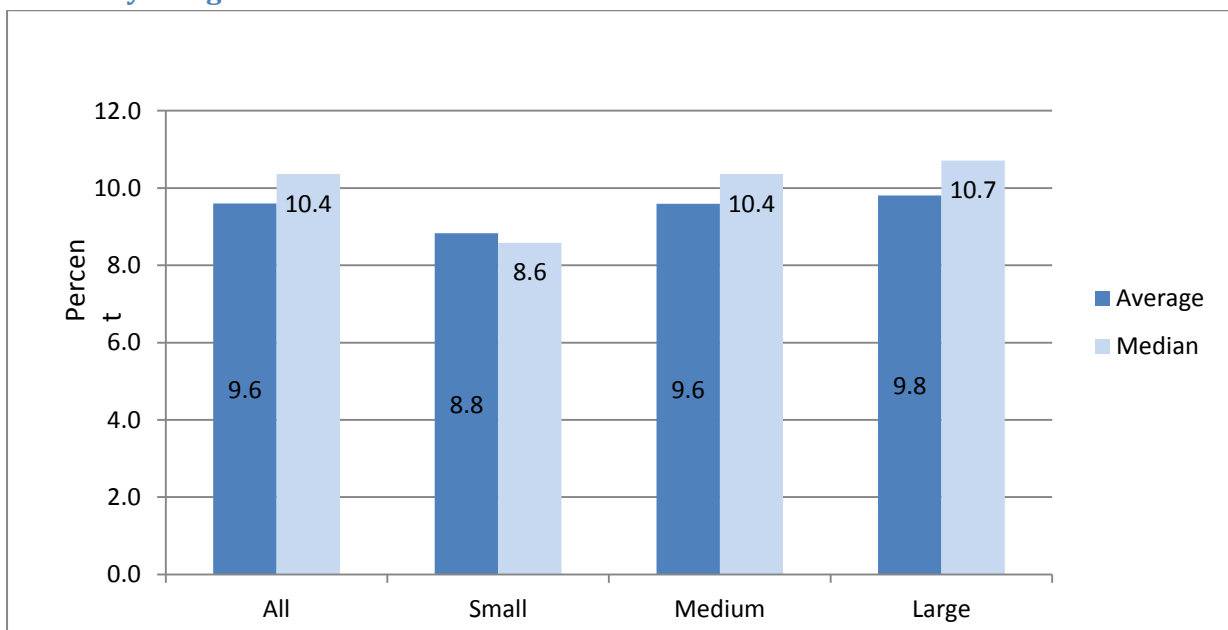
Turnover Rates



According to Monster.co.uk the national average turnover rate is currently 15% but rates vary by geographic region and by sector with the highest levels seen in retail, care staff and call centres. The lowest turnover rates are seen in legal, accounting, education and the public sector.

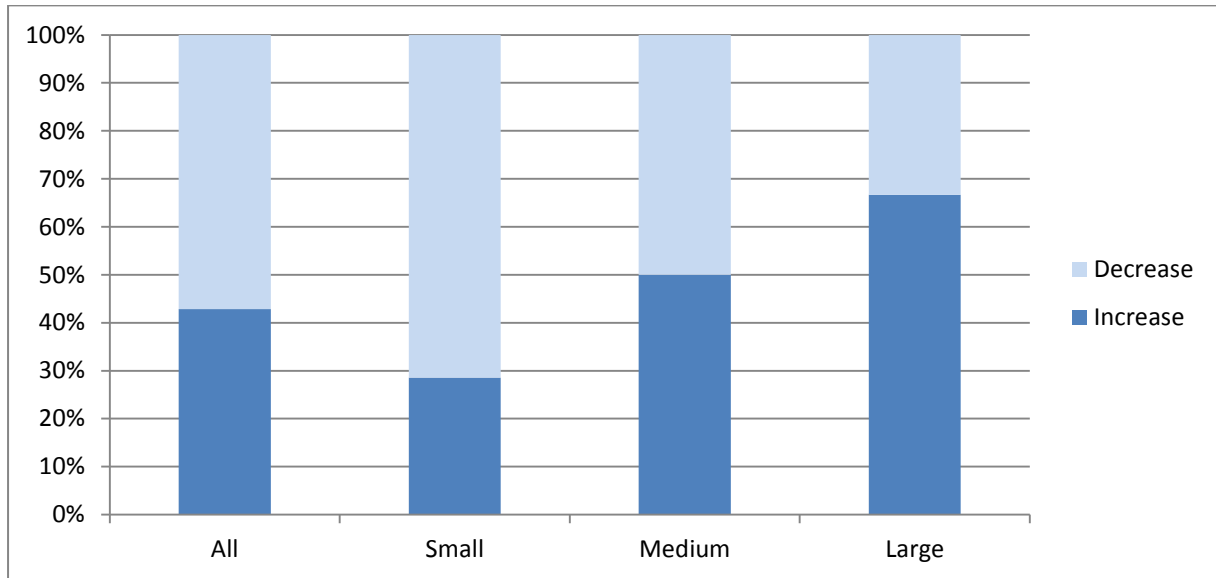
Turnover rates had been in decline since 2006, bottoming out in 2013 at just 10%. However, turnover is now accelerating as economic and labour market conditions improve. The 2016 CIPD report on turnover shows a current level of 16.5% and the Centre for Economics and Business Research (CEBR) are predicting continued increases, reaching 18% next year. However, XpertHR provide more detailed information. They calculate the average total turnover to be 21.5% (13.6% in public sector services, 21.1% for organisations over 1000 employees). But they also calculate turnover rates for simple voluntary resignation at 16.1% (15.4% public sector services, 16.8% for 1000+ employee organisations)

Voluntary Resignation Turnover Rate



Calculating these two rates for respondent councils we get an overall average total turnover rate of 15.8%, which is higher than the national average, and an average voluntary resignation turnover rate of 9.6%, which is considerably less than the national average.

Change in Turnover

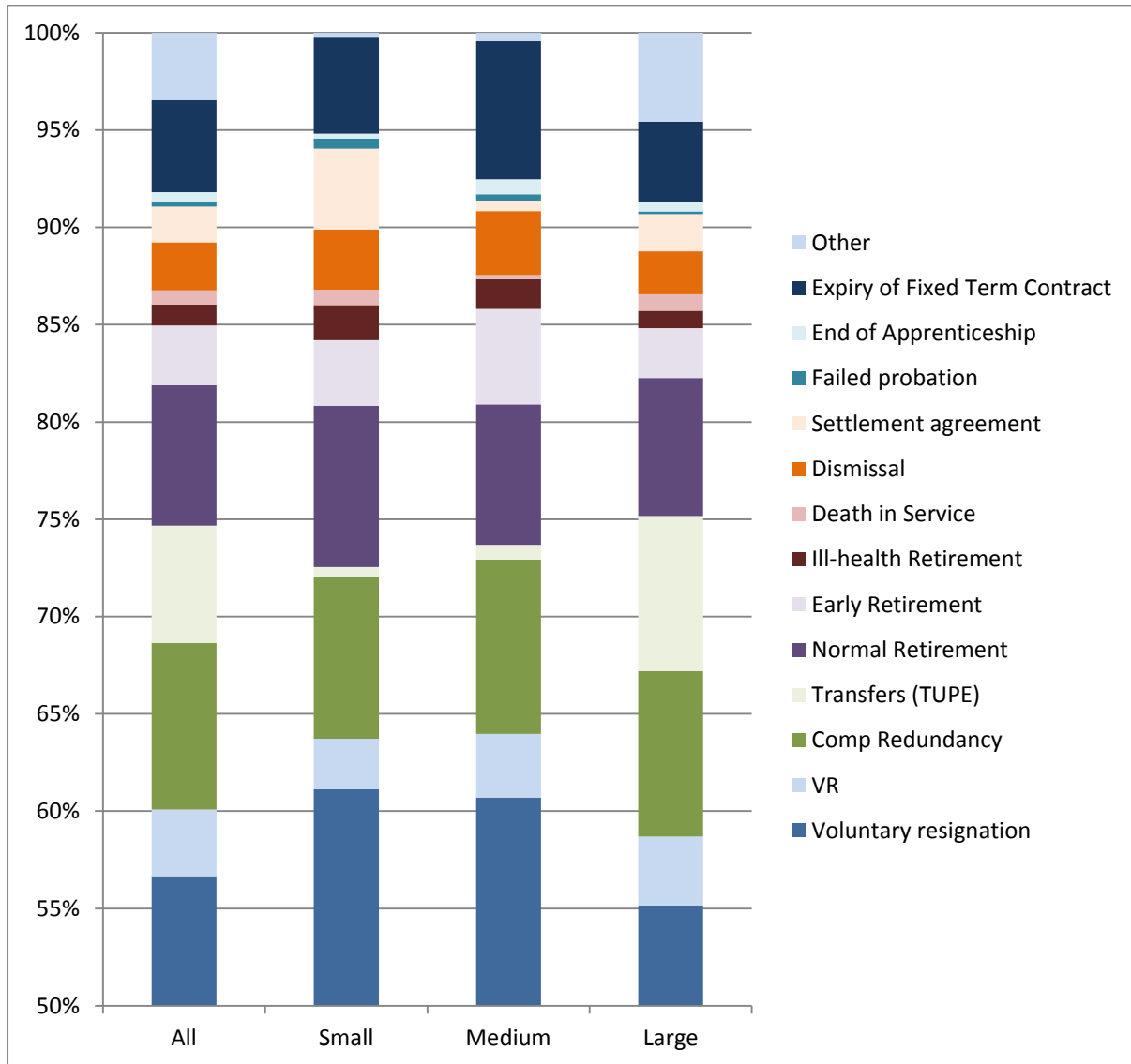


Seen increase	43%	29%	50%	67%
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Despite being given the option to respond to this question with ‘no change’ all respondents have seen a change in their turnover rates since last year. On average 43% of councils saw an increase in turnover. However, when looking at turnover rates for different sized councils smaller councils are not experiencing increases in their turnover levels. This could be as a result of a number of factors including the fact that previous year figures were high as a result of planned organisational change programmes resulting in redundancies. Some of the increased turnover may be early indications of the potential impact of the Public Sector Pay Reforms. The impact of these reforms may have a greater impact on 2016 – 2017 results.

It is recommended that organisations track turnover rates on a monthly or quarterly basis to help identify trends and to catch issues early. It is also recommended that turnover rates should be analysed by different demographics, e.g. different levels within the organisation, different genders, by department or career group, by age and length of service, as this will help to identify any potential areas of concern. Some of these are addressed later in this report.

Reasons for Termination of Employment Relationship



Please note that this graph starts at 50%.

As is to be expected the primary reason for the employment relationship coming to an end is voluntary resignation (57% of all terminations). Compulsory Redundancy and Normal Retirements are the next biggest groups of leavers.

Unusual Turnover Rates

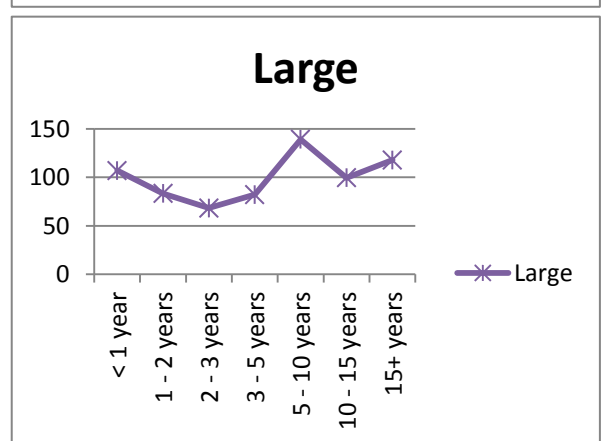
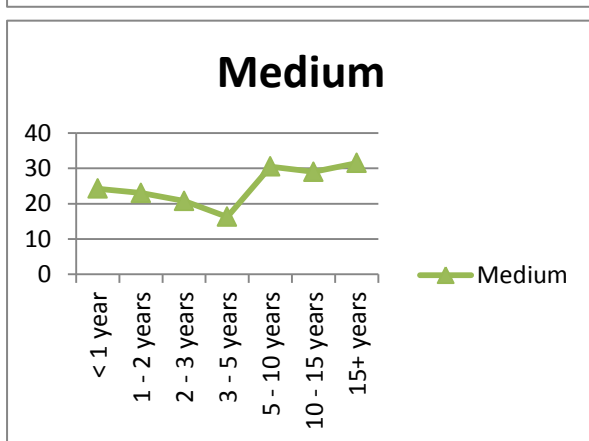
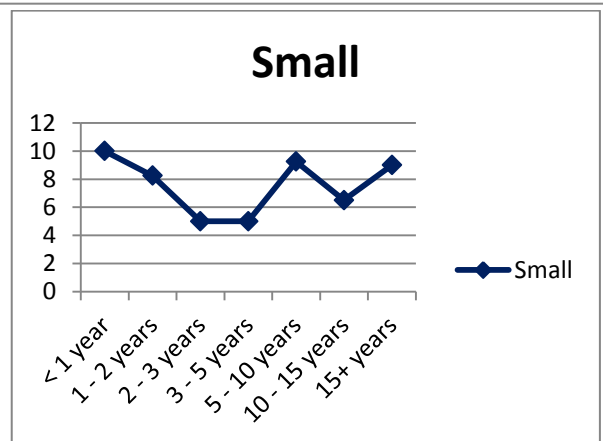
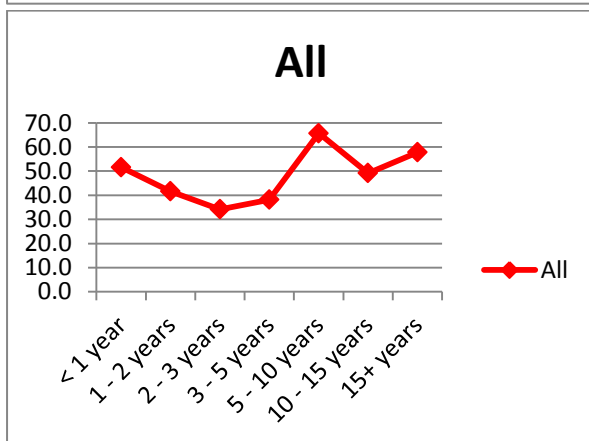
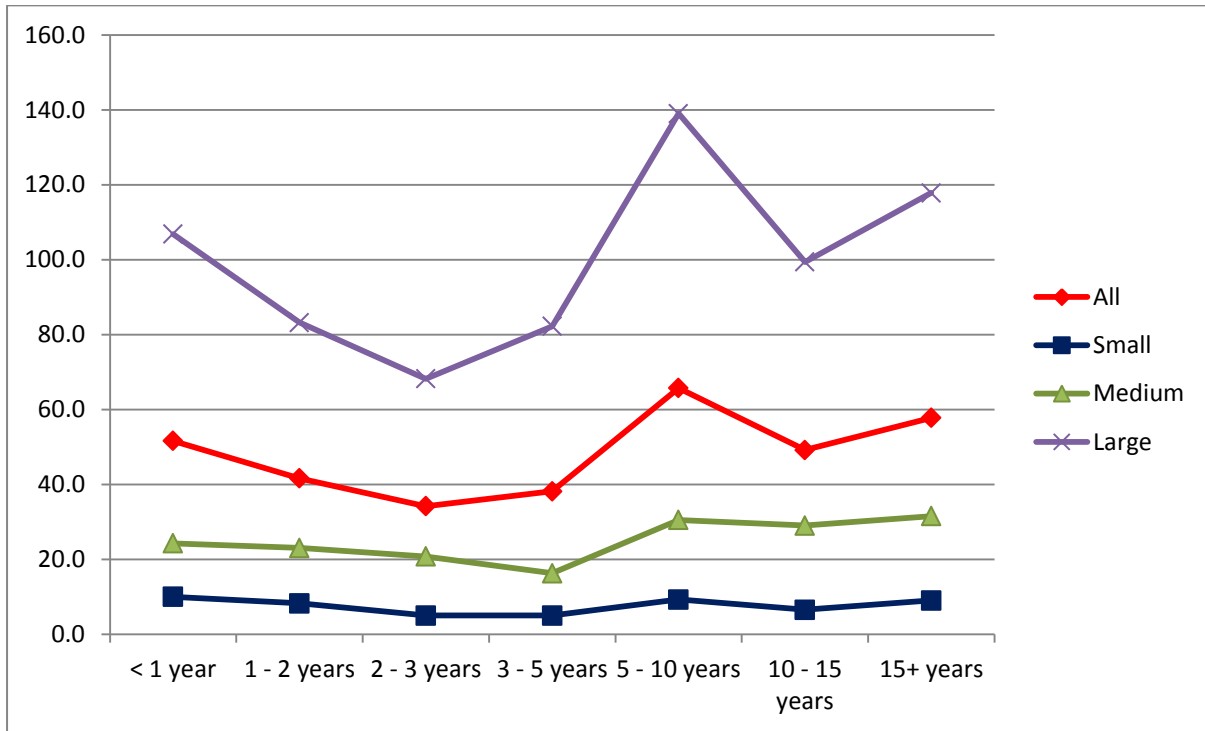
Only three councils identified that they had unusual turnover rates, all of which were higher than their overall turnover rate. Areas in which this was seen include Operational Services, Children’s Social Care, Social Care.

Difficult to Recruit to and Critical Skills

Only four responding councils provided information about turnover rates in difficult to recruit to fields. All have higher than normal turnover in Adults and Children’s Social Services/Care roles.

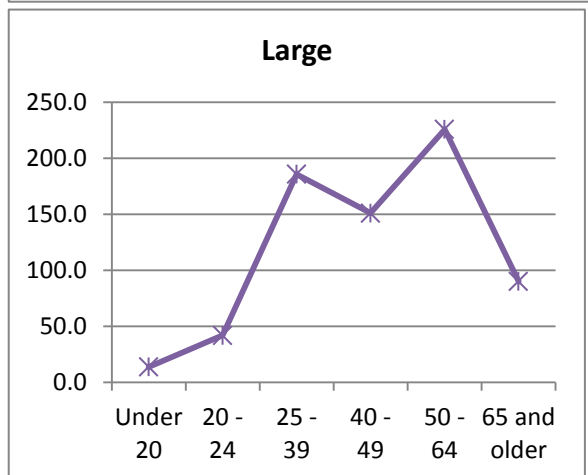
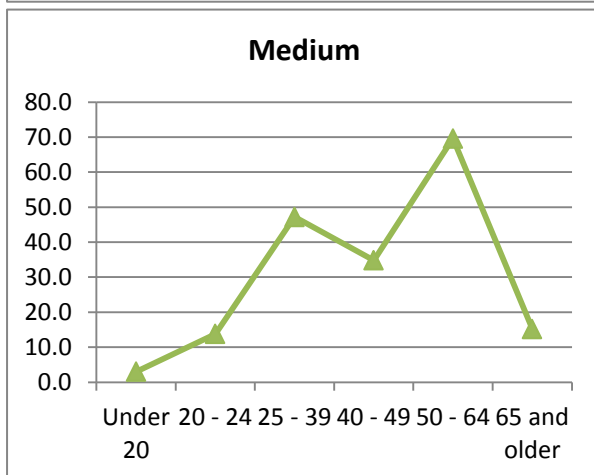
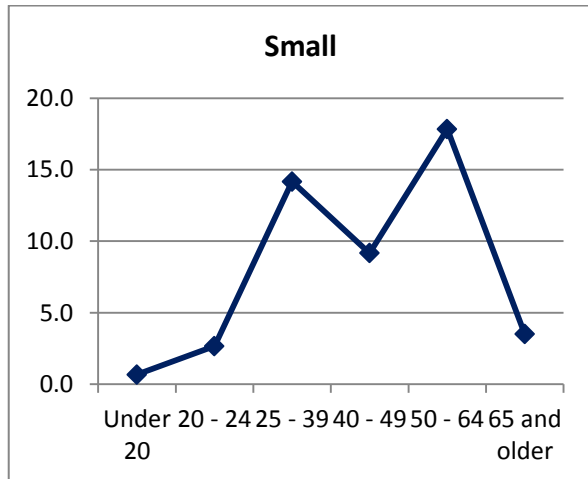
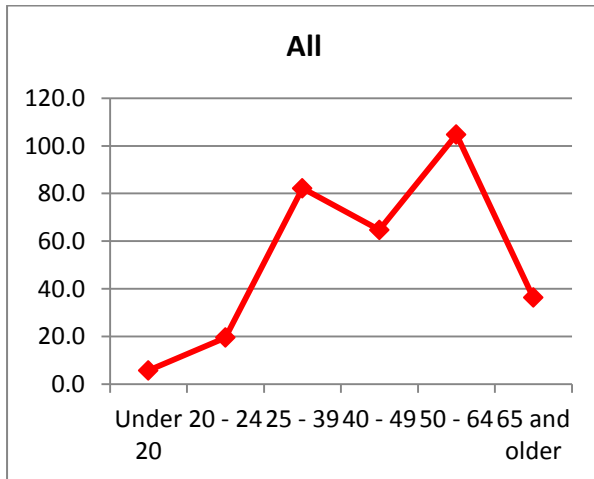
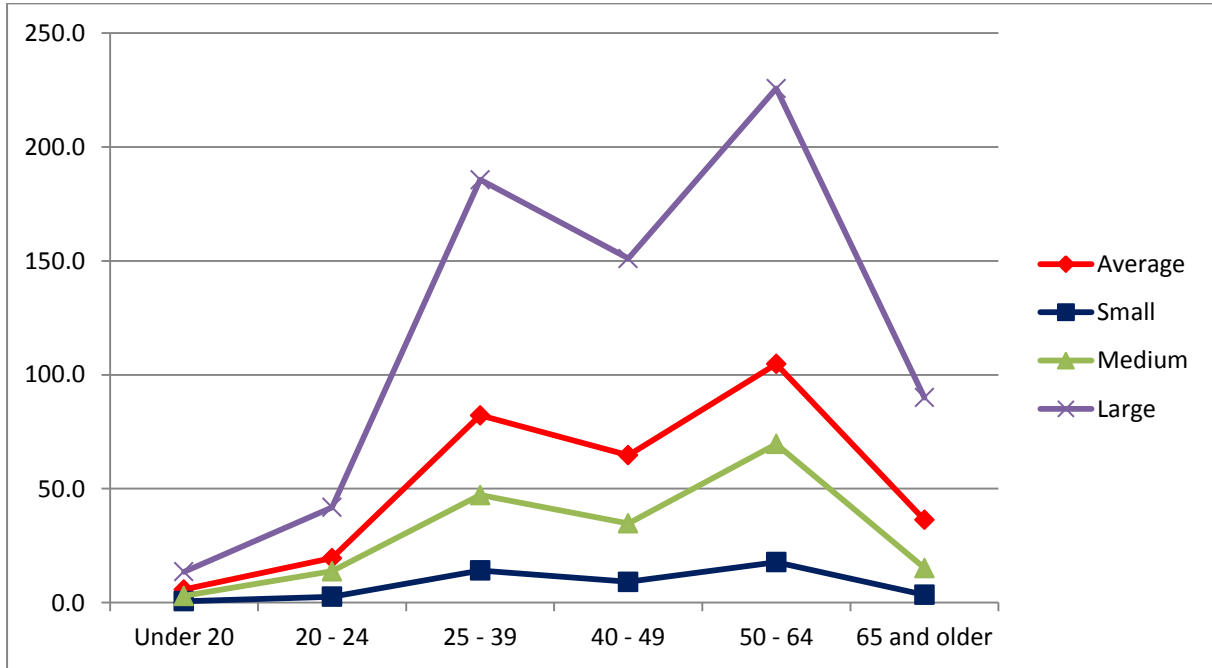
Only one council provided details of critical skills role turnover rates. These critical skills roles mirrored the difficult to recruit to areas of adult and children’s social care.

Turnover by Length of Service



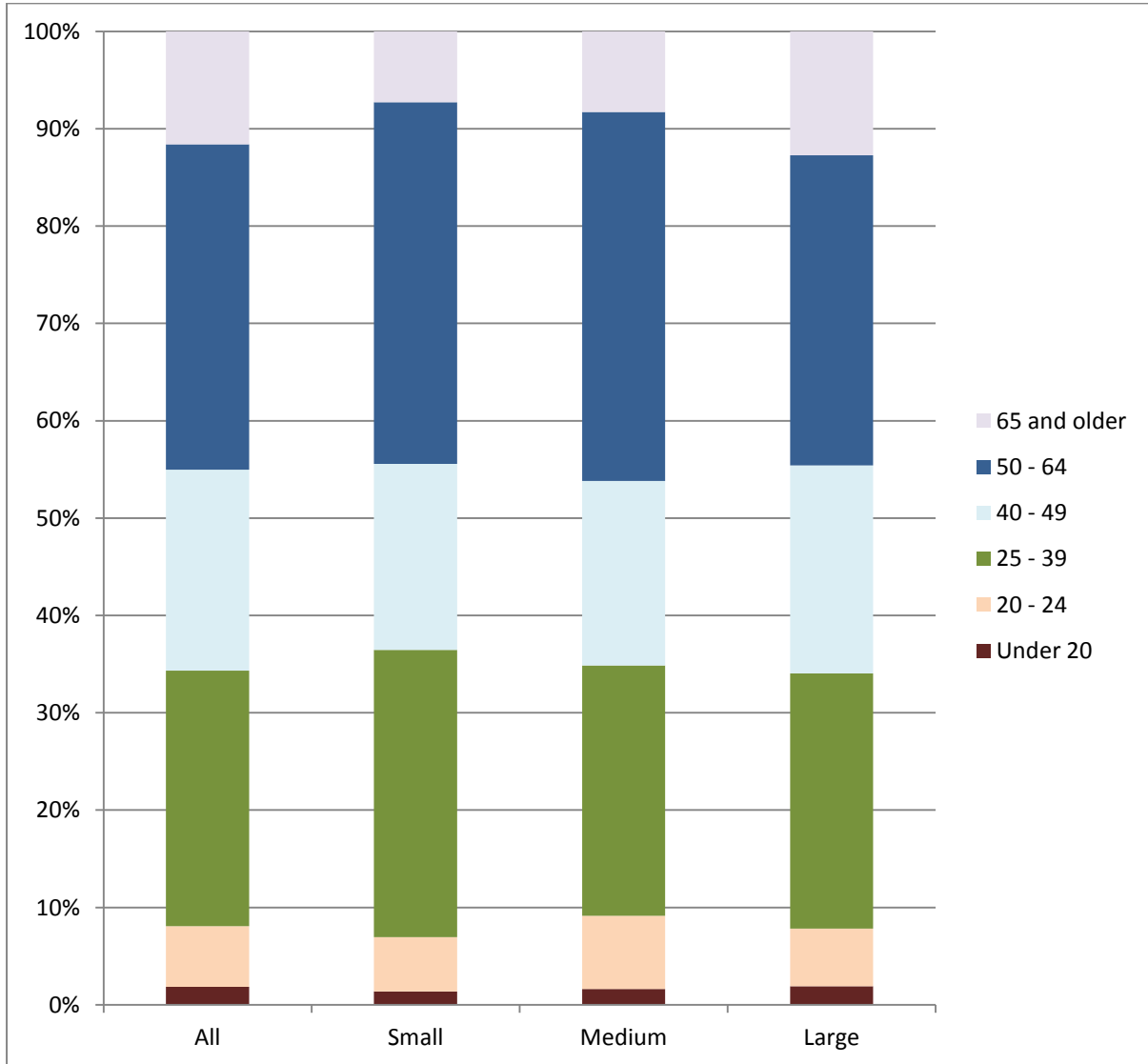
Regardless of the number of leavers involved the pattern across all sizes of council remains fairly consistent with a peaks of leavers with less than one year of service with a steady decline over the next few years, then peaks in the 5 – 10 years and 15 years plus service groups.

Turnover by Age



Similarly, there is a clear pattern when looking at the age groups of those leaving. Regardless of the size of organisation, there are peaks in the 25 – 39 age group and 50 to 64 groups.

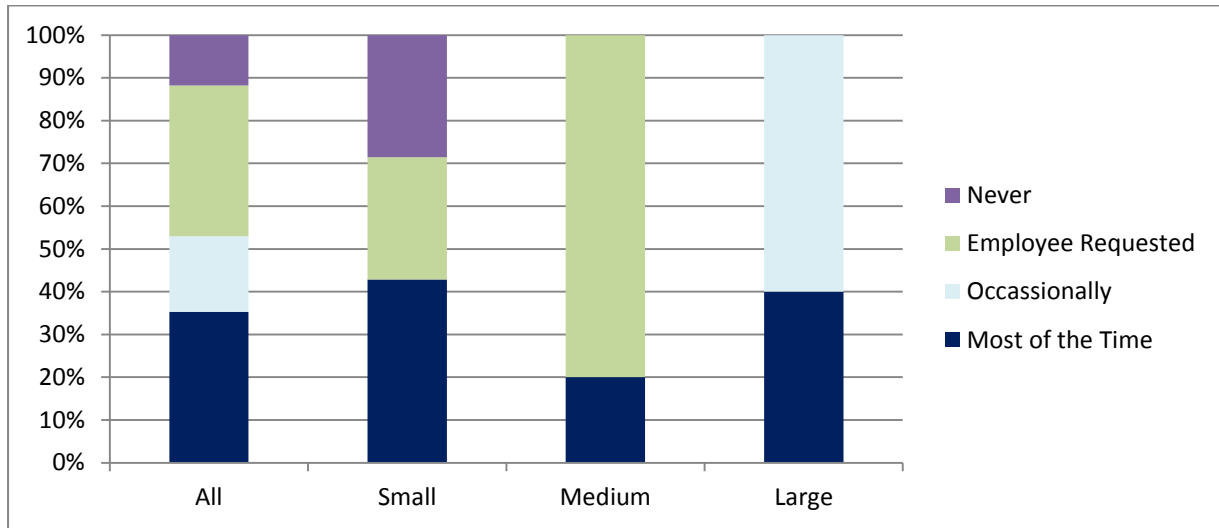
Age profile of Leavers



This is borne out when looking at the age profile as percentage of leavers. You can see here that each bar looks similar demonstrating that regardless of size of council the age profile of leavers does not change.

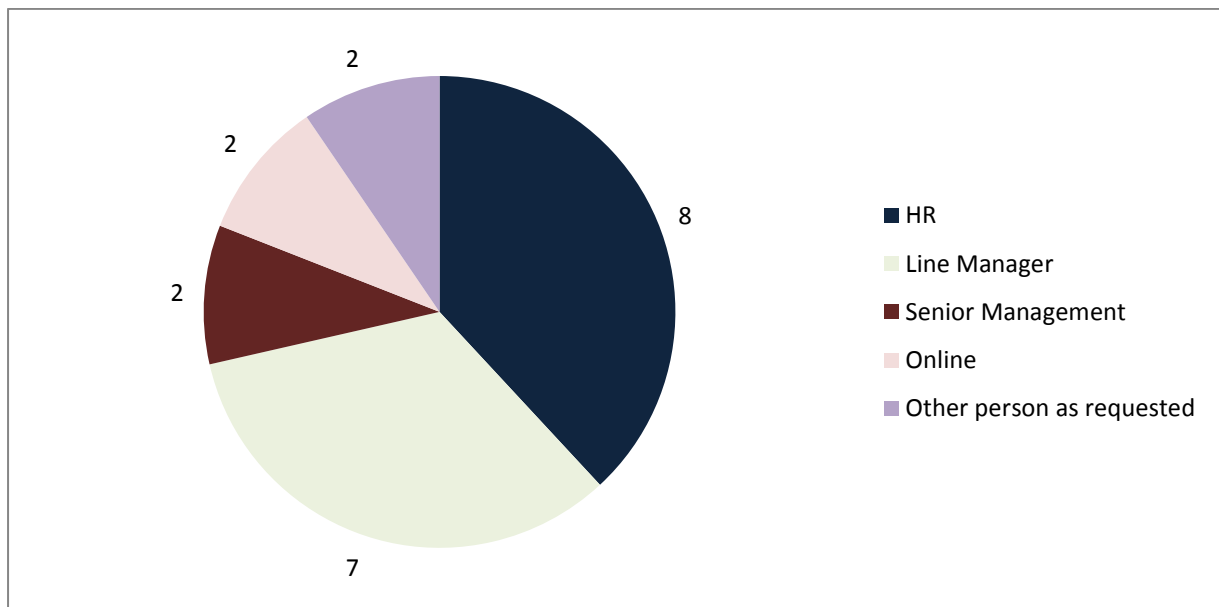
Exit Interviews

Use of Exit Interviews



Just 35% of all respondents use exit surveys most of the time, with 12% never using them. Confidential exit surveys are a key tool for understanding why people leave an organisation which enables appropriate action to be taken. However, if an employee feels that raising concerns about how they've been treated by a manager will not be taken seriously and might influence any reference that is written in the future, they are unlikely to be honest about why they started looking for a new job. Unless employees feel safe, the outcome of exit surveys is unlikely to give you a true picture to enable you to address workplace issues.

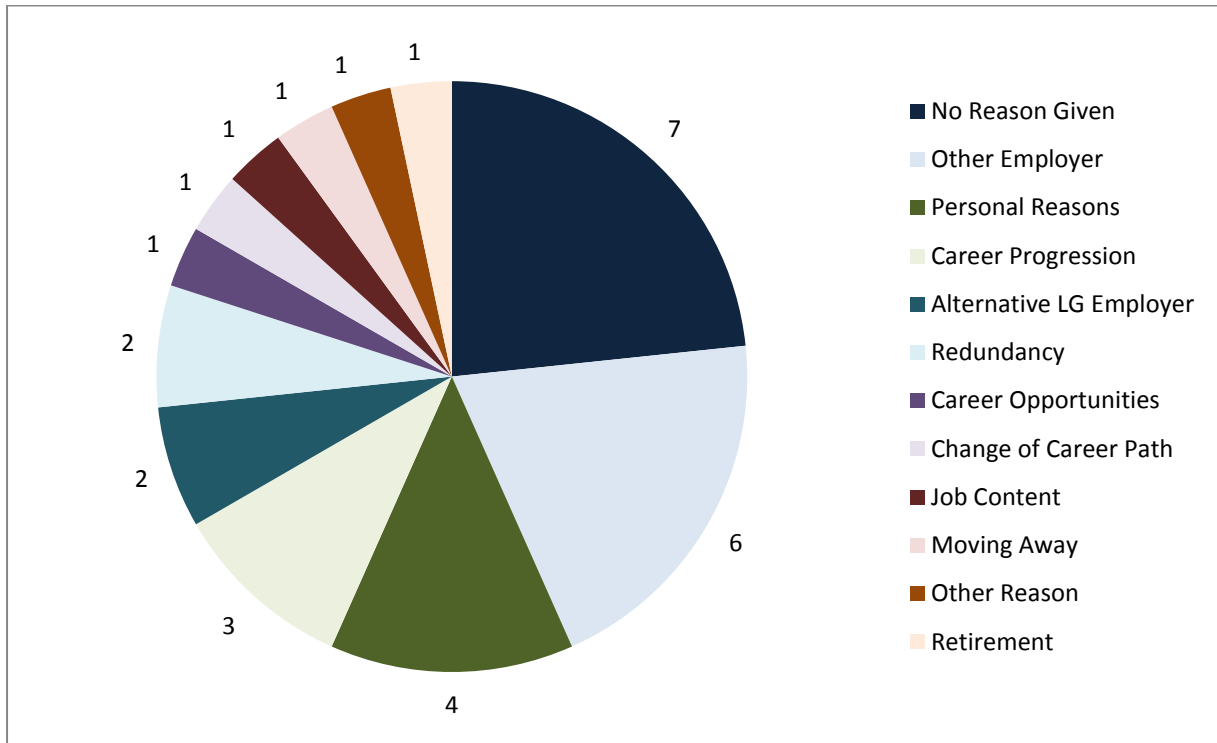
Who Conducts Exit Interviews



Responding councils were able to provide more than one answer to this question. HR are used in 38% of cases, 33% have Line Managers conducting the survey. Senior management, online and other people are used to conduct less than 10% of surveys each. Using an independent person or an online

survey might encourage employees to be honest – it’s difficult to tell your manager that they’re the reason you are leaving, but telling HR might be easier.

Reasons given for leaving



It is said that people leave managers, not organisations. While not always the case this factor can not be ignored. In reality, we rarely get this type of information through exit interviews as people prefer to give less contentious reasons for their departure. Looking at the chart above, the majority of leavers gave no reason for leaving, and the next biggest is simply a statement that they have found alternative employment. Personal reasons could indicate relationship issues with their manager or team, or it could mean that their personal circumstances have changed resulting in them needing to leave your employment. Perhaps rather than asking ‘why are you leaving?’ we should be asking ‘What factors led to you deciding to seek alternative employment?’ as that is what we really want to know.

Labour Turnover Costs

Only two councils were able to identify their labour turnover costs and what is included in the calculation. Advertising costs were mentioned by both councils. In addition, interview and recruitment costs were included by one council.

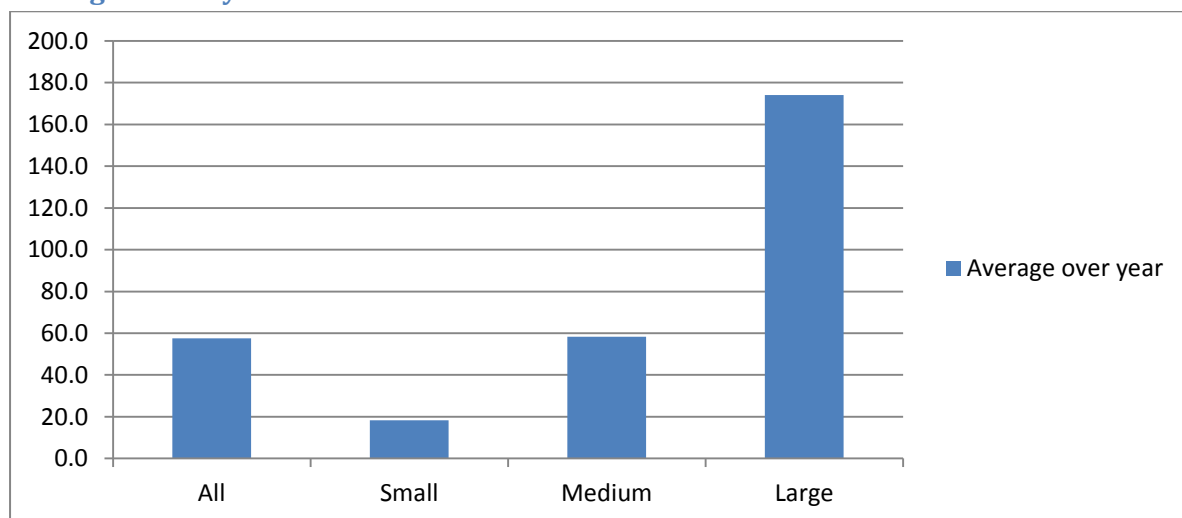
It is normally expected that labour turnover costs should include the cost of advertising the vacancy, agent fees for sourcing candidates, cost of assessment centres, time associated with administering the resignation, recruitment and selection costs (including administration), the cost of covering the post while it is vacant and induction and early training of the new recruit. The cost of labour turnover will vary depending on industry, seniority, length it takes to fill a vacancy. However, it is estimated that the cost of labour turnover is £8,000 per vacancy. In addition, it is suggested that the cost of loss of productivity should be included. Even where a post is filled immediately, the new hire will

not be operating at the same level as the person leaving as they need to 'learn the organisation' and so the post will not be operating at full capacity. In 2014 Acas estimated the cost of this loss in productivity to be in the region of £25,000 based on it taking 28 weeks for a new hire to become fully productive. The total cost was estimated at over £30,000 per vacancy.

It almost doesn't matter what is included and what isn't, as long as the organisation has chosen how it wants to measure the cost and this definition is used consistently. Measuring labour turnover costs is critical in building the business case for investment in effective recruitment and retention initiatives.

Recruitment & Retention

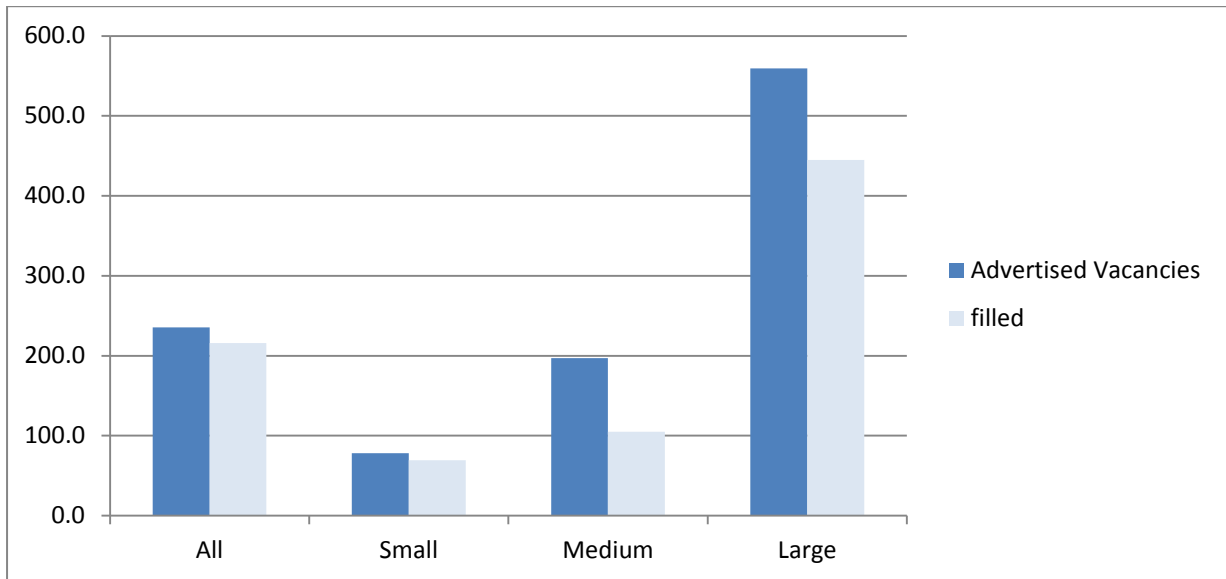
Average Vacancy Levels over the Year



Calculation: Average of (number of vacancies at beginning of year + number of vacancies at end of year) / 2

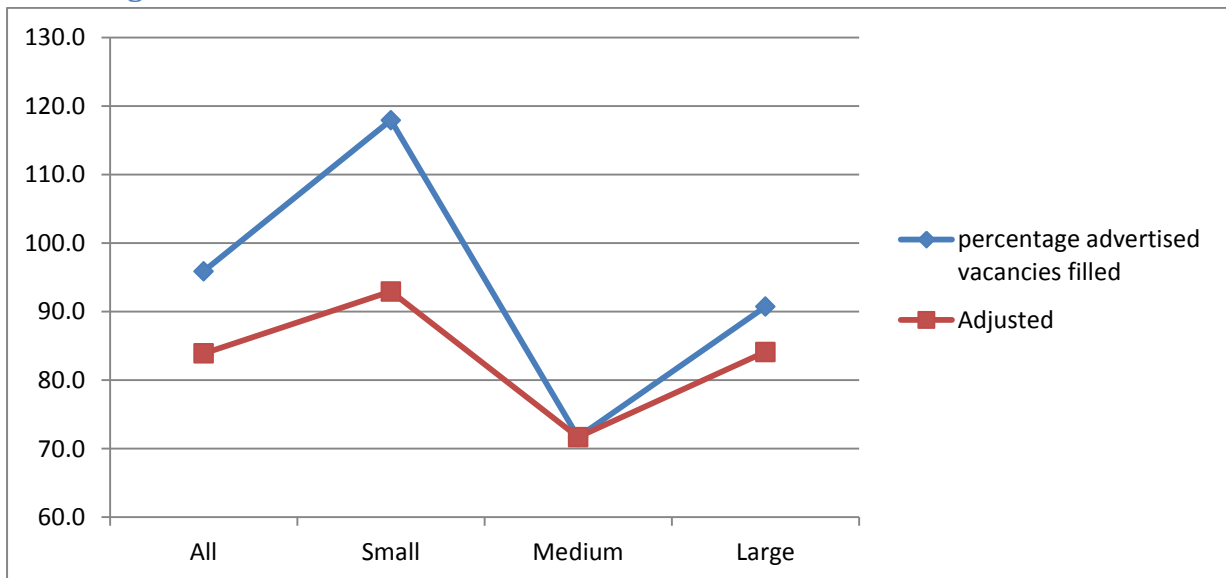
Vacancies Filled

Vacancies advertised and filled



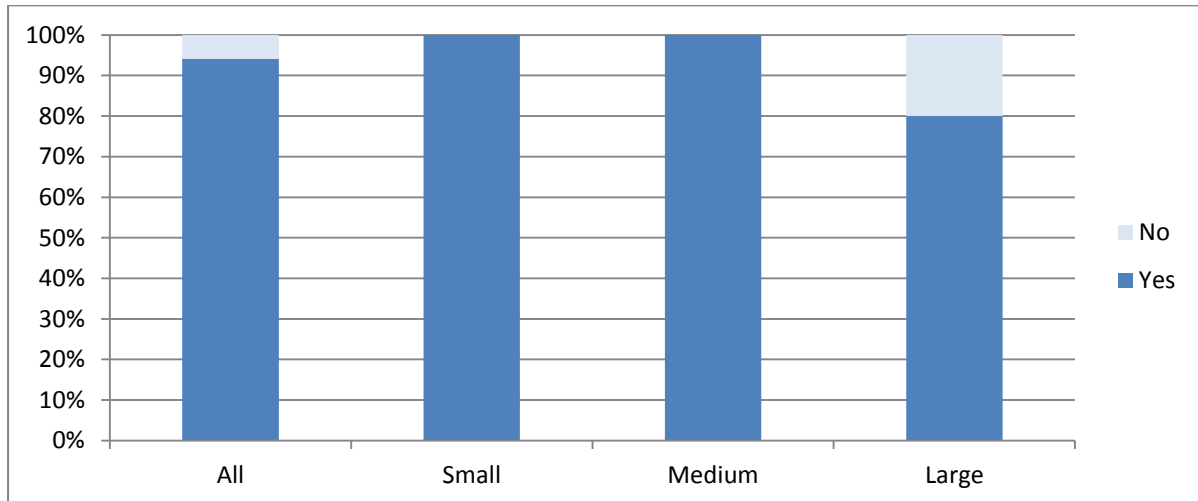
Overall there were more vacancies advertised than filled in the year. However, on an individual council basis, a number of councils filled more vacancies than were advertised. This could be as a result of internal recruitment or suitable candidates being found through advertising other vacancies. Because of this, in the graph below, both the total fill rate is shown and the adjusted rate whereby anyone who filled more vacancies than were advertised have been limited to 100% of vacancies filled.

Percentage of vacancies filled



Small councils are doing well with 93% (adjusted) of advertised vacancies filled and they have appointed to even more vacancies during the year (118% of vacancies advertised).

Use of Internal Only Recruitment

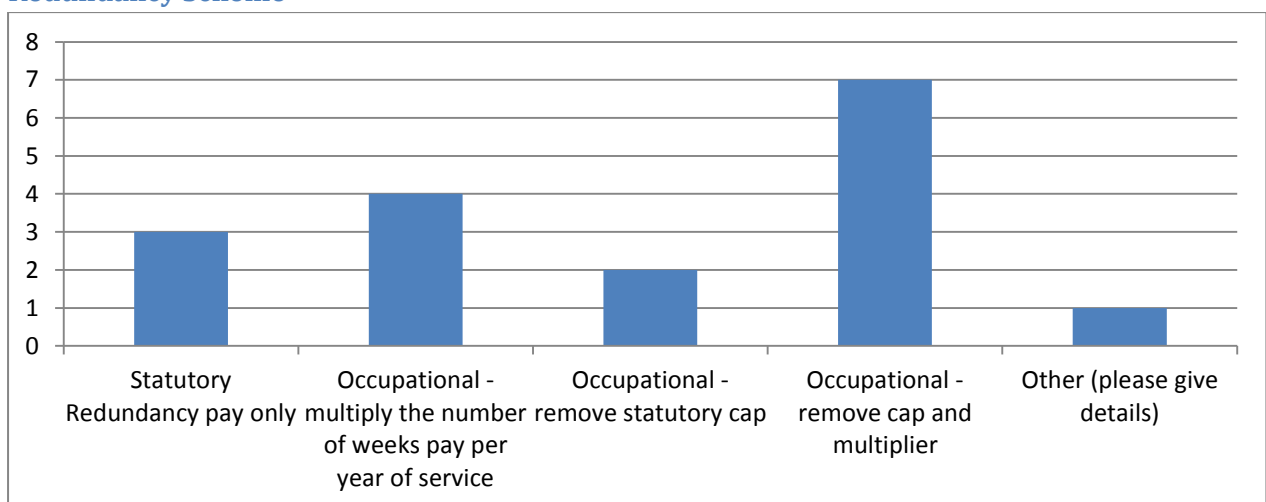


The Government undertook an information gathering exercise to determine whether there was a need to legislate in the area of internal only recruitment, particularly in the public sector. The outcome of that exercise and any future action the Government may wish to take has not yet been publicised. However, it is believed that internal only recruitment is used in the public sector to avoid making compulsory redundancies or terminating employees on health grounds (medical redeployments).

It interesting to note that 94% of responding councils make use of internal only recruitment. Most responding councils were unable to provide details of how many posts were filled using Internal Only Recruitment. Of those who could provide information, four did not fill any vacancies in this way during the 2016/17 year. But where it was used, up to 20% of vacancies were filled using internal only recruitment.

Redundancy and Voluntary Severance

Redundancy Scheme



Seven of the 17 councils responding disapply the statutory cap on a weeks pay so use actual pay and use a multiplier (see below for details). One council indicated they provide a different scheme which involves using a flat number of weeks per year of service up to a maximum number of weeks to calculate redundancy pay.

Multiplier

Multiplier	Number of Councils using multiplier
2.2	1
2	1
1.75	2
1.6	1
1.5	6

Median Multiplier: 1.5

Average Multiplier: 1.66

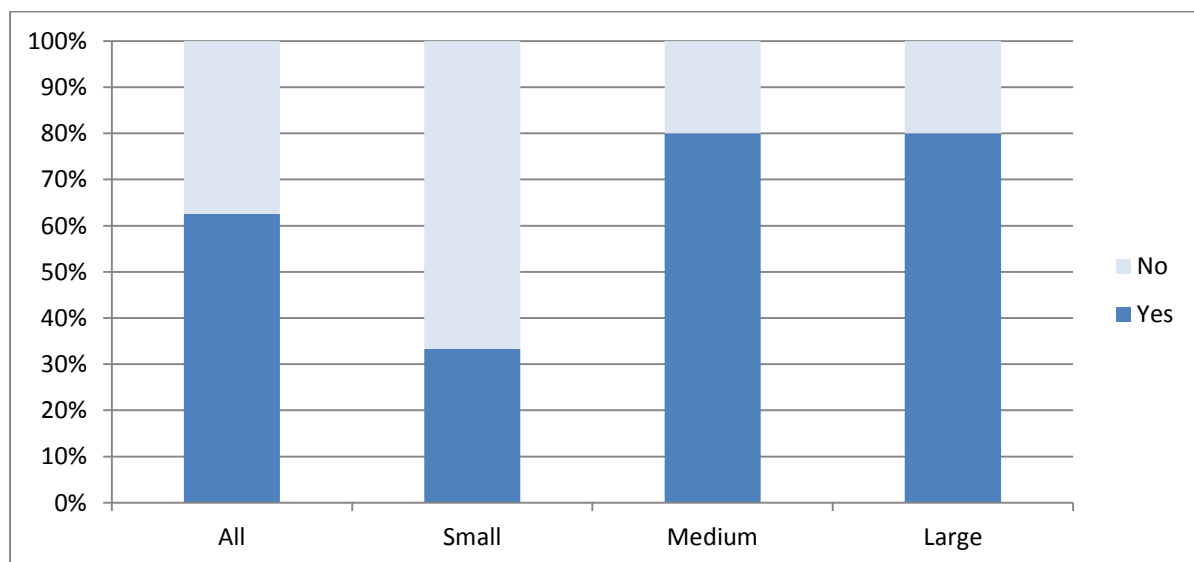
Voluntary Severance

No councils indicated a different calculation method. However, two did indicate a robust business case must be provided and the cost of the redundancy must be less than two years' salary.

Staff Surveys

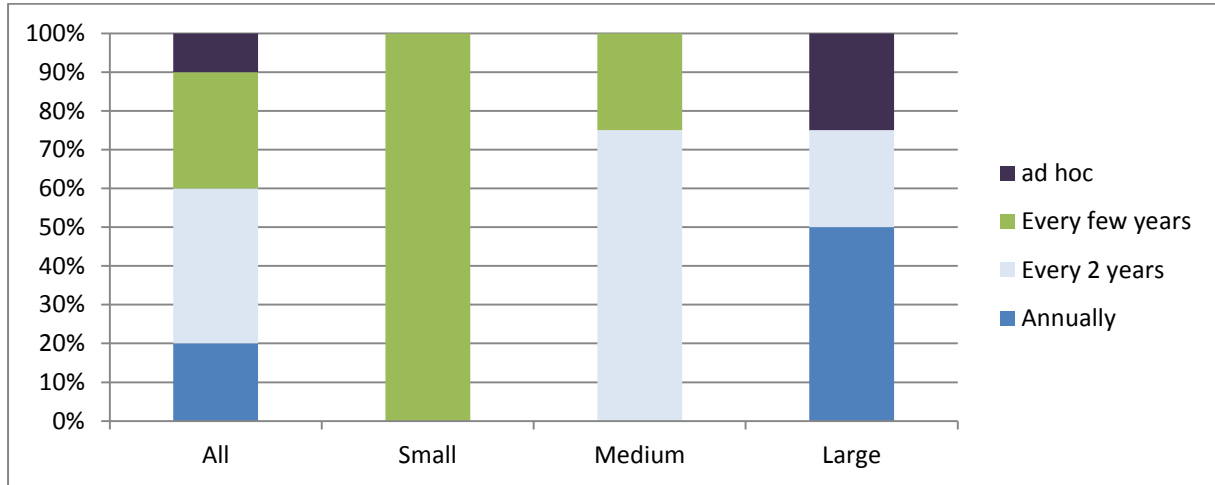
Use of Staff Surveys

Use of Staff Attitude Surveys is viewed as a key way of giving employees a 'voice' with which to raise any concerns they have with regards to their employment. This in turn is helpful in identifying patterns or trends that might be associated with labour turnover. Again, it is a route for employees to use to voice dissatisfaction before reaching the final 'I'm leaving' decision. However, employees need to believe that their voice will be heard. If an employer simply undertakes a survey because it's the right thing to do, but the results are put in a box to gather dust and nothing changes as a result of issues being raised, employees will see little to no value in completing the survey.



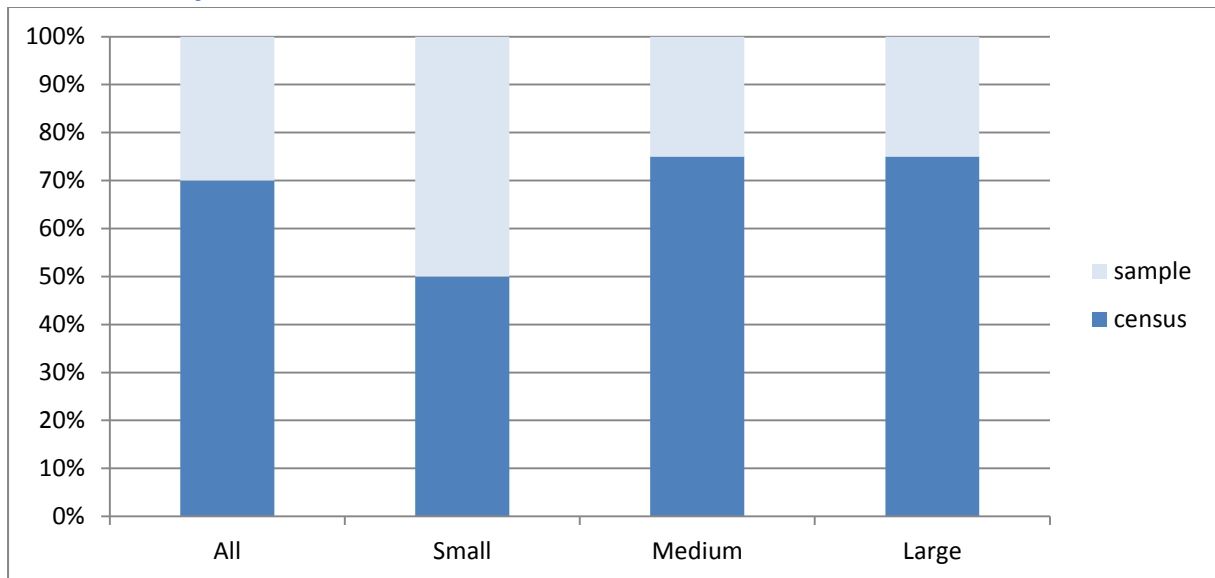
It is encouraging to see that just over 60% of councils undertake staff attitude surveys. However, smaller councils are less likely to undertake them with just 33% making use of this tool. This may be a resources issue, but it might also be that in smaller organisations it is easier to know more about what is going on in different teams because you have closer working relationships.

Frequency of Surveys



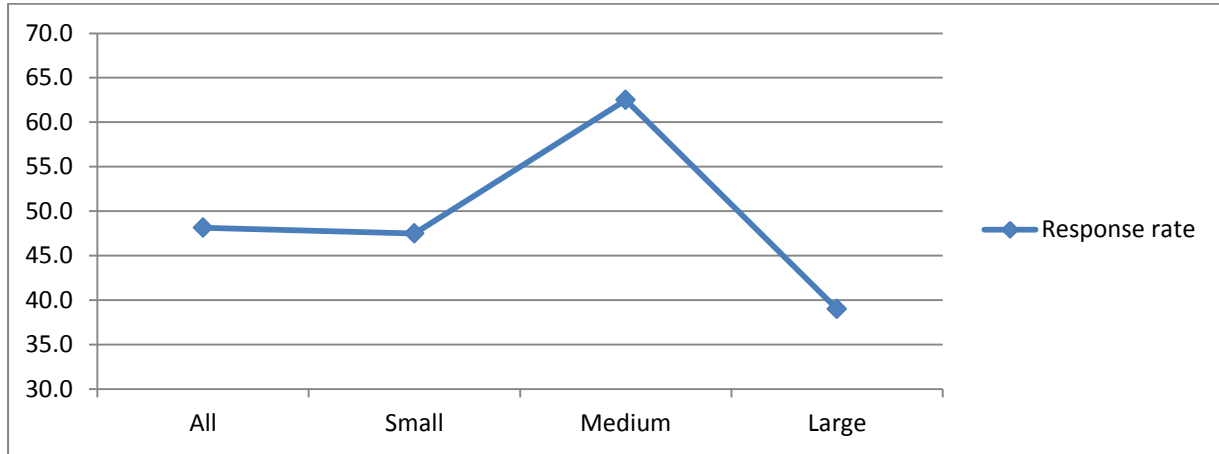
Of those councils who do undertake Staff Attitude Surveys, 20% conduct them on an annual basis – all of these being large councils. 40% undertake surveys every two years mostly in medium and some large councils. Small councils undertake them every few years, which might well be as a result of resourcing issues.

Basis of Surveys



There is a long running debate as to whether census or sample is a better approach to staff attitude surveys. 70% of responding councils have opted for census surveys where everyone in the organisation is asked to complete the survey. Sample surveys may be used where there has been a particular change programme implemented and the organisation is seeking to ‘temperature check’ the workforce directly effected by the change. Samples are also often used in large organisations where co-ordinating a census and dealing with the volume of responses from a census survey are seen to be challenging. This is not borne out in these results however as 75% of medium and large councils are using a census approach.

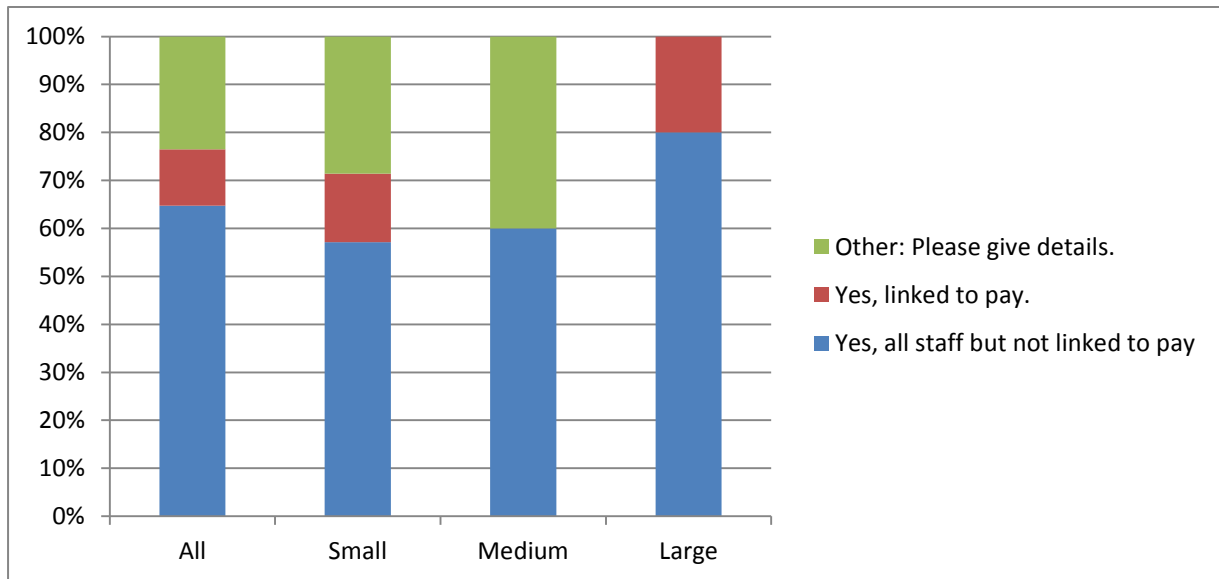
Response Rate



Whether you are using census or sample surveys, a key metric is the response rate – what proportion of employees being asked to participate are actually doing so? Overall 48% of potential respondents are doing so. Medium sized councils are doing the best at achieving an average of 63% response rate.

Performance Appraisals

Use of Return to Performance Appraisals



Performance appraisals are another opportunity for employees to voice their concerns and issues with regards to their employment. However, as these are done by line managers they may not reveal as much about some of the reasons behind employees choosing to exit the organisation.

12% of responding councils do not conduct annual performance appraisals and the timing of this type of discussion is left to managers discretion. For the remaining councils, annual appraisals are carried out for their employees. In some councils some grades have appraisals linked to pay (usually higher grades), while for other grades the appraisal is not linked to pay.

Other Retention Tools

Use of information gathered in exit surveys, annual appraisals and staff attitude surveys in combination helps organisations build a picture about themselves and why people stay or go. This in turn enables robust recruitment and retention strategies to be put in place. The picture can also be ‘sold’ to those being recruited in to minimise turnover in the first six – 12 months.

Research has shown there are a number of elements that organisations should consider when looking to improve retention. This include:

Job previews – giving candidates for a job an honest and realistic view of the job and team they have applied to work in.

Career development & progression – understand and manage career expectations including sideways moves for developing experience where promotion is not possible.

Consult Employees – through consultative bodies, staff surveys, appraisals and a good conflict resolution (grievance) approach so that employees don’t feel that resignation is the only way to get their concerns heard.

Flexibility – help people wherever possible to achieve a work-life balance that works for them.

Avoid presenteeism – make your culture about valuing output not the number of hours spent at your desk.

Fair treatment – a perception of unfairness is a major cause of voluntary resignations regardless of whether there is actually any unfairness.

Defend your organisation – refuse to do business with head-hunter agents who have poached staff from you in the past. This could be a little bit tricky if you have appointed a candidate that has been poached from somewhere else by the head-hunter.

List of Initiatives used by Councils

Initiative	Number of Councils using
Market supplements	6
Golden Hello	2
Retention bonus – paid after certain length of service	4
Relocation Allowance	1
Staff Discounts	1
Season Ticket Loan	1
Family Friendly working & Flexible Working	2
Staff Empowerment Initiative	1
1:1 meetings	1
Mental Health Practitioner Allowance	1
Borough weighting (similar to London Weighting)	1

Some of these may seem more like perks than retention strategies but if they help you keep your employees in post, then clearly there is a retention element of offering them.