

Report to Finance and Performance Management Scrutiny Standing Panel



Date of meeting: 14 November 2006

Subject: Evaluation of Recruitment and Retention Strategy



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Committee Secretary: Adrian Hendry (Ext 4246)

Recommendations:

- (1) That the Finance and Performance Management Scrutiny Standing Panel note the progress that has been made with the implementation of the Council's recruitment and retention strategy;**
- (2) That further publicity be made available to staff on the existence of subsidised Leisure Centre membership, health checks, the Banked Holiday Scheme and the Busy Bees childcare voucher scheme;**
- (3) That the provision of health checks to staff at or over the age of 40 be extended to all staff in the light of the success of the scheme and the age discrimination legislation now in force, and**
- (4) That the Scrutiny Standing Panel recommends to Cabinet that the current initiatives continue but that attention is refocused on the issue of the Council's increasing sickness absence levels, in terms of future HR activity and focus.**

Report

1. At its meeting of 12 July 2004 the Cabinet agreed a range of recruitment and retention initiatives, as forming the Council's recruitment and retention strategy. The purpose of this report is to inform the Standing Panel of the progress that has been made with the implementation of this strategy, the results of the evaluation that has now taken place, and that the Standing Panel recommend to Cabinet accordingly.

Staff Turnover

2. Table 1 below sets out staff turnover for the period 2000-2006.

Year	Turnover
2000/01	11.73%
2001/02	15.77%
2002/03	14.96%
2003/04	12.13%
2004/05	13.48%
2005/06	9.3%

From this information it can be noted that turnover has consistently been at the 12-15% level, except for the last financial year, which saw a reduction. The figures have taken account of the externalisation of Leisure during that year. At this stage it is not possible to state whether the lower turnover level for 2005/06 is part of a trend or whether turnover will increase to its historic levels again. That said, it should be noted that the Council continues

to have difficulty recruiting staff into key shortage areas such as Legal, Accountancy, Performance Management, Engineers, Building Control Surveyors and Planners, along with some other posts. The Council does not have difficulty attracting staff who wish to work in an administrative/support capacity and this has been the case for a number of years.

Progress With Specific Initiatives

3. An evaluation of the initiatives agreed by Cabinet is considered below.

(a) Provision of discounted staff membership for Leisure Centres

Publicity was made available to staff following the agreement of Cabinet to this initiative. Information is also included in new staff induction packs. For the period to 31 December 2005, 39 staff were in ordinary gym membership with the Council's Leisure Centres, 20 staff were in gold level membership, making a total of 59 staff. In addition, a further 44 staff (plus 18 children) had general centre membership. This makes a total combined membership of 103 staff, which represents 12.29% of staff using this benefit.

Given the fact that a number of existing staff may have forgotten about the existence of this benefit, it is suggested that further publicity is now given to it.

(b) Council participation in joint recruitment advertising initiatives with Essex Authorities

The Council has participated in three recruitment campaigns with other Essex authorities. A further campaign is planned for early 2007 following which a full evaluation will be undertaken. The purpose of the campaigns has been to raise general awareness of Local Government positions across Essex. This has generally focused on professional posts, to which many authorities are struggling to recruit.

The campaigns have focused on station, bus, newspaper and radio advertising and have provided the Authority with far wider exposure across the County than would have been possible on a stand-alone basis. Indeed, the relatively small contribution (£3,000 per campaign) has made it a very cost effective option.

With each campaign, enquirers were directed to a generic recruitment site which set out details of the employment offer available in Local Government in Essex including such matters as case histories about people who work in hard to fill areas, details of pay and benefits available, and most importantly a link to individual councils' websites. The last campaign took place from 15 January 2006 for four weeks and resulted in 95 visits to the Epping Forest element of the joint website, from which a number of people then clicked through to our own recruitment site. At this point enquirers either had the opportunity to apply for specific advertised posts on our website or to register for e-mail alerts for jobs that occurred at a later date.

Currently 608 people are registered to receive e-mail alerts of this nature from our website. It is not possible to determine whether the campaigns have directly resulted in offers of jobs. This is because many enquirers will receive job alerts via e-mail over a considerable period of time, and may choose to apply at any point. That said, the campaigns have increased the pool of people interested in working for the Council, thus fulfilling the objective of raising awareness of employment opportunities available, with the expectation that this would translate into job offers at a later date.

The joint campaign which is scheduled to take place in January 2007 will focus on attracting hard to reach groups such as young people. This is an area that the

Council has difficulty in recruiting to, and which we must address given the ageing nature of our workforce.

After the completion of this campaign the Essex Strategic HR Partnership (of which the Council is a member) will carry out a full value for money evaluation.

(c) Introduction of a banked holiday scheme

Members asked that a scheme be drawn up whereby staff are allowed to save up leave over a number of years in order to provide the opportunity to take an extended holiday, for example to visit relatives in Australia. Cabinet agreed this at its meeting of 12 July 2004 and this was publicised to staff. A survey across the Council has indicated that currently one member of staff participates in this scheme. It is timely to re-publicise this to staff.

(d) Establishment of three trainee positions in priority areas funded from the recruitment and retention budget

This has been the most successful element of the recruitment and retention strategy. The Council finds it hard to compete in the open market place for qualified staff given our proximity to London. That said there are many talented support staff who would welcome the opportunity to train for a professional qualification and status, both in the Council and outside. Given the interest expressed by services in this scheme the Council has in fact established five posts from the corporate recruitment and retention budget rather than three. These are as follows:

- Trainee Building Control Surveyor
- Trainee Planner
- Countrycare Trainee
- Trainee Environmental Health Officer
- Trainee Business Analyst

Currently all trainee posts are filled with the exception of one, which will be recruited to shortly. The trainees are undergoing a programme of structured development including sponsored study opportunities towards professional qualification status. As part of the contract each trainee is required to sign an undertaking to remain with the Council for two years after the completion of their training. This ensures that the Council receives a return on its investment.

In addition to the trainees appointed via the recruitment and retention budget, services have also funded a number of trainees from their own established budgets, recognising that this was a pragmatic solution to recruitment difficulties. The posts funded from service level budgets are as follows:

- Trainee Planner (two posts in addition to the one funded by the corporate budget)
- Trainee Performance Improvement Officer
- Apprentice Carpenter (two posts)
- Trainee Housing Surveyor
- Trainee Legal Officer

Although it would be possible to establish more posts of this nature, in many areas the scope to do so is limited because of the training and support needs of trainees. Whilst they are enthusiastic and willing, their supervision requirements are often greater than 'qualified' staff, thus placing an additional burden on teams. The

balance between their enthusiasm and support needs must always be carefully weighed up.

(e) The establishment of four paid work experience placements

This initiative has not had widespread support. This is because Services felt that it would be better to establish bonafide trainee positions to which they could recruit staff immediately, rather than offering work experience placements which may or may not result in a permanent placement at a later date. In the light of this lack of support, Management Board agreed that the sum of money set aside for work experience placements (£25,000) be allocated to the increased establishment of corporately sponsored trainees described above.

(f) The introduction of free Council health checks to all staff aged over 40

The budget set aside for this was £11,200 and the workforce consisted of 425 staff aged 40 or over at August 2006. (This represented nearly 58% of the workforce.) Of those 425 staff, 142 had a health check, giving a response rate of 33.41%. This was at a cost of £3,124, and was received favourably by staff in the target group.

Leisure Services has carried out an evaluation of these health checks and the following points are noteworthy:

- 9.2% of those tested had heavy or excessive alcohol ratings
- 16.4% of the group were smokers
- 62.5% of those tested were considered obese
- 58.3% of those tested had body mass indexes above normal
- 11.7% had blood pressure readings higher than normal
- 36.7% had cholesterol measured ratings which were either borderline undesirable or undesirable

At the end of each individual session the employee was given advice on how to develop or maintain a healthy lifestyle. This information was provided in confidence to the employee so it is not possible to evaluate the take-up of any recommendations provided.

Given the introduction of the Age Discrimination Regulations from 1 October 2006, it is now highly likely that restricting access to free health checks to a certain age group would be deemed unlawful. It is therefore recommended that the provision of free health checks be extended to the whole workforce given the positive feedback from staff, and budget availability. As noted above there was a 34% take-up of free health checks from staff aged 40 or over. If this is extrapolated to the whole workforce, it is estimated that this staff benefit could be offered at a cost of £4,862 per year. As Cabinet agreed an original budget for this of £11,200 it would seem sensible to offer this benefit to all staff in the Council, as it can be achieved within existing recruitment and retention resources.

(g) The development of a scheme of employer-supported childcare payments

The 2004 budget introduced tax incentives for employer-supported childcare. These take place by means of a 'salary sacrifice', whereby an employee gives up an element of their salary and it is deemed to be a payment by the employer towards the cost of childcare. It is therefore eligible for tax relief for that individual at their highest rate. HM Revenue and Customs rules dictate that such arrangements are only applicable where the employee has entered into a formal childcare arrangement with

a registered childminder, nanny or nursery and cannot be applied to informal arrangements such as where children are cared for by relatives.

The Council has entered into a contract with Busy Bees Childcare for the administration of a voucher scheme based on salary sacrifice, and currently five staff participate in the scheme. In some ways it is disappointing that more staff have not participated in this scheme. That said, as noted above much childcare is of an informal nature (ie with relatives) and this is not eligible for tax relief. The provision of Busy Bees childcare vouchers is made available to staff through their induction packs and it is suggested that further publicity be given to this.

(h) Participation of the Council in an Essex-wide bid for funding from the former Office of the Deputy Prime Minister, for Leadership and Management Development

The Council has had an active role in the establishment of an Essex-wide Leadership Centre of Excellence. Currently Cohort 2 of this programme is running, and on each cohort the Council has taken up two places. Senior managers have benefited from this training at a subsidised rate of £1,000-£1,250. The actual cost of the programme is in the region of £5,000 for each delegate, but a significant element of these costs has been met by the ODPM grant and external sponsorship.

It is unlikely that further external funding will be made available for this scheme. Therefore officers across Essex are exploring the possibility of delivering the course in a more sustainable way which is not dependent on this external funding.

Whilst the number of staff from this Council participating so far has been small (four managers) evaluation of the programme indicates that it has been of benefit to the individuals. Across Essex a cohort of approximately 50 future local government leaders has been developed. The activities on the programme are such that the Council could not offer them if it was running an equivalent programme in-house, and indeed does not have the manager population to justify the activity.

(i) The development of shared contractual arrangements for recruitment advertising and a range of other HR services

The Council has joined with a number of other Essex authorities for the procurement of recruitment advertising and temporary agency workers for administrative and clerical functions. Given the overall size of the contracts across Essex there have been considerable economies of scale, resulting in competitive rates being available to this Council which would not have been possible in a Council - level procurement exercise. It has been estimated that the joining of these contracts has saved the Council in the region of 20% on its advertising and agency staffing rates (for administrative and clerical staff). In addition the Council as part of the contract is provided with high quality regular management information on spend along with access to professional advice on the use of various recruitment media where appropriate.

(j) Introduction of the Government's home computing scheme

Earlier this year arrangements were being put in place for the implementation of this initiative by means of discussions with potential contractors. However, in the 2006 budget the Government withdrew the tax incentives for this scheme, and therefore it no longer became viable.

(k) Introduction of a market forces policy

In response to recruitment and retention difficulties in key service areas the Cabinet agreed a market forces policy on 10 October 2005. This policy provides for the payment of short term supplementary payments to staff in defined shortage areas as a means of recruiting and retaining them. It is fair to say that this was introduced with a degree of concern and caution given the fact that the Council has a Job Evaluation Scheme for the ranking of jobs. There is the potential for a market forces scheme to erode differentials in salary bands, leading to ill feeling amongst some staff. Whilst the scheme has been made available, services have not yet taken it up, largely for the reasons set out in this report.

Conclusions

4. From the above analysis it can be seen that many of the Council's recruitment and retention initiatives established in 2004 have been relatively successful. That said, the staff turnover level remains relatively high. Equally recruitment surveys carried out by the Human Resources Unit show that services struggle to recruit and retain staff in key areas.

5. The Council's overall recruitment and retention budget is £237,000. However, it has not been necessary to use all of this resource and the budget is likely to produce a saving of £70,000 in 2006/07. Whilst, for example, it would be possible to utilise some of this resource for the establishment of further trainee positions, as noted above such posts require significant amounts of support and development and place a drain on existing professional staff in the early years. There is therefore a limit to the capacity of the Council to absorb such initiatives.

6. Turnover in the Council is comparable to other public and private sector organisations in the Greater London area, and reflects the buoyant labour market in London and the South East. In 2005/06 the Council spent £206,000 in recruitment advertising, and advertised 190 positions. Given the current economic environment it is likely that turnover will remain at its current level and that it will be necessary to spend similar amounts on recruitment advertising in the future, although the figure above reflects the inclusion of the Leisure Centres prior to outsourcing.

7. Officers have given considerable thought to the Council's current recruitment and retention position and have evaluated carefully the initiatives agreed by Cabinet in July 2004. It is not recommended that new initiatives are introduced now, but those which have had some degree of success (such as health checks, childcare vouchers and trainee positions) are continued. In order to improve efficiency and performance it is recommended that other HR priorities are now given greater focus, including the further development of the Council's managing absence arrangements, given the increase in staff absence which has taken place over the last year. With limited resources the HR Unit must prioritise its projects to meet organisational need. The recruitment and retention strategy has received a good deal of attention, and it is recommended that HR resources are now focused on increasing employee productivity and wellbeing by evaluating the success of the managing absence policy and developing ways of improving attendance.

Statement in support of recommended action:

8. The Council has had some success in developing recruitment and retention initiatives, but these have had limited effect on staff turnover. Given the rise in sickness absence noted this year, it is sensible to re-focus resources on improving attendance.

Consultation undertaken:

9. With the recognised trades unions.

Resource implications:

Budget provision: CSB £237,000

Personnel: As set out in the report

Land: Nil

Community Plan/BVPP reference:

Relevant statutory powers: N/A

Background papers: File papers in HR Unit

Environmental/Human Rights Act/Crime and Disorder Act implications: None at this stage

Key Decision reference (if required): N/A