

# **Report to the Cabinet**

**Report reference: C/089/2006.**

**Date of meeting: 18 December 2006.**



**Epping Forest  
District Council**

**Portfolio: Finance, Performance Management and Corporate Support Services.**

**Subject: Evaluation of Recruitment and Retention Strategy and Managing  
Absence Strategy.**

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## **Recommendations:**

- (1) That the progress made with the implementation of the Council's Recruitment and Retention Strategy and Managing Absence Strategy be noted;**
- (2) That, in terms of future Human Resources activity and focus, the current recruitment and retention initiatives be continued but that attention be refocused on the Council's increasing sickness absence levels;**
- (3) That, in the light of the success of the scheme and the age discrimination legislation now in force, the provision of health checks to staff at or over the age of 40 be extended to all staff at a cost of approximately £5,000 per year from the Recruitment and Retention Budget;**
- (4) That, as a means of improving sickness levels across the Council and supporting employees with ill health, £35,000 be allocated from the Recruitment and Retention Budget for the employment of an Human Resources Officer on a one year fixed-term contract to work with managers on the management of individual absence cases;**
- (5) That the estimated £50,000 DDF savings from the Recruitment and Retention Budget for 2006/07 be noted; and**
- (6) That, subject to a future report, a proportion of the unspent Recruitment and Retention Budget be diverted to the further development of the Council's Managing Absence Policy including initiatives such as employee health and well-being.**

## **Report:**

1. At its meeting of 12 July 2004, the Cabinet agreed a range of recruitment and retention initiatives, as part of the Council's recruitment and retention strategy. The purpose of this report is to inform the Cabinet of the progress that has been made with the implementation of this strategy, the results of the evaluation that has now taken place, and to consider the options for future action. In tandem with this, consideration is given to the outcomes from the Managing Absence Strategy and proposals are put forward for the future direction of this work. The proposals contained in this report were considered by the Finance and Performance Management Scrutiny Panel on 14 November 2006, and broad support was given.

## **Staff Turnover:**

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

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

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 Staff and Building Control Surveyors, 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:**

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

### **(a) Provision of Discounted Staff Membership for Leisure Centres**

5. 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.

6. 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 other Essex Authorities**

7. 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.

8. 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 for the level of publicity received.

9. 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.

10. 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.

11. 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.

12. 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**

13. 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**

14. 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.

15. 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.

16. 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 (two posts).

- Apprentice Carpenter (two posts).
- Trainee Housing Surveyor.
- Trainee Legal Officer.

17. 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**

18. This initiative has not had widespread support. This is because Services felt that it would be better to establish bona fide 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**

19. 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.

20. 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 that were either borderline undesirable or undesirable.

21. 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. However, feedback from staff indicated that the checks were greatly appreciated, and that people were prepared to take action to improve their health as a result of the check. As the Council is currently sustaining high levels of sickness absence (and this will be considered below) this is an important tool in the drive to reduce absenteeism and improve employee health.

22. 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 £5,000 per year. As Cabinet agreed an original budget for this of £11,200 and, in light of the concerns about sickness absence noted above, 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**

23. 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.

24. 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 (i.e. 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**

25. 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.

26. 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.

27. 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**

28. 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**

29. 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**

30. 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.

**Managing Absence:**

31. Whilst the recruitment and retention strategy has had a degree of success, the managing absence strategy has not yet yielded a decrease in staff absence. The Cabinet will recall that a comprehensive managing absence strategy was put in place two years ago which included new sickness reporting arrangements for staff, supported by better recording and documentation and the training of managers in how to deal with managing absence. Staff were also provided with information about how to report sickness absence via a leaflet, which was placed with pay slips.

32. The outcome of these initiatives was that from 2005/6 the Council had accurate sickness data on which to report Performance Indicator BV12. Members will recall that prior to this, the sickness absence data was not entirely reliable. The quarterly monitoring of this BVPI provides the following information as set out in Table 2:

**Table 2: Quarterly Monitoring of BV12  
Working Days Lost Due to Sickness Absence**

<b>Quarter</b>	<b>Number of Days Lost (cumulative)</b>
Quarter 1 - 2005/6	2.13 days
Quarter 2 - 2005/6	4.13 days
Quarter 3 - 2005/6	7.35 days
Quarter 4 - 2005/6 (Total for the year)	10.66 days
Quarter 1 - 2006/7	2.67 days
Quarter 2 - 2006/7	5.61 days

33. Cabinet will note that the outturn figures for Quarters 1 and 2 for the current year are higher than equivalent quarters in 2005/6. This is clearly a cause for concern. As this is a key performance indicator for the Council, the target adopted for performance is that of the top quartile for all district councils. In 2005/6 the target was 9.50 days per person (and the Council achieved 10.66 days). For the current financial year, the target is 8.48 days. On performance at the end of Quarter 2 the Council is highly unlikely to achieve this and is likely to be in a worse position than its 2005/6 performance.

34. In response to the introduction of the managing absence regime the Human Resources Unit has realigned resources so that a significant amount of officer time is devoted to supporting and managing absence cases. Managers receive quarterly

management information about the numbers of staff in their individual service exceeding the trigger levels for management interventions (as set out in the Managing Absence Policy) and it is clear that the current capacity within the Human Resources Unit cannot meet the demands for casework management. In the light of this, it is recommended that resources are redirected from the underspend in the Recruitment and Retention Budget towards the appointment of a temporary Human Resources Officer with responsibilities solely for managing absence. It is suggested that this person is appointed for one year, and that during this time, the post holder works with individual managers to devise strategies for bringing staff back to work as soon as is reasonably practicable. The post holder would be responsible for identifying a strategy to both support an individual on long-term sick leave (or taking frequent bouts of short-term absence) and also ensuring that actions are in place to give the individual the best possible opportunity to return to work quickly. Given the number of staff who exceed the trigger levels for management intervention at present, it is not possible for these cases to be dealt with by the existing Human Resources staff. That said, it is not believed to be necessary to make a permanent appointment of this nature. Rather, the post holder will be given a finite task to complete which will include the further training of managers so that they are more able to deal with managing absence themselves after the post holder leaves. The post holder would also be responsible for analysing absence data to identify underlying issues and trends.

35. In addition to casework management, it is recommended that the post holder is employed to develop initiatives which will be designed to create employee health and well-being. It is recognised that the current approach of casework management, whilst in some ways supportive to staff, could be seen in a negative way. Organisations that are successful and proactive in managing absence also develop programmes such as stress management, reduction in repetitive strain injuries and related matters. Such activities would be identified through more detailed monitoring of the reasons for and trends of sickness absence. This monitoring is not possible at present with current HR resources. In addition, the post holder could work with providers such as the Harlow Occupational Health Service and Leisure to develop healthy eating and healthy lifestyle training events for staff. These could involve activities such as lunchtime health sessions on relaxation, diet and nutrition, smoking cessation and postural care. In addition, a range of fitness and exercise classes could be made available. Clearly these proposals will need more detailed consideration and the purpose of this report is simply to give the Cabinet an idea of the range of opportunities which could be made available to staff. The actual activities agreed upon would be the subject of a further report to Cabinet. It is likely that the cost of employing a post holder for one year (including on costs) would be in the region of £35,000. This could be met from the underspend in the Recruitment and Retention Budget.

### **Conclusions:**

36. 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.

37. 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 significant saving 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.

38. 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.

39. 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 well-being by evaluating the success of the managing absence policy and developing ways of improving attendance.

#### **Statement in Support of Recommended Action:**

40. 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.

41. BV 12, the number of working days lost due to absence, is a Council key performance indicator. As such, members have agreed to scrutinise it carefully and on current performance, there is cause for concern. The proposals set out in this report are designed to move resources from an area which is no longer such a high priority to one which is growing in importance, given the deterioration in performance against this KPI. It would therefore seem sensible to redirect resources in this way in line with Council priorities.

#### **Other Options for Action:**

42. The Council may decide to implement the proposals contained in this report or may choose not to. If the Council chooses not to take the action proposed in this report or any other action to reduce sickness absence, the Human Resources Unit does not have sufficient resources to undertake the measures which will be required to significantly reduce sickness absence across the Council. Therefore if action is not taken, there is unlikely to be any improvement in this KPI and the current trend towards poor performance may continue.

#### **Consultation Undertaken:**

43. The trade unions have been consulted on the proposals set out in this report.

**Resource implications:** Budget 2006/07 £237,500. Proposed DDF saving of £50,000.

**Budget provision:** The Recruitment and Retention Budget in 2006/07 is likely to be underspent by £85,000, after provision for the extension of health checks to all staff. The sum of £35,000 is available within this sum leaving a net saving of £50,000. Furthermore, additional employee health/well-being initiatives could be implemented within existing Recruitment and Retention Budget resources.

**Personnel:** As set out in this report.

**Land:** Nil.

**Community Plan/BVPP reference:** N/A.

**Relevant statutory powers:** N/A.

**Background papers:** Available in the Human Resources Unit.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** N/A.

**Key Decision reference:** N/A.