

**TITLE: EMPLOYMENT INFORMATION UPDATE**

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**1. Purpose**

- 1.1 To provide the panel with updated employment information, as per the recommendations made at the meeting of the Personnel Panel on 2 November 2000.

**2. Summary**

- 2.1 The papers attached provide an overview of the current employment information available. Where possible, information has been compiled to show profiles of all the data available to date for 2000/01, in order to identify any emerging patterns.
- 2.2 It is appreciated that some of the charts attached as Annexes may not reproduce effectively during the copying process. Colour charts will therefore be available to Members on the evening of the Panel meeting.
- 2.3 Some data previously presented to the Panel has been revised for the purposes of this report, following the recent data cleansing operation carried out on the Open Door system.

### 3. **Background**

3.1 The Personnel Panel, at a meeting on November 2 2000, made the following recommendations in respect of staffing issues:

- (i) That in order to address the high turnover rate, Officers be instructed to conduct investigations into such issues as the reasons for employees leaving the authority and their length of service
- (ii) That research be conducted into national and local trends relating to staff turnover

3.2 The Personnel Panel further resolved:

- (a) That the Council investigate a monitoring exercise of overall basic salary against annual standard spending assessment and that Members of the Personnel Committee receive information on current staffing levels across all Directorates, together with salary ranges and employee budget information on a quarterly basis.
- (b) That Members of the Personnel Committee receive further information as to why positions were vacant, (with officers to investigate the production of an exit questionnaire for staff leaving the council) and the level of responses to job advertisements.
- (c) That the Members of the Personnel Committee receive information on the number of new starters on a quarterly basis and an annual breakdown of the placements of new starters be provided.

3.3 **For the purpose of all items, information on schools has not been included in the papers provided, *unless otherwise indicated.***

### 4. **Information provided in respect of 3.1:**

4.1 **Staff turnover** information for the period April to December 2000 – (quarters 1,2 and 3). Staff turnover for these quarters may be summarised as follows:

**Quarter 1** (4/00 to 6/00) – 2.64%

**Quarter 2** (7/00 to 9/00) – 4.3%

**Quarter 3** (10/00 to 12/00) – 2.4%

**Annual projection for 2000/01 – 12.45%**

- **Annex A** - Leavers profile - by Directorate
- **Annex B** - Starters and Leavers - whole Council
- **Annex C** - Reasons for Leaving - whole Council

- **Annex D** - Length of service of leavers – whole Council
- **Annex E** – Age distribution chart – population and workforce

#### 4.2 National and local trends in staff turnover

#### 4.3 National Turnover:

Research carried out to identify sources for comparison figures on national turnover, identified the LGNTO (Local Government National Training Organisation) People Skills Scoreboard 2000 and the CIPD's (Chartered Institute of Personnel and Development) Labour Turnover Survey 2000 as the most relevant.

**During the financial year 1999/2000**, the LGNTO survey, (which covered 206 authorities and 52% of the local government workforce in the UK), identified a turnover of 12.4% in local authorities, compared with 11.7% in 1997/98, which was the lowest on record.

Specific turnover figures from the LGNTO survey for individual English Unitary authorities are illustrated in the following table:

Unitary Authority	Turnover 1999/2000 average
Darlington	18.1%
Isle of Wight	15%
Medway Towns	5%
North East Lincolnshire	15%
South Gloucestershire	10.9%
Stockton on Tees	18.1%
Stoke on Trent	14%
Windsor & Maidenhead	15%
Milton Keynes	10.4% (calculated at Nov.1999)
English Unitaries	12%
South East Region local authorities	13.7%

**The CIPD's (Chartered Institute of Personnel and Development) Labour Turnover Survey 2000** identifies a turnover rate, amongst all types of employer of 18.3% for 1999/2000, falling from 20.6% in 1998. The average turnover for full-time employees was 16.3%, and 21.5% for part time employees compared to 17.6% and 26.1% respectively for 1998.

The survey noted the rapidly increasing cost of turnover per person increasing from £3,206 to £3,546 per person and comment that in part this may reflect an increase in recruitment difficulties experienced by organisations.

The survey further broke down the figures by 18 industrial sectors by rank order. The highest sector was hotels, restaurants and leisure (41%) and the lowest electricity, gas and water supply (4.2%). Local government was ranked 11 (15.8%).

#### 4.4 Local Turnover:

The annual projection for 2000/01 staff turnover for Milton Keynes Council is currently estimated at 12.45%.

In a survey of turnover of local employers, carried out by HR Business Support, the following turnover figures for the overall period 1999 to 2000 were given: -

Employer	Turnover percentage	Comments
Open University	7.9%	1999 figures
Milton Keynes NHS Trust	15%	
Cranfield University	10.9%	Average Jan – May 2000
Bucks County Council	12.1%	April to Sept 2000 figures (excluding Education)
Northants County Council	7%	Oct 99 – Sept 00 figures (voluntary leavers only)
Argos	10 – 12%	Approximate figure
Mercedes Benz	7%	
Milton Keynes Council	11% 10.4% 12.45%	October 2000 November 1999 Estimated annual projection for 2000/01

Although the figures are not directly comparable, as they were calculated over different time periods etc. they do give some indication of the turnover in the local labour market.

## **Turnover summary:**

Although, at 10.4 - 11%, for 1999/2000, the turnover for Milton Keynes Council could be improved compared to one or two other local employers, it appears to compare favourably to the overall national rate of 18.3%. As with all benchmarking, however, there are inherent problems in making like comparisons.

As the CIPD noted in their survey, turnover may often be a function of low job satisfaction and/or a desire for further career development combined with an ability to secure employment elsewhere (i.e. the state of the labour market). However, turnover is a normal part of business functions and, whilst excessively high turnover may be dysfunctional, a certain level of turnover is to be expected and at a manageable level can actually be beneficial to an organisation.

In an organisation the size of Milton Keynes Council, it is worth monitoring levels to try to identify any sections where turnover is particularly high and take action. In the current financial situation, where there is a Council-wide recruitment freeze, turnover will become an increasing cause of concern to managers and staff.

## **5. SSA and Salary Information:**

- 5.1 A paper outlining overall basic salary details against SSA is attached at **Annex F.**
- 5.2 A chart showing current staffing levels, by directorate, together with salary ranges as at January 2001 is attached as **Annex G.**
- 5.3 A chart illustrating the overall grading structure of the authority is attached at **Annex H.**

## **6. Exit Interviews**

- 6.1 Exit Interviews can provide a valuable source of information giving the views of staff who are due to leave the Council. These employees are often willing to comment freely about their place of work, their job and the people with whom they work. The comments can provide management statistics to build up a picture of both good and bad practice within the Council or be used to resolve issues, which might not otherwise come to light.

### **6.2 Procedure:**

The Council has an exit interview procedure. Following a resignation, managers have the responsibility of informing employees of the procedure by giving them an exit interview letter and form. Both of these documents are published on the Intranet and in Public Folders on the e-mail system.

The employee may choose how they wish to provide information as follows: -

- a) Complete the form and return it directly to Human Resources;

- b) Complete the form and request a meeting with their Manager to discuss their comments;
- c) Contact Human Resources to arrange a confidential Exit Interview with a Human Resources Officer or independent manager.

Once any Interview has taken place the Manager is given the following advice about recommended actions: -

- It is important to ensure that, where beneficial, some form of action is taken as a result of carrying out an exit interview, otherwise it is just a worthless exercise. At the very least, recurring problems in certain areas should be investigated.
- The Exit Interview form/notes should be kept on a highly confidential basis. The Line Manager should keep a copy and the original forwarded to HR (Operations).
- It is the responsibility of the Line Manager to discuss with their own Manager any feedback and implement any necessary action.
- In cases where the employee has requested a confidential interview with Human Resources or an independent Manager then it is the responsibility of that person to ensure that a copy of the form/notes are sent to the relevant manager or Head of Service.
- The Exit Interview notes are retained on the employee's personnel file and are reviewed by Human Resources. If any pattern or trend can be identified which is a cause for concern and within the authority's control, the appropriate Strategic Director is advised accordingly

### 6.3 **Feedback from Exit Interviews:**

In practice some Exit Interviews have taken place and some useful information has been obtained. However, the process could be improved further. Current issues identified are:

1. Whilst statistics on the numbers of leavers and employee turnover are available, information about the numbers of completed exit interviews has not been centrally collated. In a recent survey of the personal files of leavers in October 2000 just 2 exit interviews were completed out of a total of 29 leavers
2. The 2 exit interviews provided useful information about working life at the Council:
  - (a) The first identified problematic working relationships and lack of team spirit, but was balanced by positive statements about pay and holidays.

- (b) The second leaver criticised low morale, pay and working conditions, but praised working relationships, performance of supervisor, holidays and sick pay.

Given this low level of completion it would appear that few exit interviews have taken place compared to the number of leavers from the Council. Although the necessary form and guidance notes are available to Managers there is no mechanism to remind and encourage the Manager to arrange the interview unless the employee specifically asks to be interviewed.

There has been some recent publicity about exit interviews but some Managers may still be unaware that they should be giving leavers this opportunity. The exit interview is also covered within the Recruitment and Selection module of the HR Key Policies training. It may also be possible to increase take up by amending the resignation/retirement acknowledgement letter to inform leavers individually of the exit interview procedure and urge them to take part. The procedure would benefit from a central record being kept with information on any patterns or trends being passed onto Strategic Directors.

A copy of the Council's Exit Interview questionnaire is attached as a background paper.

7. **Responses to Job Advertisements:**

- 7.1 A breakdown of responses to job advertisements between August and September is attached at **Annex I**

8. **Vacancy Information:**

- 8.1 Directorate finance teams are currently undergoing an exercise to analyse the status of all vacant posts, which may be available at the Panel meeting.

9. **Sickness Absence Monitoring:**

- 9.1 A full report on Sickness Absence monitoring was submitted to the Council's Scrutiny Commission on 16 January 2001. Profiling levels of sickness absence is currently only possible from the Council's Unipay system. The data obtained from this cannot be interrogated meaningfully in order to establish trends or patterns of sickness. However, once the data is stored on the Open Door system this should prove possible and it is proposed to monitor sickness by directorate and cause from April 2001 onwards.
- 9.2 From the Unipay system, current sickness absence for the whole Council (including schools) is estimated at 13.2 days per FTE as an annual projection of current trends (including both short and long term sickness and based on data between April and September 2000). It should be noted however, that this figure includes data for weekends, which cannot be separated out on the Unipay system and hence the actual figure is actually likely to be lower.

- 9.3 Recent interrogation of the sickness data available has highlighted a large number of cases of sickness, notably in schools, where no reason for the absence has been stated. Once information is available from Open Door, it will be possible to separate out schools sickness from the rest of the services and hence provide a better summary of causation, patterns and trends.
- 9.4 Managers have recently attended briefings to assist them in managing both short and long term sickness.

Background Papers:

Exit Interview Form **Annex J**