

HR BENCHMARKING REPORT DECEMBER 2011

Human Resources has continued to take part in the HR Benchmarker scheme, which provides comparison information on workforce and HR activities in order to inform strategy and performance improvement plans. It also links into the audit agencies 'Value for Money in Corporate Services' voluntary benchmarking scheme.

There were 37 participating councils in this scheme in 2011 [down from 50 in 2010]. This includes 7 unitary councils. The majority are council councils or metropolitan councils, with some district councils also. Since the removal of Best Value Performance Indicators, there has not been any national database incorporating measures for all councils, though localism and data transparency requirements may eventually move comparison of national figures in that direction again.

This HR Benchmarker scheme runs separate exercises for Local Authorities and Schools. This gives better comparisons for PCC than other Benchmarking clubs, as schools HR is provided externally in Peterborough. Great care should be taken when comparing data with studies which include schools since [a] authorities that provide HR services to schools will benefit from more economies of scale and [b] the level of services provided to schools is generally more restricted \ devolved and therefore authorities are not being compared like for like. HR Benchmarker also runs for other sectors outside local government allowing wider comparison.

HR for the purposes of this benchmarking incorporates Occupational Health \ Health and Safety. It also includes HR Shared Services \ Payroll, at the time of the study within Strategic Resources but now outsourced to SERCO. The results therefore cover a wider range of services than those managed by the Head of HR. Additionally many of the metrics cover wider workforce issues related to management throughout the organisation such as sickness absence rates.

Benchmarking exercises provide a sense of how we are doing as a basis for discussion, exchanging ideas, looking for excellence and driving organisational improvement. When reading the results, there are differences between organisations which can explain differences in results. In this study for example, we are compared not only with other unitary councils but participating county councils, metropolitan boroughs, London boroughs etc, many of whom may be considerably larger in headcount than Peterborough. Many will have HR Functions that work on different models to our own. Councils with a more devolved HR service for example, tend to appear more efficient, simply because people spending less than 50% of their time on HR matters will not be included in HR ratios or cost figures. Councils which outsource more of their HR service may also appear more efficient, or to have lower staff ratios when in reality this may be due to a different delivery model. To some extent the best comparison is that which shows the change within Peterborough over several years. However the council has also changed greatly in structure and size in recent years, which has a large effect on the year on year results, e.g. where figures are expressed per employee.

The last data supplied relates to the financial year 10/11, although the results come in two parts. Some of the data in this analysis is still from 09/10 as we are awaiting release of the second part of the study currently. It should be remembered that the annual benchmarking process necessarily takes some time and further progress, changes and developments will have occurred since these periods, such as the outsourcing of Manor Drive.

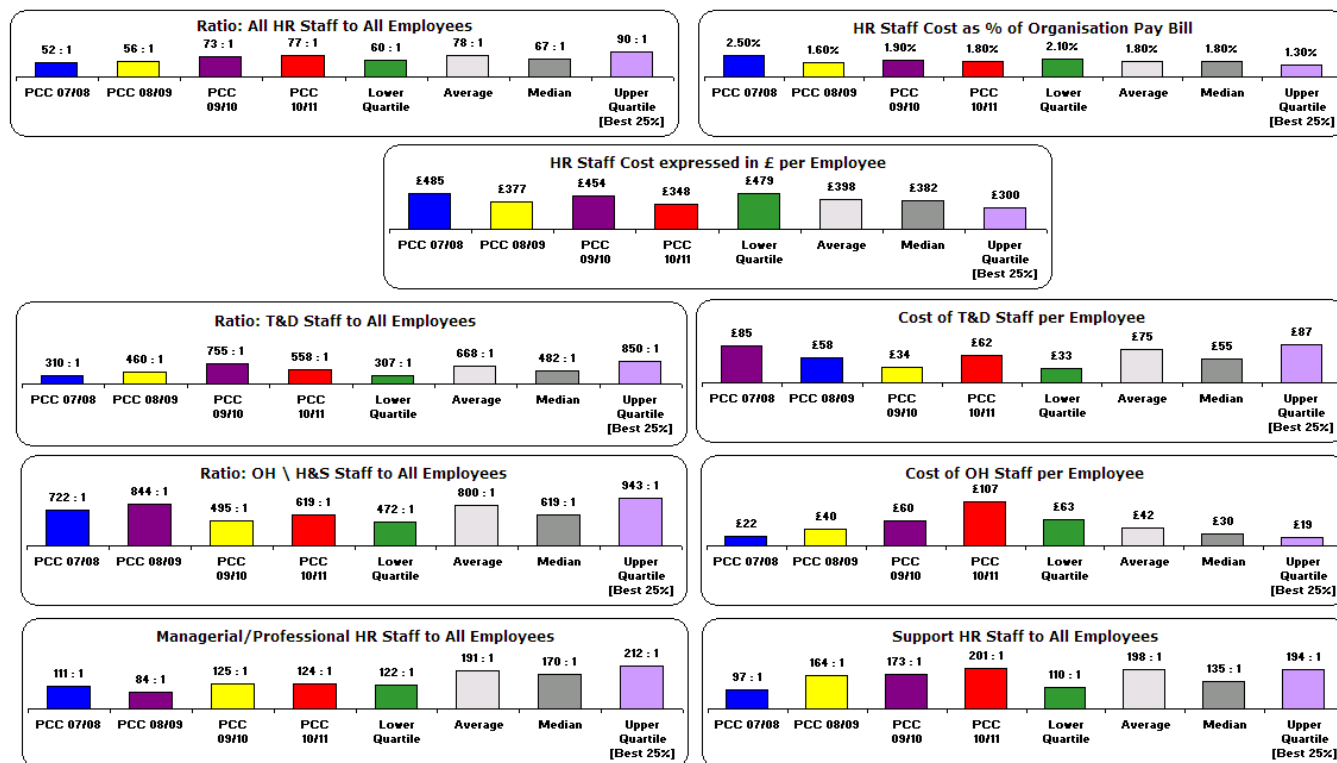
Some of the figures are to allow comparison of workforce issues and are not as such performance indicators, or have no clear 'polarity'. For example a low sickness absence rate is obviously better. But different views may be taken on the turnover rate, a certain level of turnover assists with change management, reducing the need for redundancies etc. On the other hand a turnover rate that was too high might raise questions about the level of employee satisfaction, management techniques and quality of recruitment and selection practices.

Cost figures have a clear polarity in terms of efficiency, but this has to be balanced against effectiveness. An organisation providing no training may have a very good cost ratio, but may not be that effective at carrying out its functions, which would not be captured in benchmarking. Again authorities with the lowest costs for Business Partnering may be running risks, for example in equal pay matters or potential industrial tribunal claims. Being in the 'Best Quartile' in terms of efficiency may not be the same thing as providing best value.

The full report gives results in quartiles and discusses trends and good practice. We have presented the main top line figures graphically showing where PCC rated in relation to averages and upper and lower quartiles.

SUMMARY OF LATEST HR BENCHMARKER COMPARISONS

HR Staff Ratios and Costs



In the last four years the overall ratio of HR staff to employees has been made more efficient [i.e. there was 1 HR member to 52 employees but there are now one HR employee to every 77 employees] despite the considerable transfer of staff outside of the council and reducing staff numbers. The ratio of Managerial \ Professional HR Staff has remained fairly consistent [i.e. the HR structure has reduced by a similar ratio to the whole organisation]. Mostly over recent years the support staff levels have fallen, while Training and Development Staff teams \ Occupational Health have remained to drive key programmes within the organisation. The level of resources required for Training and Occupational Health depends on the ongoing demands within the organisation. As the core of the organisation reduces it is not possible to necessarily reduce the resources needed to the same proportion in the shorter term, for example in managing HR policy or management orientated training. HR services are key to successfully managing change such as transitioning effectively to a smaller workforce, and in facing growth in staff numbers in receiving additional employees from Adult Social Care.

The figures place PCC expenditure on HR at the average level for larger councils – despite being compared mostly with larger County and Metropolitan Councils where more efficiencies of scale might be expected. Other positive figures to note are the fall in HR staff cost per employee and a support staff ratio in the top 25%.

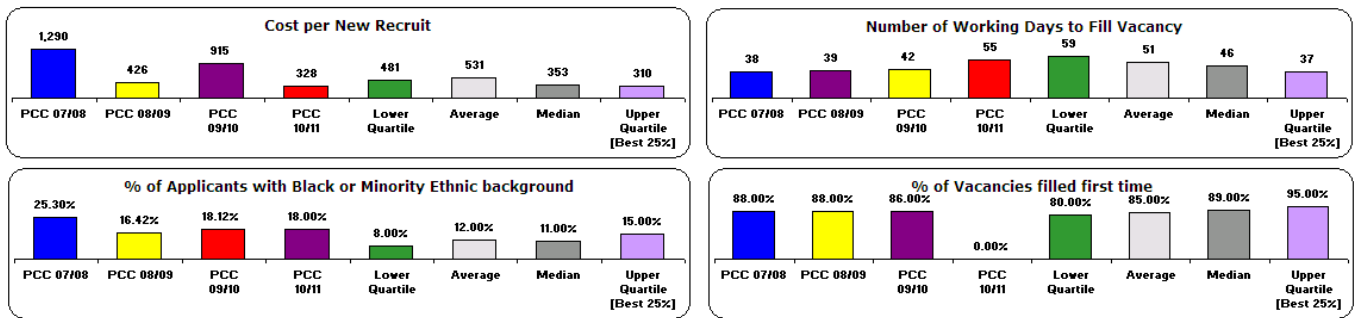
The cost of delivering Occupational Health has risen, mainly because approximately the same staffing levels have been required despite falling employee numbers, and agency staffing has been used pending consideration of the best method of future delivery, which is now progressing. Although the ratio to employees looks poor comparatively this is likely to be caused by those organisations largely or

completely outsourcing their Occupational Health requirements already.

In cost terms the percentage of the organisation’s paybill spent on HR is around average. It has been reduced over time from 2.5% in 07/08 to 1.9% in 09/10. The spend per employee fell over the same period from £485 to £454. The headcount of the organisation has fallen considerably over the same period [8.35%] which creates an upward pressure on staff ratios and costs.

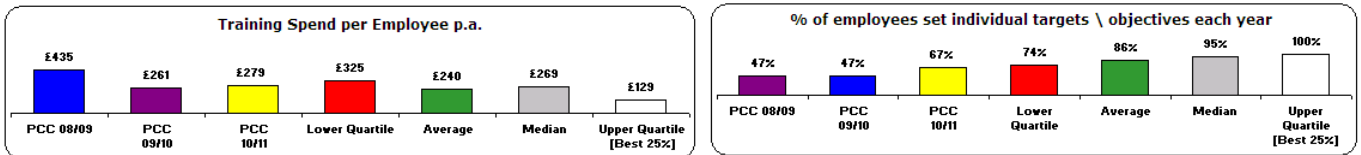
The position since April has changed quite considerably with more transfer of both employees and HR staff outside of the council. In particular the outsourcing to Manor Drive has included most administrative work related to HR, which will alter considerably the ratios within Benchmarker next year.

Recruitment and Selection



Recruitment costs per recruit have fallen in the latest study, the number of vacancies which need to be recruited to is a key factor as the costs of online recruitment systems are more fixed than previous approaches media advertising. The council attracts a high rate of applications from ethnic minorities. The time taken to fill vacancies has been rising and is below average, however this is quite complex to measure, and one might expect a rise where there is less recruitment to administrative roles and more to essential professional roles. We were not able to measure % vacancies filled first time – however additional reporting tools have recently been provided by the current recruitment system supplier and we plan to develop these to ensure better information becomes available on recruitment matters.

Training & Development



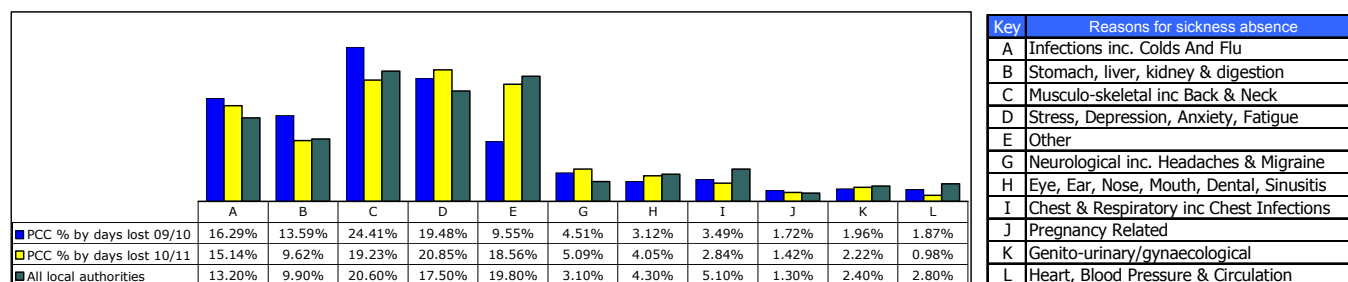
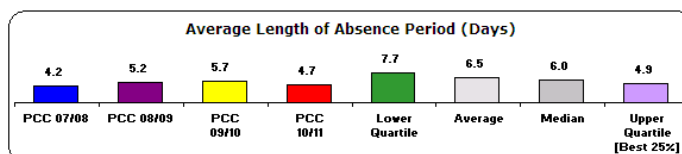
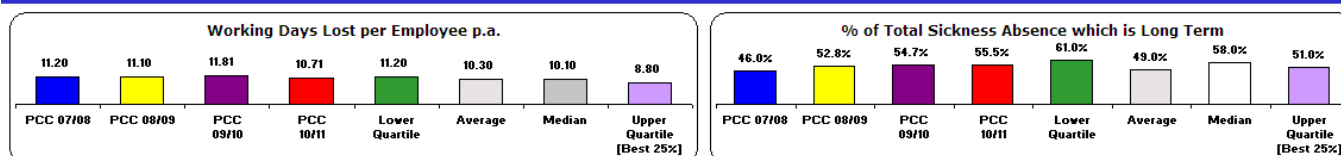
Training and Development expenditure rose per employee slightly and represents a higher investment in training than average for councils, though again the pattern is highly influenced by the reducing size of the organisation this year.. Net expenditure within the council has been falling. Most organisations have chosen to cut learning and development budgets as a cost saving mechanism in recent years.

These figures say nothing about the value added by training activities, and those with the lowest expenditure are not necessarily achieving the best value for money. Training and Development are currently implementing a revised evaluation system for training courses so robust measures can be provided in future showing the impact and benefits achieved through training activities.

Extended use of E-learning courses is continuing and helps reduce the unit costs for training in appropriate areas, as does the use of NVQ’s and other opportunities which attract external funding.

It can be seen from the charts that PCC had a lower quartile result in terms of appraisals and setting individual goals and targets. However there has been considerable improvement from the previous year and HR are working to ensure it becomes fully embedded in the organisation. In the current year three Directorates have completion rates between 86% and 98% and additional training and support has been targeted to those areas where the process is yet to become fully embedded. Data on the scores is being collected in order to gather a picture of performance issues throughout the organisation which are being addressed and is being used to inform the HR Review process and identify top performers and those with high potential. The same process is also used for identifying individual training needs.

Sickness Absence



Key	Reasons for sickness absence
A	Infections inc. Colds And Flu
B	Stomach, liver, kidney & digestion
C	Musculo-skeletal inc Back & Neck
D	Stress, Depression, Anxiety, Fatigue
E	Other
G	Neurological inc. Headaches & Migraine
H	Eye, Ear, Nose, Mouth, Dental, Sinusitis
I	Chest & Respiratory inc Chest Infections
J	Pregnancy Related
K	Genito-urinary/gynaecological
L	Heart, Blood Pressure & Circulation

Sickness absence was 0.41 days per employee above average, however the absence rate was reduced by 9.3% over the previous year. Apart from 09/10, [which was affected by swine flu], the sickness trend has been towards improved rates in recent years.

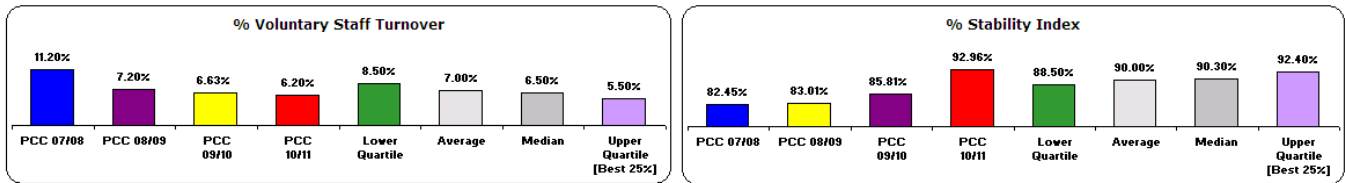
The percentage of sickness that is long term is above the mean average but below the middle [median] value. The trend continues to rise for Peterborough. It is suggested this is because work to better manage sickness absence over recent years has had a somewhat greater impact on curbing short term absences. The average length of absences was shorter than in other authorities, although this would depend on how each organisations payroll counts split sickness occasions.

The analysis by sickness type shows the stress related category overtook musculo-skeletal as the biggest single cause of sickness days in 2010/11. It should however be remembered that the transfer of specific services such as Vivacity and City Services will affect the likely types of sickness occasions away from some types of physical problems, rather than there being a real trend towards increasing stress levels. There was a noticeable increase in days due to the 'other' category – an investigation may be needed to ensure only those items which should be placed in this category are so labelled, although we still had less such sickness than average. A project is underway to raise awareness of managing stress across the council.

Improved attendance rates have continued to be achieved in the current year and are currently standing at 9 days per employee for the most recent 12 months for current Directorates. This is despite transfer of staff to SERCO, who had below average absence rates. HR sees further improvement as a priority and a revision to the absence monitoring triggers is being planned. This is intended to ensure regular monthly review of all staff that have above average sickness rates, and therefore ensure timely management action occurs in all cases. Rather than base sickness 'triggers' on a fixed number of occasions or days lost, this relates the individuals rates to the average rate, for which continual improvement will be aimed at.

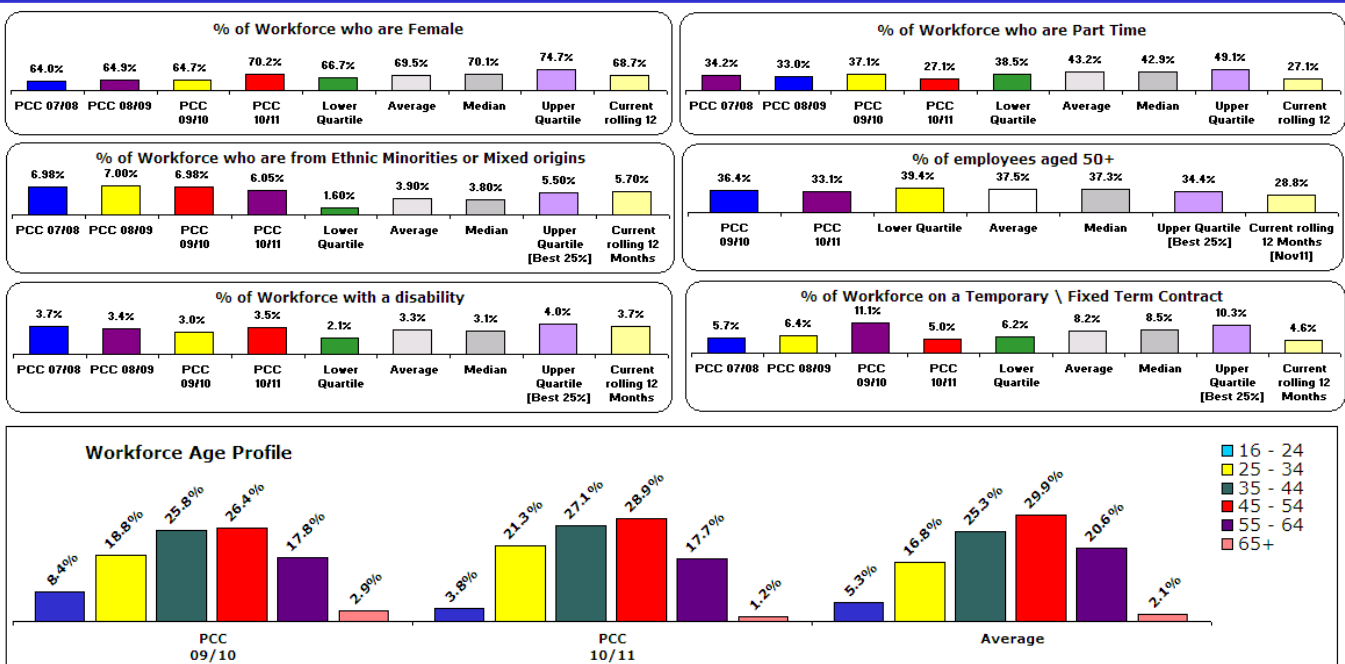
Inevitably, discussion on sickness rates when published raise the issue of comparison with the private sector. There are a number of important factors in comparing public and private sector absence rates. One reason for this gap is that public sector employers have an older age profile in their workforce, and statistics show long term absence is higher for older age groups. Some reports estimate long term absences in the private sector only account for 12-18% of absences. Similarly studies have shown female staff on average have higher absence and the public sector has a far greater percentage of female staff than the private sector. Another arguable difference is the physical and stress related demands of different sectors of the economy. This is not to suggest that the council should or does not aspire to similar rates as the private sector, but to recognise that there are significant differences between the private and public sector workforces.

Voluntary Staff Turnover and Retention



Staff voluntary turnover was below average and median - generally considered a good sign of relative employee satisfaction. Strict control of recruitment has contributed to an ongoing fall in FTE \ Headcount each month as well as gains from reorganisations, transfers and specific redundancy programmes. Because turnover only measures leavers from the organisation it does not indicate the level of change within the organisation through reorganisations as well as TUPEs which HR has supported through Business Partners. Our stability index [the percentage of current employees who were in the council's employment one year ago] is in the upper performance quartile. This is partly an indicator of control of recruitment, partly of current economic conditions, and partly related to employee retention.

Employee Diversity

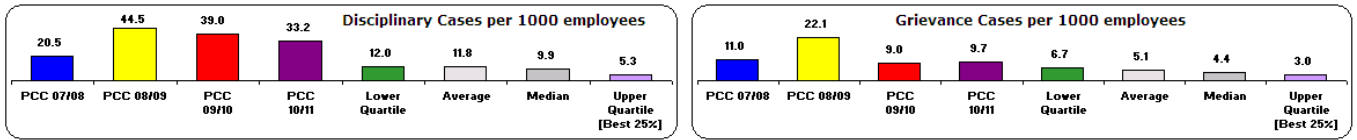


The large transfers from the council to Vivacity, Enterprise and SERCO have meant the diversity pattern within the council has changed considerably, not due to recruitment or retention issues but simply because different areas of the business have had different equality profiles and a good percentage of council jobs has moved outside of the council. At November 11 the workforce headcount for directorates is 55% of that at January 11. In these charts we have added to November 11 figures to show the effects of these changes.

Disability representation has increased proportionally. Ethnic Minority representation, and the percentage of women who are female have reduced proportionally within the council, as have the percentage of staff over 50, the percentage of staff who are part time, and the percentage of staff on a fixed term or temporary contract. However ethnicity and disability representation remain favourable relative to other councils.

The potential contribution to increased diversity made by recruitment is more restricted in times of a contracting workforce and limited recruitment, however work continues in HR on equality impact assessment of HR policies and processes, and consideration and reporting of equality data. The Equality Act 2010 has increased the data publishing requirements related to staffing, and by April 2012 the council is obliged to publish specific and measurable equality objectives which the corporate diversity group is leading on.

Employment Tribunals, Disciplinary and Grievance Cases



The number of both disciplinary and grievance cases per 1,000 employees are in the upper quartile area.

A relatively high rate of disciplinary cases is thought to indicate a proactive approach to ensuring workforce issues are properly managed and resolved and a robust recording system for cases. This includes addressing breaches of Health and Safety and other policies \ procedures and unsatisfactory work performance.

The number of formally disciplinary cases [92] reduce proportionally in 10/11 and is likely to fall further in the current year since 45 percent of formal cases occurred in City Services. Cases recorded by the council incorporate all cases not resolved informally [74 in 2010/11]. The majority of cases arise from unacceptable behaviour [38%] and breaches of policy or procedure [32%].

Formal grievances fell from 37 in the previous year to 19 in 09/10 which represented a rise proportionally. As the workforce contracts such figures, based on a limited number of cases will become more volatile. The vast majority of cases were not against council policies or procedures [6%] but complaints against colleagues [44%] and managers [50%].

Timely and satisfactory resolution of cases reduces the exposure of the council to Employment Tribunal Claims. 50% of logged disciplinary and grievance cases were resolved informally in 09/10.