

HR BENCHMARKING REPORT DECEMBER 2010

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.

Benchmarking schemes have become more important in providing comparative data because government returns on workforce matters ceased to be collected and published when Best Value Performance Indicators were abolished.

There were 50 Council participants this year. This scheme runs separate exercises for Local Authorities and Schools. This gives better comparisons for PCC than other clubs as in the main HR services are not provided to schools internally. HR Benchmarker also runs for other sectors outside local government. Great care should be taken in 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 and therefore involve a lower staff \ cost ratio.

HR for the purposes of this benchmarking incorporates Occupational Health \ Health and Safety and HR Shared Services \ Payroll, now within Manor Drive Solutions. It does not relate solely to the HR Service. Additionally some of the metrics cover wider workforce issues related to management throughout the organisation such as sickness absent rates.

The data used relates to the financial year 09/10. There have been further changes in HR and Manor Drive Structures in the current year which will show further improvements to costs and headcount ratios in next years benchmarking.

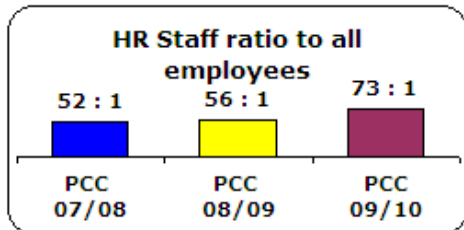
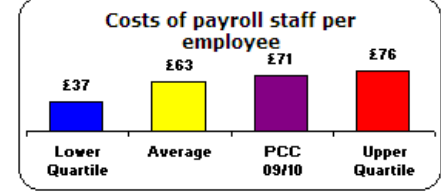
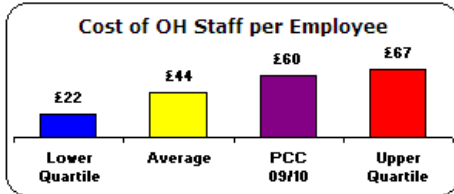
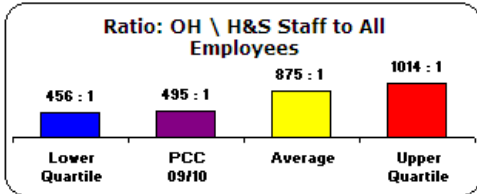
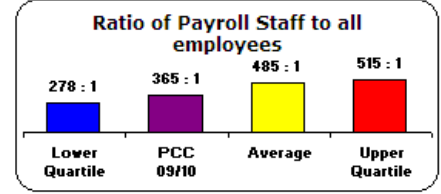
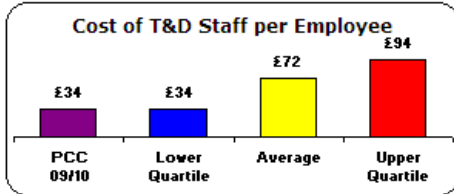
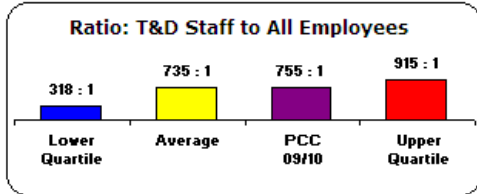
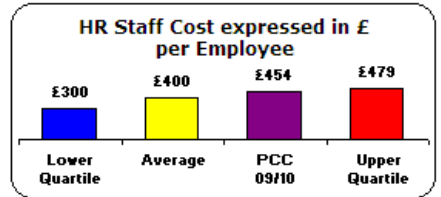
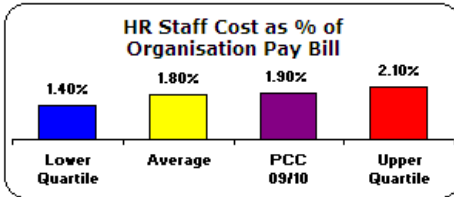
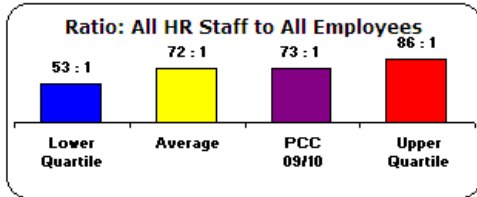
Benchmarking exercises provide a sense of how we are doing as a basis for discussion, exchanging ideas, looking for excellence and driving organisational improvement. When reading the results, there are differences between organisations which can explain differences in results. In this study for example, we are compared not only with other unitary councils but participating County Councils, Metropolitan Boroughs, London Boroughs etc [i.e. all non district councils], 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 tend to appear cheaper simply because people spending less than 50% of their time on HR matters will not be included in HR ratios or cost figures.

The lowest [or highest] results are not necessarily the best on all measures. For example having a low voluntary turnover rate is usually considered good in that it will reduce recruitment and training costs, retain expertise and demonstrates a level of employee satisfaction. On the other hand turnover is good for bringing in new talent, and helps to avoid the need for redundancies at a time of reducing financial resources. An other example would be that an authority spending a smaller proportion of its turnover on HR might be doing so at the expense of quality in its organisational development and might therefore cost more indirectly. So the relationship between efficiency and effectiveness has to be considered in looking at benchmarks.

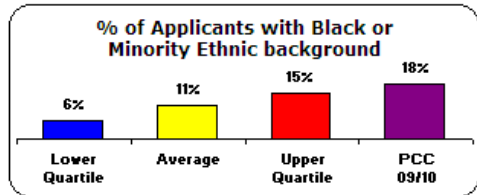
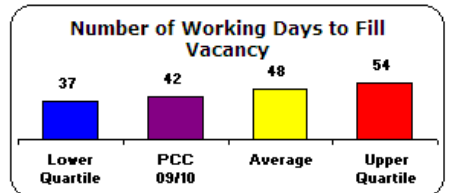
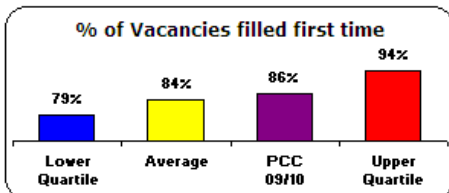
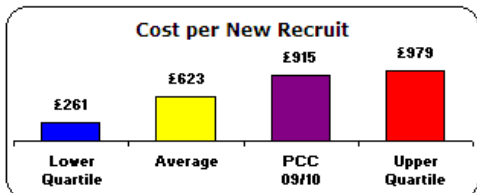
The full report gives results in quartiles and discusses trends and good practice. We have presented the main measures graphically showing where PCC rated in relation to averages and upper and lower quartiles.

SUMMARY OF LATEST HR BENCHMARKER COMPARISONS

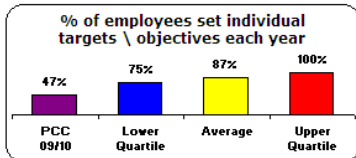
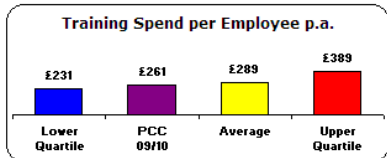
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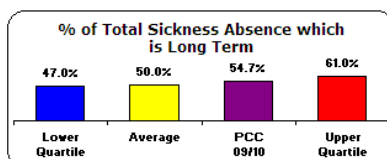
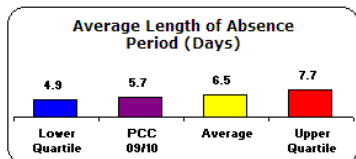
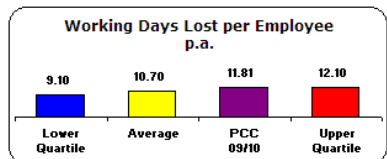
Recruitment and Selection



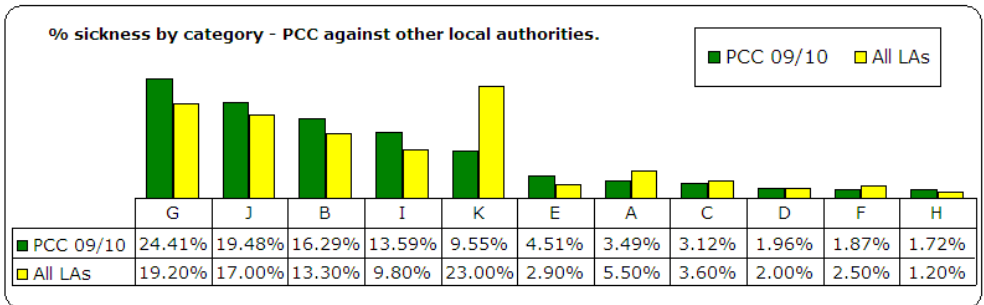
Training & Development



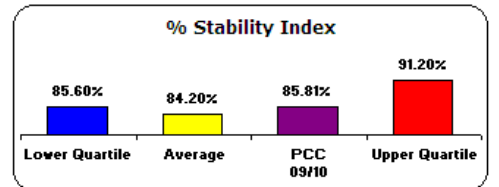
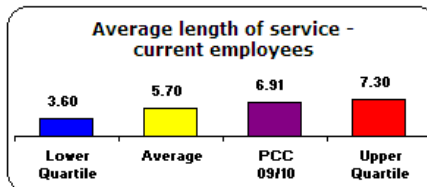
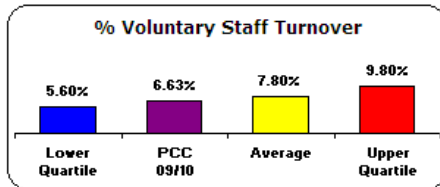
Sickness Absence



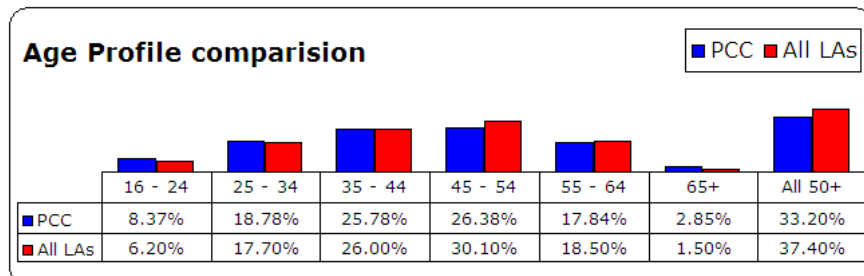
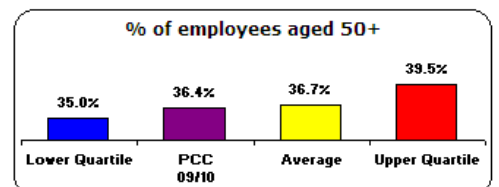
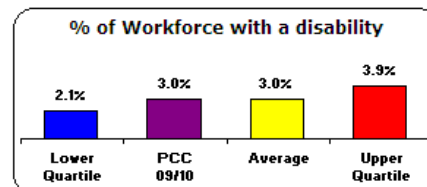
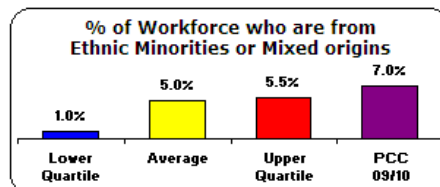
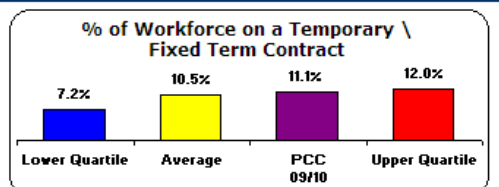
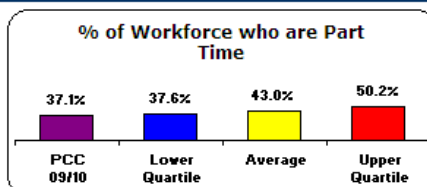
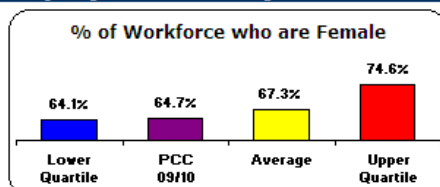
Category	Key
Musculo-skeletal inc Back & Neck	G
Stress, Depression, Anxiety, Fatigue	J
Infections inc. Colds And Flu	B
Stomach, liver, kidney & digestion	I
Other	K
Neurological inc. Headaches & Migraine	E
Chest & Respiratory inc Chest Infections	A
Eye, Ear, Nose, Mouth, Dental, Sinusitis	C
Genito-urinary/gynaecological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



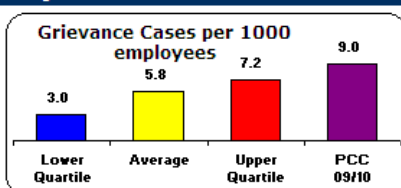
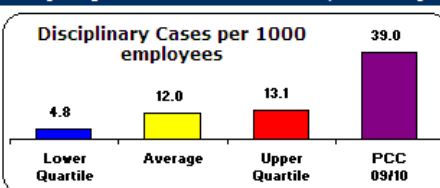
Voluntary Staff Turnover and Retention



Employee Diversity



Employment Tribunals, Disciplinary and Grievance Cases



COMMENTARY

HR Staff ratios and costs

In the last three years the ratio of HR staff to employees has been consistently reducing as a result of reorganisation exercises and other efficiency gains. The same trend can be seen across different Professional HR staff \ administrative staff, training and development, the only exception being the small occupational health team.

In cost terms the percentage of the organisation's paybill spent on HR is around average despite being compared with larger organisations where more efficiencies of scale might be expected. 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 also creates an upward pressure on staff ratios and costs at a time when HR services are important in transitioning effectively to a smaller workforce.

Corporate training and development has a comparatively low level of staffing and expenditure, while Payroll staffing and costs were above average. This reflects lower internal staffing for corporate training in recent years although overall spending on training is also a little below average. Ratios for payroll are however more likely to be skewed because of some participants having outsourced their payroll. Improved payroll ratios are likely for 2010/11 as a result of ongoing transformation of processes and structures in Manor Drive.

Recruitment and Selection

On recruitment and selection we appear to be slightly above average on recruiting first time and quicker at filling vacancies. Job advertising costs have fallen considerably in recent years as we have made increasing use of online recruitment. The reason costs per recruitment rose considerably in 09/10 was because of a dramatic fall in the number of vacancies being filled so that fixed costs [mainly for the online recruitment system] was spread across fewer recruitments.

Training & Development

Training and Development spend is now a little below average. The CIPD's Learning and Talent Development Report 2010 identifies that most organisations have chosen to cut learning and development budgets as a cost saving mechanism. The PCC spend was also reduced this year because external spend on situational leadership training and Vision 2010 programmes has finished and been replaced by more internal delivery. Other recent initiatives include the launching of E-learning courses for some areas as well as use of NVQ's 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 in 09/10. The appraisal scheme has been redesigned \ re-launched in April 10 and is becoming embedded in the organisation. 5 of 6 Directorates have so far completed between 82% and 97% of annual appraisals, and data on the scores is being collected in order to gather a picture of performance issues throughout the organisation. The same process is also used for identifying training needs.

Sickness Absence

Sickness absence was at the median level and slightly above average for 09/10. After several years of reducing rates PCC rates did rise in 09/10, partly as a result of swine flu absences. Generally the trend among authorities taking part in benchmarking has been a gradual improvement in rates. Unfortunately there is now no simple way to review performance against all unitary authorities for example.

The percentage of sickness days lost falling within long term absences has increased at Peterborough as a percentage of all absences in the last three years and is above average against the benchmark. This suggests improving short term absence management and culture, because less short term absences increases the long term proportion of all absence. This also ties in with the average length of absences increasing.

Looking at sickness by category we have a similar trend to other authorities. Although most categories show a slightly higher figure for PCC, it would seem a lot of authorities have a higher level of 'other' sickness, which although a valid category in itself may have been boosted by authorities not being so robust in collecting sickness reasons under the categorisation scheme.

Peterborough sees further improvement as a priority and staff briefings on budgets for next year and redundancies which need to be made have highlighted the contribution which can be made to retaining jobs and reducing costs through improved attendance. An attendance improvement programme is included in the plans for savings.

As Appendix A shows some progress has been made on reducing sickness rates against last year. This is despite the TUPE transfer of staff to Vivacity and to SERCO, who collectively had a lower than average sickness rate. This causes an upward pressure on rates even if performance in other areas remain the same. The reduction of organisational headcount generally can also have an upward influence in rates in the short term.

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. [although the differences between male and female have not been in evidence particularly at Peterborough City Council.] 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 - generally considered a good sign of relative employee satisfaction. On the other hand a level of turnover does give opportunities to rationalise services and make efficiency gains. Strict control of recruitment has contributed to an ongoing fall in FTE \ Headcount each month as well as gains from reorganisations 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. Average retention periods for employees are above average as is the stability index [the percentage of employees who were in the council's employment one year ago].

Employee Diversity

The workforce has had a generally stable diversity profile in the last 12 months. There have been slight rises since April 09 in ethnicity [+0.27%], disability [+0.10%] and [+0.22%] female representation. As a authority with high ethnic diversity it is perhaps not surprising that our workforce has an upper quartile level of ethnic diversity. It also has average level of disability in the work force. 18% of job applicants are from ethnic minority communities which is also an upper quartile rate. It is intended to review success rates of candidates from minorities in considering the impact of policies and procedures on different groups using data from the e-recruitment system implemented this year.

Changes to employer duties in relation to equality and diversity arise from the Equality Act 2010. One change on which detailed guidance is still awaited from the Equality and Human Rights Commission concerns the annual publishing of monitoring data from April 2011. Although there are current requirements for publishing data, the new requirements are likely to include publishing of information on gender pay gaps as well as other changes such as disability rates broken down for different parts of the organisation. A similar open data ethos to those emerging for Council financial data are expected.

Employment Tribunals, Disciplinary and Grievance Cases

The number of both disciplinary and grievance cases per 1,000 employees are in the upper quartile area, though both are lower than the PCC figures for the previous year. It is a difficult area to compare because different authorities will have different recording systems and take a different view on what registers as a formal case. A high rate can indicate an authority which ensures disciplinary and capability matters and workforce issues are properly managed and resolved. This includes addressing breaches of Health and Safety and other policies \ procedures and unsatisfactory work performance. Of the 37 formal grievance cases in 09/10 nearly 58% related to Managers or Colleagues with the remainder relating to terms and conditions or council policies. Just over 30% of cases were resolved at the informal stage.

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