

## ANGUS COUNCIL

## PERSONNEL &amp; PROPERTY SERVICES COMMITTEE

ITEM No. 9

17 OCTOBER 2000

## MONITORING EMPLOYEE TURNOVER 1999/2000

## REPORT BY DIRECTOR OF PERSONNEL

**ABSTRACT**

This report analyses employee turnover within the Council during the 1999/2000 financial year.

**1. RECOMMENDATION**

The Committee note the terms of this report.

**2. BACKGROUND**

The Personnel and Property Services Committee on 3 February 1998 approved a policy for measuring employee turnover within the Council.

Under the terms of the policy both a Crude Rate and a Stability Index of measurement are calculated for each Department and for the Council as a whole on a financial year basis.

For the Committee's reference, a Crude Rate Index is determined by dividing the number of employees who left during the financial year by the average number employed during the year and multiplying that figure by 100. A Stability Index is determined by dividing the number of employees with one year or more service at 31 March by the number employed the previous 31 March with one year or more service, and multiplying that figure by 100.

A fuller explanation of both Indices is outlined in the attached Notes of Guidance, Appendix 1 refers, which are issued to Departments to assist in their calculations.

There are two main reasons for measuring and analysing levels of employee turnover:

- **forecasting:** if future staffing and recruitment needs are to be estimated reliably, account needs to be taken of past levels of employee turnover.
- **control:** an organisation needs to know the current levels of turnover before it can decide whether steps need to be taken to reduce these levels. Objective measurement is essential if the cost of employee turnover is to be calculated accurately.

**3. EMPLOYEE TURNOVER FIGURES - 1999/2000**

Appendix 2 details the Crude Rate Index and Stability Index employee turnover figures within Angus Council for 1999/2000 on both a Departmental and Council wide basis.

The Committee is asked to note that:

- Two calculations were done for each Index. The difference between the two Crude Rate calculations is that A allows for internal movement within the Council whereas B only measures those leaving the Council. The difference between the two Stability Indices is that A relates to service with a Department and B to service with the Council.
- A reading of 100 in the Stability Index represents no change at 31 March 2000 from 31 March 1999, a reading below 100 indicates that less people are employed with one year's service and a reading above 100 indicates that more people are employed with greater than one year's service.
- The use of percentages can give a skewed effect particularly in smaller Departments.

For comparison purposes the turnover figures for 1997/98, 1998/99 and 1999/2000 are outlined in Appendix 3 with the Council-wide figures also shown in graphic form in Appendix 4.

The Council's figures can be compared with published national data. Although published data does tend to vary in quality and cannot be relied upon to compare on a precise basis such indices of employee turnover are useful to give an organisation an indication of how they are doing in comparison to others.

The MSG Consulting Group indicates an employee turnover rate of 13.1% for all organisations with 12.5% in the public sector and 12.9% in the private sector with over 1000 employees. On the other hand IFF Research indicates a turnover rate of 21% for the same period (12 months to May/June 1998). The IFF Research figure is supported by a survey by the Institute of Personnel and Development published in December 1999 which indicates that in 1998 employee turnover in the economy as a whole was 20.6%, 14.8% in Local Government.

The above figures represent Crude Rate measures and relate to employee turnover out of the organisation. For comparison purposes therefore reference should be made to Calculation B of the Crude Rate Index.

Such a comparison indicates that this Council's figures for 1997/98 - 8.38%, 1998/99 - 9.67%, and 1999/2000 – 8.97% compare more than favourably with any of the published data.

No external data could be sourced to enable comparison with the Council's Stability Index.

#### **4. FINANCIAL IMPLICATIONS**

There are no direct financial implications associated with the terms of this report.

#### **5. CONSULTATION**

The Chief Executive, Director of Finance and Director of Law & Administration have been consulted on the terms of this report. The Chief Officers' Management Team have been consulted on the content of the report.

JANICE TORBET  
Director of Personnel

**NOTE** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

**EMPLOYEE TURNOVER: Notes of Guidance**

**Crude Rate Index:** 
$$\frac{\text{Number of employees who left} \times 100}{\text{Average number employed}}$$

*Number of employees who left* - include the number of employees who left the Department between 1 April 1999 and 31 March 2000. Do not include anyone who had submitted/been given their notice prior to 31 March 2000 but who was not due to leave until after that date.

*Average number employed* - to calculate this figure take the number employed in the Department at 1 April 1999, {Note - take figure from last years return for 31 March 1999 and add anyone who started on 1 April 1999} add that figure to the number employed at 31 March 2000, then divide the total by 2.

Only include permanent and temporary employees. Do not include casual/supply staff taken on to temporarily supplement the Department's establishment or to provide short term cover where an established post has not been filled.

Base all figures on actual number of employees - not full time equivalents.

Two separate calculations should be done - Calculation A should be in accordance with the above; Calculation B should be in accordance with the above but "*number of employees who left*" should exclude employees who left your Department and moved to another Department of the Council.

**Stability Index:** 
$$\frac{\text{Number of employees with one year or more service} \times 100}{\text{Number employed last year with one year or more service}}$$

*Number of employees with one year or more service* - base this figure on information as at 31 March 2000.

*Number employed last year with one year or more service* - base this figure on information as at 31 March 1999. {Note - this figure will be available from last years return}.

Base all figures on actual number of employees - not full time equivalents.

Only include permanent and temporary employees. Do not include casual/supply staff taken on to temporarily supplement the Department's establishment or to provide short term cover where an established post has not been filled - in any event such staff should not achieve one year or more service.

"Service" must be continuous ie no breaks.

Two separate calculations should be done. Calculation A should only include employees with one year or more service with the Department; Calculation B should in addition include employees who do not have one year or more service with the Department but have one year or more service with the Council.

**ANGUS COUNCIL  
EMPLOYEE TURNOVER  
1 April 1999 - 31 March 2000**

DEPARTMENT	Crude Rate Index		Stability Index	
	A	B	A	B
Chief Executive	4.59%	4.59%	125.80%	129.00%
Contract Services	13.56%	11.88%	97.21%	98.07%
Cultural Services	16.22%	16.22%	119.48%	117.95%
Education (Non Teachers)	11.09%	10.62%	113.11%	110.46%
Education (Teachers)	5.80%	5.80%	93.40%	93.40%
Environmental & Consumer Protection	2.00%	2.00%	102.00%	102.00%
Finance	7.97%	7.25%	118.00%	116.00%
Housing	4.90%	4.90%	147.27%	148.18%
IT	2.60%	2.60%	97.40%	97.40%
Law & Admin	9.63%	9.63%	101.44%	102.89%
Personnel	21.43%	19.05%	80.95%	85.71%
Planning	9.52%	7.93%	103.40%	100.00%
Property	11.80%	8.86%	101.19%	102.38%
Recreation Services	14.43%	14.43%	93.75%	93.75%
Roads	7.81%	7.81%	102.50%	100.00%
Social Work	11.31%	11.01%	101.00%	101.00%
<b>Council Percentage</b>	<b>9.45%</b>	<b>8.97%</b>	<b>101.21%</b>	<b>102.90%</b>

- The difference between the two Crude Rate calculations is that A allows for internal movement within the Council whereas B only measures those leaving the Council. The difference between the two Stability Indices is that A relates to service with a Department and B to service with the Council.
- A reading of 100 in the Stability Index represents no change at 31 March from 31 March the previous year, a reading below 100 indicates that less people are employed with one year's service and a reading above 100 indicates that more people are employed with greater than one year's service.
- The use of percentages can give a skewed effect particularly in smaller Departments.

## ANGUS COUNCIL - EMPLOYEE TURNOVER - 1997 - 2000

DEPARTMENT	1 April 1997 - 31 March 1998		1 April 1998 - 31 March 1999		1 April 1999 - 31 March 2000	
	Crude Rate Index	Stability Index	Crude Rate Index	Stability Index	Crude Rate Index	Stability Index
	A	B	A	B	A	B
Chief Executive	10.00%	10.00%	3.74%	3.74%	4.59%	125.80%
Contract Services	10.78%	10.57%	17.49%	15.72%	13.56%	97.21%
Cultural Services	21.90%	20.95%	10.25%	10.28%	16.22%	119.48%
Education (Non Teachers)	7.18%	3.49%	7.60%	7.26%	11.09%	113.11%
Education (Teachers)	11.20%	6.80%	4.98%	4.98%	5.80%	93.40%
ECPD	6.52%	6.52%	0.00%	0.00%	2.00%	102.00%
Finance	15.04%	12.03%	6.62%	6.62%	7.97%	118.00%
Housing	6.85%	6.85%	6.80%	6.12%	4.90%	147.27%
IT	2.82%	2.82%	8.05%	8.11%	2.60%	97.40%
Law & Admin	13.89%	11.11%	8.86%	7.59%	9.63%	101.44%
Personnel	21.74%	13.04%	20.00%	20.00%	21.43%	80.95%
Planning	5.83%	4.85%	7.14%	3.57%	9.52%	103.40%
Property	10.78%	8.38%	4.37%	4.37%	11.80%	101.19%
Recreation Services	8.51%	8.51%	2.22%	2.22%	14.43%	93.75%
Roads	2.88%	2.88%	13.06%	13.06%	7.81%	102.50%
Social Work	10.75%	10.47%	21.82%	16.00%	11.31%	101.00%
<b>Council Percentage</b>	<b>10.45%</b>	<b>8.38%</b>	<b>11.35%</b>	<b>9.67%</b>	<b>9.45%</b>	<b>101.21%</b>
						<b>102.90%</b>

• The difference between the two Crude Rate calculations is that A allows for internal movement within the Council whereas B only measures those leaving the Council. The difference between the two Stability Indices is that A relates to service with a Department and B to service with the Council.

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• A reading of 100 in the Stability Index represents no change at 31 March from 31 March the previous year, a reading below 100 indicates that less people are employed with one year's service and a reading above 100 indicates that more people are employed with greater than one year's service.

• The use of percentages can give a skewed effect particularly in smaller Departments.

