

**TAYSIDE CONTRACTS JOINT COMMITTEE – 25 August 2008**

**Report by the Managing Director**

**Subject: ANNUAL RECRUITMENT AND RETENTION REPORT (2007/2008)**

**ABSTRACT**

This report provides a narrative to and statistical analyses of recruitment costs, retention rates and other relevant data for the financial year 2007/08.

**1. RECOMMENDATION**

That the Joint Committee note and agree the contents of this report.

**2. INTRODUCTION**

Fundamental to Tayside Contracts' success is the need to recruit and retain the number and quality of employees required to achieve Tayside Contracts' business objectives, to provide a competent and flexible workforce able to meet the changing needs of the organisation and to promote Tayside Contracts brand image as a good employer. To address this a recruitment and retention strategy was developed which is summarised in the Business Plan. This annual report to the Joint Committee reports on and provides analysis of employee turnover, recruitment advertising costs and other relevant data.

**3. RECRUITMENT ADVERTISING AND COST ANALYSIS**

**i. Advertising Costs - 1 April 2007 to 31 March 2008**

<b>Division</b>	<b>(£) 2007/8</b>	<b>(£) 2006/7</b>	<b>Increase/Decrease</b>
<b>Catering</b>	£17,410	£34,141	- £16,731
<b>Cleaning</b>	£31,549	£24,909	+ £6,640
<b>Construction</b>	£4,314	£6,690	- £2,376
<b>Estimating</b>	£3,285	Nil	+ £3,285
<b>Transport</b>	£15,602	£6,395	+ £9,207
<b>Quarry</b>	£4,329	£2,104	+ £2,225
<b>Support Services</b>	£4,177	£3,571	+ £606
<b>Tay Cuisine</b>	£3,670	£6,395	- £2,725
<b>TOTAL</b>	<b>£84,336</b>	<b>£84,205</b>	<b>+ £131</b>

During 2006/07 our expenditure on recruitment advertising amounted to £84,205 and this has increased to £84,336 in 2007/08, a minimal increase of £131.

As in previous years, this included three large-scale promotional advertising campaigns for Catering and Cleaning, one in January 2007, another one in June 2007 and a final campaign in January 2008. The total cost of these three promotional adverts was £36,586. This approach ensures that there is a bank of candidates for managers to draw from when vacancies arise, usually at short notice.

This approach continues to work well within the Dundee City area but not so well in the more remote areas, where individual adverts in the local press or flyers have proven to be more effective in attracting suitable candidates.

## ii. Agency Costs

Division	2007/8	2006/7	2005/6	2004/5
Cleaning	Nil	Nil	£ 5,877	Nil
Catering	Nil	£ 9,945	£22,284	£ 17,891
Quarry	Nil	Nil	£ 3,297	£ 21,986
Construction	£50,346	£10,489	£ 1,468	£ 16,804
Support Services	£ 4,838	Nil	£35,797	£ 24,819
<b>Total</b>	<b>£55,184</b>	<b>£20,434</b>	<b>£68,723</b>	<b>£ 81,500</b>

Agency costs totalled £55,184 in 2007/08, increasing significantly by £34,750 when compared to the previous financial year. This increase is due mainly to agency costs associated with covering long-term sickness absence where it was not possible to recruit replacements with the necessary skills and experience on temporary contracts.

## 4. RECRUITMENT/RETENTION

In accordance with our recruitment and retention strategy, data on employee turnover stability is now reported quarterly to the Corporate Management Team and annually to the Joint Committee. The basis for calculation of our employee turnover and labour stability data is in accordance with the recommended ACAS model (detailed below) which also facilitates effective benchmarking nationally.

### ACAS MODEL

Employee Turnover %	Labour Stability Index
$\frac{\text{Number employed at start of rolling year} - \text{Number employed at end of rolling year}}{\text{Average Number of Employees}} \times 100$ $\frac{\text{Number of Leavers during rolling year} \times 100}{\text{Average Number of Employees}} = \text{Employee Turnover \%}$	$\frac{\text{Current employees with 1 or more years service} \times 100}{\text{Total Number of Employees a Year Ago}} = \text{Labour Stability Index}$

### Tayside Contracts Turnover/Stability Rates

DIVISION	EMPLOYEE TURNOVER			LABOUR STABILITY INDEX		
	2007/8	2006/7	+/-	2007/8	2006/7	+/-
Catering	19.0%	18.2%	+ 0.8%	83.7%	82.0%	+ 1.7%
Cleaning	24.0%	23.1%	+ 0.9%	81.0%	80.0%	+ 1.0%
Construction (Including Transport)	8.2%	9.9%	+ 1.7%	89.3%	87.4%	+ 1.9%
Support Services & CMT	13.9%	16.3%	- 2.4%	85.1%	84.7%	- 0.4%
<b>Organisation</b>	<b>19.3%</b>	<b>18.9%</b>	<b>+ 0.4%</b>	<b>83.5%</b>	<b>82.2%</b>	<b>+ 1.3%</b>

## **I. Employee Turnover**

In 2007/08 the organisational turnover rate increased to 19.3%, an increase of 0.4% compared to 2006/07 (as illustrated in the attached Appendix) and 2% higher than the average labour turnover rate reported in the CIPD (Chartered Institute of Personnel and Development) Annual Recruitment and Retention Report 2008.

The Business Plan KPI for employee turnover was 16% for 2007/08, although this was initially set in anticipation of an earlier implementation of Single Status and the anticipated positive impact this will have on employee turnover. The revised Business Plan KPI for 2008/09 is a more realistically achievable 18%, which will require an improvement of 1.3% compared with last year.

It is encouraging to note that turnover within the Construction Division is 10.3% less than the construction industry average (18.5%) as reported in the annual CIPD report. Similarly, within Catering, the national industry average of 41% is more than double Tayside Contracts' rate of 19%.

Further, it is encouraging to note that turnover within Support Services, which was causing concern in 2006/07, has reduced in 2007/08 by 2.4% to 13.9%. This is only 0.5% higher than the turnover rate listed for the category 'Administrative, Secretarial and Technical' by the CIPD.

## **II. Labour Stability**

Labour stability within the organisation increased by 1.3% to 83.5% in 2007/08 (as illustrated in the attached Appendix), continuing the trend of longer-serving employees being significantly less likely to leave than those with shorter service. It is encouraging to note that we are retaining more experienced employees which clearly enhances our performance and service delivery capability and also ensures that we are receiving a return on our training and development investment.

## **5. DIVERSITY AND EQUALITY IMPLICATIONS**

There are no specific diversity or equality implications relating to the content of this report.

## **6. FINANCIAL IMPLICATIONS**

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

## **7. CONSULTATION**

The Clerk and the Proper Officer to the Joint Committee have been consulted on the preparation of this report.

## **8. CONCLUSION**

Ongoing initiatives to improve recruitment and retention will continue throughout 2008/09. However, no further strategic initiatives will be developed until an evaluation of the impact of Single Status on recruitment and retention can be conducted.

It is anticipated that the increases in pay for jobs in the lower grades within Catering and Cleaning resulting from the implementation of the Single Status pay and conditions package will enhance our ability to recruit and retain employees in this particularly problematic area.

A handwritten signature in black ink that reads "Iain C. Waddell," with a comma at the end.

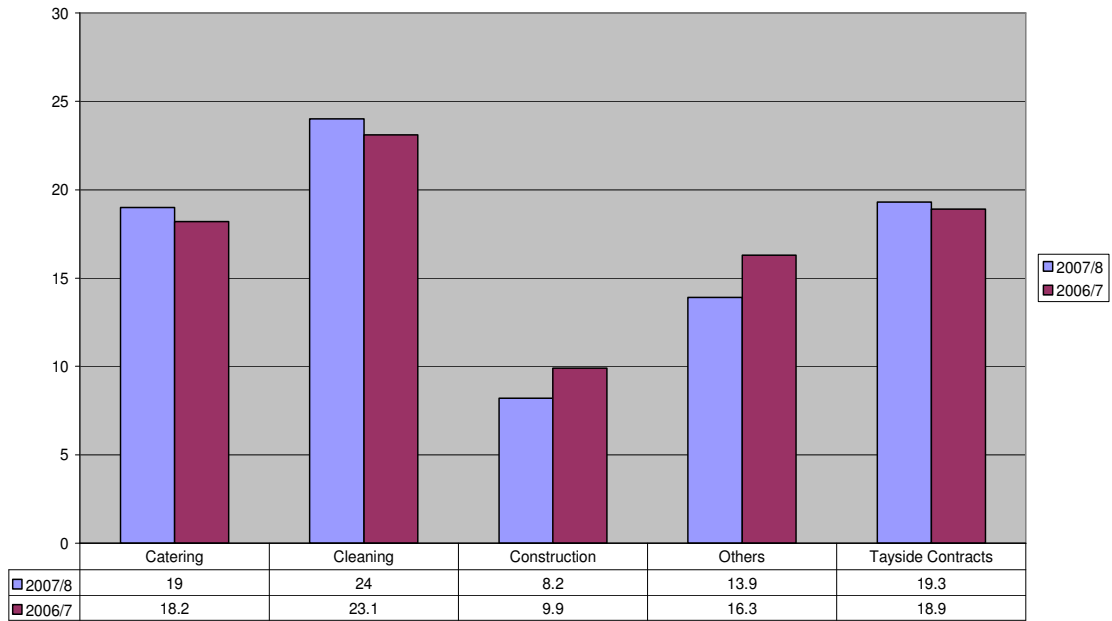
**IAIN C WADDELL  
MANAGING DIRECTOR**

**BACKGROUND PAPERS**

No background papers were relied on in preparing this report.

## Appendix

### Employee Turnover 2007/8 and 2006/7



### Employee Stability 2007/8 and 2006/7

