On Merit
A Review of Progress on Local Authority Recruitment Training

The Audit Commission bulletin, On Merit, which was published in 1995, and the associated audit of local authority recruitment and training processes, recommended that authorities should...

- plan, monitor and evaluate their recruitment processes
- use effective selection processes, and keep good records of their decision making
- monitor their advertising practices to make sure that they obtain value for money
- monitor recruitment decisions and the allocation of training opportunities to ensure that there is no unfair or unlawful discrimination
- develop training plans that are linked to corporate and departmental objectives

The Audit Commission has recently reviewed the extent to which authorities have implemented these recommendations. There have been some improvements...

- the proportion of authorities with written selection procedures has risen from 65 to 84 per cent
- over 90 per cent of authorities insist on clear, documented selection criteria, compared to 70 per cent at the time of audit
- the use of tests for senior posts has increased
- the average time between the closing date for an application and making the initial offer has fallen by 10 per cent to 23 days
- more authorities link their training plans to corporate and departmental objectives
- more authorities are achieving the Investors in People (IIP) award

...and many authorities have maintained their level of investment in their staff.

- spending on training courses has kept pace with inflation and is now over £250 per employee per year
- the number of training officers employed has remained constant
- the spend on the personnel function as a percentage of the paybill is unchanged

But action is still needed in some areas.

- nearly half of the authorities in this survey do not monitor the effectiveness of recruitment advertising, at a time when costs have risen by 11 per cent in real terms since the audit
- a substantial minority of authorities (38 per cent) do not monitor selection decisions against all the key criteria of ethnicity, gender and disability
- the use of tests for staff on scale grades is low, and falling

Local authorities must now take action...

- review their processes and performance with their auditors, who can provide comparative data for each authority
- identify areas of weakness
- agree and implement an action plan

...to achieve best value in their recruitment and training and provide a sound basis for delivering best value services.

Value-for-money indicators
This update is part of a series that tracks progress on a number of selected national value-for-money studies, using indicators based on the original study recommendations.
The importance of recruitment and training

Recruiting the right people and developing existing employees are central components of good performance management.

1. Local authorities in England and Wales employ around two million staff. Each year, over 200,000 staff are recruited to fill vacancies. Managing this process is expensive, in terms of the direct costs of advertising, the indirect costs of administering the system, and the cost of managers' time spent evaluating application forms and conducting interviews. In addition, there are the unquantifiable costs of making poor selection decisions. This is particularly important in the case of more senior posts, which can have a major influence on the efficiency and effectiveness of a local authority. Recruiting the right people and developing existing employees are central components of good performance management in local authorities.

2. The national bulletin, On Merit, and the associated audit of local authorities, focused on three key value-for-money issues:
   - **effectiveness**: whether authorities are using effective measures of selection, and whether they ensure that there are clear processes for the members and officers responsible for recruitment to follow;
   - **efficiency**: whether authorities are keeping good records that can help them in their decision-making and in fighting any unjustified complaints; and
   - **economy**: controlling the costs of advertising and the time taken over selection.

3. The audit also included a review of training, to assess whether authorities have frameworks in place to target their training and development programmes.

4. The audit took place in 1995/96. Since then there have been significant changes in local government:
   - local authorities have moved to 'single status' for all staff, eliminating the distinction between manual and non-manual staff;
   - local government reorganisation has led to major movements of staff between authorities; and
   - compulsory competitive tendering (CCT) has continued to be implemented, but will be superseded by best value from April 2000.

5. This update examines the progress that authorities have made in implementing the recommendations in On Merit. It is based on a survey of local authorities that was carried out early in 1999, using 1997/98 data on performance indicators identified in the original research and used in the audit. Because of the changes in employment, many of the indicators used in the audit in 1995 have been recalculated using 'all staff' rather than 'non-manual staff'. Only where it was not possible to obtain 'all staff' data for 1995 has the 'non-manual' category been used.

6. This follow-up made use of qualitative indicators to review processes, as well as quantitative indicators. Authorities were required to produce evidence to support their qualitative indicators.

7. Nearly 250 authorities took part in the survey, giving a response rate of 60 per cent. A full description of the follow-up process is given on page 12.
Effective recruitment

8. Effective recruitment focuses on three aspects of good practice:
   • do the officers and members involved in recruitment have a clear understanding of their roles and systematic procedures to follow?
   • do selectors have clear criteria for selection, together with ways of evaluating whether candidates meet the criteria?
   • do authorities use a range of selection methods in addition to panel interviews – in particular, using appropriate tests?

9. The follow-up found that the proportion of authorities with written selection procedures has increased from 65 per cent to 84 per cent between 1995/96 and 1997/98, while the proportion that insist on selectors having clear selection criteria has increased from 70 per cent to 92 per cent. Shire districts were less likely to have written procedures or to use selection criteria, although they, too, improved over the period [EXHIBIT 1].

EXHIBIT 1

The percentages of authorities using written recruitment procedures and using clear selection criteria

All types of authority have improved, although there is some variation between types.

Source: Audit Commission survey
10. The use of tests to select senior staff (senior officer grades and above) has increased – the proportion of authorities using tests for half or more of all senior staff appointments has risen from 37 per cent to 50 per cent. In addition, the proportion of authorities that always use tests has doubled from 8 per cent to 16 per cent. But, more worryingly, the proportion of authorities that use no tests has also risen, from 10 per cent to 18 per cent. The use of tests for junior staff appointments has also decreased slightly, and tests were less likely to be used than in the case of senior staff. [EXHIBIT 2].

11. The outcome of an effective selection process is the appointment of the most suitable candidate, who is competent to carry out the duties of the post. But in some cases it will not be possible to find a suitable candidate. In these cases, it can be better to readvertise, perhaps after reviewing the duties of the post, rather than to appoint a less suitable candidate.

12. Nationally, around 7 per cent of advertisements fail to lead to an appointable applicant, although in London, over 10 per cent of posts have to be readvertised. Authorities need to check their own performance. A high level of failure to appoint, except for posts where there is a national or regional shortage, might imply that the authority’s advertising is poorly focused, or that the job’s requirements are badly structured.

EXHIBIT 2
The percentage of senior appointments made using tests
The proportion of authorities that use tests for half or more of all senior appointments has increased.

Note: Percentages refer to the proportion of appointments made using tests.
Source: Audit Commission survey
Efficient recruitment processes

13. It is not sufficient for a selection process to be fair – it must be seen to be fair. This means that authorities should keep documentary evidence to support the decisions that they have made. Such evidence can be vital in responding to complaints about bias or discrimination in the selection process.

14. The percentage of authorities using standard forms for recording shortlisting and interview decisions has risen from 40 per cent to around 70 per cent.

Economy – cost of advertising

15. Nationally, spending on external advertising per post varies widely [EXHIBIT 3]. On average, London boroughs (£1,390) and shire districts (£830) spend the most, and metropolitan districts and county councils spend the least (£610 and £440 respectively). These costs have risen by 11 per cent in real terms between 1994/95 and 1997/98.

16. But although costs should be kept to a minimum, it is more important for advertising to be effective and the money well spent. Authorities should monitor the quality and quantity of the responses to advertisements, to ensure that the most appropriate media are being used. Although the proportion of authorities that monitor their advertising has increased from 40 per cent to 60 per cent, there are still many authorities that spend substantial sums of money without being able to demonstrate its effectiveness.

Source: Audit Commission survey
Economy – speed of appointment

...it is important that the (recruitment) process is managed as tightly as possible

17. The time taken to recruit – from the initial decision to fill a post through to the successful candidate starting work – can vary considerably. This is often due to reasons beyond the control of the authority, such as the notice periods that successful candidates have to give. Yet it is important that the whole process is managed as tightly as possible, particularly where the authority is able to control it. People considering changing jobs often apply for more than one post, and good candidates may take the first offer they receive, particularly if the recruitment process is protracted.

18. The part of the recruitment process that is clearly within the control of the authority is the time from the closing date for receiving applications to the first offer being made. During this period, applications must be evaluated and shortlisted candidates invited for interview. Provided this process is planned well in advance, with selection panel meetings scheduled, and the interview date notified to all candidates, it is possible to complete the selection process and to make an offer in under two weeks. Yet one-quarter of authorities take over four weeks for this part of the recruitment process [EXHIBIT 4].

EXHIBIT 4

Average number of days between closing date for applications and first offer being made (1997/98)

One-quarter of authorities take over four weeks from receipt of applications to making an offer.

Source: Audit Commission survey
**Induction training**

19. Induction programmes are an important link between the recruitment process and an individual’s ongoing development, and help individuals to start contributing quickly to effective service delivery. It is important that all staff receive induction training, including staff on short-term contracts, so that they, too, can contribute quickly to delivering high-quality services. Authorities have made improvements in this aspect of training, and the proportion with comprehensive induction programmes in place has risen from around 60 per cent to nearly 90 per cent.

**Training and personal development**

20. Recruiting the right staff is an important part of management, but making sure that all staff receive appropriate personal development and training is central to improving both corporate and employee effectiveness. The best councils have staff development and training strategies [EXHIBIT 5, overleaf] that incorporate:

- an analysis of the current aims and objectives of the organisation, to identify training and development needs;
- an awareness of the additional skills and competencies needed by existing employees to improve their current job performance; and
- a review of corporate and service business plans to identify new or changing skill requirements.

21. Nationally, the way that authorities plan and manage their training has improved. The number of authorities with an up-to-date corporate training plan has risen from 40 per cent at the time of the audit, to 66 per cent. These plans are more likely to be linked to corporate objectives. Sixty per cent of authorities reported such a link, compared to 20 per cent at the time of the audit. Plans are now also more likely to identify the resources needed to meet training and development needs.

22. The proportion of authorities with training plans for all staff has risen from 22 per cent to 50 per cent. In addition, many of the remaining authorities reported that they had personal training plans for some, but not all, of their staff.
EXHIBIT 5
The links between corporate and individual training and development plans
Plans must recognise corporate and departmental objectives as well as individual needs.

Source: Audit Commission

Investors in people (IIP) is a national standard for good practice in managing training and development.

23. Investors in people (IIP) is a national standard for good practice in managing training and development. To achieve IIP status an organisation has to be measured against a number of criteria by an external assessor. The criteria relate to matters such as:

- a commitment to develop all employees to achieve business objectives;
- regular reviews of the training and development needs of all employees;
- training and developing individuals once they have been recruited, and throughout their employment; and
- evaluating training and development to assess achievement and to improve future effectiveness.
24. The original research noted that local authorities were responding positively to this initiative although, at that time (1995), few had achieved IIP status. Since then, the number of authorities that have been awarded IIP status for all their staff has risen from just under 4 per cent in 1995, to 17 per cent by March 1998. In addition, more authorities have achieved IIP status for part of their workforce: 50 per cent of authorities had been awarded IIP status for at least some of their staff by March 1998, compared with 20 per cent in March 1995.

Resources for training

25. Authorities’ staff development can include supporting employees’ self development programmes, and incorporating development activities in the work of the authority, as well as providing formal training opportunities. However, it is often difficult to quantify the resources involved in general staff development activities, and only the costs of formal training have been analysed in this follow-up.

26. The survey found that authorities’ spending on formal training had kept pace with inflation, and is now over £250 per (non-manual) member of staff [EXHIBIT 6]. There has also been no significant change in the number of training officers employed by authorities. The number of training days given has risen slightly, and is now around three days per non-manual employee.

[EXHIBIT 6]

Spending on training per employee (1997/98)
Authors vary in the amount that they invest in training.

Source: Audit Commission survey

1 Training spend is calculated for non-manual staff to allow comparison with 1994/95 data used in the audit.
Equal opportunities

Equal opportunities are a fundamental part of good practice

27. Equal opportunities should not be an ‘add-on’ to general good practice, but a fundamental part of it. Many of the issues addressed in this update will contribute to fair employment practices. But authorities should also monitor recruitment decisions by ethnicity, gender and disability to ensure that they are not using selection methods that may be biased, and could be challenged. Training, too, should be monitored, to ensure that training opportunities are fair, and that no groups of employees are being denied training opportunities.

28. Sixty per cent of authorities now monitor recruitment success by ethnicity, gender and disability, compared with 36 per cent in 1995. In addition, some other authorities reported monitoring ethnicity and gender, but not disability.

29. The original research found that training opportunities were often biased in favour of more senior grades of staff, and suggested that authorities should monitor who goes on training courses by grade, as well as by ethnicity and gender. At the time of the audit, only 8 per cent of authorities regularly monitored training opportunities, and although the proportion has now risen to nearly 20 per cent, authorities still need to make progress if they are to be sure that training is reaching all appropriate groups and individuals.

The cost of personnel

30. The amount that authorities spend on personnel in relation to their overall paybill varies significantly. Large authorities – county councils and the larger metropolitan authorities – employ large numbers of staff, and tend to have a low relative cost (between 0.8 per cent and 1 per cent of paybill). Although shire districts employ small numbers of personnel staff, they have fewer staff overall and therefore spend proportionately more: around 1.4 per cent of their paybill is spent on personnel activity. London boroughs appear to have the highest levels of spending on personnel, at 1.8 per cent. Unlike many previously quoted figures for the relative amount spent on personnel, which were based on the ‘non-manual’ paybill cost, these figures use authorities’ total paybill, including short-term and temporary staff. There has been no significant change between 1995/96 and 1997/98 in the expenditure on personnel as a proportion of the paybill.
The next steps

31. Many local authorities have improved their recruitment and training processes since the audit in 1995/96. However, there are still weaknesses that should be addressed, and scope for further improvement.

32. Authorities need to be sure that all their staff have the necessary training and development and that they are recruiting high quality staff in order to deliver best value services. This follow-up will help authorities to identify areas where they could improve their processes and performance. The Commission’s auditors can assist each authority to do this, using specially designed software to provide a more detailed local analysis of performance. Chief executives and chief personnel officers should discuss their performance on these issues if they have not already done so.
Following up value-for-money studies and audits

Each year the Audit Commission follows up selected national studies and associated local audits that it has carried out to see what changes have taken place. It does this by identifying key indicators - value-for-money indicators (VFMIs). These are based on the recommendations made by the study and compare new data for these indicators against the data collected at the time of the original audit. The choice of studies depends on the continued relevance of the topic and recommendations, and the scope for change. The results provide not only a valuable national picture of change, but they also allow individual authorities to gauge their own progress against that of other, similar authorities. Separate results are produced by auditors for each individual authority using computer software that allows them to select indicators and tailor comparative groups to particular local needs. The information for recruitment and training has recently been given to auditors, and chief executives should discuss the mechanisms for local feedback with their auditor if they have not already done so.