Case Study - Potential efficiency savings from the use of DeXtraD iDP

More effective recruitment and retention of staff should result in lower levels of staff turnover.

The following case study was undertaken in a Welsh Authority.

Potential savings from a reduction in staff turnover and sickness absence

This authority has one of the lowest staff turnover rates in Wales, around 6%, the Welsh average is 10%. When retirements and health retirements are removed it has an annual turnover rate of approximately 110 posts.

Recruitment cost per post has been calculated as follows:

- Advertising
- HR dept time to collate applications
- Sifting applications and short listing
- Interviewing
- Training successful applicant

Estimated average cost per post = £3000

Based on the above calculations a 10% reduction in staff turnover would result in savings of £33,000 per annum.

Given that this authority is one of the smallest unitary authorities in the UK and has a turnover rate that is almost half that of the national average, the potential savings for larger councils could be substantially higher.

More effective recruitment and retention should result in better job satisfaction and increased commitment from staff; this in turn could result in lower levels of sickness absence. Staff who are committed and happy in their work will be less likely to take the odd day off sick than those who are less well motivated and content.

The subject authority employs around 3000 staff. The national average absence rate for the public sector ranges between 10 – 12 days depending on the duties involved.

3000 staff x 10days equates to 30,000 days of lost productivity annually. Based on 250 working days per annum this equates to 120 whole time equivalent staff units.

A 10% improvement in the absence rate would reduce the annual number of days lost by 3,000, or 12 whole time equivalent officers. Assuming that each post has a value of £25k with on costs, the potential loss of productivity will be valued at £300k

Whilst the savings may not be realised by way of hard cash, they do, however, represent additional resource/productivity to that value.

Potential savings from a reduction in benefits overpayments

There are additional savings that can be realised by a reduction in error and fraud. For example, the subsidy rate payable on Housing Benefit claims where fraud or claimant error has resulted in an overpayment will be reduced from 100% to 40%. Similarly, the subsidy payable on official error overpayments is reduced to nil or 40% depending on the cumulative value of the overpaid benefit.

Whilst the losses may be partly mitigated by the recovery of overpayments, losses in subsidy will still be substantial.

In 2008/9 the subject authority's figures for Housing Benefit fraud and claimant error were £285.4k and £79.5k for departmental error. Whilst these figures only account for around 2% of HB expenditure, the potential subsidy loss (excluding any recovered benefit) could amount to £233k. a 10% reduction in the levels of error and fraud could result in £23,000 more HB subsidy being payable.