

## Calculating the cost of recruitment

This can help you identify what recruitment activities are working well so you can invest more in getting it right, or where it isn't working well so you can reduce costs.

You can use this example to help you calculate the costs of recruitment. We've shown you how we've worked it out for this example, so you can tailor it for your service. You can use this template to add up your own costs – [download it here](#).

- This example is based on a small adult social care provider that employs 20 full time equivalent care workers and currently has an annual staff turnover of 33% (which was the national average in 2017).
- Over the past 12 months the provider has recruited six new staff.
- This example lists the time and associated costs for their recruitment activities to cover the gaps in staff leaving and recruit and develop their replacements.

Recruitment activity	What to consider when calculating the time and cost?	Example	Estimated £ per recruit
Cover for exiting staff	<ul style="list-style-type: none"> <li>▪ Calculate the overtime, bank or temporary workers needed to cover for gap periods as the organisation prepares to recruit new staff</li> <li>▪ NB: Consider how many times have you had to do this in the past 12 months to help calculate the average cost per recruit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Paid 105 hours of recruitment agency cover (£1470) to cover 2 periods of employment gaps whilst we recruited new staff = £1470</li> <li>▪ Paid 80 hours of overtime at 25% higher rate than core hours to cover employment gaps = £300</li> <li>▪ <math>£1770 / 6 = £295</math></li> </ul>	<b>£295</b>

<p>Preparing a job description and the application process</p>	<ul style="list-style-type: none"> <li>▪ Determine the recruitment process and associated timescales</li> <li>▪ Scope the role and responsibilities and develop a job description and person specification</li> <li>▪ Design the application form</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6 x 1 hour meetings between the registered manager and administrator per recruit to plan the associated process = £188</li> <li>▪ Half day annual review of job descriptions, person specifications and application forms between registered manager and senior care worker = £110</li> <li>▪ £298 / 6 = £49</li> </ul>	<p style="text-align: right;"><b>£49</b></p>
<p>Advertisement and promotion</p>	<ul style="list-style-type: none"> <li>▪ Promote your vacancies for example at careers events, job websites, press, engagement with Jobcentre Plus and recruitment agencies</li> <li>▪ Respond to questions about the advertisement and application process</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2 x 2 hour attendance at local careers event by two care workers = £60 (including travel expenditure)</li> <li>▪ 4 x job website advertisement = £180</li> <li>▪ 3 hours administrator time responding to potential candidate enquiries = £34</li> <li>▪ £274 / 6 = £45</li> </ul>	<p style="text-align: right;"><b>£45</b></p>
<p>Shortlisting</p>	<ul style="list-style-type: none"> <li>▪ Review applications, select successful candidates and issue invites to interview</li> </ul>	<ul style="list-style-type: none"> <li>▪ 12 hours of registered manager and senior care worker application review = £620</li> <li>▪ 3.5 hours administrator scheduling interviews and notifications = £34</li> <li>▪ £654 / 6 = £109</li> </ul>	<p style="text-align: right;"><b>£109</b></p>
<p>Interviews</p>	<ul style="list-style-type: none"> <li>▪ Panel members coordinate and conduct interviews and</li> </ul>	<ul style="list-style-type: none"> <li>▪ 20 hours of senior care worker and care worker time in interview panel = £438</li> </ul>	

	<p>review candidates</p> <ul style="list-style-type: none"> <li>▪ Coordinate, administer and review interview related assessments</li> <li>▪ Train panel members to recruit</li> </ul>	<ul style="list-style-type: none"> <li>▪ 18 hours of administrator time to plan and coordinate core skills assessments and accompanied tours of service = £204</li> <li>▪ Effective recruitment training course (half-day) and associated backfill for care worker = £110</li> <li>▪ £752 / 6 = £125</li> </ul>	<b>£125</b>
Checks, contracting and set up	<ul style="list-style-type: none"> <li>▪ Administer and follow up ID, DBS and reference checks, and do associated risk assessments</li> <li>▪ Document recruitment decisions</li> <li>▪ Issue and follow up employment contracts and sign off procedures</li> <li>▪ Set up new staff records, systems access, payment and pensions etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 12 hours for administrator follow up and associated costs for pre-employment checks = £520</li> <li>▪ 6 hours of risk assessment reviews and associated documentation by the registered manager = £125</li> <li>▪ 18 hours administrator support to issue contract and set up systems = £204</li> <li>▪ £848 / 6 = £141</li> </ul>	<b>£141</b>
Induction, training and competency assessments	<ul style="list-style-type: none"> <li>▪ Plan induction programme</li> <li>▪ Review policies and procedures</li> <li>▪ Develop and deliver induction training and mandatory training – where applicable include time and costs associated with</li> </ul>	<ul style="list-style-type: none"> <li>▪ 12 hours administrator time to plan and communicate induction programme = £136</li> <li>▪ 5 hours for new care worker to review and sign policies and procedures = £50</li> </ul>	

	<p>commissioning external learning</p> <ul style="list-style-type: none"> <li>▪ Assess staff competence</li> </ul>	<ul style="list-style-type: none"> <li>▪ 15 hours senior care worker time to review and refresh internal induction and training materials to align with latest good practice = £173</li> <li>▪ 12 days of induction related training delivered by senior care worker over the year = £1038</li> <li>▪ 6 x purchase of external learning provider materials = £120</li> <li>▪ 5 x external Basic Life Support/ First Aid course = £195</li> <li>▪ 45 hours of experienced care worker support for new worker to shadow them and assess their competence = £454</li> <li>▪ £2166 / 6 = £361</li> </ul>	<b>£361</b>
<p>Probation period additional supervision and support</p>	<ul style="list-style-type: none"> <li>▪ Initial introductory meetings</li> <li>▪ Ad-hoc line manager support</li> <li>▪ Enhanced supervision during probation period</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6 x 2 hours introduction meeting with registered manager, senior care worker, administrator = £513</li> <li>▪ 18 hours ad-hoc line manager support from senior care worker = £206</li> <li>▪ 6 x 6 hours of extra supervisions across probationary period = £414</li> <li>▪ £1133 / 6 = £188</li> </ul>	<b>£188</b>

Productivity - reduced capacity	<ul style="list-style-type: none"> <li>▪ Time and cost associated with new workers limited productivity as they're inducted into the organisation for example learning new ways of working, familiarising themselves with care plans and being unable to perform some tasks until assessed as competent</li> </ul>	<ul style="list-style-type: none"> <li>▪ NB: Over 6 month probation, the employer estimates that new and inexperienced care workers work at approximately 75% capacity of experienced workers (requiring other care workers to cover this loss in productivity)</li> <li>▪ 6 x 227.5 hours covered by existing care workers whilst new care workers approaches full capacity = £13,977</li> <li>▪ £13,977 / 6 = £2329</li> </ul>	<b>£2329</b>
	<b>Totals</b>		<b>£3642</b>

The total cost to this small care provider for each new person recruited over the past 12 months is **£3642**.

The combined cost of all six new staff members is **£21,852**. If these trends continue, over five years the costs would exceed **£100,000**.

Implementing recruitment strategies to help them to reduce staff turnover from an average of six staff per year to two staff per year, would save them **£14,500** annually and over **£70,000** over five years.

There are lots of variables when calculating the total cost of recruitment. Every care provider will have a different approach to how they cover for the loss of staff and what activities they do to recruit and replace them.

Whilst retaining all staff may be an unachievable goal, knowing what the cost of recruitment is for your organisation can help you plan in practical ways to reduce it.