

HEFCE 02/09  
March  
**Invitation**

**Respond by Saturday 1 June 2002**

# Rewarding and developing staff in higher education

**Reminder to submit human  
resources strategies**

## Rewarding and developing staff in higher education

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| To                                   | Heads of higher education institutions funded by the HEFCE and the TTA |
| Of interest to those responsible for | Human resources management, Strategic management                       |
| Reference                            | 02/09  |
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### Executive summary

#### Purpose

1. This document reminds higher education institutions (HEIs) to submit their full human resources strategies in order to continue to receive special funding to support the development of human resource management in the sector. These additional resources to recruit, retain, reward and develop staff were announced as part of the Government's 2000 Spending Review.

#### Key points

2. In March 2001, we invited HEIs to apply for funds under the first year of the Rewarding and Developing Staff in Higher Education initiative (see HEFCE 01/16), by submitting institutional human resources (HR) strategies. Strategies were assessed as either 'full' or 'emerging'. HEIs with emerging strategies were awarded funding for 2001-02 only. These HEIs now need to submit full strategies to release HR funding for years two and three of the initiative – 2002-03 and 2003-04. HEIs whose strategies were assessed as full in 2001 do not need to respond to this invitation.

3. As before, we will distribute funds to institutions in proportion to their combined basic recurrent HEFCE grants for teaching and research. The Teacher Training Agency (TTA) will continue to provide support under this initiative for TTA-funded activity.

4. Institutions are free to determine their own objectives and specific targets. We will monitor these through annual operating statements.

#### Action required

5. Institutions that have not done so already are invited to submit their full HR strategies to us by **Saturday 1 June 2002**.

## **Introduction**

6. As part of the year 2000 Spending Review the Government announced additional resources to help institutions recruit, retain, reward and develop staff, as well as helping to modernise management processes in the sector. We allocated £80 million in HR supplement funding in 2001-02, and plan to allocate £120 million in 2002-03 and £170 million in 2003-04.

7. These additional resources recognise that the world-class reputation of the higher education (HE) sector depends upon its ability to recruit, retain and develop high quality staff. Human resource management in higher education has many strengths, but in an increasingly competitive world there will also be more demands. This additional funding will enable HEIs to support existing investments and to create new opportunities.

8. Annex A details the specific areas which HR strategies should address. In March 2001, we wrote to HEIs requesting the submission of 'full' or 'emerging' HR strategies. In most cases, emerging strategies explained how and when the institution would address recruitment and retention of staff, staff development and equal opportunities targets (areas a, b and c of Annex A), but deferred consideration of reviews of staffing needs, performance reviews for all staff, and action to tackle poor performance (areas d, e and f).

9. HEIs with emerging strategies have had a further 12 months to develop their HR strategies to meet the criteria for full status. Over the past 12 months, we have run a series of HR networking seminars – during May and November 2001 – to enable HR professionals and senior managers in the sector to share ideas on good practice. We have produced a good practice guide to HR strategy development, in conjunction with independent HR specialists. This has been circulated in draft form to all HEIs and a final version will be published later this month. In addition, we are funding a programme of HR developmental advice and support provided by external consultants, which most HEIs are using.

10. We have worked in partnership with sector bodies including Universities UK, SCOP, Equality Challenge Unit, Universities and Colleges Employers Association (UCEA), Higher Education Staff Development Association, Universities Personnel Association, and SCOP Personnel Group. This means that the partners are able to draw on the strengths and expertise of each other. For instance, UUK and SCOP are developing a strategic framework for management and leadership development. The Equality Challenge Unit will be running seminars on target setting to support equal opportunities, and UCEA have worked with staff representatives to develop agreements on job evaluation and good practice on equal pay audits, as well as implementing the agreement on a single pay spine. Although we would not want to interfere with the relationship between employer and trades union, we have been grateful to the trades unions for their comments on the design and implementation of the initiative, and their support and participation in good practice seminars.

## **Allocation of HR funding**

11. We will distribute the HR funding as a conditional grant, proportional to each institution's total HEFCE recurrent grant (core teaching grant plus an assumed income from tuition fees, plus basic recurrent research grant). Institutions with TTA-funded activity will be allocated further funding, based on the size of their TTA-funded activities. The HR supplements for 2002-03 are listed at Annex B. Indicative allocations for 2003-04 were published in HEFCE 01/16, Annex C.

12. We will allocate funding to HEIs for the next two years when we have received a full HR strategy that:

- integrates with the institution's mission and strategic plan
- covers all six priority areas listed in Annex A
- supports additional activity or the extension of existing activity that will yield further improvement
- contains targets that can be used to assess the effectiveness of the expenditure.

13. HEIs whose HR strategies were assessed as full in 2001 need not respond to this request.

### **Institutions with medical schools**

14. HEIs with medical schools will need to address the recommendations of the recent review into the appraisal, disciplinary and reporting arrangements for senior NHS and university staff with academic and clinical duties. The report, by Professor Sir Brian Follett and Michael Paulson-Ellis, is available on the Department for Education and Skills web-site at [www.dfes.gov.uk/follettreview](http://www.dfes.gov.uk/follettreview).

### **Higher education in further education colleges**

15. The funds for this initiative already cover indirectly funded HE provision at FECs, since this is included in the formula for calculating the funding allocation for each HEI. We expect HEIs to take account of the needs of the relevant staff within partner FECs in determining their HR strategy.

16. A separate funding stream incorporates an equivalent level of support for staff development to directly funded FECs (see HEFCE 02/02, 'HE in FECs: development fund for learning and teaching phase 2').

### **Format of the HR strategy**

17. Strategies should, as a minimum, cover the period to 2003-04. We will expect HEIs to demonstrate that their HR strategies are integrated in their corporate plan and alongside activities such as learning and teaching, research, widening participation, and links to business and the community. Specific reference should be made to staff development within research strategies. Where HEIs cross-refer to existing documents, they should provide copies if we do not already hold them. We hold copies of the following documents for all institutions: corporate plans, widening participation strategies, learning and teaching strategies, and approved proposals under the Higher Education Innovation Fund/Higher Education Reach-out to Business and the Community Fund. We do not hold copies of institutional research strategies.

18. Strategies should include a set of institutional objectives for recruiting, retaining, rewarding and developing staff, linked to a set of targets which can be monitored and evaluated by institutions themselves and by the HEFCE. Institutions are free to determine their own objectives and specific targets. We will monitor these through annual operating statements.

19. It may be unnecessary, in some cases, to completely re-write the strategy document submitted in 2001. Institutions may prefer to add to the original document, identifying clearly in the covering letter which parts have changed or been added.

## Evaluation and monitoring process

20. Effective monitoring and evaluation will provide confidence that strategies are being achieved and that continued investment beyond 2003-04 is worthwhile. Our approach is designed to meet these requirements while minimising the burden on institutions and us.

21. In detail, the process is as follows:

- a. Institutions submit full strategies by 1 June 2002.
- b. We will be working closely with consultants from the Office for Public Management (OPM), who will assess each strategy against the published criteria and the Council's six priority areas. In addition, HEFCE regional consultants and their teams will assess strategies received from HEIs in their region to consider how the strategy fits with the wider HEI mission and objectives. Where appropriate, we would expect HEIs to take into account the feedback about their initial strategy they received from us in July 2001.
- c. Acting on the advice of an advisory group, comprising sector representatives and others with HR expertise, we will confirm funding by the end of July 2002. Annex C lists the membership of the group. As before, we intend to provide constructive, developmental feedback on the HR strategy to each HEI at the time that funding is confirmed.
- d. In April 2002, HEIs will receive a request for their annual operating statement for the 2001-02 academic year. The HR initiative will be included in the annual operating statement for the first time this year, providing HEIs with the opportunity to report on performance against HR spending plans and performance targets.
- e. By October 2002, we will complete an interim evaluation of the initiative using an analysis of institutions' strategies, discussion with stakeholders and institutional case studies.

22. Institutions may also want to consider revising other institutional strategies (including those for learning and teaching, widening participation and research) to disseminate any good practice developed during the production of their HR strategies.

23. In developing their full strategies, institutions will find it useful to look at Annex B of the good practice guide (to be published later this month), which provides questions for self-evaluation.

## Application procedure

24. Institutions should submit four paper copies of their HR strategies plus an electronic version by e-mail by **Saturday 1 June 2002** (or earlier wherever possible) to:

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