

HEFCE 01/58

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Report

Rewarding and developing staff in higher education

Outcome of phase one

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To	Heads of higher education institutions funded by the HEFCE and the Teacher Training Agency
Of interest to those responsible for	Human resources management, Strategic management
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Executive summary

Purpose

1. This document provides feedback on the first phase of the initiative to reward and develop staff in higher education. It includes analysis of institutions' human resource strategies, and the status of those strategies (full or emerging).

Key points

2. The majority of institutions submitted strategies that were classified as emerging (see Annex A).

3. The HR supplement funding is as indicated in HEFCE 01/16. Funds are being profiled with institutions' core grant in the normal way, payable from August 2001. The funding was allocated in proportion to institutions' combined basic recurrent HEFCE grants for teaching and research. The Teacher Training Agency (TTA) will provide support under this initiative for TTA-funded activity.

Action required

4. No further action is required in 2001. Those HEIs with emerging strategies will be asked to submit full strategies by 1 June 2002.

Introduction

5. In the HEFCE's November 2000 letter of guidance from the Secretary of State, the Government announced an additional £330 million over three years to improve the management of human resources (HR) within higher education. This was intended to assist recruitment and retention of staff and to modernise the systems used to manage human resources in institutions. Funding was allocated in proportion to an institution's total core funding from the HEFCE: the assumed resource for teaching, plus the basic research grant. The Teacher Training Agency (TTA) will provide support under this initiative for TTA-funded activity.

6. We consulted on the process for distributing this funding (in HEFCE 00/56) and took account of responses in the invitation to apply for funds (HEFCE 01/16). Respondents overwhelmingly welcomed the £330 million investment in human resources development, and felt that the initiative was an appropriately 'light touch' way of achieving the objectives.

7. HEFCE 01/16 stated that we would release funding to institutions on receipt of an HR strategy that identified objectives, described how the money would be spent, and set specific targets. These would include improvements both to outcomes and to human resource management processes. Recognising the diversity of needs across institutions, we stated that it was for institutions themselves to determine their priorities and how these would be tackled, but that we expected the strategies to cover six priority areas. These are set out in Annex B.

8. We undertook a competitive tendering process, and appointed the Office for Public Management (OPM) as independent, external consultants to help HEFCE regional teams in analysing the HR strategies. We received 130 strategies by 1 June 2001, and fed back to institutions on the status of each strategy by mid-July.

Analysis of strategies

9. A team of consultants at OPM carried out the assessment work. The team agreed common approaches to interpretation and evaluation. In addition, two members of the team cross-checked a sample of evaluations from each OPM assessor, to ensure overall consistency and quality control. At the same time, HEFCE regional teams reviewed the strategies independently for coherence with the institution's mission.

10. Of the 130 strategies received, 42 (32 per cent) were submitted as 'full', and 88 (68 per cent) as 'emerging'. By choosing to submit their strategies as emerging, many institutions took the opportunity to shape their human resource strategies, and the action plans linked to them, as a two-stage exercise. Frequently this involved plans to do some baseline analysis on recruitment and retention, or an equal opportunities audit, in the first year (2001-02) before finalising their strategy. Some institutions chose to concentrate on the first three priority areas (recruitment and retention, equal opportunities and staff development), while leaving plans for the other three priorities (staffing reviews, annual performance reviews, and tackling poor performance) to be dealt with in a second phase of

work for 2002-03.

11. We classified each strategy as either full or emerging, depending how closely it met our criteria. As expected, the great majority were judged to be emerging (see Annex A).

12. It is clear from the strategies that institutions are keen to tackle challenging HR issues. They plan to use the additional funding both to reinforce existing efforts and to create new initiatives. Most of the strategies require further development, but we always expected that to be the case. The strategies contained a mixture of strengths and weaknesses.

Strengths

13. Areas of strength in strategies included:

- a. A particularly sound analysis of the issues, assessing the institution's practice and performance in each of the six key priority areas and using this information to set clear development priorities for the future.
- b. Comprehensive reviews of HR policies and procedures to identify areas where further work was needed.
- c. A clear thread of argument that began with considering the institution's mission and corporate plan, and worked through the human resource implications of future changes.
- d. Clear layout with good cross-referencing of objectives, priorities and targets.
- e. Focus on the organisational development agenda, showing a full consideration of implementation and change management issues for the various planned initiatives.
- f. Sensitivity towards the links between management development and resultant improvements in HR practice.

14. There were some significant differences between institutions that submitted their strategies as full and as emerging. Those submitting full strategies provided less analysis of past practice and current performance in HR, yet were generally better at defining priorities and a clear overall direction for the strategy. This does not imply that the full strategies were not supported by such an analysis, simply that it was not evident from the strategies themselves. The full strategies were also generally better at linking their HR strategy to their wider mission and corporate plan, with a clearer structure and layout and more coherent argument. In contrast, strategies submitted as emerging were, when done well, much more likely to be based on thorough diagnosis of current practice and performance, and often gave more attention to issues of implementation and change management.

Weaknesses

15. Weaknesses tended to mirror the strengths, and included:

- a. Lack of clear objectives and priorities.
- b. Weak links to the corporate mission, and insufficient consideration of the significance of this in HR terms.
- c. Insufficient consideration of the substance of corporate goals. For example, several corporate plans emphasised the importance of strengthening the institution's

research capability, but the strategies provided no analysis of where and how this would be pursued. The crucial questions of what centres of excellence would be established or built upon, and what the implications were in terms of new recruitment or developing in-house expertise, were not addressed.

d. No assessment of current HR practice and performance and so no evidence to back up the conclusions reached or the priorities identified. This inevitably led to objectives for 'softer' process-related issues, rather than tangible improvements in HR performance based on key indicators.

e. Lack of detail on how money was to be spent. A number of institutions planned to provide market supplements or performance incentives for staff, but insufficient detail was provided about how significant sums of money would be targeted to support recruitment and retention objectives.

Advisory group

16. We set up an advisory group to consider the analysis of the strategies, and to make recommendations on the outcomes and associated funding (the membership of the group is attached at Annex C).

Next steps

17. Work needs to progress in a sustained way, using opportunities for institutions to learn from each other. This is particularly important, as it is clear from the assessment exercise that institutions are at different stages in the development of their human resource strategies.

18. Institutions with emerging strategies will be required to submit full strategies by 1 June 2002.

19. In the forthcoming year we will support HEIs to consolidate their plans into fully developed strategies for the next two to three years. To this end, we will publish guidance with examples of innovation and good practice in the sector, so that institutions can learn from one another. During November 2001, we are running a series of regional seminars to underpin the production of the guide (see Annex D for dates and venues). These will give senior institutional staff the opportunity to discuss their experiences of developing HR strategies, and to share good practice.

20. In addition, we intend to make specialist HR consultancy advice available to institutions, during the autumn and spring terms. This will be offered, in the first instance, to those who are developing full strategies for submission in June 2002, and will take the form of an external, specialist HR consultant visiting the institution for between one and three days. The consultancy would give senior managers a quick and reliable way of benchmarking what they are doing against good practice both inside and outside the sector, and would be confidential to the university or college. We will pay for some of the consultancy, although institutions will be asked to make a small contribution. We will write to all institutions with more information about this by the end of October 2001.