

November 2004/43

Special initiative

Consultation

Comments to be submitted by

20 January 2005

This is a consultation on the use of the self-assessment tool developed by the Universities Personnel Association and the SCOP Personnel Network, to measure progress in people management in the HE sector. Use of the tool by institutions will enable HEFCE to transfer special funding, under the Rewarding & Developing Staff in HE initiative, into the core grant for teaching. Comments are invited on the potential impact of the tool.

Self-assessment tool for people management in HEIs

Consultation

Self-assessment tool for people management in HEIs: consultation

To	Heads of HEFCE-funded higher education institutions Heads of human resource management
Of interest to those responsible for	People management, Strategic development, Governance, Planning
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Enquiries to	Tracy Allan, HEFCE tel 0117 931 7025 e-mail t.allan@hefce.ac.uk Alison Johns, HEFCE tel 0117 931 7069 e-mail a.johns@hefce.ac.uk Peter Deer, Universities Personnel Association tel 01223 332342 e-mail pjd33@admin.cam.ac.uk Gill Slater SCOP Personnel Network tel 01905 855443 e-mail g.slater@worc.ac.uk

Executive summary

Purpose

1. This document seeks views on the use of a self-assessment tool for people management in higher education, developed by the Universities Personnel Association (UPA) and the Standing Conference of Principals' (SCOP) Personnel Network, for the mainstreaming of Rewarding and Developing Staff funding. The tool itself is available on the HEFCE web-site, www.hefce.ac.uk, with this document under Publications.

Key points

2. The self-assessment tool will enable institutions to assess their own progress in people management, while providing assurance to stakeholders, such as HEFCE, that they are supporting continuous improvement. It is a step towards moving the emphasis – in terms of ownership of assessment and regulation in this area – from HEFCE to institutions themselves.

3. Use of the self-assessment tool should also provide sufficient assurance to HEFCE to enable it to move remaining special funding under the Rewarding and Developing Staff in HE initiative into the core teaching grant. This will reduce the administrative burden for institutions.

4. Following consultation, we intend that the final version of the tool will be available for use from spring 2005.

Action required

5. Comments are invited on the operation of the self-assessment tool for the purposes of mainstreaming funds. Issues for consultation and a response form are at Annex A. Completed forms should be returned by e-mail to HEFCE, UPA and SCOP by **Thursday 20 January 2005**.

Introduction

1. In 2000, the Government announced £330 million in new funding for higher education institutions (HEIs) to invest in rewarding and developing their staff, to develop and embed improved human resource systems and processes, and to address equal opportunities issues. Rewarding and Developing Staff in HE (R&DS) subsequently became one of the largest HEFCE initiatives, enabling HEIs to sustain the sector's world-class reputation in a changing world.
2. The R&DS initiative was designed to provide the 'something for something' assurance required by Government, at the same time as allowing institutions to invest according to their own priorities within a broad framework. To release these funds, HEIs submitted a human resources (HR) strategy, which addressed six priority areas in a way that supported their own institutional strategy (see Annex B). Each strategy was accompanied by an action plan, identifying targets and objectives, set by the institution itself, to be achieved during the period.

R&DS round 2

3. The combination of dedicated R&DS funding and HEIs committed to achieving real changes in HR management processes and systems meant that we saw substantial changes during the period, as monitored through the annual monitoring statements provided by each institution. But it was not our long-term intention to continue the process of HR strategy submission followed by annual monitoring. We intended to withdraw gradually as improvements became embedded.
4. In 2003, the Government awarded a further £167 million to R&DS and we consulted with the sector about how this additional funding should be allocated (HEFCE 2003/33). The consultation process also gave us the opportunity to seek sector opinion about both HR benchmarking – which is now being taken forward by the UPA – and self-assessment by institutions. The majority of responses were positive about self-assessment as a means of measuring progress and identifying future needs in HR management. HEIs recognised that developing a mechanism that was sufficiently thorough to reassure stakeholders about continued progress and commitment in this area could also act as a mechanism for HEFCE to mainstream the R&DS funds into the core teaching grant at some stage.
5. As part of a strategic review of its aims and objectives, the UPA had identified self-assessment as one of its key priorities for the future development of HR management in the sector, and had done exploratory work in this area with the SCOP Personnel Network. In addition, there are links with UPA's benchmarking work, currently involving around 60 HEIs. (Contact UPA Executive Officer, Helen Scott, for further details, e-mail helenas101@hotmail.com)

Aims of self-assessment

6. At HEFCE we are moving towards a sustainable, self-regulated approach to assurance. For the R&DS initiative, this means we would like to replace annual monitoring and sector-wide requests for HR strategies with an approach that supports continuous improvement in HR management, while shifting the ownership of assessment and regulation from HEFCE to the HEI itself.

7. With much help from the sector, the UPA and the SCOP Personnel Network have developed a self-assessment tool that is transparent, consistent and evidence-based, and which contains an element of independent evaluation. This builds on the experience of many HEIs who already use systems of self-review, some including performance data or benchmarking.

8. The UPA and the SCOP Personnel Network's aims in developing a self-assessment tool were to:

- encourage good HR management in the sector
- promote continuous improvement
- build stakeholder confidence in the management of HEIs
- help HEIs provide assurance to HEFCE and other stakeholders on the quality of their HR/people management
- facilitate the shift of R&DS funding from special funding to core teaching grant
- deliver on HEFCE's intentions to provide a self-assessment tool and support the development of benchmarking by sector groups.

9. We have subjected the Council's interest in the tool to an option analysis, cost/benefit analysis, risk assessment and stakeholder analysis, and – in line with our commitment to reduce the burden on HEIs – a regulatory impact assessment. These documents can be found on the HEFCE web-site, www.hefce.ac.uk, under Leadership, Governance and Management.

How the tool was developed

10. The self-assessment tool belongs to the sector's own professional HR organisations – the UPA and the SCOP Personnel Network – who led on its development. A steering group, comprising representatives from the UPA, the SCOP Personnel Network and HEFCE, was created to oversee the project (membership is listed at Annex C). After a competitive tendering exercise, the group commissioned consultants from the Office for Public Management (OPM) to provide specialist research and design support for the project, and work began in spring 2004.

11. Consultants from OPM visited a diverse sample of six institutions during the preparation stage. Discussions took place with the head of HR and other senior managers around how people management performance within the institution was reviewed, and how information was gathered for this purpose. The visits were supplemented by two exploratory workshops to which all UPA and SCOP members were invited. The first of these helped to develop the design brief for the tool; the second, a month later, reviewed the main design concepts of the tool and how it might be used, and by whom, in an institution. Finally, a prototype self-assessment tool was tested out in six institutions over summer 2004. Each was asked to test up to three different dimensions of the tool and provide feedback on their experience, enabling final design revisions and refinements to be made.

How will it work?

12. The self-assessment tool can be viewed on the HEFCE web-site, www.hefce.ac.uk, with this document under Publications. The first part of the tool contains guidance on how it can be applied in each HEI. We are keen to gather comments about how useful institutions think the tool will be for mainstreaming R&DS funding. The experiences of test-site HEIs have been used both to develop the guidance and to produce case studies. The case studies illustrate that there is more than one way of applying the tool in an institution, depending on its own HR management systems and priorities.

13. The tool is designed as an aid to reviewing people management performance and developing future HR strategies; and to link with other review, planning and reporting processes already in place in the institution. We hope it will encourage dialogue among senior managers and provide an assessment of overall performance across a wide range of issues affecting people management practice. This may clarify priorities for action as well as help secure commitment from others to bring about change and improvement.

14. When applied consistently, the tool should strengthen strategy development and planning, not just where people management is concerned, but more widely, by contributing to improved overall management in the institution. A significant benefit of the tool's use will be an understanding of the value of good people management in helping to achieve all institutional objectives. We believe therefore that the tool could support both institutional leaders and governing bodies as they consider the development and implementation of the institutional strategy. Indeed, a measure of the success of the tool will be the extent to which its outcomes are used by leaders and governing bodies.

15. The tool has been built around seven main areas of people management, which we call 'dimensions'. These dimensions are based on a slightly revised version of the 'aspects' developed by the Accounting for People task force, chaired by Denise Kingsmill, which reported in October 2003 (www.accountingforpeople.gov.uk). They are:

- remuneration and fair employment
- recruitment and retention
- size and composition of the workforce
- staff development and skills needs
- leadership, involvement and change management
- occupational health, staff welfare and health and safety
- performance management linking people management to wider organisational goals.

16. The first six areas cover many of the substantive aspects of people management practice. The last area incorporates performance processes in relation to all the other six, but also represents a substantive objective for the effectiveness of people management in its own right.

Funding implications of the self-assessment tool

17. After consultation, it is our intention that the self-assessment tool and accompanying guidelines will be published and ready for implementation from spring 2005.

18. We are committed to mainstreaming R&DS round 2 funds, and thereby reducing the burden of direct HEFCE monitoring on HEIs. In this respect, we have discussed with the sector how the tool might be used as one of our mainstreaming criteria.

19. When we consulted with the sector about the second round of R&DS, we received majority support for our suggestion that funds could be mainstreamed following some form of self-assessment by an HEI. In addition, we asked that HEIs should continue to address both government and HEFCE priorities in this area. Before moving R&DS round 2 funds into the core teaching grant (as we did in 2004 with R&DS round 1 funding) we would seek reassurance about an HEI's continuing commitment to improvement in this area. We think this is a reasonable expectation given the volume of investment we have made in HR management, and the wish to build upon the significant achievements already made by HEIs.

Timescale

20. The earliest that R&DS round 2 funding can be mainstreamed is in August 2006, at the beginning of the 2006-07 academic year (round 2 funding was awarded for two years – 2004-05 and 2005-06). We intend that the self-assessment tool will be available for use from spring 2005, thus providing HEIs with a *minimum* time for implementation of around 15 months. (HEIs may take longer than this if they wish.) The tool will not be changed during this period, as it has gone through a careful development process managed by the UPA and the SCOP Personnel Network. HEIs could therefore begin planning their self-assessment now. For us to mainstream funding, we would need assurance that the self-assessment process has been undertaken satisfactorily, and that its application was thorough.

21. We believe that all HEIs should be in a position to adopt the tool – or a similar method of self-review – by July 2008. Subject to that deadline, they will have the opportunity to apply the tool at a time and pace that suits their own internal requirements and strategic priorities. Not all HEIs will be in a position to proceed at the fastest pace indicated above. Some may choose to maintain R&DS as special funding – separately identified – for a longer period for strategic reasons. (In which case, the annual monitoring statement – or whatever monitoring arrangements are then in place – would remain as the monitoring tool for those HEIs.)

22. If any HEIs have not adopted the tool by July 2008 (in order to mainstream from August 2008 onwards) we may suspend and/or remove their R&DS funding. With no institutional commitment to self-assessment of any kind, it would be difficult for us to demonstrate to other stakeholders – including the DfES and HM Treasury – that there is the will in that particular HEI to achieve HR milestones, embed good practice and achieve continuous improvement in people management. If adopting – or already using – a different model of self-assessment, HEIs will need to ensure that the same key areas are addressed, in order to satisfy stakeholder concerns about progress and continuous improvement.

Outcomes

23. Previously, institutional HR strategies and annual monitoring statements provided us with sufficient reassurance about progress in HR management. With the self-assessment tool, we will ask HEIs to submit evidence that the process was undertaken thoroughly, accompanied by an action plan for future activity. We do not intend to judge the outcomes, but may make judgements about the process, or links with institutional strategy. In addition, we may ask questions about the content of the action plan, but only to seek assurance and clarification of the assessment process.

24. It is good practice with any self-review process to incorporate an element of external validation, as some institutions already do, for example through independent peer review, to confirm that the process is thorough. This could take several forms – perhaps with input from other HR professionals either within or outside the sector, or by using governors or external consultants.

Evaluation and the future

25. The UPA and the SCOP Personnel Network own the tool, and are committed to periodic review to improve it, based on use and experience. They will evaluate the tool once sufficient HEIs have adopted the tool and had experience of using it. The evaluation will consider the impact on people management and on the institution more widely, as well as looking at the process of implementation and how the tool might be improved.

Consultation workshops

26. We will hold three workshops through December, to which representatives from all HEIs will be invited. We would particularly welcome heads of HR, pro vice-chancellors with people management responsibility, and/or other senior HR staff to attend. These events will be an opportunity to discuss and work through dimensions from the self-assessment tool, and inform responses to this consultation. The workshops will typically run from 1030 to 1530; dates and locations are as follows.

City	Date	Venue
Bristol	2 December	Centre Gate, Colston Avenue, Bristol
Leeds	7 December	University of Leeds
London	16 December	Woburn House, Tavistock Square, London

Responses to the consultation

27. Issues for consultation and a response form are set out in Annex A. Please e-mail completed forms to HEFCE and to the UPA and SCOP Personnel Network, by **Thursday 20 January 2005**.

Annex A

Issues for consultation and response form

This annex is available on the web as a separate downloadable Word file. Responses should be returned by 20 January 2005.

Priority areas for HR strategies

1. To receive funding under the first round of the R&DS initiative (HEFCE 01/16), we asked HEIs to submit HR strategies covering the following areas:

- address recruitment and retention difficulties in a targeted and cost-effective manner
- meet specific staff development and training objectives that not only equip staff to meet their current needs but also prepare them for future changes, such as using new technologies for learning and teaching. This would include management development
- develop equal opportunities targets, with programmes to implement good practice throughout an institution. This should include ensuring equal pay for work of equal value, using institution-wide systems of job evaluation. This could involve institutions working collectively – regionally or nationally
- regular reviews of staffing needs, reflecting changes in market demands and technology. The reviews would consider overall numbers and the balance of different categories of staff
- annual performance reviews of all staff, based on open and objective criteria, with rewards connected to the performance of individuals including, where appropriate, their contribution to teams
- action to tackle poor performance.

2. For the second round of R&DS funding (HEFCE 2004/03), HEIs were asked to develop these existing priority areas, and to address the Government's HR priorities, as expressed in the January 2003 White Paper. These were:

- teaching career progression, including specific recognition schemes
- the development of young researchers (including the means of identifying and supporting promising researchers working in departments rated 4 or below in the 2001 Research Assessment Exercise)
- professionalisation of support staff
- staff on fixed-term contracts
- part-time staff.

Annex C

Steering Group Membership

Chair	
Peter Deer	Chair, UPA; Director of Personnel, University of Cambridge
Members	
Tracy Allan	Senior Policy Adviser, LGM team, HEFCE
Helen Fairfoul	Director of HR, Roehampton University
Ian Gross	Head of Internal Audit, HEFCE
Alison Johns	Head, Leadership Governance & Management, HEFCE
Paul Lloyd	OPM
Elsbeth MacArthur	Director of HR, University of Edinburgh
Gill Slater	Chair, SCOP Personnel Network; Director of HR, University College Worcester
Paul Tarplett	OPM
Hilary Thompson	OPM
Project manager	
John Payne	Former Deputy Director of HR, Imperial College

List of abbreviations

DfES	Department for Education and Skills
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HR	Human resources
OPM	Office for Public Management
R&DS	Rewarding and Developing Staff in Higher Education
R&DS round 1	2001-02 to 2003-04
R&DS round 2	2004-05 and 2005-06
SCOP	Standing Conference of Principals
UPA	Universities Personnel Association