

To: Heads of higher education institutions in
Wales

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Dear

**SPECIALIST HUMAN RESOURCES (HR) MANAGEMENT ADVICE TO HEFCW-FUNDED HIGHER
EDUCATION INSTITUTIONS – FINAL REPORT**

Further to the individual advice provided by OPM in relation to your institution's HR strategy, I am pleased to attach the Office for Public Management consultants' final overview report on their work with Welsh institutions in developing HR strategies. This provides an analysis of issues arising from the review of HR strategies, including strengths and weaknesses, and institutions' progress in developing in the six identified priority areas. It also considers challenges ahead and gives conclusions and recommendations for future work. I hope that this report will be of help to you in the further development of your institution's HR strategy.

As you know, the Council will be requesting that institutions submit a revised HR strategy as part of the annual strategic plan submission in July.

We recognise that while institutions are currently at different stages in the development of their HR strategies, there is a need across the sector for further development work and we hope to offer further consultancy advice in 2004. We hope to dispatch further details in May.

If you have any queries relating to this letter or the content of the attached report, please contact Anita Colley at the HEFCW Offices (Tel: 029 2068 2276; e-mail: anita.colley@hefcw.ac.uk).

**PROFESSOR PHILIP GUMMETT
INTERIM CHIEF EXECUTIVE**



Higher Education Funding Council for Wales

Specialist human resources management advice to HEFCW-funded higher education institutions

Report
February 2004

Introduction

This report has been prepared as the final phase of an assignment commissioned by the Higher Education Funding Council for Wales (HEFCW) to provide specialist human resources management advice to higher education institutions in Wales. It marks the conclusion of eight months of development support undertaken by a team of consultants from OPM, providing advice and support to individual institutions on their human resource (HR) strategies. The work was specifically designed to provide tailored help and support to the work of developing and implementing HR strategies in institutions.

The exercise was launched in April 2003 with a workshop held in Llandrindod Wells to explain the process and provide an opportunity for the HR managers and senior managers to explore some of the challenges faced in strategic HR. This was followed by visits (usually two) to all thirteen institutions by one of the OPM team who was nominated to act as adviser to the institution throughout the process. In July 2003 all institutions, except those with firm plans for merger, were asked to submit their strategies for review. The review of HR strategies was also undertaken by OPM, who maintained a separation between the processes of advice and review.

The reviews of HR strategies considered:

- The breadth of the institutions work addressing the six priority areas for HR work in higher education (recruitment and retention, staff development, equal opportunities, review of staffing needs, annual performance reviews and tackling poor performance)
- The integration between the HR strategy and wider institutional mission and strategic plan
- A comprehensive assessment of current HR practice and performance drawing on relevant data
- The development of clear objectives and measurable targets of impact and outcomes for each area of HR work

Written feedback was provided both to HEFCW and to each institution. In all nine of the thirteen institutions submitted their draft strategies in July 2003 and received feedback in the early autumn. The remaining four institutions were given more time to work on developing joint HR strategies for newly merging institutions. Of these, two submitted strategies as separate institutions (University of Glamorgan and University of Wales Institute, Cardiff), and two (Cardiff University and the University of Wales, College of Medicine) presented a joint HR strategy for the newly merging institution in November 2003.

For all those institutions whose strategies were submitted in July further dialogue took place with each institution, either through an additional meeting or by telephone contact, in order to clarify their understanding of the written feedback provided by OPM. The post-review contact with

institutions was also used to explore the institution's view of their capacity to undertake further work on their HR strategies and their implementation. We also asked about perceptions of the challenges they foresaw in progressing this work.

In most cases the OPM adviser met and worked with the head of HR or personnel or, if there was no such a post, with the senior manager with responsibility for human resources. In some cases we met with both people and/or other members of the HR team where this was felt useful for the institution. In four institutions the vice chancellor or principal was involved in the discussions, which was specifically requested as part of the overall process. In the cases of expected merger the same OPM adviser worked with both institutions. In two cases, the first involving the Cardiff University and the University of Wales, College of Medicine, and the second involving the University of Glamorgan and the University of Wales Institute Cardiff, joint working sessions were facilitated by the OPM consultant. A similar joint session took place involving the University of Wales, Aberystwyth, the University of Wales, Lampeter and Trinity College, Carmarthen.

The remainder of this report provides an overview of what the advice and review work revealed about the state of progress of human resources management and human resources development in higher education institutions in Wales. In doing this we look first at the messages regarding the focus and rigour of the strategies in providing a clear prescription and priorities for future HR work. Then we examine the views from institutions about their capacity to progress this successfully and the potential problems and difficulties they see themselves facing in this undertaking.

The review of HR strategies

Based on the review of HR strategies from all thirteen HEIs in Wales it is possible to provide an overview of relative areas of strengths and weaknesses. This provides an indication of how the HR strategy development has been approached across the sector. It also offers insights into likely development needs in achieving more fully developed HR strategies and plans that will help to achieve the kind of improvements that are sought.

The review of the eleven single institution strategies and one joint strategy revealed a number of common strengths and achievements, as well as a number of common shortcomings and limitations.

Examples of the **main strengths** in the HR strategies presented were in the following main areas:

- the recognition and analysis of both internal and external forces and drivers of change bearing on HR work and their implications in establishing particular needs and priorities;
- the linkages between HR priorities and wider institutional goals and aspirations, and how HR initiatives should support and contribute to the achievement of these wider aims and goals;

- How broad principles and values should guide specific HR priorities and encourage the realisation of particular organisational cultures and behaviours;
- The importance of HR in shaping and supporting wider change management in institutions, and the importance of communication as part of that process;
- Well structured and well argued strategies that tell a coherent story and point to clear conclusions and action plans – supporting clarity and ease with communication;
- The link between different strategies in the institution supporting a more coherent and coordinated plan of action (eg; strategies for learning and teaching, research, ‘third mission’, IT and finance, linking together with HR plans)
- Connections between the work across the six HR priority areas, such as equal opportunities in recruitment and retention, staff development and performance management work;
- The involvement of different stakeholders in the institution in helping to comment on priorities and action plans

These were by no means all present in any strategies, but there were enough examples of each to warrant describing them as common features.

The areas where the strategies showed the **main weaknesses and shortcomings** across the board were those associated with:

- Past practice and performance being insufficiently assessed and evaluated as part of establishing where future needs and priorities might lie;
- Inadequate baseline data on many aspects of HR activity - from details about workforce profile and composition to monitoring of turnover, absenteeism and recruitment/selection activities;
- Objectives and actions that were too general and poorly focused
- Lack of measurable targets to gauge impact and the achievement of tangible performance outcomes for HR initiatives
- The HR implications of ‘third mission’ and wider objectives for promoting an ethos of greater commercialism and entrepreneurialism within the institution were often not properly worked through;
- A lack of a broadly balanced set of development initiatives covering all six priority areas;
- Insufficient coverage and focus on initiatives relating to support staff; this was often evident in staff development or recruitment and retention or both;
- The limited amount of effort and analysis put into the strategy development process and its output

The recommendations made by OPM in the feedback to institution most frequently covered:

- gathering more robust HR performance data
- undertaking a more rigorous baseline assessment of HR activities and lessons learnt from past work

- developing SMART outcome focused measures of the impact of HR work to monitor progress and performance more effectively

Too often the focus in strategies was exclusively on procedures and processes and not how effectively these processes worked and what they hoped to achieve through them.

Issues relating to merging institutions

Only two institutions produced a joint HR strategy to support the moves towards the creation of a new merged institution, though six began the process of exploratory discussions including work on human resources issues. Cardiff University and University of Wales, College of Medicine developed and submitted a joint HR strategy that outlined the broad plans for HR work in both the short term during the transition period, as well as in the longer term of the new institution. The lessons gained from this experience, underlines a number of points about the significance of the scope and scale of this undertaking and the nature of the challenges for the institutions involved. This included a range of issues faced by merging institutions:

- the need to shape HR strategies and plans to support the aspirations of the new institution;
- the needs for harmonisation of human resource management procedures and practices, and possibly terms and conditions and contracts of employment as well;
- deciding what practices can be retained from either of the two constituent institutions in the interests of standardisation, coordination and integration and what needs be developed afresh;
- the need for compatibility of data-bases and data systems about HR to support planning and monitoring and evaluation of performance;
- induction and training arrangements for new staff joining after the new institution has been created;
- communication about the changes and involvement of staff across the two institutions in the work

This creates the prospect of significant workload and capacity issues for the HR function and managers in merging institutions. There is a need for dual working as part of the tasks faced in merger, both on issues relating to the new organisation and in keeping routine HR activities functioning for each of the merging institutions.

Progress on HR work in the six priority areas

For most institutions **staff recruitment and retention** is seen as a major issue not just in HR management, but more fundamentally as a factor affecting the overall performance and success of the whole institution. But often the ability to manage this important area effectively is hampered by lack of appropriate data and information about recruitment and retention performance. Without this it is difficult to shape targeted action plans and manage cost effective processes. Most institutions have some knowledge about where they are experiencing staff recruitment and retention difficulties. This is rarely regarded a universal problem and is usually an issue relating to specific categories of staff. Some institutions have data to back this up, but with others this judgement appears to be less well documented and more anecdotal. There does not, as yet, seem to be much experimentation with market supplements and special reward packages as part of attracting high calibre candidates or attracting applicants to hard to fill posts, although some institutions are beginning to think about this. Many are aiming to improve the efficiency and effectiveness of their staff recruitment processes, especially with regard to cost. The most forward looking institutions are measuring the percentages recruited on line or cost per post filled as way of evaluating performance and improvements. The institutions who are making most progress with staff recruitment and retention work are also using exit interviews and staff surveys to gauge factors they might need to be addressed, as well as gathering evidence to support the development of reward strategies. Most institutions are beginning to scope out what implementing the new pay award for academic staff will mean. Some are also linking this to other work on role competencies and job evaluation.

Staff development is regarded as such a core aspect of human resources activity that institutions often make specific commitments to it in their mission and corporate strategy. A number of institutions are pursuing or have recently gained or renewed Investors in People (IIP) accreditation, and regard this as a driving force to help focus efforts on staff development across the organisation. Several institutions appear to recognise the link between the gains for the individual and the gains for the wider organisation and see this as a factor to be exploited in the recruitment and retention of staff, and are encouraging continuing professional development and the attainment of specific competencies. In others the significance of striving to develop a greater ethos of commercialism and entrepreneurialism amongst staff and the implications of third mission objectives for the institution are not reflected in the plans they have for staff development.

Most institutions identify the importance of links to appraisal processes in supporting the identification of staff development needs, and see the need to ensure managers have the skills and competencies to do this effectively as a vital part of this process. However few are using systematic staff opinion surveys to support this work. Once again data about staff development activities and the impact of initiatives is often inadequate. A few institutions have targets for attendance at induction and the throughput of certain staff groups through specified programmes as part of their action plans. The percentage of academic staff with teaching qualifications or

post-graduate degrees and ILTHE membership is being considered by some institutions, though usually these are not translated into specific target levels of attainment.

There are some examples where institutions are collaborating on staff development work. Frequently there is a strong focus in strategies on management development and staff development for academic staff. This may be where the main priorities are seen to lie, especially so where staff development plans are being driven by pressing needs in the corporate plan. But there is an attendant danger that staff development for support staff is less directly addressed, although some institutions make explicit commitments to staff development as a priority for all staff.

Equal opportunities (EO) and diversity is an aspect of HR work in institutions where there is considerable variation in the extent to which this is seen as an essential priority. Those that have made most progress not only have statements of principle and policies for equal opportunities but are putting considerable energies into striving to put these into practice in all aspects of their HR work – in recruitment and selection, staff development and training, appraisals and promotions. They are also striving to make connections between EO work for both staff and students. Unfortunately there are also other institutions that are very much further back with their equal opportunities work, to the extent that they are not meeting their statutory requirements monitoring workforce composition and positively promoting equality. This is reflected in the fact that at the time of analysing their HR strategies few HEIs in Wales had their race equality plans approved and endorsed. The major failings are usually associated with inadequacies in HR data. But this does not always appear to have been identified as a high priority or a matter of urgency. Some institutions do recognise the significance of the legislation and the need to make sure all their staff act accordingly in order to manage the potential risk of litigation. But others clearly do not. Most institutions do have *some* plans on equal opportunities and diversity in their HR strategies. This includes work on:

- developing policies and procedures and auditing practice against them;
- providing training and development - especially for those in recruitment and selection roles;
- undertaking equal pay audits;
- harmonisation of terms and conditions and flexible working.

However, frequently these do not appear to have been developed as a fully integrated plan for equal opportunities. There is a need in a number of institutions for a more fully developed strategy on equal opportunities and diversity that links together associated initiatives in a more coherent way. Some institutions are making the connection between their equal opportunities work and workforce planning and recruitment and retention, staff development and performance management – but others are not.

Importantly the majority of institutions have not yet set any targets on workforce composition. In some cases they have attained or are seeking broad parity on gender overall, and one or two have targets for specific categories of academic staff or managers. The same is broadly true for race and disabilities. In some cases institutions are setting objectives and targets to increase the number of applicants from ethnic minorities and seeking ways to make contact with relevant ethnic minority communities through outreach activities and with targeted recruitment. Pilot work on job evaluation, usually with the HERA system, and equal pay audits, are underway in a number of institutions and in a few cases institutions are beginning to think about the costs of implementing new pay schemes.

The work on **reviews of staffing needs** is more often than not carried out as part of the annual planning round and business cycle to bring staffing needs in line with course demand. There is much less emphasis in institutions on workforce planning that is based on analysis of longer term needs. In one or two cases there are plans that encompass growth plans for the institution in terms of projected numbers of posts or centres of excellence where there are specific plans for development. Some of these plans focus on the need to strengthen overall research capacity and performance in the institution. But rarely is there evidence of institutions having carried out or planning to undertake systematic skills audits per se. A few institutions are doing work on competency frameworks that could well include projections of future skill needs as part of the work. As far as can be judged there are not many examples where institutions are gathering data on job skills and labour markets, although some strategies point to age profiling data to support work on succession planning. In one instance a strategy focuses on the need to develop more flexible contracts and working arrangements to address long-standing difficulties filling certain kinds of academic posts. Some institutions have very little in their strategies relating to this specific priority area

Very often HR strategies contain plans to improve practice with **appraisals/annual performance reviews** and improved personal development planning. In some cases this is seen as part of a wider programme of work to develop improved overall performance management in the institution. The majority already have some systems in place although it is not always clear how well these work and what proportion of staff regularly have appraisals carried out. In one or two cases institutions do present some data and have output targets for improved performance, but this is very much the exception rather than the norm. Few also mention using staff surveys with appraisers and appraisees to judge the value and effectiveness of this work. In the majority of cases the emphasis of the annual performance is on staff training and development needs, though some are beginning to take tentative steps towards performance related pay. Plans are outlined in some strategies for the training and development of managers and supervisors as part of improved appraisals practice. Some institutions also mention using peer observation schemes for academics to augment appraisals of teaching staff. Some have yet to extend appraisals practice to cover hourly paid staff.

Tackling poor performance as a priority is dealt with in some HR strategies as separate area within the strategy, whereas in other cases it is included as part of wider performance management plans together with annual performance reviews. Some strategies did not give much attention this area. From what was presented in some strategies it was not clear whether capability or disciplinary procedures were in place or not or, if they existed, how well they were viewed as working. There was usually recognition of the need to provide training and development for managers handling underperformance cases. Some also talked about supporting line managers in managing staff absence, including providing data on sickness absence, as well as following appropriate reporting and return to work interview procedures. In a small number of instances institutions were developing policies for managing stress including counselling support as part of an occupational health schemes for staff. For this area as with most of the other priority areas, there was a universal development need to find ways of evaluating the impact and effectiveness of actions taken to tackle poor performance.

Capacity to take forward work on HR strategies and challenges ahead

In many of the HR strategy submissions from institutions there was recognition that this was very much work in progress that they planned to continue in the coming months. A number of the strategies from institutions were still very much draft documents that had yet to be not been formally endorsed or ratified by the HR or personnel/staffing committee or trade unions consulted.

In the dialogues between OPM advisers and institutions there was acknowledgement from those we talked with that they understood the nature of the feedback. They could see where and how we arrived at the conclusions and the specific recommendations made regarding future work. Typically, they said there were no surprises in the content of the feedback and most said they were clear about the next steps. Some of the recommendations they felt they could address relatively easily, but others would require more effort, and possibly some greater prioritisation as well.

The major issue was finding time to complete the work and resources to support initiatives. Gathering adequate data and undertaking the analysis to warrant a proper baseline assessment of activity and performance will be a struggle in some institutions because of the limitations of their HR data systems. There were some heads of HR who said they did not always feel they had the full support of other senior managers in the institution for progressing this work particularly where it came to finding resources. The absence of the HR manager on key decision-making fora where resource allocation matters were discussed, limited their ability to influence outcomes. In other cases the support and commitment to HR work in the institution was felt to have been more clearly demonstrated. This was seen in the creation of new HR appointments to support the capacity to deal with the work more effectively. Some of the smaller institutions in particular felt ill-equipped to deal with HR work without a qualified HR professional to lead the activity. The level of resourcing for HR development is fairly universally seen as an issue that will limit the

pace of progress. This was true in all aspects of HR work. Without investment in an appropriate information system for HR, the ability of institutions to progress this work in a measured and evidence-based way will be hampered. Some institutions are beginning to look at how and what they need to invest in but others clearly do not have firm plans to address this as an immediate developmental need.

There were requests from some institutions for good practice examples of HR strategies in Wales or England. Some institutions are already collaborating on job evaluation or staff development and might be able to extend this cooperative working to other aspects of HR. The work with merging institutions and the meeting of Aberystwyth, Lampeter and Trinity College set a precedent for encouraging more collaborative working of this sort in the future. Those still engaged in merger discussions see this as a critical factor that will affect the scope and focus of much of what they will need to do on HR and the likely workload of those involved in the HR function.

Some institutions felt that there were significant challenges ahead for them in their HR work in improving the skills and competencies of line managers to ensure policies and frameworks for HR work across all parts of their institution work in practice. This they also felt was an important part of managing the potential risk from litigation in the future. Others saw the need to deal with the implications of new pay arrangements, equal pay audits and job evaluation. The likely cost of implementing the outcomes of the work is recognised as raising some major questions about timing and follow-through on these initiatives.

Conclusions and recommendations for future work on HR strategies and their implementation

Individual institutions as part of the feedback on their HR strategy submissions have been provided with advice specific to their future development work on their strategies and their implementation in the future. But there are a number of common conclusions and recommendations for both HEFCW and HEIs emerging from the work we have carried out during 2003.

- Institutions need as a matter of urgency to develop suitable HR information systems to support future work monitoring and evaluating HR practice and performance effectively and acquiring the capacity to develop measurable performance targets as part of fully developed HR strategies;
- All institutions need to develop more SMART targets in their strategies focused on both outputs and outcomes of HR activities as well as inputs and processes of HR work;

- Opportunities for joint working and sharing of HR strategies and information about HR activities to permit benchmarking practice and the sharing of learning and good practice should be pursued by institutions and supported by HEFCW;
- Institutions need to explore the HR implications of their wider institution strategies and plans more fully to strengthen the link between corporate planning relating to wider goals and objectives and the role that human resources work plays contributing to these;
- To support the role that HR plays in wider strategic planning in the institution HEIs should consider whether those with lead responsibility for HR in the institution are adequately involved in key planning and decision making bodies in the institution;
- Those institutions without sufficient in-house capacity for HR professional advice and support currently should consider how this can be acquired or developed in the future. This might be in collaboration with another institution;
- The level of resources as a whole committed to HR work – especially to staff development, equal opportunities and equal pay for equal work, needs to be examined critically by all institutions against commitments made in institution mission and vision statements and corporate plans;
- Senior managers and governors in institutions need to be confident that the statutory duties and responsibilities of the institution as an employer are all being satisfactorily met;
- Future versions of more fully developed HR strategies submitted to HEFCW should address all the six HEFCW identified priorities adequately and respond to the development advice provided by OPM;
- That ongoing systematic monitoring, evaluation and reporting on HR performance become an established part of management practice and governance within institutions

OPM

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