

# Public Sector Corporate Services VfM Indicators

## Human Resources

2009/10

### Barchester

compared with

Lootgreen  
Billcaster  
Headforest  
Flanworth  
Lemonworth  
Bullforest  
Shortfield  
Footcester  
Thinham

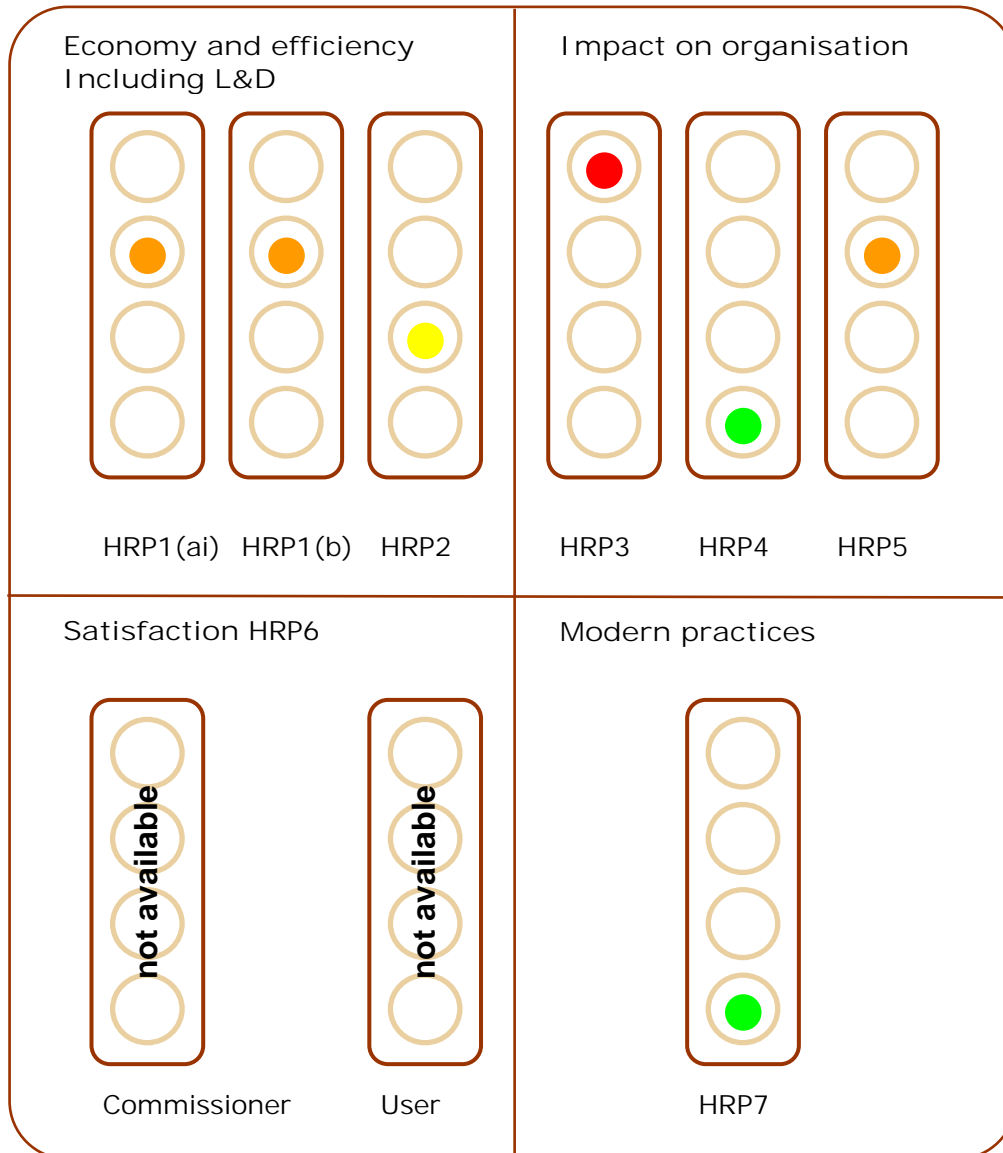
Nearchester  
Funton  
Shortham  
Totcester  
Banshire  
Cottchester  
Bearcaster  
Gunfield

Computed and printed by:  
CIPFA Business Ltd.

No. 1 Croydon, 12-16 Addiscombe Road, Croydon, CR0 0XT  
Tel: 020 8667 1144 Fax: 020 8681 6741

## RESULTS ON ONE PAGE

The Audit Agencies developed an approach to considering Value for Money for Corporate Services which had four dimensions. The overall results are shown below:



### Notes:

- a green light indicates performance in the best quartile; a yellow light indicates performance between the median and best quartile; an amber light indicates performance between the median and worst quartile and a red light indicates performance in the worst quartile
- for the purposes of this report, high cost and low productivity are considered poor. However, we accept this is a generalisation and that in some circumstances organisations can choose to invest more in functions because they have under invested in the past or because they want to place particular emphasis on a function
- full descriptions of the indicators are shown in the remainder of this report

# Section 1 - ECONOMY AND EFFICIENCY

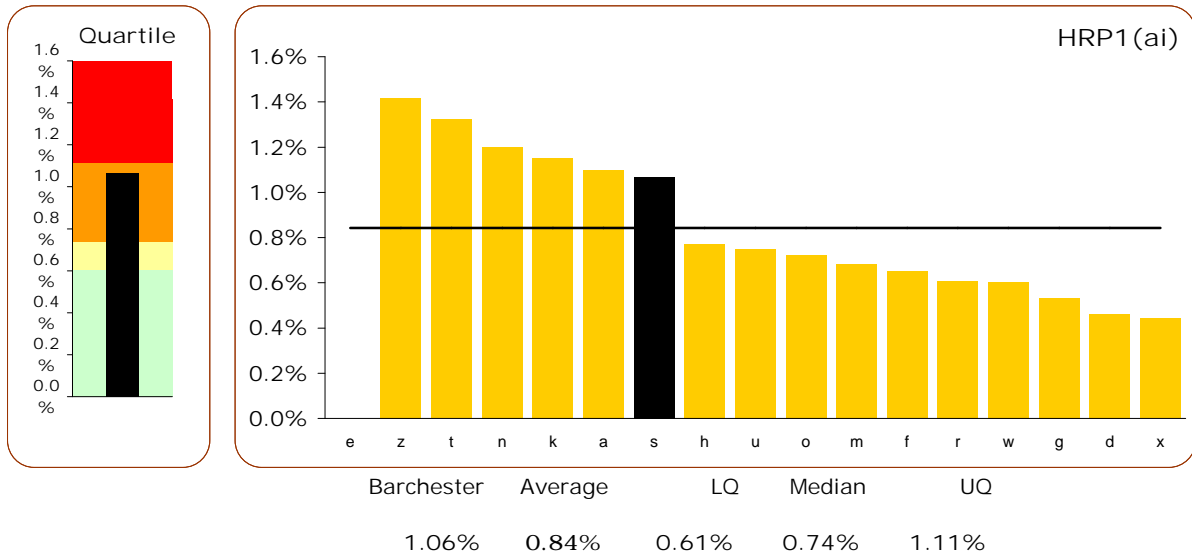
## HRP1 Cost of the HR function

### Rationale and expected impact on behaviour

In most circumstances organisations would aim to reduce their HR costs over time. However organisations that score poorly on measures designed to test the effectiveness of the HR function (for example primary indicators 4, 5, 6 and 7) and also spend less on HR than the benchmark for their peers, will wish to consider whether extra investment would secure better value for money.

Organisations that spend more than their peer organisations may wish to consider whether this is because, for example, they have an above average score against effectiveness criteria or whether there is scope for efficiency savings (for example evidenced by a disproportionately high cost of recruitment per vacancy, secondary indicator 5).

### HRP1(ai) HR Cost as a percentage of organisational running costs (including L&D)



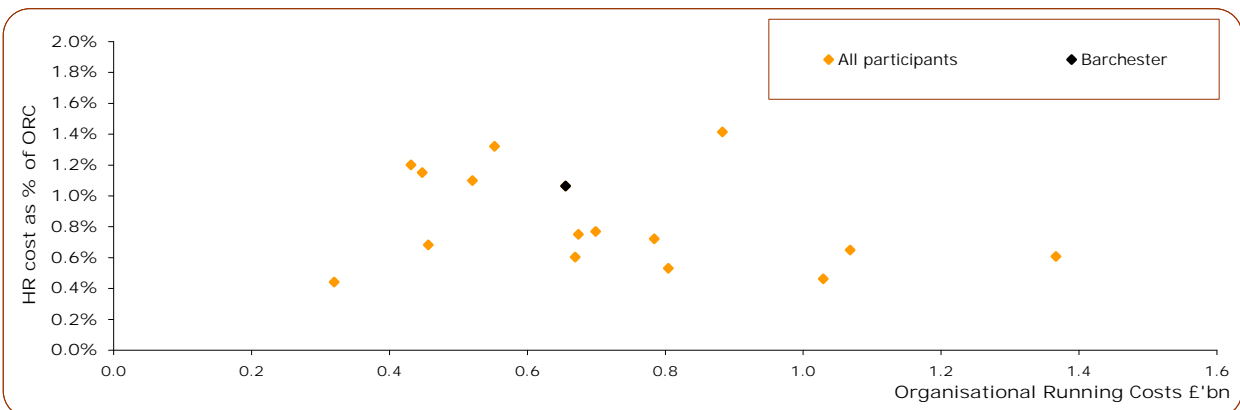
### Cost of Difference

This shows the monetary value represented by the difference in percentage from the median (and lower quartile). Favourable variances are shown as negative figures.

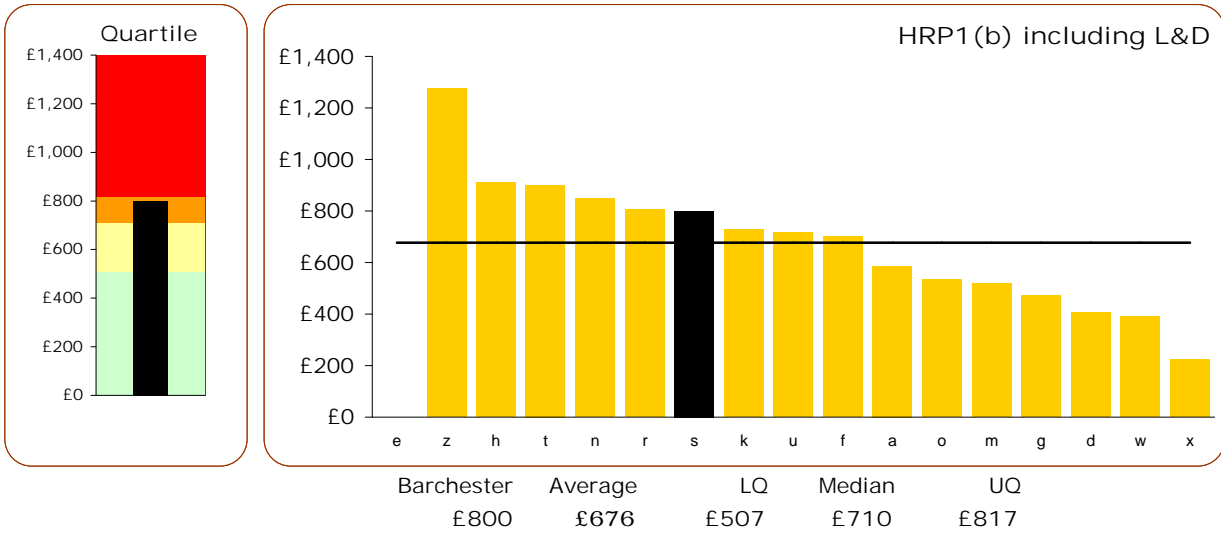
From median (£'000)      £2,151      From lower quartile (£'000)      £2,996

### Economies of Scale

This chart investigates the relationship between cost and size of the organisation. There is some indication that very small organisations tend to use a higher proportion of their resources on the HR function.

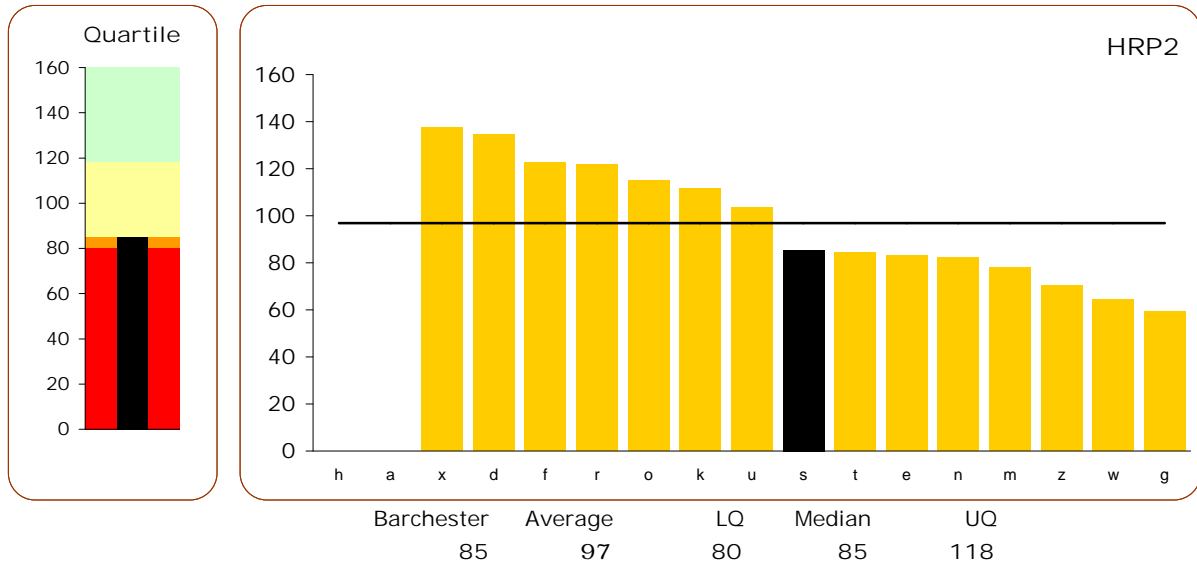


## HRP1(b) HR Cost per FTE (including L&D)

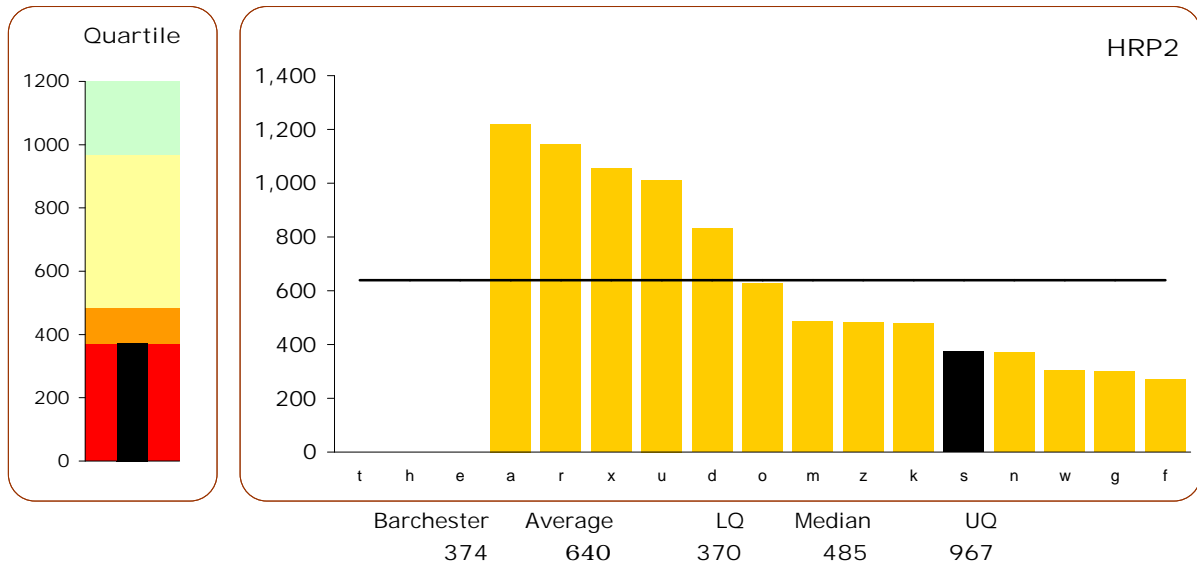


## HRP2 Ratio of employees to HR staff (including L&D)

**Rationale and expected impact on behaviour**  
 This is a high-level indicator of the cost-effectiveness of the HR function which complements primary indicator 1. Organisations should compare their result for this indicator with their peers, investigating the reasons for any significant differences. They should also examine their result for this indicator in conjunction with their results for effectiveness indicators (for example primary indicators 4, 5, 6 and 7).



## HRP2 Ratio of employees to L&D staff



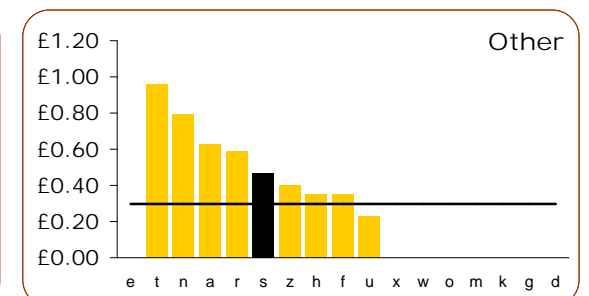
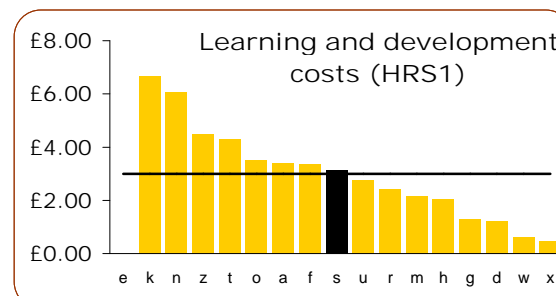
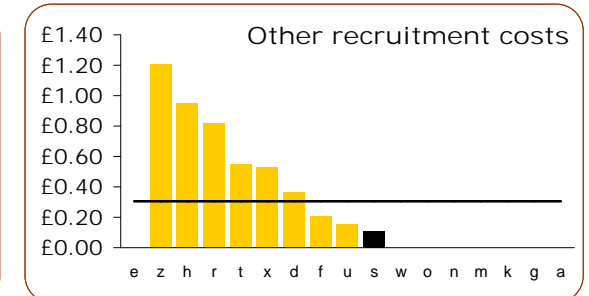
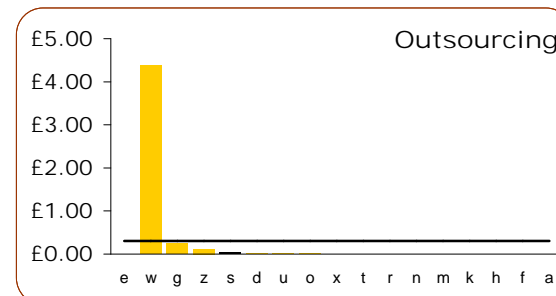
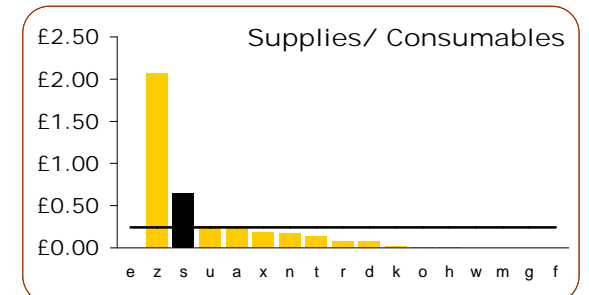
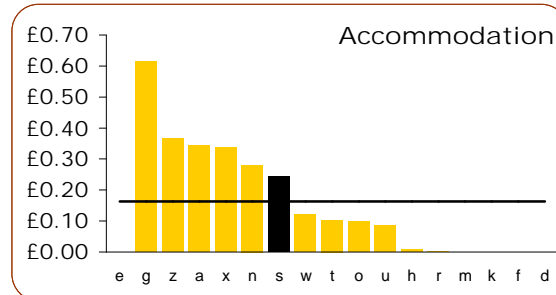
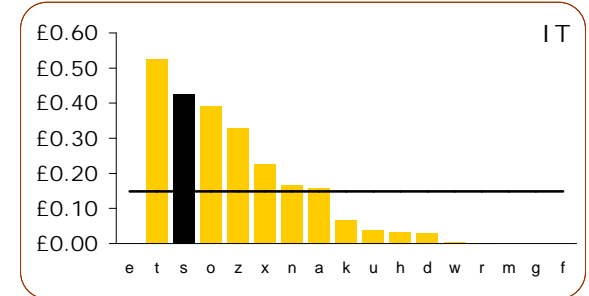
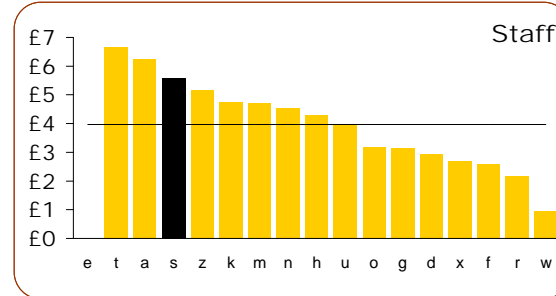
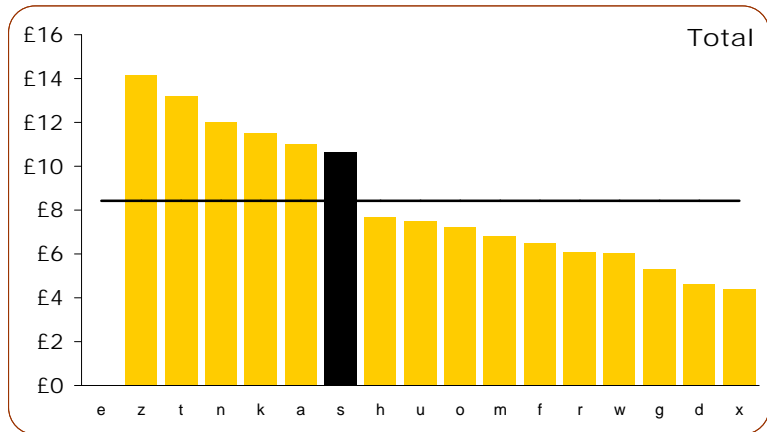
## HR Cost/£'000 Organisation running costs (including L&D) 2009/10

For each benchmark two figures are given, the first being the organisation's cost and the second (in italics) is the group average.

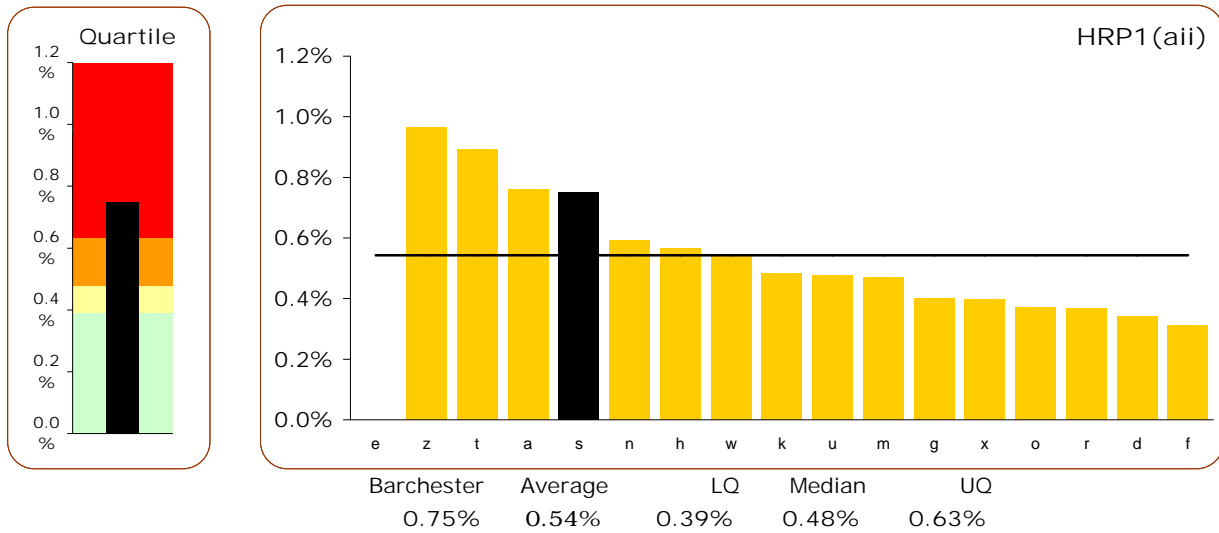
		Costs 2009/10 (£'000)		
Total Cost £10.64	Staff	£5.59	£3.97	
	IT	£0.42	£0.15	
	Accommodation	£0.24	£0.16	
	Supplies/ Consumables	£0.64	£0.24	
	Outsourcing	£0.04	£0.30	
	Other Recruitment	£0.10	£0.30	
	Learning and Development (HRS1)	£3.14	£2.99	
	Other	£0.46	£0.30	
	<b>Total</b>			<b>6,976</b>
				<b>655,509</b>
			<b>101.9</b>	

# HR COST PER £'000 ORGANISATIONAL RUNNING COSTS (INCLUDING L&D)

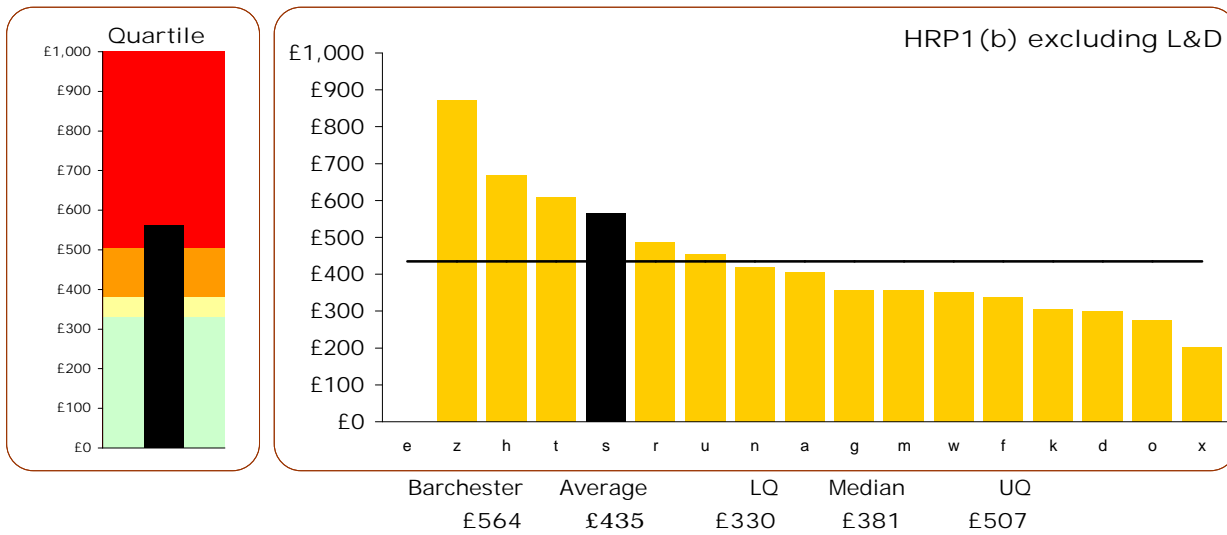
2009/10 Actuals



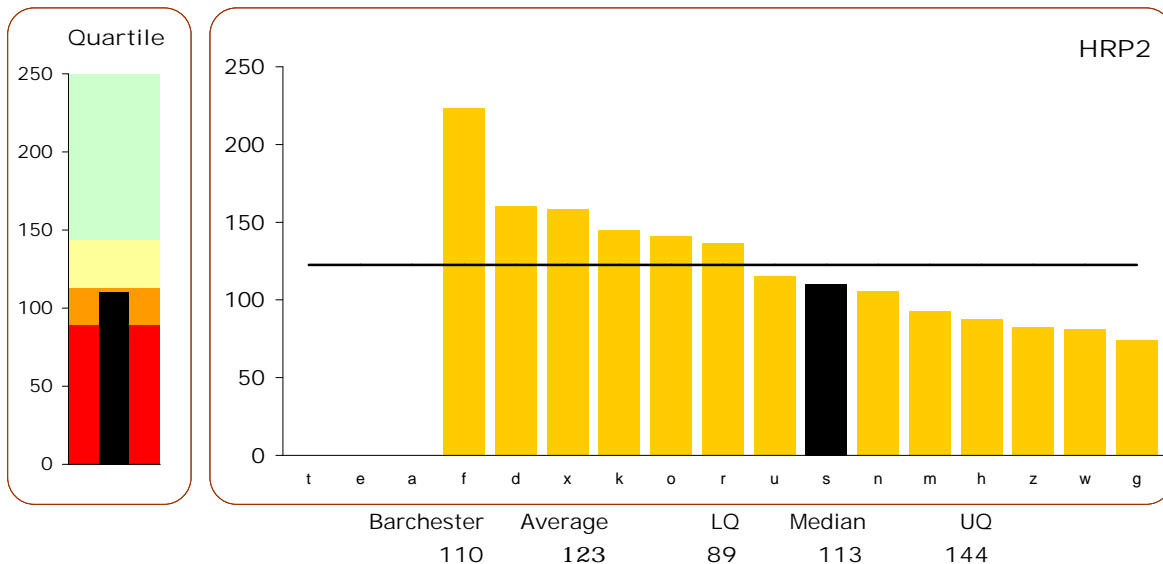
## HRP1(aii) HR Cost as a percentage of organisational running costs (excluding L&D)



## HRP1(b) HR Cost per FTE (excluding L&D)



## HRP2 Ratio of employees to HR staff (excluding L&D)

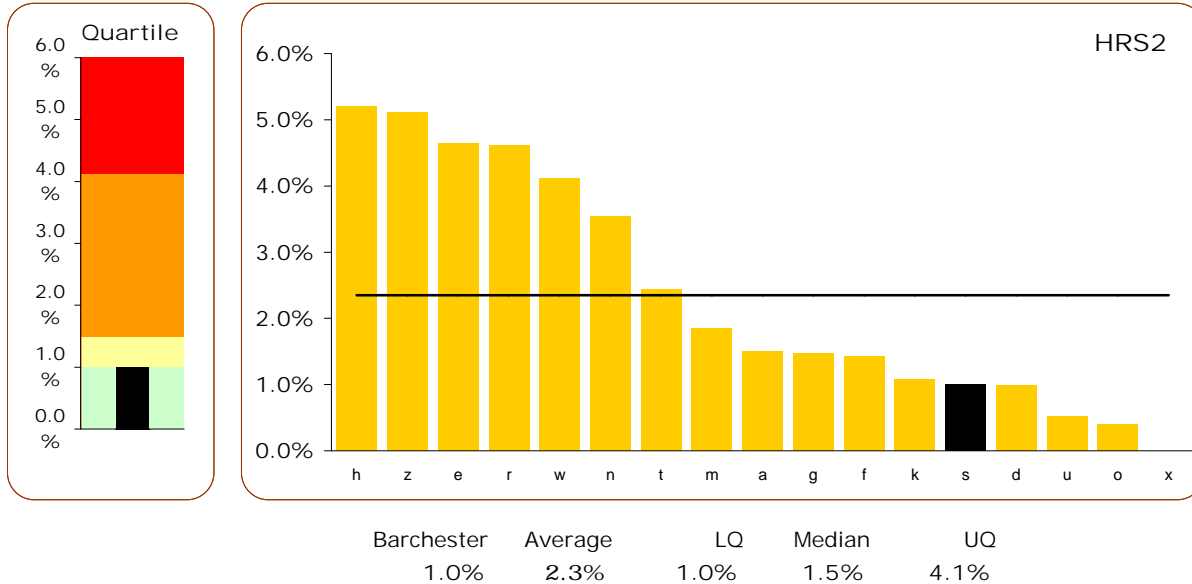


## Secondary Indicators

### HRS2 Cost of agency staff as a percentage of total pay bill

#### Rationale and expected impact on behaviour

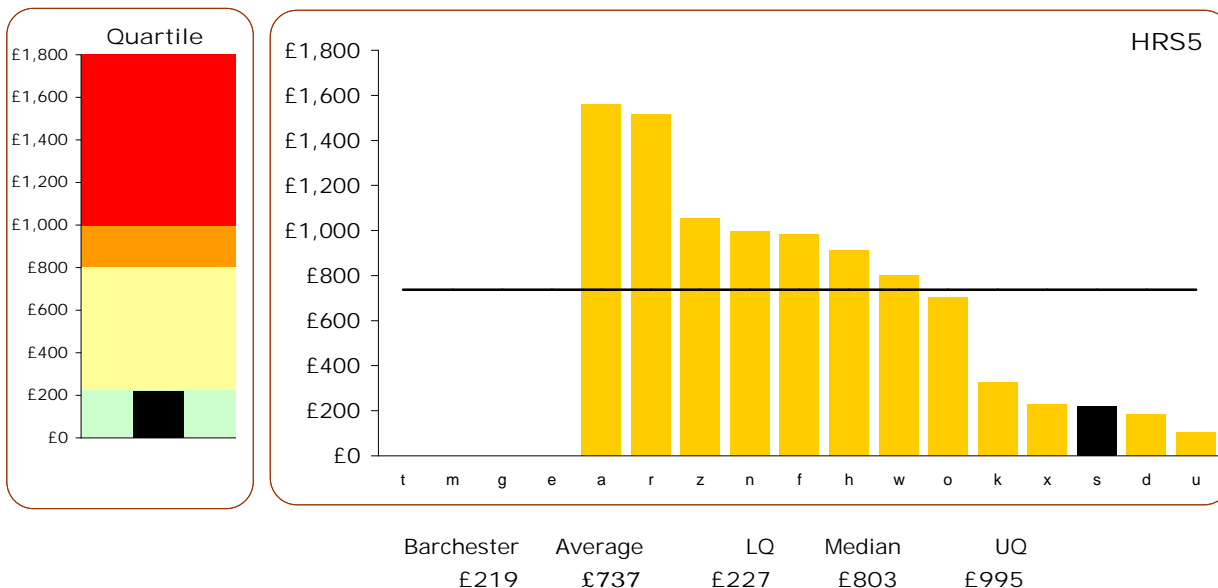
Reliance on agency staff can increase costs significantly and not necessarily represent value for money. Most organisations would therefore aim to reduce the proportion of their pay-bill spent on agency staff although they may (of course) need to use agency staff to good effect to manage variability in workload especially at short notice.



### HRS5 Cost of recruitment per post filled

#### Rationale and expected impact on behaviour

This complements secondary indicator 4. While organisations should usually aim to reduce the unit cost of recruitment, they should examine the result of this indicator in conjunction with primary indicator 4 (leavers as a proportion of total staff) and secondary indicator 7 (the percentage of staff still in post after 12 months). Where organisations spend less on recruitment than their peers but have below average staff retention they may wish to consider whether extra investment in recruitment is likely to offer better value for money.

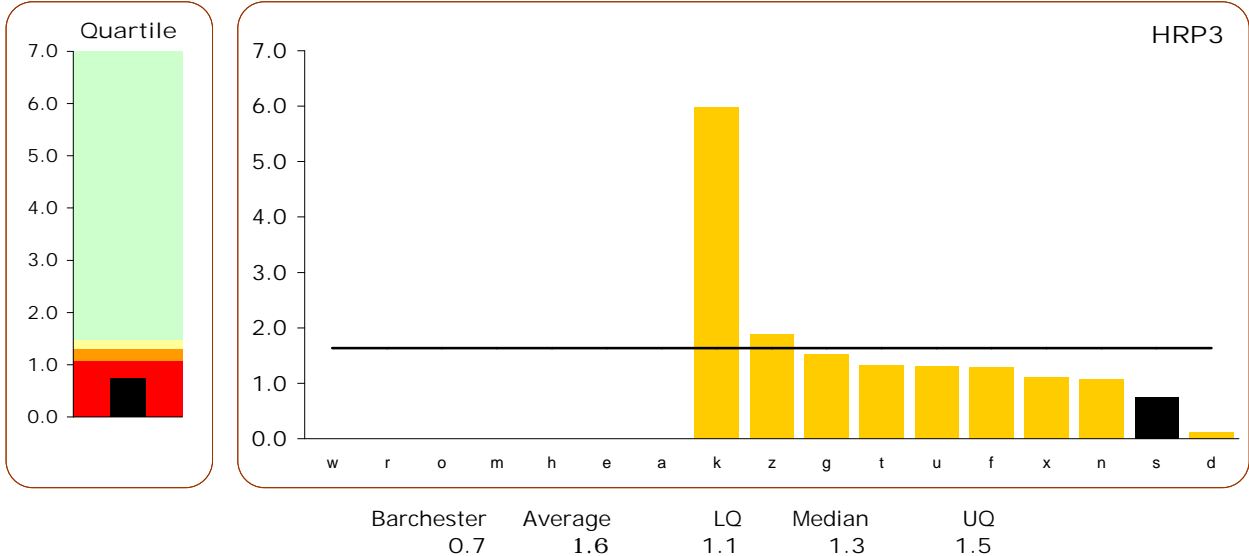


## Section 2 - IMPACT

### HRP3 Average days per full-time equivalent employee per year invested in learning and development

#### Rationale and expected impact on behaviour

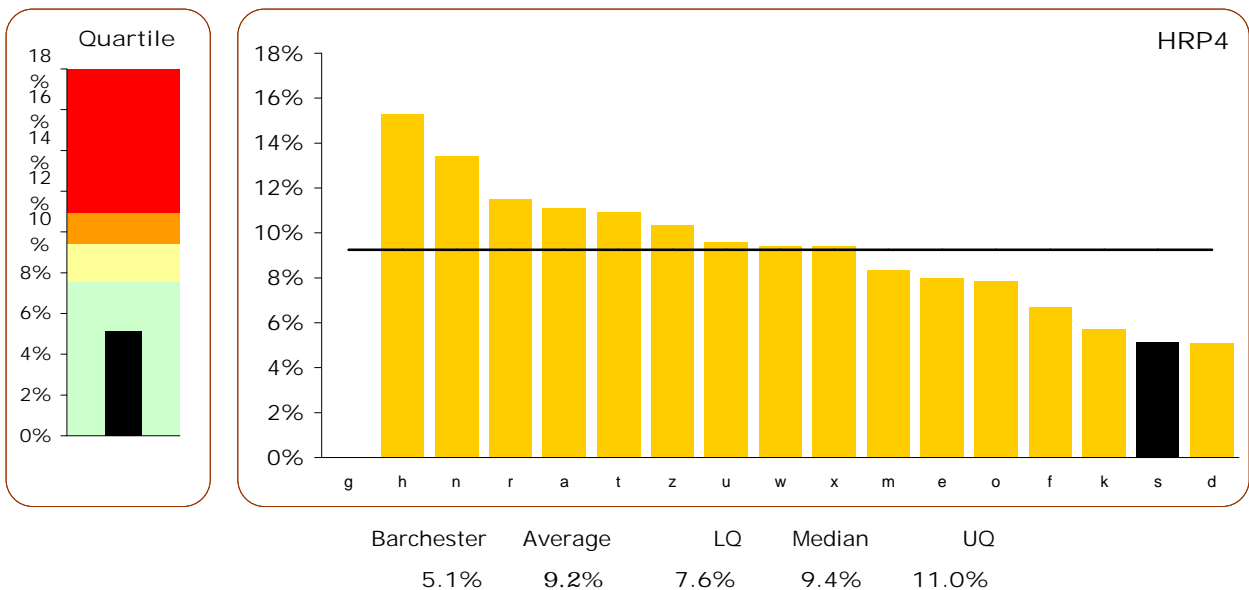
The investment in learning and development indicates the organisation's commitment to enhancing its capacity to deliver and improve. Organisations should compare their result for this indicator with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the average degree of experience within the workforce and turnover of staff. This indicator is closely linked to secondary indicator 1 (the cost of learning and development activity).



### HRP4 Leavers in the last year as a percentage of the average total

#### Rationale and expected impact on behaviour

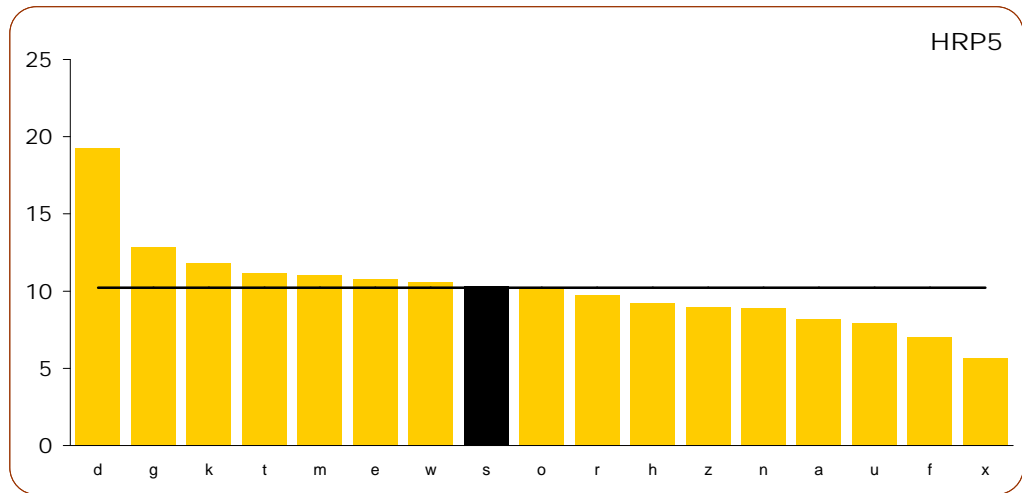
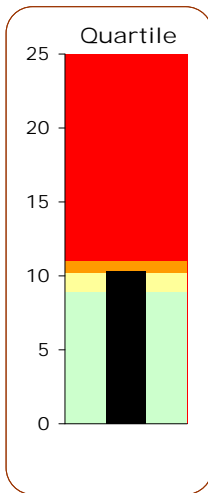
This indicator aims to look at the stability of the workforce. Some turnover in an organisation is accepted as healthy but a high level of turnover can indicate problems in organisational leadership, culture and management and can impact on organisational performance (for example through loss of capacity, loss of valuable skills and knowledge etc). Organisations may wish to compare their turnover rates with their peers, examining whether there are robust reasons for any significant differences. In most circumstances organisations would seek to reduce the percentage of leavers over time.



## HRP5 Average working days per employee (full time equivalent) per year lost through sickness absence

### Rationale and expected impact on behaviour

Looks at the effectiveness of the HR function in terms of impact on the overall levels of sickness absence in the organisation through development of processes and procedures, and training for managers. Organisations should aim to reduce the number of days lost through sickness absence over time.



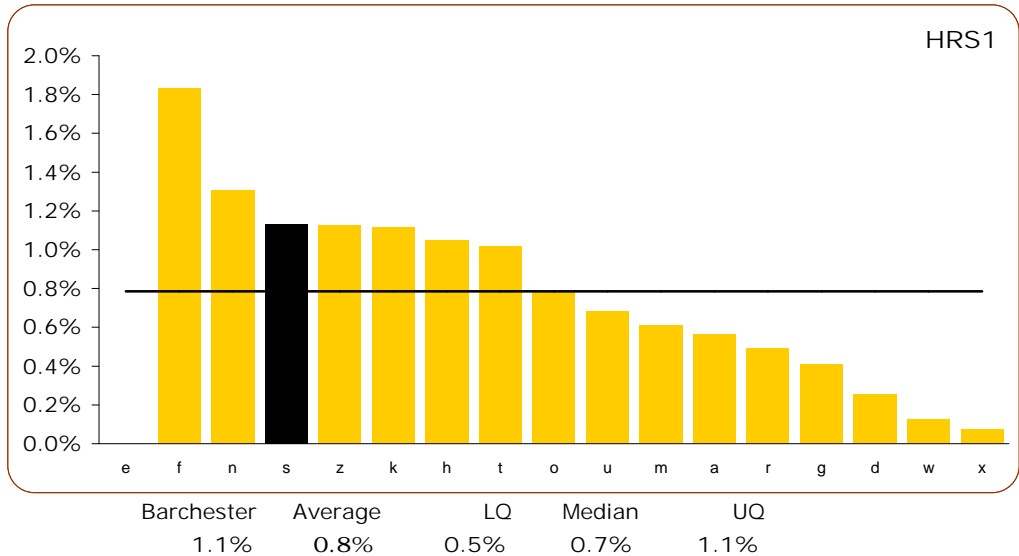
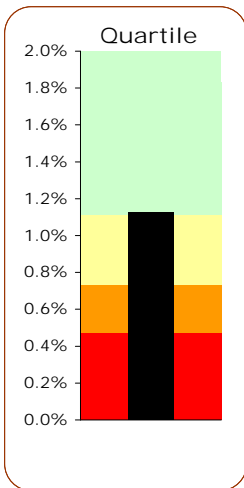
Barchester	Average	LQ	Median	UQ
10.3	10.2	8.9	10.2	11.0

## Secondary Indicators

### HRS1 Cost of learning and development activity as percentage of the total pay-bill

#### Rationale and expected impact on behaviour

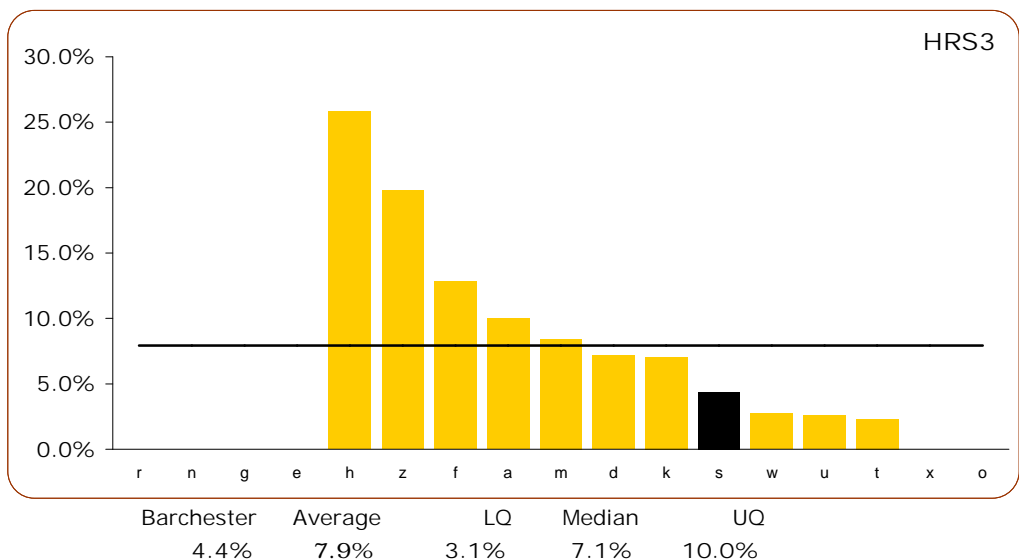
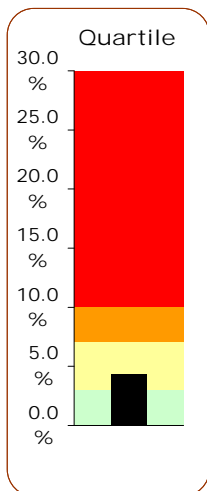
The level of expenditure on learning and development indicates the organisation's commitment to enhancing its capacity to deliver and improve. This complements primary indicator 3 (average days invested in learning and development per employee). In both cases organisations should compare their results with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the average degree of experience within the workforce and turnover of staff. In many cases organisations would aim to achieve a period-on-period increase in their investment in learning and development activity.



### HRS3 Percentage of posts currently in the leadership of the organisation which are filled by people who are not permanent in that position

#### Rationale and expected impact on behaviour

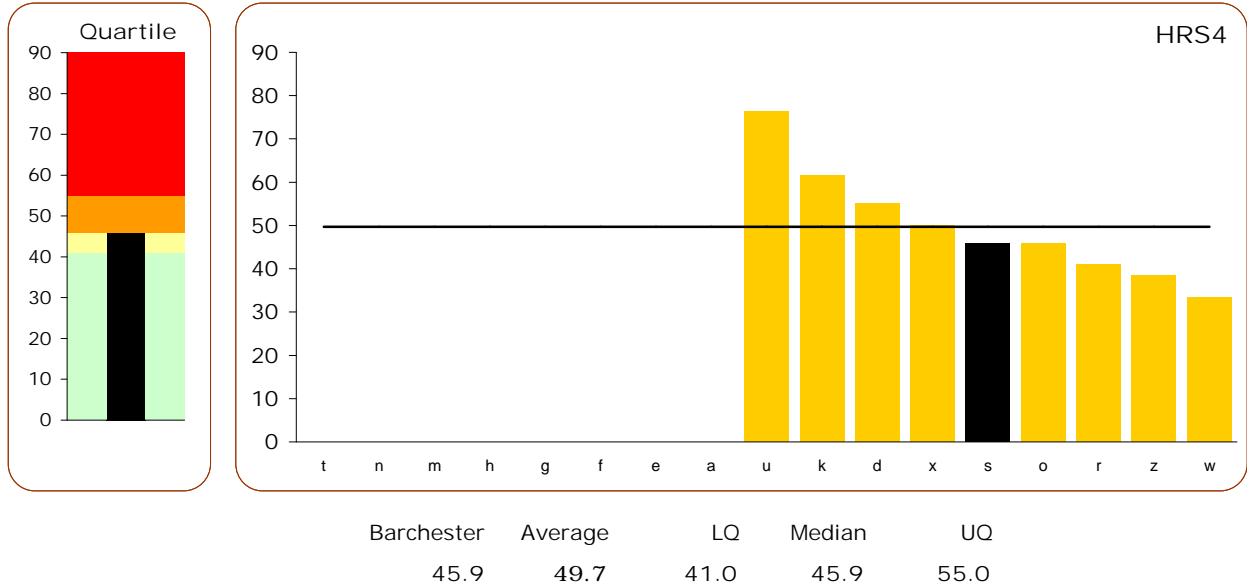
The degree of stability of the leadership of an organisation is a critical feature in terms of organisational performance and culture. Organisations performing at a sub-optimal level tend to have a significant proportion of non-permanent staff in leadership positions. In most cases organisations would therefore aim to reduce the percentage of non-permanent staff in leadership positions.



## HRS4 Average elapsed time (working days) from a vacancy occurring to the acceptance of an offer for the same post

### Rationale and expected impact on behaviour

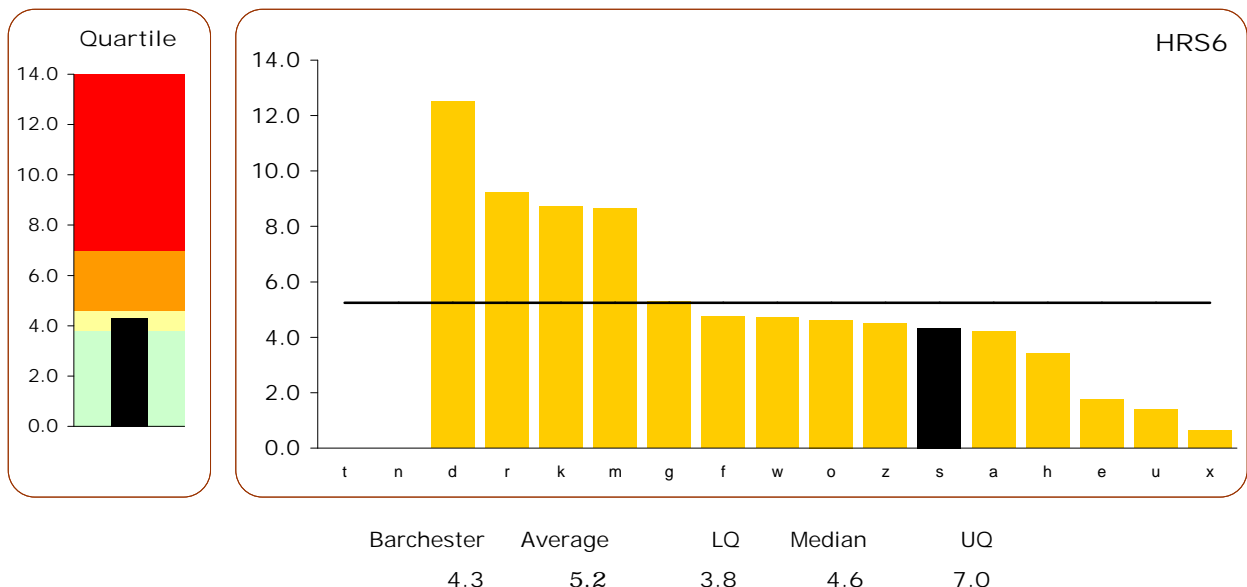
This is an indicator of efficiency for a key HR process – recruitment to fill vacant posts. Organisations should generally aim to reduce the number of working days needed to fill vacant posts. This indicator complements secondary indicator 5.



## HRS6 Reported injuries, diseases and dangerous occurrences per 1,000 FTE per year

### Rationale and expected impact on behaviour

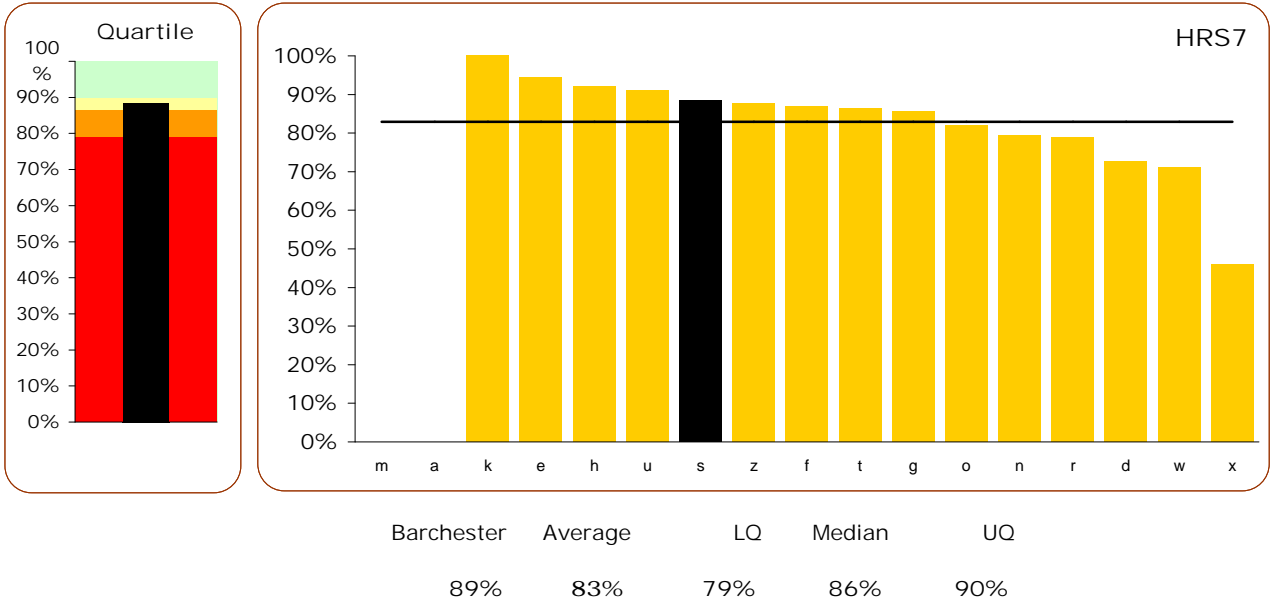
This measures the effectiveness of the organisation's health and safety procedures. Organisations would expect to achieve a period-on-period reduction in the number of incidents although organisations reporting extremely low figures compared to their peers may wish to consider whether all relevant occurrences are correctly reported.



## HRS7 Percentage of people that are still in post after 12 months

### Rationale and expected impact on behaviour

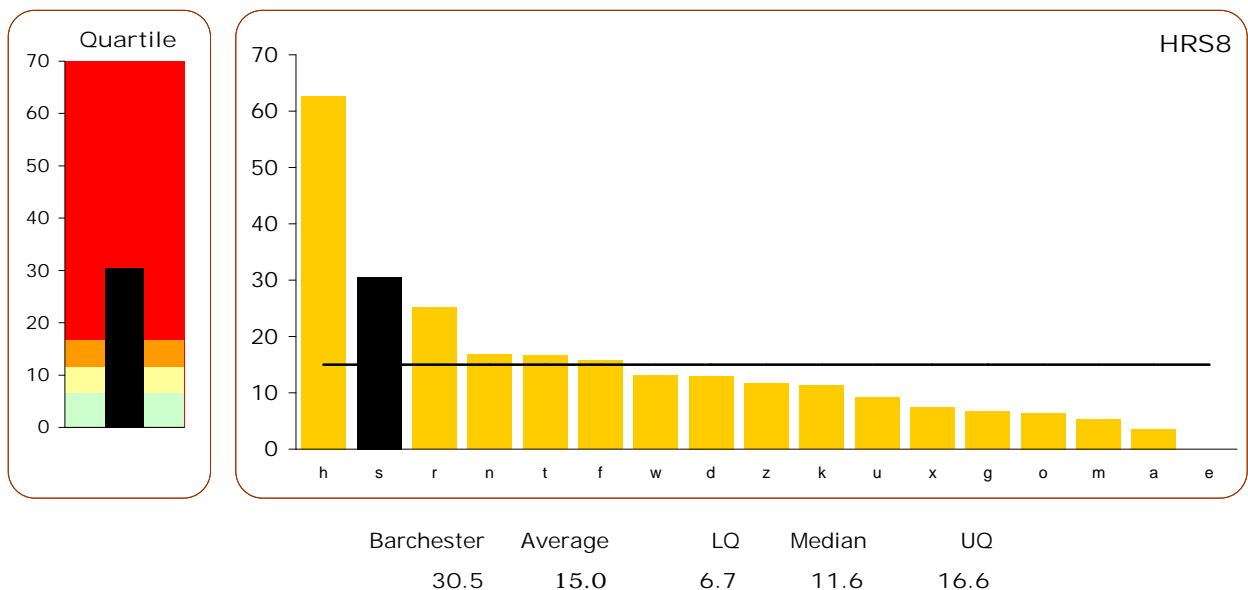
The level of turnover in the first year is an indicator of the effectiveness of the organisation's recruitment and induction processes. This is closely linked to primary indicator 4 (leavers as a proportion of total staff). Organisations would expect to achieve a period-on-period increase in the number of people still in post after 12 months.



## HRS8 Cases of disciplinary action per 1,000 employees

### Rationale and expected impact on behaviour

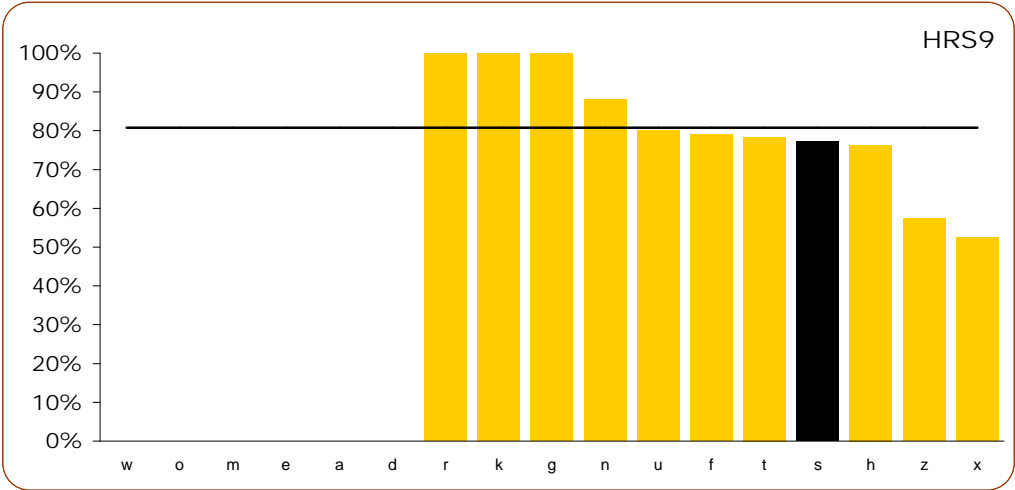
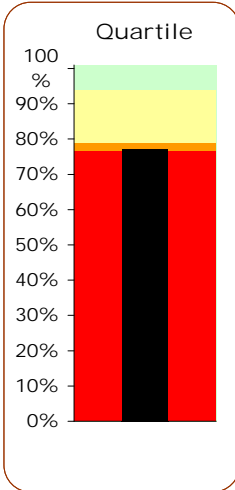
To measure the extent to which capability/performance and conduct are actively managed. Organisations would usually expect to achieve a period-on-period reduction in the number of cases. However where no cases are actioned or where the number is considerably less than for peers with no apparent plausible explanation, organisations may wish to investigate whether managers are correctly applying disciplinary procedures.



## HRS9 Percentage of staff who receive (at least) an annual face to face performance appraisal

### Rationale and expected impact on behaviour

To measure the coverage of individual performance management processes across the organisation. Organisations should aim to move towards achieving 100 per cent for this indicator (particularly in respect of their permanent staff).

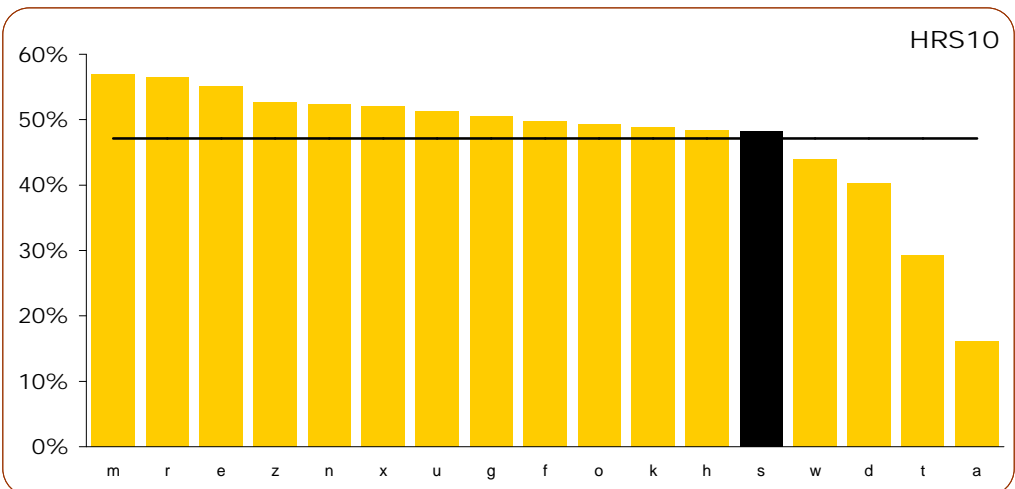
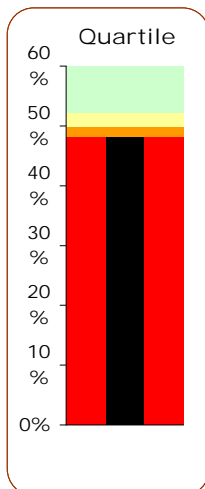


Barchester	Average	LQ	Median	UQ
77%	81%	77%	79%	94%

## HRS10 Percentage of leadership posts occupied by women

### Rationale and expected impact on behaviour

To monitor progress in the achievement of equality of opportunity in employment for leadership posts. Organisations should compare their achievement against this indicator with their peers and, in most cases, should seek to secure a period-on-period increase in respect of this indicator.

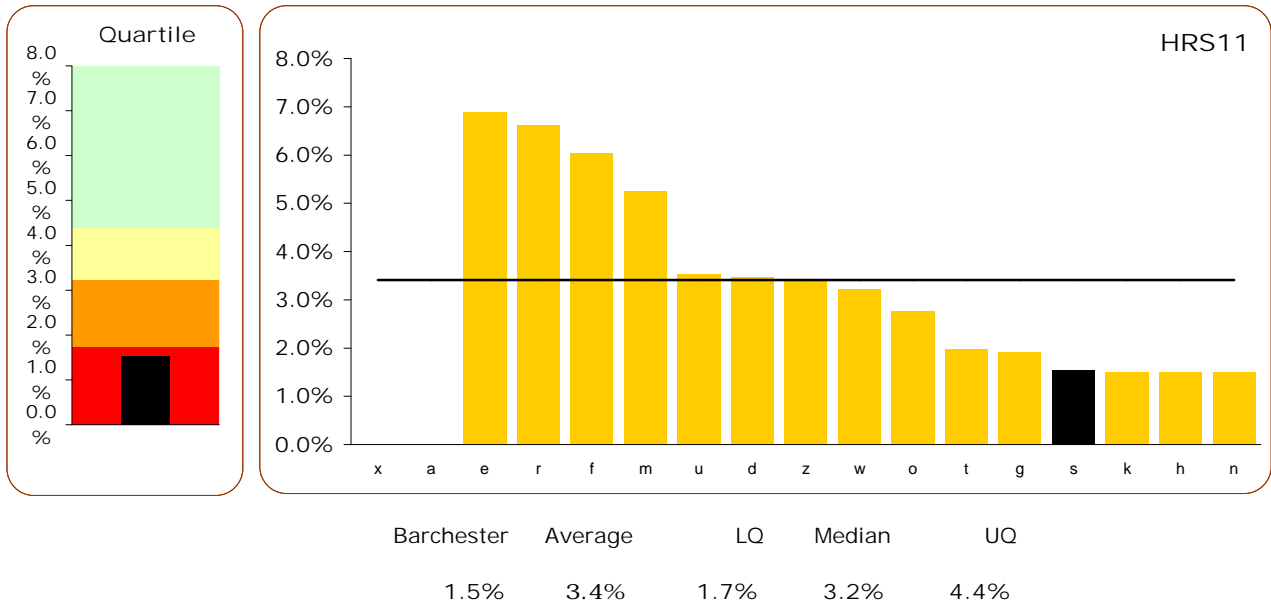


Barchester	Average	LQ	Median	UQ
48%	47%	48%	50%	52%

## HRS11 Percentage of employees who consider themselves to have a disability

### Rationale and expected impact on behaviour

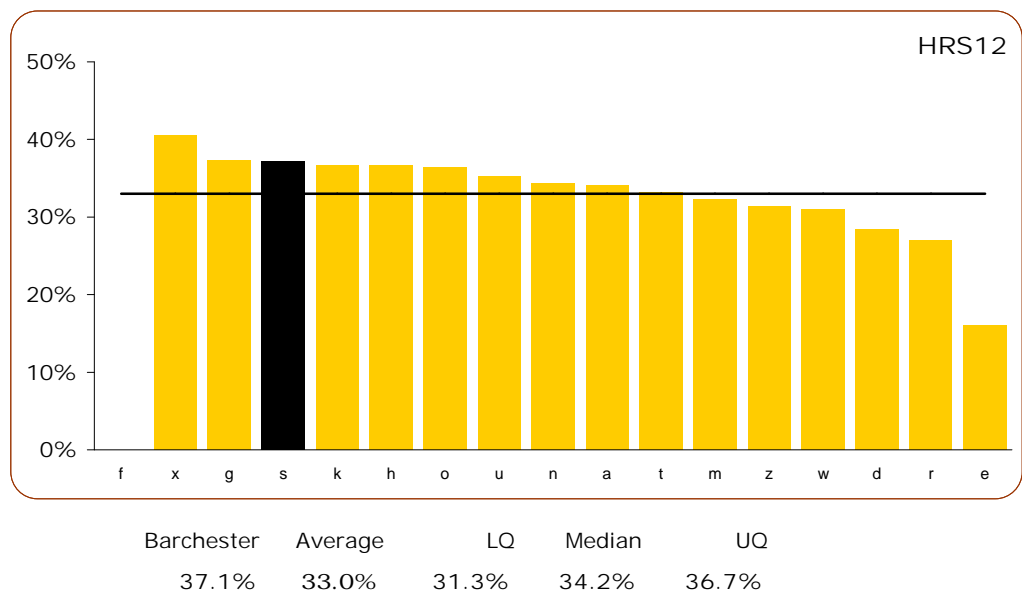
To monitor progress in the achievement of equality of opportunity in employment. Organisations should compare their achievement against this indicator with that of their peers and consider how the composition of their workforce might move towards a position that, for example, is more representative of the community they serve.



## HRS12 Percentage of employees aged 50 or over

### Rationale and expected impact on behaviour

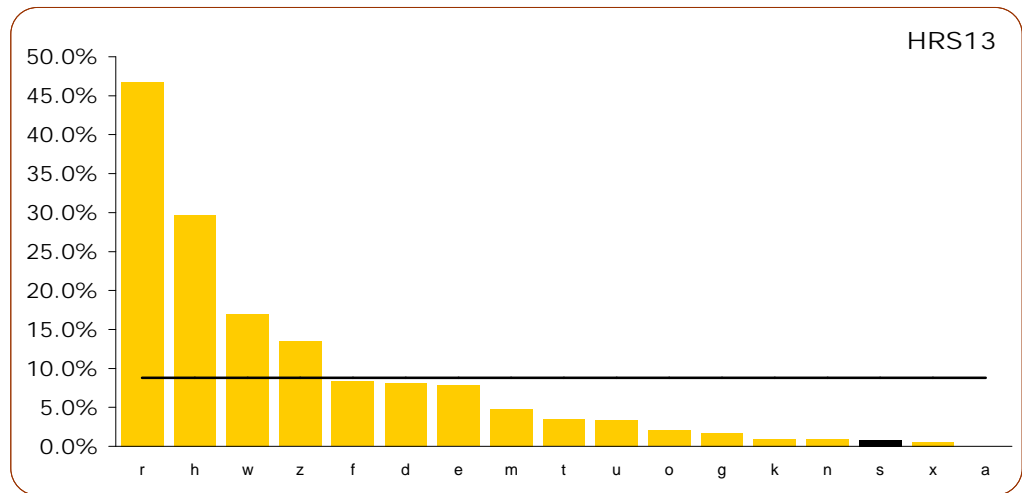
To monitor progress in the achievement of equality of opportunity in employment. Organisations should compare their achievement against this indicator with that of their peers and consider how the composition of their workforce might move towards a position that, for example, is more representative of the community they serve.



## HRS13 Percentage of Black and Minority Ethnic (BME) employees in the workforce

### Rationale and expected impact on behaviour

To monitor progress in the achievement of equality of opportunity in employment. Organisations should compare their achievement against this indicator with that of their peers and consider how the composition of their workforce might move towards a position that, for example, is more representative of the community they serve.



Barchester	Average	LQ	Median	UQ
0.8%	8.8%	0.9%	3.5%	8.3%

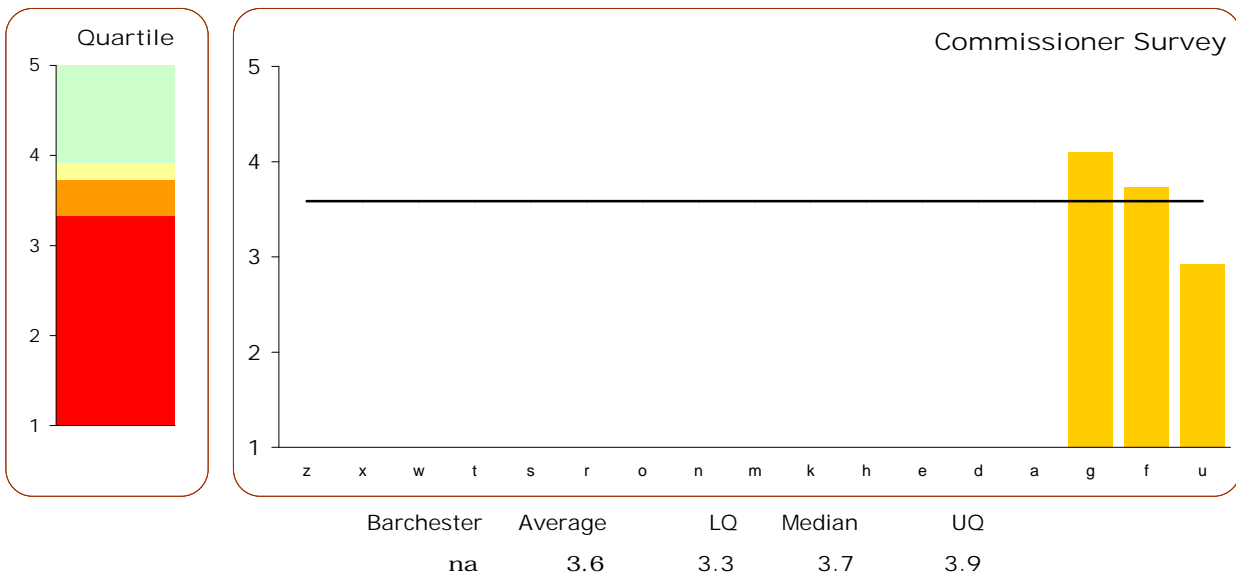
# Section 3 - SATISFACTION

## Rationale and expected impact on behaviour

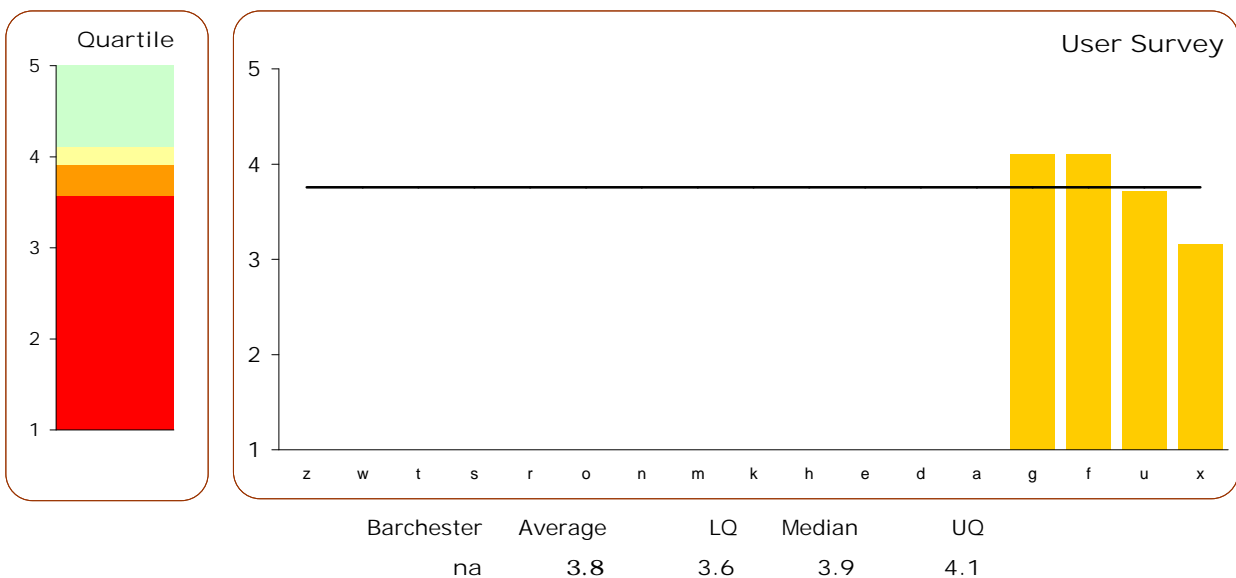
This indicator examines the effectiveness of the HR function by assessing the perceptions of its commissioners and users. The indicators have been identified because they are considered to indicate whether the function communicates effectively with its commissioners and users, and is responsive to the requirements of the organisation.

Over time, organisations should seek to increase the proportion of commissioners and users agreeing

### HRP6(a) Commissioner satisfaction average score



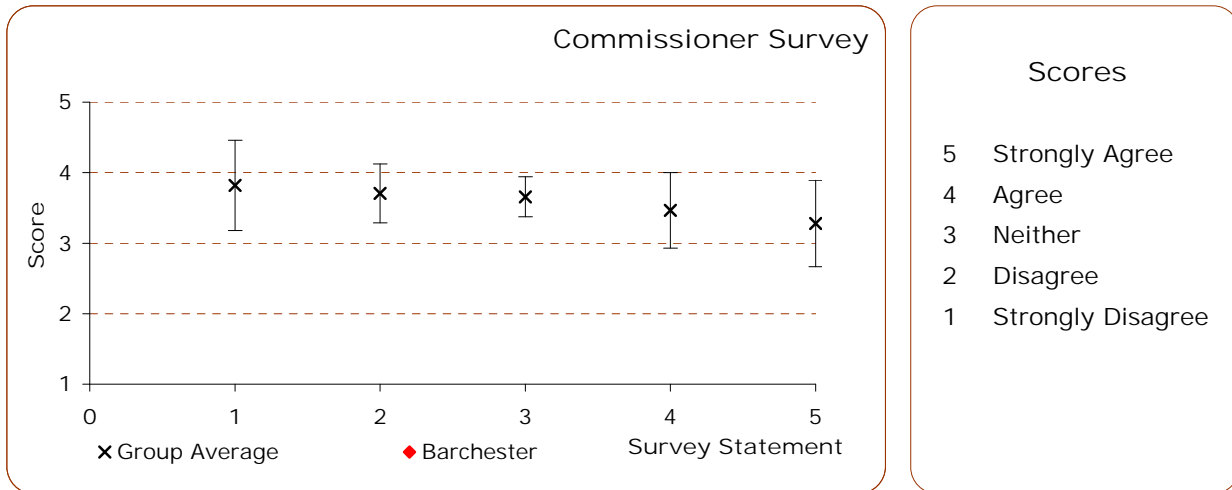
### HRP6(b) User satisfaction average score



## Analysis of individual statement scores

These charts show the average performance scores for all participants as black x's. The black error bars show one standard deviation either side of the mean. Approximately 65 - 70% of the organisations will fall within this range. The red diamond is the average score for your organisation.

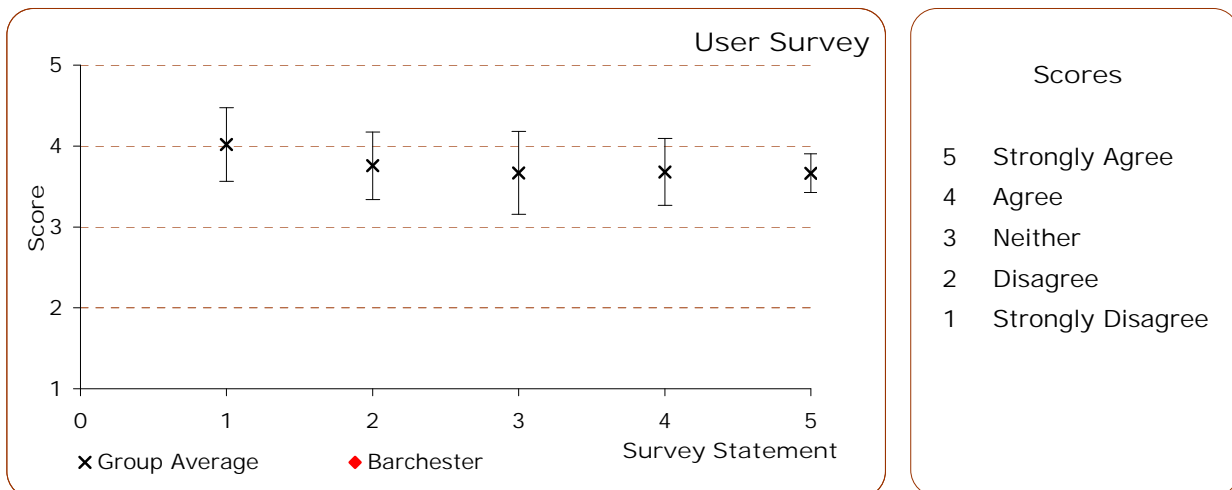
### Commissioner Survey



#### Survey Statements

- The HR function supports delivery of the organisation's strategic objectives
- The HR function provides quality advice when I need it
- The HR function enables me to address people management issues
- The HR function anticipates the organisation's workforce issues and addresses them
- The HR function provides value for money

### User Survey

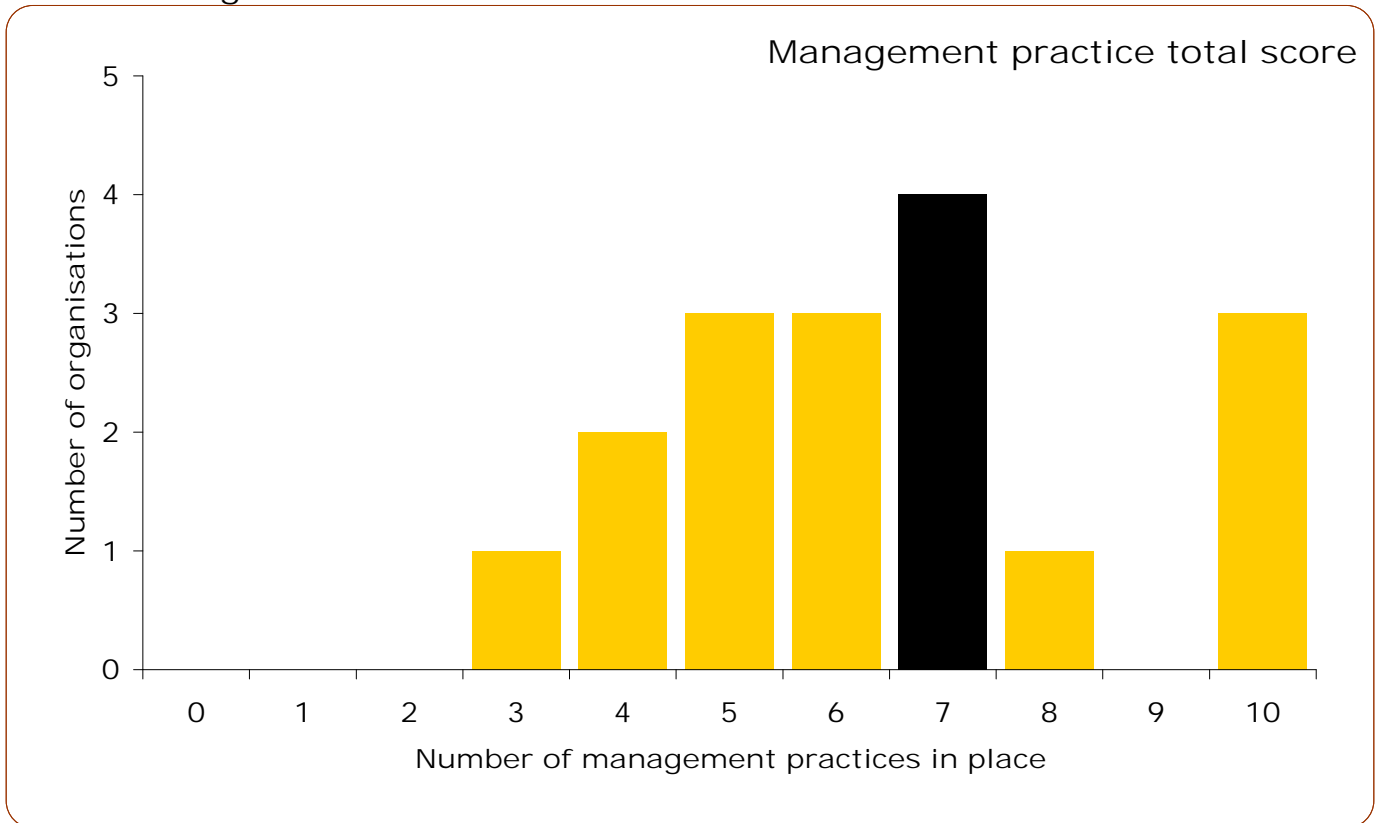


#### Survey Statements

- The organisation offers flexible remuneration and benefits options which take account of the different needs of staff
- The organisation takes the well-being of staff seriously
- The appraisal process helps me set measurable objectives which make clear what is expected of me
- I receive appropriate learning and development in relation to my needs
- I know where to go if I have a query relating to an HR issue

# Section 4 - MANAGEMENT PRACTICE INDICATORS

## HRP7 Management Practice Indicators

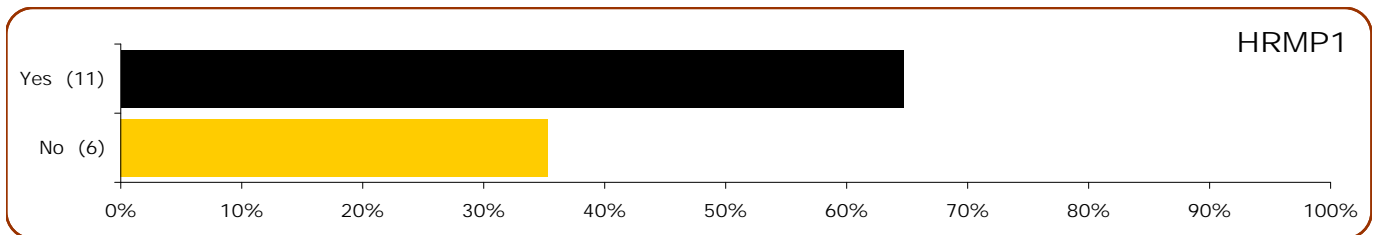


Barchester 7.00 Average 6.47 LQ 5.00 Median 6.00 UQ 7.00

		Yes	No	% Yes	% No
HRMP1	Yes	11	6	64.7%	35.3%
HRMP2	Yes	11	4	73.3%	26.7%
HRMP3	Yes	12	5	70.6%	29.4%
HRMP4	Yes	13	4	76.5%	23.5%
HRMP5	No	11	6	64.7%	35.3%
HRMP6	No	11	6	64.7%	35.3%
HRMP7	No	5	12	29.4%	70.6%
HRMP8	Yes	13	4	76.5%	23.5%
HRMP9	Yes	7	10	41.2%	58.8%
HRMP10	Yes	16	1	94.1%	5.9%

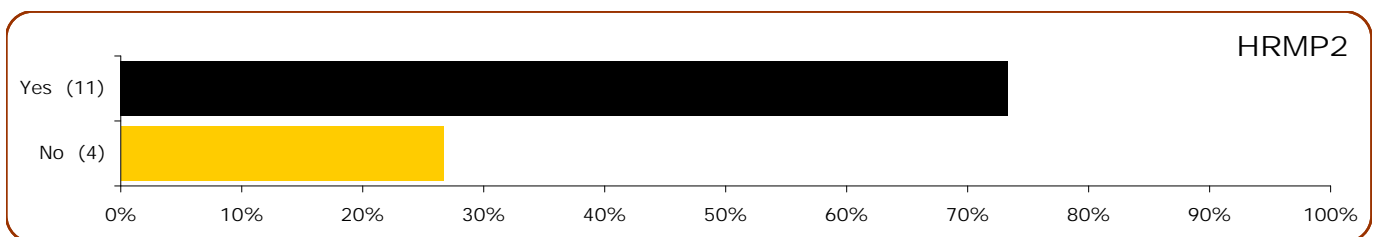
### HRMP1

Within the last three years the HR Function has reviewed and rationalised the number of sets of Terms and Conditions in use in the organisation by 5%



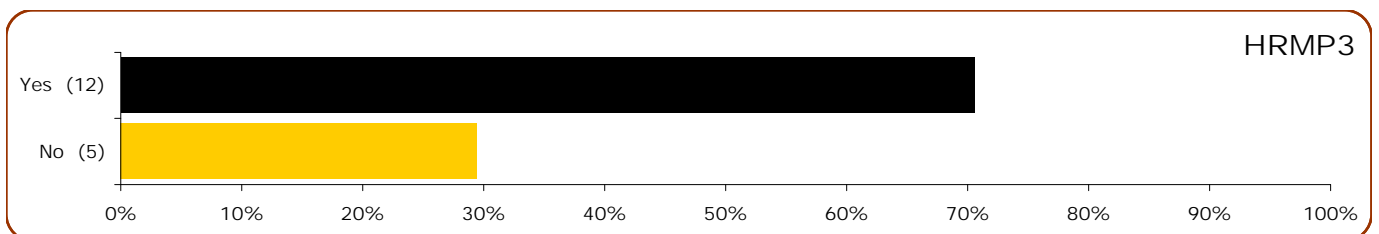
### HRMP2

The organisation has undertaken equality impact assessments across all key service areas within the last three years, and is implementing an action plan which targets areas of vulnerability



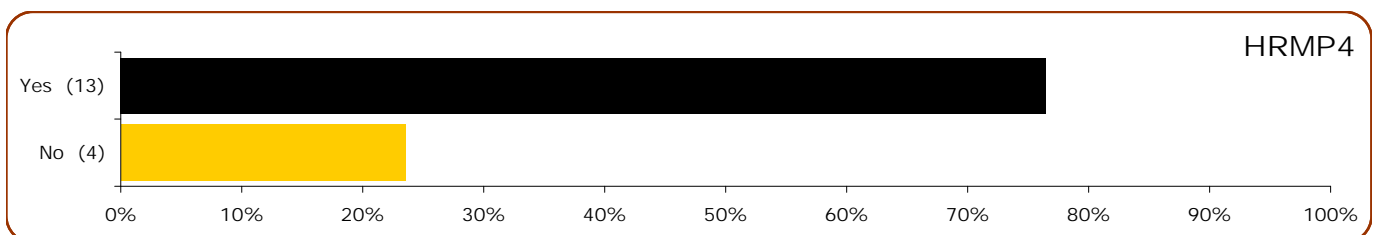
### HRMP3

There is employee self-service through desktop access to modify non-sensitive HR data



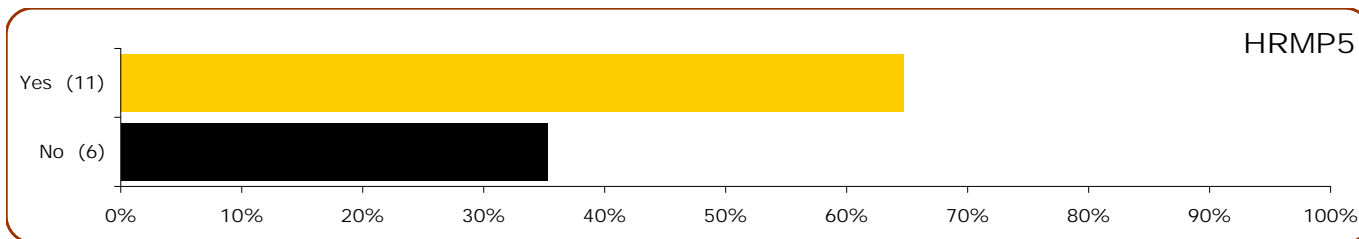
### HRMP4

All employees have clear and measurable outcome based targets set at least annually



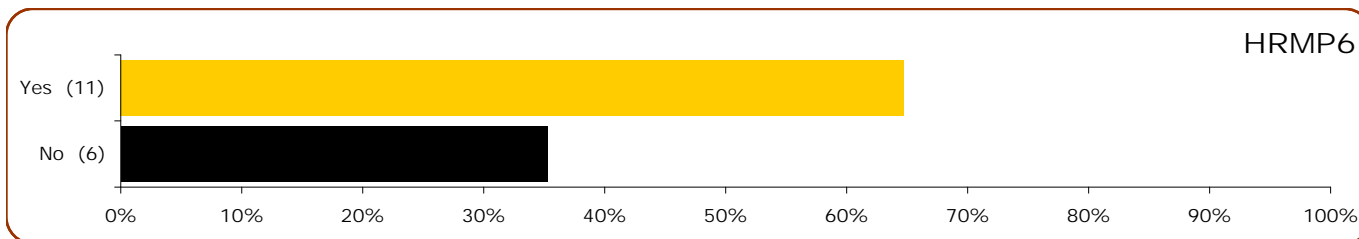
### HRMP5

All employees have had a formal, documented performance review at least on an annual basis which can track personal/professional improvement



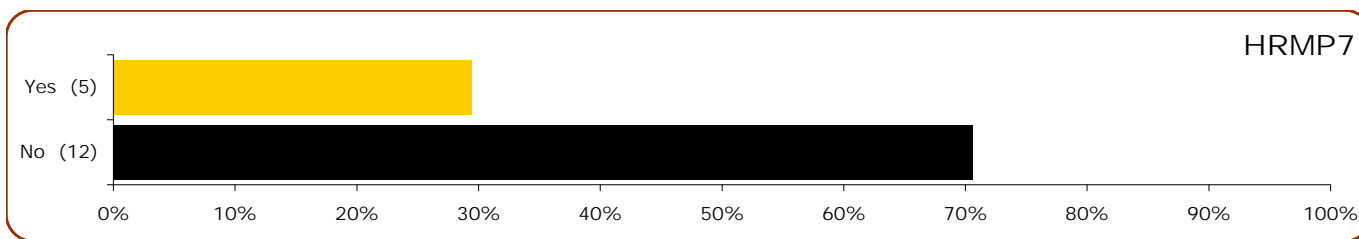
### HRMP6

The organisation carries out a survey of staff satisfaction levels at least biennially, publishes the results, has developed an action plan and monitors delivery of that plan on at least a quarterly basis



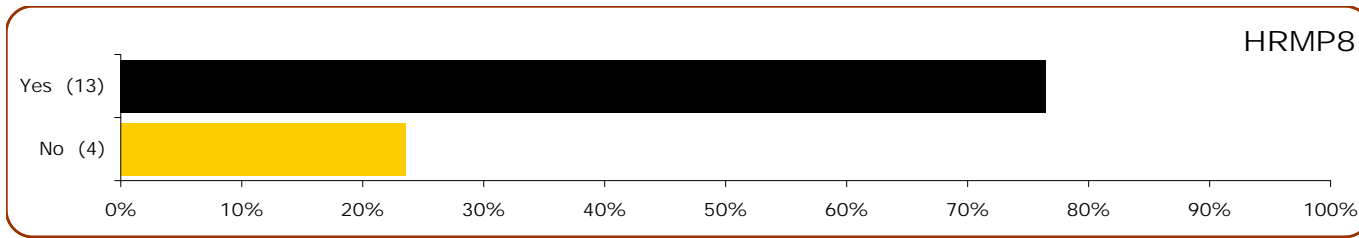
### HRMP7

The organisation explicitly requests that employees declare that they have complied with any Continuous Professional Development (CPD) requirements of their professional institute (where applicable)



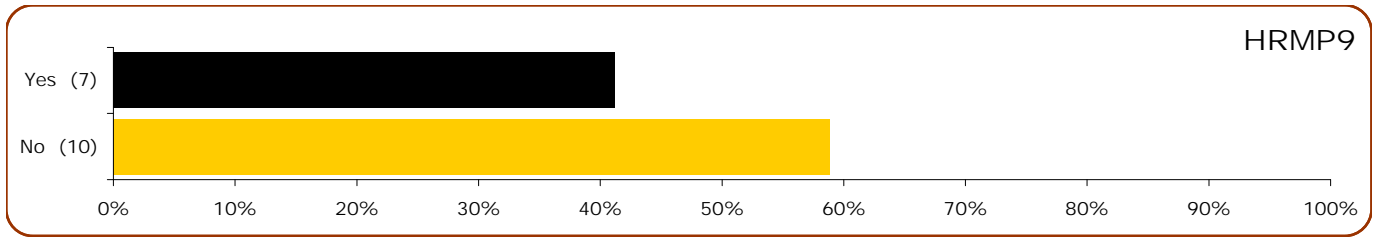
### HRMP8

The organisation has a statement which anticipates the workforce requirements of the organisation over the medium-term (at least 3 years) and an action plan agreed by the Executive/ Corporate Management Team which sets out how those requirements are met and is monitored on a 6 monthly or more frequent basis



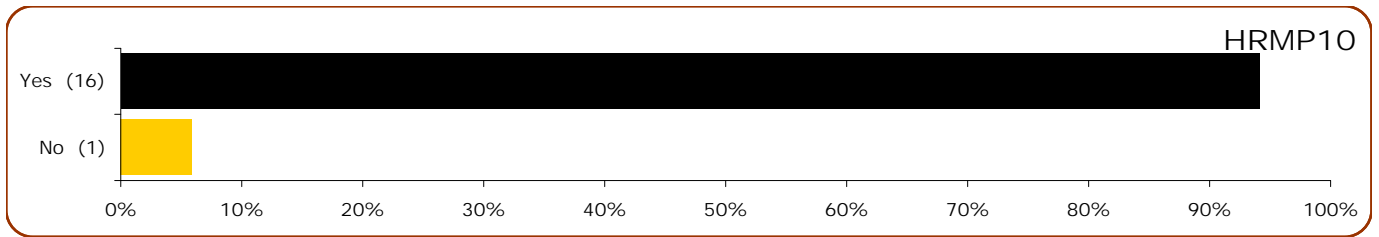
**HRMP9**

A comprehensive professional development programme is in place for professional HR staff which ensures that they receive at least 5 days of continuing professional development per annum



**HRMP10**

It is possible to apply online for all vacancies for which external applications are invited



## Section 5 - TABULAR DATA

	Barchester	Average	Lower Quartile	Median	Upper Quartile	
<b>Primary Indicators</b>						
HRP1(ai)	Cost of the HR function as a % organisational running costs (including L&D)	1.06%	0.84%	0.61%	0.74%	1.11%
HRP1(aii)	Cost of the HR function as a % organisational running costs (excluding L&D)	0.75%	0.54%	0.39%	0.48%	0.63%
HRP1(b)	Cost of the HR function per fte (including L&D)	£800	£676	£507	£710	£817
HRP1(b)	Cost of the HR function per fte (excluding L&D)	£564	£435	£330	£381	£507
HRP2	Ratio of employees to HR staff (including L&D)	85	97	80	85	118
HRP2	Ratio of employees to HR staff (excluding L&D)	110	123	89	113	144
HRP2	Ratio of employees to L&D staff	374	640	370	485	967
HRP3	Average days per full-time equivalent employee per year invested in learning and development	0.7	1.6	1.1	1.3	1.5
HRP4	Leavers in the last year as a % of the average total staff	5.1%	9.2%	7.6%	9.4%	11.0%
HRP5	Average working days per employee per year lost through sickness absence	10.3	10.2	8.9	10.2	11.0
<b>Secondary Indicators</b>						
HRS1	Cost of learning and development activity as % total pay-bill	1.1%	0.8%	0.5%	0.7%	1.1%
HRS2	Cost of agency staff as a % total payroll	1.0%	2.3%	1.0%	1.5%	4.1%
HRS3	% posts in the leadership which are filled by people who are not permanent in that position	4.4%	7.9%	3.1%	7.1%	10.0%
HRS4	Average elapsed time (days) from a vacancy occurring to the acceptance of an offer for the	45.9	49.7	41.0	45.9	55.0
HRS5	Cost of recruitment per post filled	£219	£737	£227	£803	£995
HRS6	Reported injuries, diseases and dangerous occurrences per 1,000 employees	4.3	5.2	3.8	4.6	7.0
HRS7	% people that are still in post after 12 months service	89%	83%	79%	86%	90%
HRS8	Cases of disciplinary action per 1,000 employees	30.5	15.0	6.7	11.6	16.6
HRS9	% staff who receive (at least) an annual face to face performance appraisal	77%	81%	77%	79%	94%
HRS10	% leadership posts occupied by women	48%	47%	48%	50%	52%
HRS11	% employees who consider themselves to have a disability	1.5%	3.4%	1.7%	3.2%	4.4%
HRS12	% employees aged 50 or over	37%	33%	31%	34%	37%
HRS13	% Black and Minority Ethnic (BME) employees in the workforce	0.8%	8.8%	0.9%	3.5%	8.3%