

HR Barometer for Housing Associations 2011/12:

EXTRACT



Foreword

“The purpose of gathering evidence is to create knowledge and understanding that can be put to good use”

- Armstrong, Brown & Reilly, from their excellent book, ‘Evidence-based Reward Management’ (Kogan Page, 2010)

Our aim in this survey is to provide you with a tool to gather qualitative and quantitative evidence of the performance of your HR function. This will enable you to compare it with that of similar organisations. It will also help you to review your HR strategy and provision so that you can take steps to improve its effectiveness. It explores factors that should reflect a modern, value for money HR function.

In our experience, surveys of this nature are often dominated by statistics and lack the real-life examples of good practice that bring this information to life. We have tried to strike a balance between the need to collect enough meaningful data without placing too great a burden on survey respondents.

This report will give you an indication of the quality of our work. EBRS also provides a range of pay and reward services, from benchmarking individual roles to reviewing and designing pay structures. We can also help to support your pay review and conduct equal pay audits.

Karl Ellis
Director, EBRS
December 2011

karl.ellis@ebrs.co.uk | ebrs.co.uk | 01454 501686

Copyright © 2011 Essential Benchmarking & Reward Solutions Limited. All rights reserved.

A significant amount of work has gone into the preparation of this report. Whilst you are permitted to copy material for your own organisation’s use, any unauthorised copying, reproduction or distribution of this report will constitute an infringement of copyright. The advice provided by EBRS in the report is for general guidance only.

Essential Benchmarking & Reward Solutions Limited
Registered as a company in England & Wales, No: 6996601 · VAT Registration No: 978 7968 17

Contents

1	Summary of our findings.....	1
2	Survey methodology.....	3
3	Survey findings	6
3.1	The HR function	6
3.1.1	HR staff numbers.....	6
3.1.2	Structure of HR teams	7
3.1.3	Structure of HR function	7
3.1.4	Changes in overall staffing	7
3.1.5	Responsibility for HR activity	7
3.1.6	Operating cost of HR	8
3.1.7	Making HR efficiencies.....	8
3.1.8	Self-service technology.....	9
3.1.9	Outsourcing.....	9
3.2	Learning and development.....	10
3.2.1	L&D activity	10
3.2.2	Corporate induction	10
3.2.3	Professional development	10
3.2.4	L&D strategy.....	11
3.2.5	Evaluation of L&D processes.....	12
3.2.6	Focus of L&D activity	12
3.2.7	L&D achievements.....	13
3.2.8	Investors in People (IIP)	14
3.2.9	Other accreditations.....	14
3.3	Recruitment and selection	15
3.3.1	Employee turnover.....	15
3.3.2	Reasons for leaving.....	15
3.3.3	Recruitment processes	15
3.3.4	Time taken to fill vacancies.....	15
3.3.5	Recruitment difficulties	16
3.3.6	Recruitment processes	16
3.4	Absence Management and Health and Safety	17
3.4.1	Absence levels.....	17

3.4.2	Absence management	17
3.4.3	Absence processes	18
3.4.4	Employee support	18
3.4.5	Health and safety	18
3.5	Employee relations and engagement	19
3.5.1	Employee relations statistics	19
3.5.2	Union recognition.....	19
3.5.3	Employee surveys.....	20
3.5.4	Employee engagement.....	21
3.6	Equality and diversity	22
3.6.1	Equal pay audits	22
3.6.2	Gender pay gap	22
3.6.3	Diversity statistics.....	22
3.6.4	Diversity achievements.....	23
3.7	Performance management and reward	24
3.7.1	Performance management	24
3.7.2	Analysis of pay pressures.....	25
3.7.3	Determining role size.....	26
3.7.4	Recognition schemes.....	26
3.7.5	Provision of typical benefits.....	27
3.7.6	Total reward statements	28
3.7.7	Reviewing reward strategy	28
3.7.8	Reward achievements	28
3.8	Reward in HR roles.....	29
3.8.1	Basic pay	29
3.8.2	Bonuses.....	30
3.8.3	Car allowances	30
3.9	HR performance and strategy.....	31
3.9.1	Satisfaction with HR.....	31
3.9.2	HR strategy.....	32
4	How EBRS can help you further.....	33

2 Survey methodology

Invitations to take part in our survey were sent by email to the Chief Executives or key HR professionals of approximately 600 of the largest housing associations over the summer of 2011.

Respondents completed a comprehensive internet-based questionnaire via a secure (SSL) link to ensure the confidentiality of their data.

2.1.1 Aims of the survey

The survey aims to explore factors that should reflect a modern, value for money HR function, building upon the survey quantitative metrics used by the UK Public Sector Audit Agencies in their Value for Money indicators.

We also wanted to produce a survey report that showcases examples of good HR practice.

2.1.2 Questions to consider

We want the survey to help you to consider and obtain answers to the following questions:

- Is the HR function cost-effective?
- Are HR processes operated in an efficient and timely manner?
- Is the HR function proactively planning for future resource needs and taking appropriate action to address gaps?
- Is the HR function helping to effectively promote and manage the health, safety and wellbeing of staff?
- Is the HR function helping the organisation to effectively manage individual employee performance?
- Does the HR function help to ensure the organisation appropriately recognises and rewards employees?
- Does the HR function help to ensure a diverse workforce?
- Are internal customers satisfied with the services provided by HR?

2.1.3 Definition of HR

For the purpose of our survey, we have applied the scope used by the UK Public Sector Audit Agencies in their Value for Money indicators.

The following activities were considered to be **within** the scope of the survey:

- HR Strategy / change management / organisation development;
- Employee relations: staff terms and conditions of employment, industrial relations, diversity and equalities in employment, tribunal claims, grievance and discipline;
- Employee involvement: staff communications, commissioning of employee assistance and welfare, and commissioning of occupational health assessment and testing;
- Resourcing: workforce planning, workforce remodelling, job analysis and design, agency and other contingent labour, recruitment and selection, redeployment and transfers, redundancy;
- Individual performance management: competency and skills planning / frameworks, performance standards, employee appraisal, secondments, absence management;
- Reward and recognition: pay and reward strategy, flexible benefits, post grading,

pay and benefits administration, employee recognition schemes;

- Learning and development: strategy, training needs analysis, commissioning, delivery and evaluation of learning and development;
- Health and safety: policy and procedure development, incident management, compliance and inspection regime.

The following activities were considered to be **outside** the scope of the survey:

- Pensions administration;
- Payroll;
- Ensuring equality and diversity in the delivery of services;
- Delivery of occupational health assessment and testing; and
- Delivery of employee assistance and welfare.

2.1.4 Survey structure

The survey contained sections covering all aspects of HR, with a mix of qualitative and quantitative questions designed to bring life to what can be dry statistical analysis.

Where we asked for historical data, this referred to a 12-month period that fitted with participants' reporting capabilities. We requested that the periods used were broadly consistent throughout the survey.

2.1.5 Report structure

We have set out the report in the same order as the survey, addressing each area of HR practice in turn. Within each section, we have provided statistical comparisons, showing the typical levels for the whole group and for categories of participants.

Please note that participants have not all provided responses to every question, so, in some cases, the sample that we refer to may be less than the overall sample of 19.

We have provided a commentary that explains the data, setting it into context with national statistics where appropriate.

To bring the report to life, we have also included qualitative information, relying on the examples of good practice provided by respondents. These have been anonymised and reproduced in green boxes throughout the report. Quoted responses have been sorted in order of organisation size, from the smallest to the largest.

Participants also receive a detailed appendix that shows their supplied data against the typical responses, enabling them to make a quick comparison with the rest of the sample.

As the majority of respondents preferred to remain anonymous, we have not listed the names of any of the participating organisations in this report.

2.1.6 Categorisation

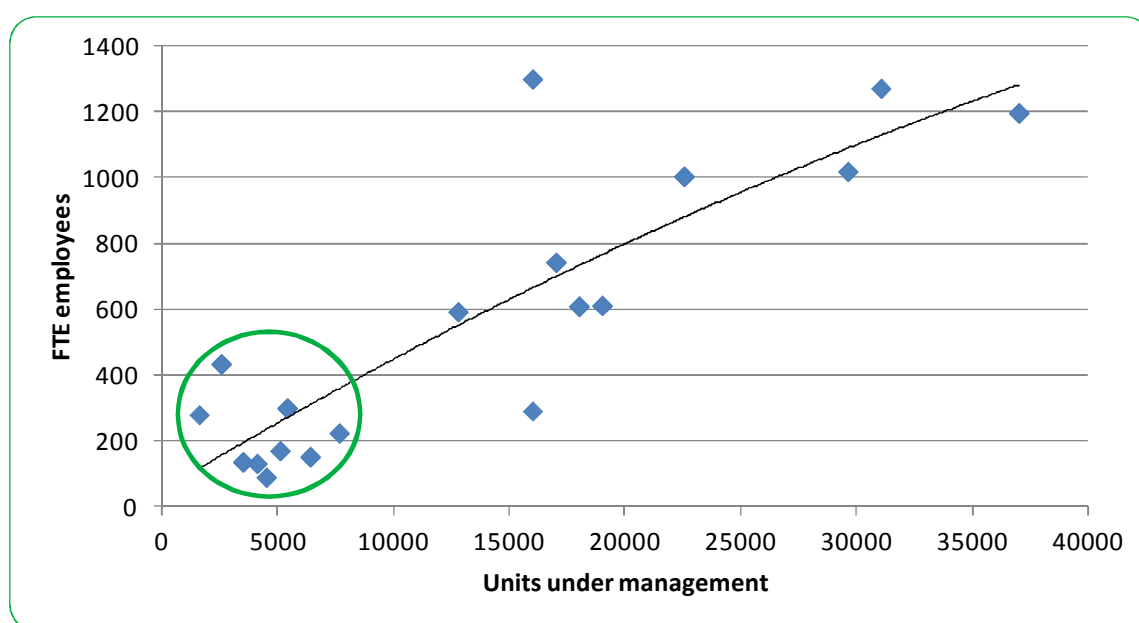
We have categorised the participants into two groups, based on their organisational size, measured by their employees and the number of units that they have under management.

The green circle shows a relatively compact cluster of similar-sized smaller organisations. These nine organisations are characterised by having fewer than 500 full time equivalent

(FTE) staff and less than 10,000 units under management.

The other ten participants have been grouped for statistical analysis. These cover a broader size range, but have sufficient in common to be analysed together. The organisations have between 13,000 and 40,000 units, and, apart from one, have between 600 and 1,500 FTE staff.

Distribution of participants by organisation size



2.1.7 Statistical terminology used

We have provided definitions of the following statistical terms used in this report:

Average: this is the value obtained by dividing the sum of a set of quantities by the number of quantities in the set.

Median: the middle number in a set of numbers that have been arranged from smallest to largest.

Upper Quartile: In a set of numbers arranged from smallest to largest, this is the point above which the highest 25% of data falls.

Lower Quartile: In a set of numbers arranged from smallest to largest, this is the point below which the lowest 25% of data falls.

Interquartile range: In a set of numbers arranged from smallest to largest, this is the range of numbers from the lower quartile to the upper quartile, so is the middle 50% of data. This can be a more stable statistic than taking the whole range as it excludes the extremes.

3 Survey findings

3.1 The HR function

We found that there was a clear correlation between overall employee numbers and the size of HR teams and that the ratio of HR staff was typically 1:54. Larger organisations appear to be making the most of economies of scale, as the ratio is lower in the smaller organisations that we sampled.

The outsourcing of HR services is commonplace and core HR functions are centralised. An HR Business Partnering model is used by most organisations, with larger organisations employing HR specialists while smaller ones rely on generalist HR support.

3.1.1 HR staff numbers

As could be expected, our survey has found a relationship between the size of participants' HR teams and the number of staff in their organisations.

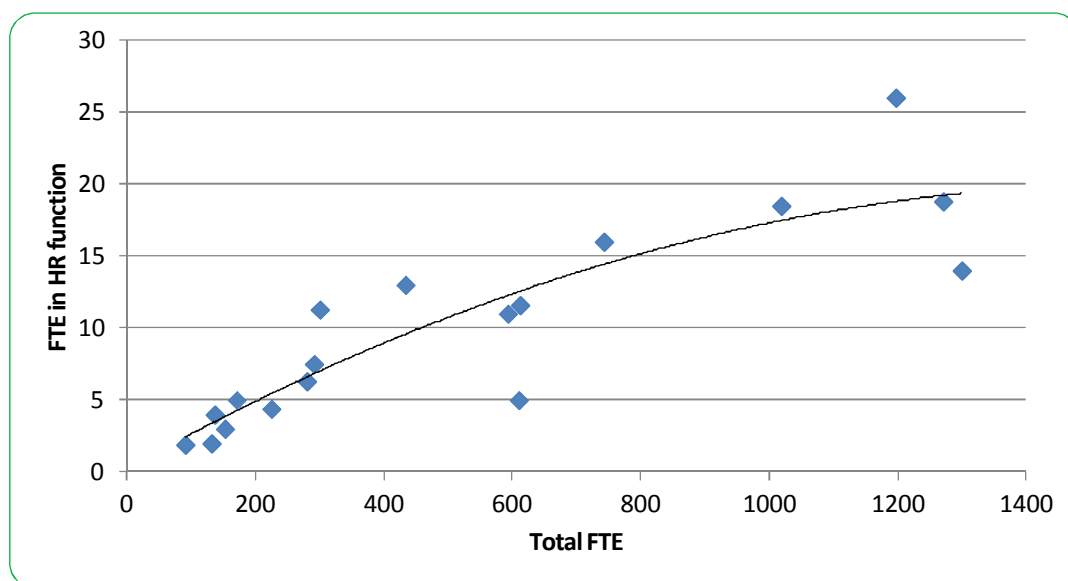
The chart below shows this relationship for 18 respondents, with the black trend line suggesting that there is a strong correlation. Overall there is one HR FTE for every 54 FTE employees, down from 1:57 in last year's survey. Organisations above the line have more HR staff than one would expect for their size, whilst

those beneath the line have fewer HR staff than typically found in the sample.

The larger organisations have taken advantage of greater economies of scale to achieve a higher ratio, averaging 1:64, whereas the ratio is one HR employee for every 43 staff in the smaller organisations.

Clearly a whole range of factors needs to be taken into account when assessing such ratios, such as the level of HR staff and service quality. Issues such as geography and organisation structure also have a significant bearing.

Relationship between HR staff and total employees



We have examined the data to see if there is a link between the ratio of HR employees and the quality of service or other metrics, but found no clear evidence to indicate a correlation.

3.1.2 Structure of HR teams

Roughly half of the smaller associations are led by an HR Director, with the others led by a Head of HR or HR Manager. In most cases, the senior HR person reports to the Chief Executive.

In the larger organisations, responsibility for HR tends to be held by a Head of HR, reporting to a Director of Corporate Services.

3.1.3 Structure of HR function

Almost all respondents operate centralised HR teams, with four having representation at local sites.

It is common for services such as recruitment, learning and development and transactional operations to be managed centrally, with a business partnership system operating at a more local level.

The larger organisations use a combination of generalists and specialists to provide an advisory HR service. Employee Relations and Learning and Development (L&D) are the most commonly found specialists, with half of the larger organisations also having Reward and Recruitment specialists.

HR advice in the smaller organisations in our survey is typically provided by HR generalists. Three have part time L&D specialists, and only one has an employee working across the other specialisms.

3.1.4 Changes in overall staffing

47% of participant organisations saw their staff numbers rise in the past last year, compared with 39% in our last survey. Common reasons are restructuring and bringing services in-house. 17% of the sample reported a decrease in employee numbers, down from 22% last year.

The trend for growth in numbers was predicted by last year's survey participants. Interestingly, this year most believe that staff numbers will stay at about the same level in the next 12 months.

3.1.5 Responsibility for HR activity

We asked participants to indicate the level of responsibility that their line managers had for typical HR activities.

Generally speaking, these tasks are shared with HR, with the exception of setting pay levels. This is exclusively held by the HR function by 13 of the 19 respondents and shared by the others.

3.1.6 Operating cost of HR

Unsurprisingly, economies of scale are telling when the operating costs of the HR function are examined. Data was supplied by 14 respondents, which we converted into a cost per overall FTE for comparison. The results are shown in the table below.

The overall average was £1,203 per FTE, up 20% on last year’s survey sample. The lowest was £360 per FTE and the highest was £2,950, reflecting the fact that the L&D budget has been brought in house to produce efficiencies. Details are shown in the table below.

Operating cost of HR per FTE

	Sample	Average	Median
Smaller organisations	8	£1,279.54	-
Larger organisations	6	£1,102.39	-
Whole sample	14	£1,203.62	£982.78

3.1.7 Making HR efficiencies

A broad range of activities have been undertaken to try to increase efficiency in the past year.

We asked participants to provide examples of these and have listed their responses in the box below.

Examples of measures taken to improve HR efficiency in the past year

‘HR Advisors now carry out [operational] work previously undertaken by HR Managers, which had made them very expensive and diverted them from higher level work.’

‘We have re-tendered CRB and OH services resulting in new suppliers and commissioned new trading providers at a lower cost.’

‘We have invested in additional resource on a fixed term basis in order to improve our systems and processes including the implementation of a new HR/Payroll system (and project manager); a half time employment legal adviser and a fixed term HR Advisor to tackle absence management. These roles will achieve long term efficiencies for the organisation. We have streamlined our policies and procedures to improve performance management across the organisation and run workshops for all managers to develop their skills.’

‘Brought learning and development budget totally under HR in order to streamline and produce efficiencies.’

‘Carried out LEAN reviews on payroll, new starters and occupational health processes. Undertaken development of our HR computer system. Reviewed supplier contracts.’

‘Analysed and streamlined processes.’