

Using HERA for senior staff pay:

Case studies

Educational Competencies Consortium Ltd is a not-for-profit, member-driven organisation, offering a unique mix of high quality, integrated human resource management web-based products together with consultancy and training services.

Our real added value is that we help universities and colleges develop people and performance in a transparent and objective way.

Developing people, delivering results

Our HERA (Higher Education) and FEDRA (Further Education) products provide a range of methods that can be used individually or as a fully integrated web-based package. Role analysis provides the foundation on which to build the links between recruitment, development, reward and recognition, targeted directly at achieving the objectives of the university or college.

Our products have been uniquely developed by and for the Higher and Further Education sectors and can be tailored to meet individual requirements.

The ECC team provides expert support. We do this with a deeply held belief that our work has a positive impact on the results our members are able to achieve. These are not just HR results, but the achievements of the organisation overall.

Please call us to talk about how we can help you achieve your objectives.

ECC Ltd
3 Gray's Inn Square
London WC1R 5AH
Tel: 020 7430 8368
Email: contactus@ecc.ac.uk

© ECC 2009

CONTENTS

Introduction	4
London School of Economics and Political Sciences	5
Background to HERA and LSE	5
Addressing the potential obstacles	6
The project methodology and outcomes	6
Role analysis	7
Market pay	7
Individual performance criteria	8
Key points of interest	8
Conclusion	8
University of Cumbria	10
Background	10
Principles	10
Role profiles	10
Trade unions	10
Summary	11
Edinburgh Napier University	12
Background	12
Job evaluation	12
Professors	12
Roles	13
Verification	13
Pay and grading structure	13
Communication	13
Cost of living and incremental progression	13
Review procedure	13
Role holders	14
Red and green circles	14
Pay models and the removal of points 50 & 51	14
Equal pay review	15

Using HERA for senior staff pay

INTRODUCTION

HERA has been used successfully in about 125 universities across the UK to support the design of new pay and grading structures as part of the implementation of the National Framework Agreement. The scheme was designed by a consortium of universities in the mid 1990s to analyse the roles of all staff (including the most senior) found within member institutions to support a range of HR functions, including pay and grading, and the achievement of equal opportunity objectives.

Many of ECC members have long standing arrangements for senior pay, predating the National Framework Agreement. Others have yet to decide how to manage this aspect of remuneration to ensure compliance with equal pay legislation and to implement their responsibilities as set out in the Gender Equality Duty.

ECC's Board commissioned David Evans of Capita to review the implementation of HERA. He "found high levels of satisfaction among both HEIs and trade unions ... suggesting that there is evidence that it is meeting its original objectives". However, "many organisations also use a separate job evaluation scheme or make separate arrangements for senior staff and managers. Our research suggests that this may be for 'political' reasons as much as for technical concerns about whether a single scheme is capable of evaluating senior roles."

This bears out the informal feedback gathered from members which suggests there is a common perception that the scheme was designed for those members of staff whose roles are covered by the national bargaining machinery: this is not the case.

The following cases studies illustrate how three very different institutions have revised their approaches to senior pay, using HERA to provide the robust underpinning needed to satisfy their responsibilities. The rigour of the approach also provides objectivity and transparency and demonstrates to the other staff that the Universities treat all staff consistently and apply the same set of values regardless of position in the hierarchy or staff group. We are grateful for their contribution and assistance.

ECC's consultants can provide individual support to its members and has published other guides which help to inform consideration of approaches to the remuneration of senior pay. These, "*Reward and Senior Pay*" and "*Gender Equality Duty*", together with all ECC's publications can be found on the web site – www.ecc.ac.uk.

The consortium also provides a labour market pay and data service, operated by Capita. This can be used to augment UCEA's senior staff survey by providing more general market data and investigate individual roles in greater detail. Information about the service is also available on the web site and direct contact can be made with Capita by emailing ecc@capita.co.uk or telephoning 01423 72XXXX.

Using HERA for senior staff pay

LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCES

The HERA system was introduced at LSE in 2000 and an initial pilot project showed it to be successful in assessing mid-range roles. It became clear, however, that the picture was not complete and that there was an organisational need to look at the most senior roles. The reasons for doing so were somewhat different from those which drove the initial project. The turnover of staff at AR6 level was almost non-existent at this point so there were no opportunities to use HERA when posts became vacant. There was no agreed points range (or points minimum) so it was not possible to identify where - to put it crudely - AR5 stopped and where AR6 began.

Unlike the initial project, there was little incentive for postholders at this level to become involved in this exercise. There was no perceived gain for them as no promotion could result given that they were on the highest grade. Whilst this was never expressly articulated, some staff at this level may have had concerns about the outcome of the exercise, in terms of their final points score and how this would compare with other staff; and, in turn, how this might impact on future salary increases, given that staff at this level did not (and do not) receive annual increments. These potential obstacles were addressed and the action taken described below.

One other important driver for the project was the School's annual Remuneration Committee exercise which considers salary increases for professors and senior managers. A project which looked not only at role size but also at market forces and performance or merit pay was viewed as a helpful contribution to the School's existing decision making processes and procedures.

Background to HERA and LSE

In 2000, LSE piloted the HERA system by conducting an exercise which involved the analysis of roles of academic Departmental Managers and staff in the Human Resources and Research and Project Development Divisions. The outcome of the exercise indicated that the twenty roles under analysis fell into three key clusters. As a result, it was determined that these roles fell into three specific bands (which in the pre-92 universities and pre-Framework Agreement would have been CRA5, AR2 and AR3). There was some discussion about whether a small number of very high scoring roles should have a more senior grading (AR5) but it was agreed that it would be preferable, for the time being at least, for these roles to remain at AR3 pending future work on HERA in the School.

Pam Hampshire (ECC) had overall responsibility for leading the project, training role analysts in HR, communicating the purposes of the project to the role holders, overseeing the interview process and analysing the outcomes. Given that the process resulted in possible promotions for a number of the staff, Pam presented her results at the annual meeting of the Academic Support Staff Committee where support staff promotions are considered. The recommendations were accepted by the Committee and it was agreed, as a result, that HERA should in future be used as the mechanism for determining whether members of the support staff should be promoted.

Subsequently, HERA was extended for use in the recruitment stage. The combination of the early introduction of HERA for both regrading and recruitment purposes was of considerable benefit as LSE moved towards the implementation of the Framework Agreement. The number of red-circled posts was ultimately very small and was usually to be found in cases where regradings had taken place pre-2000 and had been agreed on either a personal promotion basis

Using HERA for senior staff pay

or where there had been some difficulty in applying the existing criteria for promotion, which had limited usefulness.

Understanding the background to the introduction of HERA at LSE is important in identifying why the School was able to move with relative ease to a further project in 2002 involving the analysis of roles graded at AR6 level. There had been a number of drivers for the pilot project:

- The national grading definitions especially at ALC/AR level were unhelpful in providing adequate criteria for use in grading exercises
- There was a perception within the School that individuals were promoted on the basis of performance in their current role rather than having taken on additional responsibilities
- There was an additional perception that individuals in higher profile roles were more likely to be promoted and thus regradings were based on personal knowledge rather than objective criteria.

Perhaps more significantly, I had been rather surprised on my arrival at the School in 1997 at the level of staff grading at more senior levels. Posts at the ALC/AR level were lower graded at the three other institutions where I had worked previously; and it appeared that there were barriers to movement from the clerical to the management grades, which were based on subjective notions of "suitability".

Addressing the potential obstacles

Whilst the pilot project had been very successful, there were potential difficulties with the senior staff project as noted in paragraph 1. These were addressed in the following ways.

- The support of the Secretary and Director of the Administration who had welcomed the introduction of HERA.
- The acknowledgement by the senior staff concerned that as many of their own staff had been through the process that it would be sensible for them to show that they were also prepared to do so.
- Many senior staff were already aware of HERA because of the pilot project and were starting to see the advantage of a system which could objectively evaluate roles. This was particularly relevant in the cases of those senior staff whose own staff had taking part in the pilot project.
- Assurances about confidentiality of scoring were given and, as in all HERA evaluations, were maintained.
- It was made clear to senior staff that their HERA score would provide a useful indicator of the size of their role compared to others. But it would not be the sole factor in deciding whether they received salary increases from Remuneration Committee; performance would continue to be an important factor.

The project methodology and outcomes

The project addressed the following issues (a) role analysis (b) market pay and (c) individual performance criteria.

Using HERA for senior staff pay

ROLE ANALYSIS

Eleven Senior Administrative roles were analysed in order to determine their role size. The analysis took the form of an interview between Pam Hampshire and the role-holder. The majority of interviews took about one hour. All those interviewed had been briefed by the Head of HR prior to the interview, and had therefore had the opportunity to think in advance of relevant examples to give to Pam. One role-holder had kept a diary of activities during the previous few days, and this was particularly helpful. Pam Hampshire completed a Record of Evidence during the interview, and subsequently scored the role. On the basis of these results Pam suggested that there were (at that time) three different sizes of Grade 6 roles, with the following points ranges: 700-739, 740-774, 775 and above.

These bands could be as an appropriate basis for determining the basic element of salary, supplemented as appropriate with additional payments to reflect market factors and any merit pay. It would be possible to use these three benchmarks to assess the size of the remaining Grade 6 posts which had not yet been analysed, by matching them to the benchmarks for the three categories.

This exercise proved to be invaluable in setting a points boundary for future promotions and in recognising that there were different sizes of role within the same grade/band. At the time of the implementation of the Framework Agreement, the points range for AR6 (now Band 10) was established at 740 plus points. Roles that fell into the 700-739 range became part of the new Band 9 (or senior ALC5/5*). This band included contribution points, and the resulting overlap with the Band 10 scale meant that no AR6 who subsequently became a Band 9 was financially disadvantaged by the change.

This exercise did not indicate any significant problems with salary level in relation to role size.

MARKET PAY

The School was conscious that, in addition to the assessment of role size, it should look at market data and evaluate whether the broad level of pay for each role was pitched at the right level. The School engaged QTAB (a company which is no longer trading but had during this period worked with Imperial College on grading and market pay issues) to carry out this exercise.

QTAB collected data on salaries of comparable posts at a number of other UK institutions on an anonymised basis. One role was found to be somewhat underpaid in comparison with other institutions (and this anomaly was rectified at the following Remuneration Committee). QTAB also noted that the IT market was not as active as it had been a few years previously and this was helpful background information in relation to related roles. It was also useful to note that we were paying at an appropriate salary level for our Director of Development and Alumni Relations. (Although it is worth noting that the fundraising market has changed significantly since that time and it may have been preferable to distinguish the market element of this role by paying a market supplement.)

The QTAB study provided helpful background market information at a time when there were few comparable sources of information and data. ECC has of course developed its own labour market data service in collaboration with Capita Resourcing and subscribing institutions can now benefit from this helpful development.

Using HERA for senior staff pay

INDIVIDUAL PERFORMANCE CRITERIA

At the time of this exercise, the key criteria for additional increments (at any level) were increased responsibilities or good performance. The Secretary and Director of the Administration evaluated the contribution of each member of staff at AR6 level, assessing whether they had been required to undertake additional work during the course of the year; whether they had met their personal objectives set through the appraisal, performance and development review exercise and how they had achieved these objectives; and how their divisions or services had performed over the course of the year.

On the basis of that assessment, the cases being considered to merit additional increments were submitted to the Remuneration Committee. The recommendations included information on role size and market value so that Committee members had a rounded picture both of the role and the individual's contribution. As noted above, the salary of one role was increased to reflect market conditions and the role analysis element of the exercise did not indicate that there were issues relating to salary being inconsistent with role size.

Key points of interest

Some of the learning points will be self-evident to colleagues in other HEIs who are considering a similar project but it is worth noting them here:

- Ensure that you have senior management support for your project.
- Use an "expert" ECC consultant both for reasons of impartiality and credibility.
- Be able to point to previous HERA "successes" within the institution.
- Have a clear communication plan and be able to articulate convincingly why you are carrying out this exercise.
- Consider ways of collecting evidence relatively quickly given that senior staff time is at a premium but without compromising the exercise (e.g. interview role holders or ask role holders to complete HERA based job descriptions).
- Identify potential reservations and be able to reassure participants.
- Don't underestimate the benefit of face to face contact in explaining the background and objectives to the project.
- Consider whether you might want to add optional competencies to the core HERA competencies to reflect additional demands on the most senior staff. LSE plans to do so for staff in Band 9 and Band 10.

Consider market supplements rather than significant uplifts in basic salary to differentiate role size from market related issues.

Conclusion

This project was successful in a number of ways by:

- Helping to establish relative role size
- Indicating where there might be differences in salaries paid at the School and elsewhere
- Allowing for the "contribution" factor to come into play in the assessment of individual salaries.

Using HERA for senior staff pay

The three elements were integrated into salary recommendations and this format has become the established approach for senior staff and was adopted by the School's new Director when considering salary increases for his senior management team.

It is clear from the work done at LSE that the HERA methodology is entirely suitable for the analysis of senior support staff roles. The work of the pilot project and senior staff project was of course expanded during the course of the implementation of the Framework Agreement to cover all roles within the School. Many roles had, anyway, since 2002, been evaluated either at the recruitment stage or because of a promotion request. As a result, LSE is now in a strong position to defend equal pay claims at any level. However, equal pay legislation was not the main driver for change in 2002 and is not the only reason why institutions should now consider using HERA to evaluate roles at a senior level.

There is a strong argument that institutions should adopt an inclusive approach to the use of HERA to reinforce the spirit and intention of the Framework Agreement. Using HERA to evaluate senior staff roles is an indication of organisational commitment to the principles of role analysis and fair reward and as such is a useful mechanism for senior management to demonstrate its support for the work of its entire staff.

Alison Johns
London School of Economics and Political Studies

UNIVERSITY OF CUMBRIA

Background

Following on from the implementation of the National Framework Agreement for staff covered by national pay negotiations, the institution (now University of Cumbria but at the time St Martin's College), wanted to ensure equal pay extended to all roles including those not covered by national pay negotiations ie senior role holders. A review of pay and grading arrangements for senior role holders was therefore undertaken involving an external consultant and a working group of senior role holders.

Principles

At an early stage, the Vice Chancellor articulated some fundamental principles to underpin the review. The 3 fundamental principles were:

1. Equity / equal pay (of prime importance)
2. Market
3. Contribution (performance)

We were clear that our commitment to equity and equal pay meant that we had to use a JE scheme in order to ensure equal pay principles. We felt it only appropriate to use the HERA scheme given that HERA had been used for all other staff.

Role profiles

We devised role profiles for the generic senior roles at the institution and these were scored using HERA. Also, and as we had done for other staff in generic roles, we undertook full HERA reviews on a sample basis to test the validity of the newly devised role profiles. The outcome of the scoring by the HERA team gave us, in our view, an accurate and reflective rank order of jobs both in terms of all senior roles but also in relation to roles at the top of the main pay and grading structure.

The outcome of pay and grading arrangements for senior roles at the institution is not an extension of the main pay and grading structure for all other staff. However, there is an overlap and some mapping work was undertaken to ensure that the fundamentals of equal pay were not being breached.

Trade unions

Although the remit of the recognised unions at the institution did not (and still does not) extend to senior roles, we informed the unions of what we were intending to do in order to ensure confidence in terms of equal pay across the whole institution. They were content with our approach for senior roles, especially given it was all underpinned by HERA.

What we wanted to do which we felt HERA could not do sufficiently for us was to differentiate in size between the same generic roles. To explain; while we had a generic role profiles for a Head of Service and for a Head of School (say), we recognised that Heads' roles varied and some were clearly bigger in scope, size and scale than others and so we wanted to reflect this in the pay.

Using HERA for senior staff pay

We, therefore, applied an additional set of criteria above and beyond the HERA elements to further differentiate between different size of roles matched to the same generic role profile.

Summary

The pay and grading arrangements for senior roles are underpinned by HERA and we found the HERA tool to have worked well in the context of senior roles. By further developing the process, we feel we have a fit for purpose set of arrangements for senior roles which is based on equal pay principles.

Lesley Houfe
Head of HR, University of Cumbria

EDINBURGH NAPIER UNIVERSITY

Background

The negotiated agreement for the implementation of the Framework Agreement at Edinburgh Napier University was signed on 20 December 2006. Staff were assimilated to the new pay and grading structure in February 2007, backdated to 1 August 2006. The pay and grading structure had eight grades, although there were only roles evaluated into Grades 1 – 7. It was planned that Grade 8, which only had two points, 50 and 51, would be the starting point for a senior management pay and grading structure.

As part of the agreement, there was a commitment to carrying out a pilot job evaluation exercise using both HAY and HERA to determine which job evaluation tool would be the most suitable to apply for senior roles within the University. It was agreed that to ensure equality and consistency that HERA should be used for all roles across the University.

Job evaluation

All roles paid above the maximum of the 51 point pay spine (excluding 6 roles where salaries are determined by the remuneration committee) were evaluated using HERA.

Following the same process used to implement the Framework Agreement, roles were identified as either 'individual' or 'generic':

Individual role: A role which is either unique or occupied by only one role holder.

Generic Role: A role occupied by a number of role holders performing a broadly similar role.

In August 2007, role holders were asked to complete a HERA role matching form. For the roles that were identified as generic, i.e. Dean of Faculty, role holders were encouraged to complete the form together.

As the majority of senior managers had been involved in the Framework Agreement they had an understanding of the process required and therefore no formal briefing sessions were held. However, the HR Adviser – Pay and Reward met with a number of role holders who wished to discuss the process and further understand the HERA evaluation system. The HR Adviser – Pay and Reward also ensure that, when the forms were submitted, there was sufficient evidence to allow evaluation of the roles.

The initial deadline for completion of forms was September 2007, however due to work commitments, this deadline was extended into the New Year.

Panels met to evaluate roles during February and March 2008 and the majority of roles were evaluated at this time.

The panel composition was the same as the Framework Agreement, chaired by HR, a union representative and another trained role analyst from across the University.

Professors

A working group was then set up to address the large percentage of the senior management community who were professors. The working group was led by the Vice-Principal, Research and Knowledge Transfer with the purpose of developing role profiles and a promotion procedure

Using HERA for senior staff pay

for this community. The University was also developing a promotions process at this time for research, consultants and academic staff who already had generic profiles.

Using the NLARP Level 5 as a starting point, three levels of professor were developed for use at Edinburgh Napier University. These were sent to existing Professors and Senior Lecturers who may aspire to be professors across the University for feedback.

The professorship profiles and any other outstanding roles were evaluated in July and August 2008.

Professors were matched to these profiles and were not asked to complete individual or generic forms.

Roles

A total number of 30 roles were scored under the Senior Management job evaluation exercise using HERA. Seven of these roles were generic roles and 23 individual roles were scored. Individuals' scores are exempt under Freedom of Information and the Data Protection Act.

Verification

All results of the job evaluation exercise were subject to verification and validation by the Senior Vice-Principal and the Vice-Principals.

Pay and grading structure

The pay and grading structure was designed using the results from the job evaluation exercise and market pay data to ensure that the University is competitively positioned in the attraction and retention of staff. For the purposes of this exercise, comparative market data was drawn from the senior salary survey information compiled by UCEA.

The Pay and Grading Structure was approved by the Principal and Vice-Chancellor; Senior Vice-Principal and Vice-Principals.

Communication

All senior managers were written to at the end of September 2008 confirming assimilation details of new pay and grading structure backdated to the 1 August 2008.

Cost of living and incremental progression

The new pay and grading structure will be uplifted by the annual cost of living pay increases. There is no automatic incremental progression within the senior management pay structure (senior managers previously did not have incremental progression). However, on an annual basis, senior managers will be asked to provide evidence detailing their success in achieving their PDR objectives in order to be considered for incremental progression through the evaluated grade and onto the contribution points.

Review procedure

The review procedure for the Framework Agreement was adapted and, providing that one of the criteria outlined in the review process been met, all senior managers had the opportunity to request a review of the outcome of this exercise. A couple of senior managers wrote to HR

Using HERA for senior staff pay

expressing concern, however after HR meeting with these managers and further explaining the process, there were no reviews.

Role holders

There were 74 role holders covered by the senior management pay and grading structure.

53 role holders are male (72%).

21 role holders are female (28%).

Distribution across grades is as follows:

Grade 8

11 role holders are male (61%)

7 role holders are female (39%)

Grade 10

5 role holders are male (62.5%)

3 role holders are female (37.5%)

Grade 9

37 role holders are male (77%)

11 role holders are female (23%)

Red and green circles

All potential red and green circled roles went through a further full HERA evaluation by another panel, made up of a Chair from HR and 2 trained role analysts.

A number of other roles were identified to ensure consistent scoring across the HERA elements and these were also reviewed.

The end result found that:

Two individuals were red circled, both were from generic groups.

Two individual roles were green circled. Both role holders are male.

Four role holders within the Associate Dean generic group were green circled. There is a 50% split between male and females.

Six role holders within the Professor Level 2 generic group were green circled. All role holders are male.

Two role holders within the Head of School generic group were green circled. There is a 50% split between male and females.

Four role holders within the Professor Level 3 generic group were green circled. Three role holders are male, one role holder is female.

Due to the small number of red-circles, the pay protection arrangements have been set at three years without cost of living.

Pay models and the removal of points 50 & 51

There were a number of pay models created taking into account:

- line of best fit
- number of red and green circles

Using HERA for senior staff pay

- affordability

The UCEA market pay data was used to ensure that the University remains competitively positioned in order to attract and retain staff.

During the design of the pay structures, due to the small number of role holders in Points 50 and 51, these points were removed from Grade 8.

Six role holders received an increase as a result of the removal of Point 50 and Point 51. Five role holders are male and one role holder is female.

Equal pay review

Prior to the implementation of the new pay and grading structure, an equal pay review was carried out to:

- Establish whether there are any gender pay inequities
- Analyse in more detail the nature of any inequities
- Determine what action is required to deal with any unjustified inequities revealed by the analysis.

Lee Conlan

HR Adviser – Pay & Reward, Edinburgh Napier University

Developing people, delivering results

For more information
call +44 (0)20 7430 8368
Or visit www.ecc.ac.uk

ECC Ltd,
3 Gray's Inns Square
London WC1R 5AH
Tel: +44 (0)20 7430 8368
Email: Contactus@ecc.ac.uk
www.ecc.ac.uk

ECC[®] Educational Competencies
Consortium Ltd