

MANAGING THE STAFF ESTABLISHMENT POST THE ESTABLISHMENT REVIEW GROUP

October 2017

1.0 INTRODUCTION

- 1.1 KPMG's Governance Review recommended that employing managers should have greater flexibility to manage their staffing establishment within approved budgets. It has been agreed that the Establishment Review Group (ERG) will no longer operate to manage requests for staff that sit outside of the existing establishment. There is no plan to discontinue the maintenance of an establishment for core funded (posts funded from general income that do not have a dedicated funding source e.g. research grant) staff posts within the University, as it is a useful management tool that supports our workforce planning. A new control process is required for employing managers to work within given that ERG will shortly no longer exist.
- 1.2 The process needs to provide managers with the freedom to manage their resources (staff and non staff) within approved budgets. However, the engagement of additional staff resources will result in less discretion for resource allocation in future financial years unless a fixed term appointment is made. Staff costs often attract expenditure increases above general inflation due to pay scale increments and pension cost increases. It is important that managers are mindful of the future potential impacts of the total resources available to them if they increase their staffing establishment.

Integrated Planning Process

- 1.3 It is the expectation that significant changes to the establishment will be made through the Integrated Planning Process (IPP). The IPP will seek to identify changes to the staffing establishment (see definition in paragraph 1.4 below) before the start of any financial year. It is expected that the IPP will become the key mechanism for staff establishment changes into the future and that the procedure set out in paragraph 2.8 below will only be used in exceptional circumstances. The agreed staffing establishment will be reset each year as part of the IPP to reflect actual appointments made over the last year and any agreed changes for the following year as part of the planning process.

What's an Establishment position?

- 1.4 A position forms part of the Establishment when it has been included in the budget at the commencement of the budget year, informed by the planning process and annual budget review. Positions are classed as part of the Establishment where they meet these criteria and have an element of core funding. Positions that would be excluded are hourly paid staff, (including hourly paid teachers), externally funded positions, contractors and fixed terms contracts of less than three months. The only exception to this would where an established post becomes funded externally for a period (e.g. Fellowships). In this circumstance, the post would continue to be flagged as Establishment even during the period of external funding. Posts that are created during this period to backfill for this resource would not be flagged as Establishment. This approach will enable post details to be picked up appropriately in this situation through the Integrated Planning Process.

2.0 PROPOSAL FOR STAFF ESTABLISHMENT MANAGEMENT

Staff changes made within existing Salary budgets

- 2.1 Managers are able to make changes to their permanent establishment as long as the following are satisfied:
- 2.1.1 The current year salary budget will not be exceeded; and
 - 2.1.2 The monthly gross salary cost (total direct cost of employment) going into the next financial year will not be greater than planned expenditure for the following financial year.
- 2.2 Changes must be agreed by the relevant budget holders (this may require the approval of more than one budget holder where resources are being moved between areas of budgetary responsibility), the relevant Head of Finance Business Partnering and the HR Manager. No reporting is required.

Staff changes made within existing Salary and Non-salary budgets

- 2.3 In the event that the proposed staff changes cannot be accommodated within existing salary budgets (see criteria in 2.1.1 and 2.1.2 above) then monies may be moved from other budgets to the salary budget to fund the new posts. Approval is required from the relevant Finance Director to move monies from non salary budgets to salary budgets in addition to the approvals set out in 2.1 above. Approval will not be granted by the Finance Director if the Faculty / Professional Services Division is not currently forecast to meet their annual cash contribution target or making the change would result in their budget not being delivered unless there is an urgent business imperative to incur the additional cost to offset an equal or larger risk.
- 2.4 Budget holders will need to carefully consider the implications of engaging additional staff. They will need to meet any increased costs of employment out of their own budget in future years, which may place additional pressure on their own resource allocation during the budget process. For example, it is the responsibility of faculties to ensure they maintain adequate non-salary budgets to maintain their equipment, minor works on buildings, meet matched funding requirements on grant applications and deliver research/student requirements. Faculties must ensure that any transfers out of non-salary into salary budget does not happen at the expense of these requirements.
- 2.5 Budgets for future years will be adjusted to reflect the movement of resource from the non salary budget to the salary cost budget.

Staff changes that cannot be accommodated within a Faculty or Professional Service Division's Budget

- 2.6 A proposal that is not approved pursuant to 2.2 or 2.3 above will need to be referred to the DVC or COO, as appropriate with the recommendation of the relevant Finance Director and HR Manager and with the support of the Dean / Divisional Head. The DVC / COO are able to agree the proposed changes where they can move uncommitted budget from any other budget within their area. The process will be greatly assisted if the proposal is accompanied by a recommendation to move resource from one Faculty / Professional Services Division to another. Additional commitments

can only be made if there is a reasonable belief held that the year end budget will still be achieved for their areas. The DVC / COO will need to be mindful of the implications of any decision on future years.

- 2.7 Adjustments will be made to future year budgets to reflect the decisions made.

Staff changes that cannot be accommodated within the overall Professional Services or Faculty Budgets

- 2.8 If the proposed staffing change cannot be accommodated within budgets then the DVC, COO and CFO shall jointly consider the proposal. They will be accountable for managing the future impact of an increased spend on staff within the constraints of the approved long term financial plan. Approvals will ordinarily only be given where the change will not pose a material threat to achieving the overall University budget.

3 RESTRUCTURES

- 3.1 Restructures do not require any Executive authorisation if they meet the requirements / have received the approvals set out in paragraphs 2.1 – 2.5 above. However, it is expected that the manager will have consulted with the relevant Dean / Professional Services Leader and the DVC / COO about the proposed change.
- 3.2 Any redundancy costs have to be met by the relevant budget. It is anticipated that redundancy cost budgets will be made in advance through the integrated planning process in a large number of cases. Any requirement for additional budget to meet redundancy costs that cannot be met within the relevant budget must be agreed in advance of the commencement of any restructure process with the CFO, DVC and COO.

4 Temporary Staff Service

Appointments made on a temporary basis through the Temporary Staffing Service (TSS) are not covered by this protocol. However, the cost of any appointment through the TSS must be contained within approved budgets.