Data Specification for RAM and TAG – Staff Cost Driver

(Post 4/9/15 Programme Board)

1. Data specification and source

Units

FTE of staff on active University contracts as represented in quarterly snapshots averaged over a year

- include guaranteed hours staff by converting to FTE based on hours paid;
- exclude the FTE of staff working for subsidiary companies.

- Staff in the population will be grouped into the following to enable weightings to be applied:
  - Job Function (Academic/Professional Services) and
  - Pay Grade Category.

For use as appropriate, raw headcount will also be available.

Source of data

The data will be extracted from the HR Systems PPIP MI. The current PPIP quarterly snapshots that are produced require some manual input/manipulation, therefore it is likely that, at least in the interim, some manual intervention will be required to produce the cost driver reports.

Details of clarification

- University FTE will be determined by selecting all staff on an active contract at the point each snapshot is taken;
- Guaranteed hours staff FTEs will be based on hours paid, per the existing HR snapshot reports;
- The data will be shown by school/college and SG;
- Grade will be based on the staff member's grade at the point of each snapshot;
- Academic or Professional Services (non-academic) status is determined by job segment.

Staff working for the University but employed by an external organisation (e.g. lecturers in Moray House employed by local councils) would not be included. In the converse situation where staff are employed by the University (and therefore the University carries an employer's responsibility and deals with contractual issues) but are part-funded by an external organisation (e.g. NHS staff in CMVM) would be included.

Some further investigation is required around the materiality and identification of staff who are included in PPIP MI and who are working for the University's subsidiaries. It is assumed that the scope of RAM (and TAG) includes self-funded/trading units and excludes subsidiary companies, reflecting the budget-setting decisions that the model and associated processes will support.

Frequency of snapshots

The four quarterly snapshots will be taken at 31 October, 31 January, 30 April and 31 July (per the new timetable for the existing quarterly reporting). Since in RAM we need an actual baseline figure to be fixed early in the academic year at the start of the planning round, the figure used for any given year will be the average of the four quarterly snapshots leading up to 31 October of that year e.g. for 2015/16 the actual figure would be the average of the snapshots at 31 Jan 2015, 30 April 2015, 31 July 2015 and 31 October 2015.

It may be more appropriate for TAG to average over the four snapshots within the given academic year, ending with the 31 July snapshot.

In future, if PPIP system improvements were made that enabled monthly snapshots to be easily produced, we would review the time-series data to identify whether or not a single census date would be sufficiently representative to use. If there were a date early in the planning round that was suitable then this would be simpler than the averaging of quarterly reports and cleaner than using an average that spans two academic years.

Production of forecasts

Current forecasting of staff FTEs is part of salary forecasting, and in order to avoid duplication of effort the cost driver forecasts will draw on the same process, therefore some assumptions and estimations may be required to translate from one forecast to another. The forecasts used in RAM would be taken to represent the average position ending in October of the given year, although in practice may be something slightly different (e.g. a forecast as at 31 July).

We recognise that there are a variety of approaches across the University for forecasting staff FTEs and salaries and no one tool is widely used (the salary forecasting model is used in some units but it has its shortfalls). Some units use Establishment FTE (the full complement of posts required, assuming no vacancies) and others use this with various adjustments (e.g. accounting for some posts being vacant for a period, using the Starters and Leavers database, converting part year staff into an FTE averaged over the year) into what may be termed an Effective FTE. The main gap in the college data is with respect to research staff as this depends on forecasting research grants being awarded (this is being explored by CHSS).

Due to these varying approaches, we will need to consult further across the University with staff involved in this forecasting, and facilitate development of staff FTE forecasting for RAM. Once we have a process in place we will then need to monitor the actual cost driver data against the forecast data and build in a process for improving forecasting of staff FTEs for RAM, balancing this with the needs of the university's other forecasting processes.

2. Benefits of approach

- It is simple in that a staff member has either an active contract or not at each snapshot date;
- Also adding to the simplicity is that there are minimal exclusions;
- It uses the existing HR reporting convention of converting guaranteed hours staff into FTEs;
- The baseline actual cost driver is known early in the session which it represents, allowing a fixed set of data to be used throughout the planning round;

- The averaging of quarterly forecasts is the same approach as for the space data, and the key date of 31st October is in common with the both the space and student cost drivers, helping simplicity of the model;
- It aims to be efficient in use of resource, as it builds on current reporting and forecasting processes.

3. Grouping of FTEs to use in the weighted cost driver

The staff FTE data will be grouped to enable weightings to be applied, and the proposed groupings are:

- Academic posts, grade bands 5 to 9;
- Academic posts, grade bands 10+;
- Professional Services posts, grade bands 1 to 5;
- Professional Services posts, grade bands 6 to 9;
- Professional Services, grade bands 10+;

Grouping the data by academic/professional services (using job segment clusters) will enable us to differentiate where services are mainly used by one group or the other (for example IAD is only used by those in academic posts) and potentially allows us to incentivise the balance of the two populations. Whilst there is some resistance to what is seen as a fairly crude split of staff, by and large it is felt to represent posts accurately.

The splitting of these two groupings further to grade bandings will allow us to explore differential service usage by grade, as it was felt that a flat rate regardless of role would not be appropriate for some costs (e.g. recruitment, IT usage). Equivalent grades will be used where necessary (e.g. for clinical and trades staff, and legacy gradings).

As we work on the assigning of cost drivers to budget-lines and the value of weightings, we may find this number of groupings are not required in the context of materiality. If this is the case then we can simplify the cost driver data by collapsing the proposed groupings, and if so this would have been a useful exercise to explore the application of these groupings.

[The Programme Board agreed with the need to test out staff groupings when agreeing cost drivers to apply to budget-lines, considering what groups of staff are likely to impact on SG costs materially differently to others.]

4. Communication and processes to ensure data availability and accuracy, and to support forecasting

For all of the cost drivers that we use in RAM and TAG we need to ensure we have robust processes to ensure buy-in and ownership of the figures used. The processes are well established in HR with respect to PPIP data that we will use for the cost driver, but there is further work required to establish a cost driver forecasting process.

To implement this cost driver proposal the following actions are required:

Action	Responsibility
Review the accessibility and usability of the base data and reports	HR
Investigate University subsidiary company staff in PPIP, how these could be identified and their materiality	GaSP and HR
Develop a snapshot report for the cost driver (likely to be a version of the current report)	GaSP and HR
Communicate clear guidance on the cost driver data and processes to all appropriate users	GaSP and HR
Further investigate existing forecasting processes with respect to staff FTE (including Salary Forecasting Model, Starters and Leavers Database), and facilitate the development of existing processes for producing forecasts for RAM in order to to maintain just one process to support both the existing needs and those of the cost driver	GaSP, Finance, HR, Colleges and SGs

5. Consultation audience

The following colleagues were included in the consultation for this proposal:

David Anderson	ISG, Senior HR Advisor
Charles Hill	CSG, Project and Planning Manager
Julia Miflin	Finance, Management Accountant
Libby McCue	ISG, Management Accountant
Sarah Adam	CHSS, Head of Human Resources
Susan McIntosh	CHSS, College Accountant
Susan McNeill	CMVM, Head of Human Resources
June Bell	CSE, Head of Human Resources
Glenda Finlay	CSE, Planning Accountant
Jim McGeorge	USG, Business Manager
Martyn Peggie	Deputy Director of HR (Reward, Systems Business Information and Resourcing)
Zoe Lewandowski	Director HR
Stuart Graham	TAG project
Wendy Groome-Vine	TAG project

Craig Middlemass, Helen Stocks, Kellie Jewell-Galletly

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