

Staff reports guide aims to fill the void left by OFRs

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Free guidance on how to report on staff-related issues is launched today, promising to fill a gap left by the scrapping of the Operating and Financial Reviews (OFRs).

The draft Human Capital Reporting Standards, created by professional services firm VaLUENTiS, are designed to link with the now voluntary OFR code and the planned Enhanced Directors Report, due in 2007.

The guidelines, which will be backed by a representative board, council and user group, are being launched for free to help companies kick-start the process of reporting on people issues, according to Nick Higgins, chief executive of VaLUENTiS.

"There have been years of discussion that have gone nowhere," he said. "It was about time someone came out with a standard, as there is a lack of structure in people reporting. The OFR was a good start, but there is no connectivity between the statistics."

The VaLUENTiS guidelines include templates for a human capital operating statement, operating principles, a people-flow statement and a productivity statement. The aim is to follow general accounting practices and to stop people focusing on ratios and benchmarking, Higgins said.

"HR has been held back for years, but if you mirror the accounting structure, finance will take you seriously," he said. "Everyone is doing benchmarking, but this has not helped. People are hitting a brick wall as many of the statistics are meaningless. Everyone is ratio crazy without knowing the base numbers properly."

Investors in People has put together a working group to create a generic set of employee measures for company reports, which had its first meeting in December. But Higgins said VaLUENTiS had issued its own guidance because it was disappointed by the "lack of output by supposedly representative HR bodies".

OFRs live on in all but name

Most large companies still want to disclose performance-related information along the lines of the Operating and Financial Reviews (OFRs), despite the government's U-turn on making it mandatory.

A study by the Chartered Institute of Management Accountants shows that more than 80% of listed companies required to produce a mandatory OFR in spring 2006 were either fairly or fully prepared, with only 3% not ready.

More than two-thirds (71%) of companies were at least fairly well prepared, regardless of when they were required to report under the OFR regulations. More than half (54%) of respondents regarded OFRs as beneficial for their investor communications.