



# Local Government Consortium



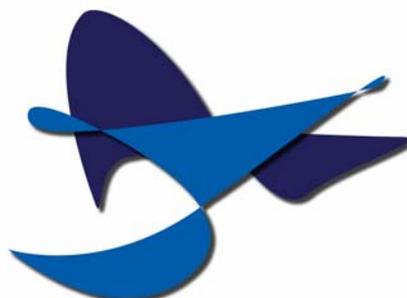
## 'Best Performing Councils' Index

*Quick reference guide*

PEOPLE  
SCIENCE®



**ADVISORY ■ AUDIT ■ ASSURANCE ■ ANALYTICS**



**VaLUENTiS**  
Professional Services

*"From a client perspective the question isn't why, it's why not?"*



HR value proposition

Shared services

Outsourcing

HR capability

HR strategy

Performance management

Health & safety

HR architecture

HRIS & measurement

Business partner

Resourcing

Workforce intelligence

Employee relations

Payroll

HR procurement

HR systems

Centres of excellence

Talent management

Reward & benefits

HR Governance

Organisation design



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*‘The VB-HR™ Rating Evaluator is, without doubt, the most sophisticated programme for assessing and improving human capital management practice available.*

*Aside from its truly innovative reporting solution, its portfolio of derivative tools provides detailed insight into people management practice and organisation performance.’*

Despite many advances, organisations, including councils have struggled to assess the performance of human capital management practice to a quantifiable degree that provides reliable insight and benchmarks.

There is increasing awareness and respect for the impact that employee engagement contributes to both organisational productivity and performance, from both output- and cost-based perspectives.

There is thus a growing need for intelligence, what we term workforce intelligence, that provides insightful data for organisations to evaluate and act upon with a degree of reliability.

Accordingly, we have intentionally designed the VB-HR™ Evaluator and associated portfolio to be applicable to both public and private sector organisations. We recognise that people management is a complex area and the Evaluator has taken several years of fully fledged research and design. In fact it has created a new discipline, what we have termed ‘People Science®’.

The VB-HR™ model builds up a composite picture of organisation performance through a human capital lens. This includes an assessment of employee engagement, organisation engagement, and strategic human capital management drivers. Organisation engagement is a term we use to ascribe the core operating strategies and activities of everyday people management. These are:

- Diversity
- Employee centricity
- Employer brand
- HR governance
- HR operational excellence
- Leadership
- Organisation communications
- Organisation climate
- Organisation design
- Performance orientation
- Resourcing
- Retention
- Reward
- Talent management
- Training & Development

We are one of the very few companies that provide workable definitions of both human capital management and employee engagement, i.e.

**“Human capital management is the term which is used to describe an organisation’s multi-disciplined approach to optimising the capabilities and performance of its management and employees.”**

**“Employee engagement is an outcome-based concept. It is the term used to describe the degree to which employees can be ascribed as ‘aligned’ and ‘committed’ to an organisation such that they are at their most productive.”**

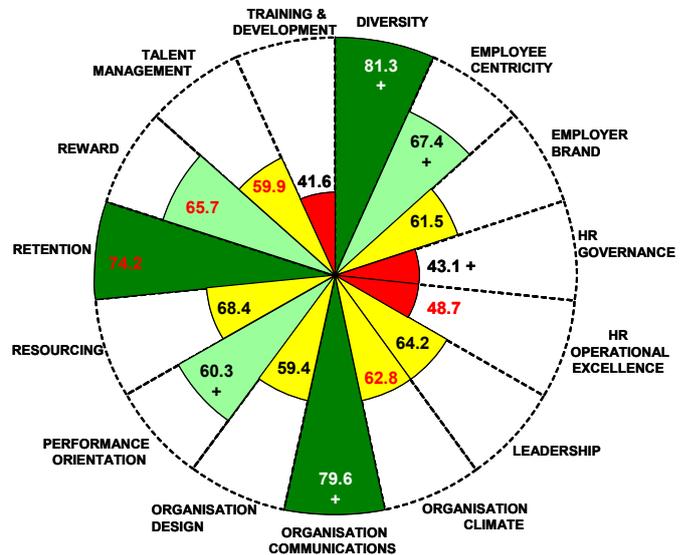
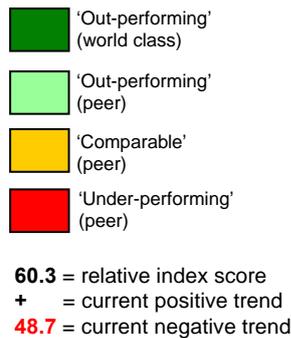


The VB-HR™ Evaluator combines qualitative and quantitative data, the so-called ‘mixed methods approach’, which is gaining increasing acknowledgement of its inherent advantage over traditional single perspective approaches.

Thus, a new level of data relating to organisational dynamics and performance from the people perspective provides a far more insightful and detailed assessment as a subsequent basis for action or acknowledgement.

Below for example is a common output showing the comparative performance of the Organisation engagement indicators, mentioned to previously, and what is referred to as the OE ‘Radar’ or ‘clock’.

‘VB-HR™’ scorecard ‘clock’ illustration (performance radar)

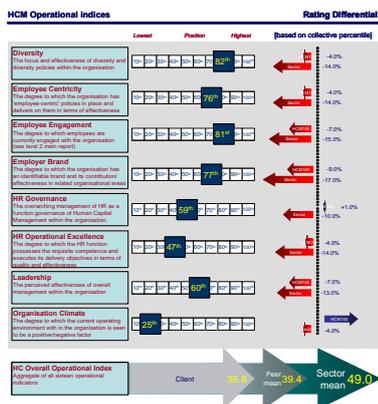


[Note] Definitions of each OEI are not provided here.

Through our previous work with both public and private sector clients, we are able to provide comparative performance insight and best practice features, and which has been recently enhanced by the Local Government consortium – a growing group of councils who have undertaken the VB-HR™ Evaluator exercise.

These performance indices/indicators can be used in a variety of ways (see left), whether it is for measurement, benchmarking, evaluation, reporting or learning or as a precursor for more detailed modelling analytics specific to the organisation. They exist alongside the more strategic measures and baseline metrics which exist in the VB-HR™ portfolio.

Organisations are also able to combine several of these indices into further ‘clustered’ indices such as, for example ‘employer of choice’. The ability to combine qualitative and quantitative data at this level and to provide further detailed modelling analytics gives HR functions and their organisations unrivalled business intelligence when it comes to human capital.



## Employee engagement



Human capital is a key ingredient of organisational success. As such, it should be a priority for organisations to measure the degree to which their employees are both aligned with the organisation’s objectives and committed to achieving them.

Whilst the use of employee surveys is not new within industry, an increasing number of organisations are moving away from traditional employee ‘satisfaction’ or ‘attitude surveys’ and utilising the more powerful construct of employee ‘engagement’, recognising its enhanced linkage towards outcomes such as productivity and performance.

Organisations seeking to maximise employee engagement run the risk of having to trade off overall outcomes (e.g. in terms of performance or productivity) against the requirements or preferences of employees, which can run counter to organisational aims or lead to potential questions around equitable treatment.

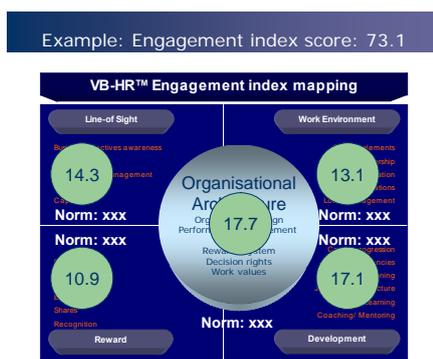
Even though measures of satisfaction and commitment do provide insight into aspects of employee opinion, we argue that leading-edge survey design aims to measure a more practical construct: employee engagement. At level 1, we define this as possessing two components: **Alignment** and **Commitment**.



Our standard framework expands the concept of engagement into five key domains: Line-of-sight, Work environment, Development, Reward and Organisation architecture, which include all the key elements of employee engagement. The framework enables the use of external benchmarking as we have designed core standard templates (20Q, 30Q, 40Q and 50Q up to 120Q) for this particular purpose. Further question sets can be added for any particular customised.

The unique design of the VaLUENTiS engagement standard framework enables transition in that re-cutting of previous data can be mapped against the framework to provide consistency of benchmarking. The VaLUENTiS Engagement QS database includes over 500 Question-statements that have been used in previous survey construction. Our research on the subject of engagement and performance spanned 40 years and some 1,500 research papers.

The example diagram to the right shows a relatively high overall engagement score but with relative weakness in the areas of Reward and Work Environment. Our database contains normative scores across sector levels which represent over 3 million employees.



# Options for Councils to take part in the consortium

As the VB-HR™ Evaluator has a wide range of potential applications, we provide three distinct 'levels' of evaluation which provides a flexible stepped process for added depth of assessment and routemap detail. The 3 levels utilise the same VB-HR™ instrument and templates, but differ in the nature of the output and benefits they provide which are briefly summarised below. [It is also possible to upgrade between levels, e.g. from Level 1 to Level 2 without duplicated effort.]

‘Organisation performance through a human capital lens’

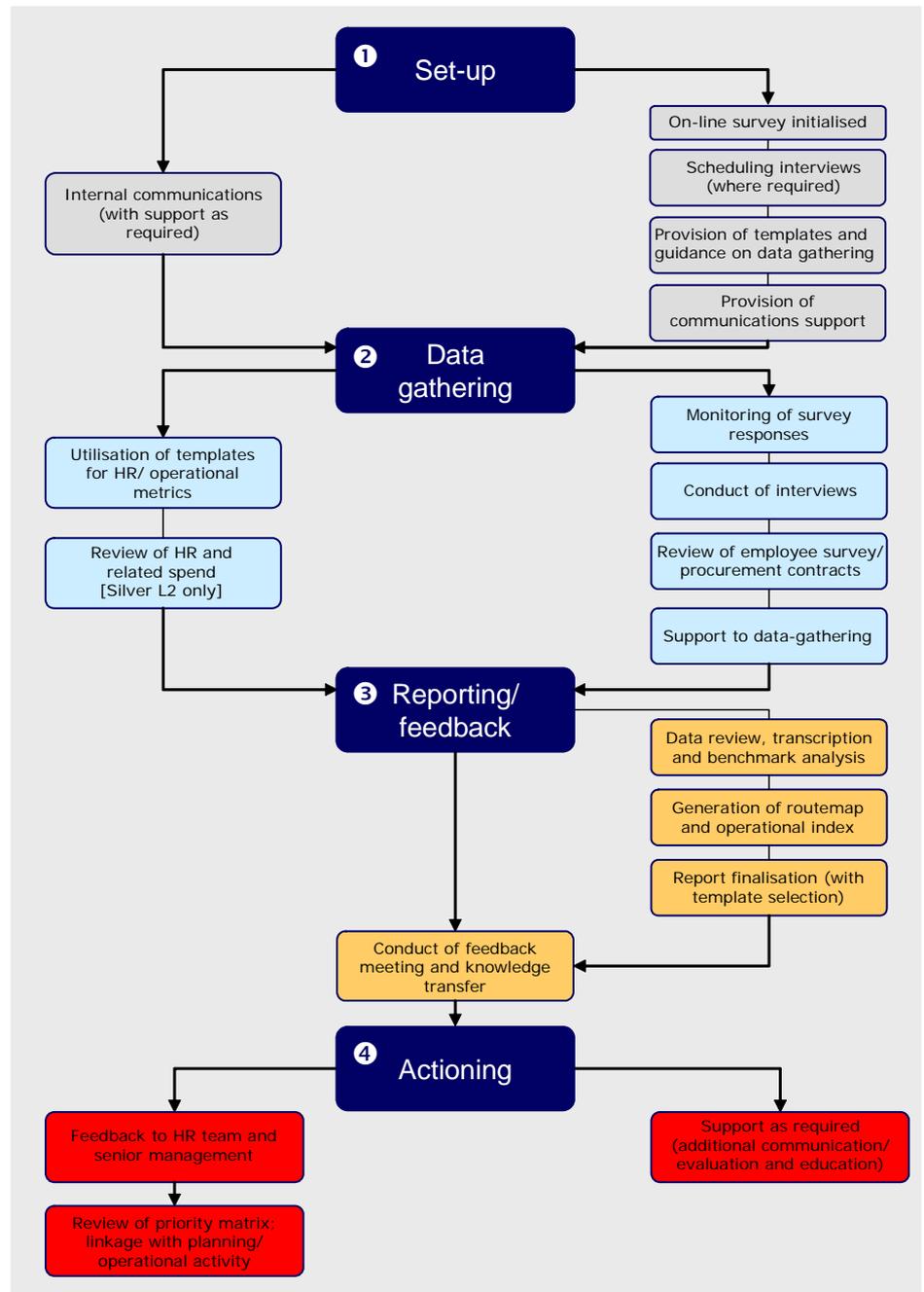
Evaluation level	Who participates	Outputs	Benefits
<b>BRONZE - (Lite)</b> Level 1	<b>HCM Evaluator survey</b> •Employees •Managers •HR personnel ...plus baseline HC metrics and demographic data	1. Initial knowledge session 2. Employee engagement assessment (inc. recut of existing survey data) 3. Organisation engagement (15OE) assessment ('RADAR') 4. Best practice recommendations (lite) 5. Feedback/review session	- Provides robust and quantitative insight of employee and organisation engagement - Consortium benchmark and knowledge share - Contributes to BPC Index score
<b>SILVER</b> Level 2	<b>HCM Evaluator survey</b> •Employees •Managers •HR personnel ...plus baseline HC metrics, demographic and HR spend data	1. Initial knowledge session 2. Employee engagement assessment (inc. recut of existing survey data) 3. Organisation engagement (15OE) assessment 4. Strategic HCM value driver analysis and assessment 5. Line/HR view congruency 6. HR spend analysis 7. Production of HC operating statements 8. Best practice recommendations & routemap (80-page technical report) 9. Feedback/review session and presentation	- Provides robust and quantitative insight of employee and organisation engagement - Detailed commentary on strengths, areas for enhancement and corresponding improvement actions ('in loco' HR strategy) - Detailed insight of HC related operating performance - Consortium benchmark and knowledge share - Contributes to BPC Index score
<b>GOLD</b> Level 3	<b>HCM Evaluator survey</b> •Employees •Managers •Personnel ...plus baseline HC metrics, demographic, HR spend & functional activity and organisation performance data	1. Initial knowledge session 2. Employee engagement assessment (inc. recut of existing survey data) 3. Organisation engagement (15OE) assessment 4. Strategic HCM value driver analysis and assessment 5. Line/HR view congruency 6. HR spend analysis 7. Production of HC operating statements 8. Full implementation routemap with detailed actions 9. Feedback/review session	- Provides robust and quantitative insight of employee and organisation engagement - Detailed commentary on strengths, areas for enhancement - Fully comprehensive implementation routemap with detailed actions - HR function 'profile' assessment - Detailed insight of HC related operating performance Consortium benchmark and knowledge share - Contributes to BPC Index score
<b>Extended options and advisory</b>	As required	- Bespoke additional services, analyses and reports to fit client context and requirements	Provides extensive client solution coverage

## The evaluation exercise: four easy steps



The idea is simple. We do all the hard work with the ‘pull’ on organisational resources very light, other than for completing the on-line survey instrument, providing the relevant data and obviously the initialisation and feedback sessions.

As an indicator, for employees, on-line completion requires around 10-15 minutes. For managers, it is around 20 minutes and for HR personnel it is around 25 minutes (due to the extra dimensions around the function). We have taken great care in providing questions that are neutral and avoid all the problems associated with poor question design. Many find the experience of completing the exercise very engaging, enlightening and thought-provoking.





## The 'Best Performing Councils' Index

The Index presents an evaluation of a council's organisation performance from a human capital related perspective. The Index combines public domain information with internally derived evaluation (through the VB-HR™ Evaluator). The Index makes use of nine separate assessment parameters, each given a relative weighting to reflect their importance. These include:

- Relative BVPI performance (specially constructed from existing portfolio)
- CPA assessment
- A council's financial performance (specially adjusted in relation to human capital and operating model – three perspectives)
- A council's economic contribution (i.e. its people costs)
- Human capital reporting
- Human capital management practice and employee engagement
- Provision for customer/citizen survey data (2008)

The BPC index is a robust (and weighted) multi-view 'composite', providing invaluable insight on performance from different perspectives. This minimises the effect of potential distortions that inevitably occur with any given measures and/or the reliance on any one single metric to grade comparative performance.

For councils embarking on any level of the evaluator exercise and as members of the consortium, the resulting comparative data can be used to provide the internal aspects of the performance index, i.e. the human capital management practice (organisation engagement and employee engagement) and overall Evaluator score.

We have constructed a practical model that can explain the different factors related to an council's performance beta and through the use of the VB-HR™ Rating and the Human Capital Reporting Standards, we can estimate their effect and provide corrective actions (routemap) to improve performance. Trend analysis provides further business model/performance insight for those interested in specific areas of council performance.

The 'Best Performing Council' Index (BPCI) is published annually in September/October, available from the website below.

The BPCI is part of a wider portfolio under the general HCCI™ Rankings which comprises a variety of listed indices such as the FTSE 100, 350 and All-share, Euro300 and S&P500, together with newly constructed ones such as top UK/Global Private companies and a number relating to the public sector including UK Local Government, NHS, Higher Education and UK not-for-profit.

The HCCI™ Rankings have a dedicated website at [www.HCCIIndex.com](http://www.HCCIIndex.com).

“Managers now have tools enabling them to assess their own human capital performance against others in their Local Government sector and the market generally. This will allow line managers, in many cases, to become better versed in human capital management practices and terminology, as well as accepting greater accountability in delivering effective human capital management.”

Cracking The Human Capital Code  
2006

## The Company

VaLUENTiS is a leading professional services firm in the field of business intelligence and analytics with special applications in human capital management. Its global headquarters are based in Berkeley Square, London. The firm specialises in providing clients with solutions to enhance enterprise performance, focusing on four core disciplines: human capital measurement, human capital management analytics, organisation effectiveness & measurement, and HR functional ROI.

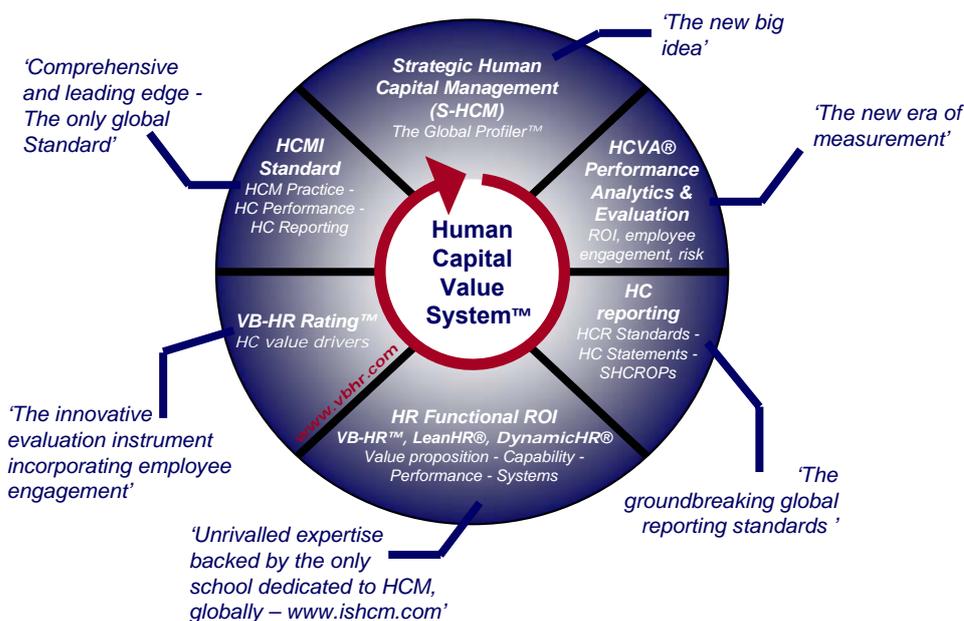


## Why we are different

At VaLUENTiS we are committed to delivering effective human capital solutions based on deep expertise and extensive market-driven research, which ensures that our advice is based on fact, not just conventional wisdom.

VaLUENTiS practitioners are skilled across a range of disciplines that include business performance, organisational architecture, human capital management and measurement, HR strategy financial economics, six sigma and supply chain management.

VaLUENTiS, being a professional services firm, ensures that all of its practitioners undergo continual CPD to supplement their client project experience and research.



**Human Capital Corporate solutions**



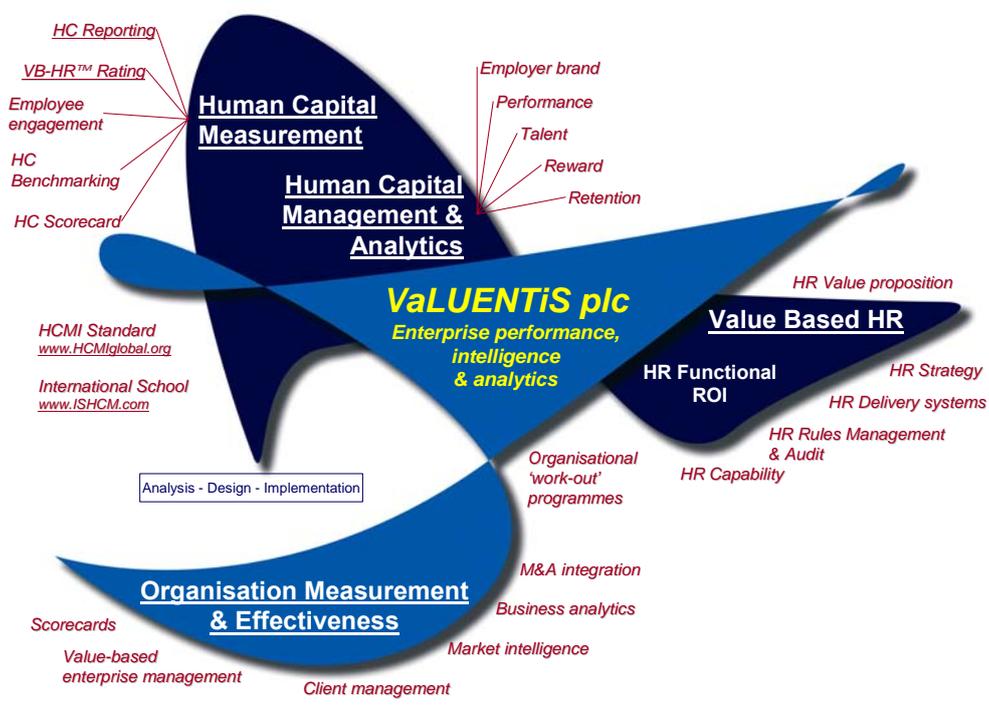
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- Australia
- Belgium
- Canada
- Germany
- Holland
- Italy
- Japan
- Singapore
- Spain
- Sweden
- United Kingdom
- United States

**ADVISORY**

**AUDIT**

**ASSURANCE**

**ANALYTICS**

<sup>1</sup>includes our global network alliance

