

United Kingdom: Case study on performance-related pay in the UK

Presentation:

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PRP

- Private sector use of *Profit* Related Pay is well-established
- Public sector use *Performance* Related Pay is more recent, and its benefits are debated



Development in the UK public sector

- Introduced in late 1980s.
- First used in UK tax authority
- Most civil servants have some PRP since late 1990s
- Now in schools and healthcare as well



Claimed benefits

- engage employees more directly with the goals of the organisation
- motivate employees
- reward achievement and identify areas of under-performance
- foster a culture based on teamwork and fairness



Performance is 'Target based'



Targets vary widely

- Team performance in Dept. of Work & Pensions (teams of 10s – 1000s)
- Police Officers: promoting racial and gender diversity
- Permanent Secretaries: meeting Prime Minister's reform targets
- Health Service: building competence; cutting waiting-lists
- Schools: national targets



Some Issues

- Trade Unions say: “unfair”
- Professions say: “irrelevant”
- Some unintended consequences
- Targets not easy to define



Conclusions

- PRP is here to stay
- Brings public sector closer to private practice
- Difficult to prove PRP works
- (or does not work)
- But – it sends out a strong signal
- Needs to be matched with wider personnel policies on appointments, promotions

