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

Presentation: 
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• 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