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## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

#### Performance management and pay for Bands 1 to 6

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#### Issue

1. To approve arrangements for a new performance management system (Your Performance Matters - YPM) to be implemented from 1 April 2003.
2. The system consists of new arrangements for: performance appraisal and development, rewarding our best performers, changes to the internal post filling on promotion arrangements, and an under-pinning revised core skills framework (CSF), which has been worked up in tandem with the work elsewhere on values.
3. Because of the links with Project G of the Change Programme - on embedding HSE values with our systems and activities - the paper should be considered with **B/02/056**.

#### Timing

4. Urgent. Decisions are needed now to allow sufficient time for the trade unions to ballot their members about the proposed changes, and to complete the work required to implement the new system by April 2003. If we miss the target date, implementation will have to be delayed until April 2004.

#### Recommendations

5. The Board are asked (a) **to agree to:**
  - the introduction of the new performance management system from 1 April 2003 (see **Annex 1** for its objectives and key features)
  - further work to replace Box A assessments of performance with high performance awards, including the introduction of reward panels (**para 13**)
  - further work to use annual performance records for internal post filling on promotion, from July 2004 (**para 14**), and
  - identify annually a specific corporate priority(ies) for behaviours which staff should take account of in setting their personal objectives (**para 11**).

- b) **for a steer** on how to respond to the position taken by HSE Trade Unions on these proposals – **para 16** refers).

## **Background**

6. Improving performance management is a central theme of the Civil Service Reform Programme. A paper to the Board in December 2001 (**B/01/90**):
  - reported that while HSE's performance management arrangements incorporated many features required by the Programme, many managers and staff found the system too bureaucratic and time-consuming
  - noted issues of concern over the distribution of box marks. The paper proposed HSE's performance management system should be re-modelled using design principles and objectives developed through discussions with managers, staff, HSE Trade Unions and the Staff Survey.
7. The Board approved the design proposals and the need for a pilot, which has now been evaluated (for main findings, see **Annex 2**).
8. The proposals for the new system do not represent radical change; they build on the many good features of the previous arrangements and have been designed to enhance efficiency and promote the Board's wider agenda of cultural and behavioural change. Greater emphasis has been placed on:
  - the importance of dialogue and constructive feedback
  - streamlined forms and procedures to lighten the administrative load
  - drawing stronger connections between the requirement to look at past performance and at how best to encourage and support individual development
  - the introduction of a new approach to guidance which involves greater use of practical examples to illustrate the various features of the system.
9. The next steps subject to Board agreement to the system, are to put formal proposals to HSE Trade Unions who will seek the views of their members through a ballot. Acceptance would be followed:  
**on the appraisal aspects** by
  - further work by Personnel Division to take forward the performance appraisal aspects for roll-out across HSE by April 2003
  - PD undertaking briefings with d/d staff on the system, assisted by d/ds on the administration arrangements, followed by
  - a post implementation review in 2005, and
  - a further review of the system in 2007, and**on vacancy filling and high performance awards** by further development work with d/ds and HSE TUs to finalise the arrangements; in particular, to develop the arrangements for reward panels to take account of comments from the pilots on the costs and benefits of the process.

## Argument

### Objectives and key features of the system

10. The objectives and key features of the system are set out in **Annex 1**. The key changes to the current personal workplan (pwp) system, are:
- a more outcome focused system
  - reduced paperwork
  - no formal performance appraisal marks
  - a re-focused role for the “appraisal manager”
  - greater separation between appraisal and pay decisions with high performance awards agreed by reward panels
  - improved support for continuous improvement and development through a greater focus on personal and business improvement
  - a revised core skills framework which incorporates HSE’s values (**Annex 3**)
  - an improvement in the information available for making promotion decisions
  - a reduction in the burden of form filling for job applications.
11. To ensure that individual performance agreements take account of HSE’s priorities to change behaviours, it is proposed that the Board should – annually - outline issues or themes for particular attention in the year ahead. Thus for the reporting year starting April 2003 for example, the Board may decide to encourage staff to think about the development of new ways of working which endorse HSE’s values. A paper to the Board in March 2003 will advise further.

### Testing the system

12. All parts of the **performance management system** have been tested in a pilot running from April to September 2002 involving over 500 staff in NSD, SPD, FOD Wales and HQ along with representatives from HSE Trade Unions. Feedback on the appraisal and development aspects, including use of the revised core skills framework, was obtained at various stages using questionnaires, focus groups, d/d meetings, networking with d/d contacts and via a dedicated telephone helpline.
13. Arrangements for **reward panels** were piloted by the same d/ds (NSD, SPD, FOD Wales and HQ ) in November 2002, using a range of memberships agreed with the d/ds. Based on the review of these pilots, further development and testing is planned for the second half of the current reporting year, to enable changes to be introduced across HSE from April 2003. To ensure fairness and consistency across the different groups in HSE, it is proposed to continue central equality checks both pre- and post-awards, at least for the first full year of operation (2003/04).
14. A recurring criticism of HSE’s arrangements for **filling posts on promotion** has been the lack of information on “track record” in applications. In November 2002 we conducted a relatively small scale trial to see whether the inclusion of an individual’s performance record would fill this gap. Further development and testing is planned, with the aim of phasing in changes to the present arrangements for July 2004, when the reports on staff performance in 2003-04 will be available.

15. **Annex 2** contains a summary of the outcomes of the various pilots. Overall, they have provided a valuable testing ground for the various aspects of the new system, with feedback from participants showing generally high levels of satisfaction with many of its key features. Overall, the evaluation:

- confirmed most participants found the system less burdensome to operate
- provided ideas for improvements and identified areas where further work was needed – mainly to fine-tune aspects of the system; this is on course to be carried out prior to full implementation, and
- produced practical examples of the system in action – which will be used to help others implement the system.

## Consultation

16. Consultation has been a key feature of the project. To date:

- The pilot has provided an opportunity for the system to be fully tested across bands and disciplines. Around a thousand staff and managers have been directly involved - from pilot design through to participation in the pilot.
- Representatives from pilot d/ds centrally have also been consulted throughout, and will continue to be involved with those aspects identified as requiring further development, ie promotion arrangements and high performance awards.
- A Working Group with d/d representatives - chaired by Richard Hillier - was set up in November 2000 and has overseen work to date.
- HSE Trade Unions were represented on the Working Group until October 2001 when formal consultation began. Since then, regular negotiation meetings have been held and two TU representatives have taken part in the pilot. HSE Trade Unions have, however, expressed their opposition to high performance awards and the operation of reward panels. They also have major concerns about the suitability of using performance management information for vacancy filling.

17. The Board will need to take full account of the position of HSE TUs when reaching decisions on future arrangements – especially for the operation of high performance awards.

## Presentation

18. Extensive use has been made of Management Briefing, d/d briefings and the intranet, especially for pilot participants. Proposals for full implementation are attached as **Annex 4**.

## Costs and Benefits

19. **Annex 2** provides details of the costs and benefits of the proposals. Overall:

- the costs of operating the proposed system for the **performance appraisal** aspects of the system are expected to be less than the pwp system. Surveys at the start and end of the pilot found that around a third of respondents needed less time to operate the system, with around a half reporting that similar time was required. Higher proportions reported satisfaction with a reduction in bureaucracy. These proportions are expected to apply during the first year of operation throughout HSE. As they include the costs of learning about the new system, the cost for subsequent years is expected to reduce further.

- The pilots of the proposed changes to **promotion arrangements** have indicated a reduction in these costs is also likely – further piloting will confirm the level.
- Final data for **reward panels** will also be dependant on further piloting, based on the lessons learnt to date. Thus far, concern has been expressed that the arrangements piloted are not proportionate to the awards made so further development work is needed before this aspect is implemented across HSE.

### **Financial/Resource Implications for HSE**

20. Development and implementation can be managed within existing resources.

### **Environmental and “other” Implications**

21. None.

### **Action**

22. The Board is asked to agree:

- to the introduction of the new performance management system from 1 April 2003 (with the objectives and features summarised at **Annex 1**) including making proposals for this to HSE Trade Unions
- to annually identify specific corporate behaviours which staff should take account of setting their objectives (**para 11**)
- to the further development of the arrangements for:
  - high performance awards, including the introduction of reward panels for allocating high performance awards (**para 13**)
  - the use of annual performance records for internal post filling on promotion, from July 2004 (**para 14**).

## OBJECTIVES AND KEY FEATURES

### a) Objectives

#### **To ensure all staff are competent and perform effectively:**

- All staff are assessed and rewarded for delivery of their objectives, and for developing and applying job-related skills and relevant behaviours in the HSE Core Framework
- All managers are assessed and rewarded for developing and applying management skills and relevant behaviours in the HSE Core Framework.

#### **To promote a culture that recognises the benefits of different perspectives and ways of working:**

- Every member of staff will have an equal chance to perform effectively and to achieve 'high performance'.
- To reduce bureaucracy and the management overhead in HSE through streamlined performance management arrangements.

#### **To stimulate a culture of continuous improvement:**

- All staff will be expected to discuss with their managers how they can make improvements and to include a personal objective on this, where appropriate.
- All staff to have, and be assessed against, a relevant personal development objective; for staff new to a post/function, this requires a more detailed development plan to be agreed.

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### b) Key features

- a more outcome focused system with streamlined individual performance agreements based on key tasks and priorities
- reduced paperwork, to allow greater emphasis to be placed on talking rather than writing
- no formal annual award of performance appraisal box marks – performance to be assessed as “effective” or “unacceptable”
- a re-focused “appraisal manager” role, to concentrate on standards setting for all staff, especially the actions needed for “unacceptable” and “high” performance
- greater separation between appraisal and pay decisions through high performance awards being adjudicated by reward panels (fulfilling a similar role to the SCS Pay Committee). The aim being to secure improved transparency, fairness and consistency, and consequently staff confidence in

the arrangements, at the same time as ensuring the arrangements are proportionate to the awards made

- improved support for continuous improvement and development through a greater focus on personal and business improvement, through the expectation that objectives be set relating to these important areas
- more focus on management accountability through the expectation that managers will be assessed on their performance as managers by the setting of an objective appropriate to their team/team members
- a revised core skills framework (CSF) which incorporates HSE's values, as well as examples of effective and ineffective behaviours and a new core skill area related to developing and applying job related expertise (**Annex 3**)
- an improvement in the information on past performance available for making promotion decisions by using the annual performance records provided through the performance appraisal as part of job applications on promotion
- a reduction in the burden of job application form filling (promotion) through use of the annual performance record to provide evidence of expertise, skills and behaviours rather than examples of evidence drafted by applicants and their managers, for application purposes only
- other minor measures are also planned to improve the quality and speed of the post filling process.

## PILOT OF YOUR PERFORMANCE MATTERS (YPM): EVALUATION: SUMMARY OF MAIN FINDINGS

The evaluation was based mainly on feedback from participants in the pilot , via questionnaires, focus groups, and meetings with directorate staff.

### Performance management

This aspect was tested most thoroughly by the pilot. Overall, the **performance management elements** of YPM are generally seen as improvements compared to the current (pwp) system.

A majority of respondents reported that YPM:

- is an improvement on personal workplan (pwp) arrangements (55% positive)
- effectively summarises work priorities (77% positive)
- encourages honest views (52% positive)
- provides an effective framework to deliver manager's performance management responsibilities (76% of manager respondents)
- is easier to apply, and takes less effort (62% positive)
- includes helpful records for work priorities:
  - with 64% of respondents reporting that the structure and content of the performance agreement is helpful, and
  - 60% saying the structure and content of the annual performance record is helpful when recording progress/achievements.

Respondents were asked to comment on those aspects they liked best and least. The majority of the comments (around two-thirds of those provided) about the aspects liked best were about the reductions in bureaucracy.

The liked least aspects were more difficult to categorise, with most (7%) being about the operation of high performance awards. Other concerns were about the mandatory nature of some aspects (eg number of objectives), and the nature of them (eg the need for all staff to have a business improvement objective). This was confirmed by responses to other questions, with only "37% reporting that (YPM) .... clarifies how business improvements can be made by jobholders (with 26% negative and 35% neutral).

Responses to questionnaires also highlighted the relatively high proportions of respondents who reported they neither agreed or disagreed with some aspects, eg

- (YPM) ..... "clarifies the core skills, behaviours and values expected of jobholders" (42% positive, 15% negative, 41% "neutral")
- (YPM) ..... "encourages greater honesty, with more talking & less writing" (37% positive, 23% negative, 38% neutral)
- (YPM) ..... "focuses better on jobholders' personal learning and development" (25% positive, 26% negative, 47% neutral), and
- "the structure and content of the self assessment form was helpful" (27% positive, 25% negative, 43% neutral).

## Costs of the performance appraisal aspects of YPM

Surveys at the start and end of the pilot found that around a third of respondents needed less time to operate the system, with around a half reporting that similar time was required.

Role	Action at start of year			Action at end of year		
	More (%)	Same (%)	Less (%)	More (%)	Same (%)	Less (%)
Jobholder	15	48	30	5	52	36
Manager	15	57	29	7	44	37

Higher proportions reported satisfaction with a reduction in bureaucracy.

These proportions are expected to apply during the first year of operation throughout HSE.

As they include:

- the costs of learning about the new system, the cost for subsequent years is expected to reduce further
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## Pilots on high performance awards, and promotion systems

Limited piloting was carried out in both of these areas, based on the performance records produced by the pilot of the appraisal arrangements. These pilots have confirmed:

- the importance of the links between the three elements of YPM (ie performance appraisal, promotion and awards for high performance), and
- the need for further work on both promotion and high performance awards, for example to improve the consistency of comments by line managers, including the provision of quality examples.

## Lessons learnt

Although it may not be surprising that a pilot of six months duration did not convince all the participants about its effectiveness in all areas, the arrangements for full implementation will need to take account of these findings.

- Some will be relatively easy to deal with, eg the development of an improved self-assessment tool.
- Others much less so, eg
  - the clarification of the core skills and behaviours expected, and the implications for personal learning and development. The new Core Skills Framework (CSF) is expected to help in these areas. To date, the CSF has been generally well received, especially because it incorporates HSE's values. The CSF is already in use in the Change Programme. The ways of working events are expected to help clarify its use in future. It will be important that the guidance and examples for implementation explain clearly how the CSF is intended to be used.
  - "greater honesty, with more talking & less writing" requires big changes to the culture of HSE; these are being addressed by the Change Programme

and cannot be addressed in isolation by the performance management system.

Further work is recommended to take forward the lessons learnt to date. For high performance awards, concerns by reward panels about the perceived high cost of operation is the main area to be addressed.

## HSE's Core Skills Framework

incorporating HSE's values, and a new section on Job Related Expertise (JRE)

### Communicating

#### Communicates effectively

- Communicates openly, consistently, and clearly [V]
- Uses style, language and method of communication to suit the audience
- Clearly communicates what is to be achieved to others

#### Influences others

- Listens to what others have to say
- Takes account of issues and resistance
- Makes and defends convincing cases and arguments

#### Contributes and responds effectively

- Listens first then responds constructively
- Questions underlying assumptions to clarify understanding and/or develop points
- Builds on the contributions of others

#### Seeks, listens to, and provides feedback

- Actively seeks and uses feedback, views and/or ideas
- Provides fair and constructive feedback
- Gives and justifies unpopular information when necessary

<b>Communicating</b>	
<b>When we communicate well we:</b>	<b>When we communicate badly we:</b>
Explain things clearly in plain language [V]	Use more jargon or more complicated language than is needed [V]
Listen first [V]	Speak first [V]
Use the best way to get our message across [V]	Use ways of communicating that we like, rather than the best way [V]
Persuade and influence others [V]	Give people instructions without explanation [V]
Know when to seek the views of trade union representatives [V]	Assume employee consultation is a barrier to change [V]
Check others understand our message in the same way we do	Assume people understand what we say

## Working with others

### Works collaboratively and flexibly

- Helps others to adapt to change
- Takes the initiative to assist and co-operate with others
- Identifies and involves all people needed to achieve results

### Builds and maintains useful networks of contacts

- Identifies and makes good use of sources of influence and/or information
- Shares knowledge, ideas, facts and views with others
- Keeps others informed of progress and/or developments

### Values others, and responsive to them

- Inclusive, accessible and listens to others [V]
- Encourages diversity and values the contributions of others [V]
- Trusts, respects and understands others [V]
- Works with others to help their development and/or improve performance

### Supports others and/or HSE

- Supportive of colleagues, team and/or HSE
- Implements corporate/team decisions with energy and commitment
- Provides HSE employees with good safe conditions of work, and expects Others to do likewise [V]

<b>Working with others</b>	
<b>When we work with others well we:</b>	<b>When we work with others badly we:</b>
Share promptly the information that people are entitled to [V]	Keep information to ourselves without good reason [V]
Respect and support those around us [V]	Are insensitive to the needs and feelings of others [V]
Are approachable and helpful [V]	Are seen as remote, rude or tactless [V]
Understand and work with different approaches people may take [V]	Are uncomfortable working with people from diverse backgrounds [V]
Challenge unsafe practices and situations [V]	Take no action when faced with unsafe practices [V]
Actively promote diversity and equality of opportunity [V]	Demand rather than earn respect [V]
Praise achievements and celebrate success [V]	Avoid tackling inappropriate behaviour or giving bad news [V]
Trust others to do a good job [V]	Try to do everything ourselves [V]
Encourage a healthy balance between work and home life [V]	Do not manage the work pressures on ourselves and others [V]
Build productive relationships with others [V]	

## Analysing and improving

### Takes account of the bigger picture

- Ensures work supports HSE's longer term aims and objectives
- Takes account of the context of their work on people, organisation and/or business needs
- Sensitive to wider issues such as political and/or organisational priorities

### Analyses information

- Identifies key issues
- Provides accurate and/or relevant information
- Recommendations are clearly presented and/or based on sound analysis

### Produces options and solutions

- Foresees problems and takes action to resolve them
- Shows creativity and/or lateral thinking in developing solutions
- Identifies sensible options and/or solutions

### Innovates and supports learning

- Works with and learns from HSE's extensive range of stakeholders and partners [V]
- Encourages creativity and new ideas, forward looking and alive to things that can and should be done better [V]
- Encourages continuous improvement in our own organisation and those that we regulate [V]

<b>Analysing and improving</b>	
<b>When we analyse and improve things well we:</b>	<b>When we analyse and improve things badly we:</b>
Understand the wider impact of our decisions [V]	Ignore the bigger picture [V]
Are open-minded	Fight our own corner ignoring wider interests
Home in on key issues and principles	Focus solely on detail
Prepared to make recommendations in spite of incomplete information	Unwilling to be exposed to risk or uncertainty
Understand our own strengths and weaknesses [V]	Don't recognise our own developmental needs [V]
Learn lessons from mistakes & successes [V]	Blame people for mistakes rather than learning lessons [V]
Seek new or different ways of doing things [V]	Stick we what we know [V]
Learn from others experience [V]	Can't see things from other people's perspective [V]
Share learning with others [V]	Don't value learning [V]
Actively seek out development opportunities and apply the learning from them	Think that having development needs is a weakness
	See training and development as something that is done to us [V]

## Acting professionally

### Takes personal responsibility

- Sets a personal example in observing HSE's values, particularly to those who look to you for guidance or help [V]
- Acts with integrity, trust and honesty [V]
- Accepts responsibility for own decisions and actions [V]
- Adapts quickly and flexibly to change

### Works to high standards

- Takes a pride in work, and delivers quality results [V]
- Judged as authoritative and competent [V]
- Objective, impartial, consistent and transparent [V]

### Shows initiative and makes decisions

- Uses discretion and handles matters with confidentiality where necessary
- Knows when to make decisions and when to seek advice
- Gets on with the job without reminders

### Has drive, determination and resilience

- Self motivated
- Takes positive action to keep things moving forward, doesn't give up
- Challenges accepted ways of working constructively offering positive solutions

<b>Acting professionally</b>	
<b>When we act professionally we:</b>	<b>When we are not acting professionally we:</b>
Lead by example [V]	Say one thing and do another [V]
Accept / take responsibility [V]	Blame others [V]
Measure ourselves against the best [V]	Rest on our laurels [V]
Demonstrate sound knowledge and apply our expertise [V]	Rely on dated or incomplete personal knowledge [V]
Take difficult decisions and measured risks [V]	Accept the status quo [V]
Act with honesty and integrity [V]	Lack moral principles [V]
Are determined [V]	Lack firmness of purpose [V]
Are not put off by obstacles or problems	Avoid dealing with difficult problems

## Managing activities

### Plans and prioritises work effectively

- Creates practical and achievable plans
- Reviews and revises plans in response to changing demands
- Juggles conflicting priorities producing good quality work, on time

### Manages team and individual performance effectively

- Sets challenging, but realistic standards and objectives for individuals and/or team
- Monitors and reviews performance to ensure quality and progress are satisfactory
- Takes prompt and positive action to improve poor performance or inappropriate behaviour

### Manages resources effectively

- Looks for opportunities to obtain value for money
- Is accountable for delivery
- Assesses and actively manages risk

### Manages knowledge effectively

- Identifies linkages with other work
- Keeps information and knowledge up to date and accessible
- Identifies and uses methods which are fit for purpose

<b>Managing activities</b>	
<b>When we manage activities well we:</b>	<b>When we manage activities badly we:</b>
Deliver work that is “fit for purpose” [V]	Accept mediocre performance from ourselves and others [V]
Organise our work to deliver to time and agreed quality standards [V]	Focus predominantly on the process rather than the outcome [V]
Review performance and make improvements where possible [V]	Don't encourage feedback or monitor performance [V]
Shift resources as needs arise	Commit to delivery regardless of the impact on team or self
Take measured risks	Do not manage risks

## Developing and applying job related expertise (28.8.02)

### Shares job related knowledge and experience

- Makes good use of contacts and networks
- Actively volunteers knowledge and experience
- Helps develop expertise in others

### Develops expertise effectively

- Demonstrates a sound knowledge base
- Actively keeps expertise relevant and up to date
- Evaluates outcomes

### Applies knowledge and expertise effectively and efficiently in the field of .....\*

- Provides a corporate as well as a topic perspective
- Conducts appropriate research
- Makes effective interventions (action in relation to inspections/ investigations/ assessments)
- Develops reasonable and realistic solutions

\*The area specified will depend on the level of experience required. It will range from:

- knowledge and expertise in a relevant subject (eg process safety; microbiology; statistics; project management; accountancy; marketing; procurement); through to
- defining a specific subject area, usually in a health and safety context (eg health and safety legislation, HSE's inspection and enforcement policy; biological agents and microbiological health and safety; process safety including operations; fire and explosion risks; the operation and function of regulatory science and permissioning schemes.)

<b>Developing and applying job related expertise</b>	
<b>When we develop and apply expertise well we:</b>	<b>When we develop and apply expertise badly we:</b>
Use it for the benefit of HSE	Pursue knowledge which has no benefit to HSE
Continually improve knowledge to the benefit of individual/team performance	Seek knowledge for knowledge's sake
Draw on the full range of specialist expertise available	Apply knowledge narrowly without consulting others
Actively pursue own continuous professional development	Do not update ourselves with the latest developments
Consider impact of actions on others	Only look at the impact of actions in relation to own specialism
Conclusions are well-researched and robust	Decisions are not soundly based and easily challenged
Responds positively to peer review	Avoids peer review
Supports the development of others	Keeps knowledge to ourselves

## Proposed support for the new arrangements

### a) The roll-out

A hard copy of guidance will be provided, similar in content to the silver folder used for the pilot.

On briefing, staff from PD will provide one hour briefing sessions across HSE. Ideally these should take place during February but - because of the large number of staff and locations to be covered – is likely to take longer. Plans should be made to complete all sessions before April, if possible. All admin for these sessions to be provided by D/Ds. The sessions are likely to be of a round an hour in duration, based on the pack being issued in advance.

Other support to include:

- an easily accessible database with examples drawn from the pilot and beyond, with peer review by d/ds
- the provision of laminated cards with key messages
- "floor walking" by central project staff and D/D central HR staff to support people at the time of new performance agreements being prepared, ie. around March/April
- on central telephone support, the PD help line would be briefed to field questions.
- An IT team room for people to exchange views about the operation of the system.

### b) Training for new managers

A number of the modules in the Essential Training for Managers (ETM) programme will need to be updated.

Preliminary discussions are taking place with the training provider to ensure a smooth transition.