Final draft

Health and Safety Executive Board Paper			
Meeting Date:	3 March 2003	**Open Gov. Status:**	Fully Open
Type of Paper:	above the line	**Paper File Ref:**	
Exemptions:	none		

HEALTH AND SAFETY EXECUTIVE

The HSE Board

REVIEW OF REWARDING INNOVATION

A Paper by Richard Lewis

Advisor(s): Carolyn Young & Vic Coleman

Cleared by Sandra Caldwell on 12 February 2003

Issue

1. How HSE can improve its staff suggestions scheme following a review of Rewarding Innovation.

Timing

2. Immediate. Improvements can be made soon.

Recommendation

3. That the Board agrees to continue with the Rewarding Innovation scheme, amended as proposed.

Background

4. In establishing Rewarding Innovation as HSE's new staff suggestion scheme, the HSE Board agreed to review the scheme at an early stage.[1]

5. The Rewarding Innovation Award Panel initiated the review in July 2002: to examine staff participation in the scheme; compare HSE's scheme with other schemes in the public and private sectors; understand the current expectations of HSE management;

---

[1] Paper B/00/182 July 2000

and identify the benefits of those suggestions that had been implemented.

6. This paper sets out the key findings and proposals for an improved scheme. The Award Panel has discussed and agreed amendments to the findings, and the Panel's recommendations to the Board are based on these changes.[2]

Argument

7. First, the review found that staff want HSE to keep and improve the scheme. They see it as a means of contributing to improvements efficiencies and processes in HSE.

    The value and desirability of an HSE staff suggestion scheme was emphasised by many of the interviewees. Abandoning the scheme would send a negative message to staff that their ideas were not valued. It can underpin work to change the values and behaviours that forms part of the Change Management programme.

    Central Government is still giving encouragement to such schemes and want public employees to have confidence to come forward with their ideas. The CBI is giving similar encouragement for such schemes.

8. Secondly, staff say the scheme does need enhanced status. They believe that increased promotion will not achieve this, and that visible buy-in from senior managers is required, particularly to overcome the negativity in some parts of HSE.

    While there needs to be impetus for the scheme, evidence from outside HSE suggests that promoting it through Express and posters will not make the difference. Senior management need to buy-into the scheme and for example, demonstrate this by including 'innovation' as a regular agenda item at team meetings and actively encourage creativity and new ideas from their colleagues.

    In some parts of the organisation this is already happening. However, in other parts there is negativity about implementing suggestions, which works against the scheme. The key message should be that small incremental ideas are as important as the fundamental 'breakthrough' ones.

9. Third, we should establish the scheme's role in HSE's planning process and publish the benefits the scheme has achieved.

    Whilst HSE can demonstrate benefits from implementing suggestions, we need to be able to quantify the outcomes from them. At present the Rewarding Innovation team does not capture or publish details of savings resulting from staff suggestions. Doing so would demonstrate to all the importance of the scheme. Formally establishing the

---

[2] The management summary from the review is at annex 1.

> *scheme into HSE's planning processes and linking Rewarding Innovation to HSE's business plan will encourage managers to engage with the scheme. An indicator from the scheme is proposed for the 'continuous improvement' part of the balanced scorecard.*

10. Fourth, the scheme needs to be managed more efficiently. Processing turnaround times are too slow. This could be helped by recruiting more evaluators, simplifying the handling of low value awards, and evaluating whether specific software can help engage better with staff.

> *At times, the turnaround of suggestions through the scheme has been slow. The Rewarding Innovation scheme relies on a small network of volunteer evaluators across HSE, who undertake the work in addition to their main duties. If the process is to be speeded up, we need more evaluators who will be given time by managers to complete evaluations promptly.*
>
> *Acquiring software to support the process may be a worthwhile investment to make the scheme more accessible to staff.*
>
> *The award process involves the Panel meeting quarterly to approve awards. This causes significant delays, has little added value and serves only to frustrate suggestors. It is proposed to simplify the process for approving low value awards, by agreeing the authority the scheme manager has to make awards. The increased management effort from the scheme manager will be offset by reducing the costs and efforts of the Panel.*

11. Finally, staff requested prompt approach to implementation of suggestions.

> *Prompt implementation of suggestions creates greater credibility for the scheme and suggestors need to see that their suggestion has been followed through. Prompt action reinforces positive messages about the value of the scheme and suggestors are more likely to submit other suggestions.*
>
> *Frequently, the successful suggestion gets no further than the implementing directorate making a general commitment to implement it, but taking considerable time to do so. This is undermining the scheme and it is important for senior managers to fully engage with the scheme and take positive action to implement suggestions. Managers tasked with implementation need to be accountable for progress of the suggestion, but is not clear how we break out of the loop where managers' commitment is not forthcoming.*

12. The Panel agreed that the research has shown this work was important and had much more potential. If we are serious about getting everyone to think creatively about improving our processes and outcomes, we must accept that we need to assure

appropriate, timely and visible action. We need to create headroom to allow for innovative ideas to be developed and implemented, and for the benefits to be realised. In particular, managers need the reassurance from HSE at the highest levels, that time can be invested in such matters.

13. The Panel agreed that:

- The scheme should continue in an amended form

- That senior managers needed to demonstrate their commitment to the scheme, including prompt implementation of agreed suggestions, and be accountable for progress

- That the scheme would be aligned with HSE's planning round, including an input to the balanced scorecard.

- That the scheme manager would have more authority to process suggestions, including making the lower level awards within agreed limits

- That the scheme manager would ensure the realised benefits were included in HSE's business improvement plan

- That there would be a further review of the scheme in 2 years' time

Consultation

14. The BEU project team carried out the review with a sample of staff that had made suggestion under the scheme, and their managers. The report was discussed and agreed by the Award Panel.[3] HSE Trade Unions have agreed the report.
15. There has been consultation with Vic Coleman, one of the Board's Values Leaders for learning and innovation.

Financial/Resource Implications for HSE

16. It is proposed that BSD (BEU) can accommodate the increased central management of the scheme from within existing budgets, by streamlining processes and by prioritising work plans. Further improvements to the administration of the scheme can be delivered through specific software, though currently the benefits accruing from the scheme at current levels would not support a business case for investment. This will be kept under review, and in line with the Board's recent decisions on investment in IT.[4]
17. Additional evaluators will be sought, and while each will require some coaching, the overall impact on HSE will be minimal.
18. If HSE can double the number of suggestions, it will add some additional input from evaluators, and add about £10k to the budget for making awards. If we achieve this

---

[3] The Award Panel is Sandra Caldwell, Murray Devine, Kevin Allars, Jonathan Holvey, David Ashton, Richard Lewis and Patrick Garside from the Greater Manchester Police
[4] Strategic vision for IS/IT: investment in IT enabled business change B/03/014

level of participation, we will only have reached the average for organisations of our size and complexity.

Action

19. The Board are asked to confirm whether the proposals in paragraph 13 are accepted.
20. The Board are also asked for their views on holding managers accountable for implementing ideas developed under the scheme, to break out of the loop of inactivity that has held the scheme back.
21. BEU will make arrangements to implement these, under the ongoing Board-level sponsorship of Sandra Caldwell.

Final draft

SECTION 1 MANAGEMENT SUMMARY

Scope

1   A commitment to review the Rewarding Innovation scheme was made by the Board in July 2000, as part of the discussion surrounding the development of the new scheme.

2   The scope of the project was to study the initial progress of the scheme by examining: the administration of the scheme; participation; implementation; management expectations; and the use of and support for the database system which underpins the scheme. Two further discrete pieces of work within the main project examined other public and private sector schemes and the interdependence with the HSE Non-Pay Reward project.

3   Fieldwork involved a mix of one to one interviews and telephone surveys with staff, senior management and evaluators. External visits were made to private sector organisations and other government departments. A certain amount of desk-based research made use of materials from other sources such as ideasUK[5]. The project team liaised with colleagues in Personnel Division (PD) and attended a Directorate/Divisional meeting in Bootle led by PD about the Non-Pay Reward project. This enabled the project team to obtain awareness of relevant developments in HSE and to take due account of them.

Objectives

4   This report has been prepared to fulfill the project Terms of Reference (Annex 1 refers) and to meet the following objectives:

> i.   set out clearly and coherently, in adequate detail for the project sponsor, the project team's findings; and

---

[5] **ideasUk is a networking group managed by under the auspices of the UK Association of Suggestion Schemes. The Association is a registered charity that exists to promote the development and growth of suggestion schemes and all other forms of employee involvement programmes, primarily through networking. Membership covers both public and private sector organisations (approx 300+ organisations) including e.g. BUPA, Barclays, Inland Revenue, GMP, MOD, Boots, BT, etc.**

ii.   offer recommendations to the project sponsor for

- an improved Rewarding Innovation scheme;

- improved information management for the organisation as a whole; and

- increasing participation rates toward the national UK average.

MAIN CONCLUSIONS

Value of the Scheme

5   The value and importance of an HSE staff suggestion scheme was emphasised by many of the staff consulted in this review. In the opinions of those consulted the benefits and overall desirability of such a scheme are not in doubt. Some considered that abandoning the scheme would have a very negative impact and believed that this would send a very damaging and negative message to staff that their ideas were not valued. These factors coupled with the drive from central government to give encouragement and confidence to employees to come forward with their ideas suggests that the need for a suggestion scheme is strong. This is emphasised in a CBI Report 'Innovation Potential' May 2002 which states that:

"For the smallest companies (those with fewer than 50 employees) formal suggestion schemes might seem unnecessary as individual input can usually be captured in other ways. For the rest there is little excuse."

Timescales

6   At times the turnaround of eligible suggestions through the scheme has been slow. The Rewarding Innovation scheme relies on a small network of evaluators for impartiality and their role in the success or otherwise of the scheme cannot be underestimated. Evaluators undertake the Rewarding Innovation work in addition to their main PWP responsibilities. Some evaluators have found it difficult to complete evaluations

promptly. If the process is to be speeded up the number of evaluators will need to increase significantly and this will bring with it additional costs for HSE.

Desktop Database

7   The software underpinning the scheme (Lotus Approach) is cumbersome and problematic and introduces bureaucracy into the administrative processes. The project team also understand that Lotus Approach will be removed from the standard desktop from 01/04/03 and HSE will not provide a desktop package to replace Lotus Approach. The development of reliable fit for purpose software to support the process may be a cost, which HSE has to bear to be sure of an effective and efficient scheme.

Centralised v De-Centralised

8   Generally suggestion programmes operate either centralised or decentralised (local) schemes. The public and private sector organisations consulted as part of this review all operate centralised schemes. Central co-ordination of a scheme helps to identify trends and potential problem areas, enabling best practice to be disseminated throughout an organisation. The project team consider that the best way for HSE to manage its suggestion scheme is to operate a mix of a centralised and local scheme through the introduction of local managers and supervisors acting as 'idea champions'. In this way all small incremental ideas that can be handled locally will be and a central team would deal with the more breakthrough suggestions.

Realising the Benefits

9   Many benefits have accrued from the Rewarding Innovation scheme, some from minor innovations and others have been more substantial. For example:

- A pilot study was undertaken in Leeds to consider offering a translation service to help HSE engage with people whose first language is not English;
- there are plans to use the information centre windows in Rose Court to display HSE posters and raise HSE's profile;
- work is underway to extend HSE's website to make it more child and school friendly;
- HSE now issues retractable badge reels to allow ID cards to be "swiped" in access control system without having to take them off; and

- work is almost complete on a redesigned HSE Intranet which will make it easier for staff to see who is who in the HSE organisation; obtain maps and directions to HSE offices; and improve ways in which staff can locate useful telephone numbers.

10   Whilst HSE can demonstrate many benefits from suggestions we also need to be able to quantify the outcomes from them. The Rewarding Innovation team does not capture savings resulting from staff suggestions, instead, these are progressed either via the REFIT Benefits Plan (if IT related) or HSE's framework of business improvement plans. This makes it difficult to publish any meaningful achievements that have come directly from the Rewarding Innovation scheme and we need to be able to say what proportion of benefits are attributable to Rewarding Innovation. The Project Team propose that the calculation of valued benefits is introduced as a mandatory requirement within the scheme and the RI team explore with BI contacts how to capture and publish the savings that have been realised via Rewarding Innovation. This should be linked to an overall objective of strengthening the marketing and publicity for the scheme.

Rewards

11   The rewards available under the scheme are regarded as an important factor but need to be revisited. The non-cash encouragement awards (gifts) are not viewed with any great respect and the project team proposes that they should eventually be replaced with a small fixed cash/points award.

Non-Pay Rewards[6]

12   The link between the Rewarding Innovation scheme and any Non-Pay Rewards project needs to be clearly emphasised for staff and the two schemes should be integrated with data capture undertaken by a central team. In order to strengthen integration both schemes should use the same awards mechanism, which will mean that there is a common currency approach.

Management's Role

---

[6] **Since the completion of this review the Project Team were notified by Personnel Division that Recognition/Non Pay Rewards was discussed by the HSE Board in September and at the midyear HR conference in October. As a result of the mixed feedback that Personnel received about the proposed scheme from D/Ds during the development phase, and because of HSE's current financial position, the Board has decided that the Non-Pay Reward scheme should not go ahead.**

13   Management should take a stronger role in demonstrating their support for the scheme and the project team considers that this could be achieved through the introduction of a Rewarding Innovation objective in manager's personal work plans.

14   The project team has set out the main modifications to the scheme throughout this report and they are summarised overleaf. We recommend that these be given further consideration at a more detailed implementation planning stage.

Value For Money

15   The project team considered whether the proposed recommendations from this review would bring value for money for HSE and essentially whether there would be a greater output for the same or less input. The project team view is that adopting the recommendations in this review would bring value for money and demonstrate a return on investment but it is important to remember that the HSE suggestion scheme is as much about encouraging innovation and improving motivation and morale as ROI. The introduction of dedicated suggestion software will bring administrative resource savings for BEU and we estimate this to be 50% of the Band 4 and Band 5 time. The resource savings in BEU will enable the Rewarding Innovation team to strengthen the marketing and promotion of the scheme and increase its profile through attendance at DD section/team meetings and by contributing to induction events. Subject to the acceptance of the recommendations in this report the BEU administrative processing time would be reduced from around 90 minutes to 18 minutes per suggestion - this is validated by BaE where automation of many of the collection, distribution and response processes cut the cost of running their scheme by 80%. Furthermore, the introduction of local managers to the scheme) should bring about an increase in the number and quality of suggestions received.

THE PROPOSED WAY FORWARD

16   The project team's findings were wide-ranging and diverse**,** as was to be expected given the scope of the project. A number of those findings have already been implemented at a working level and some process streamlining has begun. For example, arrangements are in place with DIAS to create a Rewarding Innovation web page and where possible any non-value adding process activities have ceased.

17   It is proposed that the recommendations in this report should be taken forward to a detailed implementation planning stage. The project team have prioritised the

recommendations (high, medium and low) and identified which ones are critical to the success of the scheme. BEU resources are limited and it is therefore recommended that the following issues are addressed immediately with the medium and low priority recommendations being taken forward via the BEU 3 Business Improvement Plan.

CATEGORY HIGH

- **Ensure the scheme is relevant to HSE's changing business** – and reinforce messages of support for creativity/innovation from the top of the organisation

- **Realise the Benefits** – formally capture and publish details of benefits achieved

- **Improve Turnaround Times** – by introducing dedicated administrative software; exploring alternative approaches to the award approval process; recruiting new evaluators; and simplifying the evaluation process.

- **Improve Quality of Suggestions - Introduce Local 'Idea' Champions** - whether they be line managers, supervisors or trained colleagues; local managers required to demonstrate that they encourage all types of suggestions and validate this by introducing it as a key responsibility in PWP; improve guidance for suggestors (provide 'model' examples); local managers to continue to place as much importance on incremental ideas as the breakthrough thinking.

- **Increase Participation** – better marketing and publicity for the scheme; introduce a Rewarding Innovation web page on Intranet; tap into the knowledge and experience of recently retired staff by opening up the scheme to them; ensure new recruits are made aware of the scheme at induction, encourage staff to undertake creativity and innovation training.

- **Improve Implementation** – Award Panel to rigorously follow up instances of non-implementation

PROJECT SPONSOR ACTION

18   The Project Sponsor is invited to:

- endorse and sign off the interim report of findings

- agree an approach for progressing its recommendations

- indicate any further input required of the project team

- confirm the completion of this stage of the project