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**HEALTH AND SAFETY EXECUTIVE  
The HSE Board**

**Rewarding Innovation – HSE’s Staff Suggestion Scheme**

**A Paper by Sandra Caldwell**

**Advisor(s): Ged Malone, BEU**

**Issue**

1. HSE’s staff suggestion scheme, ‘Rewarding Innovation’, has run out of steam and is contributing very little. At present participation levels we are putting far more into the scheme than we are getting out as an organisation.

**Timing**

2. Routine.

**Recommendation**

3. That the Board agrees:
  - a. The preferred option of introducing new arrangements aligned to our pay and reward strategy, paragraphs 20 to 22 and Annex 4;
  - b. The cessation of the current scheme and introduction of new arrangements on 1 November.

**Background**

4. HSE’s previous staff suggestion scheme operated from 1975 to 1999. Recognition and reward took the form of certificates of merit, support in principle and very modest cash awards. Pay delegation in 1996 and the publication of the ‘Modernising Government’ paper in 1999 both offered an opportunity for fresh thinking about such schemes, in particular to forge a link between staff suggestions and continuous improvement activities.
5. As a result HSE’s new staff suggestion scheme, Rewarding Innovation, was developed and introduced in October 2000. It aims to ‘support the achievement of HSE’s goals’ and ‘promote a climate of continuous improvement’.
6. The Board asked RPD’s Business Efficiency Unit, who manage the scheme, to carry out a major review in July 2002. The Board discussed the outcome on 5 March 2003. Board paper [HSE/03/020](#) set out the key details and proposals for improving the scheme.
7. The project team’s findings were wide-ranging and diverse, with over 30 separate recommendations. Of these six were given a high priority status, namely:
  - a. Ensuring the scheme is relevant to HSE’s changing business
  - b. Realising the benefits
  - c. Improving turnaround times
  - d. Improving the quality of suggestions, e.g. introduce local ‘idea’ champions

- e. Increasing participation
- f. Improving implementation

## Argument

### **How is Rewarding Innovation performing and how does it compare with like organisations?**

8. Rewarding Innovation is managed centrally within BEU and has recently transferred to the Efficiency Programme Team. In having a fresh look at how Rewarding Innovation fits into the wider business improvement/efficiency picture, an internal health check of the scheme was undertaken in December 2005.
9. The health check found that there was improvement in some areas, for example, a substantial backlog of suggestions had been cleared and dedicated administrative software had been introduced. However, little or no progress had been made on the high priority areas identified in the 2002 review.
10. As part of the health check discussions were held with ideasUK<sup>1</sup> and Rewarding Innovation was scored using their self-assessment scorecard<sup>2</sup>. The result shown in **Annex 1** is a fair reflection of the lack of progress identified.
11. In addition, we have baselined the performance of Rewarding Innovation for 2005 in the following table.

	HSE	Average
Number of suggestions received	126	2,227
Suggestion rate	3%	15% <sup>3</sup>
Ideas implemented	3	598
Implementation rate	5%	33% <sup>4</sup>
Ideas awarded	100% <sup>5</sup>	33%
Savings	Not recorded	£827,052
Awards paid	£475	£27,050
Average award per idea	£3.77	£36.45
Average number of days to clear	90 <sup>6</sup>	49

\* Data source: ideasUK 2005 survey of 51 member organisations using 12 month usage date

12. There are some notable examples of successful schemes from ideasUK member organisations, which operate with resource levels similar to us albeit they tend not to be in the public sector:
  - a. Dubai Aluminium Company with 2900 employees have 2 full time employees running the programme and active management support at all

<sup>1</sup> ideasUK provides professional support, advice and guidance to organisations wishing to utilise formal programmes to capture suggestions and creative ideas from within thereby promoting creativity and innovation. It was founded in 1987 and is the only professional, not for profit, association in the UK dedicated to the development of efficient and effective staff suggestion schemes.

<sup>2</sup> ideasUK self-assessment methodology structured around the main elements that make for a successful suggestion scheme. It is based on eight criterion parts, Leadership, Strategic planning, People, Processes, Customers, Community and Outcomes.

<sup>3</sup> Ranges from 1,170% to less than 1%

<sup>4</sup> Ranges from 98% to less than 1%

<sup>5</sup> Includes encouragement awards, i.e. glass tumbler

<sup>6</sup> Does not include a significant backlog ranging from 12 months to 3yrs

- levels. They achieved a 56% implementation rate with an average of 7.5 suggestions submitted by each employee.
- b. ST Microelectronics with 2283 employees has 1 full time employee running the programme with very active management support. (Chief Executive asks senior management for an update on a weekly basis). They achieved a 51% implementation rate with an average of 7.7 suggestions submitted by each employee.
  - c. Siemens Standard Drives with 400 employees have 2 full time employees running the programme. They achieved a 71% implementation rate with an average of 11.7 suggestions submitted by each employee.

### **Key issues**

- 13. The scheme is generating very few ideas. The ideas we do get are pretty much low level and thin on substance. Suggestions lack any specific direction and are therefore not focused on supporting key business objectives.
- 14. Comparatively few of these ideas actually make it through to implementation, underlining poor levels of engagement and management buy-in at all levels.
- 15. Perceptions of how the scheme operates and the timeliness of rewarding ideas are an irritation to both staff and scheme administrators.
- 16. It is difficult to argue that the scheme has increased staff morale and improved internal communications, two stated benefits of the scheme.
- 17. The bottom line is that the scheme is costing us far more to manage and administer than the benefit we get out of it, which cannot be sustained.

### **Options (see Annex 2 for details)**

#### **Option A**

- 18. Given that the scheme returns very little and has no intrinsic value, we should bite the bullet and scrap it as soon as possible.

#### **Option B**

- 19. We could refresh the scheme by implementing a structured improvement programme to refine the processes involved and give the scheme more publicity. This could go some way to reducing costs, but may not do much to revitalise staff interest, greatly improve participation and generate true innovation. To deliver such a programme and maintain momentum would also require significant effort. It is therefore hard to recommend this route.

#### **Option C**

- 20. Alternatively we could introduce new arrangements to compliment our Pay and Reward Strategy and support the Economy, Efficiency and Productivity Programme. This is illustrated in **Annex 3** and is our preferred option.
- 21. This would not be a traditional staff suggestion scheme, as run by HSE to date. Its aim would be to encourage staff to apply creative solutions to help HSE deliver its key business objectives. Chiefly, rewards would only be considered on solutions that had been implemented.
- 22. We envisage that these arrangements would be worked up into an annual rewards and recognition event. BEU would manage the scheme and hold a modest central budget, but control would be very light touch. SCS managers would submit nominations to BEU for processing and rewards agreed by a representative SCS panel. Information and guidance would be published on the Intranet with a link on the

home page. **Annex 4** outlines what the arrangements might look like and provides examples of what we might reward.

### **Consultation**

23. Discussions on these proposals have been held with the Scheme Sponsor, members of Rewarding Innovation's Award panel, and the Trades Unions.

### **Presentation**

24. We will develop a communication plan with CD.

### **Costs and Benefits**

25. Developing and implementing new arrangements would cost in the region of £20k, the majority of which would be opportunity costs. However, comparable or greater annual savings would offset this. It would focus effort on creating and implementing innovative solutions to support our key objectives and targets, and contribute to our Efficiency Programme.

### **Financial/resource implications for HSE**

26. The broad implications for each of the options are outlined in **Annex 2**.

### **Environmental and Other Implications**

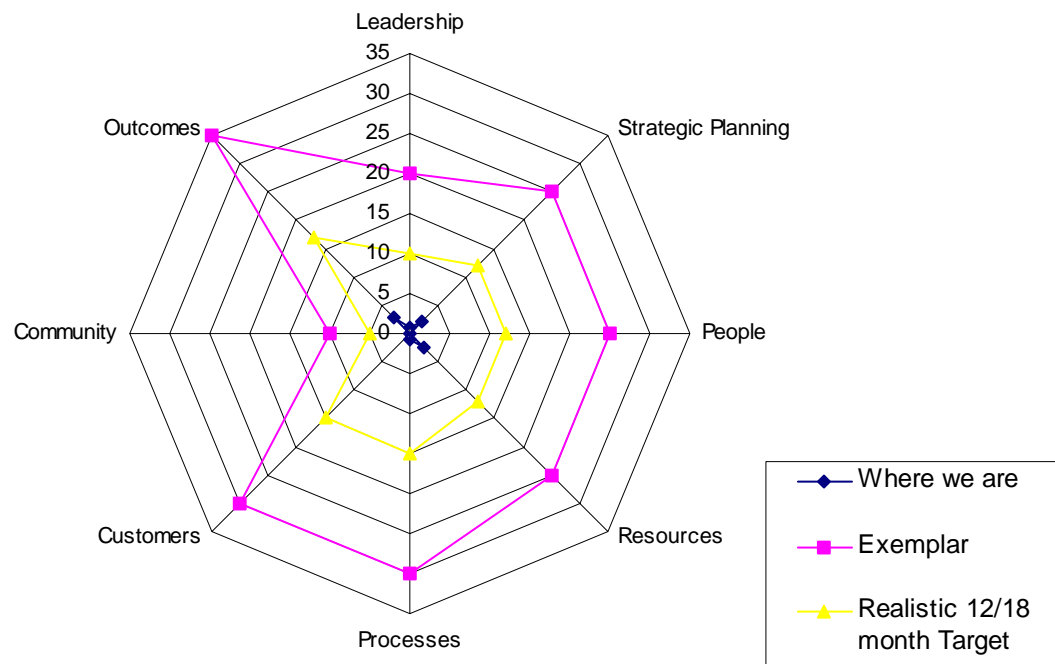
27. None.

### **Action**

28. See paragraph 3.

I:\WORK 2006-2007\Intranet\output\HSE Board\2006\1004\HSE Board - Meeting - 2006 - October - 11 Rewarding Innovation - HSE's staff suggestion scheme.doc

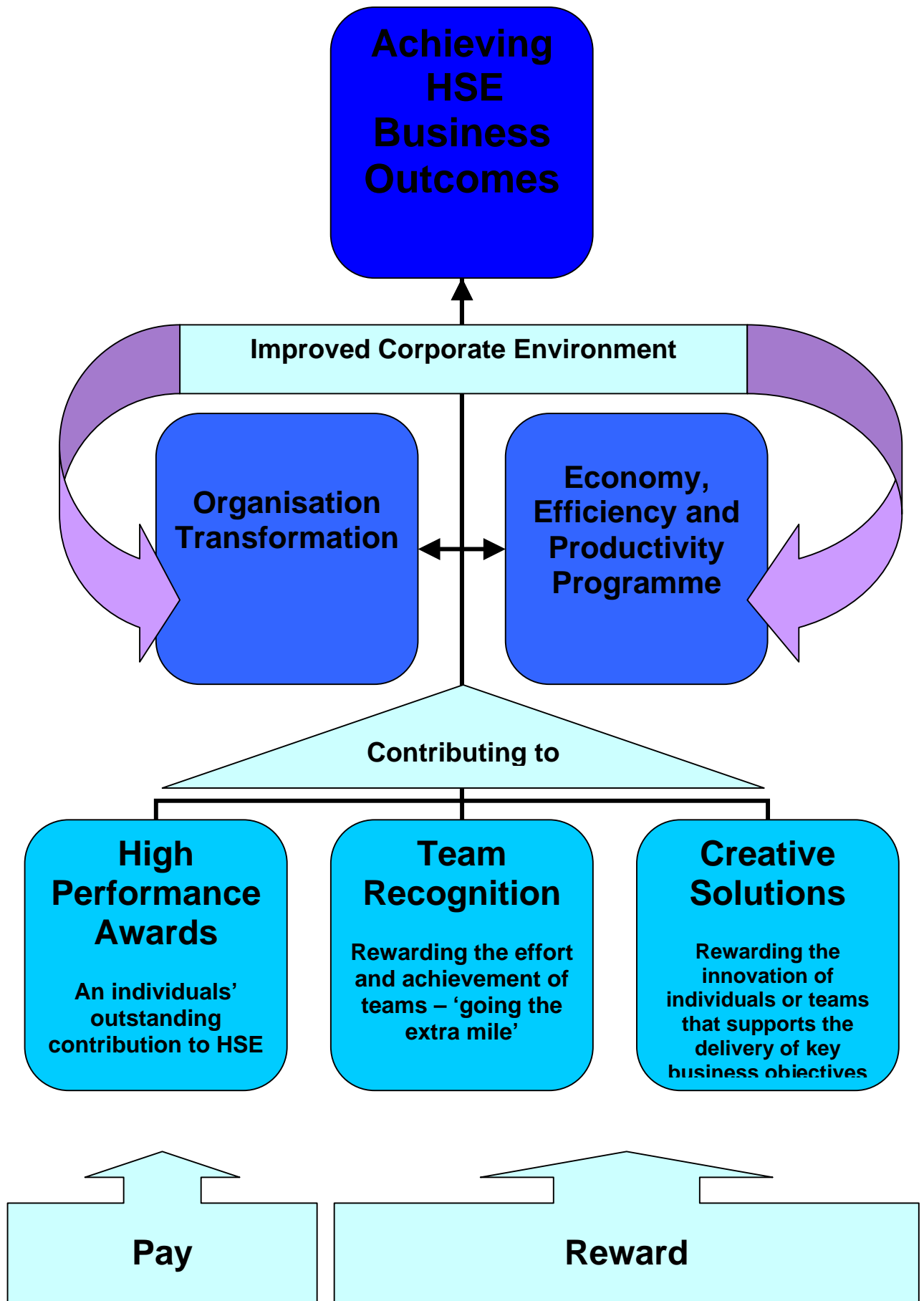
Rewarding Innovation score using ideasUK scorecard



Annex 2			
Options	A. Scrap the staff suggestion scheme		
	B. Refresh the scheme through a structured improvement programme		
	C. Develop new arrangements, which recognise and reward individuals and teams for developing creative solutions to support the delivery of HSE's key business objectives		
	Costs	Benefits	Risks
<b><u>Option A:</u></b> <b><u>Scrap it</u></b>	<p>- No additional costs</p>	<p>- Redirect resources of approximately £39k p.a. for the day to day running of the scheme</p> <p><u>Opportunity costs</u> Central management: £25k (0.7 Band 5; 0.1 Band 4; 0.1 Band 3 (ASC)) Evaluator input: £3k</p> <p><u>Awards</u> Gifts and cash £5k</p> <p><u>Networking</u> Meeting/travel £6k IdeasUK membership</p> <p>- Could be implemented within 1 to 3 months</p> <p>- Would remove the irritation felt by many staff that the scheme is inefficient</p>	<p>- Could send a negative message to staff</p> <p>- Runs the risk of countering Central Government policy, which encourages staff suggestion schemes to improve services</p> <p>- Would need to change current policy. HSE has an inclusive policy on staff suggestions, in which everyone's contribution is recognised and staff have the opportunity to contribute ideas for improved ways of working</p> <p>- Would lose any contribution in support of HSE goals and promoting a climate of continuous improvement</p> <p>- Would lose any contribution to efficiency savings</p>
<b><u>Option B:</u></b> <b><u>Try and fix it</u></b>	<p>- Costs as Option A with an additional £26k of effort to deliver the programme and a one-off cost of £3k for external support</p> <p>Would expect Band 3 and Band 4 resource to reduce to 0.1 respectively following successful completion of the programme</p> <p><u>Opportunity costs</u> Central management: £43k (1 FT Band 5; 0.3 Band 4; 0.2 Band 2) Evaluator input: £7k (increase for additional evaluator effort and training)</p> <p><u>Awards</u> Gifts and cash £5k</p> <p><u>Networking/Promotion</u> Meeting/travel £10k IdeasUK membership (increase for additional benchmarking)</p> <p><u>External support</u> IdeasUK consultancy £3k</p>	<p>- A structured improvement programme would provide a clear framework for measuring and sustaining progress against specific criteria</p> <p>- Would drive the necessary improvements, particularly the need for the scheme to have a champion at CEO level and for it to be overseen and led by a small representative number of senior managers</p> <p>- Would continue to provide an unfiltered channel for employee innovation, both at individual and team level (although very few team suggestions are submitted)</p> <p>- Suggestions challenge the status quo. A "grassroots" perspective can bring to light processes that may no longer be relevant</p> <p>- Whilst the turn around rate has been generally poor, the evaluation and reward process is perceived as being fair and consistent</p> <p>- Would engage the business and provide</p>	<p>- HSE has no compelling vision for the future</p> <p>- Insufficient resources to deliver the programme</p> <p>- Poor programme management – no clear plans, communications and processes, no measures/performance indicators</p> <p>- Lack of leadership and buy-in from senior managers</p> <p>- Failure to recruit and train additional evaluators</p> <p>- Lack of buy-in from staff: continued poor perception and low participation rate</p> <p>- Resistance from business areas to implement ideas</p> <p>- No evidence of the benefits to the organisation and staff</p>

Annex 2			
Options	A. Scrap the staff suggestion scheme		
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	C. Develop new arrangements, which recognise and reward individuals and teams for developing creative solutions to support the delivery of HSE's key business objectives		
	Costs	Benefits	Risks
		<p>opportunities for more collaborative working and support organisational goals</p> <ul style="list-style-type: none"> <li>- Would provide a return on investment for ideas implemented</li> <li>- Would help to drive business performance and form an integrated part of business improvement</li> <li>- Would be a channel for celebrating success through focussed communication on activities and awards</li> <li>- Could be implemented within 12 to 18 months</li> </ul>	
<p><b>Option C:</b> <b><u>Try something different</u></b></p>	<p>- At least half the cost of Option A for day to day management, with additional effort required of approximately £20k for development and implementation</p>	<ul style="list-style-type: none"> <li>- Could expect a significant reduction in opportunity and support costs if processes reduced to, e.g. administering an annual award panel, but this will depend on eventual requirement</li> <li>- No requirement for ongoing evaluation and awards</li> <li>- Recognition and reward directly linked to the impact of an idea on improving the delivery of HSE's strategic programmes and other key business objectives</li> <li>- Greater integration with HSE's Economy, Efficiency and Productivity Programme and Fundamental Review themes (which could be used as award categories)</li> <li>- Potential ideas for recognition and reward can be identified from HSE's Economy, Efficiency and Productivity Programme and nominations from senior managers across all business areas</li> <li>- Greater potential for recognition and reward at team level (the Board agreed at its meeting on 5 March 2003 that a 'flexible</li> </ul>	<ul style="list-style-type: none"> <li>- Would need to change current policy. HSE has an inclusive policy on staff suggestions, in which everyone's contribution is recognised and staff have the opportunity to contribute ideas for improved ways of working.</li> <li>- Lack of leadership and buy-in from senior managers</li> <li>- The current scheme is an unfiltered channel for staff to put forward their suggestions for change and this would be removed. Would need demonstrably selling to staff</li> <li>- Poor programme management – no clear plans, communications and processes, no measures/performance indicators</li> <li>- Difficult in ensuring this approach is managed fairly and consistently in line with HSE values</li> <li>- Runs the risk of countering Central Government policy, which encourages staff suggestion schemes to improve services</li> <li>- No evidence of the benefits to the organisation and staff</li> </ul>

Annex 2		
<b>Options</b>	<b>A. Scrap the staff suggestion scheme</b>	
	<b>B. Refresh the scheme through a structured improvement programme</b>	
	<b>C. Develop new arrangements, which recognise and reward individuals and teams for developing creative solutions to support the delivery of HSE's key business objectives</b>	
	<b>Costs</b>	<b>Benefits</b>
	stand alone scheme should be developed for rewarding innovative work by teams')  - More likely for a return on investment, as ideas have already moved to implementation  - Could be implemented within 6 to 12 months subject to requirements	<b>Risks</b>



## **‘Creative Solutions’**

### **How would Creative Solutions work?**

#### **Five simple steps**

##### **STEP 1**

Consider whether you or your team have applied and delivered a creative solution to assist HSE achieving its key objectives (example [categories](#) and [solutions](#) attached).

##### **STEP 2**

Submit your nomination by using the intranet [form](#) (example attached).

##### **STEP 3**

You will receive an acknowledgement when your nomination is verified.

##### **STEP 4**

An SCS panel will meet once a year (e.g. October) to discuss and judge each nomination against set criteria (example [criteria](#) attached).

##### **STEP 5**

A shortlist of entries (maximum of five) and the overall winner will be published in Express. You or your team will be featured along with details of what you have achieved. All short listed entries will be awarded £250. The overall winner will receive £500 (both split if a team).

## Example award categories

Fundamental Review themes:

- Freeing up time
- Delivery
- Procurement
- Making the best use of science
- Working with others

## Example solutions

### Freeing up time

The introduction of leaner processes. Releasing time for front-line delivery.

### Delivery

Working more effectively with key stakeholders. Better business models and more joined up working.

### Procurement

The introduction of best practice guidance and supporting tools.

## Example judging criteria

Criteria	Points range (maximum of 35)
Innovation/Originality	1 to 5
Improved efficiency and effectiveness, with potential for wider implementation across HSE	1 to 5
Impact on services/customers	1 to 5
Improved quality	1 to 5
Measurable and sustainable benefits	1 to 5
Working in partnership	1 to 5
Teamwork	1 to 5

## Nomination form

Your details			
Name		Job title	
Directorate		Location	
Tel. number		E-mail	
Nomination details			
Is this your nomination or on behalf of a team? (tick as appropriate)	My nomination		
	Team		
If a team, please provide the names of each team member			
1.	2.	3.	
4.	5.	6.	
Does your nomination have a title?			
Categories for your entry:			
	Freeing up time		Delivery
	Procurement		Making the best use of science
	Working with others		Other (please specify)
Please state why your entry is worthy of an award, paying particular attention to the judging criteria			

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<b>Does your Line Manager support your nomination?</b>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<input type="checkbox"/>
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<b>Supporting comments:</b>
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<b>Line Manager's details</b>	
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<b>Name:</b>	<b>Email:</b>
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<b>Location:</b>	<b>Phone No.:</b>
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<b>Date:</b>	
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