

**PROPOSALS FOR AN APPRAISAL SCHEME
IN THE SENIOR OPEN STRUCTURE**

Results of the Consultative Process

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Introduction

1. This paper presents an analysis of the consultative interviews held during April and May 1986 with members of the Senior Open Structure in many government departments.

Its aim is to present the main interview findings in a form which makes it possible to gauge the weight of opinion on the various issues raised.

2. Detailed summaries of responses to questions are given in the annexes. It should be noted in reading these that not everyone had time to answer all the questions, and also that the report was, of necessity, being written whilst records of interviews were still arriving. This is why the total number of respondents is not held constant.

3. Details of the sample are given in Annex 10 by department, grade and specialism. A total of 77 consultative interviews was held: 21 with Grade 1s, 32 with Grade 2s and 24 with Grade 3s.

SUMMARY AND CONCLUSIONS

Overall reaction to the proposals as a whole (Annex 1)

4. In spite of some reservations, the vast majority of the people we spoke to were in favour of the proposals in principle. The reservations expressed were mainly to do with the concern that MPO might produce a scheme that would be inflexible, too elaborate, too formal, and that would take up too much time. This theme recurs throughout the records of the interviews.

Objective setting as part of an appraisal scheme (Annex 2)

5. The majority of interviewees were in favour of a process of objective-setting, either because it was a natural adjunct to the department's top planning system, or because it was a useful discipline in its own right. But most were aware of the difficulties, and 15 out of 52 people, a substantial minority, expressed reservations about the general proposal or particular aspects of it.

6. The difficulties voiced so far are very real and possibly common ones. It will undoubtedly be hard for a Grade 2 or 3 providing policy advice on controversial issues to Ministers, or pursuing specialist work, to set down precise forward objectives which are suitably well-defined in terms of quantitative indicators, timescales, or whatever. Another common difficulty may be that

staff at this level are often critically dependent on the contribution of their commands, which complicates the business of setting objectives on an individual basis. Where such genuine difficulties exist we should beware of insisting that targets should be set when their practical meaning and value may be strictly limited.

Should MPO set general principles to be followed or ask for common forms to be used? (Annex 6)

7. Common forms would probably be acceptable to all if they allowed sufficient room for adjustment at the margins, and were short and simple. Whether or not this will mean that departments design their own variations on model forms has yet to be seen, and a lot will depend on the extent to which MPO manages to produce something that departments like when it redesigns the draft forms.

8. The diversity in the views we gathered may be accounted for by people's understanding of the main aim of the new appraisal scheme. If this is to maintain and develop standards of individual performance in departments, then Heads of Department may wish, for example, to provide their own 'prompts' and thereby provide a departmental flavour to the performance assessment. If, on the other hand, the main aim is concerned with central career management, then MPO's prime concern will be to set and maintain common standards of reporting across the senior open structure in all departments.

9. This matter could perhaps be resolved by requiring common forms to be used for the promotion assessment, and for MPO to specify its minimum requirements for performance information as the basis for departmental variations on a model performance appraisal form.

10. There will, in any case, be a role for MPO to perform concerned with monitoring standards of reporting. Regular feedback to departments of information concerning standards across the whole civil service will be desirable.

11. As there is some urgency over implementing the new system in departments, it may be advisable to ask for common forms to be used at least for the first year. Otherwise considerable delays are likely whilst departments carry out their own design work and test runs of their forms

How much openness should there be? (Annex 3)

12. Most people agreed with the principle of openness so far as giving feedback on performance is concerned. There is however a lack of consensus about the most appropriate process in the scheme for bringing this about. The demand for flexibility was repeated here, although a few have said that rules need to be made explicit. Most people were against openness of the promotion appraisal form, although they would be prepared to give a general indication if asked.

13. There is a trend in the responses which suggests that it is Grade 3s who are most in favour of the disclosure of the written contents of performance appraisal forms. Two things which are different about this group may help to explain this trend: firstly, they have given their reactions to the proposals as potential appraisees only; and secondly, many of them now have some experience of practising open reporting down the line.

14. The Team has on more than one occasion encountered instances where line managers have assured us that their people know what they think of their performance, where we also have information to suggest otherwise. This is, of course, a common finding in management research: people's beliefs about how they behave do not always tally with accounts of that behaviour for any number of reasons. It suggests that some rules do need to be laid down about openness, and that some means for ensuring that people conform to these rules is devised.

15. A large majority of people is in favour of holding 'feedback interviews' (Annex 5), but these on their own will not entirely satisfy this requirement for openness.

16. Openness of reports is rather different from feedback which can be toned down or fudged. Resistance to showing performance reports will only be overcome by persuasion, perhaps over a few years. The outcomes expected by a few of dilution of what is written, and of quibbling over drafting points will, on the other hand, be overcome by firm leadership from heads of department. It remains to be seen how many of them will decide to take this step.

17. Bearing in mind that there exists some variation between departments in the practice of openness in their main appraisal schemes, MPO may need to allow for departmental discretion on this point in the new system.

Should self-appraisal be included as formal part of the scheme?

(Annex 4)

18. Most people regard self-appraisal as a valuable and important aspect of an appraisal scheme at these levels, but some doubts were expressed at the prospect of formalising it. Differing views were also held about whether self-appraisal should take the form of a written or an oral report.

19. A clear view of the majority to emerge from responses to this question was, however, that jobholders should play no part in making the formal assessment of their own performance.

20. The dilemma faced by MPO in setting down a central principle on self-appraisal which will meet the approval of departments, without appearing to 'over-formalise', is one of finding some way of ensuring that people actually do make the time for self-appraisal. Perhaps departments should be invited to choose between either written or oral reports and central guidance provided to cover both options.

What links should be made with job weight? (Annex 8)

21. Whilst there was widespread acceptance of the need for an assessment of jobweight, in relation to performance appraisal the difficulties in making the assessment were regarded as great by many and insuperable by some. In spite of this, most were content for a separate 'box' on the performance form to exist along the lines of our suggested draft.

22. There was a clear demand for MPO guidance to help overcome the difficulties with making the assessment. The biggest problems were associated with comparing a post with an "average for the grade", which to some was not a useful concept given the unique nature of many senior jobs, and in particular senior specialist posts.

23. Existing confusion about what precisely is being assessed by job weight, ie: the person or the post, needs to be cleared, but this on its own will not solve the problems described. If it is intended to place any reliance on these assessments, as could be the case in making performance pay decisions, considerably more work is required in this area.

Use of an overall performance mark (Annex 7)

24. There was overall acceptance of the proposed use of a five point rating scale, although a few would prefer there to be three points only.

25. A few people found it hard to see how they could compare a particular person's performance with the "requirements of the grade". A solution suggested to this was to ask instead for a comparison with the "requirements of the post". For this device to be useful, however, the jobweight section of the form would need to be providing more reliable information than it is designed to do at present.

What briefing should be provided to support the introduction of the new scheme? (Annex 9)

26. Few department said they would require any assistance from the MPO in launching the new scheme beyond model forms and notes for guidance. A 'launching brief' will nonetheless need to be prepared summarising key issues which may be used by Permanent Secretaries.

List of Annexes

- A1 Overall views of acceptability and workability of the proposals for an appraisal scheme in the Senior Open Structure.
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Overall views of acceptability and workability of the proposals for an appraisal scheme in the Senior Open Structure

Half of the people we consulted were definitely in favour of the proposals, eg: "the present procedures are both secret and arcane, and the pen pictures can be very scrappy, odd, and surely deficient for central career management". Another third were in favour whilst expressing some reservations. (Drawing a clear line between these two groups could not be done with absolute reliability.)

Members of the interviewing team have sensed something of a grudging acceptance on several occasions, for example: "It is difficult to resist the extension of formal appraisal arrangements up the line, so I go along with the proposals in general terms." "I'm in favour in principle, but in the Civil Service there is a danger of applying outside practices too simple-mindedly without taking into account differences between organisations."

The main fear expressed was of MPO "making too much of a meal of things" and over-formalising the scheme, eg: "it seems pointless to formalise when you're dealing with a handful of people who all know each other"; "I've known my boss and worked with him on and off since I joined the Civil Service, and I feel a certain discomfort at the prospect of formalised exchanges between us".

Nonetheless, the systematic and structured aspects of the scheme were welcomed by many, eg: "It's difficult to defend the untidy way this is handled at present"; "The present very fluid arrangements make it easy to forget what parameters are important". But the clear message to MPO was that the scheme had to be "simple, flexible and short."

Some felt that the timing was unfortunate and that the inevitable association in people's minds with discretionary pay would set up resistance to the scheme, eg: "My grade 2s are violently opposed to performance pay, and their attitudes to the scheme may be coloured by this"; "I dislike the proposals in that they are made in the context of discretionary pay, of which I am a violent opponent".

Whilst some felt that it was right and proper to cover all grades with appraisal schemes, others said that formal appraisal become increasingly difficult going up the hierarchy: "the closer jobs are to Ministers, the more difficult this becomes". There was also some fear, although not widely confirmed, that the system could cause embarrassment between people and disturb relationships within the tightly-knit management teams at the top of departments.

Overall reactions to proposals for an appraisal scheme
in the senior open structure

	Grade 1	Grade 2	Grade 3	TOTAL
IN FAVOUR	13	7	16	36
IN FAVOUR WITH RESERVATIONS	7	13	5	25
AGAINST	1	8	3	12
Total	21	28	24	73

Objective setting as part of an appraisal scheme

A number of interviewees said that objective-setting was already part of the system (especially where a close link was seen between the job holder's objectives and the department's top planning system), others that it would be a useful discipline ("I am convinced of the value of doing this"; "the overall process of defining objectives and writing them down is useful in itself"; "we all think we have a shared preception of objectives, but sometimes find we do not"). The difficulties were not, however, ignored, and particular reservations were expressed by 15 out of 52 people. They can be broadly categorised as follows:

1. "My job is too reactive to set objectives"

Several people commented that SOS jobs were often largely influenced by external pressures and demands. These frequently came out of the blue but often called for high priority treatment, and dealing with them was a key part of several SOS jobs. How, for example, could a person's handling of a major strike be reflected in the planning/objective-setting process? Requests from Ministers for briefing or advice were similarly difficult to predict yet were clearly of top priority. In another context a scientific or other specialist adviser often needed to respond swiftly to unpredictable external developments.

2. "My job is advisory...how can I set objectives for it?"

A similar number found considerable difficulty in the idea of setting objectives in areas where policy is formulated. These jobs involve synthesising complex information and providing detailed, lucid and soundly-judged advice to top management. It was difficult to see either how this process could be planned (at the outset) in any detailed or sensible way, or how a fair assessment of the quality of performance could be reached (at the end of the appraisal cycle) using the objective-setting and review approach.

3. "My job is constantly changing its priorities"

Closely related to the problem of reactiveness is the constantly changing order of priorities which affects many SOS jobs. "Milestones should not become millstones". Objectives at this level may rapidly become inappropriate to the need of departments which frequently have to review their allocation of resources and adjust to the new developments.

4. "Objective-setting gets harder the higher up you go" (though there was a contrary view to the effect that at command/Directorate/Grade 3 level objective-setting can be fairly straightforward as a result of its close connection with top planning systems).

Opinions were also divided about the desirability of separating out "personal" objectives. Some thought that these were indistinguishable from the objectives of the job-holder's command, while others saw a place for them especially where the job holder had personal responsibility for particular tasks (for example representation, a strategic review, or a major White Paper).

How much openness should there be?

Around half the people we spoke to were in favour of an open performance appraisal report with oral disclosure of promotion marks. This was most pronounced amongst grade 3s, two thirds of whom wanted to see open reporting, including five who felt that the whole system should be open. There is however, generally much less support for an open promotion report.

Those who had reservations felt that openness should be discretionary and not over-formalised. Only six people were actually against any kind of openness, everyone else was in favour of varying degrees of oral disclosure of reports' contents.

A few people were concerned about the effect of openness on relationships in the top management team, and a couple said that openness was unnecessary because they knew well where they stood.

Comments are listed overleaf to illustrate the categories that have been used for this analysis.

Summary of views about openness of reports

	Grade 1	Grade 2	Grade 3	TOTAL
IN FAVOUR OF SHOWING PERFORMANCE REPORT at least.	8	8	14	30
RESERVATIONS OVER OPENNESS RULE	6	4	3	13
AGAINST OPEN REPORTS	7	8	5	20
Total	21	20	22	63

OPENNESS: Examples of comments made

1. IN FAVOUR OF OPEN PERFORMANCE REPORTS (AT LEAST)

"The whole report should be handed over to the jobholder: it is, after all, their information. Grades 2 and 3 have a right to be told their prospects so that if they have reached a ceiling they can, if they wish, get out into industry or wherever. This is not just of personal benefit to them, it is also a more efficient use of the talent available in the country."

"We should show everything, but I don't want to see any of it myself. I've never seen my own appraisals and I never want to either."

"The degree of openness should be consistent with the line taken in the individual's department. We have open performance reports in the main system here."

"There is real value in openness from a managerial point of view...I simply do not understand why one should draw the distinction between performance and potential in this context."

"There is probably a generation gap here. Secrecy of reporting has bedevilled the Civil Service which needs proper management. One should not be coy about this. One cannot in any case tell in advance how the 'victim' will react. But this is not to say that there won't be cultural problems at first in introducing more openness."

2. MIXED FEELINGS ABOUT OPENNESS

"I'm slightly worried about too much openness, but maybe this is a cop-out. Performance appraisal should be open, and there should perhaps be oral disclosure of the promotion mark, should people want to know."

"Appraisers and the appraised should be encouraged, not obliged, to go in for openness."

"I'd prefer to read out, rather than show the performance form."

"I'm a bit concerned about the possibility of blandness. This should be very carefully tested in the pilot, but I'm basically for an open performance report although I don't think promotion should be open at all."

In favour of showing performance report, but "I'm not in favour of anyone other than the permanent secretary covering promotability at these levels, because there are too many factors and uncertainties involved. But the permanent secretary should do so on request."

Should self-appraisal be included as a formal part of the scheme?

The overall view is in favour of self appraisal. This is with the proviso that appraisees are not invited to write their own performance appraisal reports, nor to engage in discussion with their line managers with the explicit aim of reaching an agreement over the appropriate performance marking. Only a few people felt that an individual's written self appraisal should form part of the appraisal documentation. Some were concerned that this might prejudice or condition what was written, and a couple of others did not like the idea of exposing their own weaknesses on paper.

It seems that self appraisal is already regarded as a fact of life, and that it is considered to be of value both to the appraisee and the appraiser. The only divergence of views apparent from the interviews concerned the degree to which self appraisal should be formalised.

The table below summarises reactions to the proposal of formalising self appraisal as a step in the appraisal process. Comments illustrating the categories used for this analysis are given overleaf.

Summary of overall views on self appraisal as a formal part of the appraisal system

	Grade 1	Grade 2	Grade3	TOTAL
IN FAVOUR	10	10	9	29
IN FAVOUR BUT	6	3	7	16
AGAINST FORMAL- ISING S.A.	3	6	4	13
Total	19	19	20	58

SELF APPRAISAL: Examples of comments made

1. IN FAVOUR BECAUSE:

"We must have a system which allows the Permanent Secretary to treat grade 3s as responsible people and not as mere subordinates"

"It will help to disentangle individual performance from that of the unit"

"It's sensible to let appraisees give an account of how they have performed in their jobs: I do not always have a complete feel for what people are doing...particularly the best people"

"It would be a valuable tool in the system and one which people at this level are enlightened enough to use discriminatingly"

"It could be valuable in a remote chain of command"

"Some people have blind spots but others have an uncanny sense of their own shortcomings and self appraisal can make discussion of a person's performance much more useful"

2. IN FAVOUR BUT:

"I wouldn't endorse the idea of people completing their own appraisal form"

"It should happen orally but not on paper"

"Not everyone's good at this...it's not right for everyone"

3. AGAINST BECAUSE:

"I prefer to use self appraisal as a tactical ploy in the interview: don't formalise it"

"We can't have people making formal assessment of themselves"

"If it's to go on a person's file, we shall get less honesty and much less value from self appraisal"

"Evidence suggests that assessments of the self tend to be excessively harsh"

"It could be used against me if I were to put anything in writing about my own weaknesses"

Should feedback interviews be held?

A large majority is in favour of a discussion being held between the reporting officer and jobholder about the past year's performance and the tasks presented by the coming year, eg: "The interview is crucial to the process, concluding the cycle and allowing the reasons for non-achievement of objectives to be fully aired". A few grade 3s felt this should be mandatory.

Those who were not in favour preferred a more informal approach, eg: "at these levels there is a need to avoid a formal occasion which smacks unduly of a boss talking to a subordinate"; "Feedback should be happening throughout the year, and only summarised in a feedback discussion. It shouldn't really be necessary to have a formal discussion". The time that would be required was mentioned as a practical constraint by one Permanent Secretary: "The burden would be too great for me to interview all grade 3s".

Reactions to proposals for feedback interviews

	Grade 1	Grade 2	Grade 3	TOTAL
IN FAVOUR	8	6	6	20
MIXED FEELINGS	2	-	1	3
AGAINST	1	1	3	5
Total	11	7	10	28

Should there be a common form for all departments or central principles and varied forms?

The majority view is that the same forms should be adopted by all departments, provided that there is room for flexibility in their use. There was not a clear split in the answers to the question which tended to be spread along a continuum. Some Grade 2s and 3s who have been classified below as 'preferring a common form' felt that this could help to promote the concept of "a genuinely open structure", eg: "It would make members of the Senior Open Structure feel tht they were part of the whole Civil Service". Others regarded the common form as important for central career management and interdepartmental transfers.

There are other responses classified in the same box from people who made the proviso that additions and variations to the forms and procedures should be allowed, although all departments should provide the same information.

Those permanent secretaries opting for central principles only asked nonetheless for a model form and a set of guidelines to be produced by MPO. Some of them felt that the variations between departments were too wide for common forms to be appropriate. One stressed that it would up to the MPO to call a department to account if the information being provided was not up to standard.

Summary of preferences for common forms or central principles

NB: The dotted line indicates that the two categories are two ends of a continuum, and some responses lie at the margins.

	Grade 1	Grade 2	Grade 3	TOTALS
COMMON FORM PREFERRED	10	12	17	39

CENTRAL PRINCIPLES PREFERRED	6	2	-	8
Totals	16	14	17	47

Should an Overall Performance Mark be included?

Rather more than half of the people asked this question felt that an overall performance mark based on a five-point scale would be an acceptable element of the appraisal forms. For example: "I am content with the tick in the box on egalitarian grounds...if it does for them, it should do for us" ; "It will make it clearer when, for instance, premature retirement is necessary. Poor performance will be indicated as a box 4."

At the same time, under a quarter of the people who commented were against the use of such a marking, because it would be "too stylised for these grades", or because of the varying standards that would exist between departments. Another point made by a few was that: "the phrase 'requirements of the grade' doesn't mean much at these levels. A person either does a job well or not and there's a wide variation between the jobs." One person suggested that it would be preferable to refer to the "requirements of the post" instead.

A couple of people doubted that anyone's performance would be unacceptable at these levels, and three suggested that the five point scale should be reduced to a three point one.

Summary of attitudes to the use of an overall performance mark

	Grade 1	Grade 2	Grade 3	TOTAL
IN FAVOUR	7	8	8	23
MIXED FEELINGS	1	3	3	7
AGAINST	2	5	2	9
Total	10	16	13	39

What links should be made with JOB WEIGHT on the Form?

Most people were in favour of including job weight as a section on the performance appraisal form. Many of them said that wide variations existed between jobs at the same level, and also within the same job over time. But the importance was stressed of using the necessarily subjective assessments with caution: they would be limited by the assessor's experience and may only have validity within one department.

Many people felt that it would be very difficult to make these assessments. The meaning of the phrase "average for the grade" needed to be spelt out, and clear guidance would have to be provided. One person suggested that the Head of Department would need to assess the strategic value of each job before the assessment was made.

Mention was made by some of the perceived interaction between a person and a job: as standards of performance are raised, so the job weight increases. Others suggested that there was an element of "horses for courses" in the allocation of people to particular jobs, implying that the higher performers tended to be selected for the weightier jobs. It would therefore be necessary to ensure that it was the job that was assessed and not the person.

Overall reactions to job weight section of form

	Grade 1	Grade 2	Grade 3	TOTAL
INCLUDE AS PROPOSED	13	13	22	48
YES, BUT NO SEPARATE BOX	3	2	-	5
CAN'T BE ASSESSED	-	4	2	6
DON'T INCLUDE	4	-	-	4
Total	20	19	24	63

What briefing should be provided to support the introduction of the new scheme?

The majority view is that departments will and should "run their own show" led by the head of department. Only two Permanent Secretaries asked for any input from expert outsiders who had had recent experience of introducing or updating an appraisal scheme for top managers.

A couple of comments referred to the existing training booklets describing the scheme for Grade 5 and below: they suggested that the new scheme was so closely modelled on the other one that nothing further was needed. The proposal for seminars from MPO was not popular, but an MPO presence at 'launch' meetings in departments was suggested by ten people.

Many people stressed the importance of proper briefing at the outset, and a few of these regarded this as easy to achieve.

Summary of views about what briefing is required

	Grade 1	Grade 2	Grade 3	TOTAL
WRITTEN GUIDANCE ONLY (MPO)	9	9	18	36
OTHER MPO/OUTSIDE EXPERT HELP	7	3	2	12
Total	16	12	20	48

**CHARACTERISTICS OF SAMPLE: NUMBERS INTERVIEWED
BY GRADE AND SPECIALISM**

1. Departments with Grade 1 Heads

<u>Department</u>	<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 3</u>	<u>Total</u>
MAFF	1	1	1	3
Customs & Excise	1	1		2
Ministry of Defence	1	1+3(Sc)*	1(P&T)	6
DES	1		1	2
Employment	1	2	1(E)	4
Energy	1	1	1	3
Environment	1	2+1(Sc)+ 1(P&T)	2	7
Transport	1	1		2
ODA	1		1	2
DHSS	1	1+1(M)	2	5
Home Office	1	1+1(L)	1+1(L)	5
Inland Revenue	1	1+1(IT)	1	4
NIO	1			1
Scottish Office	1	1	1	3
Trade & Industry	1		1+1(Sc)	3
Treasury	1	1	1(E)+1(Sc)	4
Welsh Office	1		1	2
Lord Chancellor's Department	1		1	2
DPP	1			1
Treasury Solicitor	1			1
Cabinet Office	1 (St)	1	2+1(St)	5
TOTAL	21	23	23	67

2. Departments with Grade 2 Heads

<u>Department</u>	<u>Grade 2</u>
Land Registry	1
HMSO	1
Law Officers' Department	1 +
Lord Advocate's Department	1
Crown Office	1
ECGD	1
Government Actuary's Dept	1
GCHQ	1
Dept. of National Savings	1
OPCS	1
TOTAL	10

* Key overleaf

+ Head by a Grade 3

3. Total all Departments

<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 3</u>	<u>TOTAL</u>
21	32	24	77

Number in sample

<u>Key:</u> E	Economist	2
IT	Inspector of Taxes	1
L	Lawyer	2
M	Medical Officer	1
P&T	Professional and Technology	2
Sc	Scientist	6
St	Statistician	2

Notes

1. The interviews were carried out, often in pairs, by the following (number of interviews attended in brackets): Sir George Moseley (17), Miss Mueller (7), Mr Morgan (6), Mr Wollen (28), Mr Laughrin (4), Mrs Brock (10), Dr Walker (8), Ms Fairbairns (17), Mr Cann (12), Ms Gillie (10).
2. PEOs and other senior staff were present at 8 of the interviews with Permanent Secretaries. These people have not been included in the sample numbers.
3. Three of the 'interviews' in the sample were conducted by correspondence.





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EVALUATION OF THE PERFORMANCE
BONUS EXPERIMENT

End of Year One Results and Conclusions

June 1986

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SUMMARY

This report presents the findings from the evaluation of the first year of the performance bonus experiment. The evaluation will run throughout the three years of the experiment, and its purpose is to enable the MPO and Departments to advise Ministers on whether and how to proceed with the bonus scheme. The evaluation has focussed on the impact of the scheme in five Departments, but we have also collected data across the Civil Service on the operation of the scheme generally.

There has been some variation between Departments in the way in which the scheme has operated, but in most cases bonuses have been awarded on the basis of judgements about relative performance made at the end of the period. Most bonuses went to staff with a box 1 or 2 marking on their annual staff report. Fast stream administrators received proportionately more bonuses than did non fast streamers or professional specialists.

The administrative cost of the scheme was about £1 million; the recurring annual cost of running the scheme £870,000. Over the course of the year managers spent on average between three and four and a half hours of their time on the scheme.

The scheme was implemented smoothly and a number of last year's fears about its impact have not been realised. Managers have been relieved to discover that they could operate such a scheme, and fears about the destructive effects on working relationships have not materialised.

In general people are still in favour of linking pay to performance, but non-recipients of bonuses (by far the majority) feel less well disposed to the scheme than they did last year. Senior managers feel more positively about the scheme than their junior colleagues. People are more unclear than they were last year about the procedures, objectives and criteria associated with the scheme. They feel the scheme to be unfair and to a great extent irrelevant to their work. There has been no perceptible effect so far on performance, and people are doubtful about the impact on motivation.

The negative feelings about the scheme have to do with lack of clarity about the criteria and the failure to link the scheme with other performance management systems. The scheme has been noticeably more acceptable where it has been used as a way of providing positive feedback to staff who have clearly performed exceptionally well.

The general climate and levels of job satisfaction have not changed significantly since the last survey. However people were more dissatisfied about pay than they had been last year (the survey was taken before the last pay offer). They feel that there is still no link between performance and pay.

X We conclude that changes need to be made to the design and management of the scheme if it is to be given a reasonable chance of success. The changes include more positive top management commitment, clarification of criteria, amendments to the limitations on the number of bonuses allowed, consideration of a larger bonus pool, improved face-to-face communications and the forging of links with other aspects of performance management.

We recommend that these changes should be considered with a view to issuing guidance in year 2 and modifications in year 3.

27 [Many of the lessons emerging from the evaluation of the bonus scheme also apply to the introduction of range pay, but the latter is a much more fundamental change. The changes which need to be made in relation to the bonus scheme could also help to pave the way for range pay, which itself would overcome some of the basic problems of the bonus scheme].

INTRODUCTION

The Purpose and Shape of the Evaluation

The purpose of the evaluation of the performance bonus experiment is to provide a sound and clear set of results to enable the MPO and Departments to advise Ministers whether bonus systems should be continued, amended or abandoned at the end of the three year period. The terms of reference for the study are:

"To study the operation of the performance bonus scheme and its relationship to the wider strategy of improving management in the Civil Service, including the clarification of objectives and the accountability of managers for them.

During the course of the experiments, to liaise with departments included in the evaluation programme, presenting them with information which will help to develop and refine their merit pay systems.

At the end of the experimental period to present findings to Sir Robert Armstrong, head of the Civil Service, in time to enable Ministers to decide in the light of accumulated experience, whether merit bonus schemes should be continued, modified or ended, in the 1988-89 financial year.

Bearing in mind the policy of enhanced management performance and effectiveness to identify those factors which influence the outcomes of performance bonus systems in Departments.

To monitor the effect of the introduction of performance bonuses on the motivation and morale of Civil Servants in the scope of the experiments".

In order to ensure objectivity, the evaluation has been carried out by a team of outside consultants who themselves took no part in the design of the scheme, but who have considerable experience of the operation of such schemes elsewhere. The evaluation programme has been designed to tackle a variety of questions about the impact and effectiveness of the bonus scheme. It addresses both questions of fact about the operation of the scheme as well as questions about attitudes and motivational effects. Clearly, it is difficult to disentangle the precise effects of the bonus scheme on performance, motivation and morale, from the effects of the wide variety of other managerial initiatives in Departments. What we have done is to monitor and review the impact of the scheme in a number of different ways, drawing on different kinds of data to produce a composite picture.

The evaluation consists of the following:-

Surveys of a 10% sample of staff in the eligible grades in five major Government Departments. We have conducted two sample surveys - one prior to the awarding of bonus payments (July 1985) and one immediately after the first year of the scheme. This year, we received questionnaires from 1,100 respondents of whom 214 had received a bonus. The surveys ask about the impact of the scheme, its general acceptability and its effect on performance, motivation and morale. We have in this way been able to compare results now with those before the bonuses were awarded. Part 2 of the Appendix to this report gives the full results from this year's survey. In Section 3 we draw conclusions from the survey and present those findings which appear to be significant.

A series of case studies were carried out in four of the five Government Departments which were covered by the survey. The case study organisations were: The Unemployment Benefit Service (Department of Employment), The Royal Aircraft Establishment, Farnborough (Ministry of Defence), The Driver and Vehicle Licensing Centre at Swansea (Department of Transport) and the VAT Directorate (H.M. Customs and Excise). The purpose of the case studies is to illuminate and illustrate the findings from the survey. The case studies were carried out by consultants who visited each of the case study sites for two or three days and interviewed a cross section of people in the eligible grades there. This process took place both last year before the bonuses were awarded and in the early part of this year following the awarding of the bonuses. The case studies have given us an extremely useful insight into the day-to-day effect of the scheme at the "grass-roots". We have supplemented our findings from the survey where appropriate by material from the case studies.

An administrative audit, designed to track the administrative cost of implementing the bonus scheme. The full results are given in part 4 of the Appendix, but in Section 2 of this report we briefly summarise the results from this part of the evaluation.

A factual review of the design and operation of the schemes across the Civil Service as a whole, including a full analysis of the patterns of distribution of bonuses.

A series of interviews and discussions with senior members of the five Departments who participated in the central evaluation, including the PEOs. These discussions have helped us to understand more fully the results which are emerging from the evaluation, and their implications. They have also enabled us to take account of Departments' own evaluation results and any lessons learnt about the management of the scheme. In addition, we have discussed the scheme with members of the Treasury, Cabinet Office and the MPO.

Key Issues at this Stage

The experiment is intended to run for three years. We would not expect the full effects of the bonus scheme to be apparent yet. In our view the key questions at the end of the first year are:-

- * Can the scheme be operated in practical terms?
- * Does everyone concerned understand it?
- * How do those who are eligible regard it?
- * What effects so far has it had on their work?
- * What effects so far have there been on management practices?

It may be helpful to note here that the final test of an established bonus scheme is not whether it is easy to operate, or whether it is popular, or whether it fits in with other initiatives. All these have a bearing. But the test is whether the money put into a bonus scheme shows a good return in terms of better individual and overall performance and more effective management, and whether that return is greater than could be obtained in other ways. The answer is difficult to get at, which is why various proxies and part-measures are needed, but that is nonetheless the question.

II

THE OPERATION OF THE SCHEME

The Scheme in Practice

We have prepared an updated version of our previous typology of schemes, which is included as Part 1 of the Appendix to this report. The typology summarises the differences and similarities between the various schemes adopted by Departments. It is based on the letters, memoranda and notices by which Departments have promulgated details of their schemes, supplemented by information from all Departments about any changes to these formal statements, and by a separate exercise which we carried out to assess how Departments communicated and monitored the bonus experiment.

The main aspects on which Departments have some freedom to act, and therefore on which there are variations are as follows:

- the criteria by which recipients should be selected;
- the method of assessment;
- the size of the awards and the number of awards to be made;
- the instance of special bonuses;
- the introduction and evaluation arrangements.

We cover the arrangements made across Departments on each of these elements in the Appendix, and summarise the main results below.

Implementation

All Departments apart from the Royal Mint and the Scottish Courts Administration implemented a performance bonus scheme in 1985/86. Most Departments set a timetable whereby nominations were submitted at the end of the calendar year for consideration early in the new year. Some Departments made payments earlier than this e.g. the Home Office and The Foreign and Commonwealth Office where payments were made in the Summer of 1985. The reason for this was the intention to synchronise the bonus cycle with the annual reporting cycle.

Two Departments chose in advance not to award special bonuses - DHSS and the Home Office.

Out of approximately 20,500 staff, some 16% received annual bonuses and a further 1% received special bonuses. The average value of the annual bonus was around £1,000, and the average value of the special bonus about £500.

Criteria and Assessment

The service-wide rules give some guidance on criteria, encouraging Departments to reward "particularly good performance", taking into account achievement of results, difficulty of their achievement and energy and application shown. Sir Robert Armstrong in his notes for guidance emphasised the competitive element and the need to base the judgements on known factors directed primarily towards the attainment of the organisation's objectives. He also recognised the need to seek to enhance motivation more generally.

Most Departments gave guidance to line managers on the criteria to be used. The criteria tended to fall into one of four categories: overall general performance, difficulties faced in doing a job, consistent effort (on the part of those who are not necessarily high flyers or do not have the opportunity to 'shine'), and the achievement of key objectives.

Most Departments in addition gave line managers some form of guidance on the method of assessment to be used in selecting nominees for bonuses. This divides into two broad types of guidance: overall judgements and objective measures. In the former case, line managers were asked to think through who might be, for example, in the top 20% of performers. In the latter case objectives were to be set in such a way that their achievement or otherwise could be assessed either by direct observation or management information. In a few cases these measures were quantifiable and in others linked to the annual staff report. Four Departments advised managers that objective measures should be used in assessing potential recipients. These were DHSS, Land Registry, ECGD and OPCS. However no Department has based the assessment wholly on such measures. In three cases where assessment was linked to predetermined goals, this was done by using the annual staff report to set objectives against which performance would be judged.

In most Departments assessments were to be made after the event by exercise of informed judgement and in accordance with the criteria laid down in the general guidance. It is clear that the actual operation of the scheme varied from the written guidance to some extent, and findings from the case studies and the survey give us a rather different picture from that painted in the departmental guidance. For example it is clear that in some cases bonuses have been given to compensate for jobs being larger or more challenging than others in the grade. The Ministry of Defence have carried out their own analysis of the citations made at the time of bonus recommendations. They have identified 13 kinds of reasons for awards ranging from "heavy workload" to "saves money" but also including "working alone" and "shortage of staff".

The Operation of the Scheme

In most cases Departments adopted a centralised approach to the process for agreeing bonus awards. In such cases nominations for bonuses were collected centrally, usually by a personnel division, and subjected to a paper sift and then considered by a panel. The panel was usually a senior management group, and in some cases an intermediate sift (e.g. by Grade 2s) was conducted before the panel met.

In other cases a decentralised approach was adopted, particularly in those Departments where the scale of the operation made this more appropriate e.g. Ministry of Defence, Inland Revenue. In these cases, the fund was allocated amongst senior officials each of whom had discretion to select bonus recipients within the restrictions of the rules. The money was distributed in direct proportion to the salary bill of eligible staff, and in some cases the centre exercised a limited moderating role.

In very small Departments the most senior officer simply made a judgement as to who should receive the bonus having consulted others as he felt necessary.

Size of Awards

The service-wide rule was that no bonus should be less than £500. Many Departments did not set rates or ranges for awards from the outset, but adopted a variety of approaches on the size of awards.

- o Flat rate for all bonuses (Home Office only);
- o Fixed rate for each grade (e.g. Inland Revenue, DHSS);
- o A range within which performance decides the size of the award (e.g. Treasury);
- o A scale of ranges with the range determined by grade but the position within range determined by performance (e.g. MOD and MAFF);
- o A scale of fixed rates to be selected according to the recipient's level of performance (eg. FCO);
- o The largest bonuses paid were £3,000 for an annual bonus and £1,500 for a special bonus. The smallest bonuses paid were £500 for an annual bonus and £100 for a special bonus.

Communications

Most people first heard formally about the scheme through an office notice of some kind. The content of these notices varied greatly. DHSS for example produced an eight page notice with annexes whereas other Departments reproduced the service-wide rules and indicated who would be accountable for nominations. In many of the large Departments those who were to run the scheme were invited to comment on a draft of the scheme before it was finalised. No Departments trained staff to run the scheme although in a few cases (e.g. MOD) presentations were made to senior officers to explain its operation.

Following the payment of the first bonuses, Departments have had to consider how to make known the results. In this all have been constrained by the prohibition placed by the service-wide rules on the publication of names of recipients. Although Departments were given discretion as to whether to publish the names of special bonus recipients, in general this has not happened. Departments have on the whole informed recipients that they were to receive an award but no more. A few Departments published a summary of the numbers of bonuses paid.

It is clear from the case studies and the survey that some senior managers have chosen to inform both recipients and non-recipients, but this is rare. We return to this issue in Section III.

Who Received Bonuses

As part of the evaluation we carried out an analysis of the recipients of bonuses across the Civil Service in this first year to see whether there were any statistically significant differences between groups of people in receiving bonuses. We have had a number of difficulties with this because of the availability of accurate data. On the basis of data collected so far from 50 Departments (based on 17,700 records out of a possible 22,000) we draw the following conclusions*:-

- o Men and women were equally likely to receive a bonus.
- o Those with less than 2 years or more than 10 years service in the grade were less likely to receive an award. There is little difference in the incidence of awards for staff with between 2 and 10 years service in the grade.
- o Total length of employment in the Civil Service does not seem to be a factor in determining whether or not people received a bonus, except for those with less than 5 years service, who were less likely to receive one.
- o Grades 4 and 5 received significantly more bonuses (20% and 19% respectively) than Grades 3 and 7 (14% in each case).
- o Fast-stream administrators received significantly more bonuses than other groups (21%).
- o Scientists and members of the P&T Group received significantly fewer bonuses than other groups (14% and 11% respectively).

* These conclusions remain provisional, until further checks are completed on the data.

- o Nearly all awards (93%) went to staff with a box 1 or 2 marking. However 55% of those with a box 1 marking and 75% of those with a box 2 marking did not receive a bonus.
- o All but one of the special bonuses went to staff at Grade 5 and below.

Part 4 of the Appendix gives a breakdown of the statistics on these factors.

The Administrative Cost

As part of the evaluation we set up a process for monitoring the administrative cost of running the scheme in the five Departments concerned with the central evaluation. These costs are on the basis of time spent by managers and central divisions in running the scheme. They are in that sense opportunity costs and do not represent additional running costs for the Civil Service.

So far the scheme has cost about £1 million in administration. This includes the non-recurring cost of setting up the scheme, the cost of evaluating the scheme within Departments, central administration within Departments and administration by line managers, including appraisal, the writing of nominations and decisions on awards. We have based this conclusion on data collected from the five Departments in the central evaluation and have extrapolated across the service as a whole. We accept that this is a crude approximation but we feel it is a useful indicator of the overall levels of administrative effort being put into the scheme. By far the greatest part of the overall cost is represented by line management costs. Managers with line management responsibility for staff involved in the scheme spent on average between 3 and 4.5 hours on it in the course of the year.

Based on these figures, we estimate that the annual administrative cost of this scheme across the Civil Service as a whole will be £870,000.

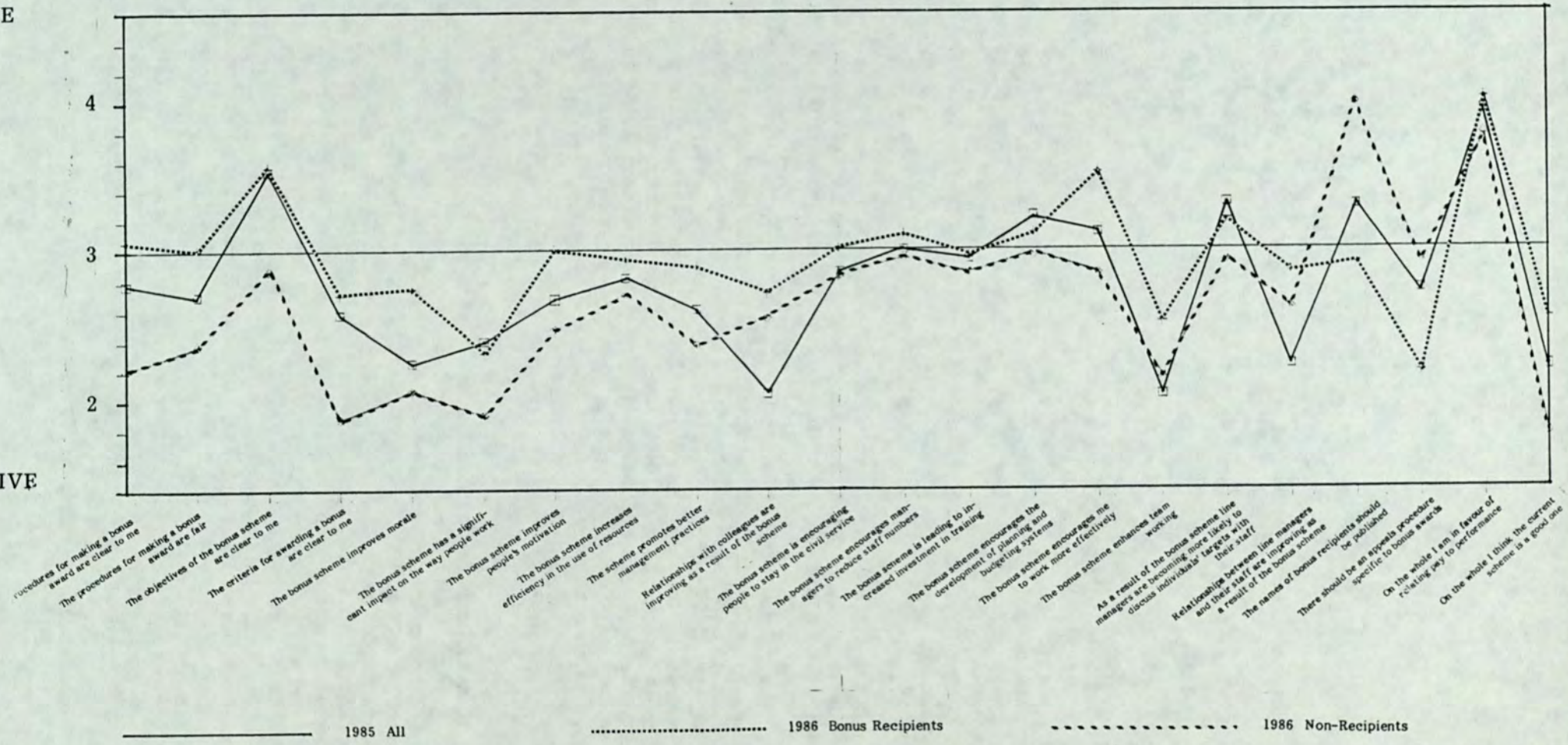
The detailed breakdown of the administrative costs of the scheme in year 1 is given in Part 3 of the Appendix. Table 2 there shows considerable variation between Departments in terms of the pattern of time spent by different levels of management. This to some extent reflects the size and scale of the Departments and the extent to which the schemes were decentralised. On average Departments devoted the equivalent of 17% of the value of the bonus allocation to the administrative effort involved.

There are two ways of looking at the work of administering the scheme. In one way it is properly regarded as an additional cost to be added to that of the bonuses themselves in putting a price on the scheme as a whole. In another way it represents the effort which managers have thought it necessary and worthwhile to devote to the scheme. To that extent it is artificial to draw a distinction between management activity aimed at improving performance through the bonus scheme and management actively aimed at improving performance by other means. Insofar as 3-4.5 hours per year really does reflect the individual manager's time spent on the bonus scheme, we would argue that it is much too small.

Figure 1
 The Impact of the Bonus Scheme: Mean Scores
 1985 & 1986

POSITIVE
VIEW

NEGATIVE
VIEW



1985 All

1986 Bonus Recipients

1986 Non-Recipients

III

THE IMPACT OF THE SCHEME

Attitudes Towards the Scheme in General

Administratively the scheme has been implemented fairly smoothly. Departments have not found it as difficult as they expected to identify people who merit bonuses. The internal machinery has worked well and there have been few refusals or appeals.

One of the most striking features of this year's survey however is a generally more negative view than last year, from people who did not receive a bonus who of course account for a large majority of the population (83%). Figure 1 opposite shows the pattern of responses to the question in the survey which asked about overall attitudes towards the scheme. We have, in the chart, separated out the responses of recipients and non-recipients and compared them with respondents as a whole last year.

The full results on this question are given in Part 2 of the Appendix, but the following findings are of particular interest:

- o People still are in general strongly in favour of linking pay to performance (78%). However people are not in favour of this scheme (68% of the whole sample), and this includes 47% of recipients.
- o In general those at Grade 2 and 3 feel more positively about the scheme than those at lower levels.
- o People are much less anxious about the impact of the scheme on working relationships with colleagues and on team working than they were last year, (68% said that they felt relationships would deteriorate in 1985, compared with only 28% in 1986, and 68% compared with 54% said it would damage team working).
- o Similarly people feel less negative about the effect of the scheme on relationships between line managers and their staff - 57% and 27% respectively in the two years.
- o People are less clear about procedures, objectives and criteria associated with the scheme than they were last year, but a higher proportion of those who received awards are clear than are those who did not.
- o People still feel the scheme is unfair. Again, more of those who received an award feel procedures to be fair (33%) than those who did not (8%).
- o A substantial proportion (over half) feel the scheme reduces morale. 38% of recipients feel this, compared with 59% of non-recipients.

- o Respondents at Grades 2 and 3 are clearer about procedures, criteria and objectives than those in lower grades, probably because they have been much closer to the operation of the scheme. For similar reasons they tend more to feel that procedures are fair than people at Grade 7. Only 7% of people at Grade 7 feel that the scheme is fair whereas 71% of people at Grade 2 and 43% of those at Grade 3 feel it is.

The case study material has been useful in understanding some of the issues which lie behind these attitudes. Our impression is that where the awarding of bonuses has been linked to explicit criteria and where personal feedback from senior management has been given, it has been more acceptable. For example, at one of our case study locations, DVLC, a letter from the Permanent Secretary to the bonus recipients commending the individual concerned was handed over in each case personally by the Director. This seems in itself to have enhanced the effect of the scheme on morale, although so far there is little evidence of any significant effect of the bonus scheme on the performance of DVLC overall. Similarly in the Unemployment Benefit Service a more positive attitude has developed particularly amongst the more senior managers towards the scheme. Again this is linked to the way in which bonus recipients heard about the bonus and the fact that this was communicated directly.

Amongst our case study examples, where people learned who received a bonus, and where they felt the awards had been fairly distributed, there was a distinctly more positive attitude towards the scheme than last year. By contrast, where confidentiality was extremely tightly applied, and where the awarding of bonuses was not linked directly to visible performance achievement, it was less likely to be acceptable to staff.

Impact on Performance and Motivation

The question of acceptability in general however needs to be separated at this stage from that of performance improvement. Our case study work confirms that so far there is no visible effect on performance or overall motivation. This is confirmed by the survey results.

ie. 6% down or are neutral
 Most people are uncertain about the impact of the scheme on effectiveness, but a substantial number (39%) of bonus recipients feel the scheme encourages them to work more effectively. This is in contrast with only 7% of those who did not receive an award. We asked people in the survey who were line managers of staff eligible for a bonus for their views on the impact of the scheme. Most line managers (73%) feel there is room for improvement in the performance of their staff. However fewer than last year feel that the performance of their staff is improving as a result of the scheme (8% in 1985, 1% this year) and fewer feel the bonus scheme helps them to manage performance than felt that last year (12% in 1985, and 8% this year). However, fewer managers than last year feel the scheme is damaging morale (47% in 1985, 30% in 1986).

The group as a whole are less certain of the impact of the scheme on motivation than they were last year. However about a third of those surveyed feel that the scheme has a demotivating effect. 27% of bonus recipients, but only 6% of non-recipients feel the scheme improves motivation.

Views on Morale and Motivation from the Open-Ended Questions

In the open-ended questions in the survey, many respondents, particularly senior staff, commented on how the scheme was affecting their part of the Department. The percentages of people who responded on any one issue in these questions is small, but these comments often illustrate the views expressed by others elsewhere in the questionnaire.

Eleven per cent of all participants in the survey, commented that the scheme had little or no impact on their area of work and 10% said that they felt it had been divisive. Examples of these views include:

"as presently applied, it is potentially damaging to the organisation; I am pleased to report however that it has had no perceptible impact at all" - a Grade 4 (MOD).

Many respondents commented that the scheme has the potential to be valuable but that this potential has not been realised.

Seventeen percent of bonus recipients commented on how the scheme had affected their own morale and motivation. The emphasis in the comments was on the importance of the bonus as a token of esteem rather than for financial gain. For example, one MOD Grade 7 said:

"it has been a very agreeable experience, not that the money itself is too important, but that my employer has shown his appreciation in such a way that I can only respond by endeavouring to give more in return".

Non-recipients were more likely to say that the scheme had had no effect on their motivation than to say that it had demotivated them. There were some non-recipients however who expressed deep dissatisfaction at not having received a bonus. For example:

"I have worked very many unpaid extra hours/averaging 60 hours a week or more. I am very seriously considering stopping all of this additional work and leaving the Civil Service, after many years".

It is clear that all of those involved in the scheme have real doubts about its impact on performance so far even though there is a difference between recipients and non-recipients on their view of its impact on effective working. There is however some evidence to suggest that managers are beginning to improve their skills in discriminating between people on performance assessment overall. This emerged both from our discussions with PEOs, and from the case studies.

The fact that the bonus scheme is seen as not directed towards performance improvement seems to be related to certain features of the scheme, and we have pursued this through the case studies and in our interviews with PEOs. The first feature which seems to inhibit the motivational aspects of the scheme is the lack of sufficiently well developed and visible criteria against which to assess potential bonus recipients. This combined with the extreme levels of secrecy which applied in certain cases, has meant that people feel in the dark about how the scheme is operating, and the criteria which are being applied. The majority of those in the relevant grades now feel less clear than they did last year because of the secrecy which has surrounded the whole process. It is however difficult to lift that secrecy without making the criteria explicit, and this in turn is difficult to achieve with a scheme which limits distribution of bonuses to 20% of potential recipients. We return to this question in Section IV of the report.

Impact on Management Practices and Communications

We asked a number of questions in the survey about the impact of the scheme on management practices and about the way the scheme had been managed and communicated to staff. The main findings are as follows:-

- o Most people who were asked are uncertain of the impact of the scheme on management practices in general. Of those who had a view, about a quarter of bonus recipients feel that the scheme undermines good management practices, and this rose to almost half of the non-recipients.
- o Nearly all managers (91%) agree that setting clear objectives is important in managing the performance of their staff, but even fewer than last year feel that this scheme helps them to set targets focussing on end results (4%).
- o A clear majority of the people surveyed feel that the scheme is having no impact on the basis for performance assessment. Only 3% feel the basis has changed as a result of the scheme.
- o People in general do not feel that the scheme is affecting staff wastage levels.
- o Most people do not see a clear effect on planning and budgeting systems. Of those who do, a larger number of recipients (16%), than non-recipients (9%) feel it encourages such systems.
- o Most people (68%) do not discern any impact on the extent to which line managers discuss targets with their staff.
- o Of those who did receive awards amongst our respondents, 45% first heard in writing, usually from the head of their Department. Over a third heard first in discussion, usually with their line manager. Half of those who received an award have discussed it with their line manager.

- o Amongst bonus recipients, 47% are unclear as to the criteria used for making awards in their Department and two thirds said they did not know who else received an award.
- o Those who did not receive bonuses generally heard in discussion or in writing from a source other than their line manager. A fifth had discussed awards with their line manager but over 70% said that they did not know who got awards nor what criteria were used in their Department.

Our case study work confirms the general impression that the bonus scheme has been operated separately from other performance management systems e.g. the annual appraisal cycle. People told us that it had not been linked to the setting of specific objectives against which performance would be assessed, and that the scheme was itself treated as an entirely self-contained exercise which did not seek to tackle the most pressing staff management problems, and therefore was to some extent irrelevant.

The differences between the case study organisations in terms of communications practice have been touched on already, but it is interesting to note that in the one case where confidentiality broke down and where people had a very clear view as to who had received bonuses and why, staff were in general pleasantly surprised by the knowledge of who their managers had and had not selected for bonuses. During the first round of interviews in this organisation there was an almost universally expressed fear that bonuses would be awarded only to high flyers, who would in due course get their reward through promotion anyway, and not to others who, though not expecting promotion, could turn in an excellent performance in their jobs. Because these fears were allayed by the distribution of the bonuses to both those who were perceived as high flyers and others, people were in general less critical of the scheme than they had expected to be.

A study of the effect of the scheme on staff below Grade 7 was not part of our remit for this year, but some information was available, particularly through the case studies. There was a feeling (particularly in those organisations such as the Unemployment Benefit Service and RAE, Farnborough where problems of recruitment retention and motivation are primarily at levels below Grade 7) that the scheme was aimed at the wrong level.

There was a noticeable contrast between some of the case study organisations in the way they handled the confidentiality aspects of the scheme. In the VAT Directorate of Customs & Excise the confidentiality surrounding the scheme appeared to have been maintained absolutely. We met no-one who admitted any knowledge whatsoever about who had or had not received bonuses except those who had eligible staff within their command. Such was the aura of confidentiality that some staff appeared to us to believe that they would be in breach of discipline if they told their colleagues whether or not they had received bonuses and one member of

staff refused to tell the consultant whether or not he had received one. This is in contrast to, for example, the Unemployment Benefit Service where a grapevine at the UBS headquarters had led to everybody there knowing which staff had and had not received bonuses. This was despite the fact that there had been no formal communication to non-recipients about who had and had not received bonuses. In the same way, our interviews in the Southern and Eastern Regional Offices both housed in the same building in London revealed that their grapevine had revealed to everyone who and who had not got bonuses within those offices, but there seemed to be no effective exchange between the two buildings.

In the open-ended questions within the questionnaire some people took the opportunity to comment about communications. The results are shown at Question 17 in Part 2 of the Appendix. Many people felt that they know little or nothing about the scheme. Their comments included:

"the only information I have had has come from the Times";

"I think 99% of the people have never heard of the scheme";

"there is no indication that either myself or any of my staff have ever been considered for inclusion in a bonus scheme".

Many of these comments came from people who had been promoted or transferred into a branch or small department after the scheme had been announced. Others said that they had never seen whatever was sent around or that they vaguely remembered reading something but had forgotten the details. In response to a specific question on the questionnaire, bonus recipients were divided on whether names should be published or not, but non-recipients were on the whole in favour of publishing names (68%).

Specific Aspects of the Scheme

There were a number of specific aspects of the scheme upon which people commented in the survey, either by answering direct questions, or by comments in the open-ended questions. We summarise these below

- o As we have already indicated most people, particularly non-recipients, feel that the names of recipients should be published. A higher proportion of senior managers feel names should not be published while a majority of Grades 5-7 feel they should be.
- o This is linked to views on making the criteria clear. Of those who made comments in response to the open-ended questions in the survey, many people suggested that the criteria for awarding bonuses should be made clearer and that the scheme should be made applicable to more junior staff. The following was not untypical:

"if pay is to be related to performance, then it should be more closely tied to staff reporting - which gives an accurate picture of performance - than being decided by an unknown committee using unknown criteria".

- o There is no strong view overall that there should be a special appeals procedure. Most recipients (67%) and most senior managers feel that there should not be.

Some bonus recipients said they feel the scheme should be available to all grades either because they feel their team should be rewarded as well as themselves, because they feel the scheme is pitched at the wrong level or because they would like the principle of performance related pay to be more widely practiced. Examples of comments along these lines are:

"by distributing bonuses amongst senior staff only you are getting those staff who by definition have longest service and highest pay. If they wanted to get rich or needed motivating, they would not be in their grades".

How the Money was Spent

A quarter of recipients of bonuses commented on how they had used the money. We of course have no way of knowing how far this is representative of the group as a whole. Slightly more than half of those who answered gave away all or some of the money they received. Many of those who had given it all away said that they had given it to charity. Some of those who had given some away had given it to charity. Most, however had used a portion of their bonus to reward their staff, usually by means of some social event paid for by the recipient.

Climate and Job Satisfaction

In general the survey results this year confirm the pattern of findings from last year. The things that matter to people remain the same, and levels of satisfaction with them are broadly similar to last year. There are a number of factors about which people feel either more or less positive than last year. The changes are not dramatic but they are statistically significant. In the listing below we show those items where there was a significant shift in the scores.

People feel more positive about:

- o having clearly defined objectives (43% last year and 47% this year indicated satisfaction with this).

People feel less positive about:

- o pay (57% last year and 63% this year were dissatisfied with this).
Note: 1986 survey conducted before the pay settlement announcement;
- o terms and conditions (16% last year, 21% this year).

Some other specific points which emerged on overall climate within Departments:-

- o People feel more strongly that the measures used to judge performance are unclear.
- o Most people (61%) still feel there is little relationship between performance and reward - recipients of bonuses feel this no less strongly.
- o On the question of the extent to which managers have the freedom to act to do their job, almost half (48%) of all respondents feel managers do not have this freedom - more of those at Grade 3 (63%) than Grade 7 (46%). Those who received an award and those who did not feel similarly about this.

Variations Between Departments

Overall the views of different departments this year particularly in relation to what we have called 'climate' are very similar to those in 1985. Where there are differences between last year and this we have indicated these below.

MPO - People feel more strongly that the scheme will have no significant impact on the way people work, but less strongly about the damaging effects on relationships. People in MPO are keener than last year that the names of bonus recipients should be published.

This year, staff feel slightly less negative about communications: as many people in MPO feel communications and awareness are poor as feel they are good. Views on other aspects of climate generally remain the same.

H M Customs - Overall similar views to last year on the impact of the scheme. Non-recipients feel more negative than recipients. Generally people feel less strongly about the damaging effects on relationships. There are fairly clear differences between bonus recipients and non-recipients.

Ministry of Defence - Again, overall, people are less strong in their views about the damaging effects on relationships. They feel even less that the scheme is encouraging discussion of targets.

D E Group - People in DE Group are this year more concerned about the fairness of procedures and less clear about the objectives and criteria for the scheme, than last year.

They feel more strongly that the scheme will have no significant impact on the way people work, but are less critical of the impact on work relationships.

DoE/DTP/PSA - People in these three Departments are less clear about the scheme than last year - particularly the criteria for making awards. They feel more certain that it will have no impact on the way people work. They are less critical of the impact on relationships. They feel more strongly that names of award recipients should be published.

The Views of Different Grades

As might be expected senior grades (Grades 2 and 3) are clearer about the procedures, criteria and objectives of the scheme than those in lower grades. They are also more likely to feel that the procedures are fair. 71% of Grade 2s, 42% of Grade 3s, but only 7% of Grade 7s felt that the procedures were fair.

People at different grade levels generally hold similar views on the impact of the scheme but there is a difference between grades on the extent to which they feel relations between line managers and staff are deteriorating as a result of the bonus scheme. Twenty-six percent of Grade 7s but only 14% of Grade 3s feel that relations are deteriorating in this way.

People at higher grades also tend to feel differently from people in Grades 5 and 7 about publication of the names of recipients. Most Grades 5 and 7 feel that names should be published whilst most Grade 2s and 3s feel they should not.

The Differences Between Specialists and Non-Specialists

In general people in specialist groups are less clear about the scheme than non-specialists but have similar views to non-specialists about the scheme as a whole, except in one or two cases where they feel more strongly. People in the Psychologist/Research Group (78%) and those in the Legal Group (70%) feel most strongly that the scheme reduces morale. Most of those in the Medical/NHS Group feel the scheme reduces efficiency and that relationships with colleagues are deteriorating as a result of it. They share this latter view with the majority of legal specialists and a substantial proportion of psychologist/researchers. On the whole specialists are more in favour of publication of names than their non-specialist colleagues.

IV

CONCLUSIONS

Implications of the Findings

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 The results from the first year of the experiment need to be seen against the purposes of the bonus scheme and the environment in which it was introduced. The purposes of the scheme have to do with the drive towards a more managerial style in the Civil Service. This means, amongst other things, a more planned way of setting objectives for Departments, divisions and individual jobs; better means of measuring objectives and tracking progress towards them; more sharply defined accountability for resources and higher expectations in the efficiency of using them and in the effectiveness of the outcome. Other management initiatives, particularly departmental planning systems, the FMI and changes to the reporting system, are operating in parallel with the bonus scheme.

The bonus scheme was introduced in an environment in which:

- i) there has been very little experience of relating pay to job performance;
- ii) annual face-to-face discussions between managers and managed to review past performance and set job-related objectives for the coming year are still not generally established;
- iii) there are widespread concerns about whether performance can be assessed "objectively" and a misunderstanding of the part which informed judgement plays;
- iv) there is considerable dissatisfaction about pay levels in general.

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 Against this background, and given the sheer size of the Civil Service and the variety of organisation types and jobs within it, it would be remarkable if the bonus scheme succeeded at once. Simply to have operated the scheme successfully in its first year is a major achievement itself. The paradox is that the very culture which the bonus scheme intends to help change is the one which makes the scheme difficult to work. We note that in those parts of the Civil Service where the bonus scheme has been handled in what can be described in shorthand terms as a managerial way, it has been better received. Changes of attitude and behaviour as fundamental as those with which the bonus scheme is concerned develop slowly - some would say over decades.

But these contextual arguments are not sufficient to account for results which show a scheme less popular now than when it was first introduced, confusion about procedures and criteria, a sense that it has so far failed to bite on management practices, and as yet no effect on performance. For these reasons, it must be unacceptable simply to pursue the scheme as it currently exists.

But to abandon the bonus scheme now would be equally unacceptable. Amongst those eligible for bonuses the view that pay should be related to performance continues to be strongly held. The experience of the scheme is providing important insights into Civil Service attitudes and management processes. Some initial fears on the part of managers and potential recipients have lessened. And the discipline of operating the scheme and making decisions about recipients is beginning to focus greater attention on the setting and communication of objectives.

In practical terms, year 2 of the scheme is already well underway and while it is possible to influence how it is handled, for example by guidance on best practice, it would be very difficult to make major changes. In considering such changes therefore, we are largely concerned with year 3.

Lessons for the Future

It is helpful to distinguish between the design of the scheme itself and the way in which it is managed. Thus it could be that the scheme is basically sound but less well managed than it should be; or that the scheme is well managed but there are design weaknesses which make it difficult to succeed; or that faults in both design and management need to be remedied. The evidence supports the last of these alternatives.

Within the design of the scheme, the following appear to be the important issues:

- i) Criteria. Given that the criteria are not firm it is not surprising that there is misunderstanding about what they are or that no link can be perceived between bonuses and performance. The criteria must be made clearer. There are essentially two choices about this, both of which present difficulties. If the criteria for a bonus are the same as those of judging overall performance in the annual report, the "quota" problem (discussed below) arises. Secondly, people delivering sound or improving performance, but not a high box marking will know that they cannot obtain a bonus. If on the other hand the criteria are different from those of the annual staff report, it is difficult to say what they should be. And in any case it seems ill-advised to introduce a further set of objectives when there is still much to be done to focus more closely on objectives within the annual staff report itself.

- ii) Quotas. The bonus scheme is competitive. It is therefore not the case that all who achieve a certain result will receive a bonus: there is a fixed ceiling on the number of recipients. This quota problem is not unique to the Civil Service scheme but arises in all performance related reward systems. With the quota in place, it is not possible to lay down specific criteria which if met will guarantee a bonus. But without the quota, there is a potentially open-ended commitment. Unless the criteria are very robust, there is therefore a danger that managers will not be discriminating and the scheme will degenerate. The fact that a high proportion of staff receive box 1 or box 2 performance markings in the annual report points to this risk. It might be met in two ways. First, the sum of money (but not the number of staff) could be fixed but spread more thinly over a larger number of heads as more were deemed to meet the requirement. Second, it could be argued that, provided the performance is actually delivered, the more bonuses paid the better - each one paid representing good value for money. This latter approach would require effort to improve and maintain performance working standards.
- iii) Bonus amounts. The average money amount paid as a bonus was about 5% of salary. After tax, it was typically worth around £650. The recognition of receiving a bonus (quite apart from the amount) has an impact on the individual, particularly the first time it happens. But such psychometric evidence on reward and motivation as is available suggests that behaviour will not be significantly changed by payments of this size. Amounts of not less than 10% and more probably in the area of 15% are required to do this.
- iv) Confidentiality. The requirement for confidentiality has very clearly contributed to dissatisfaction with the scheme, which is hugely greater amongst those who do not have a full picture of what happened than amongst those who did. We think this is a wider question than whether or not recipients' names (and citations) should be made known. It has to do with suspicions about fairness which are an understandable result of ignorance about the operation of the bonus scheme arising from lack of communication. We therefore deal with this point as a management consideration.

The main management issues appear to be as follows:-

- i) Leadership. Whatever else is done, the bonus scheme cannot succeed if those who are eligible do not perceive their managers to believe in it. It is not enough to go through the motions; it is the spirit rather than the letter which is required. If anything, the findings show that the bonus scheme is seen as an irrelevance more than as a mistake. Civil servants know whether departmental top management actually believes in the scheme or not. With the benefit of hindsight errors were made in the way the scheme was originally announced

introduced. Insufficient effort was put into taking on board the concerns of top management and seeking to secure their active commitment as opposed to their acquiescence. And the scheme was not cascaded down Departments (in addition to central written statements) by face-to-face discussion in the management line. There are strong grounds for seeing the scheme as seriously under resourced, particularly given that it is characterised as an experiment with the implication that running it is a temporary, additional and separate management task. This suggests the need for a major effort to invigorate years 2 and 3 to link it with other performance management systems and to listen and respond to the objections of top management.

- ii) Links with other aspects of performance management. Clearly the ultimate objective must be to lock together reward systems, individual appraisal systems, departmental management schemes, planning systems and financial management controls - not in the form of a procedural straitjacket but as a coherent system of management where people know what is expected of them and are recognised when they achieve it. In general these linkages are not yet present.
- iii) Face-to-face communication. The bonus scheme is in fact a form of communication; it can only work properly when managers and managed share an understanding of objectives. Face-to-face communication to set and amend objectives, to agree the performance that has been achieved, and to discuss openly not only good but also poor performance is easy to argue in principle but hard to do in practice. There are all sorts of apparently good reasons why it can be avoided. But without this, it is not possible to remove uncertainty and suspicion or to establish the linkage between bonus and performance.

These issues of bonus scheme design and management should be considered urgently with a view to guidance in year 2 and modifications in year 3.

[The Government has recently endorsed in principle range pay for Grades 2 and 3, under which there would be an incremental pay progression to a given point with further payments gained only by achieving a required performance standard. The development of a range pay scheme is now in hand. It has already been decided to exclude Grade 3 from the main bonus scheme - though not special bonuses - once range pay is introduced. (Range pay and bonuses are not mutually exclusive. In many parts of the private sector, position in the pay range reflects overall job performance over time and bonuses reward specific one-off achievements.) In considering our proposals for the way forward we have therefore taken into account the question of range pay and the links between such a system and the lessons emerging from this evaluation.

The requirements for success in a range pay scheme are basically the same as those for a bonus scheme. Managers have to believe in it; the criteria need to be clear and properly communicated; objectives have to be set and performance reviewed face-to-face; linkages to other management systems need to be in place. In that sense, working to make a bonus scheme succeed is also laying the ground for a range pay scheme and vice-versa.

But there are some fundamental differences. Range pay is a bigger intervention in the pay structure. Hence it is at the same time more difficult to introduce and manage but brings a more substantial return if it does succeed. By contrast, a bonus scheme is additional to the existing pay arrangements rather than integral. So it is easier to operate but precisely because it is not intrinsic it may have limited impact.

Range pay can overcome the dilemma of a bonus scheme referred to in para 8.i (that either the criteria are ambiguous or only a small proportion are ever likely to be in the running). In principle it permits performance by all job holders at all levels to be rewarded appropriately, rather than recognising only particularly high levels of contribution. For that reason it is a technically stronger way of relating reward to overall job performance.

At this stage it is not possible to say whether the experience of operating the current bonus scheme will lead to the evolution of a bonus scheme which is successful in raising performance; whether it will lead to the abandonment of any scheme on the grounds that it is not practical (yet) in the Civil Service to relate pay to performance; or whether it will in fact pave the way for range pay. [We think that a feasible long-term goal may be to use range pay to reflect overall job performance, carrying it further down the hierarchy as it takes root at each level; and to keep alongside range pay the provision of special bonuses paid to individuals who have made an outstanding one-off contribution.]]



APPENDIX

1. Typology of Schemes
2. Results from the Survey
3. Results from the Administrative Audit
4. Statistical Analysis of Bonus Recipients

1. Typology of Schemes

TYOLOGY OF SCHEMES: APRIL 1986

Introduction

This typology summarises the characteristics of the performance bonus schemes operated by government departments in 1985/86, the first year of the Civil Service performance bonus experiment. It supercedes the earlier editions produced in May and September 1985. It does not attempt to do more than describe how Departments have implemented performance bonuses. Our evaluation of the experiment is contained in the main report. Our analysis is presented in the form of a description and a set of tables which categorise Departments' schemes. It is hoped that this will act as a useful reference document and starting point in understanding the working of the various schemes.

The main source used in the compilation of this typology has been the letters, memoranda and notices by which Departments promulgated details of their schemes. We have written to all Departments to ensure that we have the correct information. Additionally, we have gathered data on Departments' approaches to communicating and monitoring their schemes by means of a questionnaire and letter survey respectively.

The need for this report lies in the substantial degree of independence which individual Departments have enjoyed in the design and implementation of the bonus scheme. Although the rules devised to govern the operation of performance bonuses in the Civil Service lay down a framework, they deliberately leave much to be decided by Departments. The main aspects which the latter have had to consider in making their arrangements are:

- the criteria by which bonus recipients should be selected, and whether to exclude groups or individuals from the scheme;
- the method for carrying out the assessment, and the procedure for selecting bonus recipients;
- the size of the awards and the number of awards to be made (up to the limit of 20%);
- whether to award special bonuses, and, if so, how much and how many (up to the limit of 10% of the bonus fund);
- how to manage the introduction of the scheme;
- how to monitor and evaluate the arrangements made.

Table 1

TIMING OF AWARDS (ANNUAL AWARDS)

	Details of scheme circulated	Nominations due	Decisions on awards made	Awards paid		Details of scheme circulated	Nominations due	Decisions on awards made	Awards paid
MOD	July	End Nov	Oct - March	Oct - March	Lord Adv Dept	Jan	NA ²		By end March
Inland Revenue	May	At Discretion of	line managers concerned		Royal Mint	NA ¹			
DOE/DTP/PSA	April	End Dec	Jan/Feb	March	Regs of Scot	Jun	At time of ASR		
DHSS	May	Jan	Jan/Feb	March	Law Off Dept	(see T Sol)			
DTI	April	End Nov	Jan	By end March	Reg Fr Soes	May	Jan	Feb/March	Feb/March
MAFF	Nov	Dec	Dec	By end March	Setsh Reds Off	June	At time of ASR		
FCO	May	End May	June	July	Paymaster Gen	March			
Nth Ireland CS	May	Dec	Jan	By end March	PRO	NA ²	NA ²	Oct	By end March
Home Office	March	April	April/May	July/Aug	Crown Estates	June	Jan	Early New Year	By end March
D. Emp.	June	Nov	Nov/Dec	Dec/Jan	GRO (Scotland)	May	End Nov		By end March
HSE	Oct	Nov			Privy Cl Off	NA ²			
MSC	May	Oct	Dec	Jan	NILO	NA ²	NA ²	Early new year	By end March
ACAS	Feb	Sept/Oct	Sept/Oct	Nov/Dec					
Scottish Off	May	Dec	Jan/Feb	By end March					
DES	May	Jan	Early New Year	By end March					
Customs & Ex	May	End Dec	Jan/Feb	Feb					
HM Treasury	March	Dec	Early New Year	By end March					
Welsh Office	April	Jan	Jan	By end March					
D. Energy	Apr/Nov	Dec	Feb	March					
ODA	June	Jan	Feb	March					
LCD	May	July	July	Sept/Oct					
Crown Office	Jan	Feb	March	By end March					
T Sol	May	End Dec	Early New Year	By end March					
Cabinet Office	Nov		Feb	March					
MPO	Jan	Feb	Feb/March	March					
Land Registry	April	End Jan	Feb	By end March					
ECGD	June	Dec	Jan/Feb	Feb/March					
DPP	Feb/July	Jan	Jan	March					
OPCS	July	End Dec	Jan	March					
COI	Jan	Feb	Feb	By end March					
HMSO		Dec	Early New Year	March					
DNS	May			By end March					
OFT	April	By Nov	Nov	Dec					
N. Ireland Off	June		Jan	March					
SCA	NA ³								
Charity Comm	June	Dec	Early New Year	By end March					
GAD	June	Dec	Early New Year	By end March					
IBAP	April		Nov	By end March					
Ord. Survey	April	Dec	Feb	March					
OFTEL	Dec			March					
OAL	April	NA ²	Nov	Dec					

Notes

1. Scheme not operated in 1985/86.
2. Not applicable to scheme as operated in this Department.
3. Partly covered by Scottish Office; partly excluded from scheme.

In the following pages, we examine the schemes adopted and highlight the similarities and differences between them. The tables contained in the report attempt a clear categorisation of schemes under a number of different headings. There is an element of arbitrariness in this, but we have progressively refined our categories in an effort to minimise this. In a small number of cases, Departments have not explicitly provided information on a particular aspect, and in these cases we have left a gap in the appropriate part of the table. The service-wide rules for the experiment are enclosed as an annex along with the guidance notes prepared by the Head of the Civil Service.

Implementation

Nearly all Departments implemented a performance bonus scheme in 1985/86. The only exceptions were the Royal Mint and the Scottish Courts Service (although SCA Headquarters staff on loan from the Scottish Office were included in the Scottish Office scheme).

Most Departments set a timetable whereby nominations for bonus awards were asked to be submitted by reporting officers at about the end of the calendar year, and considered early in the New Year. This allowed ample time for decisions to be reached so that payments could be made with February or March salaries. Some Departments, however, elected to make payments earlier than this. In the cases of the Home Office and the FCO, payments were made in the Summer of 1985. This was because it was felt desirable to synchronise the bonus cycle with the annual reporting cycle. Details of Departments' timetables are shown in the table opposite.

Criteria for Giving a Bonus

The service-wide rules for the performance bonus scheme (Rule 4) state:

"Those operating the schemes shall operate them so as to reward and encourage particularly good performance. Among the factors to be taken into account are:

- i) the extent to which the desired results have been achieved as a direct consequence of the individuals' actions, taking account of the difficulty of their achievement;
- ii) the energy and application shown in seeking to meet objectives and targets, including the exercise of qualities of leadership."

Elaborating on this, Sir Robert Armstrong, in his "Notes for Guidance", wrote:

"Performance bonuses are intended to contribute to improving overall effectiveness of the organisation, by encouraging and rewarding particularly good performance and, in addition, seeking to enhance motivation more generally. The criteria are intended to reflect these broad aims and to take account of the diminishing availability of promotion as an incentive to good performance. However, I must emphasise that there is an essentially competitive element in the assessments to be made. The approach requires the distribution of a limited bonus fund between staff in the eligible grades according to judgements as to the relative performance of individuals.

"It is important for both effectiveness and presentation that assessments should be based so far as possible on known factors directed primarily towards the attainment of the objectives of the organisation, taking account of the difficulties of their achievement ..."

With some differences of emphasis, all Departments have seen the scheme as a means of rewarding good performance. Not all stress achievement as a key component of this performance, however, and none sees the "attainment of objectives" as the sole, overriding criterion for meriting a bonus.

The guidance and interpretation given by Departments to those expected to make recommendations for bonuses suggest that the following types of criteria should be used:

- Overall performance. This is generally perceived to cover all aspects of a given job. Although it may be understood to include the achievement of stated objectives, this is not always the case. Bonuses are usually seen to be related to the effort put in by the job holder as well as to end results.
- The difficulties the individual faced. Many Departments stress that achievements can only merit a bonus if the objective was hard to attain. (In some cases, "excusable failure" is a possible criterion, on the grounds that the difficulties were insuperable, and the individual achieved the most that was possible.)
- Worthy effort. Some Departments lay great stress on the need to reward those who are not "flyers", or have no opportunities to "shine". In most cases this has been done in order to ensure that the scheme acts as an incentive for such staff. An additional reason for this policy is, in many cases, the need for perceived fairness.
- The achievement of key objectives. In some cases the departmental guidance refers to the achievement of objectives as a criterion to be considered. Where this is the case the guidance does not necessarily indicate that the objectives should be either pre-determined or quantitative.

There appear to be differences, however, between the criteria stated by Departments, the criteria actually used by line managers in making recommendations, and the perceptions of those criteria by eligible staff not involved in running the scheme. The question of how criteria have been applied in practice is taken up in the main report.

Variations between Departments are not only to be found in the type of criteria that must be met; the degree of excellence demanded varies also, as some have awarded bonuses to a considerably smaller proportion of their staff than the 20% maximum allowed by the service-wide rules.

Table 2 opposite shows which Departments stressed which factors in their written guidance to line managers. Columns a-d typify qualities which Departments have stressed in their guidance to line managers. A "yes" means they have explicitly stressed this criterion: a "no" means they have explicitly rejected it as a firm requirement. A blank means no guidance additional to that in the service-wide rules has been given. Column e indicated what percentage of staff it was originally intended to award bonuses to in each Department.

Table 3

METHODS OF ASSESSMENT									
	Individual objectives set in advance	Objective measures	Subjective judgements	Explicit Link to ASR		Individual objectives set in advance	Objective measures	Subjective judgements	Explicit Link to ASR
MOD			Yes		OAL			Yes	
Inland Revenue			Yes		Lord Adv Dept			Yes	
DOE/DTP/PSA			Yes		Royal Mint				
DHSS	Yes ¹	Yes	Yes	Yes ¹	Regs of Scot			Yes	
DTI			Yes		Law Off Dept				
MAFF			Yes	Yes ²	Reg Fr Socs			Yes	
FCO			Yes		Setsh Reds Off			Yes	
Nth Ireland CS			Yes		Paymaster Gen				
Home Office			Yes	Yes ²	PRO			Yes	
D. Emp.			Yes		Crown Estates			Yes	Yes ³
HSE			Yes		GRO (Scotland)			Yes	
MSC			Yes		Privy Cl Off			Yes	
ACAS			Yes		NILO			Yes	
Scottish Off			Yes						
DES			Yes						
Customs & Ex			Yes						
HM Treasury	Yes ¹		Yes	Yes ¹					
Welsh Office			Yes	Yes ²					
D. Energy			Yes						
ODA			Yes						
LCD			Yes						
Crown Office			Yes						
T Sol			Yes						
Cabinet Office			Yes	Yes ²					
MPO	Yes ¹		Yes	Yes ¹					
Land Registry	Yes	Yes	Yes						
ECGD	Yes	Yes	Yes						
DPP			Yes						
OPCS	Yes	Yes	Yes	Yes ²					
COI			Yes						
HMSO			Yes						
DNS			Yes						
OFT	Yes		Yes						
N. Ireland Off			Yes						
SCA									
Charity Comm			Yes						
GAD			Yes						
IBAP			Yes						
Ord. Survey			Yes	Yes ²					
OFTTEL			Yes						

¹ ASR used to set objectives.

² Bonus generally conditional on achieving a given performance marking.

³ Bonus nomination to form part of appraisal report.

Methods of Assessment

Most Departments, though not all, have given their line managers some form of guidance on the methods of assessment to be used in the selection of nominees for bonuses. The table opposite summarises the content of this guidance.

We have divided methods of assessment into two broad types:

- Overall subjective judgements, whereby the line manager makes a judgement as to who he thinks might deserve a bonus. One Department suggested the question "is he/she in the top 20%" as the acid test to apply.
- Objective measures, whereby criteria are set in such a way, that their achievement or otherwise can be measured, by direct observation or by reference to management information.

No Department has based assessment wholly on objective measures.

We have further distinguished those Departments that have stated that individual targets (however their achievement is assessed) should be set in advance. Two mechanisms, both the product of initiatives other than the bonus scheme, are being adapted to this end:

- forward job plans, as featured in the new annual staff appraisal;
- unit objectives, as derived from the management plans being introduced as a result of FMI (e.g. DMA's and APR's in DHSS, Land Registry's Accountable Management System).

Four Departments said that objective criteria should be used where possible to measure achievement against these targets but do not rule out the use of subjective judgements where appropriate. As an example, we quote DHSS's guidance on this subject in full, as it is the most explicit:

"It is crucial that staff have a clear idea of what is expected of them during the assessment period. Objectives, quantified wherever possible, must be consistent with the Department's management accounting systems ... and - increasingly by means of targeted job descriptions - the annual staff reporting system. It is a fundamental duty of each eligible staff member's immediate line manager to discuss and agree with the staff member the appropriate objectives covering - and in advance of - the assessment period. A copy of those agreed objectives should be retained by both parties and a copy passed to the evaluating officer."

The majority of Departments, however, have not given any guidance along such lines, but have said that assessments should be made after the event by exercise of informed judgement, and in accordance with the criteria described earlier.

The extent to which assessments for bonus purposes have been linked to the staff appraisal system is hard to gauge with any precision, as many Departments appear to have anticipated a very close link but did not say so in their written guidance. The link between the two manifests itself in several ways:

- a few Departments advised their line managers that award of a bonus should generally be conditional on achievement of a given performance marking (usually "very good"). (These are indicated on the table under "explicit link to ASR");
- some Departments arranged for their staff appraisal and bonus cycles to coincide, but most did not actually state what the link between the two should be. The effect, however, may have been to make judgements consistent between the two;
- many Departments have stated that the two cycles (whether or not they coincide) are separate but linked. The following is a typical form of words used in this context:

"There is no rule of general and automatic application between assessment for bonus awards and staff reporting and appraisal procedures. But, since both are based on the same performance by the same individual, there will be a broad consistency between the two."

Several Departments have designed standard forms for use by line managers in nominating officers for a bonus. All these are clearly designed to minimise the paperwork which the scheme produces. Some, however, go further, and serve as an assessment form to help focus the line manager's mind on the appropriate criteria and help him to assess performance more clearly.

Table 4

EXCLUDED GROUPS

	Recently promoted	Private office	Staff on non-CS Terms & Conditions		Recently promoted	Private office	Staff on non-CS Terms & Conditions
MOD	Discouraged	Excluded	Included	Regs of Scot			
Inland Revenue				Law Off Dept			
DOE/DTp/PSA				Reg Fr Soes	Excluded		
DHSS			Excluded	Setsh Reds Off			
DTI				Paymaster Gen			
MAFF	Excluded			PRO			
FCO				Crown Estates			
Nthn Ireland CS				GRO (Scotland)			
Home Office				Privy Cl Off			
D. Emp.		Excluded	Excluded	NILO			
HSE							
MSC							
ACAS							
Scottish Off	Excluded						
DES							
Customs & Ex							
HM Treasury		Excluded					
ODA							
Welsh Office							
D. Energy							
ODA							
LCD							
Crown Office							
T Sol							
Cabinet Office							
MPO							
Land Registry							
ECGD							
DPP							
OPCS							
COI							
HMSO							
DNS							
OFT							
N. Ireland Off		Excluded					
SCA							
Charity Comm							
GAD							
IBAP							
Ord. Survey							
OFTEL							
OAL							
Lord Adv Dept							
Royal Mint							

Staff Excluded from the Scheme

Table 4 opposite shows which Departments explicitly rules out the possibility of giving bonuses to particular groups of staff, and which groups were affected.

Decisions to exclude types of job were rare, and confined to private offices; reasons for this include:

- private office staff receive an allowance;
- the assessment of private office staff would not be easy, as their "line managers" are Ministers.

Some Departments excluded staff recently promoted, either because they cannot be assessed adequately or because they have already had their reward.

The question of whether to include or exclude temporarily promoted principals and staff substituting in that grade has been considered by each Department and there has been a trend towards including the former and excluding the latter. Many, said that they would decide on a case-by-case basis if any were nominated.

Those Departments employing staff who are not on Civil Service terms and conditions, but who are civil servants, had to decide whether or not to include them. We have not been able to identify all these cases, but we have indicated on the table those that we are aware of.

Most Departments stressed that the award of a bonus to an individual in one year will in no way prejudice decisions in subsequent years.

Process for Agreeing Bonus Awards

As a rule, the assessment of all staff was carried out by line managers. The line manager is either the first or second reporting officer. Having made his assessment, he then "nominated" or "recommended" officers for bonuses. The final decision, however, was taken at a higher level in all but the smallest Departments, where the line manager is in fact the Head of the Department, who assessed staff and made a decision in person.

In hardly any case was the nomination the end of the matter. In a few Departments, the first reporting officer nominated his subordinate, and the second reporting officer took the final decision. This was especially common in respect of Grade 3's, in cases where the roles of first and second reporting officers are played by a Deputy Secretary and the Permanent Secretary respectively. It was his own bonus fund to dispose of. In very many cases, however, decisions on all nominations in a Department was taken centrally.

The approaches adopted by Departments can be summarised as follows:

Model 1: Centralised

Nominations for bonuses were collected centrally, usually by a personnel division. In some cases they were subjected to a paper sift by a senior manager. They were then considered by a panel. In some Departments this was the Senior Management Group, or an equivalent body. In others, it was a Promotion Board. This panel weighed up the merits of the nominations received, decided which ones to endorse, assigned a cash value to the successful ones (if this had not been laid down in advance) and submitted a list to the Permanent Secretary for his approval. In some cases, intermediate sifts (e.g. by Grade 2s) were conducted before the central list was compiled. Sometimes, the nominating officer recommended the size of the bonus or put his nominees in order of merit.

Model 2: Decentralised

This approach was chosen by the three largest Departments. The bonus fund was shared out amongst senior officers, each of whom had complete discretion to select the bonus recipients within the restrictions of service-wide and departmental rules. The money was distributed to commands on the same basis as it was distributed to Departments, i.e. in direction proportion to the salary bill of eligible staff. Some money may have been withheld for central allocation if Grade 3s were excluded from budget holders' discretion, or to enable further flexibility. In addition, the centre exercised a limited moderating role.

Model 3: Intermediate

This sought to decentralise as far as possible, whilst retaining some decision making, (as distinct from rule-drafting) in the centre. Budget holders were nominated, and given discretion similar to that found in the decentralised model. The budgets were sometimes expressed in cash terms, sometimes as a given number of bonuses at fixed cash values. The budget holder made awards within that limit, but was able to bid to the centre if he wished to make more. The centre retained sufficient funds to be able to decide which of these bids should be met, and adopted procedures akin to those found in the centralised model to do this. It also acted as a "moderator".

Model 4: Informal

In very small Departments, the most senior officer simply made a judgement as to who should receive a bonus, having consulted others as he felt necessary.

In the two models (2 and 3) which made some form of allocations (as budgets or as numbers of awards), there were two approaches to the question of whom to make responsible for the allocated funds. One was to lump all staff except Grade 3s into commands, where the senior member of that command is the budget holder. Another was to have separate budgets for different levels; thus, typically, Grade 3s had the budgets for Principals and equivalents; Grade 2s had budgets for Grades 4 and 5; and the funds for Grade 3s were held centrally.

The various approaches adopted are summarised in Table 5 opposite.

Consistency of Standards

Sir Robert Armstrong's "Notes for Guidance" point out that:

"Departments may wish ... to establish moderating mechanisms, which, however, should not detract from the responsibilities of line managers for individual assessments."

The approaches to moderation were related to the overall procedures for making awards. In the centralised model, consistency is assured by the panel which decides which nominations to endorse: the purpose of this panel is to evaluate, compare and rank the nominations received.

In the intermediate model, too, a central moderating panel has usually been set up. The process of topping up budgets and transferring funds from one to another may act as a moderating mechanism.

In the decentralised model, moderation is largely restricted to the centre keeping an eye on line managers to satisfy itself that the rules have been applied.

In the informal model, the task of moderation falls naturally to individual discretion.

The Size of the Awards

The service-wide rules set a minimum of £500 for performance bonuses (but not special bonuses). No maximum was set. Although Departments were not permitted to award performance bonuses to more than 20% of those eligible, they were allowed to award bonuses to a smaller percentage. In other words, within the 20% ceiling each Department could decide to award a relatively greater number of relatively small bonuses, or vice versa.

Other factors upon which Departments have used discretion are:

- whether to allow line managers to set the level of bonuses, or to decide this centrally;
- whether to set fixed rates, (or at least upper and lower limits), for bonuses;
- whether the size of the bonus should reflect the level of performance of the individual recipient;
- whether the size of the bonus should reflect the grade of the recipient.

Almost every possible variation can be found. However, in no Department was there an automatic link between the size of the bonus awarded and the degree to which specified objectives are attained. (As we have seen, a few took into account measurable levels of achievement when deciding whom to award a bonus. There was not, however, an automatic link.) The reason given was, in every case, that the scheme is intended to be competitive, and that the award of bonuses cannot therefore be dependent on absolute measures.

We have identified the following approaches:

- most Departments, especially smaller ones, did not set rates or ranges for awards, but were content with restating the service-wide rule that no bonus may be less than £500. Either line managers were allowed to recommend the size of bonuses or, more usually, the centre decided when it decided whom to award them to.

However, a significant number of Departments, including all those operating decentralised systems, set more precise limits to the size of bonuses. In some cases e.g. MOD these took the form of 'recommended' sums. These can be categorised as follows:

- flat rate for all bonuses. Only one Department, the Home Office, committed itself to this policy. The amount of the flat rate, however, could not be known in advance as it was derived by dividing the number of awards made into the total fund available;
- a fixed rate for each grade. Three large Departments adopted this approach. The LCD scheme, whereby bonuses equalled one month's salary, is a variation on this theme;
- a range, within which performance alone decides the size of the award. Three Departments adopted this approach;
- a scale of ranges whereby the range is determined by grade, but the position of an award within that range is determined by performance;
- a scale of fixed rates, to be chosen between according to the recipient's level of performance.

There is a clear difference in approach between those who made performance the sole deciding criterion for bonus size, and those that gave higher bonuses to more senior grades.

Many of those Departments which did not fix rates or scales for bonuses nonetheless stated that they intended to award bonuses to a given percentage of those eligible.

Table 6 opposite shows which Departments adopted which approach, with maxima and minima where appropriate.

Special Bonuses

In general, Departments have had more freedom to act on special bonuses. This has extended as far as being able to decide not to award special bonuses at all. The size of bonuses and number of recipients was not limited by the service-wide rules. Only the cash available - up to 10% of the bonus fund (which did not have to be used specifically for this purpose) - was restricted.

The purpose of special bonuses was given in the service-wide rules as "to reward exceptional performance in particularly demanding tasks or situations at any time in the year."

Most Departments did not, on the whole, give a great deal of guidance to their line managers on the criteria, assessment and sizes of special bonuses. Some ruled them out altogether in the first year. Others, whilst referring to special bonuses, did not lay down any departmental procedures specifically to deal with them. Those that dealt more closely with the subject adopted the following features:

- they set limits on special bonuses, such as a maximum of £500;
- they stated that they were to be for exceptional performance in individual tasks or situations;
- a few said that special bonuses would be awarded to those who have some considerable achievements to their credit, but whose overall performance did not merit a full performance bonus.

Table 7

SPECIAL BONUSES

	Will the award of special bonuses be considered?	Have procedures for awarding special bonuses been set out?	Size of special bonuses where stated		Will the award of special bonuses be considered?	Have procedures for awarding special bonuses been set out?	Size of special bonuses where stated
MOD	Yes	Yes	£250 - £500	OAL	Yes	Yes	Max £250 ¹
Inland Revenue	No			Lord Adv Dept.			
DOE/DTP/PSA	Yes	Yes	max £500	Royal Mint			
DHSS	No	No		Regs of Scotland	Yes	Yes	
DTI	Yes	Yes		Law Off Dept.			
MAFF	Yes	Yes		Reg Fr Socs	Yes	Yes	
FCO	Yes	No	Max £500	Scotsh Rec Off	Yes	Yes	
Nth Ireland CS	Yes	No		Paymaster General	Yes	No	
Home Office	No			PRO	Yes	Yes	
D. Emp.	Yes	Yes		Crown Estates			
HSE	Yes			GRO (Scotland)	Yes	No	
MSC	Yes	Yes		Privy Cl Off			
ACAS	Yes	Yes		NILO		No	
Scottish Office	Yes	Yes					
DES	Yes	Yes					
Customs & Ex	Yes	Yes					
HM Treasury	Yes	No					
Welsh Office		No					
D. Energy	Yes	No					
ODA	Yes	Yes	£250-£1,000				
LCD	Yes	Yes					
Crown Office	Yes						
T Sol	No						
Cabinet Office							
MPO	Yes	Yes					
Land Registry	Yes	No					
ECGD	Yes	Yes					
DPP							
OPCS	Yes	Yes	£100 - £250				
COI	Yes	No					
HMSO	Yes	Yes					
DNS	Yes	No					
OFT	Yes	No					
N Ireland Off	Yes	Yes	min £100				
SCA							
Charity Comm		No					
GAD	Yes	Yes					
IBAP		No					
Ord. Survey	Yes	Yes					
OFTEL							

¹This sum represents 10% of the entire fund for this Dept., and is the maximum that could be paid.

Table 7 opposite summarises the position on special bonuses.

Arrangements for Introduction

After the announcement of the scheme and the notification to staff of the service-wide rules, Departments set about developing the schemes described above.

In most instances, these schemes were drafted by a personnel management unit and then discussed and agreed at senior levels. In the smallest Departments, this necessarily involved all the line managers of eligible staff, and in some cases all eligible staff in the discussion. Many larger Departments, however, made a deliberate effort to consult those affected by the scheme, usually by inviting comments on a draft. In DE, for example, Grade 2 and 3 level officers were involved in discussions about the scheme from the beginning through the Senior Committee. Regional directors (Grade 6) had an opportunity to express their views at their conference in March, whilst heads of branches (Grade 5) were invited to comment in writing in February.

In their replies to our questionnaire about arrangements for introduction, 23 Departments said that managers had been invited to comment on a draft of the scheme; however, in only 10 cases was this invitation extended to all eligible staff, although all of the 23 asked line managers, if only those at Grade 3 level and above, for their views.

Most Departments also involved their Departmental Trade Union Side in the preparation of the scheme. 26 stated in their responses to our questionnaire that they had invited their DTUS to comment on a draft of the scheme before it was finalised. Of the 26, however, only 12 said that the DTUS had, in fact, commented.

Having settled their schemes nearly all Departments promulgated them in writing. Office notices and memoranda announcing the details of the scheme were the favourite method of communication. Virtually all Departments used them, and in 16 cases they were the only means by which the scheme was formally made known. In most cases, they were sent to all eligible staff, in some to all non-industrial staff and in some to line managers, who were asked to pass the message on to those affected. The substance of these notices varied widely. The eight pages plus annexes of the DHSS notices, which went to all eligible staff and their managers in May, gave substantial details of criteria, methods of selection, sizes of bonuses and so on. On the other hand, some notices did little more than reproduce the service-wide rules and announce who would be accountable for nominations and decisions in the Department. Many Departments used a hierarchy of memos and notices, whereby the existence of the scheme was notified to all staff, eligible staff were given details of its operation and senior staff were given further guidance on how to manage the scheme at their level. DTI and the Home Office provide examples of this approach. The table on the following page illustrates these approaches by showing how staff at Principal level were informed of the arrangements in each Department.

Table 8

APPROACHES TO COMMUNICATION: HOW ELIGIBLE STAFF WERE
INFORMED OF DEPARTMENTAL ARRANGEMENTS

	Individually in writing	By office notice/ circular	Through immediate line manager	Through senior line manager		Individually in writing	By office notice/ circular	Through immediate line manager	Through senior line manager
MOD		Yes		Yes	OAL	Yes		Yes	Yes
Inland Revenue				Yes	Lord Adv Dept.				
DOE/DTp/PSA			Yes	Yes	Royal Mint				
DHSS		Yes			Regs of Scot				
DTI		Yes	Yes	Yes	Law Off Dept.	(see T Sol)			
MAFF	Yes				Reg Fr Soes	Yes			
FCO		Yes			Setsh Rec Off				
Nth Ireland CS					Paymaster Gen	Yes			
Home Office	Yes			Yes	PRO				
D. Emp		Yes		Yes	Crown Estates		Yes		
HSE		Yes			Gen Reg Office				
MSC		Yes			Privy Cl Off		Yes	Yes	
ACAS	Yes				NILO				
Scottish Office		Yes							
DES	Yes								
Customs & Ex	Yes								
HMT		Yes							
Welsh Office	Yes								
D. Energy		Yes							
ODA		Yes							
LCD				Yes					
Crown Office									
T Sol		Yes		Yes					
Cabinet Office	Yes								
MPO	Yes								
Land Registry	Yes								
ECGD		Yes							
DPP		Yes							
OPCS		Yes							
COI									
HMSO		Yes							
DNS	Yes								
OFT									
N Ireland Off	Yes			Yes					
SCA									
Charity Comm		Yes							
GAD		Yes							
IBAP	Yes								
Ord. Survey	Yes								
OFTEL		Yes							

Many Departments followed up initial promulgation of their schemes with a note to line managers calling for nominations, which went out at the appropriate time of the year.

Some Departments chose to accompany details of their schemes with letters from the Permanent Secretary, the Principal Establishment Officer (or equivalent) or an official in the Personnel Department. Such letters generally provided some background, such as the history of the scheme, and exhorted the reader to co-operate fully in its implementation. It was however a comparatively rare approach; only nine Departments distributed such letters, and in only five cases were these signed by the Permanent Secretary or someone of equivalent status.

The Inland Revenue chose to adopt a different approach to written communication. Those officers accountable for deciding who should get a bonus (the IR scheme is decentralised) were given copies of a centrally issued guidance note. They were asked to pass on the information along with their own plans to all eligible staff in respect of whom they will be taking decisions. In the Lord Chancellor's Department, too, senior line managers were used as a channel for most information.

No Departments arranged for line managers to be given formal training in the operation of the bonus scheme. Some held short presentations to line managers. MOD, for example, arranged sessions for staff at Grade 2 level. Two Departments held presentations for the managers of their regional organisation - Customs and Excise, and DHSS.

In addition to communicating in advance how the scheme would operate, Departments have had to consider the question of how to make known the results. In this, all have been constrained by the prohibition placed by the Service-wide rules on the publication of names of annual bonus recipients. Although Departments were given discretion over whether or not to publish the names of recipients of special bonuses, there is no evidence that this was done.

In general, Departments chose to do no more than to inform recipients that they had received an award. (A few did publish a summary of the number of bonuses paid.) As a result, non-recipients were only able to find out that they did not receive a bonus through unofficial channels; many never did find out, and were left to surmise that they had not received a bonus. Recipients were generally informed why they had been given a bonus, but non-recipients had no way of knowing on what basis awards had been made, or why they had not received one. This question was addressed by the survey, and is taken up in the main report.

We conclude from the above that most Departments involved senior staff in the design of the schemes and a few canvassed views more generally, but on the whole the experiment was not actively promoted by Departments.

Monitoring and Evaluation

In addition to the central MPO evaluation of the experiment, individual Departments are required under Rule 10 of the service-wide rules to "make arrangements to keep records, monitor and review the experimental schemes as a basis for assessing their effectiveness and operational efficiency".

HAY-MSL Management Consultants wrote to all Departments in March to ascertain what arrangements they had made to fulfill this remit.

The majority of Departments intend to conduct a monitoring and reviewing exercise of some kind. A few have already done so; others are in the process of gathering data; others are still considering what form the exercise might take. A minority have stated that they have no plans to monitor and review the experiment.

In a number of smaller Departments the review will be essentially informal. The small numbers of staff and the direct personal involvement of senior management in the selection of recipients renders detailed monitoring superfluous.

Where more complex monitoring has been conducted or is contemplated, a number of features recur:

- Attitude surveys. Many Departments are conducting surveys based on the HAY-MSL survey, which has been conducted in MPO, MOD, Customs, Employment Group and DOE/DTP/PSA. Where results are available, they are compatible with the HAY-MSL survey.
- Informal surveys of senior staff. Many Departments have asked senior managers to submit their impressions of the scheme in writing.
- Analysis of incidence of awards by management area. Several larger Departments have done this as a moderating or as an evaluation exercise.
- Analysis of reasons for awards. Some Departments have produced a content analysis of the nominations, recommendations, etc., produced for bonus recipients to enable the centre to judge what in practice were the criteria on which awards were made.

Details of the monitoring arrangements made by Departments are shown on Table 9 opposite.

2. Results from the Survey

This Appendix is in two parts:

- o Response rates from the five Departments and the distribution of respondents across a number of key features
- o Responses to the survey questionnaire (total figures and - where appropriate - figures for individual Departments) in Question number order

A copy of the 1986 Survey Questionnaire is at the end of the tables.

RESPONSE RATES

The survey was conducted in April and early May 1986 amongst a 10% sample of men and all women eligible for a bonus award in the five Departments. The table below shows the population, sample size (men and women), and response achieved in each Department.

Details of Sampling and Response

Dept	Population	Sample		Response	
		N	%	N	%
MPO	176	176	100	120	68
Customs & Excise	573	135	24	93	69
MoD	4089	493	12	366	74
DoE	1023	241	24	154	64
DTp	859	146	17	97	66
PSA	845	132	16	74	56
(Tot DOE/DTp/PSA)	2727	519	19	325	63
DE	250	76	30	63	83
MSC	306	68	22	36	53
HSE	671	152	23	102	67
ACAS	49	15	31	10	67
(Tot DE Gp)	1276	311	24	211	68
TOTAL	8841	1634	18	1115	68

This represents an overall 68% response rate - after one reminder - which is slightly higher than the 1985 response. The questionnaire was broadly the same as that for the first (1985) survey. The wording of some questions was changed to bring the questions 'up-to-date' with the impact the scheme is now having, as opposed to the anticipated impact last year. Additional questions included:

- o how people heard about awards and who, in the sample, received awards;
- o classification of respondents into main specialisms;
- o two opportunities for respondents to give their own comments on:
 - the process of making awards;
 - the impact of the scheme more generally.

The following tables show the distribution of our sample by type of post; current specialism; whether or not respondents received a bonus - and what kind of bonus; numbers of staff in scope for an award.

Current Departmental Post - %

	TOTAL	MPO	HM C&E	MOD	DEGp	DoE/DTP/PSA
Administration	10	19	10	5	12	14
Policy/Operations	16	23	25	13	20	15
Operations	11	13	36	7	18	11

Professional/specialist:

- Advisor/Consultant	20	25	21	18	23	20
- Line Manager	36	6	9	48	23	34
Other	6	14	-	7	3	5
Total n =	1115	120	93	366	211	325

Current Specialism %

	TOTAL	MPO	HM C&E	MOD	DEGp	DoE/DTP/PSA
ADP	3	9	4	3	4	2
Scientist	21	1	-	41	4	6
Professional & Technology	28	1	-	27	16	45
Economist	2	3	-	1	2	2
Statistician	2	2	-	*	4	3
Legal	2	-	12	*	2	1
Psychologist/Research Officer	2	4	2	1	3	*
Medical Officer/NHS related Grade	*	4	-	1	*	*
Other specialism	9	16	14	9	19	4
None/no reply	32	60	68	17	46	35
Total n =	1115	120	93	366	211	325

* Less than 1%

1985/86 Receipt of an Award - %

	TOTAL	MPO	HM C&E	MOD	DEGp	DoE/DTp/PSA
No	82	73	67	82	72	90
Yes	17	25	29	17	26	9
Total n =	1115	120	93	366	211	325
Annual	73	77	93	65	75	81
Special	22	17	5	31	16	19
Both	2	3	-	4	*	-
Total n =	214	30	28	65	55	36

Nos of staff in scope for a Bonus award % - All Respondents

	Total	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7
None	71	-	-	9	22	92
Less than 5	19	34	70	60	54	5
5 or more	8	66	30	31	24	-
Total n =	1115	59	29	147	186	694

Q 10 a) How people first found out about awards

	Total	Bonus Recipients	Non Recipients
	%	%	%
<u>In writing only - TOTAL</u>	15	50	8
My line manager	1	5	*
Another senior line manager	2	8	*
Establishments/Personnel	3	14	1
Permanent Secretary/Head of my Department	4	21	*
Colleague	*	-	*
Other	5	3	6
	%	%	%
<u>In discussion only - TOTAL</u>	33	31	34
My line manager	11	17	9
Another senior line manager	3	9	1
Establishments/Personnel	*	*	*
Permanent Secretary/Head of my Department	2	5	1
Colleague	6	-	7
Other	13	-	15
	%	%	%
<u>In writing and discussion - TOTAL</u>	4	17	1

* Less than 1%

Q 10 b/c/d Knowledge about awards made in own Department

	Total %	Bonus Recipients %	Non Recipients %
Since you first heard about awards made in your Department have you discussed it with your line manager?			
Yes	24	47	19
No	68	51	72
No reply	8	2	9
Do you know who (else) received an award in your work area?			
Yes	19	27	18
No	77	72	79
No reply	3	2	3
Do you know the reasons why awards in your area were given?			
Yes	17	52	10
No	76	44	83
No reply	7	4	7

Q 10 e

HOW THE MONEY WAS SPENT - RESPONSES TO
OPEN ENDED QUESTIONS

Comment	Number of Occurrences	Occurrences as % of all responses from bonus recipients N = 222
Keep it all for family/ personal use	24	11
Kept some and gave some away	18	8
Gave all the money away	11	5
Some or all of money used to entertain staff, or otherwise distributed to staff	25	11
Some or all of money given to charity	9	4
(No of responses from bonus recipients providing infor- mation on this subject)	53	24

Q.11 Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

ALL BONUS RECIPIENTS (ALL NON-RECIPIENTS)

* % agreeing more with statement on left (ie. 1&2 on scale)
 ** % agreeing more with statement on right (ie. 3&4 on scale)

	*		**		
The procedures for making a bonus award are unclear to me	40	(66)	44	(25)	The procedures for making a bonus award are clear to me
The procedures for making a bonus award are unfair	26	(39)	33	(8)	The procedures for making a bonus award are fair
The objectives of the bonus scheme are unclear to me	22	(42)	60	(42)	The objectives of the bonus scheme are clear to me
The criteria for awarding a bonus are unclear to me	48	(74)	30	(14)	The criteria for awarding a bonus are clear to me
The bonus scheme reduces morale	38	(59)	18	(5)	The bonus scheme improves morale
The bonus scheme has no significant impact on the way people work	56	(67)	17	(10)	The bonus scheme has a significant impact on the way people work
The bonus scheme demotivates people	22	(38)	27	(6)	The bonus scheme improves people's motivation
The bonus scheme reduces efficiency in the use of resources	15	(23)	12	(6)	The bonus scheme increases efficiency in the use of resources
The scheme undermines good management practices	24	(46)	18	(9)	The scheme promotes better management practices
Relationships with colleagues are deteriorating as a result of the bonus scheme	22	(29)	3	(1)	Relationships with colleagues are improving as a result of the bonus scheme
The bonus scheme is encouraging people to leave the civil service	7	(15)	12	(5)	The bonus scheme is encouraging people to stay in the civil service
The bonus scheme encourages managers to increase staff numbers	3	(7)	11	(5)	The bonus scheme encourages managers to reduce staff numbers
The bonus scheme is leading to a reduced investment in training	5	(10)	3	(1)	The bonus scheme is leading to increased investment in training
The bonus scheme discourages the development of planning and budgeting systems	4	(8)	16	(9)	The bonus scheme encourages the development of planning and budgeting systems
The bonus scheme discourages me from working more effectively	1	(14)	39	(7)	The bonus scheme encourages me to work more effectively
The bonus scheme damages team working	46	(56)	6	(2)	The bonus scheme enhances team working
As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff	4	(14)	21	(11)	As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are deteriorating as a result of the bonus scheme	20	(29)	8	(2)	Relationships between line managers and their staff are improving as a result of the bonus scheme
The names of bonus recipients should not be published	45	(17)	45	(68)	The names of bonus recipients should be published
There should not be an appeals procedure specific to bonus awards	67	(37)	20	(33)	There should be an appeals procedure specific to bonus awards
On the whole I am against relating pay to performance	17	(18)	79	(67)	On the whole I am in favour of relating pay to performance
On the whole I think the current scheme is a bad one	47	(73)	28	(7)	On the whole I think the current scheme is a good one

Weighted

Q.11 The Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation for one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

BONUS RECIPIENTS - MPO (NON-RECIPIENTS)

* % agreeing more with statement on left (ie. 1&2 on scale)
 ** % agreeing more with statement on right (ie. 3&4 on scale)

	*		**		
The procedures for making a bonus award are unclear to me	40	(47)	50	(43)	The procedures for making a bonus award are clear to me
The procedures for making a bonus award are unfair	31	(44)	39	(18)	The procedures for making a bonus award are fair
The objectives of the bonus scheme are unclear to me	36	(31)	53	(59)	The objectives of the bonus scheme are clear to me
The criteria for awarding a bonus are unclear to me	53	(62)	26	(23)	The criteria for awarding a bonus are clear to me
The bonus scheme reduces morale	54	(70)	3	(4)	The bonus scheme improves morale
The bonus scheme has no significant impact on the way people work	71	(73)	16	(17)	The bonus scheme has a significant impact on the way people work
The bonus scheme demotivates people	34	(51)	13	(8)	The bonus scheme improves people's motivation
The bonus scheme reduces efficiency in the use of resources	13	(35)	7	(2)	The bonus scheme increases efficiency in the use of resources
The scheme undermines good management practices	34	(55)	23	(8)	The scheme promotes better management practices
Relationships with colleagues are deteriorating as a result of the bonus scheme	40	(33)	-	(1)	Relationships with colleagues are improving as a result of the bonus scheme
The bonus scheme is encouraging people to leave the civil service	20	(17)	7	(2)	The bonus scheme is encouraging people to stay in the civil service
The bonus scheme encourages managers to increase staff numbers	-	(8)	10	(3)	The bonus scheme encourages managers to reduce staff numbers
The bonus scheme is leading to a reduced investment in training	14	(12)	3	(3)	The bonus scheme is leading to increased investment in training
The bonus scheme discourages the development of planning and budgeting systems	7	(8)	23	(15)	The bonus scheme encourages the development of planning and budgeting systems
The bonus scheme discourages me from working more effectively	14	(19)	33	(9)	The bonus scheme encourages me to work more effectively
The bonus scheme damages team working	56	(70)	3	(1)	The bonus scheme enhances team working
As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff	3	(9)	46	(18)	As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are deteriorating as a result of the bonus scheme	34	(35)	3	(1)	Relationships between line managers and their staff are improving as a result of the bonus scheme
The names of bonus recipients should not be published	14	(18)	73	(73)	The names of bonus recipients should be published
There should not be an appeals procedure specific to bonus awards	52	(55)	33	(26)	There should be an appeals procedure specific to bonus awards
On the whole I am against relating pay to performance	10	(12)	83	(73)	On the whole I am in favour of relating pay to performance
On the whole I think the current scheme is a bad one	77	(82)	9	(11)	On the whole I think the current scheme is a good one

Weighted

Q.11 The Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

BONUS RECIPIENTS - H M CUSTOMS & EXCISE - (NON-RECIPIENTS)

* % agreeing more with statement on left (ie. 1&2 on scale)
 ** % agreeing more with statement on right (ie. 3&4 on scale)

	*		**		
The procedures for making a bonus award are unclear to me	29	(60)	58	(29)	The procedures for making a bonus award are clear to me
The procedures for making a bonus award are unfair	9	(49)	55	(6)	The procedures for making a bonus award are fair
The objectives of the bonus scheme are unclear to me	15	(32)	71	(54)	The objectives of the bonus scheme are clear to me
The criteria for awarding a bonus are unclear to me	23	(58)	47	(29)	The criteria for awarding a bonus are clear to me
The bonus scheme reduces morale	32	(66)	15	(1)	The bonus scheme improves morale
The bonus scheme has no significant impact on the way people work	45	(73)	23	(5)	The bonus scheme has a significant impact on the way people work
The bonus scheme demotivates people	12	(45)	25	(12)	The bonus scheme improves people's motivation
The bonus scheme reduces efficiency in the use of resources	8	(20)	24	(4)	The bonus scheme increases efficiency in the use of resources
The scheme undermines good management practices	13	(44)	25	(7)	The scheme promotes better management practices
Relationships with colleagues are deteriorating as a result of the bonus scheme	21	(44)	-	(1)	Relationships with colleagues are improving as a result of the bonus scheme
The bonus scheme is encouraging people to leave the civil service	7	(13)	13	(4)	The bonus scheme is encouraging people to stay in the civil service
The bonus scheme encourages managers to increase staff numbers	2	(12)	18	(4)	The bonus scheme encourages managers to reduce staff numbers
The bonus scheme is leading to a reduced investment in training	9	(14)	13	(3)	The bonus scheme is leading to increased investment in training
The bonus scheme discourages the development of planning and budgeting systems	-	(9)	36	(16)	The bonus scheme encourages the development of planning and budgeting systems
The bonus scheme discourages me from working more effectively	-	(20)	50	(7)	The bonus scheme encourages me to work more effectively
The bonus scheme damages team working	56	(53)	15	(4)	The bonus scheme enhances team working
As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff	2	(21)	22	(16)	As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are deteriorating as a result of the bonus scheme	18	(42)	6	(1)	Relationships between line managers and their staff are improving as a result of the bonus scheme
The names of bonus recipients should not be published	58	(17)	35	(67)	The names of bonus recipients should be published
There should not be an appeals procedure specific to bonus awards	77	(50)	20	(32)	There should be an appeals procedure specific to bonus awards
On the whole I am against relating pay to performance	5	(18)	78	(73)	On the whole I am in favour of relating pay to performance
On the whole I think the current scheme is a bad one	48	(80)	20	(11)	On the whole I think the current scheme is a good one

Weighted

Q.11 The Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation for one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

BONUS RECIPIENTS - MOD - (NON-RECIPIENTS)

* % agreeing more with statement on left (ie. 1&2 on scale)
 ** % agreeing more with statement on right (ie. 3&4 on scale)

	*	**			
The procedures for making a bonus award are unclear to me	44	(70)	45	(25)	The procedures for making a bonus award are clear to me
The procedures for making a bonus award are unfair	14	(34)	35	(8)	The procedures for making a bonus award are fair
The objectives of the bonus scheme are unclear to me	12	(41)	69	(45)	The objectives of the bonus scheme are clear to me
The criteria for awarding a bonus are unclear to me	37	(76)	37	(16)	The criteria for awarding a bonus are clear to me
The bonus scheme reduces morale	27	(52)	25	(6)	The bonus scheme improves morale
The bonus scheme has no significant impact on the way people work	43	(63)	19	(9)	The bonus scheme has a significant impact on the way people work
The bonus scheme demotivates people	16	(34)	36	(7)	The bonus scheme improves people's motivation
The bonus scheme reduces efficiency in the use of resources	14	(19)	10	(7)	The bonus scheme increases efficiency in the use of resources
The scheme undermines good management practices	17	(43)	22	(10)	The scheme promotes better management practices
Relationships with colleagues are deteriorating as a result of the bonus scheme	23	(30)	4	(-)	Relationships with colleagues are improving as a result of the bonus scheme
The bonus scheme is encouraging people to leave the civil service	8	(15)	11	(5)	The bonus scheme is encouraging people to stay in the civil service
The bonus scheme encourages managers to increase staff numbers	3	(7)	8	(6)	The bonus scheme encourages managers to reduce staff numbers
The bonus scheme is leading to a reduced investment in training	3	(8)	-	(1)	The bonus scheme is leading to increased investment in training
The bonus scheme discourages the development of planning and budgeting systems	5	(7)	13	(9)	The bonus scheme encourages the development of planning and budgeting systems
The bonus scheme discourages me from working more effectively	1	(14)	48	(7)	The bonus scheme encourages me to work more effectively
The bonus scheme damages team working	31	(57)	7	(2)	The bonus scheme enhances team working
As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff	1	(16)	14	(11)	As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are deteriorating as a result of the bonus scheme	15	(27)	10	(1)	Relationships between line managers and their staff are improving as a result of the bonus scheme
The names of bonus recipients should not be published	41	(19)	47	(69)	The names of bonus recipients should be published
There should not be an appeals procedure specific to bonus awards	71	(35)	13	(35)	There should be an appeals procedure specific to bonus awards
On the whole I am against relating pay to performance	13	(16)	82	(68)	On the whole I am in favour of relating pay to performance
On the whole I think the current scheme is a bad one	34	(70)	43	(8)	On the whole I think the current scheme is a good one

Weighted

Q.11 The Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation for one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

BONUS RECIPIENTS - DE GROUP (NON-RECIPIENTS)

* % agreeing more with statement on left (ie. 1&2 on scale)
 ** % agreeing more with statement on right (ie. 3&4 on scale)

	*		**		
The procedures for making a bonus award are unclear to me	44	(70)	40	(20)	The procedures for making a bonus award are clear to me
The procedures for making a bonus award are unfair	51	(55)	13	(7)	The procedures for making a bonus award are fair
The objectives of the bonus scheme are unclear to me	40	(55)	51	(31)	The objectives of the bonus scheme are clear to me
The criteria for awarding a bonus are unclear to me	68	(81)	22	(11)	The criteria for awarding a bonus are clear to me
The bonus scheme reduces morale	61	(73)	11	(3)	The bonus scheme improves morale
The bonus scheme has no significant impact on the way people work	73	(76)	8	(5)	The bonus scheme has a significant impact on the way people work
The bonus scheme demotivates people	41	(46)	14	(6)	The bonus scheme improves people's motivation
The bonus scheme reduces efficiency in the use of resources	25	(27)	7	(4)	The bonus scheme increases efficiency in the use of resources
The scheme undermines good management practices	39	(50)	7	(7)	The scheme promotes better management practices
Relationships with colleagues are deteriorating as a result of the bonus scheme	24	(34)	-	(-)	Relationships with colleagues are improving as a result of the bonus scheme
The bonus scheme is encouraging people to leave the civil service	5	(12)	3	(5)	The bonus scheme is encouraging people to stay in the civil service
The bonus scheme encourages managers to increase staff numbers	4	(5)	13	(1)	The bonus scheme encourages managers to reduce staff numbers
The bonus scheme is leading to a reduced investment in training	7	(7)	3	(1)	The bonus scheme is leading to increased investment in training
The bonus scheme discourages the development of planning and budgeting systems	7	(5)	17	(6)	The bonus scheme encourages the development of planning and budgeting systems
The bonus scheme discourages me from working more effectively	-	(16)	25	(10)	The bonus scheme encourages me to work more effectively
The bonus scheme damages team working	54	(65)	1	(-)	The bonus scheme enhances team working
As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff	7	(19)	29	(8)	As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are deteriorating as a result of the bonus scheme	31	(40)	1	(2)	Relationships between line managers and their staff are improving as a result of the bonus scheme
The names of bonus recipients should not be published	48	(16)	47	(66)	The names of bonus recipients should be published
There should not be an appeals procedure specific to bonus awards	57	(29)	25	(32)	There should be an appeals procedure specific to bonus awards
On the whole I am against relating pay to performance	19	(22)	78	(60)	On the whole I am in favour of relating pay to performance
On the whole I think the current scheme is a bad one	68	(82)	21	(6)	On the whole I think the current scheme is a good one

Q.1 The Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation for one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

BONUS RECIPIENTS - DOE/DTP/PSA (NON-RECIPIENTS)

* % agreeing more with statement on left (ie. 1&2 on scale)
 ** % agreeing more with statement on right (ie. 3&4 on scale)

	*		**		
The procedures for making a bonus award are unclear to me	32	(61)	39	(26)	The procedures for making a bonus award are clear to me
The procedures for making a bonus award are unfair	29	(39)	37	(9)	The procedures for making a bonus award are fair
The objectives of the bonus scheme are unclear to me	25	(39)	40	(41)	The objectives of the bonus scheme are clear to me
The criteria for awarding a bonus are unclear to me	62	(71)	15	(12)	The criteria for awarding a bonus are clear to me
The bonus scheme reduces morale	34	(61)	14	(4)	The bonus scheme improves morale
The bonus scheme has no significant impact on the way people work	67	(68)	23	(13)	The bonus scheme has a significant impact on the way people work
The bonus scheme demotivates people	19	(37)	29	(6)	The bonus scheme improves people's motivation
The bonus scheme reduces efficiency in the use of resources	10	(27)	16	(6)	The bonus scheme increases efficiency in the use of resources
The scheme undermines good management practices	29	(46)	16	(8)	The scheme promotes better management practices
Relationships with colleagues are deteriorating as a result of the bonus scheme	14	(24)	7	(2)	Relationships with colleagues are improving as a result of the bonus scheme
The bonus scheme is encouraging people to leave the civil service	6	(14)	26	(6)	The bonus scheme is encouraging people to stay in the civil service
The bonus scheme encourages managers to increase staff numbers	-	(7)	14	(6)	The bonus scheme encourages managers to reduce staff numbers
The bonus scheme is leading to a reduced investment in training	8	(9)	7	(2)	The bonus scheme is leading to increased investment in training
The bonus scheme discourages the development of planning and budgeting systems	1	(9)	13	(8)	The bonus scheme encourages the development of planning and budgeting systems
The bonus scheme discourages me from working more effectively	1	(13)	32	(5)	The bonus scheme encourages me to work more effectively
The bonus scheme damages team working	64	(50)	7	(3)	The bonus scheme enhances team working
As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff	6	(9)	24	(13)	As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are deteriorating as a result of the bonus scheme	19	(23)	14	(4)	Relationships between line managers and their staff are improving as a result of the bonus scheme
The names of bonus recipients should not be published	50	(17)	35	(67)	The names of bonus recipients should be published
There should not be an appeals procedure specific to bonus awards	63	(39)	31	(31)	There should be an appeals procedure specific to bonus awards
On the whole I am against relating pay to performance	29	(19)	71	(68)	On the whole I am in favour of relating pay to performance
On the whole I think the current scheme is a bad one	50	(70)	8	(7)	On the whole I think the current scheme is a good one

Weighted

Summary Grade Analysis

Q.11 The Performance Bonus Experiment within the civil service was introduced on April 1st 1985. Now that it has been in operation one year please indicate your views and understanding of the scheme by circling the appropriate number below to indicate whether you agree more with the statement on the left or the statement on the right.

* % agreeing with statement on the left
 ** % agreeing with statement on the right

	* Grade 3	* Grade 7	** Grade 3	** Grade 7	
The procedures for making a bonus award are clear to me	89	19	12	72	The procedures for making a bonus award are unclear to me
The procedures for making a bonus award are fair	43	7	23	38	The procedures for making a bonus award are unfair
The objectives of the bonus scheme are clear to me	58	42	29	41	The objectives of the bonus scheme are unclear to me
The criteria for awarding a bonus are clear to me	54	12	31	77	The criteria for awarding a bonus are unclear to me
The bonus scheme improves morale	12	7	46	57	The bonus scheme reduces morale
The bonus scheme has a significant impact on the way people work	6	11	68	64	The bonus scheme has no significant impact on the way people work
The bonus scheme improves people's motivation	9	11	27	33	The bonus scheme demotivates people
The bonus scheme increases efficiency in the use of resources	-	7	9	21	The bonus scheme reduces efficiency in the use of resources
The scheme promotes better management practices	7	10	42	42	The scheme undermines good management practices
Relationships with colleagues are improving as a result of the bonus scheme	2	1	24	26	Relationships with colleagues are deteriorating as a result of the bonus scheme
The bonus scheme is encouraging people to stay in the civil service	11	6	8	13	The bonus scheme is encouraging people to leave the civil service
The bonus scheme encourages managers to reduce staff numbers	5	6	2	7	The bonus scheme encourages managers to increase staff numbers
The bonus scheme is leading to increased investment in training	3	2	3	9	The bonus scheme is leading to a reduced investment in training
The bonus scheme encourages the development of planning and budgeting systems	7	10	1	7	The bonus scheme discourages the development of planning and budgeting systems
The bonus scheme encourages me to work more effectively	13	12	4	12	The bonus scheme discourages me from working more effectively
The bonus scheme enhances team working	-	2	60	53	The bonus scheme damages team working
As a result of the bonus scheme line managers are becoming more likely to discuss individuals' targets with their staff	21	12	2	14	As a result of the bonus scheme line managers are becoming less likely to discuss individuals' targets with their staff
Relationships between line managers and their staff are improving as a result of the bonus scheme	7	3	14	26	Relationships between line managers and their staff are deteriorating as a result of the bonus scheme
The names of bonus recipients should be published	33	68	56	18	The names of bonus recipients should not be published
There should be an appeals procedure specific to bonus awards	9	35	73	34	There should not be an appeals procedure specific to bonus awards
On the whole I am in favour of relating pay to performance	78	67	13	18	On the whole I am against relating pay to performance
On the whole I think the current scheme is a good one	21	10	74	67	On the whole I think the current scheme is a bad one

IMPORTANCE AND JOB SATISFACTION

Questions 12 and 13:

Relative importance of various aspects to you in your work; and level of satisfaction with each aspect.

Importance

Mean Scores - All Respondents*

	1985	1986	
	All	Recipients	Non-Recipients
Doing a worthwhile job	4.58	4.50	4.54
Good working relationships	4.38	4.36	4.34
Extent of freedom to act	4.40	4.32	4.35
Level of overall responsibility	4.24	4.27	4.17
Intellectual challenge	4.20	4.24	4.18
Co-operation of subordinates	4.20	4.09	4.04
Opportunity to develop skills and ability	4.11	4.09	4.09
Senior management support	4.06	3.98	3.99
Clearly defined objectives	3.76	3.45	3.69
Amount of pay	3.78	3.86	3.88
Opportunities for promotion	3.58	3.76	3.68
Regular and objective feedback	3.53	3.42	3.51
Amount of job security	3.37	3.39	3.37
Terms and conditions	3.54	3.39	3.51
Contact with superiors	3.47	3.59	3.47
Responsibility for managing people	3.51	3.34	3.27
Geographical location	3.28	3.27	3.22
Opp to develop my prof specialism	3.37	2.99	3.39
Standard of accommodation	2.73	2.55	2.80
Working in the public service	2.50	2.31	2.43

* Weighted results

Satisfaction

Mean Scores - All Respondents*

	1985 All	1986 Recipients	Non-Recipients
Doing a worthwhile job	3.91	4.01	3.82
Good working relationships	4.23	4.31	4.16
Extent of freedom to act	3.45	3.70	3.52
Level of overall responsibility	3.72	3.83	3.58
Intellectual challenge	3.89	4.11	3.92
Co-operation of subordinates	4.15	4.28	4.09
Opportunity to develop my skills and ability	3.67	3.82	3.64
Senior management support	3.43	3.80	3.33
Clearly defined objectives	3.30	3.48	3.34
Amount of pay	2.33	2.16	2.18
Opportunities for promotion	2.56	2.67	2.60
Regular and objective feedback	3.20	3.54	3.06
Amount of job security	4.00	3.95	3.96
Terms and conditions	3.44	3.31	3.29
Contact with superiors	3.63	3.83	3.52
Responsibility for managing people	3.81	3.85	3.59
Geographical location	3.91	3.85	3.89
Opp to develop my prof specialism	3.42	3.45	3.35
Standard of accommodation	3.36	3.29	3.23
Working in the public service	3.26	3.20	3.15

* Weighted results

THE CLIMATE IN DEPARTMENTS

Q.14 In order to gain an understanding of the organisational context in which the Performance Bonus Experiment is being introduced, we would like your views on a number of aspects of organisational life. Please answer with respect to that part of the organisation with which you are most familiar.

ALL RESPONDENTS

% Agreeing (ie. - nos. 4 & 5 on Scale)*

a) In this organisation:	TOTAL 1985 (n=1068)	TOTAL 1986 (n=1115)	Bonus Recipients (n=214)	Bonus Non-Recipients (n=888)
There are few opportunities for promotion	58	58	52	59
Communications from senior managers are good	39	35	36	35
The best use is made of available talent	31	27	26	26
Individuals are poorly trained	25	27	27	26
There are adequate opportunities for individual development	45	39	45	38
Communications between all levels are effective	25	21	21	21
There is little relationship between an individual's performance and their level of reward	61	61	59	61
The measures used to judge an individual's performance are unclear	43	52	46	53
Different parts of the organisation understand each others objectives	25	23	25	23
Different parts of the organisation co-operate with one another	39	36	35	36
The systems for planning and setting objectives for each management unit are not effective	39	36	39	35
The current structure of the organisation facilitates achievement of its objectives	32	26	29	26
Decision making tends to be autocratic	34	34	31	35
b) In general, managers in this organisation:				
Are not held personally accountable for the results of their work	32	36	32	37
Are free to take whatever action is necessary to do their jobs	30	34	39	33
Have clear objectives	45	41	40	41
Have demanding objectives	66	63	66	62
Are not encouraged to take initiatives to improve overall effectiveness	32	35	32	36
Are not encouraged to take risks to improve overall effectiveness	58	61	55	62
Have clearly defined limits to their authority	57	56	53	56
Are provided with all the information they need to carry out their work effectively	30	27	28	27
Are not sufficiently aware of things happening in other areas which might have an effect on their work	42	45	48	44
Are slow to respond to change situations	32	36	35	37
Are expected to operate at high levels of performance	74	72	78	71

* Weighted

Q.14 In order to gain an understanding of the organisational context in which the Performance Bonus Experiment is being introduced, we would like your views on a number of aspects of organisational life. Please answer with respect to that part of the organisation with which you are most familiar.

a) In this organisation:	MPO	
	% Agreeing (ie. - nos. 4 & 5 on Scale)*	
	Bonus Recipients	Bonus Non-Recipients
There are few opportunities for promotion	64	64
Communications from senior managers are good	44	47
The best use is made of available talent	37	32
Individuals are poorly trained	29	23
There are adequate opportunities for individual development	56	58
Communications between all levels are effective	26	18
There is little relationship between an individual's performance and their level of reward	59	62
The measures used to judge an individual's performance are unclear	50	57
Different parts of the organisation understand each others objectives	28	17
Different parts of the organisation co-operate with one another	44	35
The systems for planning and setting objectives for each management unit are not effective	27	37
The current structure of the organisation facilitates achievement of its objectives	31	35
Decision making tends to be autocratic	13	26
b) In general, managers in this organisation:		
Are not held personally accountable for the results of their work	23	27
Are free to take whatever action is necessary to do their jobs	54	43
Have clear objectives	44	44
Have demanding objectives	54	40
Are not encouraged to take initiatives to improve overall effectiveness	27	28
Are not encouraged to take risks to improve overall effectiveness	56	50
Have clearly defined limits to their authority	60	52
Are provided with all the information they need to carry out their work effectively	33	33
Are not sufficiently aware of things happening in other areas which might have an effect on their work	46	46
Are slow to respond to change situations	37	36
Are expected to operate at high levels of performance	73	61

* Weighted

Q.1 In order to gain an understanding of the organisational context in which the Performance Bonus Experiment is being introduced, we would like your views on a number of aspects of organisational life. Please answer with respect to that part of the organisation with which you are most familiar.

H M CUSTOMS & EXCISE

% Agreeing (ie. - nos. 4 & 5 on Scale)*

a) In this organisation:	Bonus Recipients	Bonus Non-Recipients
There are few opportunities for promotion	64	80
Communications from senior managers are good	37	26
The best use is made of available talent	18	21
Individuals are poorly trained	20	29
There are adequate opportunities for individual development	26	28
Communications between all levels are effective	9	21
There is little relationship between an individual's performance and their level of reward	65	69
The measures used to judge an individual's performance are unclear	34	71
Different parts of the organisation understand each others objectives	30	26
Different parts of the organisation co-operate with one another	38	37
The systems for planning and setting objectives for each management unit are not effective	17	35
The current structure of the organisation facilitates achievement of its objectives	27	30
Decision making tends to be autocratic	55	41
b) In general, managers in this organisation:		
Are not held personally accountable for the results of their work	31	33
Are free to take whatever action is necessary to do their jobs	38	17
Have clear objectives	57	55
Have demanding objectives	72	55
Are not encouraged to take initiatives to improve overall effectiveness	27	43
Are not encouraged to take risks to improve overall effectiveness	30	66
Have clearly defined limits to their authority	75	73
Are provided with all the information they need to carry out their work effectively	29	33
Are not sufficiently aware of things happening in other areas which might have an effect on their work	49	40
Are slow to respond to change situations	52	49
Are expected to operate at high levels of performance	82	69

* Weighted

Q.14 In order to gain an understanding of the organisational context in which the Performance Bonus Experiment is being introduced, we would like your views on a number of aspects of organisational life. Please answer with respect to that part of the organisation with which you are most familiar.

MOD

% Agreeing (ie. - nos. 4 & 5 on Scale)*

a) In this organisation:	Bonus Recipients	Bonus Non-Recipients
There are few opportunities for promotion	58	61
Communications from senior managers are good	38	38
The best use is made of available talent	33	28
Individuals are poorly trained	22	24
There are adequate opportunities for individual development	51	44
Communications between all levels are effective	26	19
There is little relationship between an individual's performance and their level of reward	62	58
The measures used to judge an individual's performance are unclear	32	46
Different parts of the organisation understand each others objectives	26	24
Different parts of the organisation co-operate with one another	35	38
The systems for planning and setting objectives for each management unit are not effective	40	36
The current structure of the organisation facilitates achievement of its objectives	28	30
Decision making tends to be autocratic	28	35
b) In general, managers in this organisation:		
Are not held personally accountable for the results of their work	42	38
Are free to take whatever action is necessary to do their jobs	38	34
Have clear objectives	43	41
Have demanding objectives	72	65
Are not encouraged to take initiatives to improve overall effectiveness	37	30
Are not encouraged to take risks to improve overall effectiveness	63	57
Have clearly defined limits to their authority	57	54
Are provided with all the information they need to carry out their work effectively	27	26
Are not sufficiently aware of things happening in other areas which might have an effect on their work	45	44
Are slow to respond to change situations	31	36
Are expected to operate at high levels of performance	77	67

* Weighted

Q.14 In order to gain an understanding of the organisational context in which the Performance Bonus Experiment is being introduced, we would like your views on a number of aspects of organisational life. Please answer with respect to that part of the organisation with which you are most familiar.

DE GROUP

% Agreeing (ie. - nos. 4 & 5 on Scale)*

a) In this organisation:	Bonus Recipients	Bonus Non-Recipients
There are few opportunities for promotion	37	49
Communications from senior managers are good	23	34
The best use is made of available talent	23	21
Individuals are poorly trained	34	28
There are adequate opportunities for individual development	49	36
Communications between all levels are effective	10	20
There is little relationship between an individual's performance and their level of reward	44	65
The measures used to judge an individual's performance are unclear	54	68
Different parts of the organisation understand each others objectives	24	19
Different parts of the organisation co-operate with one another	28	31
The systems for planning and setting objectives for each management unit are not effective	39	33
The current structure of the organisation facilitates achievement of its objectives	36	20
Decision making tends to be autocratic	33	37
b) In general, managers in this organisation:		
Are not held personally accountable for the results of their work	19	35
Are free to take whatever action is necessary to do their jobs	55	43
Have clear objectives	33	41
Have demanding objectives	56	57
Are not encouraged to take initiatives to improve overall effectiveness	22	27
Are not encouraged to take risks to improve overall effectiveness	46	56
Have clearly defined limits to their authority	42	57
Are provided with all the information they need to carry out their work effectively	33	29
Are not sufficiently aware of things happening in other areas which might have an effect on their work	49	42
Are slow to respond to change situations	20	28
Are expected to operate at high levels of performance	80	72

* Weighted

Q.14 In order to gain an understanding of the organisational context in which the Performance Bonus Experiment is being introduced, we would like your views on a number of aspects of organisational life. Please answer with respect to that part of the organisation with which you are most familiar.

DoE/DTP/PSA

% Agreeing (ie. - nos. 4 & 5 on Scale)*

a) In this organisation:	Bonus Recipients	Bonus Non-Recipients
There are few opportunities for promotion	43	58
Communications from senior managers are good	50	35
The best use is made of available talent	11	27
Individuals are poorly trained	31	26
There are adequate opportunities for individual development	31	34
Communications between all levels are effective	25	23
There is little relationship between an individual's performance and their level of reward	67	63
The measures used to judge an individual's performance are unclear	75	54
Different parts of the organisation understand each others objectives	17	23
Different parts of the organisation co-operate with one another	43	34
The systems for planning and setting objectives for each management unit are not effective	54	37
The current structure of the organisation facilitates achievement of its objectives	22	24
Decision making tends to be autocratic	24	35
b) In general, managers in this organisation:		
Are not held personally accountable for the results of their work	21	38
Are free to take whatever action is necessary to do their jobs	26	31
Have clear objectives	30	42
Have demanding objectives	65	62
Are not encouraged to take initiatives to improve overall effectiveness	32	44
Are not encouraged to take risks to improve overall effectiveness	64	70
Have clearly defined limits to their authority	42	58
Are provided with all the information they need to carry out their work effectively	24	26
Are not sufficiently aware of things happening in other areas which might have an effect on their work	54	43
Are slow to respond to change situations	46	39
Are expected to operate at high levels of performance	82	73

* Weighted

63

Q 15 b) Has the basis for assessment of your performance changed as a result of the bonus scheme?

	Total %	Bonus Recipients %	Non Recipients %
Yes	3	4	2
No	89	93	88
No reply	9	3	10
Total n =	1115	214	888

Q 15 d) Do you think that the change in the way you are assessed is

	%	%	%
Better	31	62	16
Worse	37	1	52
Neither	5	10	3
Don't know	20	26	20
No reply	6	-	9
Total n =	37	11	25

ATTITUDES AND PERCEPTIONS OF THE SCHEME

Q.16 As a line manager you may have a different perspective on the impact of the scheme. Please indicate your level of agreement with the following statements by circling the appropriate number alongside each.

	ALL LINE MANAGERS			
	% Agreeing *			
	1985 All	1986 All	1986 Bonus Recipients	Non-Recipients
The bonus scheme encourages staff to try to move into posts where they feel they are more likely to receive a bonus	46	8	3	9
The bonus scheme helps me to manage the performance of my staff	12	8	11	6
There is room for improvement in the performance of my staff	66	73	72	74
Raising morale is an important part of the line manager's job	96	97	98	97
The bonus experiment encourages competition between my subordinates	22	6	6	6
Setting clear objectives is important in managing the performance of my staff	87	91	96	90
Competition between my subordinates is a good thing	30	31	28	31
Performance is improving amongst my staff as a result of the bonus scheme	8	1	2	1
The bonus scheme helps me to set individual objectives focussing on end results	17	4	5	4
The bonus scheme is damaging morale amongst my staff	47	30	27	31

* Weighted

Q 17

OPEN ENDED COMMENTS - RESPONSE RATES

Dept	No of Questionnaires Returned	No of Questionnaires with responses to one or both open-ended Questions	% of Questionnaires with responses to one or both open-ended Questions
MPO	126	97	77%
Customs & Excise	97	75	77%
MOD	376	295	78%
DoE/DTP/PSA	341	265	78%
DE Group	221	167	76%
Not stated	1	0	-
TOTAL	1,162	899	77%
Bonus Recipients	222 (19%)	144 (16%)	65%
Non-recipients	901 (81%)	755 (84%)	84%
Not stated whether bonus recipient or not	14 (1%)	7 (1%)	50%
TOTAL	1,162	899	81%

Q 17

MOST FREQUENTLY MADE ISSUES IN RESPONSES TO
OPEN ENDED QUESTIONS

<u>Comment</u>	<u>Number of Occurrences</u>	<u>Occurrences as % of all Responses</u>
I did not know that my Department/work area had already made its awards	144	13
The scheme has not had any significant impact on my Department/work area	118	11
The scheme is divisive/ damages teamwork	108	10
I don't understand the criteria for making awards/ the criteria are too vague	94	8
I don't know anything about the scheme/I know only vaguely about the scheme	89	8
The scheme should include grades lower than Grade 7	83	7
The names of recipients should be made public	80	7
The scheme damages morale	80	7

Q 17

**PERSONAL MORALE AND MOTIVATION - RESPONSES
TO OPEN ENDED QUESTIONS**

	Number of Occurrences (Occurrences as % of all response from recipients/non recipients)	
	Recipients N = 222	Non-recipients N = 926
The scheme has motivated me/ I am pleased with the outcome	21 (9)	5 (*)
The scheme has demotivated me/ I am disappointed with the outcome	1 (*)	30 (3)
The scheme has had no effect on my motivation/I am indifferent to the outcome	16 (7)	41 (4)

Q 17

COMMENTS ON CRITERIA FOR MAKING AWARDS -
RESPONSES TO OPEN ENDED QUESTIONS

<u>Comment</u>	<u>Number of Occurrences</u> (Occurrences as % of all Responses from recipients/ non recipients)	
	<u>Recipients</u> N = 222	<u>Non-recipients</u> N = 926
The right people got awards	9 (4)	19 (2)
The wrong people got awards	2 (1)	19 (2)
Awards went to the most visible/ those who will be promoted anyway	3 (1)	31 (3)
Awards seem to be arbitrary	12 (5)	42 (5)
Awards went to those who won't be promoted	1 (*)	1 (*)

* Too few to be meaningful.

3. Results from the Administrative Audit

RESULTS FROM ADMINISTRATIVE AUDIT

The visible cost of the performance bonus scheme is £4m per year, i.e. the amount allocated by Ministers to the experiment. However, a scheme of this nature is bound to involve large "hidden" costs in terms of the effort devoted by staff to its administration. The "hidden" costs of the performance bonus experiment are assessed in this part of the Appendix.

For practical purposes, the costs of running the scheme are opportunity costs. Little or no new expenditure has been incurred other than the bonuses themselves and consultancy fees. The opportunity costs are, however, not inconsiderable. We estimate that they have totalled over £1m so far, or 25% of the cost of the bonuses themselves. However, this would not be a constant amount were the scheme to continue in its present form. Subtraction of the initial costs of "setting up" the administrative aspects of the scheme and of the costs of evaluating the scheme in the context of its current experimental status suggests a ceiling of £738 thousand (i.e. 19% of the bonuses paid) per annum after the scheme has "settled down".

The administrative costs of the scheme are summarised in Table 1. The components of the analysis are as follows:

- o The non-recurring cost of setting up the scheme. Should the scheme be re-designed, these will, however, be incurred again to some extent.
- o The costs of evaluating the scheme. This is an amalgam of time devoted to the present exercise and individual Departments' "internal" evaluation of the scheme.
- o Central administration (departmental). This represents the costs involved in managing the awarding of bonuses from the centre. It includes actual "decisions" on awards (where this has not been delegated down the line) and "moderation".
- o Administration by line management. This covers the appraisal of staff, the writing of nominations and, where this is not done centrally, decisions on awards. It also covers "communications" - learning about the scheme and explaining it to staff, informing staff of the outcomes, etc.

All of these costs have been estimated from the five Departments involved in the central evaluation exercise. These have been pro rated (with the exception of the MPO's central - as opposed to internal Departmental - costs) in proportion to the bonus fund to give an estimate of costs in the Service as a whole. We accept that this is a crude approximation, but the means to measure the number of hours worked by each grade across the Civil Service do not exist. Within the five Departments (or rather nine, as we have treated PSA, MSC, HSE and ACAS as separate entities), we asked Departmental contacts to estimate the hours spent by all staff involved in central administration and to collect similar data on administration by line managers from a sample (215) of those involved. Time spent was "cashed up" using rates from the Treasury's "Ready Reckoner of Staff Costs". We used column 4 of the Ready Reckoner - Basic Staff Costs plus common services. We also endeavoured to establish the operational cost

of actually paying bonuses. Only one Department - MOD - provided this information, and it has been excluded from Table 1. The operational cost in MOD was not significant - £792.93, divided about equally between the computerised personnel records system and the non-industrial pay system. Costs such as stationery are included in the "Ready Reckoner" capitation rates.

By far the greatest part of the overall cost is represented by line management costs. Overall, people with line management responsibility for staff involved in the scheme spent on average between 3 and 4.5 hours administering the scheme in 1985/86 in most Departments (see Tables 2 and 3). Significantly more time was spent at levels where managers were required to sift, rank and judge nominations (typically 6-12 hours) than at levels where only assessment and the writing of nominations was involved. The main "activities" line managers were asked to account for were:

- o Learning about the scheme.
- o Discussing the scheme's working with colleagues and staff.
- o Assessing staff and preparing nominations.
- o Follow-up action arising from nominations.
- o Communicating the outcome of awards to staff.

The second and third of these items took most time. Although MPO was unusual in having a policy that line managers should inform recipients personally of their good fortune (many line managers in other Departments, however, did this on their own initiative), this activity added only half an hour to the average. It was the extent to which the process of deciding to whom bonuses should be awarded involved direct consultation of line managers - at Grades 5 and 6, rather than a central evaluation of their nominations (e.g. Customs and Excise) or consultation at a higher line management level (e.g. HSE) - that determined how much total effort line management devoted to the scheme. Learning about the scheme took a roughly constant one hour per manager.

The question of what is the appropriate level of effort required for a new scheme of this kind is of course not addressed here. The issue of how the scheme was managed is addressed in the main report.

TABLE 1

ADMINISTRATIVE COST OF BONUS SCHEME

	<u>£K (A)</u>	<u>£K (B)</u>	<u>%</u>
Costs of setting up administrative arrangements, etc (non-recurring)	16	34	4
Costs of evaluation (internal & external) (Recurring during experimental period only)	58	135	15
Central Administration (Recurring)	51	136	15
Administration by line management (Recurring)	226	602	66
<u>Total Cost 1985/86</u>	<u>351</u>	<u>907</u>	<u>100</u>
<u>Add: Costs of setting up scheme before 1st April, 1985</u>	44	117	
<u>Total Cost to 31st March, 1986</u>	<u>395</u>	<u>1,024</u>	
<u>FORECAST ANNUAL COST 1986/87 & 1987/88</u>	<u>335</u>	<u>873</u>	
<u>FORECAST ANNUAL COST OF CONTINUING SCHEME AFTER 1987/88</u>	<u>277</u>	<u>738</u>	

Notes: £A - Cost in Departments covered by audit
 £B - Estimated Cost in all Departments

TABLE 2

ADMINISTRATIVE COST OF SCHEME BY DEPARTMENT 1985/86

<u>Department</u>	<u>Bonus Fund</u> £K	<u>Administrative</u> <u>Costs</u> ¹ £K	<u>Average Line</u> <u>Mgt time</u> ² Hours	<u>Admin Costs/</u> <u>Bonus Fund</u> %
MPO*	31	11	8.2	35
Customs & Excise	99	15	3.7	15
MoD	725	142	4.0	20
DoE/DTP	246	54	3.4	22
PSA	130	23	3.3	18
DE	38	17	4.3	45
MSC	49	7	3.7	14
HSE	143	7	1.0	5
ACAS	7	1	3.2	17
<u>TOTAL/AVERAGE</u>	<u>1,465</u>	<u>277</u>	<u>3.8</u>	<u>19</u>

* Excludes PM Div Costs in service-wide evaluation and design of £16K.

¹ Excluding evaluation and setting up costs

² Excludes central Depts, except in respect of their own internal awards

TABLE 3

ANALYSIS OF AVERAGE LINE MANAGEMENT HOURS BY DEPARTMENT AND GRADE

	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6*</u>	<u>(% of Gd 6 with staff in scheme)</u>
MPO	11.5	11.6	2.0	9.0	3.7	87
Customs & Excise	3.0	4.0		4.5	2.9	69
MoD	6.0	10.2	10.0	3.8	2.9	82
DoE/DTP	9.8	4.9	3.5	4.5	1.5	74
PSA		7.0	8.1	4.3	2.2	89
DE	8.7	7.8	15.0	3.5	2.3	94
MSC	10.0	7.8	6.5	4.0	1.0	60
HSE	1.0	6.5	2.4	0.8	0.5	61
ACAS			0.5	1.5	4.0	92

* Average of those staff at Grade 6 who have subordinate staff at Grade 7 level, based on responses to attitude survey (Q.5).

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4. Statistical Analysis of Bonus
Recipients/Non-Recipients

STATISTICAL ANALYSIS OF BONUS RECIPIENTS/NON-RECIPIENTS

Purpose and Scope of the Statistical Review

The purpose of this strand of the evaluation programme has been to gather information from all participating departments about the characteristics of the whole of the eligible population. The data base that we now have covers both recipients and non-recipients of awards, which allows broad comparisons between these two groups to be made. The data items requested from departments are listed at annex 1. The tables which form the basis for the conclusions in the main body of the report are at annex 2.

The information has been supplied to us either manually, on magnetic tape, on computer print-out, or, most commonly in a mixture of these forms. Most of the data items were already held in departmental computer records, either in pay-roll systems or in personnel systems (eg DSR, PRISM etc.) The Chessington Computer Centre (CCC) and the Scottish Office Computer Service (SOCS) have supplied much of the information required on behalf of departments.

This data collection has been restricted in the main to information that departments have to collect in the normal course of events. The one exception has been the overall performance mark from annual staff reports. This data item has been expensive to collect, usually requiring a manual search of personal files to be undertaken. Performance marks are included on some 7,700 records, which represents 44% of the records that have been analysed for this exercise.

The Data

The availability of statistical analyses at this early stage has only been made possible by the co-operation of departments, CCC and SOCS. It has been a fast and widely-based exercise and inevitably errors have arisen. Where possible in the time available these have been corrected but some errors still remain and some data (around 20% of records) have had to be excluded from the analyses.

We are, however, sufficiently confident in the broad trends revealed to present early findings in the main body of the report. (See "Who received bonuses", page 9.) Nonetheless, the conclusions should be regarded as provisional and subject to amendment.

ANNEX 1

DATA ITEMS REQUESTED FROM ALL DEPARTMENTS DESCRIBING THE WHOLE
POPULATION ELIGIBLE FOR PERFORMANCE BONUSES
(Both recipients of awards and non-recipients)

1. Identifier (not name, but code to enable matching of data items from different sources, eg: pay reference number)
2. Amount of annual bonus (if any)
3. Amount of special bonus (if any)
4. Whether any bonus paid in previous year (either annual or special)
5. Whether person on maximum of salary scale or not
6. Department
7. Whether person on loan to department
8. Grade at which person is paid
9. Date of birth
10. Sex
11. Date of entry to Civil Service
12. Grade prior to unified grading
13. Date of entry to grade
14. Previous grade
15. Grade on entry to Civil Service
16. Whether person is on temporary promotion
17. Overall performance mark from annual report
18. Whether 5 or 6-point scale used on annual report (ie new reporting system or old one)

Statistical Tables

Percentages of eligible staff receiving bonuses:

1. by sex
2. by performance marking
3. by grade level
4. by professional group or class prior to unified grading
5. by age
6. by length of service in civil service (current engagement)
7. by length of service in current grade

TABLE 1:

PERCENTAGES OF ELIGIBLE STAFF RECEIVING BONUSES BY SEX

	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
MALES	16144.	2535.	16.	116.	1.
FEMALES	1609.	246.	15.	13.	1.
TOTALS	17753.	2781.	16.	129.	1.

TABLE 2:

PERCENTAGES OF ELIGIBLE STAFF WHO RECEIVED A BONUS BY PERFORMANCE MARKING

ASR Box markings*	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
Box 1	680.	304.	45.	3.	0.
Box 2	4244.	1080.	25.	20.	0.
Box 3	2501.	110.	4.	8.	0.
Box 4	302.	0.	0.	1.	0.
Box 5 or below	25.	0.	0.	0.	0.
TOTALS	7752	1494	19	32	0

* Data drawn from both new and old report forms, which have 5- and 6-point scales respectively. Scales merged for analysis by merging boxes 5 and 6 of old report form into one point, and equated to box 5 of new form.

TABLE 3:

PERCENTAGES OF ELIGIBLE STAFF RECEIVING BONUSES BY GRADE LEVEL

Grade	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
Grade 3	597.	82.	14.	0.	0.
Grade 4	219.	44.	20.	1.	0.
Grade 5	2603.	499.	19.	28.	1.
Grade 6	3873.	685.	18.	27.	1.
Principal and Equivalent Grds.	10461.	1471.	14.	73.	1.
TOTALS	17753.	2781.	16.	129.	1.

TABLE 4:

PERCENTAGES OF ELIGIBLE STAFF RECEIVING BONUSES BY PROFESSIONAL GROUP OR CLASS PRIOR TO UNIFIED GRADING *₁

Group/Class	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
Administrators:					
Mainstream	4794.	805.	17.	49.	1.
Faststream * ₂	1365.	283.	21.	27.	2.
Total	6159.	1088.	18.	76.	1.
Economist Class:	222.	35.	16.	8.	4.
Information Offs:	101.	11.	11.	0.	0.
Legal Group	505.	94.	19.	4.	1.
P&T Group	1046.	115.	11.	3.	0.
Scientific class	1087.	147.	14.	5.	0.
Statisticians	272.	48.	18.	4.	1.
Other Groups	8361.	1243.	15.	29.	0.
TOTALS	17753.	2781.	16.	129.	1.

*₁ Some doubt exists about reliability of data item used to identify people with specialist backgrounds, ie: 'grade prior to unified grading'. In at least 20% of records, it has not been provided. In all such cases, staff classified in the 'other' group, which is therefore artificially large.

*₂ The fast stream administrator group is composed of people who either have a fast stream 'grade on entry to civil service', or a 'current grade' which is two grades above their 'previous grade'. Fast streamers cannot be directly identified from most departmental records.

TABLE 5: PERCENTAGES OF ELIGIBLE STAFF RECEIVING BONUSES BY AGE

AGE	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
25-35	1683.	304.	18.	20.	1.
36-45	6440.	1129.	18.	59.	1.
45-55	6327.	933.	15.	36.	1.
56 And over	3303.	415.	13.	14.	0.
TOTALS	17753.	2781.	16.	129.	1.

TABLE 6: PERCENTAGES OF ELIGIBLE STAFF WHO RECEIVED A BONUS BY LENGTH OF SERVICE IN CIVIL SERVICE, (CURRENT ENGAGEMENT)

	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
Less Than 5 Years	1085.	84.	8.	4.	0.
5-10 Years	1593.	275.	17.	18.	1.
10-15 Years	3483.	596.	17.	35.	1.
15-20 Years	3147.	535.	17.	25.	1.
20-25 Years	2636.	397.	15.	19.	1.
25-30 Years	2220.	333.	15.	14.	1.
30-35 Years	1657.	257.	16.	5.	0.
Over 35 years	1920.	304.	16.	9.	0.
TOTALS	17753.	2781.	16.	129.	1.

TABLE 7: PERCENTAGES OF ELIGIBLE STAFF WHO RECEIVED A BONUS BY LENGTH OF SERVICE IN CURRENT GRADE

Length of Service in Current Grade.	Staff in Eligible Grades	No of Annual Bonuses Awarded	Staff Receiving Annual Bonuses %	No of Special Bonuses Awarded	Staff Receiving Special Bonuses %
Less than 1 Year	2168.	147.	7.	6.	0.
1-2 Years	2246.	287.	13.	20.	1.
2-3 Years	1723.	314.	18.	17.	1.
3-5 Years	3107.	587.	19.	27.	1.
5-10 Years	5279.	982.	19.	38.	1.
Over 10 Years	3230.	464.	14.	21.	1.
TOTALS	17753.	2781.	16.	129.	1.