



BRIEFING PAPER

Performance-Related Pay (PRP)

For all WSCC HAY/SMG4/AfC/NJC members

October 2018

Performance-related pay

WSCC has consulted on the introduction of performance-related pay (PRP) with staff in employee groups for which there is local pay bargaining: HAY, SMG4 and AfC. It has proposed making **annual cost of living** uplifts dependent on performance, as well as **incremental progression**.

The Council has also signalled an intention to apply PRP to the larger **NJC staff group**, which is on lower salaries. It is thought that PRP would only apply to incremental progression, and not cost of living, for these staff.

UNISON **rejects** the use of PRP at West Sussex for the following reasons.

1. There's no evidence it works!

There is no evidence available that PRP can be made to work fairly or equitably, or that it improves performance, in the public sector. It is only 'instinct' or ideological conviction which makes people think PRP works. There is much academic evidence available on PRP – but none which says it has positive effects or achieves its stated objectives. WSCC should be an **evidence-based organisation**. WSCC does not allow managers to make substantial changes to its services or structures without evidence and reasoning. Why is the same standard not being applied to our pay system?

If it works at all, PRP works in the private sector where there are simple measurables (e.g. sales targets) and the incentives are greater. WSCC is not offering bonuses worth tens of thousands of pounds – it is offering a few percentage points as an uplift. Public sector workers are unlikely to be

motivated by the sums on offer, and tend to be motivated by different values, which is what draws them to public service in the first place.

2. Equalities and discrimination

Evidence that is available shows that black, disabled and older workers tend to do less well. It **institutionalises discrimination**. Why would we want that at West Sussex? And given this evidence is available, why has there been no Equality Impact Assessment undertaken or approach made to the Staff Groups?

3. Is it about performance, or saving £££?

PRP can be used to save money on the total pay bill. It gives employers an easy mechanism to use, as they can simply adjust what they consider to be an acceptable level of performance to qualify for a pay rise or incremental progression to match the budget available. **The 'bar' can move up.**

4. What do you measure?

What objectives do you measure each year to determine if staff should receive a pay award or increment? Public sector workers do not work on a production line in a biscuit factory. They have highly complex jobs with inter-dependencies across a large range of internal and external stakeholders. This is why it is so difficult to measure performance in a fair and objective way which does not result in discrepancies between departments.

5. Perverse impacts

PRP seeks to reduce a complex job to a few simple measures of performance. This then skews effort towards the simpler aspects of the

role which are measured, while leading to neglect of more complex tasks which may be as or more important, but are harder to measure.

6. A competitive culture, not a cooperative one

PRP has a detrimental impact on **teamwork**, as individuals can seek to drive up their own performance grading at the expenses of other staff or tasks that the team needs to deliver.

7. Grievances will increase

PRP can be a superficially attractive system to workforces at the start. It sounds like more money will be available, and that our personal efforts will at last be recognised and rewarded. What UNISON has never found yet is the staff member who wishes to own up to being the poor performer in a team!

The truth is we all think we are high performers, and that low performance is attributable to someone else. When staff do not get their pay rise, they will be astounded! They will want to take a grievance to challenge the decision, taking up more time and organisational resources. Sometimes those grievances will be upheld because they have been treated unfairly. More often, staff will simply become disaffected and demotivated – by the very policy which is intended to increase performance and effort. It is inevitable that PRP will result in perceptions of unfairness, bias and resentment.

8. Appraisals damaged

Appraisals will tend to be re-focused on narrower, short-term and quantifiable goals. The appraisal becomes about the mechanism to achieve a pay rise. This is to the detriment of appraisals, as attention is diverted away from **development needs** and toward financial reward.

9. Pensions

The long-term impact on pensions will be significant. If staff miss out on pay rises, that has a **knock on effect on their base pay for the rest of their careers at WSCC**. This could mean a significant negative cumulative impact. If I miss out on a 3% pay rise in Year 1 on my salary of £20,000 that is £600 I have lost. If I work for

WSCC for 20 years, that is £12,000 (20 x £600) I have missed out on in salary and this figure will be higher if I do get pay rises in other years, as I will miss out on an uplift for that portion of my base salary that is forever missing. My contributions to my LGPS pension will be lower, and permanently lower for the lifetime of my career at WSCC even with just one missed pay uplift, meaning that the career average pension I am eventually entitled to draw will be lower. Why should staff **be penalised into their old age** because of an unfair policy that has not been thought through?

10. Increments are the 'rate for the job'

Incremental progression is not simply for 'time served'. Increments have been negotiated nationally with all the NJC trade unions. They represent the 'rate for the job' and so go up after staff have worked in the job at intervals of a year, as staff are assumed to have accrued experience, skills and knowledge in that time. **After all, who on Day 1 of a job does it as well as they would after 3 years?** This is a fair and equitable system worth defending. If there are performance issues so significant that a member of staff is under-performing, and not accruing experience, skills and knowledge in the way they should, WSCC is able to use its performance improvement processes to deal with that. Trying to deal with performance by withholding pay is ducking the employer's responsibility to all staff and the council tax payer.

GIVE US A REAL INCENTIVE!

WSCC is free to introduce a fairer system of incentives at any time without attacking base pay at a time when **real pay has already fallen by 20% since 2010**. Bonuses can be paid over and above base pay, or non-pay incentives like additional annual leave can be awarded. These would be far less controversial or damaging, and would be more motivating for staff we contend.

SAY NO TO PRP!

- Elect a rep in your team!
- Recruit new members to UNISON!
- Share PRP emails and info in your team!
- Invite UNISON to meet your team!
- Watch out for important communications from the branch on PRP!