

Total Reward Case Study - NHS

Team Pay in the NHS

Background to Organisation

In the NHS Plan published in 2001, the Government made a commitment to pilot team rewards in the NHS. A joint team from Hay Group and the Institute for Employment Studies was appointed to help the Department of Health to set up, run and evaluate the pilots over 2-3 years.

Following a selection process in which NHS Trusts throughout England were invited to apply to be pilot sites:

- Eight Trusts were chosen to run pilots over two years.
- A further seven were selected for a one year trial.

There were 17 pilots in these 15 locations. Hay Group and IES consultants worked with the sites to define the team, set up the pilot, identify suitable performance targets and measures for each year, and to monitor progress.

Issues

All the pilots were based on an incentive approach, ie the target level of performance and the money paid if targets are fully achieved were defined in advance. (The alternative – to award payments based on retrospective judgement about whether the team had done good work – was not part of this programme. We wanted defined improvements.)

Actions

As this was an experiment, the aim was to test out different approaches in a variety of settings. The list of pilots includes:

- A range of Trust types: acute, ambulance, primary care trusts and some combinations.
- Various ways of defining the 'team', including the whole Trust, all front line staff, service groupings, and teams focused on a specific service or forms of treatment. The largest was a whole teaching hospital with 5000 staff, the smallest a maxillofacial unit of about 30. A few pilots effectively defined teams within teams.
- Different approaches to targets and measures, including initiative targets (e.g. completion of protocol), process targets (e.g. waiting times, clinic utilisation) service outputs (e.g. cleaner hospitals) and patient satisfaction.

- Some variety on type and level of payment. There are money bonuses for individuals; accumulated funds which can be spent on such issues as staff development and facilities; and some pilots which combine these two approaches. For example, the largest pilot involves a payment of up to £600 per head, depending on the level of achievement against targets; the highest individual bonus in any pilot is £1,000. The largest fund could produce some £160,000 for around 200 staff.

Outcomes, Learning Points and Future Projects

The two year programme finished at the end of March 2004. The Hay Group/IES team prepared a final report on lessons learned and guidance for NHS Trusts on how to make a success of team bonuses, and the Department of Health is likely to publish these. Some of the main learning points:

- The definition of the team is critical. Working with a clear and self-defining group is far easier than with a large and diverse group which contains a number of different activities. The interdependence of services and functions in the NHS is well known, and makes it difficult to draw team boundaries without being either too broad and inclusive or too narrow and therefore excluding people who can really contribute to meeting the targets.
- Obviously the measures and targets need to be appropriate to the work, stretching etc. But the key points are that they have to be simple and comprehensible; and they must be seen as relevant by team members, so that all staff feel they can have a real influence on the outcome.
- It takes a lot of time and effort to set up a team pay scheme properly. And strong leadership is essential to success. The head of the team/unit has to drive the initiative, and must be supported by an effective project manager who has the time to do the job properly.
- It takes constant effort to get communications and involvement right. Team members have to feel engaged in design as well as performance improvement. They need to understand the scheme, and should be clear about how the team is progressing.

This list of requirements may seem daunting, but there are considerable advantages to be gained if the scheme works well. These pilots show that a well designed and managed team pay scheme in the right setting can contribute to the understanding of priorities, the cohesion and the performance of a unit or service and therefore the quality of patient care.

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