

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

Information Paper On Review On Civil Service Performance Management System

PURPOSE

This paper informs Members of our review on the Civil Service Performance Management System and changes to the system for awarding increments.

BACKGROUND

2. In the Civil Service Reform Consultation Document issued in March 1999, we proposed to introduce progressively elements of performance-based reward systems into the Civil Service and improve the current performance management system. Our objectives are to -

- make our performance management system a more useful management tool which should in the end be able to distinguish good performers from poor performers and ultimately support a more performance-based reward system; and
- provide additional tools to motivate and reward our staff.

3. As a first stage of the review, we have reformed the existing increment system and introduced improvements to the performance management system.

PROBLEM WITH EXISTING INCREMENT SYSTEM

4. Our present increment system was designed to provide a tool for management to use in monitoring staff performance. Certain standards should be met before an officer is allowed to proceed to the next point in the pay scale. This is clear from the fact that Civil Service Regulation (CSR) 451 contains provisions for granting an increment "if conduct (including fidelity, obedience to orders, propriety) and diligence (meaning steady application, attentiveness to duties and industry) in

the year under review have been satisfactory.” This is further underlined by CSR 452, which provides for stoppage and deferment of increments. Over the years, however, we had moved away from this approach towards the situation where increments were effectively granted automatically with no regard to an officer's actual performance. Clearly this approach was not appropriate nor consistent with the original intent. In future, Heads of Department/Heads of Grade (HoDs/HoGs) will be expected to be vigilant in the application of CSRs 451 and 452.

CHANGES

A. ABOLITION OF EFFICIENCY BARS

5. At present, individual ranks in certain grades have designated intermediate pay points on their pay scales as efficiency bar. A conscious decision must be taken by the management to certify that an officer is performing capably and efficiently before he/she is allowed to pass the efficiency bar and progress further on the pay scale. The efficiency bar system is historical and is applied mainly in ranks with long pay scales. As we will require HoDs/HoGs to be vigilant in the application of CSRs 451 and 452s, in effect, each incremental jump in salary should be granted on the basis of a conscious assessment of performance, not just at the point of the efficiency bar. As such, the need for efficiency bars as performance and efficiency management tools will greatly diminish. We will therefore abolish the current efficiency bar system and remove the existing efficiency bars in the pay scales of individual grades and ranks concerned. We have consulted the Standing Commission on Civil Service Salaries and Conditions of Service, the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Public Service Commission on the abolition and all of them support our proposal.

B. DEFINITION OF PERFORMANCE

6. CSR 451 provides that "an officer may be granted an increment only if *conduct* (including fidelity, obedience to orders, propriety) and *diligence* (meaning steady application, attentiveness to duties and industry) in the year under review have been satisfactory.” To tie in with the abolition of the efficiency bar system, we will amend CSR 451 to cover *overall performance* at work, which includes *conduct, diligence and efficiency*.

C. GUIDELINES TO DEPARTMENT MANAGEMENT

7. To assist HoDs/HoGs to apply the CSRs on the granting of increments, we will issue a set of guidelines to promulgate the changes in July. The changes will take effect three months from the date of the issue of the circular. The major points in the guidelines are highlighted below.

Standards to be Applied

8. We consider that HoDs/HoGs have the overall responsibility and are in the best position to set the standard and monitor the performance of their staff, provide the appropriate assistance and guidance and where necessary, to determine if and when stoppage or deferment of increments under CSRs 451 and 452 should be taken. Nevertheless, we have provided some general guidelines for them to follow. We consider that an officer who receives a fifth or sixth-level *overall* rating in his/her performance appraisal which is defined variously in staff appraisal forms as "less than adequate", "unsatisfactory", "poor", "very poor" or equivalent should normally have his/her increment stopped or deferred on his/her next incremental date. As for officer who scores the fourth-level *overall* rating (which is defined in some cases as "moderate" or equivalent), this is a signal for department/grade management to take steps to address any problems in an officer's performance. Counselling, guidance and assistance should be given to the officer to help him/her improve his/her performance during the next appraisal period. If there is no improvement or a deterioration in performance, HoDs/HoGs should consider whether the officer's increment should be stopped/deferred on his/her next incremental date.

Importance of Timely Appraisals

9. To change the mindset of the civil service and to reinforce the message that increments are not automatic and that in future they will be granted only upon positive confirmation by the officers' appraisers, we will remind HoDs/HoGs of the importance of ensuring timely completion of appraisals, in particular on those whose performance is in question and whose increments may be stopped/deferred.

IMPROVEMENTS TO THE PERFORMANCE MANAGEMENT SYSTEM

10. A credible performance appraisal system is clearly crucial to the success of a performance-based reward system. Therefore we are strongly encouraging HoDs/HoGs to consider putting in place assessment panels to undertake levelling and moderating work among appraisal reports, to monitor performance and to identify under-performers/outstanding performers for appropriate action. We are also encouraging HoDs/HoGs to consider adopting other management tools already being practised in various parts of the civil service, including target-based assessment and core competencies assessment. Finally, we are reminding HoDs/HoGs that they should ensure supervisors to do an *honest, objective and timely* assessment of their subordinates and that not all staff are rated as "very effective" and "outstanding" or equivalent and should ensure a distribution of ratings with "effective" or equivalent as the norm.

STAFF AND DEPARTMENT/GRADE MANAGEMENT'S VIEWS

11. We have consulted the Working Group on Performance Management and Performance-based Reward System, which comprises representatives from the four central consultative councils and the four service-wide civil service associations. We have also consulted the department/grade management, which in turn consulted their staff associations as they considered necessary. Their views have been taken into account where appropriate when we formulate these changes and we have reached general agreement on the way ahead.

NEXT STAGE OF REVIEW

12. A major theme that emerged from the consultation is that there should be exploration of ways to reward consistently outstanding performers and those who have reached the maximum point of the pay scales. We are pleased to note this support for the introduction of performance-based reward. We intend to follow up on this issue as the next stage of our work.

Civil Service Bureau

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