

COUNCIL

20 JULY 2023

CHANGES TO THE MEDPAY SALARY SCALES

Report from: Phil Watts, Chief Operating Officer

Author: Samantha Beck-Farley, Chief Organisational Culture Officer

Summary

To seek approval for improvements to the MedPay salary pay range to ensure the Council attracts, recruits and retains an effective workforce.

This matter was initially reported to Employment Matters Committee on 6 June 2023, the comments of which are set out at section 6 of the report.

1. Budget and policy framework

1.1 This decision is within the Council's policy and budget framework.

2. Background

2.1 In 2014 Medway Council moved away from the National Joint Council Terms and Conditions for pay and introduced their own pay structure called MedPay, consisting of 7 different Range bands for the majority of employees. This currently spans between £21,000 and £50,437 (effective from 1 April 2023).

2.2 Apart from Range 1, which is a spot salary, the Ranges have a range span between £855 and £5,909. There is no incremental progression through the grade and upon appointment, employees can be appointed anywhere within the band's range.

2.3 This approach can create inconsistencies across departments and within teams whereby newly appointed employees could be offered a higher salary than some long serving employees, purely to match the salary they are currently earning elsewhere.

2.4 The organisation embarked on a review of the MedPay scheme in October 2022, with a new enhanced pay approach that is designed to attract and retain candidates helping overcome recruitment challenges and the lack of in-

post incremental pay, based on evidence by demonstratable improvements in capability.

- 2.5 The new enhanced pay approach is being designed to attract and retain candidates focusing initially on those roles in Phase one which currently experience high turnover, struggle to recruit, retain, where there are succession planning issues or where there is significant external competition.
- 2.6 The review has identified several areas for improvement which includes the development of career progression frameworks and career pathways. Although it was not initially intended for the review to consider the salary pay scales, several anomalies have been raised.
- 2.7 Separate to this, work had been undertaken in relation to Ranges 2 to 4 which resulted in the introduction of a £500 gap in bands and an end of year cost of living award of a flat rate pay increase (£1000) in 2023/24 across all grades.
- 2.8 In 2018, the Children's and Adult's Social Care Teams moved away from the MedPay pay ranges and introduced new Social Worker pay scales, currently ranging from £31,365 and £54,524. This was to assist with recruiting and retaining suitably qualified staff at the higher ranges due to the top of the MedPay salary band (excluding the Manager bands) not matching or being competitive enough with that of neighbouring authorities, or with the external market.
- 2.9 Medway also operates a Senior Pay Scale structure for roles from Service Managers to Chief Executive Officer. The pay ranges within this scale span between £50,278 and £136,532. Roles within these pay ranges also attract an additional special allowance figure of between £5,054 and £9,157.
- 2.10 Both the current R7 band and the SW5 (Social Worker) band overlap with the Service Manager pay range which is currently £50,278 - £66,431. There could be a differential created to address this issue, such as the introduction of a Range 8 pay band.
- 2.11 Service Managers' starting salary at bottom of the pay range is relatively low in comparison to the market. Any differential would recognise the breadth of these roles but also shorten the span of the pay range whilst allowing reasonable progression points once career progression frameworks are introduced.
- 2.12 Early findings of the MedPay Review identified in the phase 1 pilot that the inclusion of a Range 8 would lead to staff structure sustainability. For example in Legal Services, where currently roles graded range 7 oversee the work of other range 7 roles, an improved hierarchical structure would positively impact quality and performance and ensure that rates of pay are in line with the market.
- 2.13 To improve the current pay scales, the Council are being asked to consider incorporating a new Range 8 band into the pay structure as this would help

recruitment challenges in hard to fill areas, create greater career progression and eventually, negate the need for three separate pay structures offering opportunity for harmonisation of salary scales over the course of the Review. It will also ensure we avoid over-promotion to the managerial level whereby there is a higher operational skill set associated with the sector.

3. Proposal 1: Introduction of Range 8 pay band

- 3.1 Medway Council adopts the National Joint Council (NJC) Job Evaluation scheme to ensure our pay and grading scheme complies with equal pay legislation. To bring in a new pay band into the pay structure the scheme would remain the same, as there is room within the Factor Guidance for higher level skills to be recognised and scored; however, we would need to expand the points to grade matrix to determine the salary bandings linked to the different evaluations.
- 3.2 To determine where the points to grade should sit, the Children’s and Adult Social Care scheme was identified as a natural comparator as they had already introduced a higher grade into their pay ranges. It was therefore determined that the points to grade matrix should mirror that used for the grading of the Social Worker 5 level.
- 3.3 The table below shows the Pros and Cons of introducing a new Range 8 band to the MedPay pay scales:

PROS	CONS
Only one Pay scheme to manage, making it easier for colleagues in Finance, Payroll and Resourcing	Initial costs of uplifting those Service Manager staff to the bottom of the new Service Manager grade
Help our recruitment challenges in our hard to fill areas	Costs associated with increasing the one employee currently evaluated as a Range 7 onto a Range 8 grade due to the job evaluation ‘points to grade’ matrix needing revised
More competitiveness with the external market and therefore reduces the need for paying Market premia’s / allowances	Managing expectations in the organisation of all R7s wanting their role re-evaluated.
Reduce the need and expense for using Locums and/or consultants	Reducing the span of Service Managers salary (from just over £16k to just under £11k)
Resolve the current issues whereby Service Managers could be earning less than those they are managing	Creating another layer in the main pay scale
Allow for greater scope for Progression within the workforce	SW2, SW-CS2A and SW-CS3 do not align smoothly

Improves staff perception of fairness in the pay scale and reduces the risk of an equal pay claim	
Provides an alternative career progression route that may not include management responsibilities but focus on technical excellence within a profession	

4. Proposal 2: Introduction of spot points and a £500 pay gap at the bottom of the pay ranges
 - 4.1 Career Progression Frameworks identify the skills and experience employees need at any point in time for any given professional role. Employees and managers alike will clearly be able to see how staff can progress within each Role as well as how to progress through the career pathway.
 - 4.2 The substantive MedPay Ranges with the current range spans will remain the same in the new pay approach as they currently are. However, depending on the size of the range span within each band, there will be a few different 'spot points' that employees can aspire and work towards as they progress through the framework.
 - 4.3 It is proposed to have 3 spot points (called Level A, B and C) within Ranges 3 – 7, (and potentially 8, subject to approval of the proposal,) and 2 spot points within Range 2. This is because Range 2 only has a total range span of £855, and therefore any more spot points become little significance in terms of a monetary gain. Range 1 is already a spot salary, so spot points cannot be incorporated into this Range. It is not proposed to change Ranges 1 and 2 in this paper as this will be considered separately during the pay protocol processes in the light of changes to the national living wage (NLW) forecast increases and is a national issue which many local authorities are facing.
 - 4.4 Previously the MedPay pay scale (R1-7) has seen an overlap of the pay bands, with the top of one band being the same monetary figure as the bottom of the next pay band. As part of the pay award for April 2023 Members agreed to the creation of a small gap between pay ranges 2, 3 and 4 through the introduction of a £500 uplift to the bottom of bands 3 and 4, however there is no gap between Ranges 4-7 (and potentially 8, subject to Council approval. To ensure there is pay progression for employee progression, when moving from one pay band to the next as part of career progression, such as a promotion, an uplift of £500 is proposed to the bottom of bands 5, 6, and 7 and range 8, subject to Council approval.
 - 4.5 Where there is currently a £500 gap i.e. between ranges 2-4, this will mean there is no change.

- 4.6 Level C (where we would expect to see staff at an Accomplished or Expert Level for their role) would be at the top of the band, and Level B would be the midpoint between the salaries at Level C and level A.
- 4.7 The table below shows the Pros and Cons of introducing spot points to the Pay Structure:

PROS	CONS
Potentially lesser costs associated with staff being promoted and moving from one Range to the next	Lesser pay award for staff being promoted, leading to dissatisfaction and demotivation (as managers currently using discretion to award higher salaries)
Resolves the current issues whereby employees could be earning the same as those they are managing (as top of one pay range is the bottom of the next pay range) and of not feeling they are being rewarded for taking on more responsibility / difficult tasks	
May help our recruitment challenges in our hard to fill areas	
Brings consistency in appointment salaries within and across teams	
Should impact positively on our gender pay gap	

5. Advice and analysis

- 5.1 If the Council were able to introduce a new Range 8 band to the pay structure, and add spot points to the pay ranges to accommodate the introduction of career progression frameworks this would help tackle recruitment challenges in our hard to fill areas, reduce the number of market premia/allowances being paid, reduce the number of locums being used, ensure career progression and create career pathways as well as reduce the number of separate pay structures.
- 5.2 A longer-term objective would be for harmonisation into one pay scale which would make financial modelling easier, result in less back office administration and provide improved transparency and understanding for staff. This will be considered as part of the MedPay Review project.
- 5.3 A diversity impact assessment can be found at Appendix 2. In summary these proposals should improve consistency and equity in the hourly rate of all workers but particularly for female and white British workers and with the ability to progress through the pay range may improve the gender pay gap.

These proposals may also impact positively in the number of females in higher pay range posts and again improve the Council's gender pay gap.

6. Employment Matters Committee

6.1 The Employment Matters Committee considered the report on 6 June 2023. The minutes of the discussion are as follows:

6.2 Members considered a report which recommended improvements to the MedPay salary pay range to ensure the Council attracted, recruited and retained an effective workforce.

6.3 A Member expressed surprise at the fact that of the 20 posts that would now fall into a Range 8 band, 17 of these posts were currently vacant or obsolete. Members were advised that these were job profiles created at the start of MedPay in 2014 which had not been made obsolete when jobs had changed.

6.4 In response to a concern about the £2m cost of the changes, the Chief Organisational Culture Officer advised this was based on an assumption everyone would be at the midpoint of the pay range.

6.5 **Decision:**

The Committee agreed to recommend to Council the introduction of a Range 8 pay band and also the introduction of spot points and a £500 pay gap at the bottom of the pay ranges (as set out in Section 3 and 4 of the report) and increase the bottom of the service manager range to £55,455.

7. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Turnover of staff and unable to attract	Our salary scales need to be comparable in the market to attract new employees and retain the staff we have	Introduction of R8 and/or £500 gap in the pay bands and/or 3 pot points for progression	Ciii
Ongoing cost of locums as not competitive in the market	Our salary scales need to be comparable in the market to attract new permanent employees	Introduction of R8 and/or £500 gap in the pay bands	Ciii
Inconsistency throughout the pay scale and perceived as unfair	Consistency though the pay band of the £500 gap between ranges 2-7(8)	Introduction of R8 and/or £500 gap in the pay bands and/or 3 spot	Diii

Risk	Description	Action to avoid or mitigate risk	Risk rating
		points for progression.	
Loss of R1 & R2 staff due to lack of progression between lower pay bands	R1 and R2 pay bands butt onto each other and there is only room for 1 salary progression point in R2 due to narrowness of the pay band	Consideration being given to this issue as a separate piece of work given NLW issues	Bii
Promotion beyond the leadership capability	Over promoting operational roles to managerial grades to match the salary level	Introduction of R8	Div
Uncompetitive pay at service manager band and risk of retention	Service manager band does not benchmark favourably to the market at the lower end of the band	Introduction of R8 and narrowing service manager band	Div
Service managers already further up the pay scale may feel demotivated by the change	Those at mid-point, who may be more experienced than those currently at the lower end of the range may request a salary review	Medpay review to consider senior grades competence and ability in phase 3	Civ
Expectation of staff on R7 that they will be re-evaluated to R8	Staff may consider that their job profile would re-evaluate at a higher level resulting in a R8 grade	Have revisited all job evaluations and considered points to scale scores. The few staff who are affected are addressed in this paper. Ensure greater understanding of the job evaluation process: There needs to be a significant change	Ciii

Risk	Description	Action to avoid or mitigate risk	Risk rating
		in a post for it to be re-evaluated	

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	i Catastrophic ii Major iii Moderate iv Minor

8. Consultation

- 8.1 In relation to the MedPay review the recognised trade unions have been engaged with through the Corporate Consultative Committee and Joint Consultative Committee, with further dialogue and support gained through Employer Matters committee. The two main trade unions for support staff have also regularly been updated through informal communication channels.
- 8.2 The review team also devised a communications and engagement strategy to ensure key stakeholders and all staff in the council are kept informed of the proposed changes and invited to comment and provide feedback directly, through trade unions, communication champions, Service Manager User Group, Corporate Management Team, Medway Makers and other employee forums.

9. Financial implications

- 9.1 There is a points table for the job evaluation scheme and the points are equal to the range of a post in the council. Currently for Range 7 posts the score level above 612 will result in a Range 7 post. Introducing Range 8 within the pay scale will mean that a new points level will need to be created for Range 8 in the job evaluation scheme so the points for a Range 7 will need to be capped. This means that some of the existing Range 7 job evaluation scores now may fall into the new points range for Range 8 posts. Analysis of the job evaluation data shows there are 20 posts that would now fall into a Range 8 band. Of these 20 posts 17 are currently vacant or obsoleted, one is already on a SW5 grade (and therefore would easily slot into the Range 8 band without any associated costs), one is identified as being on the wrong JE number and one as needing to move to the new band. This one post would result in an increase in salary of £5,047 (£6,461 with oncosts). This excludes any impact that may arise from reorganisations for the Phase 1 MedPay review cohort.
- 9.2 Introducing a new Range 8 post would have a knock-on impact on the Service Manager grade and this would need to be increased accordingly. By

increasing the bottom of the Service Manager grade to £55,455, this would result in 17 of the current 41 Service Managers receiving a salary increase based on the service managers in post as at 31 March 2023, totalling £68,603 including oncosts. The Service Manager Range would become £55,455 - £66,431.

- 9.3 The introduction of a £500 gap between the top of one range and the bottom of the next from Range 4 to top of Range 7 (potentially 8), is estimated to cost around £50,000 based on the data used to build the 2023/24 staffing budgets. At this stage, only a small number of teams have been through the MedPay review process, and it is therefore not possible to fully cost the impact of all services moving to the spot points within the salary ranges as the assessment against the career progression framework won't be undertaken until services have been reviewed and to date we are only in phase 1 pilot of 10% of the organisation. However, it is estimated that the cost of moving all posts to mid-points of current grades would cost in the region of £2million.
- 9.4 The additional costs associated with these changes would need to be absorbed within the existing revenue budget for 2023/24, and will need to feature in the development of the budget for 2024/25 and beyond.

10. Legal implications

- 10.1 There is no proposal linked to these recommendations to change contracts that may reduce / lower any existing salaries.

11. Recommendations

- 11.1 The Council is asked to approve the following changes, with effect from 1 August 2023:
- 11.2 the introduction of a Range 8 pay band.
- 11.3 the introduction of 3 spot points for each pay band range 3-8, and 2 spot points in range 2, with a £500 pay gap at the bottom of pay bands 5-8.
- 11.4 an uplift to the bottom of the service manager salary scale to £55,455 to facilitate the introduction of a range 8 pay band.

Lead officer contact

Samantha Beck-Farley, Chief Organisational Culture Officer, Gun Wharf,
samantha.beckfarly@medway.gov.uk

Appendices

- Appendix 1 Revised Pay Scale incorporating R8, £500 gaps between pay ranges and spot points
- Appendix 2 Proposed Updated Senior Management MedPay Ranges 2023-24
- Appendix 3 Diversity Impact Assessment (DIA)

Background papers

None