

EMPLOYMENT MATTERS COMMITTEE

9 SEPTEMBER 2015

REVIEW OF PAY PROGRESSION SCHEME

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Summary

To update the Committee on the implementation of the MedPay pay progression scheme.

1. Budget and Policy Framework

1.1 The staffing implications of pay progression are a matter for this committee, which can decide on the policies and processes supporting any changes in staffing.

2. Background

2.1 On the 17 April 2014, Full Council agreed to the implementation of the MedPay Policy.

2.2 The MedPay Policy sets out how staff are to be remunerated using a form of pay progression that is directly linked to the achievement of personal targets and reaching a specific level of competence. The annual Performance Development Review (PDR) process is the vehicle used by managers to discuss an individual's performance and also agree any areas of development.

2.3 There are three levels of MedPay standard – these are:-

Level 1	Excellence – targets achieved consistently and some exceeded, competencies fully met or exceeded. In addition, evidence of delivering exceptional wider contribution that has impacted on service delivery
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Level 2	Performance to required standard – targets have been achieved and working at competency levels expected for the role
Level 3	Performance improvement required – targets have not been met and/or competencies are below the required standard

2.4 Those who do not achieve the required standard (level three) do not receive a pay award or pay progression.

2.5 If the individual achieves a level two, they receive the pay progression payment set by Full Council for that year, if they are not at the top of their range, together with any cost-of-living award.

2.6 In exceptional circumstances level one can be given, and in addition to the payment eligible for achieving level two, they receive a non-consolidated MedPay payment.

3. Options for change

3.1 Options at this time are limited as the scheme is new and is currently embedding itself into the organisation.

3.2 The first year of the MedPay process has now concluded and a review has been undertaken with involvement of managers, individuals and Trade Unions through workshops and requests for feedback on the scheme.

3.3 In particular the review covered what impact the scheme has made on performance generally, and specifically on individuals. It is also an opportunity to gather perceptions on the benefits and negatives of the scheme and what changes would improve the scheme going forward.

3.4 Initial responses cover the following:

Suggestions	Detail
Increasing the number of levels	To increase the current 3 levels to 4 levels – 1) Excellence 2a) Performance exceeded the required standard 2b) Performance to the required standard 3) Performance improvement required This would ensure a proper reflection of the span of effort across the former level 2.
Increase awareness of other types of reward	To circulate to managers alternative ways to recognise effort made by staff that can be made outside of the MedPay scheme. There has been feedback from those who were moderated down from level 1 to level 2 that they felt de-motivated and whilst money was not a factor they

	wished for other forms of recognition.
To alter the timetable	<p>To extend the review period across both February and March, with moderation taking place in April. Increases would be applied in May's pay, backdated to 1st April.</p> <p>February is a busy month for all managers so by increasing the time period to complete the reviews will allow greater flexibility with their time to be able to complete them. In addition it will enable managers to review the budget out-turn and measure financial management</p>
To simplify the forms	<p>Feedback has been that the forms aren't clear around what needs to go in some of the boxes, in particular the mid-year review comments.</p> <p>This will remove a potential barrier that could affect the numbers of managers undertaking pdrs with their staff.</p>
To share what was required to achieve level 1 in 2014/15	<p>Both staff and managers are interested in understanding what staff did to achieve a level 1.</p> <p>Sharing an overview, not specific examples, will be an opportunity to share the fantastic achievements. It will also help to clarify what constituted wider contribution.</p>
To improve the communication for the end of year processes.	<p>Some managers did not understand what was required of them in terms of sharing outcomes from moderation etc. This caused frustration within some areas.</p> <p>Reviewing the documentation available, as well as the communications methods and channels will reduce this for the forthcoming year. This will improve relationships between managers and their staff.</p>

- 3.5 These suggested changes will be shared with all employees and trade unions for comment, after which any proposed changes to the scheme will be brought to Employment Matters Committee for agreement. During this period of review it is recommended that the council continues to adhere to the policy without recommending any immediate changes.

4. Advice and analysis

- 4.1 Managers play a key part in the MedPay process and maintaining the integrity of the scheme. It is therefore important that MedPay assessments are

undertaken in a competent, professional and fair manner in accordance with the scheme parameters.

- 4.2 In order to ensure that all those who were making MedPay decisions had the skills and knowledge to do so effectively, the following training was provided to managers.
 - (i) mandatory training explaining how the mechanics of MedPay work and highlighting managers' responsibilities to ensure the process is undertaken comprehensively and fairly.
 - (ii) performance development review training focussing on the interpersonal skills needed when undertaking review meetings.
 - (iii) Mid-year reviews and coaching skills.
- 4.3 Evaluation of the above training has been positive and the mandatory courses will continue to be run to support newly appointed managers.
- 4.4 Part of the MedPay process is an annual audit to find out how many PDRs have been undertaken and also to assess the quality of those PDRs. This exercise is undertaken by HR Services and is now complete for the 2014/15 cycle.
- 4.5 A sample group were emailed initially about whether they had had a PDR, were about to, or not at all. There was a high response rate by comparison to other surveys. The vast majority had already had their PDR, and a small proportion had PDRs about to take place. A further sample group were contacted personally and asked a series of questions to establish the quality of their PDR.
- 4.6 In terms of the quality of PDRs, responses indicated that whilst most staff had been set targets following a discussion. In some cases the competences were not discussed as fully as they could have been.
- 4.7 It was encouraging to find that the ethos of MedPay, i.e. the link between pay progression, target setting and competencies was well understood throughout the sample.
- 4.8 Directorate Management Teams (DMTs) have received feedback from the audit and it was agreed that some areas, where numbers were lower, would need additional support from HR Services. This has been provided.
- 4.9 To date, a total of 2,345 PDR results have been recorded on the Selveserve4you system by managers. Feedback on the process of entering levels on the system has been extremely positive, in particular that it is easy to use.
- 4.10 All MedPay decision are monitored by HR Services and moderated by Directorate Management Teams. Prior to the moderation meetings, HR Services monitored the inputting of PDR results and gave assistance to managers who had not completed these.
- 4.11 All staff that were eligible for MedPay had a standard recorded. 533 staff had no level recorded. 443 of these are casuals who do not work regularly

enough to be assessed as per the guidelines, the 90 remaining staff will be eligible over the coming months once they have enough qualifying service to be assessed. HR Services will ensure that these staff are highlighted to managers as requiring levels and these will be forwarded to DMTs for moderation.

4.12 Results of the 2015/16 MedPay cycle

Individuals ranked at:	Number	As % of total eligible employees (2,435)
Level 1	23	1%
Level 2	2283	94%
Level 3	39	1.6%
Blanks (eligible over coming months)	90	3.4%

4.13 Pay progression payments were made for those who achieved levels 1 and 2. This was in addition to the cost-of-living award of 0.6 per cent set by Full Council on 27 February 2015. Those who were assessed at level one also received an additional MedPay award. All payments were processed within the timeframe set and all staff eligible for an additional payment received this in their April pay.

4.14 As well as preparing data for DMTs on the levels to be moderated, HR Services also monitored the levels being recorded against protected characteristics. Essentially trends followed the normal levels recorded in the workforce development information.

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Unequal MedPay assessments	Failing to undertake MedPay assessments in a fair and consistent manner across the organisation could lead to complaints of inequality from individuals. This would lose the integrity of the scheme.	Mandatory training provided to all managers undertaking MedPay assessments. HR Services to undertake a 'sense-check' analysis of levels awarded and rationale for pay progression decisions across the organisation.	Medium

6. Consultation

6.1 Following the first year of MedPay, consultation is ongoing with managers and staff as to their experiences. The options are highlighted in para. 3.0, and we will be consulting with managers, staff and trade union on the changes shown in para 3.4, especially the proposed change in levels and associated payments.

7. Financial implications

7.1 This report is for update only and has no financial implications.

8. Legal implications

8.1 This report is for update only and has no legal implications.

9. Recommendations

9.1.1 Employment Matters Committee is asked to note the contents of this update report.

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Background Papers

None

Appendices

None