

EMPLOYMENT MATTERS COMMITTEE

29 JANUARY 2020

REVIEW OF MEDPAY

Report from: Carrie McKenzie, Assistant Director - Transformation

Author: Samantha Beck-Farley, Head of HR Services

Summary

Following a decision made at the December 2018 meeting of the Employment Matters Committee to review the Council's current performance pay arrangements (known as MedPay), a scoping paper was presented in January 2019 which proposed an independent review of the Medpay Scheme. The Committee decided not to proceed at that time. Following a further discussion in June 2019 the Committee wanted to look again at whether the scheme should be independently reviewed in order that Members could satisfy themselves it was robust and delivering its objectives fairly. This paper presents Members with a further opportunity to ask for a review of the Medpay Scheme.

1. Budget and Policy Framework

- 1.1 A decision on agreeing the scope and methodology for a review of MedPay is for this Committee and where the costs of delivering the review cannot be met from existing budgets then funding will require Full Council approval.

2. Background

- 2.1 The Council's current performance related pay arrangements (known as MedPay) were introduced in April 2014. At the Employment Matters Committee meeting held on 5th December 2018, Members agreed to receive a paper on the proposed scope of a review of Medpay and the estimated costs.
- 2.2 At the Employment Matters Committee meeting held on 30th January 2019 a paper was presented to request c£25,000 to carry out the independent review. This Committee decided not to proceed.
- 2.3 At the Employee Matters Committee meeting held on 12th June 2019 the Committee agreed to look again at whether the Scheme should be independently reviewed in order that Members could satisfy themselves it was robust and delivering its objectives fairly. The point was made that if an Employment Tribunal found that the scheme was discriminatory it could cost the Council more than the estimated cost of having the scheme independently reviewed.

- 2.4 It was argued the Council, as a responsible employer, had an obligation to commission an independent review.
- 2.5 It was proposed that the reconsideration of whether to review the scheme should take place later in the year at the same time the results of the latest employee survey were considered.

3. Consultation with Trade Unions on the scope of the review

3.1 The Unison and GMB Trades Unions were previously invited to submit details of areas of the MedPay scheme that they wanted to form the scope of review. Their combined responses are listed below:

- Is the overall distribution of MedPay monitored to ensure that it is sufficiently equality proofed?
- Is it a fair and consistent scheme in both theory and application?
- How does it further the objectives of the organisation?
- Does MedPay provide a real incentive for all staff and improve individual performance?
- Does it encourage a culture of high performance?
- How is MedPay currently monitored?
- How does Medway compare to NJC pay awards since its inception?
- What pay schemes are in operation in other Kent councils?
- Have any other Kent councils chosen not to adopt a MedPay type arrangement?

3.2 It is recognised that colleagues who are engaged on MedPay terms and conditions of employment may be members of other Trade Unions. However, for expediency and to reflect that pay negotiations are only undertaken with Unison and GMB, other trade unions were not invited to make submissions.

3.3 Since then Unison have carried out a further survey of its members. However this detail has not been shared yet but can be factored into the review.

4. Staff Survey – Pay and reward

4.1 The annual employee engagement survey is one of the main industry accepted ways of measuring employee engagement.

4.2 The survey opened for four weeks in June and received a 48% response rate – achieving a 9% increase from the previous survey in 2017.

4.3 Whilst 10% more staff were satisfied with the total reward package than in 2017, the figure remains low at 39%. Staff were asked to put in their own words suggestions for non-pay alternatives for recognition. These can be found in Appendix one to the report on the Employee Engagement Survey elsewhere on this agenda.

4.4 19% of all free text responses received related to pay and reward, examples of which are set out below:

Redesign Medpay to allow a wider range of achieving and removing the wider contribution

Please review Medpay it is a poor system and the PDR is a tick box exercise

Fair award pay system required

Lack of pay rise is a huge demotivator

Being on the same money for 6 years is why I'm looking for work else where

Medpay is not fit for purpose. It is easily manipulative and staff are not awarded fairly

Medpay is possibly the biggest mistake the authority has made.

Medpay was introduced as a solution to a difficult finance situation at that time, unfortunately the system is flawed and needs reviewing or preferably scrapped.

Medpay doesn't allow our pay to align to other boroughs

5 Advice and analysis

- 5.1 Recognising the areas identified at paragraphs 3.1 and 4, and to mitigate any challenge on the findings, the review would need to be carried out by an independent third party.
- 5.2 Based on initial research, a review of this nature may take between three to four weeks to complete, excluding the work required to fully scope the terms of the review and to commission a provider.
- 5.3 Consultant fees vary but initial research indicates that it would be reasonable to base an estimate of £1000 per day, with associated expenses.
- 5.4 Therefore based on an estimated 20 working days a budget of c£20,000 to £25,000 would need to be allocated to this project.
- 5.5 The Council's current procurement thresholds require three quotations for any commissioned work that falls within a banding of £5000 and £100,000.

6. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
That the current MedPay Scheme is not fit for purpose and discriminates against some cohorts of staff bring the council into conflict with the Equality Act 2010.	The Trade Unions have challenged that the performance related pay element of the MedPay scheme may discriminate against part-time workers who are pre-dominantly female.	To continue to robustly manage the MedPay scheme and to closely monitor the equalities data.	D2
That the current MedPay Scheme is not fit for purpose and the Council will lose their skilled workforce to other work providers.	The Trade Unions have challenged that the removal of increments from pay have meant many people have not had increases to salaries, compared with market average.	To continue to monitor exit surveys and reasons for leaving.	D2

7. Financial implications

- 7.1 There is currently no budget allocation to fund this project and any spend will create a financial pressure.

8. Legal implications

- 8.1 There are no direct legal implications to this report.

9. Recommendations

- 9.1 To comment on the proposed scope of the review.
- 9.2 To delegate to the Head of HR the authority to finalise the scope of the review and appoint an independent provider to carry out the review, following consultation with the Chairman of the Committee and the Opposition Spokesperson.
- 9.3 To recommend to Cabinet that funding for the review be identified as part of the 2020/21 budget setting process.

Lead officer contact

Carrie McKenzie, Assistant Director - Transformation
Telephone: 01634 332261

Appendices:

None

Background papers:

None