

Employment Matters Committee

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MedPay Review Update: Evaluation of Phase 1

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Summary

This report updates Members on the progress of the MedPay Review with a specific focus on the evaluation of phase 1.

1. Recommendation

1.1 Members are asked to note the report.

2. Budget and policy framework

2.1 Updates on the MedPay review are a matter for this Committee.

3. Background

3.1 The background to the MedPay Review was set out in a paper to Employment Matters Committee on [6th June 2023](#). The aim of the Review was to ensure that the Council:

- retains a talented workforce.
- attracts and recruits a skilled workforce.
- supports career progression.
- tackles the challenge of staff leaving and skills shortages.
- continues to pay people above the National Living Wage.
- has a transparent and consistent approach to applying policy for market enhancements and retention payments based on regular market condition assessments.

3.2 A pilot group of approximately 10% of staff (excluding casuals) were chosen due to evidence relating to turnover, difficulty recruiting and market challenges. Two areas did not remain in the pilot phase due to reorganisation and changes in management, whilst twelve areas of operations completed in phase 1 between 1st May 2023 and 31 January 2024.

- 3.3 The review required key elements to be in place to enable the desired objectives to be met. This included:
- a new benchmarking system to enable salary comparisons across relevant sectors;
 - an automated job evaluation system, using National Joint Council (NJC) scheme to job evaluate job roles;
 - a new policy for Skills Shortage and Retention Allowances to replace the existing Market Premia policy;

and

- Council agreement to changes the pay scale.
- 3.4 The Review has now entered phase 2 with 5 cohorts identified and a timeline of between 18-24 months anticipated for the completion of the phase. Phase 2 includes the remaining council staff who are on MedPay terms and conditions. Leadership frameworks for Service Managers and above were originally to be looked at in Phase 3 but the work will now run alongside Phase 2.
- 3.4 At the meeting of the Committee in June 2023, members were advised that an evaluation would be undertaken of phase 1 and that a report would be submitted to the committee. The project team has considered what went well and what did not go well throughout phase 1 and has modified aspects of the project in order to ensure phase 2 is successful. This paper focuses on the evaluation and on areas of the project where improvements have been made.

4. Analysis

Key Performance Indicators (KPI's)

- 4.1 KPIs were established to enable the monitoring of the success of the review against the desired outcomes. These were broken down into key areas.

Quantitative data:

Recruitment and Retention Data (such as turnover and campaign success data);

Financial and Personal Impact Data (monitoring pay levels and the allowances that were awarded and measuring the financial impact);

Diversity Impact Data (for individual teams for management purposes as well as aggregated data for organisational monitoring).

Qualitative data:

Surveys (from training courses, briefings as well targeted surveys);

Risk Register Monitoring (for risk mitigation).

- 4.2 These measures ensure that the majority of the desired outcomes can be assessed, however the objective to ensure we continue to pay above the National Living Wage is addressed through the pay protocol and not directly by the MedPay Review.

Recruitment and Retention Data

- 4.3 Data on turnover and recruitment campaigns is intended to be gathered at 6 monthly and yearly intervals from the introduction of the new career progression frameworks (CPF's).
- 4.4 The first teams that introduced career progression frameworks show the following:

Team/Role	Turnover rate before the project	Turnover Rate at 1 December 2023
South Thames Gateway (May 2023)	6.06% (plus high number of vacancies with failed campaigns)	3.4%
Community Trading Standards and Enforcement Officers/Environmental Health in Regulatory Services, (July 2023)	19.05%	0%
Highway Engineers (July 2023)	22.22%	0%

- 4.5 Due to implementation dates, we can currently only use 4 months data for Regulatory Services and Highways Engineers for this snapshot of turnover rates.
- 4.6 The evidence shows that turnover has greatly reduced in the first 3 service areas that implemented on or before 1st July 2023, but it is too early to judge whether this will happen for all phase 1 pilot areas.
- 4.7 Whilst it is too soon to tell whether the review has had an overall positive effect on recruitment and retention for many of the phase 1 teams, there has already been some measurable impact noted by some teams. Legal, for example, which undertook a restructure simultaneously, have reported some important benefits. A recruitment campaign which took place in October 2023 resulted in 11 posts being filled and 3 locums converting to permanent roles. The service aims to lose 7 locums as a minimum (including those becoming permanent) with an estimated savings in locum costs of £10k per week from January 2024. This equates to an estimated £140k for the last quarter of the financial year 2023/24. The full impact next year should be higher as the service are hopeful of recruiting to at least half of the remaining vacancies.
- 4.8 Financial and Personal Impact Data

Impact on Individuals

- 4.8.1 214 people were included in Phase 1 up to 31 December 2023, 151 people (70.6%) of whom had an increase in their salary.
- 4.8.2 218 people were included in Phase 1, 155 people (71.1%) of whom had an increase in their salary.
- 4.8.3 The project aim is to have a 20:60:20 distribution across the levels A:B:C to support career development and succession planning. Figure 1 shows the number and percentage of staff at levels A, B, and C following implementation, which given the challenges facing the pilot phase areas of operations is not far from the desired position.

No & % of staff at the various levels

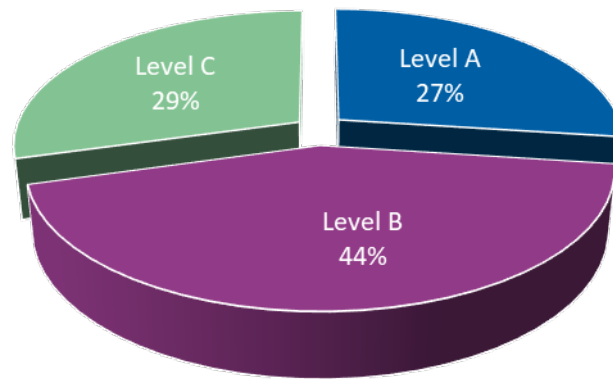
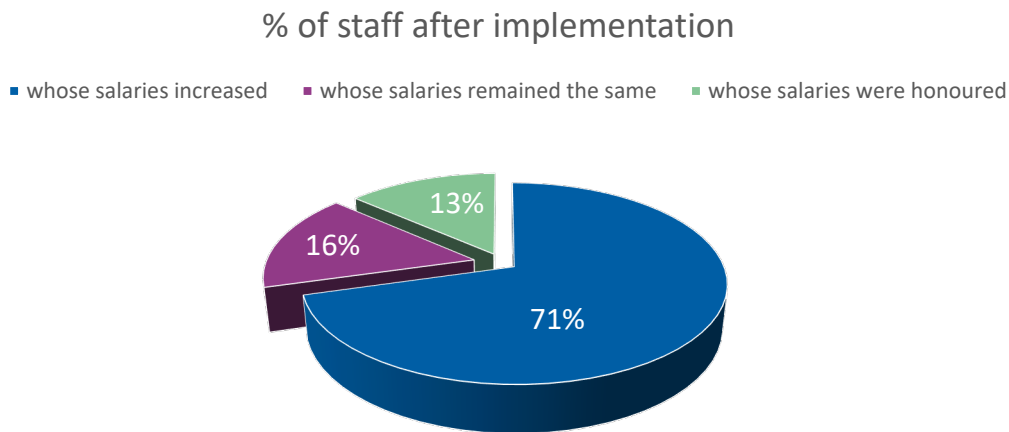


Figure 1

Level A – 59 people (27%)
 Level B – 95 people (44%)
 Level C – 64 people (29%)

- 4.8.4 Figure 2 shows that 71% of staff have had their salaries increased which demonstrates that progression through the pay grade based on competence in the role has had a positive effect on people’s pay. Whilst 16% have remained at the same level of pay, 13% have had their salaries honoured as they were assessed at a level which was paid lower than their salary. Salary honouring was put in place to ensure staff were not at a financial detriment caused by the review. Cost of Living Allowance will be applied to salaries that are honoured for the duration of the review.

Figure 2



Salaries increased – 155 (71%)
Salaries remained the same – 34 (16%)
Salaries were honoured – 29 (13%)

4.9 Financial Impact

4.9.10 It was anticipated that phase 1 would most likely have considerable cost implications as the pilot areas of operations faced the highest levels of challenges relating to recruitment and retention and market competition. Budget implications were closely monitored at CMT level in order to take this into account and estimates of the full impact included in the Medium-Term Financial Overview. Currently the implementation of phase 1 salary changes stands at £469.2k (without on costs) as an increase in salary has affected 155 people. This figure includes costs of regradings of roles. Cost of allowances is detailed below.

4.10 Skills Shortage and Retention Allowances (SSRA)

4.10.1 In order to tackle the desired outcome that “the council has a transparent and consistent approach to applying policy for market enhancements and retention payments based on regular market condition assessments,” Market Premia was replaced by the Skills Shortage and Retention Allowance Policy following EMC in June 2023 and monitoring was put in place with update reports presented to Corporate Management Team (CMT).

4.10.2 Directly linked to the review, 31 people were awarded allowances. The total increase in cost for a full year is £235.1k excluding oncosts. The difference between previous market allowances and new SSRA after implementation is £141.9k without oncosts.

4.11 Job Evaluations and Regrading

4.11.1 The new automated job evaluation system, Pilat Gauge + was recommended nationally by the Local Government Association and has been approved by

Trade Unions; it has proved to be a fairer and more accurate way of evaluating jobs, with managers taking a leading role in the process and HR undertaking a quality assuring role rather than an assessment role.

4.11.2 At 31 December 2023, 158 job evaluations were completed since Pilat Gauge+ was implemented in July 2023, these include evaluations of roles outside of the review, such as role profiles that had been amended or created due to organisational change activity e.g. restructures. In order to assess organisational impact, we have started to monitor the data more closely and there were 27 re-evaluations between 1 September and 31 December 2023 with 11 of those coming out at a higher grade.

4.11.3 The following summarises the number and cost of regraded roles in Phase 1 to date, (vacancies are not included in the costs.):

TEAM	No of roles in the team reviewed during Phase 1	Total number of posts reviewed in Phase 1	Total no of people (headcounts) in area of operations at January 2024 (without leavers)	Posts Regraded	No of people regraded	New roles/ Restructure (as part of MedPay Review)	Costs (full year) Without oncosts
Audit	6	6	13	6	13	0	£ 39,397.32
Digital	8	8	8	0	0	0	
Environmental health	3	3	6	1	4	0	£ 19,738.00
Family Solutions	10	76	81	0	0	0	
Highways Engineers	6	20	18	0	0	0	
Legal	10	12	18	5	16	0	£ 92,152.84
OT (0-25)	1	4	4	0	0	0	
OT (Adults)	1	1	14	0	0	0	
Adult SW2	1	7	15	0	0	0	
STG	11	17	25	0	3	3	£ 855.00
Trading Standards	4	4	5	1	1	1	£ 22,665.00
YOT	7	12	11	3	7	0	£ 22,928.00
Total	68	170	218	16	44	4	£ 197,736.16

5. Diversity Impact Assessment

- 5.1 The MedPay Review Team are closely monitoring the impact of the review on those with protected characteristics. An initial report was presented to the Corporate Management Team (CMT) in November 2023 and to the Corporate Consultative Committee on 6 December 2023. This showed there were 3 key areas emerging as potential risk areas. These were: older staff (50 plus), male/female split and sexual orientation. It was also identified that the review team did not gather enough data of staff on maternity/paternity leave or long-term sick and this will need to be addressed through phase 2. Maternity leave has now been picked up and the DIA shows a positive result for employees on maternity leave with all receiving an increase in pay.
- 5.2 The full DIA report has been updated with data from November and December 2023 payroll reports as well as additional data included where changes to pay were imminent at the time of writing this report.
- 5.3 The latest DIA shows there is still a need to closely monitor how the changes are impacting upon the diversity of the workforce. Older staff aged 50-59 are showing as receiving the highest level of salary honouring (with 25% of that group receiving salary honouring). The male/female split is now showing a greater percentage of males to females receiving level C. The data is also

showing a higher percentage of males to females having their salaries honoured. Finally, a higher percentage of people who have disclosed themselves as bisexual or gay (27%) is showing compared to only 12% of those who have disclosed their status as heterosexual having their salaries honoured.

5.4 The review team update the DIA when teams have implemented, this is to enable scrutiny and for management action to be taken if any unintentional discrimination is indicated by the report.

5.5 The DIA report is available at Appendix A.

6. Staff Surveys

6.1 During Phase 1, it soon became apparent that there was considerable dissatisfaction with pay in general, which was reflected in both the annual staff survey results previously presented to CMT and EMC and in surveys undertaken during training and at briefings. There was scepticism about the review at the outset and whilst the review did not claim to resolve all the issues relating to pay, staff were unable to disassociate the review from pay negotiations held under the Pay Protocol. A communications strategy was developed to address these issues and a decision was made by CMT that regular updates about the review and consistent messages should feature in order to assist understanding.

6.2 This report does not include the details of all staff surveys undertaken but provides a general overview of the issues raised and how they have been addressed. In terms of surveying Phase 1, there were only 35 respondents out of a potential 115 employees at the time the survey was first taken in October 2023 and the information therefore has been considered alongside other evaluation data (such as comments made in training sessions). The phase 1 evaluation survey will be refreshed and re-issued to capture all of phase 1 employees.

7 Actions taken to address issues relating to feedback through staff surveys

Information and communications

7.1 A 'Communications Champions' group was set up comprising representatives from across the organisation to assist with 2 way communications. The communication champions have met regularly with the MedPay Review Co-ordinator providing them with updates and briefings throughout the first phase.

7.2 Frequently Asked Questions (FAQ's) were posted on MedSpace, the Council's intranet, and are regularly updated.

7.3 Explanations of the difference between the review and the pay negotiating processes have been include in briefings and in the FAQ.

- 7.4 Communication channels have also been created which complement the information and resources held on MedSpace. For questions, Service Desk provides the main channel, so that questions and answers can be tracked.

Tools

- 7.5 There was limited understanding by employees that the pilot phase would provide the opportunity for tools and toolkits to be designed and developed during this phase. There was an expectation that everything would be ready before initiating the review. The tools have now been developed, tested and refined and are available to Phase 2 cohorts.

Training and Briefings

- 7.6 The phase 1 survey showed that, out of 35 respondents, 40% were dissatisfied with the training provided; it also showed that 54% of respondents said they did not want more training whilst 43% would like more training to be offered by the MedPay review team during the process. The Review Team have refreshed their training and content for staff briefings for Phase 2 and current indications are that staff are finding these sessions very informative.

Salary Honouring

- 7.7 Employees expressed concerns regarding potential disadvantage of having their salaries honoured. CMT agreed to award the Cost of Living Allowance (COLA) to anyone who has their salary honoured during the roll out of the review to address this. Employees who have had their salary honoured have the opportunity to plan with their manager how they can progress to the next level during their appraisal and target setting, should they wish to progress.

Line Manager Support & Guidance from the Review Team

- 7.8 A HR Business Partner was allocated to each manager to support them through the process and is being continued in Phase 2. Guidance has also been produced to assist all phase 2 managers in designing and developing their Career Progression Frameworks (CPFs). A TEAMS channel was created for phase 1 and has been repeated for phase 2, cohort 1 with a face to face initiation meeting and training session held to enable managers to establish networks and peer support groups. This will continue through the remaining cohorts and a named HR organisational change consultant will also be allocated to support each area of operations as they onboard the review.

Job Evaluation and Salary Benchmarking

- 7.9 The survey revealed a lack of understanding about job evaluation and salary benchmarking which led to the setting up of training specifically on this topic. Currently these are reserved to managers but may be opened up to all staff during phase 2.

Skills Shortage and Retention Allowances (SSRA)

- 7.10 Although 33% of respondents said they understood the SSRA policy, 55% stated that their understanding is poor or very poor. The Review Team are working with ICT colleagues to put the process on Service Desk and flow charts have been designed to make it easier to see what the process is.

Line Manager engagement with their staff

- 7.11 There is more to do in terms of ensuring managers feel confident in communicating the process and keeping their teams up to date. It is intended that more frequent surveys and better engagement with the HR Business Partners will feature in phase 2 in order to address this issue.

Assessment levels

- 7.12 Whilst 48% of the respondents agreed with the result of their assessment against the Career Progression Framework (CPF), almost half (43%) did not agree and 9% did not answer. It is likely that there were many staff who did not respond to the survey who were satisfied with their assessment, given the statistics on salary increases, but this sends a clear signal that managers need to discuss the assessments with their staff individually and that these discussions should be documented.

8. Risk Management

- 8.1 The risk register for phase 1 of the project has been updated for phase 2. The team maintained a live risk register which was presented to CMT during phase 1 and will continue in phase 2. A number of risks identified in phase 1 have either been mitigated, sit below the threshold for escalation, or are now irrelevant to the project and have been removed; where corporate risk remains, these are explicit in the corporate risk register.
- 8.2 The full risk register is at Appendix B
- 8.3 Click here for the [strategic risk summary](#)

9. Consultation

- 9.1 The review team fully engaged with and updated trade unions and, as detailed above, have a communications strategy in place and undertake regular surveys to enable a greater understanding of the issues that are affecting staff so these can be addressed. As the review relates to enhancements of the current MedPay terms and conditions, formal consultation was not necessary.

10. Conclusion

- 10.1 The aims of the review were to ensure the Council

- retains a talented workforce.
- attracts and recruits a skilled workforce.
- supports career progression.
- tackles the challenge of staff leaving and skills shortages.
- continues to pay people above the National Living Wage.
- has a transparent and consistent approach to applying policy for market enhancements and retention payments based on regular market condition assessments.

10.2 The early indications are that there has been a positive impact on pay and reward although more work is required to determine whether the review aims and objectives will be met in full.

10.3 It should be recognised that the review is not just a process affecting pay and reward but relates directly to personal performance and development and is a cultural change process. Leaders are required to role model the new culture in their application of the changes, demonstrate the desired behaviours and coach others in the organisation which will take time to affect. However, we can conclude from the evidence to date that there has been a positive improvement to MedPay terms and conditions which is impacting on Medway Council as an employer of choice and CMT are committed to continuing the roll out.

11. Financial implications

11.1 Consideration of the financial impact of the review is a feature of the budget setting process and is incorporated in the Medium Term Financial Outlook (MTFO).

12. Legal implications

12.1 There are none.

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Appendices

Appendix A - Diversity Impact Assessment at December 2023

Appendix B - Project Risk Register

Background papers

[MedPay Review Update report to Employment Matters Committee 6th June 2023](#)