

Employment Matters Committee

1 May 2025

Medpay Review: Outline of the approach to senior officer progression of pay

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Summary

This report focuses on introducing the MedPay Review principles for senior managers (Strategic Service Managers and Service Managers), ensuring that the senior officer pay scales are adjusted in align with the rest of the organisation to enable progression through the pay ranges, based on a career progression framework (to be developed).

A competency framework was agreed in January 2025 at the Employment Matters Committee as a supporting document to enable development, however this does not enable progression through pay grades and further work now needs to take place to build the progression frameworks for senior managers.

1. Recommendations

- 1.1 The Committee is asked to note the progress and direction for senior officers pay and performance management.
- 1.2 The Committee is requested to note that the development of a Career Progression Framework and salary scales for Assistant Directors and Deputy Directors shall be undertaken concurrently but implemented subsequently by the Head of Paid Service.
- 1.3 The Committee is asked to recommend to Full Council Option A (as set out in Appendix A to the report) so work can commence on building the professional frameworks for each area.

2. Budget and policy framework

- 2.1 The decision on changes to senior manager pay structure is for Full Council.
- 2.2 This report has been circulated separately to the main agenda to allow officers more time to work on the detail and obtain legal clearance. Therefore, the Committee is asked to accept this report as urgent to enable consideration

of the matter at the earliest opportunity given that the report will be submitted to the next scheduled Full Council meeting on 17 July 2025.

3. Background

3.1 The MedPay Review is being implemented for all council employees paid on MedPay terms and conditions which includes senior managers. MedPay: Performance, Progression and Pay (PPP) introduces progression through the MedPay pay ranges based on skills, experience and knowledge assessed against career progression frameworks.

3.2 Career Progression Frameworks (CPF's) have been developed for all roles in the council for ranges 1-8, they do not include roles of senior managers. On 13 November 2024 the Corporate Management Team (CMT) agreed:

- a Senior Management Leadership Competency Framework as a developmental tool;
- that they will need to now focus on developing professional frameworks for their senior managers;
- that Assistant Directors would need to drive this work stream collaboratively with senior managers.

3.3 The current performance appraisal and career conversation process for senior managers does not facilitate pay progression; and, in some situations CMT are forced to progress pay decisions for individuals based on market drivers and/or retention of key skills. If this process is continued to be used for senior officer pay decisions in its present state, this could lead to potential claims of inequality and unfairness. Similarly, these pay increases are only being afforded to those who ask and/or consider leaving, therefore not recognising other senior officers who are of equal value but have not yet raised it or who have raised it and have acknowledged the pending pay review and the importance of equality.

3.5 On 29 January 2025, Employment Matters Committee (EMC):

- a. supported the introduction of the Senior Management Leadership Competency Framework to be rolled out from 1 April 2025 (non-pay related).
- b. noted that further work would be undertaken to ensure that the principles of Performance, Progression and Pay were applied to senior officer roles including the principle of progressing through the pay range (this paper proposes this).
- c. noted that a review of senior officer roles should be undertaken which would include salary benchmarking against other local authorities and unitary authorities (to be undertaken once all PPP for R1-R8 concludes).
- d. recognised that salary scales for senior officers would require review to enable pay progression through the pay ranges and that any proposed

changes would require Full Council decision. This review should aim to be undertaken within 6 months (this paper requests this).

- 3.6 As soon as we have onboarded all R1-R8 on to PPP, work will commence on benchmarking service manager roles utilising the membership services of South Eastern Employers. The results of this may impact on salary costs in terms of potential cases for regrading or Skills Shortage Allowance as there maybe external factors and/or skills shortages that may mean our current bands do not meet the professions scales of pay.

5. Options

- 5.1. Three options for pay progression were presented to CMT and are set out at Appendix A to the report.
- 5.2 When looking at the options, CMT were asked to give consideration of which model is likely to achieve the greatest retention. CMT unanimously agreed to Option A, as this mirrored the 3 progression points of the rest of the organisation and provided continuity of one pay model for all colleagues. There was agreed understanding that there would be one opportunity per year for senior managers to apply for progression, possibly June which aligns to the rest of the organisation, and it was accepted that progression within the range was unlikely to happen every year for all, as it was based on performance and not time served.
- 5.3 Whilst the revised senior manager performance appraisal process is in development stage, a graphic of the areas which will be considered in the process is available at Appendix C to the report. This provides an indicative overview of non-exhaustive elements that will be considered for any pay progression at this level.

6. Advice and analysis

- 6.1 The following principles will apply to a revised performance appraisal process for senior managers:
- annual opportunity to progress will be aligned with the council's annual budget setting and fiscal year as this is most appropriate and would not require changes to the Councils' Pay Policy Statement. Note: most CPFs require a minimum of 18 months – 2 years and have two opportunities for progression each year at A & B, senior managers will have only one opportunity to progress each year, but it is expected in most cases the CPFs will require 2 years minimum to progress.
 - Cost of Living Adjustment (COLA) continues to apply to all on MedPay PPP on an annual basis.
 - ability to progress through the range.
 - spot points to ensure fairness and consistency.

- minimum of 6 months in post before an annual pay review can take place.
- at the annual performance review, line managers should consider all relevant council performance data if it is directly related to the responsibilities of the role (e.g. council plan or service plan information, including budget controls, certificates of assurance as well as personal objectives, including leadership competency).

6.2 Also, subject to the salary benchmarking exercise:

- If a Skills Shortage or Retention Allowance is in place this should be reviewed in line with the policy.
- Current special allowances for senior managers and above will remain, whilst any market premia or other allowances will be reviewed.
- If a new Skills Shortage or Retention Allowance is required a business case would need to be presented and be applied for using the usual process.

6.3 Once the CPFs have been produced and agreed, an initial assessment will be undertaken with each senior manager to determine their current position A, B or C, as has happened with all other officers. Pay date commencing to be agreed.

6.4 In tandem with the development of CPFs for senior managers, similar frameworks will need to be developed for Assistant Directors and Deputy Directors, however these can only be finalized once CPFs have been agreed for senior managers.

7. Risk management

7.1. Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community. Using the following table this section should therefore consider any significant risks arising from your report.

Risk	Description	Action to avoid or mitigate risk	Risk rating
That the current MedPay Scheme is not fit for purpose and the Council will lose their skilled leadership workforce to other work providers.	It is challenged that the removal of increments from pay have meant many people have not had increases to salaries, compared with market average. This is leading to	To continue to monitor exit surveys and reasons for leaving. To benchmark posts	BII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	inconsistent changes and raises the risk of equal pay	To create spot points within the senior officers pay band against their current profession and leadership competence framework	
Upon Assessment all role holders are deemed at level C providing a funding challenge	Everyone with high skills sets, therefore difficult to fund and retain	Capability assessments to be conducted ahead of a pay award to provide an indication of the model and financial forecast Robust performance management placed on senior officers	CIII
Failure to change MedPay and bench mark job roles with a reward system will continue to see high attrition	If we do nothing we will continue to have high attrition, high recruitment costs, high paid individuals and a lack of experience in the organisation	Implementation plan is required to ensure consistency and affordability. HR to continue to develop and promote the wider employment offer for staff including benefits both financial and non-financial.	BII

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Consultation

- 8.1. A revised senior manager performance appraisal process will be rolled out to incorporate the Leadership Competency Framework. Training will be provided, and senior officers will have an opportunity to test the revised

process and competency framework in practice in the first quarter of 2025/26. They may suggest improvements which could be taken on board either immediately or for year 2 of operation (2026-27) depending on the nature and complexity of the suggestions. As the CPFs are developed strategic service managers and service manager will be consulted on and further training will be available to understand how the whole process will operate.

9. Financial implications

- 9.1. A financial assessment on the likely impact of the various options is currently being undertaken, the expectation is that any additional cost will be met from provision made in the 2025/26 budget for the impact of the implementation of MedPay.

In the meantime, an illustration of the potential impact upon individual senior manager's salary level is included in Appendix B to the report.

10. Legal implications

- 10.1. Full Council is required to take decisions on senior officer pay scales to enable progression through the pay ranges.

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Appendices

Appendix A - Options for pay progression on senior management pay scales

Appendix B - Example of pay progression for Service Manager Grade

Appendix C - Graphic: Draft Senior Manager Appraisal Model 2025-26