

## **Council**

**17 July 2025**

### **MedPay Review: Outline of the Approach to Senior Officer Progression of Pay**

Report from: Samantha Beck-Farley, Chief Organisational Culture Officer

Author: Samantha Beck-Farley, Chief Organisational Culture Officer

#### **Summary**

This report focuses on introducing the MedPay Review principles for senior managers. We seek to align senior officer pay scales with the rest of the organisation, to enable progression through the pay ranges, based on a career progression framework (to be developed by service areas) as we do for all other ranges.

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.

The report was previously considered by the Employment Matters Committee on 1 May 2025, the minutes of which are set out at section 6 of the report.

#### **1. Recommendations**

- 1.1 The Council is asked to note the progress and preferred direction for senior officers' pay and performance management and the option recommended by officers, being Option A.
- 1.2 The Council is asked to note the comments made by the Employment Matters Committee with regard to recommending Option B rather than Option A, as set out at section 6 of the report and the comments in response to Option B of the Chief Organisational Culture Officer, as set out at section 7 to the report.
- 1.3 The Council is asked by Employment Matters Committee to agree Option B (as set out in Appendix A to the report) so work can commence on building the professional frameworks for each area.
- 1.4 The Council 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.

## 2. Budget and policy framework

- 2.1 The decision on changes to senior manager pay progression is for Full Council.

## 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 consist of 3 progressional points by range. They do not include the 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, it will hinder our ability to recruit and retain senior leaders.

- 3.4 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).

3.5 As soon as we have completed all R1-R8 into PPP, work will commence on benchmarking service manager roles utilising the membership services of South Eastern Employers. We do not intend to change the current band width however it is to be noted that 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 mean our current bands do not meet the professions scales of pay.

## 4. Options

- 4.1 Three options for pay progression were presented to CMT and were discussed at length these are set out at Appendix A to the report.
- 4.2 When looking at the options, CMT were asked to give consideration of which model is likely to achieve the greatest retention rates, retain our skilled managers and ensure that succession from within remains attractive and is applied fairly. 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. Ensuring it was consistent, and fair and acknowledging the need to retain our senior leaders as we move towards financial sustainability and preparation for Local Government Reorganisation (LGR). There was agreed understanding that there would be only 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 would not happen annually, as it was based on performance and not time served.
- 4.3 The Employment Matters Committee considered the report on 1 May 2025 and agreed to recommend Option B to Council for approval. Option B contains four pay progression points rather than the three in Option A, that is preferred by officers. The Chief Organisational Culture Officer's comments in response to this recommendation are set out at section 7 of the report.
- 4.4 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.

## 5. Advice and analysis

- 5.1 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 aligned across the business to ensure fairness and consistency. (unless option B or C is agreed).
- 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).

## 5.2 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.

## 5.3 Once the CPFs have been produced and agreed, an initial indicative assessment will be undertaken with each senior manager to determine their current position A, B, C (or D if Option B is agreed), as has happened with all other officers. Pay date commencing to be agreed.

## 5.4 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 finalised once CPFs have been agreed for senior managers.

# 6. Employment Matters Committee

## 6.1 Employment Matters Committee on 1 May 2025, the minutes of which are set out below.

- 6.2 The Chief Organisational Culture Officer introduced the report which introduced the MedPay Review principles for senior managers (Strategic Service Managers and Service Managers), to ensure that the senior officer pay scales were adjusted to align with the rest of the organisation to enable progression through the pay ranges, based on a career progression framework which would be developed.
- 6.3 A competency framework had been agreed in January 2025 at the Employment Matters Committee as a supporting document to enable development, however this did not enable progression through pay grades and further work was now needed to build the progression frameworks for senior managers. The framework aimed to address historical problems and legacy issues, ensuring fairness and consistency in performance management and pay progression.
- 6.4 The proposal included a single progression opportunity per year for managers, with extensive performance management requirements.
- 6.5 It was noted that the Corporate Management Team's (CMT) preferred option was Option A, as this mirrored the three progression points of the rest of the organisation and provided continuity of one pay model for all colleagues. With an agreed understanding that there would be one opportunity per year for senior managers to apply for progression, possibly June, which aligned to the rest of the organisation, and it was accepted that progression within the range would be unlikely to happen every year for all, as it was based on performance and not time served. The budget for this work had already been agreed.
- 6.6 The Chief Organisational Culture Officer further explained the challenges of implementing multiple layers within the leadership roles and emphasised the need for a high-performing leadership layer and retaining and valuing the leadership layer. It was noted that the leadership layer was expected to be available 24/7 without additional pay or flexi time, which made progression into leadership roles less attractive.
- 6.7 The Committee considered the three different options presented. There was concern about the percentage increase in salary if the CMT preferred option was agreed. The Vice Chairperson suggested that option B might be the more pragmatic choice, agreeing with the need for a fair and consistent approach across the organisation. The Chairperson agreed and stated that he would move recommending option B.
- 6.8 Members also noted the Joint Consultative Committee comments from the earlier meeting.
- 6.9 **Decision**
- a) That the progress and direction for senior officers pay and performance management, be noted.

- b) That the development of a Career Progression Framework and salary scales for Assistant Directors and Deputy Directors should be undertaken concurrently but implemented subsequently by the Head of Paid Service, be noted.
- c) That the Committee recommend to Full Council Option B for pay progression (as set out in Appendix A to the report) so work could commence on building the professional frameworks for each area.

## 7. Chief Organisational Culture Officer's Comments

- 7.1 The Chief Organisational Culture Officer has made the following comments in response to the Employment Matters Committee decision to recommend to Full Council Option B for pay progression of senior managers instead of Option A that had been set out in the report as the Corporate Management Team's preferred option.
- 7.2 Difficulty breaking down a single role into 4 career points. Unlike the rest of the teams, these are single person roles, so there cannot be a trainee element to the position. Senior leaders will need to be developed at the R8 level C in preparation for succession or recruited with the right skills to be able to lead the team immediately. This will place greater difficulty on the ability to create 4 progressional points. Creating 3 has provided challenging and this is with us incorporating a trainee/entry point. Therefore, there is a risk that this will not be possible without diluting the principles and meaningfulness of progression, in addition it could enable progression annually if the stretch is easy to achieve in a shorter timeframe, which will place further pressure on retention as people will progress to the top of the band quicker.
- 7.3 Additional use of allowances. We know from our current market allowances many of our senior roles are adrift to the market, and whilst there will be market testing, reducing progressional percentage increases over a 18–24-month period will likely mean there will be more requests for retention payments, creating additional administration and additional cost. In addition, the use of allowance will hinder officer's efforts to apply for mortgages etc. as these are only temporary.
- 7.4 Lack of succession. It will be very hard to attract succession into these posts. Currently these roles do not attract flexi time or over time and you need to be available to respond 24/7. In addition, the pay band is on the threshold of Child Benefit which means many working parents lose access to this benefit and find themselves in a worse financial position. Often people do not see the incentive to move to these roles, as it is often felt for a much bigger remit and responsibility for the additional £500 is not worth it, considering the loss of other perks as mentioned above. 4 progressional points within the band will be a further deterrent.
- 7.5 Percentage variables. We had accepted at the start of the program with the drift in pay and historical problems we were unpicking we could not fix the points to grade, as well as build career pathways. It was also acknowledged

that a return to NJC was being considered and points to grade would therefore be reviewed at this time. Noting the limitation we made some tweaks to bands, for example we introduced a Range 8, and moved the Range 2 into some of the headroom of Rand 3 as this was a very large band. All of this was an additional cost, so the rest of the bands remained untouched. This means percentage increases per progression point is different across all bands. Ranges 1-8 have percentage increases between 3% - 9.7%, with R2 only having a span of £1473, and whilst this year we did not move to a spot rate, next year is most likely to see this become a spot rate as we have with R1. R3 has the biggest increase of 9.7%, followed by R4 at 9.4%, whilst service manager and above also varies from 4.6% to 9.9% at different points.

- 7.6 Retention and perceived fairness. Senior leaders have taken on a pay review for their teams in the knowledge that senior leaders will be afforded the same approach following completion. The approach to our pay needs to be fair and consistent across all our grades. There was concern raised at EMC regarding the optics in relation to the percentage increase in salary on each point if the CMT preferred option was agreed. So, option B was suggested as a more pragmatic choice, however agreeing with the importance for a fair and consistent approach across the organisation. Whilst it was acknowledged it needs to be fair and consistent; option B does not make this fair or consistent given the variable percentages across all the grades as outlined above. We wish to be an employer of choice, and our values speak of pride, care, respect, trust, ambition and collaboration, a decision made on optics of percentage points even though they are variable across the organisation does feel that it goes against some of the fundamentals we aspire and encourage our leaders to demonstrate. There will be a feeling of unfairness and undervalue which may lead to retention issues at this layer, and with little succession in place it leaves us vulnerable.

## 8. Risk management

- 8.1 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
<b>That the current MedPay Scheme is not fit for purpose and the Council will lose their skilled leadership workforce to</b>	It is 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.  To benchmark posts	BII

Risk	Description	Action to avoid or mitigate risk	Risk rating
<b>other work providers.</b>	This is leading to 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	
<b>Upon Assessment all role holders are deemed at level C or D providing a funding challenge</b>	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
<b>Failure to change MedPay and bench mark job roles with a reward system will continue to see high attrition</b>	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
<b>Failure to align the pay framework for leaders to the rest of the organisation</b>	Implementing 4 progressional points instead of 3 will mean senior leaders operate a different framework to the rest of the organisation. Should 4 be implemented we will experience: Erosion of trust Cultural misalignment	Align the frameworks to 3 points	DII



Risk	Description	Action to avoid or mitigate risk	Risk rating
	Difficulty with succession Increased turnover at the leadership layer Perceived unfairness Reduced motivation		

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

## 9. Consultation

- 9.1 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.

## 10. Financial implications

- 10.1 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. Many roles are already in receipt of allowances to ensure retention so further forecasting will be undertaken once the bench marking completes. This will be reviewed by Corporate Management Team prior to any rollout of the programme to ensure there is enough budgeted provision.
- 10.2 In the meantime, an illustration of the potential impact upon progression of senior manager's salary level is included in Appendix B to the report.

## 11. Legal implications

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

### Lead officer contact

Samantha Beck-Farley, Chief Organisational Cultural Officer,

[samantha.beckfarly@medway.gov.uk](mailto:samantha.beckfarly@medway.gov.uk)

### 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