

## Pay Policy Statement for 2018/19

The London Borough of Camden provides a wide range of services, including education, social care services for children and adults, environmental and technical services, and housing.

The Council's Chief Officers are the Chief Executive, the Executive Directors, Directors and the Borough Solicitor. Together, they are accountable for driving the delivery of the Council's vision and priorities. It is important for the Council and local residents to have a highly effective leadership team in place in these senior roles.

The Council is committed to transparency over pay and, for a number of years has published information on pay policy and remuneration levels for its Chief Officers on the Council's website. The annual pay policy statement will be published on the website.

### Chief Officer Pay Arrangements

The current pay and terms and conditions for Chief Officers were introduced on 1<sup>st</sup> April 2016 and are locally determined and agreed. As such, they do not depend on national negotiations to decide on pay levels or awards. The scheme forms part of Chief Officers' contracts of employment.

The scheme aims to:

- develop and sustain a high performance culture from the top of the Council;
- recruit and retain the talented people needed to maintain or improve the Council's already high performance and lead the organisation through the challenges and changes we are facing; and
- recognise Chief Officers for their personal contributions.

There are a number of principles that underpin the Council's approach to Chief Officer pay:

- the amount paid should reflect the market for comparable jobs, the performance of the organisation and the skills and contribution of the individual performing the role;
- a proportion of pay is 'at risk' and in effect has to be re-earned each year. This is in keeping with government guidance over many years that senior pay should be related to performance.

This means that unlike many other councils, Camden does not give automatic incremental pay rises to Chief Officers.

A Chief Officer's total pay is comprised of:

- spot salary; a fixed amount payable year-on-year;
- variable pay; a one-off payment that a Chief Officer may receive at the end of the year depending on achievement of specific agreed performance criteria as part of Camden's My Performance Scheme.

## Base Pay

All Chief Officers are on 'spot' salaries within a target pay range as detailed in the table below which is effective from the 1st April 2016.

Job Title	Min	Mid	Max (Target)
Chief Executive	£ 163,350	£ 181,500	£ 199,650
Executive Director	£ 129,600	£ 144,000	£ 158,400
Director	£ 80,844	£ 94,523	£ 108,202

Spot base salaries will also be assessed annually, based on affordability, inflation and national pay policies.

All Camden roles that fall below or above the average of the market by more than 5%, will be reviewed annually, and a decision taken to either amend the target salary range and/or move the individuals spot salary to reflect the changes in the market.

Any increases to base pay will take effect in April each year. Decisions about whether to change spot salaries of any Chief Officer, other than the Chief Executive, will be made by the Chief Executive in consultation with the Cabinet Member for Finance and Transformation.

## Variable Pay

In addition to an annual cost of living increase, an annual variable payment may be paid up to 10% of base salary, with an 'on-target' of 5% as a non-consolidated payment. This variable payment will be determined by:

- Evidence of improved outcomes linked to the Camden Plan
- A clear focus on employees' efforts on key priorities such as customer service, quality and on-time delivery
- Creating the desired workplace culture by modelling the Camden Way
- Objective evidence which when appropriate recognises initiative, innovation, leadership and/or contribution to teamwork

The annual variable payment will be assessed on the individual's performance as part of Camden's My Performance Scheme.

The annual variable payment will be non-consolidated and paid as one lump sum and be subject to Income Tax, National Insurance and where applicable it will be pensionable.

Decisions about whether to award a variable payment, other than for the Chief Executive, as well as the level (% of pay) of the payment will be made by the Chief Executive in consultation with the Cabinet Member for Finance and Transformation.

## **Remuneration on appointment**

The actual salary on which a new Chief Officer commences will wherever possible be the bottom of the target range for the job, subject to appointment considerations such as the skills and experience the individual brings to the job and market rates for comparable positions. The Audit and Corporate Governance (Appointment Panel) Sub-Committee (which has cross party membership) will approve the spot salary that a new Chief Officer should be recruited on and any negotiating parameters that may be needed to secure a preferred candidate.

Where there is a requirement to bring in short term cover or specialist skills on a contract for service basis, payment will be determined on the basis of the skills and experience the individual brings and market rates for comparable contracts. Camden's pay schemes, national agreements, local terms and conditions and other benefits, such as the pension scheme, do not apply in this situation.

## **Annual pay reviews – decision making**

According to the agreed Chief Officer pay scheme, individual pay awards are considered at the end of the financial year, and take into account annual benchmarking and Chief Officers' performance throughout the year in terms of what has been achieved and how it has been achieved. There will be no increase to salary or variable payment where performance does not meet expected levels. Decisions about whether to award a variable payment as well as the level (% of pay) of the payment and decisions on movements to spot salaries will be made by the Chief Executive in consultation with the Cabinet Member for Finance and Transformation.

The Chief Executive's performance is considered annually by the Audit and Corporate Governance (Performance Review) Sub-Committee. This will give views about the performance of the Chief Executive to the Leader of the Council who will conduct the annual pay review of the Chief Executive in consultation with the Cabinet Member for Finance and Transformation.

## **Pay schemes for employees who are not Chief Officers**

### **Employees – new contract**

In 2012 the Council agreed to introduce a new set of pay and conditions for the majority of employees who were not Chief Officers. Existing staff were invited to move across to these new arrangements from 1 April 2013 and new recruits from 1 October 2012 have been appointed on these new terms. 77.6% of eligible staff are now covered by the new scheme. 16% remain on the old scheme and the remaining percentage are covered by other terms and conditions.

### **Approach to performance development and pay**

In January 2016, a new performance development scheme was introduced for all non-Chief Officer employees. As part of the changes, the approach to pay reviews was simplified to allow those 'performing well' to progress within their pay range, currently by 2% with a variable non-consolidated pay award of up to 2% available at

the point of contribution to those who have achieved something outstanding, gone the extra mile, or shown particular dedication that has had a noticeable outcome.

The decision on the level of award which can be paid to employees within the agreed pay ranges and any increases to those pay ranges are agreed annually by Chief Officers.

### **Other employees – old scheme**

For staff who decided not to move across to the new arrangements, Camden applies the pay and conditions set out in the National Joint Council and the applicable national agreement to other groups of employees such as teachers. Pay ranges are aligned to the national pay spine and pay awards are subject to negotiation at a national level. In some areas local arrangements have been negotiated to reflect specific needs and requirements.

Employees progress to the top of their salary range through annual increments. As nearly four years have passed since the introduction of the new scheme, the majority of those on the old contract have now progressed to the top of their pay grade. Salaries cannot increase beyond the top of the band applicable to the job. For the remaining few, as with previous arrangements, the new performance scheme allows for the Council to opt to withhold an increment for unsatisfactory performance although there is no further link between pay progression and performance.

### **Job families, job evaluation and fair pay**

Camden operates a job family framework with jobs of similar characteristics and skills being grouped together. Within each family there are a number of levels which relate to the levels of work and responsibility. For each level within a family there will be a description of the requirements of jobs. Jobs at each level require a different skill and experience and for all these there will be a different pay range or zone. Jobs pay ranges and zones are determined and underpinned by an appropriate job evaluation scheme.

The appointment salary for an employee will be on a spinal column point or at the bottom of the range for the job, subject to appointment considerations such as the skills and experience the individual brings to the job and market rates for comparable positions.

The Council recognises the importance of maintaining pay at a level that allows people to provide their families with the essentials of life, and has for a number of years ensured that employees are paid above the rate of the London Living Wage (LLW). To build on this and further lower the gap between the Council's lowest and highest paid employees the Council increased the pay of its lowest paid staff from 1 January 2015. From 1 April 2018 the Council will go further again with the introduction of its minimum earnings guarantee of £20,000 (10.68 per hour), exceeding the new LLW rate of £10.20 per hour announced in November 2017.<sup>1</sup>

As accredited members of the LLW Foundation, the Council has extended its commitment to pay the LLW across the wider workforce including agency workers and staff delivering services on behalf of the Council in outsourced contracts.

## **Pay ratios**

As of December 2017 the Chief Executive's pay was 9.7 times that of the lowest paid employee, and 5.4 times that of the median salary.<sup>1</sup>

## **Termination of employment**

The Council will, where appropriate, make payments to employees whose employment is terminated in the situations set out below.

### Redundancy:

Where an employee leaves the Council in a redundancy situation, the Council's Organisational Change policy applies. This policy is in keeping with the Discretionary Compensation Regulations 2006 (the Regulations), which gives all councils the ability to determine the level of redundancy payments. The Council's policy is to make a payment in line with the statutory redundancy formula, calculated using the employee's actual weekly pay.

The Council may also make an additional compensation payment to an employee leaving the organisation in a redundancy situation. This payment would be calculated using the statutory redundancy formula based on actual weeks' pay and multiplied by 0.4. In order not to fetter the discretion given under the Regulations, the Council retains the right to increase the amount of the payment in exceptional circumstances, subject to the total payment not exceeding the statutory limit of 104 weeks.

Employees who leave the Council by way of redundancy will not be considered for further employment with Camden, or for the hiring of their services in another capacity within two years of leaving, unless there are special circumstances.

### Efficiency of the service:

There may be occasions where it is necessary to terminate employment in the interests of the efficiency of the service. In this situation, the Council uses powers under the Regulations to make a payment that is equivalent to the level of a redundancy payment. The amount is calculated in the same way as a redundancy payment; and discretions under the Regulations are exercised as set out above.

In some rare and exceptional circumstances, it may be more appropriate and in the Council's best interests to reach mutual agreement to end employment than to follow the redundancy or efficiency procedure. Such reasons include speed and minimising the risk of significant service uncertainty and disruption. Any payments to Chief Officers in these circumstances will be referred to a meeting of the Audit and Corporate Governance (Appointment Panel) Sub-Committee in accordance with the Constitution. The aim will be for the payment<sup>1</sup> to be equivalent to the level of a redundancy/efficiency payment and any other contractual payments; however

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<sup>1</sup> The pay ratio figures taken into account all employees who are centrally employed by the London Borough of Camden excluding apprentices. In addition, the figure also excludes all employees based within Camden schools. As of December 2017, the lowest actual salary paid to a Camden employee is £18,699 and the highest is £179,000. Reported as part of the Council's Annual Statement of Accounts.

in reaching an agreement through a process of negotiation it is likely that the amount of the payment will be specific to the individual's circumstances.

### **Additional payments and benefits**

The Council may make payments to recognise specific responsibilities and/or requirements of a job or job holder, for example statutory responsibilities such as the Returning Officer.

The amount of any payment is determined by reference to any statutory requirements, national or local agreements, or where the employee is not a Chief Officer or senior manager, the applicable national agreement. Where none of these apply, the amount of the payment will reflect the level of responsibility and/or requirement.

All Council employees may join the national pension scheme for local government officers, with employee contributions currently ranging from 5.5% to 12.5%, depending on the individual's salary. Payment of the pension is subject to the scheme rules.

Under the Local Government Pension Scheme Regulations 2013, the Council may grant additional pension to a pension scheme member, this discretionary award will be exercised in exceptional circumstances only subject to the approval of the Pension Committee. There are no recent instances of members achieving the criteria for this award.

When the Council re-employs a former employee who is already in receipt of a national scheme pension from Camden, the employee's pension payments will be reduced, where applicable, to ensure the employee's total earnings (pension plus new pay) are no greater than the remuneration received prior to retirement plus inflation.

To maintain employee engagement the Council recognises, particularly in the current financial climate that it is important to reward and motivate staff through other non-salaried means. The council promotes a range of benefits which all staff, irrespective of grade, can access. These include salary sacrifice schemes such as childcare vouchers, season ticket loan and a tax-free bike scheme. There are also a number of discounted benefits which are open to all employees such as discounted gym membership which is provided at no cost to the council.

**ENDS**