

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE</b> Review of Camden Pay Schemes	
<b>REPORT OF</b> Director of People & Inclusion	
<b>FOR SUBMISSION TO</b> Audit & Corporate Governance Committee	<b>DATE</b> 15 June 2023
<b>SUMMARY OF REPORT</b>  <p>This report sets out the findings from a review of the Camden Pay Schemes and proposals for change in response to these.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>No documents that require listing have been used in the preparation of this report.</p> <p><b>Contact Officer:</b>  Joanna Brown  Director of People &amp; Inclusion  5 Pancras Square  London  N1C 4AG  Tel: 020 7974 6302  E-mail: <a href="mailto:joanna.brown@camden.gov.uk">joanna.brown@camden.gov.uk</a></p>	
<b>RECOMMENDATIONS</b>  <ul style="list-style-type: none"> <li>(i) To note the findings of the review of Camden pay schemes; and</li> <li>(ii) To approve the changes to the pay, terms and conditions of employment for officers set out in this report, specifically: <ul style="list-style-type: none"> <li>• Delete the lowest two pay points with effect from 1 April 2023 ( paragraph 5.13)</li> <li>• Delegate authority to the Head of Paid Service to make decisions on changes to the Level 1 and Level 2 pay scheme for 2024 and 2025 (paragraphs 5.14 to 5.16)</li> <li>• Uplift the pay minima for Level 5 Zone 2 to Level 6 Zone 3 with effect from 1 September 2023 (paragraphs 5.21 to 5.25)</li> <li>• Increase starting and 5-year long service annual leave entitlement to 27 days and 31 days respectively with effect from 1 September 2023 (paragraph 5.29)</li> </ul> </li> </ul>	

- Reduce the current maximum variable payment for Chief Officers from 10% to 5% with effect from 1 April 2023 and in turn increase the Target Base Pay ranges by 5% with effect from 1 April 2023, including for current Chief Officers (paragraphs 5.35 and 5.36)
- Delegate authority to the Director of People and Inclusion to make any changes to the terms and conditions required to implement the above decisions

Signed: 

Date: 5 June 2023

## **1. Purpose of Report**

- 1.1. This report sets out the findings from a review of the Camden Pay Schemes and proposals for change in response to these.
- 1.2. The Audit and Corporate Governance Committee (The Committee) has responsibility for determining the terms and conditions on which officers hold office and is asked to note the findings of the report and approve the proposed changes to pay, terms and conditions.

## **2. Background and Drivers**

- 2.1. In 2012, the Council agreed to introduce a new set of pay and conditions for the majority of employees who were not Chief Officers. Overall, 93.1% of staff are now covered by the new scheme, with the remaining 1.4% (61 staff) on the old scheme and 5.5% covered by other terms and conditions. Details of the current pay schemes can be found in Appendix One.
- 2.2. The main drivers for undertaking a review of the pay schemes were to respond to: changes in the labour market post pandemic, with high levels of employment driving up wages and competition for posts; the cost of living crisis with rising levels of inflation; and an increasing gap between the private and public sectors, with private sector wages rising more rapidly than public sector. The Council also want to be a leader in 'Good Work' and part of this is ensuring that people are paid fairly and able to live well.
- 2.3. Post pandemic the job market has become increasingly competitive, both in general and in specific industry sectors, and this has had a direct impact on the Council. It is essential that Camden continues to remain a competitive employer in order to recruit and retain staff and the perception that we were now falling behind the market was one of the drivers behind the review of the pay schemes included.
- 2.4. A range of factors have influenced the labour market and the expectations of staff and candidates and continue to do so. These include:

### Economic

- 2.5. Inflation was 10.2% in the first quarter of 2023, with higher than expected inflation concentrated in core goods and food prices. In April annual inflation was still over 8% however, the annual inflation rate of food and non-alcoholic beverages was at 19% in the year to April 2023.
- 2.6. The acknowledged 'cost of living crisis' is continuing to squeeze personal finances leading more people to seek pay increases through job moves. Delays in agreement local government pay awards are exacerbating this whilst private sector pay continues to increase ahead of the public sector.

- 2.7. We know the majority of our employees live outside the borough and costs for travel have increased by more than 11% over the last 12 months. This is impacting the finances of many of our critical frontline workers in particular.

### Labour Market

- 2.8. A lot of people left employment between 2020 and 2022 - 'The great resignation' when many took the opportunity to retire early, go back to home countries or move careers. This has reduced the supply of labour available and a significant proportion of employers have had to hard to fill roles.
- 2.9. Whilst the cost of living crisis has prompted some to re-enter the job market we know there continue to be more jobs that job applicants and employers are responding by increasing pay.

### Internal

- 2.10. 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 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 with the introduction of a minimum earnings guarantee. The current Camden pay ratio is 8.5<sup>1</sup>, in other words the salary of the highest paid employee is 8.5 times the lowest paid employee, and Camden is committed to ensuring the ratio remains below the upper threshold of 1:10.
- 2.11. Camden's lowest pay point is currently 11.3% above the current LLW wage, but following restructuring of the national pay spines the lowest pay point is now aligned to the lowest point on the Inner London Greater London Provincial Council (GLPC) pay spine. Increases in the cost of living are such that increases in both the National Living Wage and the London Living Wage are likely to be high for the next 3 years and might well exceed national pay awards and as a result this cushion could be significantly reduced or potentially eliminated.
- 2.12. In April 2021 we introduced a new pay exception process to reinforce our pay policy for staff to be appointed at the bottom of the pay range and ensure decisions to apply market supplements or retention payments were backed up with robust evidence. Since late 2021 we have seen a steadily increasing number of requests for pay exceptions.
- 2.13. Our Annual Pay Gap reporting over recent years has highlighted both gender and ethnicity 'Performance Related Pay' (PRP) gaps. The bulk of payments

---

<sup>1</sup> The pay ratio figure takes 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. For the purposes of this, the 'lowest paid employee' is defined as an employee on the lowest pay point routinely used by Camden Council for its substantive jobs, calculated at full-time equivalent. As of 1 June 2022, the lowest actual salary paid to a Camden employee is £24,974 and the highest is £212,768.

considered as PRP relate to the 1% and 2% My Reward Scheme payments. Our pay gaps are driven by representation (or lack of) at senior levels rather than pay for like work not being equal. External legal advice obtained in 2022 confirmed that no element of the current Pay Scheme was inherently discriminatory, but discussion with internal stakeholders, including trade union representatives confirmed an appetite to go further and identify opportunities to 'design out' the potential for inequity where possible.

### **3. Approach to the review**

- 3.1. In order to respond to the increasing and expanding market forces challenges in the short-medium term without undermining pay and grading systems in the longer term the key components of the review have been as follows.
- Initial Benchmarking review of current pay ranges against market to determine current market position
  - Identification of individual roles, types of roles and/or levels of roles that are experiencing specific market pressures
  - Identification of opportunities as part of this work to introduce alternative approaches to pay that are fairer more equitable options
  - Development of proposals on and implementation of changes to the pay ranges/pay scheme as appropriate
- 3.2. Over the past twelve months we have engaged with internal stakeholders, including trade union colleagues to shape the scope and focus of the review. These discussions confirmed broad support for progressing the recommended options and bringing proposals forward to the Committee for approval.

### **4. Findings**

- 4.1. Remaining an upper quartile pay employer is important in retaining our competitiveness in the employment market – although, our wider brand and employment offer is strong. This is vital to continue to recruit and retain high calibre talent, particularly given our Inner London location.
- 4.2. The analysis shows that we are competitive on pay across the majority of our salary grades. Although, we are becoming increasingly uncompetitive at levels 5 and 6 and at Chief Officer level. This is illustrated by the table and graph at Appendix 2.
- 4.3. In the majority of cases where a pay exception is agreed this is to flex the usual approach of appointing at the bottom of range and allow appointment up to the mid-point of the pay range in recognition that the bottom of the pay range is below the market. However we are also seeing an increasing number of recruitment and retention payments as levels 4 and above. These should be a last resort so the rise in their usage suggests a more structural response is needed.
- 4.4. At Chief Officer level, there is a strong perception that our salaries have not kept pace with the external market. Evidence supports this, but in part, this is

because the bonus scheme is not perceived to be a fundamental part of the remuneration package.

- 4.5. While salaries at our lower grades compare well to the market, they are overly exposed to agreements on the local government pay award and movements around London Living Wage. As such, they need to be future proofed to avoid threatening our status as a Living Wage Employer and enable the Council to recommit to an increased Minimum Earnings Guarantee.
- 4.6. Looking beyond pay, to other terms and benefits there is a need for us to review and re-position our offer to staff, particularly as, post pandemic, other sectors now offer increased flexible working, Camden's good transport connections are less of a draw and the Local Government pension scheme is not seen as a differentiator. This and the appetite for good work life balance has focussed attention on other benefits such as annual leave. Whilst Camden offer a number of other generous leave schemes our basic annual leave entitlement is less attractive, particularly since the changes to the national Local Government terms and conditions, which increased annual leave entitlements by one day from 1 April 2023.

## **5. Proposals for Change**

- 5.1. This section sets out the proposed responses to the review findings across the following six areas. Firm proposals are presented for approval by the Committee on the first four elements. An update on direction of travel/ options being considered is given for the final two elements and it is proposed that firm proposals for change on these will be brought back to the September meeting of the Committee.

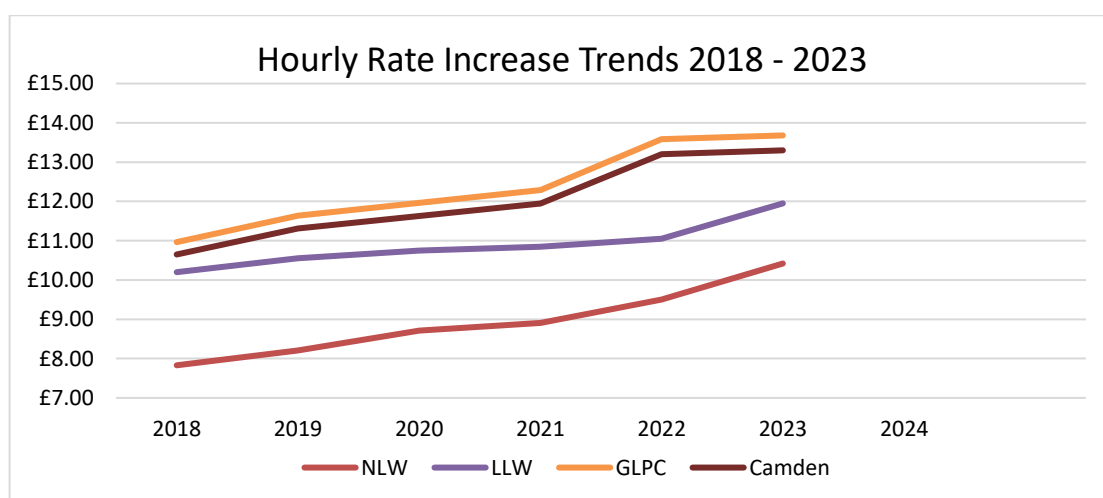
- Future proofing Pay at Level 1 and Level 2
- Narrowing Pay bands at Level 5 and Level 6
- Increase to Annual Leave entitlement
- Restructuring of the Chief Officer Pay Scheme
- Opening up the pay ranges
- Changes to the My Reward Scheme

### Future proofing Pay at Level 1 and 2

- 5.2. Our intention is for Camden to take a lead and invest early in the bottom of our pay spine to give staff certainty ahead of any potential changes to the national pay arrangements. Our position will be that Camden offers more than the national arrangements and we can commit now to a Minimum Earnings Guarantee above the minimum of the Inner London GLPC pay spine.
- 5.3. Unlike the majority of other Councils, Camden has the option to do this because we have local pay, terms and conditions that are not linked to the national pay bargaining mechanisms. Whilst Camden have to date chosen to mirror the national pay bargaining outcomes we can make independent decisions on pay and restructure our pay schemes. This also ensures we help our lowest paid staff now during this cost of living crisis, without waiting for the national position

to catch up. Our commitment is that we will ensure staff at the lower end are no worse off as a result of us taking early action to restructure our pay scheme.

- 5.4. Pay at Levels 1 and 2 is currently ahead of the London Living Wage (LLW) and Camden will want to retain a good cushion above the LLW. Consideration has therefore been given to how the Council can maintain this position over the coming 3 years and make a new Minimum Earnings Guarantee commitment.
- 5.5. Camden's lowest hourly rate is currently £13.30. In November 2022 the LLW rose by 8.14% to £11.95 and in April 2023 the National Living Wage (NLW) rate increased by 9.7% to £10.42ph. The current forecast from the Low Pay Commission shows that government policy for the NLW to reach 66% of median earnings in 2024 could result in the NLW reaching £11.35 in 2024, an increase of 8.9% from its 2023 level. These trends are illustrated in the chart below.



- 5.6. The Trades Union Congress (TUC) is also calling on the government to set a target for a £15 per hour minimum wage 'as soon as possible', with all major unions supporting this call. The 2023 local government pay claim also proposed that the National Employers fixed rate hourly rate increases to the lowest pay point to achieve a rate of £15ph by 2024.
- 5.7. It is recognised that significant changes will need to be made to the national local government pay spine through future pay agreements to ensure pay remains above the NLW. The national employers will need to consider whether they should re-engineer the pay scales (as they did in 2018/2019), factor in more bottom loaded pay increases, or simply remove the bottom pay spine points from the scales.
- 5.8. There have however been significant delays in recent years to agreement being reached on pay awards and the 2023 pay offer is not likely to be resolved for some time yet following the Employers 'full and final' offer being rejected by trade unions, who are now balloting for strike action. In the meantime Councils remain exposed to increases in the NLW and for Camden as a LLW Employer increases to the LLW. Annual changes to the NLW and LLW rates are regularly confirmed on schedule, effective from April and November respectively.

- 5.9. The Real Living Wage calculations are based on the cost of living and increases in the cost of living are such that increases in the LLW are likely to be high for the next 3 years and might well exceed the % pay award. If that happens, Camden will have to delete increments to preserve the grade structure and keep the cushion. For example, if the LLW exceeded the pay award by 2% for each of three years, 4 increments could be lost (the whole of Level 1 Zone 2).
- 5.10. It is preferable to maintain the overall grade structure to differentiate pay between jobs of a different size. Level 1 Zone 2 currently covers 150 people and should be retained as a separate grade for now. It is not however necessary to keep all the pay points in each grade – and in practice it will be impossible to do so.
- 5.11. A reduction to the current pay point range has been modelled for Level 1 and Level 2 to preserve the grading structure while accommodating forecast increases. Full details of the modelling including the assumptions used are set out in Appendix 3.
- 5.12. Based on this model then if no change to the pay scheme is made the next increase to LLW announced in November 2023 could reduce the cushion between Camden's lowest pay point and the LLW to circa. 1% before any 2023 pay award.
- 5.13. It is therefore proposed that, with effect from 1 April 2023, Level 1 Zone 2 is reduced to a 2 point scale by deleting the lowest two pay points. Any staff on the deleted pay points would be uplifted to pay point 4 – this would immediately benefit 50 staff (one third of all staff in Level 1 Zone 2). This would position Camden circa. 5% above the new modelled LLW and circa. 3% above the lowest point of the Inner London GLPC pay spine. Once the modelled pay award was applied this would increase the LLW cushion to circa. 14% and provide a minimum hourly rate just above £15ph.
- 5.14. We have modelled changes over three years and further restructuring of the pay scheme would be required in 2024 and 2025 as outlined below and illustrated in the diagram.
- The 2024 change would require a realignment: Level 1 Zone 2 would occupy pay points 6-7 and Level 1 Zone 3 would occupy pay points 8-10. Any staff on deleted or realigned pay points would again have their pay increased. These changes would give a modelled minimum hourly rate of £16.88ph.
  - The 2025 change would require further realignment: Level 1 Zone 2 would occupy a pay point 9 and Level 1 Zone 3 pay points 10-11. Increment 11 would be clipped off the bottom of Level 2 Zone 1 to make this a 4 point range. Any staff on deleted or realigned increments would have their pay increased. These changes would give a modelled minimum hourly rate of £17.14ph.



Pay Points	Current	2023 changes	2024 changes	2025 changes
1				
2	Level 1 Zone 1	-		
3				
4		Level 1 Zone 2		
5			-	
6	Level 1 Zone 3	Level 1 Zone 3	Level 1 Zone 2	
7				
8				-
9			Level 1 Zone 3	Level 1 Zone 2
10				Level 1 Zone 3
11	Level 2 Zone 1	Level 2 Zone 1	Level 2 Zone 1	
12				
13				Level 2 Zone 1
14				
15				
16	Level 2 Zone 2	Level 2 Zone 2	Level 2 Zone 2	
17				
18				Level 2 Zone 2
19				
20				

5.15. The initial investment to make this change is c£50k to £70k including on costs. The high level indicative cost of restructuring the pay scheme in 2024 and 2025 is circa. £300k to £400k per year by the end of the implementation period. There however are a number of variables in the model that will influence the detail of the changes required in future and the actual costs of these.

5.16. The Committee is therefore asked to note the principles behind the proposed changes for our lowest paid staff and to approve the deletion of the lowest two pay points with effect from 1 April 2023. The Committee is also asked to delegate authority to the Head of Paid Service to take any decisions on changes to Level 1 and Level 2 of the pay scheme for 2024 and 2025 that are required to maintain the pay position in 2024 and 2025.

5.17. Apprentices recruited to the Council are currently paid at least the London Living Wage. We will be reviewing the current Apprenticeship pay scheme in light of the decisions made on the restructuring of Level 1 and will bring back any proposals to change the current scheme back to the Committee.

#### Narrowing Level 5 and 6 pay ranges

5.18. The market benchmarking showed that we were increasingly falling behind the market at Level 5 and Level 6. The impact of this was reflected in analysis of pay exceptions where approval was being sought and given to appoint above the minimum at these levels – usually up to the midpoint of range. The majority of individuals currently within Level 5 and 6 are paid above the minimum of their range.

- 5.19. To support improved recruitment and retention at Level 5 and 6, options have been explored to narrow ranges from the minimum point. To align the pay ranges closer to our market position of being an upper quartile employer the options consider a new minimum based on a defined percentage of the upper quartile within the Public and Not for Profit London and South East (PNFP) market data.
- 5.20. Options to narrow ranges do not automatically trigger significant uplifts for incumbents, however this does not mean it should be discounted as it will lessen the length of time and progression required to match the upper quartile.
- 5.21. The options considered looked at points ranging from 80% - 95%. The recommended option is to move the minimum pay point to 95% of the external upper quartile. Of all options considered, this has both an impact on structure and pay of current incumbents.
- 5.22. The impact of moving the minimum point to 95% of the external market upper quartile on the pay range values is set out below. The bottom of Level 5 Zone 1 is already above 95% of the PNFP Upper Quartile and therefore no changes are proposed for that grade.

Level	Zone	Minimum	New Minimum	Mid-point	New Mid-point	Maximum
Level 5	Zone 1	£49,930	No change	£53,736.50	No change	£57,543
	Zone 2	£53,897	£55,832	£59,623.50	£60,591	£65,350
Level 6	Zone 1	£63,268	£64,086	£70,035	£70,444	£76,802
	Zone 2	£72,636	£79,072	£80,446.50	£83,664.50	£88,257
	Zone 3	£78,676	£89,544	£88,869.50	£94,303.50	£99,063

- 5.23. Given the current recruitment and retention issues being experienced at these levels it is proposed that these changes be implemented with effect from 1 September 2023.
- 5.24. A combination of range narrowing, opening up the range for appointment salaries and progression management will be required to align pay to the market anchor over time.
- 5.25. Narrowing the ranges as set out above will have an immediate impact at the point of implementation on circa. 30 to 50 staff who will have their current pay level increased to the new range minima. The full year cost of implementing this changes would be circa. £65k to £85k (including on-costs). Half year costs reflecting the proposed implementation date of 1 September would be circa. £35k to £55k. There will be some costs in future years but it is not clear what the full impact of this would be as the pending pay award and other decisions on pay will affect this.

## Annual Leave

- 5.26. The 2022 National Pay agreement included an increase of one day of annual leave for all staff from 1 April 2023. Camden previously reviewed annual leave entitlements in 2019 and uplifted these to 26 days on starting and 30 days after 5 years continuous employment.
- 5.27. Benchmarking on current levels of annual leave has shown Camden's position compares as follows.
- London Councils: Camden's starting annual leave is now circa. 2 days below the average/median, with 5 years long service leave 1.5 days below (and circa. 3 days below further long service leave provision)
  - Other Sectors: Camden's starting annual leave is at the Upper Quartile for all sectors, however when looking at Public Sector we are more aligned to the median and below average
- 5.28. In order to more closely realign our annual leave entitlement to public sector median it is recommended that both starting and 5-year long service annual leave entitlement is increased by 1 day. A larger increase is not recommended at this time given the other generous paid leave schemes available to Camden staff.
- 5.29. It is recommended that Camden annual leave entitlements are increased from 1 September 2023 (the start of the next annual leave year) with starting provision set as 27 days and 5-year long service to 31 days.

## Chief Officers Pay Scheme

- 5.30. The key principles that underpin the Council's current approach to Chief Officer pay are that 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; and, a proportion of pay is 'at risk' and in effect has to be re-earned each year.
- 5.31. 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:
- spot salary - a fixed amount payable year-on-year
  - variable pay - a one-off payment to 10% of base salary, with an 'on-target' of 5% 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
- 5.32. The current variable pay arrangement where 5% is the expected award for on target performance aligns with the current principle that an element of pay

should be at risk and re-earned each year. This is in keeping with government guidance over many years that senior pay should be related to performance.

5.33. However the research has shown that very few Councils operate a pay scheme where an element of pay is at risk or provides for an annual variable payment or 'bonus'. As a result when individuals compare Camden pay with that of other boroughs etc. they do not factor in the current variable pay element to their considerations. Camden Chief Officer Pay levels are therefore perceived as less competitive and the current pay scheme is not good value in an increasingly competitive chief officer job market.

5.34. The case for change centres on:

- Greater alignment between Chief Officer and Officer performance related pay schemes
- Competitiveness in an active labour market
- Simplicity and clarity on the composition Chief Officer pay total pay package

5.35. In light of this it is recommended that the current scheme is amended to remove the current (5%) element of 'at risk' pay and this is instead consolidated into base pay. Options have been considered on how this change can best be effected and the specific change to the Chief Officer Pay scheme that the Committee is requested to approve is that:

- Maximum Variable Pay value is reduced from 10% to 5%, for payments in respect of performance during the 2023/24 year and future years.

5.36. Should the Committee approve the changes then the planned implementation approach is that the Target Base Pay ranges are increased by 5% and that the base pay of current Chief Officers is increased by 5%.

#### My Reward Scheme

5.37. The current issues and concerns regarding the My Reward scheme are outlined earlier in the report and it is agreed that some change must be made. We are continuing work to consider options for making changes that include potential removal of the scheme. The future options are being considered alongside other work on opening up the pay ranges noted below.

#### Opening up the pay ranges

5.38. We are considering options that may allow the pay ranges to be opened up further so we can be more flexible in responding to individual skills, experience and/or market pressures either when an individual joins the Council, or considering pay progression.

5.39. Our aim is to ensure the future approach is fair, flexible and easily understandable and we're working with external consultants to develop options before beginning stakeholder engagement over the summer. We will bring back proposals for changes to the Committee for approval.

## 6. Cost summary

- 6.1. The following table summarises the costs modelled for each proposal and set out in the relevant sections above. All costs include a prudent allowance for on-costs.

Future proofing Pay at Level 1 and Level 2	Full year c£300k - £400k per year by the end of the implementation period
Narrowing Pay bands at Level 5 and Level 6	Full year circa £70k - £100k
Restructuring of the Chief Officer Pay Scheme	These costs are already budgeted for – the proposals will move the 5% cost from performance pay budget to the core salary budget.

## 7. Equality Impacts

- 7.1. Camden has a long tradition of promoting equality and have been voluntarily reporting our gender, ethnicity and disability pay gap since 2015. We are pleased to report that we continue to see progress towards closing pay gaps where they exist.
- 7.2. The ethnicity pay gap within Camden is driven by more White staff being employed in senior roles and more Black Asian and Other Ethnicity staff being employed at lower levels and fixing this requires progressive change. The existence of pay gaps does not however mean that there is an issue with equal pay. At Camden we are confident that employees are paid equally, irrespective of gender, race or disability, for doing equivalent jobs across our organisation.
- 7.3. Equality impact assessments have been completed covering each element of the changes proposed above. In general the changes are beneficial as they enhance annual leave for all staff, increase base salary for current staff directly impacted by the changes and provide higher appointment salaries in future. In year one the implementation of proposed changes to Level1 and Level 2 as well as the proposed changes to the Chief Officer pay scheme will mean the Camden pay ratio (the difference between the highest paid and lowest paid employee) increases slightly from 8.5 to 8.6.
- 7.4. Modelling with staff data has shown the impact on each staff group based on gender, ethnicity, disability and age is broadly proportionate to the workforce composition and not of concern. It is challenging to analyse actual impact of the changes beyond the first year as longer-term impact will be influenced by future decisions on staff structures and individual recruitment decisions.
- 7.5. The outcome of analysis for the pay changes that immediately benefit only some staff within specific pay grades are summarised below.

- Futureproofing Level 1 and Level 2: the impact of uplifting pay in the first year and future years for current staff is proportionate in terms of gender and ethnicity. Whilst proportionally more staff in the 16 to 24 age band will benefit from changes in the first year this is not unexpected given the greater likelihood for young people to commence employment at this entry level and the bottom of the pay band. Analysis indicate that impact in terms of disability is broadly proportionate. It is however noted that a relatively small number of staff are affected in the first year and 52% of these have not declared whether or not they have a disability, this is also the case for 36% of staff impacted over the three years which has affected analysis.
- Narrowing Level 5 and Level 6: the impact of uplifting pay is proportionate in terms of gender and disability. It is noted that 23% of these staff have not declared whether or not they have a disability which does impact analysis. Whilst proportionally more staff in the 16 to 24 age band will benefit from changes in the first year this is not unexpected given the greater likelihood for young people to commence employment at this entry level and the bottom of the pay band. Slightly more Black, Asian or Other Ethnicity staff will benefit, but this is not of concern given the relatively low numbers of staff affected. This finding is also not necessarily unexpected given ongoing work to increase representation in these senior levels and our current pay policy being for appointment salaries to be at the bottom of the grade.

## **8. Conclusion – decisions requested and next steps**

- 8.1. Following approval by the Committee the immediate pay changes will be actioned in the September 2023 pay run, with payment backdated to 1 April 2023 where relevant. The Council's Pay Policy Statement will also be updated and republished on the website. An update on progress and further proposed changes will be brought back to the Committee for approval, this report is currently scheduled for the meeting in September 2023.

## **9. Finance Comments of the Executive Director Corporate Services**

- 9.1. The proposals in this report will, in some cases, increase salary costs to the Council. The costs will be across the General Fund and Housing Revenue Account with approximately 25% of the costs falling on the Housing Revenue Account.
- 9.2. The expected costs of the implementation of the proposals relating to roles at Level One and Level Two are expected to increase the cost of salaries by between £300,000 and £400,000 per year by the end of the implementation period.
- 9.3. The cost of the proposals relating to roles at Level Five and Level Six are expected to increase salary costs by between £70,000 and £100,000 per year.
- 9.4. The cost proposals relating to Chief Officer pay are not expected to have any immediate budgetary impact. The proposals involve the Target Base Pay ranges increasing by 5% with a corresponding reduction in performance related

variable pay from 10% to 5% of base salary. There may be a small impact in future years as the increase in Target Base salary will be included in any future percentage uplifts in salary as part of future pay awards.

- 9.5. The costs detailed in section six of this report are based on the current staff structure and pay levels along with an estimate of how many employees will be affected by the changes. The long-term impact of the changes will depend on future decisions on staff structures, national and local pay awards and individual recruitment decisions. The cost of the recommendations includes the cost of the direct salaries plus all on-cost such as Employer National Insurance and Income Tax.

## **10. Legal Comments of the Borough Solicitor**

- 10.1. Members must take into account in coming to any decision the Councils equality duties. In summary these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to 1. Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2 to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; 3. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc. the protected characteristic of marriage and civil partnership is also relevant.
- 10.2. In this case an assessment of the equality impact assessment is attached as Appendix 4 with key points noted in paragraph 7 above.

## **11. Environmental Implications**

- 11.1. The proposals in this report have no environmental impacts.

## **12. Appendices**

1. Current Officer and Chief Officer Pay Schemes
2. External Market Alignment
3. Level 1 and Level 2 pay change modelling
4. Equality Impact Assessment

**REPORT ENDS**

## Appendix One: Current Camden Pay Schemes

In 2012, the Council agreed to introduce a new set of pay and conditions for the majority of employees who were not Chief Officers. When introducing the pay scheme associated with the new terms and conditions the target pay position was to be an above median employer. Since introducing the Camden contract, the Council has mirrored or enhanced the GLPC pay award in applying uplifts to the Camden pay scales. Details of the current pay 'Service Provider' (Level 1 and Level 2) and 'Manager & Practitioner' (Level 3 to Level 6) pay schemes are provided for reference below.

In January 2016, a new performance development scheme was introduced for all employees (excluding Chief Officers). As part of the changes, the approach to pay reviews was simplified to allow those 'performing well' to progress within their pay scale by one spinal column point (Level 1 and Level 2), or within their pay range by 2% of the mid-point (Level 3 to Level 6). The My Reward Scheme was also introduced providing for 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 current pay and terms and conditions for Chief Officers were introduced on 1 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. Details of the current Chief Officer Pay scheme can be found in the [Annual Pay Policy Statement on Camden Website](#).

### Camden Pay Scheme: Level 1 and Level 2 (Service Provider contract)

The pay values below were effective from 1 April 2022, with Scale Point 9SCP) 1 being deleted with effect from 1 April 2023. Annual pay progression increases are by one SCP.

Level	Zone	SCP	Salary 2022/23	Hourly rate 2022/23
Level 1	Zone 2	1	£24,954	13.29
		2	£24,974	13.30
		3	£25,404	13.53
		4	£25,841	13.77
		5	£26,288	14.00
	Zone 3	6	£26,863	14.31
		7	£27,328	14.56
		8	£27,803	14.81
		9	£28,286	15.07
		10	£28,779	15.33



Level	Zone	SCP	Salary 2022/23	Hourly rate 2022/23
Level 2	Zone 1	11	£29,413	15.67
		12	£29,928	15.94
		13	£30,452	16.22
		14	£30,985	16.51
		15	£31,529	16.80
	Zone 2	16	£32,228	17.17
		17	£32,796	17.47
		18	£33,374	17.78
		19	£33,964	18.09
		20	£34,565	18.41

### Camden Pay Scheme: Level 3 to Level 6 (Practitioner & Manager contract)

The pay values below were effective from 1 April 2022. This pay scheme has open pay ranges with individuals appointed on a 'spot salary'. Annual pay progression increases are calculated as 2% of the mid-point value.

Level	Zone	Minimum	Mid-point	Maximum
Level 3	Zone 1	£33,789	£36,127	£38,465
	Zone 2	£36,984	£39,755	£42,526
Level 4	Zone 1	£40,652	£43,715.50	£46,779
	Zone 2	£45,042	£48,456	£51,870
Level 5	Zone 1	£49,930	£53,736.50	£57,543
	Zone 2	£53,897	£59,623.50	£65,350
Level 6	Zone 1	£63,268	£70,035	£76,802
	Zone 2	£72,636	£80,446.50	£88,257
	Zone 3	£78,676	£88,869.50	£99,063

## Camden Pay Scheme: Chief Officers

All Chief Officers are on 'spot' salaries within a target pay range as detailed in the table below.

Job Title	Minimum	Midpoint	Maximum (Target) <sup>2</sup>
Chief Executive	£163,350	£181,500	£199,650
Executive Director	£129,600	£147,300	£165,000
Director <sup>3</sup>	£90,000	£105,000	£120,000

<sup>1</sup> The maximum is the target (upper quartile) for the range but there is flexibility to remunerate above the maximum in response to market conditions

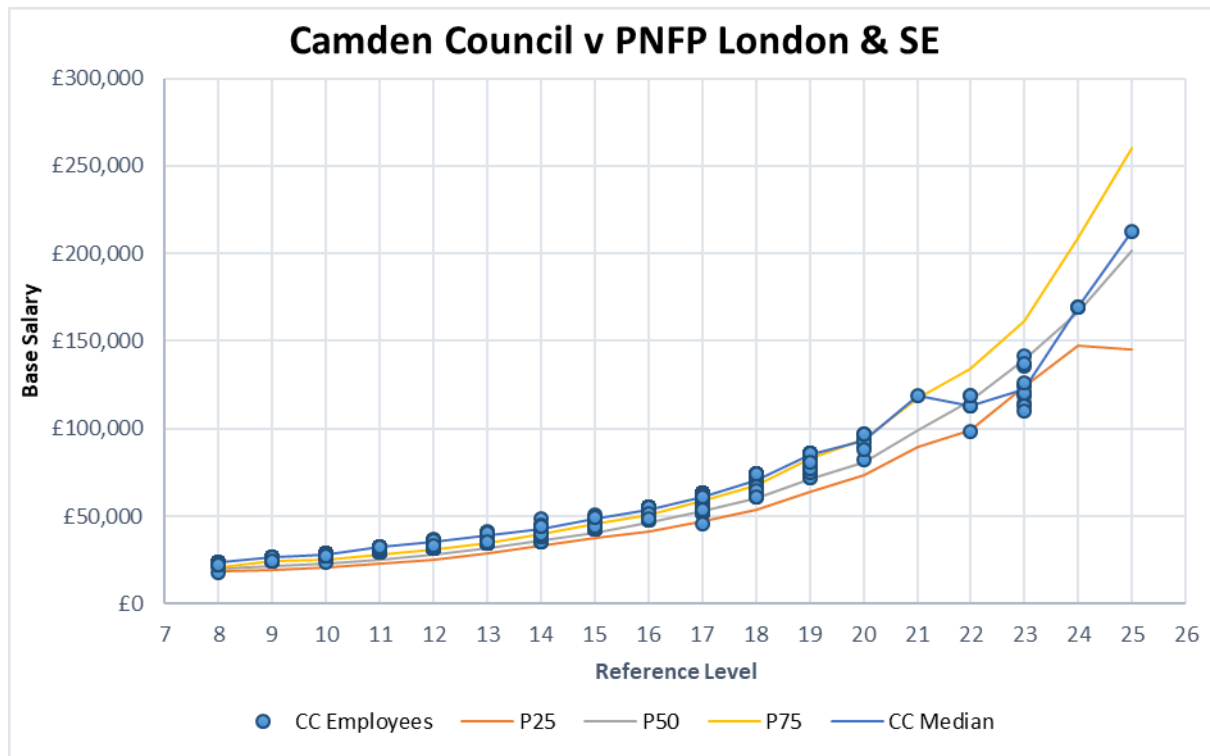
## Appendix Two: External Market Alignment

**Table 1:** Comparison of Camden pay bands with the Public & Not for Profit (PNFP) Sector – London and South East

							Compa ratio		
Grade	Employee Count	Range min	Range mid	Range max	Average Salary	PNFP* London & SE Upper Quartile	Range min	Range max	Average Salary
Chief Executive	1	£175,000	£197,500	£220,000	£212,768	£260,000	67%	85%	82%
Executive Director	3	£136,000	£155,000	£174,000	£169,014	£209,140	65%	83%	81%
Director	19	£96,000	£111,500	£127,000	£118,697	£134,489	71%	94%	88%
Level 6. Zone 3	10	£78,676	£88,870	£99,063	£94,819	£94,257	83%	105%	101%
Level 6. Zone 2	52	£72,636	£80,447	£88,257	£83,780	£83,234	87%	106%	101%
Level 6. Zone 1	72	£63,268	£70,035	£76,802	£70,841	£67,459	94%	114%	105%
Level 5. Zone 2	166	£53,897	£59,624	£65,350	£61,858	£58,770	92%	111%	105%
Level 5. Zone 1	284	£49,930	£53,737	£57,543	£54,901	£51,043	98%	113%	108%
Level 4. Zone 2	543	£45,042	£48,456	£51,870	£49,438	£45,335	99%	114%	109%
Level 4. Zone 1	517	£40,652	£43,716	£46,779	£44,373	£39,753	102%	118%	112%
Level 3. Zone 2	625	£36,984	£39,755	£42,526	£40,391	£34,798	106%	122%	116%
Level 3. Zone 1	697	£33,789	£36,127	£38,465	£36,619	£30,861	109%	125%	119%
Level 2. Zone 2	450	£32,228	£33,964	£34,565	£33,857	£28,224	114%	122%	120%
Level 2. Zone 1	355	£29,413	£30,985	£31,529	£30,223	£25,067	117%	126%	121%
Level 1. Zone 3	86	£26,863	£28,286	£28,779	£28,260	£24,221	111%	119%	117%
Level 1. Zone 2	148	£24,771	£25,841	£26,288	£25,319	£21,035	118%	125%	120%

**Chart 1:** Comparison of Camden pay bands and median employee pay with the Public & Not for Profit (PNFP) Sector – London and South East

- P25 = Lower Quartile
- P50 = Median
- P75 = Upper Quartile



## Appendix Three: Level 1 and Level 2 Pay Modelling

For modelling purposes, we have imagined that:

- The LLW will rise by 10% in each of the next 3 years
- The pay award will be £2,355 in 2023 (employers final offer) and 6% in 2024 and 2025 for lower paid staff
- This gap will remove SCP 2-3 in 2023, SCP 4-5 in 2024 and SCP 6-8 in 2025
- The 2023 change can be accommodated by reducing Level 1 Zone 1 to a 2 point scale. Any staff on the deleted points would be uplifted to SCP 4
- The 2024 change would require a realignment: Level 1 zone 2 would occupy SCP 6-7 and Level 1 zone 3 SCP 8-10. Any staff on deleted or realigned increments would have their pay increased.
- The 2025 change would require further realignment: Level 1 zone 2 would occupy a single point SCP 9 and Level 1 zone 3 SCP 10-11. Increment 11 would be clipped off the bottom of Level 2 zone 1. Any staff on deleted or realigned increments would have their pay increased.

Level	Zone	SCP	Salary 2022/23	Hourly rate 2022/23	Level	Zone	SCP	Year 1 2023	Hourly rate 2022/23
Level 1	Zone 2	1	£24,954	£13.29	-	-	1	£27,306	£14.55
		2	£24,974	£13.30			2	£27,326	£14.56
		3	£25,404	£13.53			3	£27,756	£14.79
		4	£25,841	£13.77	Level 1	Zone 2	4	£28,193	£15.02
		5	£26,288	£14.00			5	£28,640	£15.26
	Zone 3	6	£26,863	£14.31		Zone 3	6	£29,215	£15.56
		7	£27,328	£14.56			7	£29,680	£15.81
		8	£27,803	£14.81			8	£30,155	£16.06
		9	£28,286	£15.07			9	£30,638	£16.32
		10	£28,779	£15.33			10	£31,131	£16.58
Level 2	Zone 1	11	£29,413	£15.67	Level 2	Zone 1	11	£31,765	£16.92
		12	£29,928	£15.94			12	£32,280	£17.20
		13	£30,452	£16.22			13	£32,804	£17.48
		14	£30,985	£16.51			14	£33,337	£17.76
		15	£31,529	£16.80			15	£33,881	£18.05
	Zone 2	16	£32,228	£17.17		Zone 2	16	£34,580	£18.42
		17	£32,796	£17.47			17	£35,148	£18.72
		18	£33,374	£17.78			18	£35,726	£19.03
		19	£33,964	£18.09			19	£36,316	£19.35
		20	£34,565	£18.41			20	£36,917	£19.67

Level	Zone	SCP	Year 2 2024	Hourly rate 2022/23	Level	Zone	SCP	Year 3 2024	Hourly rate 2022/23
		1	£28,944	£15.42			1	£30,681	£16.34
		2	£28,966	£15.43			2	£30,703	£16.36
		3	£29,421	£15.67			3	£31,187	£16.61
		4	£29,885	£15.92			4	£31,678	£16.88
		5	£30,358	£16.17			5	£32,180	£17.14
Level 1	Zone 2	6	£30,968	£16.50	Level 1	Zone 2	6	£32,826	£17.49
		7	£31,461	£16.76			7	£33,348	£17.77
	Zone 3	8	£31,964	£17.03		Zone 3	8	£33,882	£18.05
		9	£32,476	£17.30			9	£34,425	£18.34
		10	£32,999	£17.58			10	£34,979	£18.63
Level 2	Zone 1	11	£33,671	£17.94	Level 2	Zone 1	11	£35,691	£19.01
		12	£34,217	£18.23			12	£36,270	£19.32
		13	£34,772	£18.52			13	£36,859	£19.64
		14	£35,337	£18.82			14	£37,457	£19.95
		15	£35,914	£19.13			15	£38,069	£20.28
	Zone 2	16	£36,655	£19.53		Zone 2	16	£38,854	£20.70
		17	£37,257	£19.85			17	£39,492	£21.04
		18	£37,870	£20.17			18	£40,142	£21.38
		19	£38,495	£20.51			19	£40,805	£21.74
		20	£39,132	£20.85			20	£41,480	£18.41