



## Establishment Committee

**Date:** MONDAY, 15 JANUARY 2018

**Time:** 1.45 pm

**Venue:** COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

**Members:** Deputy the Revd Stephen Haines (Chairman)  
Deputy Edward Lord (Deputy Chairman)  
Randall Anderson  
Sir Mark Boleat  
Deputy Keith Bottomley  
Alderman Peter Estlin  
Deputy Kevin Everett  
Sophie Anne Fernandes  
Deputy Jamie Ingham Clark  
Jeremy Mayhew  
Sylvia Moys  
Deputy Joyce Nash  
Barbara Newman  
Deputy Richard Regan  
Deputy Elizabeth Rogula  
Ruby Sayed  
Deputy Philip Woodhouse

**Enquiries:** Amanda Thompson  
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Lunch will be served in Guildhall Club at 1pm  
N.B. Part of this meeting could be the subject of audio or visual recording

John Barradell  
Town Clerk and Chief Executive

# **AGENDA**

## **Part 1 - Public Agenda**

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**  
To agree the public minutes and summary of the meeting held on 5 December 2017.  
**For Decision**  
(Pages 1 - 6)
4. **OUTSTANDING ACTIONS REPORT**  
Report of the Town Clerk.  
**For Information**  
(Pages 7 - 8)
5. **PAY POLICY STATEMENT**  
Report of the Director of Human Resources.  
**For Decision**  
(Pages 9 - 20)
6. **MARKET FORCES SUPPLEMENTS - APPROVAL PROCESS**  
Report of the Director of Human Resources.  
**For Information**  
(Pages 21 - 26)
7. **UPDATE ON STRATEGIC APPROACH TO WORKING WITH VOLUNTEERS**  
Report of the Town Clerk.  
**For Information**  
(Pages 27 - 30)
8. **DEVELOPMENTS IN EMPLOYMENT LAW - UPDATE**  
Joint report of the Director of Human Resources and the Comptroller & City Solicitor.  
**For Information**  
(Pages 31 - 36)
9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
11. **EXCLUSION OF THE PUBLIC**  
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.  
**For Decision**

## **Part 2 - Non-Public Agenda**

12. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 5 December 2017.

**For Decision**  
(Pages 37 - 38)

13. **OUTSTANDING ACTIONS REPORT**

Report of the Town Clerk.

**For Information**  
(Pages 39 - 40)

14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

## **Part 3 - Confidential Agenda**

16. **CONFIDENTIAL MINUTES**

To agree the Confidential minutes of the last meeting held on 5 December 2017.

**For Decision**

17. **OUTSTANDING ACTIONS REPORT**

Report of the Town Clerk.

**For Information**

18. **POTENTIAL TUPE TRANSFER: 1-5 LONDON WALL BUILDINGS**

Report of the City Surveyor.

**For Decision**

19. **RETENTION PAYMENTS**

Report of the Director of Human Resources.

**For Decision**

20. **MARKET FORCES SUPPLEMENT**

Report of the Principal, Guildhall School of Music & Drama (TO FOLLOW).

**For Decision**

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## **ESTABLISHMENT COMMITTEE**

**Tuesday, 5 December 2017**

**Minutes of the meeting of the Establishment Committee held at the Guildhall EC2 at 1.45 pm**

### **Present**

#### **Members:**

Deputy the Revd Stephen Haines (Chairman)	Jeremy Mayhew
Deputy Edward Lord (Deputy Chairman)	Sylvia Moys
Randall Anderson	Deputy Joyce Nash
Sir Mark Boleat	Barbara Newman
Deputy Keith Bottomley	Deputy Richard Regan
Alderman Peter Estlin	Deputy Elizabeth Rogula
Deputy Kevin Everett	Ruby Sayed
Sophie Anne Fernandes	Deputy Philip Woodhouse

#### **Officers:**

Simon Murrells	- Assistant Town Clerk
Amanda Thompson	- Town Clerk's Department
Neil Davies	- Town Clerk's Department
Kate Smith	- Town Clerk's Department
Matthew Lock	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Chrissie Morgan	- Director of Human Resources
Janet Fortune	- Human Resources Department
Tracey Jansen	- Human Resources Department
Amanda Mays	- Human Resources Department
Colette Hawkins	- Human Resources Department
Jonathon Poyner	- Barbican Centre
Cornell Farrell	- Barbican Centre

#### **1. APOLOGIES**

Apologies for absence were received from Deputy Jamie Ingham Clark.

#### **2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations of interest.

#### **3. MINUTES**

**RESOLVED** – That the public minutes and summary of the meeting held on 17 October be approved as a correct record subject to the following amendments:

## Officers

The inclusion of Amanda Mays under Officers present.

### 10. Comptroller & City Solicitor's Departmental Risk Management Report

Replace Community & Children's Services with Comptroller & City Solicitor.

## **MATTERS ARISING**

The Director of Human Resources reported that the viability of providing onsite childcare had been explored and was not considered feasible for the Corporation. She advised that the majority of the workforce was a commuting one and vouchers were available to support provision of childcare for employees closer to home.

The Director reported that the provision of free flu jabs had been explored but would not be cost effective for the Corporation as these were available elsewhere.

The Director reported that in relation to mental health at work, managers were now being trained to recognise the signs of stress and were also being trained on how to raise this with staff and provide guidance on how to address it. It was agreed that a report on this should be brought to a future meeting.

### 4. **OUTSTANDING ACTIONS REPORT**

The Committee considered a report of the Town Clerk which provided details of outstanding actions from previous meetings.

**RESOLVED** – That the report be noted.

### 5. **MATERNITY, ADOPTION AND SHARED PARENTAL PAY**

The Committee received a report concerning the review of the City Corporation's Maternity, Adoption and Shared Parental pay policies which had been undertaken to improve these provisions in line with other employers who were committed to family friendly policies.

The Director of Human Resources reported that although the employing department would continue to fund the full cost of maternity pay, it would be met from local risk budgets, however any departments that suffered adversely due to high numbers of staff taking maternity leave would be considered by the Chamberlain on a case by case basis.

The Deputy Chairman, following-up on concerns raised by Chairmen of service committees at a recent meeting, questioned whether the costs could be met from a top-sliced central budget. Other Members concurred and it was agreed that a report be prepared on alternative methods of funding. The Director of Human Resources suggested that this should also include sick pay and other similar costs.

**RESOLVED - To**

- 1) Enhance the current maternity, adoption and shared parental pay for employees with 52 weeks service to 16 weeks at full pay and 24 weeks at half pay, inclusive of statutory payments; and
- 2) Include a return to work clause of 6 months to retain the ½ pay element (usually 24 weeks minus any statutory maternity pay) of the occupational pay element of maternity, adoption and shared parental pay within these policies
- 3) Instruct the Director of Human Resources and the Chamberlain to prepare a report on possible central funding of maternity, adoption and shared parental pay and other similar costs such as sick pay.

**6. REVENUE BUDGETS 2018/19**

The Committee received a joint report of the Town Clerk, Chamberlain, and Comptroller and City Solicitor which sought approval from Members for the provisional revenue budget for 2018/19, for subsequent submission to the Finance Committee.

In response to a question, the Assistant Town Clerk reported that he was aware that there was currently no budget for Member's facilities such as stationery and furniture and it was agreed that this be considered and reported back in the general budget report.

**RESOLVED - To**

- 1) Critically review the provisional 2018/19 revenue budget to ensure that it reflects the Committee's objectives;
- 2) Note the unidentified savings lines for Town Clerk's Budgets of £358,000 and the estimated £169,000 over the local risk resource base on the Comptrollers and City Solicitor's Budgets;
- 3) Approve the budget for submission to the Finance Committee and
- 4) Authorise the Chamberlain to revise these budgets to reflect any further implications arising from the Service Based Reviews and other corporate efficiency projects.
- 5) Instruct the Town Clerk and Chamberlain to include a specific budget for expenditure related to Members in the Town Clerk's Department budget.

**7. HIGH LEVEL BUSINESS PLANS FOR 2018/19**

The Committee received a report presenting the draft high-level business plan for the Town Clerk's Department (Corporate and Member Services), Corporate HR and the Comptroller and City Solicitor's Department for 2018/19, which was presented alongside the departmental estimate report to enable the draft

ambitions and objectives to be discussed in conjunction with the draft budget for the forthcoming year.

**RESOLVED** – That the draft high-level business plans for 2018/19 for the Town Clerk's Department (Corporate and Member Services), Corporate HR and the Comptroller and City Solicitor's Department be noted.

8. **OPERATION OF THE SCHEME OF DELEGATIONS**

The Committee received a report of the Director of Human Resources which provided information on redundancies, early retirements, ill health retirements and Market Forces Supplements (MFS) in the reporting period 1 July 2017 – 30 September 2017.

**RESOLVED** – That the report be noted.

9. **BUYING ANNUAL LEAVE**

The Committee received a report of the Director of Human Resources concerning a pilot scheme for the buying of additional annual leave.

The Director advised that the buying additional leave scheme would be trialled for 1 year to enable any adjustment to the scheme to be made and the full impact to be considered. A report would then be brought back to the Committee for decision prior to a permanent scheme being implemented.

**RESOLVED** – That the report be noted.

10. **ATTRACTING TALENT**

The Committee received a report of the Director of Human Resources updating on the Attracting Talent project which aimed to review the City of London Corporation's employer brand, commitment to reduce barriers to entry, and workforce and succession planning.

The Director advised that detailed external and internal research and analysis of the end to end recruitment practice within the City Corporation and its image as an employer had resulted in a number of wide ranging proposals. These were both short and longer-term changes to try and attract a more diverse pool of applicants and in turn successfully recruit and establish a more diverse workforce.

A Member expressed concern regarding the profile data for BAME applicants and welcomed the proposals for positive action to address this.

**RESOLVED** – That the progress on the project be noted.

11. **WORK-LIFE BALANCE**

The Committee received a report of the Director of Human Resources updating on the review of the various types of leave and time off from work available that enabled staff to balance their work and home life.



The Director reported that the review of policies had identified that there was a full range of provisions that supported staff and by advertising these to job seekers this could also attract a more diverse range of candidates for employment and aid recruitment and retention.

**RESOLVED** – That the report be noted.

12. **REGISTER OF INTERESTS FOR CHIEF OFFICERS**

The Committee considered a report of the Director of Human Resources which provided Members with an updated Register of Interests for Chief Officers.

A Member questioned why officers were required to declare interests outside of work and stated that they should only be required to declare any which might impact on their working life. The Member further stated that it was quite clear that there was a difference of view between officers regarding what they needed to declare.

The Deputy Chairman advised that the reason Chief Officers were required to do this was the same as Members, in case there was a conflict of interest, and it was also good governance.

The Director suggested that the guidelines for the Chief Officers Register of Interests should be reviewed.

**RESOLVED** – That the report be noted and a review of the Guidelines on the Declaration of Interests for Chief Officers be undertaken.

13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

14. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

15. **EXCLUSION OF THE PUBLIC**

**RESOLVED** – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

16. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 5 December were approved.

17. **OUTSTANDING ACTIONS REPORT**

The Committee noted a report of the Town Clerk which provided details of non-public outstanding actions from previous meetings.

18. **EXTENSION OF HONORARIA FOR ASSISTANT DIRECTORS**

This item was considered in Part 3 of the agenda.

The Committee received and considered an extension of honoraria report.

19. **NEW WAYS OF WORKING - GUILDHALL COMPLEX SPACE PROGRAMME**  
The Committee received and considered a report of the City Surveyor in relation to the Guildhall Space Programme.
20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
There were no questions.
21. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
There were no items of urgent business.
22. **CONFIDENTIAL MINUTES**  
The confidential minutes of the meeting held on 17 October 2017 were approved.
23. **RESTRUCTURE OF THE BARBICAN CENTRE/GUILDHALL SCHOOL OF MUSIC & DRAMA IN-HOUSE ENGINEERING FUNCTION**  
The Committee received and considered a report of the Director of Operations & Buildings, Barbican Centre/Guildhall School of Music and Drama in relation to the in-house engineering function.
24. **HUMAN RESOURCES RESTRUCTURE**  
The Committee received and considered a report of the Director of Human Resources relating to the review of Corporate HR's structure.
25. **OPERATION OF THE SCHEME OF DELEGATIONS - APPENDIX**  
The Committee noted the Confidential appendix to the Scheme of Delegations report considered at agenda item 8.
26. **ANY OTHER BUSINESS**  
The Director of Human Resources updated the Committee on a current Home Office Inspection.

**The meeting closed at 3.20 pm**

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Chairman

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## Establishment Committee – Outstanding Actions

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	5 December 2017	<u>Matters Arising</u> The Director of HR reported that in relation to mental health at work managers were now being trained to recognise the signs of stress and were being trained on how to raise this with staff and provide guidance on how to address it. It was agreed that a report on this should be brought to a future meeting.	HR	February 2018	On agenda for February 2018.
2.	5 December 2017	<u>Maternity, Adoption &amp; Shared Parental Leave</u> Members questioned why the costs could not be met from a central budget and it was agreed that a report back on alternative methods of funding should also be reported.	HR	Review January 2019	Review scheduled for January 2019.
3.	5 December 2017	<u>Revenue Budgets</u> The Assistant Town Clerk reported that he was aware that there was currently no budget for Member's facilities such as stationary and furniture and it was agreed that this be considered and reported back in the general budget report.	Chamberlains/TC	TBC	The Deputy Chamberlain is currently exploring the various existing budgets to assess where allocation matches requirement and with a view to establishing an improved reporting mechanism.

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
4.	5 December 2017	<u>Register of Interests for Chief Officers</u>  The Director of HR suggested that the guidelines for the Chief Officers Register of Interests should be reviewed.	HR	February 2018	On agenda for February 2018.

<b>Committee(s):</b> Establishment Committee – For decision Policy & Resources – For decision Court of Common Council – For decision	<b>Date(s):</b> 15 January 2018 22 February 2018 8 March 2018
<b>Subject:</b> Draft Pay Policy Statement 2018/19	<b>Public</b>
<b>Report of:</b> Chrissie Morgan, Director of Human Resources	<b>For Decision</b>
<b>Report author:</b> Ian Simpson, Corporate HR, Town Clerk's Department	

## Summary

The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement setting out its approach to pay for the most senior and junior members of staff. This must be agreed each year by the full Court of Common Council.

Your committee has now received the pay policy statements since 2012. The statement has now been updated for 2018/19 and is being presented for consideration by this committee prior to submission to Policy and Resources Committee on 22 February and the Court of Common Council on 8 March 2018.

The Statement generally updates the information provided in previous versions of the Statement, including details of the 2017 Pay Award and changes to the City of London's policy on redundancy payments.

## Recommendations

Members are asked to:

- agree the attached draft Pay Policy Statement 2018/19 to ensure the City Corporation meets its requirements under the Localism Act 2011, to enable it to be forwarded to the Policy & Resources Committee and Court of Common Council for further necessary approvals.

## Main Report

### Background

1. Under Section 38(i) of the Localism Act 2011 (the Act), all local authorities are required to produce and publish a statement setting out their pay policies. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers. Pay statements should set out the authority's approach to issues relating to the pay of its workforce, particularly senior staff, or chief officers on the Senior Management Grade (SMG) and its lowest paid employees.

2. The Department for Communities and Local Government publishes guidance to the relevant parts of the Localism Act and a Code of Recommended Practice for Local Authorities on Data Transparency which is also of relevance in complying with the Act. The City Corporation must have regard to this guidance in formulating a Pay Policy Statement.
3. The Pay Policy Statement must be agreed and published by 31 March each year, including agreement by the full Court of Common Council in open session. Should any changes to the Statement arise during the year, a revised Statement must come before the full Court.

### **Current Position**

4. Attached to this report is an updated draft Pay Policy Statement for 2018/19 for consideration by Members. Subject to any comments from either the Establishment or Policy & Resources Committee, the draft Statement will be placed before the Court at its meeting in March to enable the City Corporation to meet the deadlines specified in the Act.
5. In addition to updating the Statement for the 2017 pay award and there are a number of other changes to note. Certain amendments have been made to the SMG staffing structure with recruitment to three of the posts, two losing residential status and the other acquiring significant additional responsibilities. The Statement also records the amendments to the City's redundancy-payments system agreed from 25 October 2017.
6. The policy statement has not been amended to reflect changes that may arise from the Government's stated intention to introduce restrictions on exit pay packages for employees leaving public-sector jobs. Regulations were laid before Parliament on 24 January 2017 putting into law from 1 February 2017 the power of the Government to issue further regulations making restrictions on exit pay packages. Such regulations have not been introduced, but a Private Members' Bill (the Public-Sector Exit Payments (Limitation) Bill 2017-19) had its first reading in Parliament on 5 September 2017. Its second reading was originally timetabled for 1 December 2017 but this has now been deferred and the new expected date of its second reading is 11 May 2018. The Bill has yet to be published (it is unlikely to be until close to the date of its second reading) and no debate was held on its first reading. Members may wish to note that if the Bill follows the previous Government line on this matter (advocated in consultation before the 2017 Regulations were made) it may (if passed into law) require some amendment to our severance packages for high-earning employees, and give rise to considerations about how we deal with the pension provision for employees aged 55 or over who are dismissed for reasons of redundancy or business efficiency (see paragraphs 32 and 34 of the Statement). However, insofar as the 2017 Regulations allow the Government to impose such restrictions by Statutory Instrument rather than Act of Parliament it may be that enthusiasm for this is waning. In any case, it is not possible at this stage to make firm policy commitments on it. Members should note that the Localism Act enables the Pay Policy Statement to be amended at any time when statute or internal policy requires it, and so any required

revisions to the Statement will be put to Members when or if the requirement for them is clear.

**Conclusion**

7. To meet the requirements of the Localism Act, the City Corporation must agree and publish a Pay Policy Statement which has been agreed in open Court of Common Council. Members are asked to consider and agree the draft Statement as presented for forwarding to the Policy & Resources Committee and the Court of Common Council.

**Appendices**

Appendix 1: Draft Pay Policy Statement for 2018/19

Ian Simpson, Pay and Grading Manager, Corporate HR, Town Clerk's Department

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**CITY OF LONDON CORPORATION****PAY POLICY STATEMENT 2018/19****Introduction**

1. Section 38(i) of the Localism Act 2011 (the Act) has required local authorities since the financial year 2012/13 to produce a Pay Policy Statement for each financial year. This applies to the City of London Corporation in its capacity as a local authority and this document meets the requirements of the Act for the City of London Corporation for the financial year 2018/19.
2. We are required to set out our approach to a range of issues, particularly those relating to remuneration for the most senior staff and our lowest-paid staff. These provisions do not apply to staff of local authority schools or teaching staff in the three City Schools.
3. The provisions of the Act require that authorities are more open about their local policies and how local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks authorities to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.
4. All decisions on pay and reward for senior staff must comply with this Statement. The Statement must be reviewed annually and agreed by the Court of Common Council.
5. The Localism Act applies to the City of London only in its capacity as a local authority. In general, and in keeping with the spirit of openness, this statement does not try to distinguish between information which applies to the City as a local authority and that which applies to it in any of its other capacities. However, insofar as the Act specifically excludes police authorities from its remit, this statement does not include information about Police Officers. The Act does not require authorities to publish specific numerical data on pay and reward in their pay policy document. However, information in this statement should fit with any data on pay and reward which is published separately. The City Corporation operates consistent pay policies which are applied across all of our functions. Further details of the grade structures and associated pay scales can be found on our website at:

<http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/senior-officer-and-general-salary-scales.aspx>

This information is reviewed, updated and published on a regular basis in accordance with the guidance on data transparency and by the Accounts and

Audit Regulations 2015. It should be noted that all Police Officer pay scales are nationally determined and as such do not form part of the City of London's Pay Policy.

6. The Act's provisions do not supersede the City Corporation's autonomy to make decisions on pay which are appropriate to local circumstances and deliver value for money for local taxpayers. We seek to be a fair employer and an employer of choice - recognising and rewarding the contributions of staff in an appropriate way. We set pay fairly within published scales and, in doing so, have regard to changing conditions in differing occupational and geographic labour markets.

## **Background**

7. All pay and terms and conditions of service are locally negotiated with our recognised trade unions or staff representatives. In 2006/07 extensive work was undertaken on a review of our pay and grading structures. As a result, the principles set out in the guidance to the Act have already generally been addressed although the Act set out some additional requirements which are covered by this statement.
8. In 2007 we implemented a number of core principles, via collective agreement, to form the City Corporation's pay strategy. This moved the pay and reward strategy from one based entirely on time-served increments to one which focusses on a balance between incremental progression, individual performance and contribution to the success of the organisation. A fundamental element of the strategy is that achievement of contribution payments is more onerous and exacting the more senior the member of staff.
9. There has been a pay award of 1.5% on basic salaries agreed for all staff commensurate with the Government's pay policy. This was agreed by delegated authority from the Court of Common Council in October 2017 and was effective from 1 July 2017. A 4% increase was also added to the London Weighting allowance rates for all staff. London Weighting allowance rates do not differ between Grades of staff.
10. The London Living Wage (LLW) is applied as a minimum rate for all directly employed staff, including Apprentices since April 2017. This is increased from 1 April each year in line with the most recently announced LLW increase. Casual staff and agency workers have also been paid the London Living Wage since 2014, with increases also being applied from 1 April each year.

## **Staff below Senior Management**

11. All non-teaching staff employed by the City Corporation below the Senior Management Grade have been allocated to one of 10 Grades (Grades A-J), other than in a very small number of exceptional cases, such as apprentices. All such posts were reviewed under Job Evaluation, ranked in order and allocated to a Grade following the Pay & Grading Review in 2007. The evaluation scheme was

independently equalities-impact-assessed to ensure that it was inherently fair and unbiased. New posts and any existing posts that change their levels of responsibility etc. continue to be evaluated and ranked under the scheme. The scheme, how it is applied, the scoring mechanism and how scores relate to Grades are published on our Intranet so staff can be assured that the process is fair and transparent. In addition, there is an appeal mechanism agreed with the recognised trade unions and staff representatives.

12. The lowest Graded and paid staff are in Grade A as determined by the outcomes of the job evaluation process. In 2016 the bottom two incremental points of this Grade were removed and an additional point was added to the top of it. The current lowest point on Grade A is now £20,190, including a London Weighting allowance for working in Inner London. The current pay range for Grades A - J is £20,190 to £95,810 inclusive of Inner London Weighting of £5,800 for non-residential employees.

- Grades A-C are the lowest grades in the City Corporation. They have up to 6 increments which can be achieved subject to satisfactory performance. There is no Contribution Pay assessment. However, employees in these Grades have the opportunity if they have undertaken exceptional work to be considered for a Recognition Award up to a maximum level set corporately each year (this has been £500 in each year since 2010).
- Grades D-J have 4 'core' increments and 2 'contribution' increments. Progression through the 4 'core' increments is subject to satisfactory performance. Progression into and through the 2 'contribution' increments requires performance to be at a higher than satisfactory level. Once at the top of the scale, for those who achieve the highest standards of performance and contribution, it is possible to earn a one-off non-consolidated Contribution Payment of up to 3% or 6% of basic pay depending on the assessed level of contribution over the previous year.
- The Senior Management Grade comprises the most senior roles in the organisation. As these are distinct roles, posts are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the Grade. Any increase in salary (whether through incremental progression or a cost-of-living award) is entirely dependent on each individual being subject to a rigorous process of assessment and evaluation, and is based on their contribution to the success of the organisation.

13. The City of London operates a distribution curve to advise on a fair and consistent distribution of Contribution Payments for staff in Grades D-J. This helps to place limits on the number of eligible staff who, in any one year, progress to the two highest increments on the relevant Grades or receive a Contribution Payment. For the appraisal year ending March 2017, 67.5% of eligible staff were allowed to move into the two higher contribution increments and 63% of eligible staff received a one-off non-consolidated contribution payment.

## **Senior Management Grade**

14. The term Senior Management Grade incorporates the following posts:

- Town Clerk & Chief Executive
- Chamberlain
- Comptroller & City Solicitor
- Remembrancer
- City Surveyor
- Director of the Built Environment
- Managing Director of the Barbican Centre
- Principal of the Guildhall School of Music & Drama
- Director of Community & Children's Services
- Director of the Economic Development Office
- Executive Director of Mansion House and the Central Criminal Court
- Director of HR
- Director of Markets & Consumer Protection
- Director of Open Spaces

15. The Head Teachers of the City of London School, City of London School for Girls and City of London Freeman's School are not part of the Senior Management Grade for the purposes of pay (their pay is governed by a separate teaching pay scale). The pay of the post of Remembrancer is aligned to Senior Civil Service pay scales.

16. It should be noted that not all of the costs of the above posts are funded from public resources. The City Corporation has private and charitable functions which receive funding through income from endowment and trust funds as well as having statutory local authority functions.

17. Following the principles outlined above, the pay ranges for the Senior Management Grade were set with reference to both job evaluation and an independent external market assessment. The principles of this were agreed by the Court of Common Council in 2007 and, subsequently, the specific unique range for each senior management post was agreed by the Establishment Committee in October 2007, subject to alteration thereafter when the duties or responsibilities of posts or other external factors relevant to their pay and reward change. Current Senior Management salary scales are published on our website at:

<http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/senior-officer-and-general-salary-scales.aspx>

18. Each Senior Management Grade post is allocated a range around a datum point. There is a maximum and minimum (datum plus 9% and datum minus 6% respectively) above and below which no individual salary can fall. Where a pay increase for a member of staff would take them above the maximum in a given year, the excess amount above the maximum may be paid as a non-consolidated payment in that year. This does not form part of basic salary for the following

year and will, therefore, have to be earned again by superior performance for it to be paid.

19. Each year the datum point advances by a percentage equivalent to any 'cost of living' pay award. Individual salaries would move according to the table below:

<b>Contribution Level</b>	<b>Salary Change</b>
A Outstanding	Datum % change + up to 6%
B Very Good	Datum % change + up to 4%
C Good	Datum % change
D Improvement Required	0.0 %

20. The average payment based on contribution alone has been 2.69% for the appraisal year ending in March 2017. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
21. All pay increases for any staff in the Senior Management Grade are agreed by a Senior Remuneration panel comprising the Chairmen of Policy & Resources, Finance and Establishment Committees supported by either the Town Clerk and Chief Executive or the Director of HR. The Town Clerk & Chief Executive deals with all salary discussions for senior staff other than in relation to himself. The Director of HR deals with any pay discussions in relation to the Town Clerk & Chief Executive.
22. The Act specifies that in addition to senior salaries, authorities must also make clear what approach they take to the award of other elements of senior remuneration including bonuses and performance-related pay as well as severance payments. This should include any policy to award additional fees for Chief Officers for their local election duties.
23. The scheme for pay increases and contribution pay for the Senior Management Grade is set out above. Staff in the Senior Management Grade do not have an element of their basic pay "at risk" to be earned back each year. Progression is, however, subject to successful performance assessed through the application of the performance-appraisal scheme. No one in the Senior Management Grade receives any additional payments or fees for City of London Corporation electoral duties.
24. Set out below are the broad pay ranges for the Senior Management Grade, with the numbers in each band, excluding London Weighting. Each member of staff will have an individual salary scale within these broad ranges.

£91,780 - £112,870	(3)
£109,610 - £147,270	(6)
£151,680 - £186,570	(4)
£209,970 - £243,430	(1)

25. The Act requires authorities to set their policies on remuneration for their highest-paid staff alongside their policies towards their lowest-paid staff, and to explain

what they think the relationship should be between the remuneration of their highest-paid staff and other staff. The City Corporation's pay multiple - the ratio between the highest paid and lowest paid Graded staff - is slightly less than 1:13. The ratio between the taxable earnings for the highest paid member of staff and the median earnings figure for all staff in the authority is 1:7.

### **Other Payments**

26. In addition to basic salary, all Graded staff are paid a London Weighting allowance which varies depending on where they are based and whether they are supplied by the employer with residential accommodation. This is to assist staff with the higher cost of living and working in London. Current levels of London Weighting for non-residential staff are £5,800 for those based in inner London and £3,480 in outer London.
27. Being based in the City of London, there are some types of posts which are difficult to recruit to e.g. lawyers, IT staff etc. Accordingly, there is often the need to use market supplements to attract, recruit and retain highly sought-after skills. Any request for a market supplement must be supported by independent market data and is considered by a panel of senior officers and the Establishment Committee where appropriate.
28. All market supplement payments are kept under regular review and reported to Members. No member of staff in the Senior Management Grade receives a market supplement.

### **Transparency**

29. The Act requires the pay policy statement to make reference to policies in relation to staff leaving the authority, senior staff moving posts within the public sector, and senior staff recruitment.

### **Recruitment**

30. New staff, including those in the Senior Management Grade, are normally appointed to the bottom of the pay scale applicable for the post. If the existing salary falls within the pay scale for the post, the appointment is normally appointed to the lowest point on the scale which is higher than their existing salary provided this gives them a pay increase commensurate with the additional higher level duties. In cases where the existing salary is higher than all points on the pay scale for the new role, the member of staff is normally appointed to the top of the pay scale for the role.

For posts where the salary is £100,000 or more, the following approvals will be required:

- i) in respect of all new posts - the Court of Common Council.
- ii) in respect of all existing posts - the Establishment Committee.

### **Payments on Ceasing Office**

31. Staff who leave the City Corporation, including the Town Clerk & Chief

Executive and staff on the Senior Management Grade are not entitled to receive any payments from the authority, except in the case of redundancy or retirement as indicated below.

#### Retirement

32. Staff who contribute to the Local Government Pension Scheme who retire from age 55 onwards may elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the Scheme. Unreduced benefits are payable if retirement is from Normal Pension Age, with normal pension age linked to the State Pension Age from 1 April 2014, unless protections in the Pension Scheme allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following departure on redundancy or business-efficiency grounds from age 55 onwards and on grounds of permanent ill-health at any age.
33. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, where staff reduce their hours or Grade, it is the City Corporation's policy to agree to these only where there are clear financial or operational advantages to the organisation. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013. Unless there are exceptional circumstances, the City does not make use of the discretion allowed by the LGPS Regulations to waive any actuarial reduction in pensions awarded under the flexible-retirement provisions.

#### Redundancy

34. Staff who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on a week's pay (currently a maximum of £489 per week). The City Corporation currently bases the calculation on 1.5 x actual salary. This scheme may be amended from time to time subject to Member decision, and has recently been so amended for staff made redundant on or after 25 October 2017. The authority's policy on discretionary compensation for relevant staff under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 is published on our website.

#### Settlement of potential claims

35. Where a member of staff leaves the City Corporation's service in circumstances which would, or would be likely to, give rise to an action seeking redress through the courts from the organisation about the nature of the member of staff's departure from our employment, such claims may be settled by way of a settlement agreement where it is in the City Corporation's interests to do so based on advice from the Comptroller & City Solicitor. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the departure of a member of staff in the Senior Management Grade or the Town Clerk & Chief Executive, any such compensation payment will only be made following consultation with the Chairman of Policy & Resources and Establishment Committees and legal advice that it would be legal, proper and reasonable to pay it.

Payment in lieu of notice

36. In exceptional circumstances, where it suits service needs, payments in lieu of notice are made to staff on the termination of their contracts.

Re-employment

37. Applications for employment from staff who have retired or been made redundant from the City Corporation or another authority will be considered in accordance with our normal recruitment policy.

**Publication of information relating to remuneration**

38. The City Corporation will seek to publish details of positions with remuneration of £50,000 or above in accordance with the Accounts and Audit Regulations 2015 and the Local Government Transparency Code issued by the Secretary of State for Communities and Local Government.
39. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2017/18 by the resolution of the Court of Common Council. Any amendments will also be published on our public website.
40. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on “Openness and accountability in local pay: Guidance under section 40 of the Localism Act” (including any supplementary Guidance issued); “The Local Government Transparency Code 2015”; and the Accounts and Audit Regulations 2015.

January 2018



<b>Committee:</b>	<b>Date:</b>
Establishment Committee	15 January 2018
<b>Subject:</b> Market Forces Supplements – Approval Process	<b>Public</b>
<b>Report of:</b> Director of Human Resources	<b>For Information</b>
<b>Report author:</b> Amanda Mays	

## Summary

Following approval at Establishment Committee the process for agreeing to Market Forces Supplements has been amended in recent months. This report summarises the current process including authority levels and the checks and balances in place in the HR teams.

## Recommendation(s)

It is recommended that this report be noted.

## Main Report

### Background

1. Market Forces Supplements (MFS) are additional payments applied to a post which recognises that the external market for that role demands a higher salary than the maximum contractual pay which would be the norm of the post.
2. Once awarded the MFS applies to the post, not an individual, so it may be transferable to a new post holder, but does not transfer with an individual to a new post.
3. All posts with a MFS are reviewed and the MFS can be withdrawn or amended at any time should the market change.
4. The approvals process has been agreed by the Establishment Committee.

### Current Position

5. The procedure for obtaining a MFS is as follows:
  - Managers who believe a post requires a MFS should consult with their Human Resources Business Partner, who will be able to help and advise on all aspects of the process, including benchmarking the post and completing the submission form, attached at Appendix 1.

- All submissions are considered by the MFS Board. The MFS Board is made up of the Director of Human Resources, the Chamberlain and the Comptroller.
  - If the amount requested exceeds the limits that the MFS Board can award then this is accompanied by a report that will be passed on to the Establishment Committee, by the MFS Board, to approve.
  - If there is proposal to increase the amount of an existing MFS then a new submission should be made for the new total amount.
6. The Establishment Committee have agreed that a MFS can only be awarded where:
- There is independently verified market data, using valid comparators.
  - The submission includes what has been done to make the job and the department more attractive to candidates or to retain existing staff.
  - The submission includes what terms and conditions have been considered to widen the field of candidates including increasing diversity.
7. The MFS Board can either:
- Award the MFS
  - Reject the MFS
  - Award a different amount to that requested
  - Refer those that need Committee approval to the Establishment Committee along with their MFS recommendation.

### **Authorisations**

8. The MFS Board can authorise up to the following limits:
- £10,000 for Grade A – F
  - £15,000 for Grades G and H
  - £20,000 for Grades I and J
- Amounts above this require both the authorisation of the MFS Board and the Establishment Committee.
9. The MFS can be agreed for up to 5 years.
10. Each HR Business Partner regularly reviews the MFS in their departments and ensures that the review dates are monitored appropriately.

11. When a MFS is awarded for a vacant post the Recruitment Officer will confirm with the HR Business Partner that appropriate authorisation has been given before applying the MFS to the role for advert.
12. When communicating the result of the MFS Board to departments it will be made clear what has been authorised and by which level of authority, for example the MFS Board or the MFS Board and the Establishment Committee.
13. The internal process for agreeing MFS has been reviewed within the HR teams. This process has been communicated and records of all MFS awarded, including the required authorisation will be kept centrally as a source of evidence that the appropriate authority has been given.
14. A summary of all MFS awarded is provided to the Establishment Committee within the Scheme of Delegations on a quarterly basis.

## **Appendices**

Appendix 1 – Market Forces Supplement Submission Form

### **Contact:**

amanda.mays@cityoflondon.gov.uk | telephone number: 0207 332 3148

## Market Forces Supplement Submission Form

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Department	
Post Title	
Number of posts affected	
Is this a post new to the structure and pre-recruitment, an existing post(s) that is occupied or an existing post that is vacant? <i>(Please attach the Structure Chart)</i>	
Has the advent of this post directly affected any other post in the Organisation? If so how?	
History – If an existing post, has this post had an MFS applied previously or does it have an MFS currently in place, if so, for how much? <i>(Please attach the business case or MFS that was agreed)</i>	
Proposed MFS amount	
Date of submission	

Establishment Committee have agreed that a Market Forces Supplement can only be awarded where;

- There is independently verified market data, using valid comparators.
- The submission includes what has been done to make the job and the department more attractive to candidates or to retain existing staff.
- The submission includes what terms and conditions have been considered to widen the field of candidates including increasing diversity

Please summarise the comparative market data used;

*(Note that the comparison should usually be to the median of the data sample).*

Please summarise here what has been done to make the job more attractive to attract or retain candidates, i.e. the content of the job, flexibility in hours worked or the inclusion of special projects.

Please list here what are the diversity issues for this area of work and what is being done to address these, i.e. bringing in a more diverse group of trainees or creating more flexibility in the job.

### **Chief Officer Confirmation**

Please sign below to confirm that the MFS is affordable within current budgets and that any foreseeable potential equal pay issues have been addressed.

Name	Position	Date	Signature

### **Authorisations**

**£10,000 for Grade A – F, £15,000 for Grades G and H, and £20,000 for Grades J and I, can be authorised by the MFS Board. Above these amounts requires both the authorisation of the MFS Board and Establishment Committee**

(Delete / complete as applicable) Post Title: Department of Post: An MFS has been agreed for the above post of £                      until                      ( <i>add date</i> ) An MFS has not been agreed. A recommendation has been / will be being made to Establishment Committee		
Date of MFS Board meeting:		
Chrissie Morgan, Director of HR on behalf of the MFS Board	Signature:	Date:

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<b>Committee(s)</b>	<b>Dated:</b>
Establishment Committee	15 January 2017
<b>Subject:</b> Update on strategic approach to working with volunteers	<b>Public</b>
<b>Report of:</b> The Town Clerk	<b>For Information</b>
<b>Report author:</b> Julia Makin, Corporate Strategy Officer	

## Summary

This report provides the Establishment Committee with an update on the development of a strategic approach which will strengthen practices related to volunteering accross the City of London Corporation. The approach is being led by the Corporate Strategy and Performance Team, within the Town Clerk's department, and is informed by the work of the Volunteering Working Group and ongoing support from a range of departments and divisions.

## Recommendation(s)

The Establishment Committee is asked to note:

- the scope and purpose of the strategy in relation to the Committee's original question;
- the strategy milestones; and
- the progress of the work to date.

## Main Report

### Background

1. A report was presented at the Establishment Committee on 17 October 2017 to answer questions raised at the 19 June 2017 Establishment Committee, relating to: the extent and involvement of volunteers in the City Corporation's work; the protocols used across the organisation; and the duty of care discharged towards volunteers.
2. The paper set out the recommendations of an independent review of volunteering commissioned by the Department of Community and Children's Services (DCCS) in 2015, and how these recommendations were being driven forward by a cross-departmental Volunteering Working Group. A key recommendation was to develop a strategic approach, a robust needs analysis and a priority focus.
3. Since October 2017, a Corporate Strategy Officer has been recruited to the Corporate Strategy and Performance Team and tasked with working with the Volunteer Working Group to develop a strategic approach to volunteering across the City Corporation. This will enable the City Corporation to scope recommendations and deliver actions to achieve the greatest possible positive impact for volunteers and associated stakeholders, including the City Corporation.

### **Current Position**

4. To inform the development of the Volunteering Strategy, an appreciative enquiry has been conducted, consisting of structured meetings with Volunteering Working Group members and additional staff whose work relates to volunteering.
5. The meetings scoped the City Corporation's current practices in relation to:
  - Volunteering to support City Corporation services and governance (including service delivery, Members and School Governors);
  - Volunteering by City Corporation residents and students (including for the City Corporation and external organisations and causes); and
  - Volunteering by City Corporation employees.

A strategic development meeting with Volunteering Working Group members and additional staff, scheduled for 9 January 2018, will look at these areas in more detail, to highlight opportunity and priority areas.

6. The meetings also focussed on identifying stakeholders upon whom the impacts of volunteering were felt to be strongest. These were defined as:
  - Volunteers (including individuals, City Corporation employees and external corporate volunteers);
  - The City Corporation (related to its reputation, achieving corporate aims, efficiency and staff development and engagement); and
  - Beneficiaries of volunteer-supported services (including users of community services and assets, such as libraries, open spaces and heritage, culture, education and schools).
7. Representatives of these three groups have been invited to attend an evening event on 18 January 2018, to explore the impact that volunteering has on them and discuss how their needs could be better met by improving volunteering practices. An online survey is available for those unable to attend in person.
8. The results of this consultation will support the development of a draft Volunteering Strategy, due at the end of February 2018. The draft will receive further review at Chief Officers Group and Summit Group thereafter, before full approval is sought by June 2018.

### **Corporate & Strategic Implications**

9. The development of the Volunteering Strategy coincides with the publication of the City Corporation's Corporate Plan, 2018-2023, and a strategic review within City Bridge Trust (CBT) that informs their next five years of charitable spend. It also has the potential to align with other emerging strategies and policies related to Responsible Business, Philanthropy, Education, Employability and Work Experience. By taking the opportunity to link with these strategies and identify shared aims, the City Corporation will be able to develop its



volunteering practice to achieve the greatest possible positive impact for volunteers and associated stakeholders.

10. In order to test this strategic approach, an opportunity has been identified by the Economic Development Office, Human Resources and CBT to pilot a more coordinated approach to the Employee Volunteering Programme (EVP). This would aim to support CBT's new 'total assets' approach (i.e. using all of our resources, both financial and non-financial, including the giving of time and skills) by providing volunteers for CBT grantees, and would respond to employee requests for a broader remit to the EVP.
11. The new approach to the EVP will be piloted from early 2018, subject to Summit Group approval. It aims to coordinate these needs and create better impact. The development of the Volunteering Strategy provides a framework to support and evaluate this pilot, ensuring that departments are working together to scope recommendations related to developing volunteering practice, and that needs and impacts are identified at the start and monitored throughout the pilot.
12. The development of a Volunteering Strategy responds to the questions raised by Establishment Committee in January 2017 (see paragraph 1), by: defining a rationale for identifying and consolidating successful practices; re-aligning or repositioning areas where greater cross-departmental working could improve practice; resourcing the delivery of new workstreams or contracts; and ending workstreams or contracts that are not achieving the required impact.

### **Conclusion**

13. The Volunteering Strategy is progressing well and will be available in draft by the end of February 2018. It will enable the City Corporation to scope recommendations and deliver actions which will have the greatest possible positive impact on volunteers, their beneficiaries and the City Corporation.

### **Appendices**

- None

### **Background Papers**

- Establishment Committee - Use of Volunteers. 17 October 2017

Julia Makin

Corporate Strategy Officer, Town Clerk's, Corporate Strategy and Performance Team  
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# Agenda Item 8

<b>Committee(s):</b>	<b>Date(s):</b>
Establishment Committee – For information	15 January 2018
<b>Subject:</b> Developments in Employment Law	<b>Public</b>
<b>Joint report of:</b> Director of HR and the Comptroller & City Solicitor	<b>For Information</b>
<b>Report authors:</b> Carol Simpson, Town Clerk's HR Jillian Bradbeer, Comptroller & City Solicitor's	

## Summary

At a time when the European Union (Withdrawal) Bill dominates the headlines<sup>1</sup> and all existing EU legislation will be copied across into domestic UK law, it is important that employment legislation developments are not overlooked.

The purpose of this report is to update Members on employment legislation developments and their implications, including: i. updates following the earlier employment legislation report to Committee on 14 February 2017; ii. known forthcoming changes; and iii. proposed future changes.

## Recommendation

Members are asked to note the report.

## Main Report

### Updates to previous report on 14 February 2017

1. **Public sector exit cap and repayment arrangements** - Implementation date: Anticipated 6 April 2018

Whilst the regulations to enact these changes were expected last year<sup>2</sup>, implementation is now proposed to be from 6 April 2018. The Local Government Association (LGA) are speaking with the Department for Communities and Local Government (DCLG) about the implications for local government as the final detail of the arrangements still need to be devised; and where subject to collective agreement negotiation with the relevant trade unions.

2. **Gender pay gap reporting** - Implementation date: 30 March 2018

Public authorities must publish the stipulated gender pay gap data and one or more objectives in order to exercise its functions in accordance with the Gender Pay Gap

<sup>1</sup> Target date of 29 March 2019 for the UK's exit from the European Union.

<sup>2</sup> The Small Business, Enterprise and Employment Act 2015 is amended by Section 41 of the Enterprise Act, enacted by The Enterprise Act 2016 (Commencement No. 2) Regulations 2017 SI 2017/70 and the Public Sector Exit Payment Regulations 2016.

Information Regulations<sup>3</sup> by 30 March 2018. We are planning a test run ahead of the required publication date in order to identify any systems issues with the data collection. To note, that we will report as both a public and private sector employer, the latter for the purposes of covering for example the independent schools.

### **3. Trade union check off arrangements** - Implementation date: 10 March 2018

The Trade Union (Deduction of Union Subscriptions from Wages in the Public Sector) Regulations 2017 implement new arrangements for check-off for public-sector employers with the aim to reduce the administrative cost of check-off to the public sector and ultimately to the taxpayer. The trade unions will need to meet the Corporation's administrative cost in respect of making union deductions; however the unions continue to have the option for their members to pay their subscription by other means.

### **4. Salary sacrifice limitation** - Implementation date: 6 April 2018

From 6 April 2017, only employer pension contributions, childcare benefits, cycle to work schemes and ultra-low emission company cars can be provided through salary sacrifice arrangements, although schemes in place prior to this date can continue to benefit from the tax advantages they provide until April 2018. Accommodation, school fees and other company cars may be provided under salary sacrifice arrangements until April 2021.

The current Employer Assisted Childcare Voucher Scheme will be replaced with the government's Tax-Free Childcare Scheme, this consists of a payment of up to £2,000 per child per year up to the age of 12 (£4,000 if registered disabled and under the age of 17). The new scheme will be administered through a government on-line portal. Whilst existing childcare voucher holders do not have to switch to Tax-Free Childcare if they do not wish to, the current scheme will only remain open to new entrants until April 2018; parents registered by this date will be able to continue using childcare vouchers for as long as their employer offers it. However, it is important to note, that under the new scheme, both parents (unless a single parent) must be working at least 16 hours per week and earning less than £100k per annum. For every 80p the parent contributes up to the maximum values stated per child, the government will top-up 20p. Information on the changes are available to staff on our provider Midcounties Co-operative's web site<sup>4</sup> to assist in their decision making around the best options for them.

The Corporation's administration service charge to run the current voucher scheme is 3% on the total childcare voucher amount paid over to Midcounties Co-operative, however this is offset against typical savings of up to 13.8% on employers National Insurance Costs (NICs).

An e-petition has been started on the UK Government and Parliament website to keep the childcare voucher scheme open beyond April 2018 alongside tax-free childcare to give parents a genuine choice for the support that best suits their family. At present there are in excess of 100,000 signatures promoting a parliamentary debate on 15 January 2018, therefore further changes are possible.

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<sup>3</sup> The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Enforcement of compliance rests with the Equality and Human Rights Commission (EHRC) who have the power to: investigate, issue unlawful act notices, require the production of an action plan and apply to court for an injunction to restrain unlawful acts.

<sup>4</sup> <http://www.taxfreechildcare.co.uk/>

## **5. Immigration skills charge (Tier 2) - Implementation date: 6 April 2017**

Any organisation sponsoring non-EEA skilled workers under Tier 2 of the points-based system now pay a £1,000 immigration skills charge per sponsored worker from 6 April 2017. The charge was recommended by the Migration Advisory Committee and confirmed by the government in March last year. Workers in PhD-level occupations, those switching from Tier 4 student visas, and graduate trainees on Intra Company Transfer visas are exempt.

The Corporation has to adhere to the criteria set by the UK Visas & Immigration (UKVI) prior to issuing a Certificate of Sponsorship. Specific information and documents are requested from the applicant and the recruiting department in order that the Certificate of Sponsorship can be raised on the Sponsorship Management System (SMS) which includes evidence of the Resident Labour Market Test. The sponsorship number is passed to the applicant for them to include on their visa application.

Details of the visa are recorded on City People once the document has been seen by HR, with the expiry date (if relevant). Monitoring reports are generated from City People and sent to the HR transactional team for review on a regular basis.

The City of London Corporation has sponsored 4 recent applicants, associated costs are borne at a departmental level.

## **Forthcoming changes**

## **6. Taxation of termination payments - Implementation date: 6 April 2018**

The government consultation on this issue closed in October 2016. It is proposed that from April 2018 changes are implemented to the taxation of termination payments amending the Income Tax (Earnings and Pensions) Act 2003 (ITEPA). The proposals include:

- removing the distinction between contractual and non-contractual PILONs (payments in lieu of notice) so that all PILONs are taxable and subject to Class 1 NICs.
- ensuring that the first £30,000 of a termination payment remains exempt from income tax and that any payment paid to any employee that relates solely to the termination of the employment continues to have an unlimited employee NICs exemption.
- aligning the rules for income tax and employer NICs so that employer NICs will be payable on payments above £30,000 (which are currently only subject to income tax).

## **7. Data protection changes - Implementation date: 25 May 2018**

The General Data Protection Regulation 2018 (GDPR) will replace the Data Protection Act 1998 (DPA) with the aim to modernise data protection laws in the UK to make them fit for purpose for an increasingly digital economy and society.

The GDPR considers any data that can be used to identify an individual as personal data and introduces very restrictive, enforceable data handling principles. This includes the data minimisation principle which requires organisations: i. not to hold data for any longer than absolutely necessary, ii. not to change the use of the data

from the purpose for which it was originally collected; and iii. to delete any data at the request of the data subject where there is no compelling reason for its continued processing. Organisations will also have to obtain fresh consent before they can alter the way they are using the data they have collected. The new rules give individuals easier access to their own data, a right to be forgotten and to know when their data has been hacked.

**8. Trade union facility time** - Implementation date: 31 July 2018

The Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) implement the requirement introduced by the Trade Union Act 2016 for specified public-sector employers (including local authorities), to report annually on paid time off provided to trade union representatives i.e. for trade union duties and activities. The first report must be published by 31 July 2018 on the employer's website and, where the employer publishes an annual report, it must be included in the annual report.

**Proposed future changes**

**9. Parental bereavement time off** - Implementation date: Expected 2020

The Parental Bereavement (Leave and Pay) Bill provides at least two weeks' leave for employees following the loss of a child under the age of 18. Employees with 26 weeks continuous service will be entitled to paid leave at the statutory rate and other employees will be entitled to unpaid leave.

**10. Grandparental time off** - Implementation date: To be confirmed

In October 2015, the government confirmed its plans to extend shared parental leave and pay to working grandparents by 2018. However, to date, no consultation has begun on this subject. Grandparents do however have existing rights to ordinary parental leave albeit in very limited circumstances i.e. where they have formal parental responsibility for a child either by adopting a child or by a residence order; or alternatively making a statutory request for flexible working.

**11. Whistleblowers protected when applying for jobs in children's social care sector**  
- Implementation date: To be confirmed

The Children and Social Work Act 2017 includes a provision that provides protection from discrimination to job applicants who have previously made a protected disclosure when applying for children's social care local authority roles.

**12. Increase of state pension age brought forward** - Implementation date: Proposed between 2037 and 2039

The Pensions Act 2007, 2011 and 2014 put in place provisions to increase the state pension age. However, in July 2017 the government announced proposals to bring forward the increase in pensionable age to 68 to between 2037 and 2039 instead of between 2044 and 2046. These proposed changes would have to be approved by Parliament before they are agreed.

### **13. Employment Tribunal and Employment Appeal Tribunal fees**

Members will no doubt be aware that the Supreme Court ruled in July 2017 that the employment tribunal fee regime is unlawful under both domestic and EU law on the grounds that it prevents access to justice, revoking the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013.

Those who have brought cases since July 2013 will receive refunds of their fees. Those bringing new claims will not be required to pay fees. It is unclear what the government plans to do, if anything, to introduce an alternative system for future Employment Tribunal (ET) cases. A number of options are available, including introducing lower fee levels that are commensurate with other civil claims. In the meantime, it is anticipated that the number of ET claims will rise.

### **Conclusion**

14. The public sector exit cap, repayment and taxation changes are likely to deter the number of volunteers for redundancy and therefore produce a converse rise in compulsory redundancies. Whilst changes to the treatment of PILONs and compensation payments above £30,000 will increase costs to employer NICs on termination of employment.

Increasing onus is being placed on employers as record keepers and employment gate keepers through legislation invoking the monitoring of and validating of employment matters i.e. check off, TOFTUD recording, gender pay gap reporting, migrant appointment validation, extended family orientated leave and GDPR regulations. Although one concession for employers is that the replacement to the childcare voucher scheme will be run online through the digital government gateway, by-passing the employment relationship.

Under the GDPR changes data subjects have the 'right to be forgotten' which may give rise to concerns particularly over HR records being retained for longer periods than their original legitimate purpose if proportionate data retention periods are not adhered to. In the event of an organisation breaching the new rules a fine of up to 4% of global turnover may be imposed.

Lastly, the raising of the state pension age coupled with the earlier removal of the Default Retirement Age (DRA)<sup>5</sup> means that the workforce is increasingly likely to contain a higher proportion of older workers as many people may need and/or want to continue working. The Corporation has an Inter-Generational Group which consists of a pre-selected range of employees across the organisation including those of different generations, to better understand the diversity of perspective on a range of strategic employment matters.

### **Background Papers**

Developments in Employment Legislation, Establishment Committee, 14 February 2017 (Public).

**Carol Simpson**  
**Strategic HR Projects Manager**

<sup>5</sup> The Default Retirement Age (DRA) was finally phased out in October 2011.

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