

Committee: Senior Remuneration Sub-Committee	Date: 29 July 2019
Subject: Senior Management Group (SMG) Remuneration	Public
Report of: Town Clerk & Chief Executive and Director of Human Resources	For Information
Report author: Chrissie Morgan, Director of Human Resources	

Summary

At its meeting on 26 February 2018 the Establishment Committee agreed to establish a Senior Remuneration Sub-Committee to oversee and scrutinise the annual performance awards and pay ranges for the Senior Managers. The composition of the Sub-Committee is currently as follows:-

- Chair of the Establishment Committee (Chair)
- Chair of the Policy & Resources Committee, (Deputy Chair)
- Deputy Chairman of Establishment Committee
- A Deputy/Vice Chairman of Policy & Resources Committee
- Chairman of the Finance Committee
- Chairman of General Purposes Committee of the Court of Aldermen
- One representative of the Finance Committee
- Four additional representatives of the Establishment Committee.

The officers in the Senior Management Group (SMG) are subject to an annual formal performance assessment (as are all employees). They are formally appraised by the Town Clerk annually and he determines their pay progression. All progression is limited to a pre-determined pay range (approved by Members) and a maximum “one off” contribution payment of up to 6% of basic salary for those who have reached the top of their pay range.

In general, the Town Clerk has ongoing conversations with relevant Committee Chairs which influence his recommendations for pay progression and contribution payments for SMG members. Most Chairs have taken the opportunity to input their views.

Recommendation

Members are recommended to note the content of the report and consider the proposals for pay progression within scales and contribution payments for the officers in the Senior Management Group in the non-public, confidential, part of the meeting.

Main Report

Background

1. At its meeting on 26 April 2007 the Establishment Committee agreed changes to the pay and grading structure for the City of London Corporation. This involved a wide-ranging modernisation programme comprising a new, simplified grading structure, more emphasis on individual employee contribution in determining pay progression, and extensive use of non-consolidated bonuses in recognition of individual performance.
2. Establishment Committee and Policy and Resources Committee, and Court of Common Council approved significant changes in the way that senior officers should be rewarded, moving away from any form of “automatic” pay progression and making all progression dependent on performance.
3. A separate Senior Management Group (SMG) pay scale was established for departmental Chief Officers (excluding the Head Teachers of the three City Schools and the Commissioner of the City of London Police) and the professional leads for significant corporate and strategic functions of the City Corporation. Each post on the SMG scale has its own individual six-point scale within it. Progression through the scale is dependent on assessment and evaluation of performance and contribution to the success of the organisation. Progression, if earned, can be by steps of anywhere between 1 and 6% of base pay.
4. Where the percentage increase earned by a given employee takes them above the maximum spinal column point for their individual scale, the excess amount above the maximum is not consolidated into basic pay but is instead paid as a non-consolidated bonus. It does not form part of base salary in the following year on which that year’s salary increase would be calculated and thus has to be earned again in any subsequent year for it to be retained.
5. Set out below are the current 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.

£95,490 - £117,430 (3)

£110,710 - £148,760 (6)

£148,760 - £194,110 (5)

£218,450 - £253,270 (1)

6. Members of the Sub-Committee might recall that in January it approved a report of the Town Clerk & Chief Executive which altered the Base pay scale of an SMG member and introduced for a period of three years until 2022 an additional performance-related payment of £20,000 per annum for another SMG member in connection with certain additional duties. This payment would exist independently of any access to non-consolidated Contribution Payments earned through that SMG member’s performance against the other objectives of the post’s work.

7. A further confidential report is due to be presented to the Sub-Committee today concerning the individual scales of two further SMG members, proposing alterations to each.
8. Each of the reports referred to in paragraphs 6 and 7 will have been based on reviews of SMG pay against independently verified market data.
9. The City Corporation's statutory Pay Policy Statement, agreed earlier this year by the Establishment and Policy & Resources Committees and Court of Common Council says of SMG remuneration:

The Town Clerk & Chief Executive determines all salary matters for SMG posts (other than in relation to himself) within the existing individual Grades and reward policies, in consultation with elected members and the Senior Remuneration Committee. The Director of HR coordinates and such matters in relation to the Town Clerk & Chief Executive, in consultation with elected members and the Senior Remuneration Committee.

10. The Town Clerk will present his proposals for pay progression and contribution payments for the other members of the SMG in the confidential part of the meeting and the Director of HR will also advise the Sub-Committee on the contribution payment for the Town Clerk proposed by the Chairman of the Policy & Resources Committee.

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