

CITY OF LONDON CORPORATION

PAY POLICY STATEMENT 2020/21

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 in advance of each financial year. The Act requires local authorities to set out in their Statements their policies on a range of issues, particularly those relating to remuneration for their most senior and lowest-paid staff. This must include significant information on pay and reward for Chief Officers (as defined in the Local Government and Housing Act 1989). The Statement must be reviewed annually and agreed by “*a resolution of the authority*”, in the City of London Corporation’s case by the Court of Common Council. This document meets the requirements of the Act for the City of London Corporation for the financial year 2020/21.
2. 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.
3. The Act applies to the City of London Corporation only in its capacity as a local authority. It should be noted that not all of the pay and employment costs incurred by the City of London Corporation are carried out in this capacity, or even funded from public resources. As well as having statutory local authority functions, the Corporation undertakes other public functions, such as those of a police authority and of a port health authority. It also has private and charitable functions which receive funding through income from endowment and trust funds, and the pay and employment costs of these functions are met from these funds and are outside the scope of the Act.
4. In general, and in keeping with the spirit of openness, this Statement does not try to distinguish between information which applies to the City Corporation 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. Likewise, paragraph 7 of the Government Guidance for authorities on “*Openness and accountability in local pay*” (which has statutory effect under s40 of the Act for authorities in the preparation of their Pay Policy Statements) advises that “*The provisions in the Act do not apply to the staff of local authority schools and therefore teaching staff need not be brought within the scope of a pay policy statement*”. The City of London Corporation does not directly manage any local authority schools, but it does directly run three independent schools, and while some information about the remuneration of the teaching staff in these schools is provided in the Statement, in general the Statement follows the Government Guidance and leaves teaching staff outside of its scope.

5. 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 current Grade structures and associated pay scales can be seen below.

Salary Scales effective from 1 October 2019:

Grade	Min Salary (£)	Max Salary (£)	No. of employees
Grade A	£16,040	£17,020	174
Grade B	£17,510	£20,330	609
Grade C	£22,860	£26,520	821
Grade D	£28,700	£33,290	691
Grade E	£33,290	£38,570	566
Grade F	£42,150	£48,880	401
Grade G	£50,330	£58,380	178
Grade H	£58,380	£67,650	89
Grade I	£67,650	£78,410	28
Grade J	£80,770	£93,650	22
Senior Management Grade (SMG)	£82,390	£252,370	15
<p>The figures given are for Base pay only. Employee numbers are those at the time of the November 2019 pay roll. Any employee on Grades A-J who manages or supervises another employee on the same Grade has a separate pay scale paying up to 6.1% greater than the salary on the substantive Grade. Any employee on Grades A-J who is in a residential post has a separate pay scale paying 12.5% less than the salary on the substantive Grade. The figures for employees in each Grade in the table above include those on the relevant supervisory and residential scales. All employees on Grades A-J and in the SMG also receive a London Weighting allowance. The allowance does not differ between Grades of staff.</p>			
Teacher Grades	£29,490	£60,250	
Senior Teacher Grades	£64,640	£147,490	
<p>Figures for Teacher Grades exclude any additional responsibility allowances payable. Figures for Senior Teacher Grades include all payments.</p>			

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

(England) Regulations 2011. It should be noted that all Police Officer pay scales are nationally determined and as such do not form part of the City Corporation's Pay Policy.

6. A two-year Pay Award covering 2018-20 for staff in Grades A-J and the SMG was negotiated with the recognised Trade Unions and staff representatives for these employees in 2018, and agreed by the Court of Common Council in July 2018. The Pay Award provided for a 2.45% increase on all salaries in Grades A-C and a 2% increase on all Graded salaries in Grades D and above, including the SMG, and a 5% increase on London Weighting allowance rates for all staff. These increases would be applied in each of the two years of the agreement, from 1 July 2018 in the first year and from 1 July 2019 in the second. The Pay Award also provided for restructures of Grade A (the City of London Corporation's lowest pay Grade) from 1 October in each of the years covered by the Award. The bottom point of the scale was to be removed in each year and the top point of the scale would move up one point.

The two-year Pay Award did not cover Teachers and their pay scales were subject to the usual negotiations with their recognised Trade Union and staff representatives in 2019.

7. 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

8. 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.
9. 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. The Grades A-J and the Senior Management Grade retain incremental progression, but this is always determined by performance measured through appraisal over the year 1 April - 31 March. The Grades D-J and the Senior Management Grade also have access to "Contribution Payments" for employees at the top of the Grades. Achievement of these is also determined by appraisal over the same time period. All increments earned by appraisal are implemented from 1 October following the ending of the appraisal year, and Contribution Payments earned from appraisal are paid in the same October. A fundamental element of the strategy is that achievement of payments related to performance is more onerous and exacting the more senior the member of staff.

10. All non-teaching staff employed by the City Corporation below the Senior Management Grade are allocated to one of the 10 Grades (Grades A-J), other than in a 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 2007 Review. 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.
11. 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 £6,390 for those based in inner London and £3,830 for those based in outer London.
12. As most of the work of the organisation is undertaken 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. These, where used, can be applied to employees in Grades A-J. Any requests for a market supplement must be supported by independent market data and is considered by a panel of senior officers and, where appropriate depending on the amount proposed to be paid and the Grade of the post, by the Establishment Committee. All market supplement payments are kept under regular review, and regular reports on payments made are produced for the Establishment Committee. The City Corporation subscribes to Croner's salary benchmarking. While this provides information on both public and private sector comparator jobs, general practice is to use the median level of comparator public-sector jobs in central London for organisations which employ between 1001 and 4000 staff, with a turnover of £50m-£100m as basis for establishing appropriate market rates.
13. The London Living Wage (LLW) has been applied as a minimum rate for all directly employed staff, including Apprentices, since April 2017. Casual staff and agency workers have also been paid the London Living Wage since 2014. Until 2018, LLW increases were applied from 1 April each year in line with the most recently announced LLW increase. However, in October 2018, the City Corporation's Policy & Resources Committee agreed that LLW increases should be applied in this and future years to affected employees and other staff from the date of the increase's announcement, which in 2019 was on 11 November.
14. The Establishment Committee has specific authority to deal with or make recommendations to the Court of Common Council where appropriate on all matters

relating to the employment of City of London Corporation employees where such matters are not specifically delegated to another Committee. These matters include the remuneration of senior officers. The Establishment Committee has delegated this to the Senior Remuneration Committee.

Employees below the Senior Management Grade

15. The lowest Graded employees 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, and the two-year Pay Award for 2018-20 further restructured Grade A to give it additional points at the top while removing points from the bottom. The current lowest point on Grade A is now £22,430, including a London Weighting allowance for working in Inner London. The current pay range for Grades A - J is £22,430 to £100,040 inclusive of Inner London Weighting of £6,390 for non-residential employees.

- Grades A-C are the lowest Grades in the City of London Corporation. Grade A has 3 increments and Grades B and C have 6 increments, and progression through each Grade can be achieved by annual incremental progression subject to satisfactory performance. There is no Contribution Pay assessment. However, employees at the top of 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 6% of basic pay depending on the assessed level of contribution over the previous year. The appraisal system recognises four levels of performance - Improvement Required, Good, Very Good and Outstanding, and those employees at the top of Grades D-J who achieve either of the top two ratings can receive a Contribution Payment. In 2019, those in receipt of a "Very Good" rating could receive a payment of between 1 and 5% of Basic salary, and those earning an "Outstanding" rating would receive a payment of 6% of Basic salary. The variable payment for "Very Good" ratings was introduced in 2019 to recognise that there could be distinctions in performance of those so assessed, above the level of "Good" but not meriting an "Outstanding" assessment.

(A separate performance-payment scheme is in place for a small group of employees at the Barbican Centre engaged in commercial activities. These staff may receive payments of up to £4,000 or £6,000 per annum, depending on Grades and their success in meeting certain performance targets. The staff involved are excluded from the Recognition Awards and Contribution Payments schemes applying to other employees on their Grades.)

16. For the appraisal year ending March 2019 (i.e. for payments awarded on 1 October 2018), 65.4% of eligible employees were allowed to move into the two higher contribution increments and 64.7% of eligible staff received a one-off non-consolidated contribution payment.

Senior Management Grade

17. The Senior Management Grade comprises the most senior roles in the organisation, as determined by Job Evaluation. Posts on the Senior Management Grade (SMG) are those which are the professional lead for a significant area of City Corporation business, with the nature of the professional responsibility held being that the postholders are not only directing the function for which they are responsible towards meeting corporate strategic goals but are required to determine from their professional point of view how these corporate goals should be constructed. As the SMG posts are distinct roles, they are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the Grade, which incorporates market factors as well as corporate importance. 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, based on the contribution of the individual to the success of the organisation. SMG posts are not necessarily the best-paid in the organisation, as other posts in Grades I and J may be better paid than some SMG posts, depending on the separate market supplements applied to the Graded posts.

18. The 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 Consumer Protection & Markets
- Director of Open Spaces
- Chief Grants Officer & Director of the City Bridge Trust

19. The Head Teachers of the City of London School, City of London School for Girls and City of London Freemen's School are not part of the Senior Management Grade for the purposes of pay (their pay is governed by a separate senior teaching

pay scale, as outlined in paragraph 5). The pay of the post of Remembrancer is aligned to Senior Civil Service pay scales.

20. 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 from £82,390 to £252,370, excluding London Weighting.
21. 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.
22. 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:

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

23. The average payment based on contribution alone has been 3.44% for the appraisal year ending in March 2019. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
24. 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 any such matters in relation to the Town Clerk & Chief Executive, in consultation with elected members and the Senior Remuneration Committee.
25. 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.

£82,390 - £117,430	(2)
£110,710 - £148,760	(7)
£148,760 - £194,110	(5)
£218,540 - £253,270	(1)

Chief Officers and Deputy Chief Officers

26. The Act specifies that information should be given in Pay Policy Statements about the determination of remuneration for Chief Officers and Deputy Chief Officers as defined under the Local Government & Housing Act 1989, including approaches to the award of other elements of remuneration including bonuses and performance-related pay as well as severance payments. This should include any policy to award additional fees paid to Chief Officers or Deputy Chief Officers for their local election duties. The 1989 Act applies to the City Corporation only in its capacities as a local authority, police authority and port health authority, but as with other parts of this Statement, details are given for all employees who would satisfy the basic definitions of Chief Officers and Deputy Chief Officers given in the 1989 Act, other than schoolteachers and those who work in general for the City Corporation in its capacity as a police authority.

27. According to the definitions given in the 1989 Act (but widened in their interpretation as described in the paragraph above), as of 20 November 2019, the City Corporation had 31 Chief Officer posts and 132 Deputy Chief Officer posts. The 31 Chief Officer posts comprised the 15 posts within the Senior Management Grade plus the following numbers of posts within the A-J Grades:

- Grade J 12
- Grade I 3
- Grade H 1.

The 132 Deputy Chief Officer posts were made up of posts at the following Grades:

- Grade J 9
- Grade I 19
- Grade H 52
- Grade G 27
- Grade F 23

plus two posts paid at spot salaries owing to the nature of their employment and/or funding.

28. The distinctions between SMG pay and payments made to employees on other Grades are outlined in the relevant sections of this Statement above. The most significant element of pay able to be received by employees in Grades A-J that is not available to SMG posts is market supplements. 13 Chief Officers in Grades H-J receive these payments as do 52 Deputy Chief Officers in Grades G-J. 4 of the

Deputy Chief Officers in Grade F receive additional payments for working contractual hours in addition to the standard 35 per week on most City Corporation contracts. One Deputy Chief Officer on Grade F receives occasional additional payments for participating in electoral activities.

29. In cash terms, the payments per annum made to Chief Officers (including those in the SMG) and Deputy Chief Officers fall into the following broad pay bands:

<u>£ per annum</u>	<u>Chief Officers</u>	<u>Deputy Chief Officers</u>
40,000 – 50,000	-	21
51,000 – 60,000	-	27
61,000 – 70,000	-	28
71,000 – 80,000	4	24
81,000 – 90,000	1	13
91,000 – 100,000	2	5
101,000 – 110,000	5	1
111,000 – 120,000	6	9
121,000 – 140,000	3	2
141,000 – 150,000	4	1
151,000 – 195,000	5	-
200,000 – 255,00	1	1
<u>Total employees</u>	<u>31</u>	<u>132</u>

All payments outlined in the table above exclude London Weighting payments.

30. The schemes for incremental pay increases and Contribution Payments for employees in Grades D-J and the Senior Management Grade are set out in the relevant sections of this Statement above. These apply to Chief Officers and Deputy Chief Officers, depending on whether they are in one of the D-J Grades or the SMG. No Chief Officer or Deputy Chief Officer has an element of their basic pay “at risk” to be earned back each year. Progression through Grades is, however, subject to successful performance, assessed through the application of the performance-appraisal scheme. Contribution Payments for any Chief Officer or Deputy Chief Officer are only available to those at the top of their Grades. These must also be earned through performance appraisal, and all such payments are non-consolidated, meaning that any recurrence of the payment has again to be earned through performance in future years.

31. The Act requires authorities to set out 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 permanent staff - is approximately 1:12. The ratio between the pay of the highest paid member of staff and the median earnings figure for all staff in the authority is 1:7.

Transparency

32. The Government guidance to the Act (which has statutory effect) 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, senior staff recruitment, and re-employment of senior postholders who have left the authority, particularly in relation to arrangements which might be made in such an event that would appear to have the intention of minimising tax payments made by the re-engaged former employee.

Recruitment

33. New staff, including those in the Senior Management Grade, are normally appointed to the bottom of the particular pay scale applicable for the post. If the existing salary falls within the pay scale for the post, the new employee 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

34. 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

35. 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 dismissal on redundancy or business efficiency grounds from age 55 onwards and on grounds of permanent ill-health at any age.
36. 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

37. 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 £525 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 approval, and has most 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

38. 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 Chairmen 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

39. 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

40. 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. The City Corporation does not engage former staff on contracts that enable tax payments to be minimised.

Publication of information relating to remuneration

41. 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.
42. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2019/20 by resolution of the Court of Common Council. Any amendments will also be published on our public website.

43. 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.
44. From 2018, the City of London Corporation is required under the Equality Act 2010 to publish information every year showing the pay gap between male and female employees. The organisation’s most recent such report was published in March 2019, and showed a diminution in the mean and median hourly-rate gender pay gap and an increase in the proportion of women in the upper quartile of employees by pay rates.

January 2020