

Committee: Establishment Committee – For decision	Dated: 15/10/2021
Subject: TOM CLS Pilot – HR proposals to achieve Greater Local Delegations	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	3a, 5a 8d
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A funding will continue to be from local risk budgets
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chief Operating Officer	For Decision
Report author: Tracey Jansen – Corporate Human Resources	

Summary

This report outlines the progress being made on the HR delegations of the Target Operating Model’s (TOM) City of London School pilot. Members will recall that the HR delegations were extended to be piloted in all three independent schools and are now underway to delegate some people management processes to the heads of the three independent schools (City of London School, the City of London School for Girls and City of London Freeman’s School).

This pilot has been established and covers a number of various delegations and initiatives beyond HR, as part of the TOM’s aim to *eliminate non-value adding activity and remove barriers, to make space for and encourage collaboration, innovation and synergy building*.

The HR delegations in the pilot relate to the approval of honoraria payments, starting salaries and accelerated incremental progression. The pilot has been in operation since September 2021 and it is proposed that due to the immediately apparent benefits of the HR delegations, these should be immediately rolled out to all other CoL institutions and departments.

Recommendations

Members are asked to:

- i. Note the positive impact of the greater HR delegations being tested in the City of London School, City of London School for Girls and City of London Freeman’s School as part of the TOM CLS pilot currently underway.

- ii. Endorse the rollout of the particular delegations concerning HR within the wider CLS pilot to all CoL institutions and departments to commence in November 2021 until end of July 2022. The pilot will relate to:
 - starting point for external appointments
 - the starting point for internal acting ups into higher level positions;
 - incremental progression - additional awards where there is a justified business case, e.g. as a recognition of examination success related to the post and agreed as a development requirement;
 - honoraria payments up to the value of £2500
 - a temporary amendment to the delegations of the MFS Board to approve all requests for honoraria payments between £2500 and £7500 regardless of grade
 - all requests for honoraria payments proposed by Chief Officers over £7500 to be considered by the MFS Board and recommended to Establishment Committee for its agreement.
- iii. A report will be made back to the Establishment Committee with a full evaluation of the pilot – both the HR delegations and the delegations relating to procurement, gateway approvals process and ways of working between the School and the Chamberlain’s department - and any resulting recommendations in September 2022.

Main Report

Background

1. The City Corporation is changing with the implementation of a Target Operating Model (TOM). Simply put, the Target Operating Model (TOM) provides an opportunity for the City of London Corporation to update and simplify, to enable us to be radical, more agile and proactive to withstand both internal and external challenges. We need to make the best use of our resources to deliver our mission: “to create a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK”. We will do this through aligning activity, resources and building competence and capability to achieve our Corporate Plan outcomes in a way that is effective, efficient and sustainable, whilst also driving competitiveness in the sectors we operate in.
2. The success of the TOM cannot be achieved by changing the structure alone. For long-lasting change to be effective and positive for all, the capabilities of leadership, talent and collaboration need to be embedded within the organisation for the long term. Whilst the new Target Operating Model is intended to revise the organisational structure and deliver significant financial savings to achieve a balanced Medium-Term Financial Plan, it also creates an opportunity to look at how all departments and institutions can benefit from working closely together and staying connected so that – as a whole - we can be greater than the sum of our parts.
3. As new structures are designed and implemented, it is vital that institutions, service departments and the corporate centre benefit from working together, and that all sides value the service and contribution they receive from each

other. It is recognised that some changes need to be made to current processes and ways of working to achieve this vision.

4. To help identify opportunities to reengineer processes and ways of working across the whole organisation, officers have been carrying out a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity, derived from the differing needs and drivers of the School and the wider City of London Corporation. Having piloted, iterated and proved out these proposals with the City of London School, the intention would be to adapt and roll them out to the other institutions and departments where appropriate.
5. The Establishment Committee considered a report to begin this pilot in the City of London School in March 2021. The pilot has delegated to the Head of the City of London School authority to approve:

Annual maintenance programme

- the delegation in relation to development, refurbishment and revenue programme schemes, being funded by the City of London School's ring-fenced maintenance budget, be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process.
- the Head of the City of London School in consultation with the City Surveyor to approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, where funding is from the School's ring fenced repairs and maintenance fund.

HR (these were extended to all three Independent Schools)

- To extend Chief Officer approval to the full grade range including scale points 5 and 6 of the Grade.
- To extend Chief Officer approval to award additional increments where there is a justified business case
- Head Teacher as the Chief Officer to approve up to £2500 without reference to MFS Board for graded staff

Procurement

- the authority to run non-works procurements up to £180k be devolved to the City of London School with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;
 - Non-works procurements above £180k up to £300k, may also have more freedom over procurement process, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the School.
6. Following consideration by the HR department, it is felt that the HR delegations are beneficial to both the HR department and the City of London School.
 7. Appendix 1 shows the current provisions and the changes being piloted and proposed. It should be noted that acting up into a higher grade must be for a

minimum of 4 weeks. An honorarium is usually a one-off additional payment given to an employee, which recognises that an employee has carried out significant additional duties, at the same level or at a higher level which is generally outside of their post's organisation structure. As an honorarium could be given for doing a piece of work or involvement in a specific project / event, there is no qualifying time period.

Current Position

8. The current pilot in the three Independent Schools is on-going and to date has not seen an increase in honoraria payments, starting salaries, or incremental progress being approved. The Schools have been provided with business case templates which take them through the relevant policy provision and questions that guide them through the policy requirements and identify potential equality considerations. It should be noted that whilst the pilot has given the Head Teachers greater delegation of authority, the policies included in the pilot have not been changed. There have been 4 honoraria in the schools' pilot so far. In one case, it may well be that this would have received closer scrutiny or reduced in value if referred to the MFS Board, but this can be addressed by further amendments to the business case template that is completed. The Schools have been provided with business case templates which take them through the relevant policy provision and questions that guide them through the policy requirements and identify potential equality considerations. There have been 5 new or acting up starters above the first two scale points of the grade and 1 accelerated increment awarded.
9. The feedback from the Heads and Bursars is that the ability for the Schools to be flexible in deploying resources to meet the Schools' demands and staffing needs quickly and efficiently has been of great benefit and has a positive impact on staff goodwill and motivation. An analysis of payments referred to the MFS Board in the previous 2-year period for the schools indicates that these could take between 1 and 4 months to be approved. Honoraria payments of up to £2000 are approved within HR on behalf of the MFS Board and as such can be approved more swiftly. In the period January 2021 – August 2021, 40 honoraria payments up to the value of £2000 have been agreed and 7 honoraria payments over £2000 have been agreed. The majority of these have been agreed within 2 months but a further 7 remain outstanding.
10. Given the positive impact of delegating these staffing provisions in the school's environment, it is recommended that the pilot is now extended to the other institutions and all departments. This will enable us to analyse the impact of a City Corporation-wide pilot and to make any further adjustments to the business case criteria in order that there is a consistent approach taken across the organisation. The wider pilot will also enable us to review the financial thresholds put in place and recommend adjusting these should that be necessary. A larger body of data will also enable a more accurate equality analysis to be undertaken.

11. With regards to honoraria payments, the extended pilot will retain the current upper limited of £2500. In the spirit of the wider aim to eliminate non-value adding activity and remove barriers, it is further proposed that as part of the extended pilot, the MFS Board will approve all requested honoraria payments between £2500 and £7500 regardless of grade (currently all honoraria for grade I and above and all awards over £5000 have to go to the MFS Board and Establishment Committee for approval). All payments over £7500 will continue to be considered and approved by the MFS Board and Establishment Committee.
12. The opportunity will also be taken to review the terms of reference of the MFS Board to enable a swifter approval process.

Options

13. The pilot so far has indicated a positive response from the schools. However, it has only been in operation for 6 months in what has not been a standard year. The benefits expressed by the Heads could equally apply to other institutions and all departments. An extended pilot will enable us to consider other variables and potential issues before any permanent changes are put in place.

Proposals

14. One of the aims of the TOM programme is to 'eliminate non-value adding activity and remove barriers, to make space for and encourage collaboration, innovation and synergy building'. Delegating these staffing matters outlined in the report to departments within defined parameters will support this aim and enable swifter decision making that is not possible with the current approval process.
15. Undertaking an extended pilot will ensure that the parameters and guidance that have been put in place to support the pilot so far, address the business needs across the City Corporation. At the same time consistency can be maintained. However, it will also be appropriate to report periodically to the committee so that there is transparency about the overall impact of these delegated powers and to identify if there are concerns about any disproportionality in the application of these delegations.

Corporate & Strategic Implications

16. Strategic implications: The recommendations in this report support the wider Target Operating Model programme, which aims to update and simplify the City of London Corporation's internal governance and operational management arrangements, enabling the organisation to be radical, more agile and proactive to withstand both internal and external challenges. The Target Operating Model underpins delivery of all aspects of the Corporate Plan.
17. Financial implications: any cost arising will be met from local risk

18. Resource implications: if the pilot is successful there are potential resources efficiencies through the streamlining of processes.
19. Legal implications: none direct but it is important that monitoring takes place to ensure there is consistency in approach and to identify and avoid any unfairness in application.
20. Risk implications: included above
21. Equalities implications: A test of relevance has been undertaken for this pilot and will be reviewed throughout the life of the pilot. As noted in the report monitoring will be undertaken on a periodic basis including an equality analysis.
22. Climate implications: none
23. Security implications: none

Conclusion

24. The recommendations in this report to delegate some people management processes to Chief Officers support the TOM wider cultural change aims. Delegating discretionary payments can potentially result in lack of consistency which in turn could identify a disproportionate impact by protected characteristic. However, by setting criteria that Chief Officers should follow, and by undertaking a wider pilot is a safe way to assess and address any concern arising. Periodic monitoring to the Committee will also ensure that there is transparency and the ability for members of the Committee to question the operations of devolved processes.

Appendices

Appendix 1 Greater Delegations - People Management Processes

Background Papers:

TOM review, pilot project at the 3 City of London Schools – People management – Greater Local Delegation – report to Establishment Committee March 2021

TOM review, pilot project at the 3 City of London Schools – October 2021 reported separately on this agenda

Tracey Jansen

Assistant Director of Human Resources – Corporate Human Resources

T: 020 7332 3289

E: tracey.jansen@cityoflondon.gov.uk

Greater Delegations - People Management Processes

Current Provision	Schools Pilot	Proposed Corporation Wide Pilot
Honoraria payments		
<p>MFS Board authorises honoraria payments up to the value of £5,000 for posts at Grade H or below</p> <p>Payments over £5,000 and of any value for grades I and above go to the MFS Board and Establishment Committee</p>	<p>Heads have been given delegated authority to approve honoraria payments up to £2500</p> <p>All other levels of payment and provisions in accordance with current policy</p>	<p>Chief Officers to be given delegated authority to approve honoraria payments up to £2500</p> <p>Payment between £2500 and £7500 for all grades to be delegated to the MFS Board to approve</p> <p>Payments over £7500 to be considered by the MFS Board and agreed by the Establishment Committee</p> <p>All other provisions in accordance with current policy</p>
Starting Salary – External Appointments		
<p>Appointment normally to bottom of the scale</p> <p>between points 2 - 4 Chief Officer approval and a justifiable business Reason in consultation with the HR BP.</p> <p>appointments to increments above point 4, the Chief Officer must agree this with the DHR via HR BP.</p>	<p>Heads can approval appointment to the full grade range including scale points 5 and 6 of the Grade with a justified business case.</p>	<p>Chief Officers to approve appointment to the full grade range including scale points 5 and 6 of the Grade with a justified business case.</p>
Starting Salary - Internal Promotions		
<p>Where employees are promoted into a higher</p>	<p>Heads can approval appointment to the full grade range including</p>	<p>Heads can approval appointment to the full grade range including</p>

grade (including via a career grade) they will either be appointed to the bottom of the new pay scale or, if their salary already exceeds this, receive one additional increment.	scale points 5 and 6 of the Grade with a justified business case.	scale points 5 and 6 of the Grade with a justified business case.
Starting Salary Acting Up – for a minimum of 4 weeks in the higher grade		
In normal circumstances, employees acting up should be placed on the greater of: <ul style="list-style-type: none"> • The bottom of the grade; or • On point above the current salary 	<p>Heds can approve full or partial acting up arrangements from scale points 2-4 with a justifiable business case</p> <p>All other provisions in accordance with current policy.</p>	<p>Chief Officers to approve full or partial acting up arrangements from scale points 2-4 with a justifiable business case</p> <p>All other provisions in accordance with current policy.</p>
Accelerated Increments – paragraph 31 of the policy		
Chief Officers, in consultation with the Director of HR, may award additional increments where there is a justified business case, e.g. as a recognition of examination success related to the post and agreed as a development requirement (but not linked to a recognised career grade scheme)	<p>Heds can award an accelerated increment with a justified business case.</p> <p>All awards in accordance with current policy</p>	<p>Chief Officer can award an accelerated increment with a justified business case.</p> <p>All awards in accordance with current policy</p>