

Committee: Corporate Services Committee	Dated: 06/09/2022
Subject: HR Greater Local Delegations – Review of Pilot	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?	N
If so, how much?	N/A
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 - Human Resources	

Summary

This report was requested by the Committee at its meeting in October 2021 to present an evaluation of the pilot to achieve greater local HR delegations to Chief Officers, and to make any recommendations arising from the pilot. Monitoring has taken place and some minor adjustments made to guidance for managers during the pilot. All of the delegations have been welcomed by Chief Officers, and the report recommends confirming the delegations as permanent. Reducing the level of authority required to implement decisions has reduced bureaucracy and the end-to-end process time. The opportunity has also been taken to review the approval process for Market Forces Supplements (MFS) and recommendations made accordingly.

To address the potential for inconsistency in application of these HR processes, managers are expected to record the rationale for starting spinal points. In addition, business case templates for Honoraria and MFS requests capture key information including protected characteristics data to identify any areas of concern which need to be addressed.

Recommendations

Members are asked to approve:

- Starting spinal point for internal and external appointments and acting ups should be a matter for recruiting managers;
- Increment progression - additional awards are devolved to Chief Officer Tier 1 in consultation with their HR Business Partner/HR Contact;
- Honoraria payments are devolved to Tier 1 Chief Officers in consultation with their HR Business Partner/HR Contact;
- MFS payments up to the value of 10% of contractual pay can be approved by the Tier 1 Chief Officers;

- The MFS Board to approve MFS payments more than 10% of contractual pay up to £25000 depending on grade (see paragraph 22);
- MFS payments above these limits to be considered by the MFS Board and referred to the Chair and Deputy Chair of Corporate Services Committee for approval under delegated authority by the Committee;
- Reduced length of time an MFS can be agreed for from 5 to 3 years;
- Reduced MFS pay protection period from 3 years to 1 year;
- Revisions to the Employee Handbook provisions included in Appendix 1;
- Changes to be reflected in the Scheme of Delegation as necessary.

Members are asked to note:

- The monitoring and auditing of these delegations and periodic reports to Committee to review application of these delegations including any emerging concerns from an equality perspective and actions planned to address these;
- Note that the City of London School and City of London School for Girls will undertake the end-to-end recruitment process for their non-teaching staff. Further the City of London Freeman's school will undertake a pilot of non-teaching recruitment in due course;
- There will be a review of the Terms of Reference for the Committee's consideration at a future meeting. The aim will be to underpin the theme of greater delegation and reducing bureaucracy and to better reflect the Operation's Department activities.

Main Report

Background

1. The Committee endorsed a pilot, including all City Corporation Institutions and Departments, of several local delegations concerning HR processes and decisions. The pilot has run from 1 November 2021 until end of July 2022. The Committee agreed to receive a report back with a full evaluation of the pilot with any resulting recommendations. The pilot delegated to Chief Officers the following areas of HR decision making:
 - Starting spinal point for external appointments;
 - Starting spinal point for internal appointments and acting ups into higher level positions;
 - Increment 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; with a temporary amendment to the delegations of the MFS Board to approve all requests for honoraria payments between £2501 and £7500 regardless of grade; and all requests for honoraria payments proposed by Chief Officers over £7500 to be considered by the MFS Board and recommended to the Corporate Services Committee for its agreement.

2. The wider review of Pay and Reward is due to commence in the Autumn and will include a review of the current MFS policy. It will not however review the Terms of Reference for the MFS Board for use in the interim. It is expected that full implementation of any approved recommendations from the Reward Review will not be completed before the end of 2023/24.
3. In addition, the City of London School and City of London School for Girls have been piloting their non-teaching end to end recruitment process since April 2021.

Current Position

Starting spinal point for external appointments, internal appointments and acting up into higher level positions

4. The current provision requires the Chief People Officer and Executive Director of HR (CPO) to be consulted about external appointments at scale points 5 and 6. In addition, there are further restrictions in relation to internal promotions and acting ups. These decisions have been delegated to Chief Officers for the purposes of the pilot. There has been a total of 140 new starters during the pilot period. Of these 37 or 26.5% were appointed on the top 2 points of the scale. Analysis by gender, ethnicity and disability indicator compared to all new starters and the workforce¹ profile is as follows - Whilst these are relatively small numbers, there are no indications giving cause for concern – i.e. that are out of line with our broader workforce profile.

Gender	F	M	
New Starters point 5 or 6	59.5%	40.5%	
All new starters	61.5%	38.5%	
Workforce	49.9%	50.1%	
Ethnicity	White	BAME	Not known
New Starters point 5 or 6	62%	24.5%	13.5%
All new starters	59.2%	17.9%	22.9%
Workforce	65%	17%	18%
Disability indicator	Y	N	Not Known
New Starters point 5 or 6	2.7%	78.3%	19%
All new starters	3.6%	68.5%	27.9%
Workforce	4%	74%	22%

5. Regarding internal promotions, these have been more difficult to identify as there has been a number of internal changes resulting from the TOM. However, no business cases have been submitted to the CPO, rather discussions dealt with where applicable in the TOM process. In addition, there have been no requests to pay accelerated increments for acting ups.

¹ This figure excludes police staff who are included in the City of London Police workforce data. However, police staff are subject to the provisions that are being piloted.

6. The pilot has been welcomed by recruiting managers and it is recommended that the starting spinal point for internal and external appointments and acting up should be a matter for recruiting managers, seeking guidance from their HR Business Partner/HR Contact so that a broadly consistent approach is being taken across the organisation. The involvement of the Chief Officer and CPO is not considered necessary or an appropriate use of their time. However, monitoring and auditing should be conducted and reported periodically to the Committee. This will be key to ensuring due diligence, fairness and equity and to identify appropriate interventions to address any concerns about approvals and/or emerging concerns from an equality perspective. The suggested revisions to the Employee Handbook provisions are included in Appendix 1.

Increment progression - additional awards

7. This is not a provision that is operated very frequently as most additional awards will be captured as honoraria payments or as part of progression under a career grade. There have been 4 accelerated increments awarded under this provision during the pilot.
8. Whilst these can be delegated to departments, additional awards should be made by exception and have the potential for favouritism/lack of consistency in application. It is therefore recommended that these should be devolved to departments, but approval should be retained at the Tier 1 Chief Officer level in consultation with their HR Business Partner/HR Contact. Amending the Employee Handbook provision will ensure that the provision is more clearly defined so that it is used appropriately. The amended wording is set out in Appendix 1. As above it is recommended that these awards are monitored and reported periodically to the Committee.

Honoraria

9. An honorarium is usually a one-off additional payment given to an employee, which either recognises that an employee has carried out significant additional duties, at the same level or at a higher level; or could be given for doing a piece of work or involvement in a specific project. The Pilot has given Tier 1 Chief Officers the authority to approve honoraria requests awards to staff up to the value of £2500.
10. There were a total of 125 honoraria agreed during the reporting period. 20 honoraria above £2500 were approved by the MFS Board or Committee ranging between £2985 and £12000 in value. There have been 105 honoraria up to £2500 approved by Tier 1 Chief Officers during the pilot as set out below. The business case template ensures that full consideration is given to fairness and equity in relation to awards made. The breakdown of these is as follows:

Dept	% of Total
Barbican	13.3
Bridge House Estate	2.9
COLP	11.4

DCCS	2.9
DTC	4.8
Environment	11.4
Financial Services	8.6
IG	19.0
Legal	2.9
Operations	2.9
City Surveyors	1.9
CLS	7.6
CLSG	2.9
CLFS	7.6

11. Analysis by gender, ethnicity and disability indicator compared to workforce profile:

Gender	F	M	
Honoraria £2500 or less	52%	48%	
Workforce	49.9%	50.1%	
Ethnicity	White	BAME	Not known
Honoraria £2500 or less	69%	19%	12%
Workforce	65%	17%	18%
Disability indicator	Y	N	Not Known
Honoraria £2500 or less	3%	76%	21%
Workforce	4%	74%	22%

12. All Chief Officers have welcomed the ability to make awards swiftly and closer to the time the work is undertaken.

13. It is therefore recommended that further streamlining could be achieved by all honoraria payments being devolved to Chief Officer Tier 1 in consultation with their HR Business Partner/HR Contact. The honoraria policy will be updated to reflect the revised decision making. As with the delegations above, there should be monitoring and auditing to identify any concerns about the application of the provision with reports to be made to the Committee periodically.

Recruitment

14. The pilot has also included delegating the end-to-end non-teaching staff recruitment process to the City of London School and City of London School for Girls. The schools already undertake their own Teacher recruitment. The schools are currently charged for the recruitment service provided by Corporate HR, and they are keen to now continue with their own recruitment on a permanent basis, with a modest financial saving for each school.

15. As part of the pilot, the CLS and CLSG local HR staff received training on the City People recruitment module. For the schools, it gives them control over their own recruitment and as most school activity revolves around the school academic year, it gives the schools greater ability to prioritise recruitment to suit their

business needs. The schools' HR contacts will be included in the wider City People User Groups so that their business requirement can be factored into the development of the new HR/Payroll system.

16. The City of London Freemen's school was not part of the pilot but would also welcome a pilot with a view to undertaking the whole recruitment process for non-teaching staff. Currently the school is already preparing the employment contracts for their non-teaching staff so are already partially undertaking the recruitment process. There are some technical and operational details that will need to be worked through, but it is suggested that the school commences a full pilot as soon as the preparatory work can be completed.

Market Forces Supplements

17. Across the City Corporation there are around 260 MFS. Currently 41% of MFS in place on the main grade spine, are for more than 10% of contractual pay. Contractual pay is usually base salary with London Weighting but could include other contractual allowances in a few cases. 59% of MFS are less than 10% of contractual pay. All posts with an MFS can be reviewed at any time and can be withdrawn or amended should the market change.

18. Analysis of all MFS by gender, ethnicity and disability indicator compared to the workforce profile is:

Gender	F	M	
All MFS	38%	62%	
Workforce	49.9%	50.1%	
Ethnicity	White	BAME	Not known
All MFS	68%	20%	31%
Workforce	65%	17%	18%
Disability indicator	Y	N	Not Known
All MFS	3.5%	81%	15.5%
Workforce	4%	74%	22%

19. Whilst the Pay and Reward Review will examine in detail the current policy provisions including the review mechanism and will include a full equality impact assessment, this will take some time to complete. However, as part of the HR delegations outlined in this report, the approval process in relation to MFS can also be streamlined. It is recommended that requests for MFS that are less than 10% of contractual pay can be approved by Tier 1 Chief Officers in consultation with their HR Business Partners/HR Contacts.

20. Request for MFS that are more than 10% of contractual pay will continue to be considered by the MFS Board and, as appropriate, Corporate Services Committee. However, further streamlining could be achieved by Committee delegating authority to the Chair and Deputy Chair to approve the requests for MFS on behalf of the Committee and this is recommended. This will remove full

Committee involvement and avoid delays in waiting for Committee meetings.
There will be reporting of data to Committee for monitoring purposes.

21. All MFS are subject to review, and this will continue to be made clear for any new MFS agreed. The MFS Submission Form includes all relevant considerations and can be amended to reflect the delegated authority if this is agreed.

22. Further to the above, we propose that, as the approval thresholds by the MFS Board have not been reviewed for a number of years, these are uplifted by £5000. MFS above these thresholds to be to be considered by the MFS Board and referred to the Chair and Deputy Chair of Corporate Services Committee for approval under delegated authority by the Committee:

£15,000 for posts Grade F and below

£20,000 for Grades G & H

£25,000 for Grades I & J

23. Given the Pay and Reward Review is likely to touch on all elements of pay, it is recommended that the current policy provision set out in Appendix 1 should be amended to reduce the length of time an MFS can be agreed for from 5 to 3 years. In addition, the revised pay protection period in cases of redeployment into a post one grade lower than their substantive grade as an alternative to redundancy, ill health or disability dismissals was reduced from 3 years to 1 year when the policy was last reviewed. It is therefore recommended to align the MFS pay protection period accordingly to 1 year from 3 years. These amendments are included in Appendix 1.

Proposals

24. The pilot has worked well so far and has contributed to the TOM aim to *eliminating non-value adding activity and remove barriers*. The pilot delegations have been welcomed by Chief Officers and reduce administration and the end-to-end processes. As such the delegations that have been piloted should be confirmed as outlined in this report.

25. As part of the TOM overarching aims, consideration has been given to delegating some standard HR processes to either Tier 1 Chief Officers or line managers. The risks associated with doing so have been addressed through amended policies and guidance and new business case templates which include not only financial and resource implications, but importantly equity and fairness in application of these provisions. As such monitoring and reporting to Committee is an important element of due diligence as well as periodic deep dives and/or auditing.

Key Data

Included in the report.

Corporate & Strategic

Strategic implications: The recommendations in this report support the wider Target Operating Model programme aim to eliminate non-value adding activity and remove barriers, to make space for and encourage collaboration, innovation and synergy building. The TOM underpins delivery of all aspects of the Corporate Plan.

Financial implications: Any cost arising will be met from local risk. The schools are currently charged for a recruitment service provided by Corporate HR which can cease however this will free up resources in Corporate HR to undertake other work.

Resource implications: if the pilot is successful there are potential resource efficiencies through the streamlining of processes for all departments, Human Resources, the MFS Board and the Committee.

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.

Risk implications: included above.

Equalities implications: A test of relevance has been undertaken for this pilot and was reviewed throughout the life of the pilot. The data on gender, ethnicity and disability is included in the report and business case templates and guidance for managers requesting Honoraria and MFS include consideration of equalities implication measures. As noted in the report monitoring will be undertaken on a periodic basis including an equality analysis.

Conclusion

The pilot of a number of HR activities has been welcomed by Chief Officers. However, monitoring and auditing are a key to ensuring due diligence, fairness and equity and to identify appropriate interventions to address any concerns about approvals and/or emerging concern from an equality perspective. Given the forthcoming Pay and Reward review it may well be that these provisions do not exist in their current form going forward. In the meantime, these delegations reduce time to approve and implement decisions and reduce administration and work of the MFS Board.

Appendices

- Appendix 1 – Current Employee Handbook provisions with proposed amendments.

Background Papers

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

TOM CLS Pilot – HR Proposal to achieve Greater Local Delegations Establishment Committee - October 2021

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Appendix 1

Current Employee Handbook provisions with proposed amendments

Acting Up Policy

11. In normal circumstances, employees acting up should be placed on the greater of:

- the bottom point of the acting grade; or
- one point above their current salary.

12. Where there is a justifiable and documented business case, recruiting managers, in consultation with their HR Business Partner/ HR contact may offer any point on the acting up scale.

Partial Acting Up

20. Payments will in general be based on the lowest point of the grade of the post being acted up into or one increment higher than the employee's existing spine point. However, where there is a justifiable and documented business case, recruiting managers, in consultation with their HR Business Partner/HR Contact, may offer any point on the acting up scale.

27. Line managers of the post being acted up into will need to:

- Document the rationale for offering a starting salary above the bottom of the acting up scale point above their current salary

Pay Progression Policy

Appointments

5. In normal circumstances new appointees including internally promoted employees should be placed on the bottom point of their pay scale. However, where there is a justifiable and documented business case, recruiting managers, in consultation with their HR Business Partner/HR Contact, may offer any point on the scale.

Accelerated Increments - Additional Awards

31. Tier 1 Chief Officers, in consultation with their HR Business Partner /HR Contact, may award additional increments, where there is a justified business case:

- 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);
- or in exceptional circumstances:
- consistently high level of performance which can be expected of a worker with significantly more years' experience in the role
 - any other exceptional circumstance which cannot be addressed through the existing performance appraisal process or by awarding of an honorarium.

Application of Market Forces Supplements

Market Forces Supplements can be awarded to City of London Corporation posts. A Market Forces Supplement (MFS) is an additional payment applied to a post, which recognises that the external market for that post demands a higher salary than the maximum contractual pay which would be the norm of the post.

Once awarded, the MFS applies to the post, not an individual, so it may be transferable to a new postholder, but does not transfer with an individual to a new post.

MFS Conditions

The application of an MFS to a post is temporary while the market conditions prevail. Where the review of the market supports an award, the MFS can be agreed to be paid for up to 3 years.

All posts with an MFS can be reviewed at any time and can be withdrawn or amended at any time should the market change.

Where the market changes and a decision is made to withdraw the MFS, it will be protected and fixed for 1 year at the current rate.

The MFS rate will usually be set as the difference between the agreed "market" rate for the job and the contractual pay that would be made at the top of the Grade for that job. It follows that appointments to posts which have an MFS, particularly if these are external appointments, may be made at the top point of the grade.

Evidencing the market

Tier 1 Chief Officers may request that an MFS is 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.

Approval process

An MFS can be awarded by:

Tier 1 Chief Officers in conjunction with their HR Business Partner/HR Contact where the value of the MFS is equal to or less than 10% of the total contractual pay. All other MFS must be referred to the MFS Board

The MFS Board is an officer panel comprising the Chamberlain, the Comptroller and City Solicitor and the Chief People Officer and Executive Director of Human Resources. The Board can award MFS that are more than 10% of the total contractual pay up to the following limits:

£15,000 for posts Grade F and below
£20,000 for Grades G & H
£25,000 for Grades I & J

If there is a proposal to increase the amount of an existing MFS, then a new submission will be required for the new total amount.