

<b>Committee(s):</b> Corporate Services Committee Policy and Resources Committee Court of Common Council	<b>Dated:</b> 21 February 2024 22 February 2024 7 March 2024
<b>Subject:</b> 2024/25 Pay Policy Statement	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Interim Chief People Officer	<b>For Decision</b>
<b>Report author:</b> Chris Fagan, Head of Reward and Benefits	

### Summary

The City of London Corporation is required to publish a 'Pay Policy Statement' to set out their policy relating to the remuneration of their highest paid staff alongside their policies towards their lowest paid staff. The statement is required to be reviewed annually and agreed by 'a resolution of the authority', which in the City of London Corporation's case is the Court of Common Council.

These Statements have been produced annually since 2012/13 and are considered by the Corporate Services Committee and Policy & Resources Committee, prior to approval by the Court of Common Council before the end of March each year.

The report outlines the reasons for this statement, the draft Pay Policy Statement for 2024/25 is attached as Appendix C.

### Recommendation(s)

Members (of CSC and P&R) are asked to review and agree the Pay Policy Statement for 2024/25 and recommend it be submitted to the next Policy and Resources Committee on 22 February 2024, for agreement and forwarding to the Court of Common Council.

Members of Corporate Services Committee are asked to agree that the awarding of performance related pay mechanism for 2024 is deferred based on the rationale set out in this report. This includes performance increments; contribution payments (Grades D-SMG) and recognition payments (Grades A-C).

## Main Report

### Background

1. The Localism Act 2011 (Chapter 8) requires the City of London Corporation to prepare and publish a 'Pay Policy Statement' to set out their policy relating to the remuneration of their highest paid staff alongside their policies towards their lowest paid staff. The statement is required to be reviewed annually and agreed by 'a resolution of the authority', which in the City of London Corporation's case is the Court of Common Council, by March before the financial year to which it relates. The Statement may (again by resolution of the authority) be subsequently amended after the beginning of the financial year and as soon as is reasonably practicable after its approval or amendment, the Statement must be published on the authority's website.
2. In the City Corporation's case, it is a "*relevant authority*" only in its capacity as a local authority. However, and in general, the City has not distinguished in its Pay Policy Statements its local-authority capacities from any of its other undertakings, other than where these are specifically excluded from the remit of the 2011 Act.
3. Statements must incorporate the requirements of the legislation and associated guidance and be updated as relevant City of London pay approaches or policies change. These include:
  - Section 38(2) Statements must set out the authority's policies for the financial year relating to the remuneration of its chief officers, the remuneration of its lowest-paid employees and the relationship between the remuneration of its chief officers and the remuneration of any other employees.
  - Section 38(3) says that the Statements must state the definition of "lowest-paid" employee adopted by the authority and its reasons for adopting that definition.
  - Section 38(4) says that the Statements must include the authority's policies relating to:
    - the level and elements of remuneration for each chief officer;
    - remuneration of chief officers on recruitment;
    - increases and additions to remuneration for each chief officer;
    - the use of performance-related pay and bonuses for chief officers;
    - the approach to the payment of chief officers when they cease to be employed; and
    - the publication of and access to information relating to chief officers' remuneration.
4. The definition of "Chief Officers" given in the Localism Act (under section 43(2)) is that of the Local Government and Housing Act 1989. This incorporates the latter Act's definitions of both "Chief Officers" and "Deputy Chief Officers". This is a much wider definition than the conventional definition of "Chief Officer". As such the

statement must include pay policy for both Senior Management Grades and the main City of London salary scales.

5. It should be noted that Pay Policy Statements are not a “statement on pay policies”, but rather a narrowly defined legislative requirement spelling out clearly and transparently certain specified current pay practices. As such they are required to be an “as is” statement, providing an accurate statement of practice at the time of publication, rather than a prediction of what will or may happen over the succeeding 12 months.
6. The aim of the Localism Act is that authorities should be open, transparent, and accountable to local taxpayers. Pay Policy Statements should set out the authority’s approach to issues relating to the pay of its workforce, and to the pay of its “Chief Officers” and the pay of its lowest paid employees.
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. The Corporation seeks to be a fair employer and an employer of choice - recognising and rewarding the contributions of staff in an appropriate way. The Corporation sets pay fairly within published scales and, in doing so, has regard to changing conditions in differing occupational and geographic labour markets.

#### **Current Position - City of London Pay Policy Statement 2024/25**

8. A draft Pay Policy Statement for 2024/25 is attached.
9. This is required to be considered by the Corporate Services Committee and Policy & Resources Committee, prior to approval by Common Council. Common Council approval is required before the end of March of the preceding financial year, so these are therefore presented to this Committee now to ensure that the March deadline for full approval can be met.

#### **Current Position - City of London Performance Pay Policy Arrangements 2024**

10. The draft Pay Policy Statement sets out our ongoing policy position in relation to pay. It does not determine our ‘in year’ approach to discretionary aspects of that policy. In recent years, it has been agreed that pay practice relating to performance related pay progression has been waived and performance related pay deferred.
11. It is recommended that we continue to waive and defer these pay processes in 2024, to include performance increments; contribution payments (Grades D-SMG) and recognition payments (Grades A-C). This continues our practice in recent years, and reflects that a range of other work is currently underway, including:
  - The Ambition 25 project is undertaking a fundamental review of our pay and reward approach and principles.
  - Work to review and develop the quality of our performance management process to support robust performance decisions.

- Work to pilot alternative approaches, such as the recognition scheme in Port Health and Public Protection and looking at the suitability of a corporate wide recognition platform as part of our benefits procurement.

## **Conclusion**

12. To meet the requirements of the Localism Act, the City Corporation must agree and publish a Pay Policy Statement before each financial year. This report introduces for approval the draft Statement for 2024/25 and recommends its forwarding to the Policy & Resources Committee and Court of Common Council for the further necessary approvals.
13. Ensuring clarity regarding our position on performance related pay mechanisms for the year ahead, provides clear information to our workforce, and will additionally support the process of the Pay Policy Statement through the Committee process.

## **Corporate & Strategic Implications**

14. Strategic implications – None.
15. Financial implications – None
16. Resource implications – None
17. Legal implications – This report sets out the requirements of the Localism Act 2011. The draft Pay Policy Statement for 2024/25 is produced in accordance with these requirements. Approval of the Pay Policy Statement by the Court of Common Council by 31 March 2023 will satisfy the obligation in section 39 for the statement to be approved before the end of the 31 March immediately preceding the financial year to which it relates.
18. Risk implications – A failure to offer a competitive reward package could hamper the Corporations ability to recruit and retain talent.
19. Equalities implications – An Equality Impact Assessment has not been completed as no major change to the policy is proposed by this report.
20. Climate implications - None
21. Security implications – None

## **Appendices**

- Appendix A: SMG Grade Range
- Appendix B: Pay Structure (Main Grades)
- Appendix C: Draft Pay Policy Statement 2024/25

Chris Fagan, Head of Reward and Benefits E: [Chris.Fagan@cityoflondon.gov.uk](mailto:Chris.Fagan@cityoflondon.gov.uk)