

CITY OF LONDON CORPORATION PAY POLICY STATEMENT 2024-2025

1. Introduction and Scope

1.1. Legislation

- 1.1.1. The Localism Act (2011) requires local authorities to produce 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. This statement meets these requirements for the City of London Corporation for the financial year 2024-2025.
- 1.1.2. The Government guidance to the Act (which has statutory effect) requires the Pay Policy Statement to refer to policies in relation to remuneration (including bonuses; performance pay); severance payments; 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.
- 1.1.3. The Act's provisions do not supersede the City of London 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. The Corporation sets pay fairly within published scales and, in doing so, has regard to changing conditions in differing occupational and geographic labour markets.

1.2. Scope:

- 1.2.1. 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 work of the City of London Corporation is carried out in this capacity or funded from public resources. As well as having statutory local authority functions, the Corporation undertakes public functions, such as those of a police authority and of a port health authority and has private and charitable functions which are outside the scope of the Act. In keeping with the spirit of openness and transparency, this Statement does not distinguish between information which applies to the City of London Corporation as a local authority and that which applies to it in any of its other capacities.
- 1.2.2. The Act excludes police authorities from its remit, so the Statement does not include information about Police Officers. It is noted that all Police Officer pay scales are nationally determined and as such do not form part of local Pay Policy.
- 1.2.3. The provisions in the Act do not apply to the staff of local authority schools and teaching staff are outside the scope of the pay policy statement. While the City of London Corporation does not directly manage local authority schools, it does run independent schools. The statement in general follows the Government Guidance and leaves teaching staff outside of its scope.

2. Background and Governance Arrangements

- 2.1. Pay, terms and conditions of service are negotiated locally, in consultation with the Corporation's recognised trade unions and staff representatives. These are supplemented by a range of policies and guidance relating to tangible pay terms, to help ensure the fair and consistent application of these principles to all employees.
- 2.2. The Corporate Services 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 Corporate Services Committee has delegated this to its Senior Remuneration Sub-Committee.

3. Definitions

- 3.1. The pay policy statement must set out policy 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 its employees who are not chief officers. This should include a definition of the "lowest paid employees" adopted by the authority for the purposes of the statement, and the rationale for adopting that definition.

3.2. Chief Officers (and Deputy Chief Officers)

- 3.2.1. The act [43(2)] identifies Chief Officers as defined under the Local Government & Housing Act 1989, and inclusive of Deputy Chief Officers. Under this definition, some Chief Officer and most Deputy Chief Officer roles, will be paid within the A-J grade range. Chief Officers while mainly within the Senior Management Grade (SMG), occasionally may be paid within the A-J grades, although likely only within the top 2 or 3 grades. Deputy Chief Officers may be paid across the whole of Grades A-J, although in practice these are likely to fall within Grades F and above.
- 3.2.2. The distinctions between Senior Management Grade pay and payments made to employees on other Grades are outlined in the relevant sections of this Statement. Appendix A, details more fully the arrangements in place for those on the Senior Management Grade. 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 Forces Supplements.
- 3.2.3. The schemes for incremental pay increases and Contribution Payments for employees in Grades D-J and the Senior Management Grade are also set out in the relevant sections of this Statement. These apply equally 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 subject to performance. Contribution Payments, when in operation, for any Chief Officer or Deputy Chief Officer are only available to those at the top of their Grades, through performance appraisal, and payments are not consolidated into base pay – so must be earned again through performance in future years.

3.3. Lowest Paid Employees

3.3.1. The City of London Corporation is an accredited Living Wage Employer. As such we commit to pay all workers the London Living Wage (£13.15 per hour with effect from 24th October 2024) as a minimum rate of pay. The London Living Wage is used as the basis to determine the rates of pay for Level 2 Apprentices within the organisation. Our lowest graded employees are in Grade A as determined by the outcomes of the Job Evaluation process.

4. Pay Determination

4.1. Pay Structures

4.1.1. The pay and grading structure (established in 2007) consists of two main pay grades. The main body of City of London Corporation employees are paid on a Grade structure of 10 Grades (Grades A-J) [Appendix B], with the most senior posts paid on a range within a Senior Management Grade (SMG) [Appendix A]. Posts are allocated to the grade based on job evaluation of the role, using the Corporation's own job evaluation scheme, to ensure equal and fair pay to people in those roles.

4.1.2. New posts and any existing posts that change the level of responsibility required, are evaluated, and ranked under the Job Evaluation scheme. The scheme, its application, the scoring and how scores relate to Grades are published so staff can be assured that the process is fair and transparent. There is also an appeal mechanism agreed with the recognised trade unions and staff representatives.

4.1.3. There are some structural variations in the pay structure for roles on Grades A-J. Those who manage or supervise other workers on the same evaluated grade as their own, are on 'Plus Grades' which pay 2 increments more than the substantive Grade. Those who hold a residential post, have a separate pay scale which pay 4 increments less than the non-residential scale.

4.1.4. Some roles within the corporation sit outside of this pay structure, due to the need to keep their terms in line with their profession. These include: Teachers; Police Officers; Coroners; Judges; and those protected by TUPE. Apprentices also have separate pay arrangements.

4.2. Recruitment and Appointment

4.2.1. Individual appointment is normally to the minimum pay point of the grade range, unless there is a good business case for an individual to receive a higher starting salary. Such as where a successful applicant's existing salary falls within the post's pay range, the employee is normally appointed to the nearest point on the scale which is higher than their existing salary. Where the existing salary is higher than the range, they are normally appointed to the top point of the relevant pay scale.

4.2.2. For posts where the salary is Grade I or the package is £100,000 or more, the following approvals are required:

- (i) in respect of all new posts*, the Court of Common Council (via the Corporate Services Committee);

- (ii) in respect of all existing posts, as delegated by the Court of Common Council.

*Including when existing posts are subject to re-evaluation and/or a Market Forces Supplement that take them over the Grade I or £100k threshold.

4.3. Pay Progression

- 4.3.1. All employees are eligible for incremental increases within the grade structure, until they reach the top increment of the grade. Pay progression is linked to performance measured through appraisal over the year 1 April - 31 March. In recent years, this policy has been waived, such that failure to progress incrementally has been by exception (i.e. confirmation of poor performance) rather than through confirmation of performance.
- 4.3.2. **Grades A-C** are the lowest Grades in the City of London Corporation. Grade A is a single increment; Grades B and C each have 6 increments, and progression through each Grade can be achieved by annual incremental progression, subject to satisfactory performance.
- 4.3.3. **Grades D-J** Grades D to J have 6 increments each. Progression through each Grade can be achieved by annual incremental progression, subject to performance.
- 4.3.4. **Senior Management Grade:** Consist of 6 increments arranged around the 'datum point'. Any pay progression for SMG roles, is subject to regular review of performance by the Manager/Town Clerk, considering their personal contribution, their service performance, and the success of the organisation. Recommendations are considered by the Senior Remuneration Sub-Committee.
- 4.3.5. Staff on all grades may also be entitled to pay increases through the annual pay award process. The pay scale values are subject to annual review, taking into account a range of internal and external factors (e.g. inflation; cost of living; affordability; pay settlements elsewhere; etc.) and through discussions with recognised trade unions and employee representatives.
- 4.3.6. Apprentices: Are paid on spot point grade linked to the London Living Wage. As such there is no Pay Progression available.

4.4. Performance Pay

- 4.4.1. Individuals in roles on the grading structure may also, when in operation, be able to access certain performance payments.
- 4.4.2. **Grades A-C** may have access to a 'Recognition Award' scheme where employees at the top of their grade have the opportunity, if they have undertaken exceptional work, to be considered for a Recognition Award. The value of the award is within a range up to a maximum level set corporately each year (£500 in each year since 2010). Recognition awards were last applied in October 2023.

- 4.4.3. **Grades D-J and SMG** at the top of their grade may be eligible for “Contribution Payments”. Those individuals who achieve the highest standards of performance and contribution, can receive 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. In years when these payments are in operation, achievement is determined by appraisal over the 1 April - 31 March period. The payments are not contractual and are therefore made at the employer’s discretion. In 2023, it was agreed no Contribution Payments would be made.
- 4.4.4. **Commercial Arrangements:** A separate performance-payment scheme is in place for a specific 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 Grade and their success in meeting certain performance targets. The employees involved are excluded from the Recognition Awards and Contribution Payments schemes applying to other employees on their Grades.

5. Additional Pay Determination

- 5.1.1. In addition to basic salary, roles may receive additional payments to reflect the location, nature and or market conditions relevant to the role. Such payments may include:

5.2. London Weighting:

- 5.2.1. All graded staff are paid a London Weighting allowance, to assist them with the higher cost of living and working in London. The value of the allowance varies depending on where they are based (inner or outer London) and whether they are supplied by the employer with residential accommodation necessary for the purposes of fulfilling the duties of their job. In 2022, a ‘London Weighting Supplement’ was introduced for employees in spine point 1038 upwards, including SMG employees. The current levels of London Weighting Allowance and London Weighting Supplement are provided on the Grading Structure [Appendix B].

5.3. Market Force Supplements

- 5.3.1. There will be times where the external pay market for certain roles will exceed the local grade pay range. This can result in difficulties in both recruiting and retaining a suitably qualified and skilled workforce to key roles within the organisation. The use of market force supplements (MFS) can help to bridge the pay gap, to help attract, recruit and retain such talent.
- 5.3.2. Market Force Supplements can be applied to roles in Grades A-J. Any request must be based on a robust analysis and supported by analysis of market data. This helps to ensure that the resulting differential in pay is fully justified for equal pay purposes (material factors defence). All MFS are subject to Chief Officer; MFS Board; or Committee Chairs approval, dependent on the value proposed, and its proportion of base pay (detailed in guidance). All market force supplement payments are kept under regular review.

5.4. London Living Wage Supplement

- 5.4.1. The City of London Corporation is an accredited London Living Wage (LLW) employer. We apply the LLW, set externally by the Living Wage Foundation, as our minimum rate of pay for all directly employed staff, including Apprentices, some Casual staff and some agency workers. It is our policy that LLW increases should be applied to affected employees and other workers from the date of any increased announcement, which in 2023 was on 24 October 2023.

5.5. Additional Duties

- 5.5.1. There will be occasion where, due to service needs, employees at any grade will temporarily be required to undertake work or perform beyond the normal remit of their substantive role (for example working to a higher-level role; or undertaking additional responsibilities). Payment for these extra duties will be considered under the Acting Up Policy and Honorarium guidance.

5.6. Other Additional Allowances and Enhancements

- 5.6.1. The City of London Corporation utilises additional allowances and enhancements to reflect and recompense for other responsibilities; duties; working patterns and working time. The eligibility to these enhancements varies dependent on the nature of the allowance or enhancement. The applicable principles, scope, eligibility, process and rates are detailed in the relevant policies, guidance and/or minutes of committee decisions. These are kept under review, to ensure they support the ambitions of the Corporation and changing legislation. Examples include policies and practices relating to overtime and unsocial hours; standby arrangements; first aid allowances etc.

6. Termination of Employment

6.1. 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 cases outlined in Section 5 below.

6.2. Payment in lieu of notice

6.2.1. In exceptional circumstances, where it is beneficial to the service's operational needs, payment in lieu of notice may be made to employees on the termination of their contracts.

6.3. Retirement

6.3.1. Staff who contribute to the Local Government Pension Scheme (LGPS) and who retire from age 55 onwards are able to elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the LGPS Scheme.

6.3.2. Unreduced benefits are payable if retirement is from Normal Pension Age (NPA). NPA is linked to the State Pension Age, 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.

6.3.3. The Local Government Pension Scheme also provides for applications for flexible retirement from staff aged 55 or over, where staff reduce their hours or Grade. It has in general been the City of London Corporation policy to agree to such requests only where there are clear financial or operational advantages to the organisation.

6.4. Redundancy

6.4.1. Employees made redundant are entitled to receive redundancy pay as set out in legislation. Using the statutory 'ready reckoner' to determine the statutory entitlement in weeks, the City of London Corporation currently bases the calculation of redundancy pay on $1.5 \times \text{actual salary} \times \text{statutory weeks}$.

6.4.2. This scheme may be amended from time to time subject to Member approval. 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 the Corporation's website.

6.5. Settlement of potential claims

6.5.1. There may very occasionally be circumstances where it is necessary to consider termination payments outside of those listed above, to avoid or settle a legal claim and reduce the risk of costs following an employee's departure from employment. Such instances may be settled by way of a settlement agreement paying due regard to the Special Severance Guidance issued by the Government, and where it is in the City Corporation's interests to do so based on advice from the

Comptroller & City Solicitor, Chief People Officer and Chamberlain & Chief Financial Officer.

- 6.5.2. The amount to be paid in such instances 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 Chairs of Policy & Resources and Corporate Services Committees and legal advice that it would be lawful, proper and reasonable to pay it.

6.6. Re-employment

- 6.6.1. Applications for employment from staff who have retired or been made redundant from the City of London Corporation, or another authority will be considered in accordance with the Corporation's normal recruitment policy.

7. Publication of information relating to remuneration

7.1. Transparency:

- 7.1.1. The City Corporation will 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.

7.2. Pay Gap Reporting:

- 7.2.1. 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 annual City of London Corporation Pay Gap Report has been widened to consider other non-statutory pay gaps (e.g. Ethnicity Pay Gap; Disability Pay Gap) and this is published on the Corporation's website, in line with statutory timescales.

7.3. Pay Policy Statement:

- 7.3.1. This statement will be published on the Corporation's website. It may only be amended during the year by resolution of the Court of Common Council. Any amendments will also be published on the Corporation's public website.

7.4. Pay Ratio Multiple:

- 7.4.1. As part of the Local Government Transparency Code, we publish our 'Pay Ratio', defined as the ratio between the highest paid and the median earning figure of the workforce in scope, this results in a ratio for the City of London Corporation, that can be compared with other organisations. We also choose to publish the ratio between the highest paid and lowest paid permanent staff.
- 7.4.2. As at December 2023, these ratios were:
- Highest paid: Lowest Paid Permanent Staff, 1:11 (1:11 in Dec 23/24)
 - Highest paid: Median Earnings Figure, 1:6 (1:7 in Dec 23/24)

A. Moss
Chair, Corporate Services Committee

F. Keelson-Anfu
Deputy Chair, Corporate Services Committee

February 2024

Appendix A: Senior Management Grade (SMG)

1. The Senior Management Grade comprises of the most senior roles in the organisation, as determined by Job Evaluation. Posts are those which are the professional lead for a significant area of City Corporation business, directing the function to meet corporate strategic goals, and professionally determining the construction those strategic goals.
2. As distinct roles, each role is individually evaluated and the pay for that role is benchmarked against the external market. The Senior Remuneration Sub-Committee sets the initial salary on appointment, together with the individual salary band, for staff with posts in the Senior Management Grade. The range for the role is based on the market rate for the role, which is used, alongside corporate importance, to determine the 'datum point' for the salary range.
3. The City Corporation subscribes to salary benchmarking services, which provide 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. Each post is allocated an individual salary range within the SMG pay range around the 'datum' point on the SMG scale. The range minimum is 2 increments below the datum point and range maximum as 3 increments above the datum point.
4. Thereafter, the Town Clerk & Chief Executive may recommend salary progression for SMG posts (other than in relation to their own) within the individual salary band (and up to the maximum) and in accordance with relevant reward policies, which will be considered by the Senior Remuneration Sub-Committee. Any changes to the individual salary bands for SMG posts will be approved by the Senior Remuneration Sub-Committee. Any payment above the maximum, as with other Contribution Payments, would not be consolidated into basic salary, and would not form part of contractual pay for subsequent years.
5. The range for any role may also be reviewed when new SMG posts are created, or the duties and responsibilities of posts or other external factors relevant to their pay and reward have changed. 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.
6. 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%

7. As outlined in para 4.3, normal practice on progression through Grades or Contribution Payments for eligible staff has been waived since 2020. SMG staff not

on the top of their range have received incremental progression through their individual pay scales, but no Contribution Payments were made to those at the top of their scales.

8. In respect of the Town Clerk & Chief Executive, the post's salary and any Contribution Payments that may be due to its holder are determined by the Senior Remuneration Sub-Committee. The Sub-Committee is advised by an Appraisal Panel comprising the Chairs of the Policy & Resources Committee, Corporate Services Committee, Finance Committee and General Purposes Committee of Aldermen. The Appraisal Panel set the Town Clerk's annual objectives and review performance against those objectives, receiving a report from the Chair of the Policy & Resources Committee who conducts the annual appraisal meeting with the Town Clerk. The Sub-Committee and Appraisal Panel are supported by the Chief People Officer, together with any appropriate external advisers.
9. The current Senior Management pay range and the range of SMG roles are attached. Appendix A.

Appendix B: City of London Corporation Main Grading Structure