

# Report – Corporate Services Committee

## Draft Pay Policy Statement 2024/25

*To be presented on Thursday, 7<sup>th</sup> March 2024*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### SUMMARY

The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement setting out its approach to pay for the most senior and junior members of staff. This must be agreed each year by the full Court of Common Council.

The Statement has now been updated for 2024/25 and has been considered and approved by your Corporate Services and Policy and Resources Committees. It is now recommended to the Court for approval.

### RECOMMENDATION

It is recommended that the Court considers and agrees the draft Pay Policy Statement for 2024/25 as set out in Appendix C to this Report to ensure that the City Corporation meets its requirements under the Localism Act 2011.

### MAIN REPORT

#### Background

1. The requirement for local authorities to produce Pay Policy Statements was introduced under section 38(1) of the Localism Act 2011 (the Act). This states that “A *relevant authority must prepare a pay policy statement for the financial year 2012-2013 and each subsequent financial year*”. 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 tried to distinguish 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.
2. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers, and this advice is repeated or expanded upon in various pieces of Government guidance, and a Code of Recommended Practice for Local Authorities on Data Transparency, having statutory effect. The main themes of these are transparency, fairness and accountability. Pay Policy Statements should set out the authority’s approach to issues relating to the pay of its workforce, and in particular to the pay of its “Chief Officers” and the pay of its lowest paid employees.

3. Section 38 of the Act goes on to outline certain features which must be included within Pay Policy Statements.
  - Section 38(2) says that the 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 and 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" used in the City Corporation (generally denoting a head of department), and also wider than that which governs posts included in our Senior Management Group.
5. Under the Local Government and Housing Act, a "Chief Officer" is:
  - the authority's head of the paid service (the Town Clerk & Chief Executive, in the City Corporation's case),
  - any person who in general answers directly to the head of the paid service, and
  - any person (irrespective of whether they report directly to the head of the paid service) who in general is required to report directly to the authority itself or to any Committee or sub-Committee of the authority.

A "Deputy Chief Officer" under the Act is anyone who reports directly to any person defined as a Chief Officer.

6. The only employees who could be caught by any of these definitions who are excluded from them under the 1989 Act are those employees engaged principally in clerical or secretarial support, or who are responsible for other support services.
7. The 1989 Act applies to the City only in its capacities as a local authority, police authority and port health authority. However, in keeping with the commitment to wider transparency in our Pay Policy Statements, the basic definitions of "Chief Officer" and "Deputy Chief Officer" given in the 1989 Act have been applied in our Pay Policy Statements to all relevant employees of the City Corporation, irrespective of the capacity or capacities they work under, other than where their duties are specifically excluded from the provisions of the Localism Act.

8. The Localism Act makes supplementary provisions relating to Pay Policy Statements in its section 39. This says that the authority's Pay Policy Statement must be approved by a resolution of the authority by the 31 March before the financial year to which it relates, that the Statement may (again by resolution of the authority) be subsequently amended after the beginning of the financial year, and that, as soon as is reasonably practicable after its approval or amendment, the Statement must be published on the authority's website.
9. The general notion of the Act in relation to the Statements is that "*the Act's provisions will ensure that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. In addition, the provisions will ensure that policies on the pay and reward of the most senior staff are set out clearly within the context of the pay of the wider workforce*".

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

10. A draft Pay Policy Statement for 2024/25 is attached (Appendix C). This was approved by your Corporate Services and Policy and Resources Committees in February 2024, and is now submitted for your consideration.
11. It should be noted that a Pay Policy Statement is not, as such, a "statement on pay policies", giving an account of all matters connected with remuneration in local authorities, but the putting into practice of a narrowly defined legislative requirement. The information presented by this statutory requirement has to be clear and accessible, and it is in keeping with that requirement to ensure that extraneous material is kept to a minimum.
12. In keeping with this, Pay Policy Statements are also meant to be an accurate account of current pay practices. These may change over the course of the year covered by the Statement, but it is not the job of the Statement to make predictions on this. Legislation allows Statements to be changed as policy or practice alters over the year, but until it does the Statement should reflect what is the current situation.

### **Conclusion**

13. 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 (Appendix C).

All of which we submit to the judgement of this Honourable Court.

DATED this 21<sup>st</sup> day of February 2024.

SIGNED on behalf of the Committee.

**Deputy Alastair Moss**  
Chair, Corporate Services Committee

## **Appendices**

Appendix A – SMG Grade Range

Appendix B – Pay Structure Main Grades

Appendix C – Draft Policy Statement for 2024/25

## 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:

<b>Contribution Level</b>	<b>Salary Change</b>
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 the Court 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.