



AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY)

4 June 2015

SECOND DESPATCH

Please find enclosed the following items:

Item 3 Termination Payments

1 - 4

Enquiries to : Jackie Tunstall
Tel : 020 7527 3068
Email : democracy@islington.gov.uk



This page is intentionally left blank



Report of: **Chair of Policy and Performance**

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	04 June 2015		All

Delete as appropriate		Non-exempt
-----------------------	--	------------

SUBJECT: TERMINATION PAYMENTS

1. Synopsis

- 1.1 The Policy and Performance Scrutiny Committee considered two reports on the issue of Termination Payments to staff, the circumstances in which such payments were made, the cost of such payments and the grades of staff to whom such payments were generally made. As a result of its consideration of these issues the committee has made the recommendations to the Audit Committee set out in this report.

2. Recommendations

- 2.1 To note the following recommendations from the Policy and Performance Scrutiny Committee :-
- i) That all future payments made in relation to terminating employment for staff should identify the types of payments made to such staff, and the explanatory reasons for such payments. In addition, if payments on the grounds of efficiency, or a compensation payment/payments in lieu of notice are made, such payments should be clearly documented with the reasons therefore.
 - ii) That there be a cap for all future compensation/termination payments, in line with the current cap already in place across the public service and civil service, being a maximum of £100,000 as at June 2015.
 - iii) That all termination payments for staff graded PO8 and above should be signed off either by the Chief Executive or the Audit Committee, depending on the sum involved. The Audit Committee may wish to reconsider the current financial limits for allowing the Chief Executive to sign off payments to staff to allow more Member scrutiny of such payments made.
 - iv) That when considering termination/other payments to staff consideration should also be given to the pension strain that the termination will cause.

- 2.2 To agree to receive a detailed report concerning the Legal, HR and Financial implications of these recommendations at the next Audit Committee meeting and to respond to the Policy and Performance Scrutiny Committee at its October meeting.

Background

- 3.1 The Policy and Performance Scrutiny Committee has considered reports on the payments made on termination of employment to staff, particularly more senior staff, and are of the view that in the current financial climate and the reductions in Government funding that are likely to be imposed on the Council, these need to be scrutinised more effectively to ensure that Council Tax payers can be satisfied that the Council is maintaining its fiduciary duty to residents.
- 3.2 The Committee considered evidence that in scrutinising a number of these payments there was not sufficient information to identify why some payments had been made and that these reasons needed to be documented in more detail in future
- 3.3 The Committee were aware that there are some circumstances where additional payments needed to be made to certain officers, however they felt that these needed to be more effectively scrutinised, particularly when payments are made to higher graded staff to ensure equity across the organisation
- 3.4 The Committee in view of this consider that there should in future be more Member scrutiny of these types of payments, especially with regard to more senior staff and that the Audit Committee should reconsider the financial limits for the signing off of such payments

4 Implications

4.1 Financial implications:

None directly arising from this report

4.2 Legal Implications:

The Localism Act 2011 requires local authorities to publish an annual pay policy statement, approved by full Council, having regard to guidance provided by the Secretary of State. Authorities are then constrained by their policy statement when making determinations on senior officer pay (although the statement may be amended at any time by a further resolution of the full Council).

The circumstances of a person's departure from an organisation are their personal data under the Data Protection Act 1998

4.3 Environmental Implications:

None

4.4 Resident Impact Assessment:

None arising directly from this report

Appendices

None

Background papers:

Report on Termination Payments – Policy and Performance Committee 11 May 2015

Final report clearance:

Signed by:

Received by: Chair of Policy and Performance Committee Date

Head of Democratic Services Date

Report author: Pete Moore
Tel: 0207 572 3252
Email: peter.moore@islington.gov.uk

This page is intentionally left blank