

APPENDIX H

Pay Policy Statement 2017/18 in Accordance with the Localism Act 2011

1 Chief Officer Pay scales

The council's Chief Officers as defined in the Localism Act are its Chief Executive, senior officers reporting to the Chief Executive (Corporate Directors) and senior officers reporting to the Corporate Directors.

The council's Chief Executive is paid on a spot salary. This is currently £161,600.

Some employees who are Chief Officers, as defined in the Localism Act, are paid on the National Joint Council (NJC) for Local Government Service salary scale which is the scale which applies to most council employees.

All other Chief Officers are paid on the council's Chief Officer pay scale. This salary scale which comprises five separate salary bands is locally determined.

Percentage increases in cost of living are usually applied in line with the national pay negotiations of the Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities or the National Joint Council for Local Government Services.

All Chief Officers received an increase of 1% payable from 01/04/16, and will receive a further 1% payable from 01/04/17.

The job roles for those paid on the Chief Officer pay scale are evaluated using the Hay Job Evaluation Scheme and the conditions of service are in the main those of the JNC with slight local variations agreed by the council's Audit Committee. Any new or amended posts established at this level will be evaluated on the same basis, subject to the requirements of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Progression through a salary scale is not automatic but dependent upon performance as measured by a positive performance appraisal outcome. Success at appraisal is measured not only in terms of annual targets reached but also leadership and other behaviours that have contributed to the council achieving its overall aims and objectives.

The final point on each of the pay bands on the Chief Officer pay scale is known as a threshold point. This element of pay is available to Chief Officers who have reached that point in the scale and whose performance in the previous year has received a positive performance appraisal. Continuance on this salary point is again dependent upon receiving a positive performance appraisal outcome in subsequent years and so must be earned back each year.

Table 1a sets out details of the Chief Officer posts paid on the Chief Officer scale as at 31.3.2017 and the pay band which applies to each post.

Table 1 (a)**APPENDIX H**

Grade	Pay Banding £	Number of points in pay banding including threshold point	Job role
CO1+	130,971-140,802	5	Corporate Director of Children's Services
CO1	108,942 - 131,037	10	All other Corporate Directors including the Director of Public Health* Director of Learning and Schools
CO2	98,637-111,555	7	Director Financial Management Director Financial Operations & Customer Service Director of Property Services Director, Public Realm Director, Targeted & Specialist Children Services Service Director - Housing Operations Service Director - Planning & Development Service Director - Public Protection Director of Youth and Community Services Director of Employment, Skills and Culture Director of Law and Governance Director Adults Social Services – Strategy and Commissioning. Director of Adults Social Services – Operations.
CO3	83,031 – 98,202	7	Service Director - Housing Needs & Strategy Public Health Consultant Camden Deputy Director, Public Health* Islington Deputy Director, Public Health*
CO4	70,545 – 85,848	7	Assistant Director of Public Health Public Health Consultant Director of Human Resources Head of Partnerships and Service Support

Some senior manager posts which are not Chief Officer posts for the purposes of the Localism Act are also paid on this salary scale.

Posts marked with an asterisk (*) are on NHS terms and conditions following a TUPE transfer, but are indicated for completeness within the band that most closely matches their NHS band grade.

Where posts which are required by the Localism Act to be included in this statement are not

evaluated on the Chief Officer scale, they will be evaluated on the Greater London Provincial Council Job Evaluation Scheme and paid on the National Joint Council for Local Government Services payscale (published on the council's website); subject to the requirements of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (see table 1(b) below.

Table 1(b)

Grade	Pay Banding £	Number of points in pay banding including threshold point	Job Role
PO11	65118 - 69189	4	Head of Communications and Change Head of Strategy and Change

Progression through a salary scale is dependent upon performance as measured by a positive performance appraisal outcome in the same way as for posts on the Chief Officer scale and the same threshold point arrangement as described above is in place.

Full details of the current pay and other remuneration for senior officers together with the organisational structure are published on the council's website. Remuneration information about senior officers is also published annually in accordance with the Accounts and Audit (England) Regulations 2011.

Senior posts which the council shares with another organisation in a shared service or other joint arrangement (e.g. the joint Director of Public Health with the London Borough of Camden) are only included in this statement if the post holders are employed by Islington Council. Some joint post holders (e.g. the joint Head of Internal Audit with the London Borough of Camden) are employed by partners and are not included.

2 Pay ratios

The council is committed to tackling income inequality as a means of ensuring a fairer Islington and is setting an example to other local employers by reducing the pay differential between its lowest and highest paid employees.

The council also works with other local employers and its own contractors to establish the London Living Wage as the minimum pay to their staff.

The information below describes the pay ratio between the council's highest paid employee (the Chief Executive who is on a salary of £161,600 per annum*) as at 1 January 2017 and other staff by reference to the following:

- (i) The numerical difference between the highest and lowest paid employees
- (ii) The mode (most common salary)
- (iii) The median (mid point between highest and lowest salaries) and
- (iv) The mean average (the total amount of remuneration paid to employees divided by the number of employees)

Table 2 - Pay Ratios

Reference Point		Annual Salary	Ratio to highest paid employee salary
i)	lowest paid full time council employee – London Living Wage £9.75 per hour <i>(excluding those on training schemes such as the apprenticeship scheme or work placements)</i>	£17,796	1:9.1
ii)	Most common salary paid to a council employee (the mode)	£23,376	1:6.9
iii)	Mid point between the highest and lowest salaries (the median)	£29,133	1:5.5
iv)	Average salary (the mean)	£30,433	1:5.3

The Islington Fairness Commission, set up by the council in June 2010 to look into how to make the borough a fairer place, produced its final report in June 2011 which recommended that the pay ratio between the highest and lowest salaries should be no more than 1:10 and this was adopted as policy by the council in its Corporate Strategy. The current pay ratio at 31 March 2017 is 1:9.1. This is a reduction from last year's ratio of 1:9.3.

* This ignores election duty fees which may be received by the Chief Executive as these do not arise in every year and are variable.

3 Recruitment of Chief Officers

Recruitment to all Chief Officer posts is covered by the requirements of the council's Officer Employment Procedure Rules. For full details see Procedure Rules. The appointment of the Chief Executive is subject to the approval of the full Council. The appointment of other Chief Officers, and in some cases their direct reports, is by the Personnel Sub-Committee.

The starting salary level of such officers is also agreed by the Personnel Sub-Committee. This Personnel Sub-Committee or the Audit Committee (both of which are politically balanced committees responsible for personnel matters) will also agree the starting salary for any other post where the overall remuneration package on new appointment (excluding pension contributions in accordance with the Local Government Pension Scheme regulations) is to exceed £100,000. This ensures that elected councillors are accountable for the salaries of these senior appointments and that they are made in a transparent way without delay to appointment processes.

New entrants to the council are generally appointed to the first point of the pay scale. Only in exceptional circumstances, such as the need to match a candidate's existing salary are

appointments made above the first point of the salary scale. All new entrants to the council are placed on a probationary period of six months, regardless of previous local government service, including senior staff. During this time, the new recruit is expected to demonstrate their suitability for their job role. Failure to do so could lead to their appointment being terminated. Employees who successfully complete their probationary period, in line with the performance appraisal policy are entitled to a salary increment, if it would otherwise mean that they would have to wait more than twelve months for their next salary increment.

Individuals appointed on an interim basis to cover a vacant Chief Officer post, whether directly employed or engaged through an agency or as a contractor, will normally be paid on a basis which (taking account of the nature of the arrangement with them) provides them with remuneration that is equivalent to the remuneration for the post in accordance with the Chief Officer pay scale, with an appropriate reduction if they are not undertaking the full responsibilities of the post. The council takes a proactive and stringent approach to ensuring that all arrangements are lawful and properly reflect the substance of the relationship between the council and the individual concerned.

4 Pension Arrangements

All employees of the council up to 75 years of age and who have a contract for at least three months service join the Local Government Pension Scheme (LGPS) other than those on NHS terms and conditions. However there is a right to opt out of the scheme and employees can make their own private pension arrangements.

All senior staff members are entitled to be members of the LGPS. This is a contributory scheme, whereby the employee contributes to the scheme from his or her own salary. Employees will contribute 5.5%-12.5% of their salaries according to the figures set out in table 3 below in 2016/17. Government reviews the salary bands annually.

Table 3

Whole time salary	Employee Contribution Rate
Up to £13,600	5.5
£13,601 to £21,200	5.8
£21,201 to £34,400	6.5
£34,401 to £43,500	6.8
£43,501 to £60,700	8.5
£60,701 to £86,000	9.9
£86,001 to £101,200	10.5
£101,201 to £151,800	11.4
More than £151,800	12.5

Employers' contributions to the LGPS vary depending upon how much is needed to ensure benefits under the scheme are properly funded, and are set independently. For full details see: LGPS

The Council's Flexible Retirement Policy allows employees aged 55 and over who are members of the Local Government Pension Scheme (LGPS) to apply to reduce their working hours or pay grade (stepping down) and to draw pension benefits accrued up until the transfer to flexible retirement.

Where an employee is in receipt of a pension from the council and obtains a job with another local authority or any other employer who participates in the LGPS, they are obliged to notify the council and their pension will then be adjusted so that they are not (with the new job and the pension) drawing more than their original salary.

The NHS scheme is a contributory one and scheme members contribute to the scheme from his or her own salary. Contribution rates from 2015 – 16 until 2018/19 vary from 5% for those on a salary of up to £15,431.99 to 14.5% for employees earning £111,377.00 and over. These rates are subject to review by Government and the employer's contributions are determined by Government.

5 Additional Payments

The council recognises that in certain limited circumstances additional payments may need to be attached to particular posts because of difficulties in recruiting to particular posts or particular employees may need to be remunerated or awarded an additional payment above that of their normal pay scale either for exceptional performance or additional work undertaken. Such payments must be authorised in advance by senior management and details of the nature of and eligibility for those payments which may be made to Chief Officers who are on the Chief Officer scale are given in table 4 below.

Table 4

Type of allowance	Reason for Payment	Eligible Group
Honorarium payments	Undertaking additional work or project	All employees
Market Factor Supplement	To attract and retain employees with specialist skills in a competitive job market.	All employees in posts that are demonstrated to be hard to recruit to in accordance with the council's Market Supplements Policy.

The Corporate Director Children's Services post has a market supplement attached. The amount of this market supplement is fixed. See the council's website for further details.

Honoraria payments made to Chief Officers in accordance with policy are detailed on the council's website

Any new honorarium payments to Chief Officers will be agreed by the Chief Executive in consultation with the Chair of the Audit Committee.

Any new market supplement payment which results in the overall remuneration package (excluding pension contributions in accordance with the Local Government Pension Scheme regulations) for a post exceeding £100,000 or which affects a post the overall remuneration package for which already exceeds £100,000 will be approved by the Personnel Sub-Committee or the Audit Committee. Any market supplement which is more than 20% of the evaluated grade for the post, or is more than 15% of the evaluated grade of the post if the number of posts available exceeds 15, will also require approval of Personnel Sub-Committee or the Audit Committee.

There are a few other allowances which are payable to designated employees related to their job role such as on call or standby allowances. Chief Officers do not receive such payments other than those stated above and the council does not make bonus payments to such officers.

Where council officers undertake special duties in relation to the council's election functions, any fees in respect of these duties are paid in addition to their normal remuneration. The rate for these duties is in line with the London Council's Leaders Committee's published Scale of Returning Officers' Fees and Expenses.

Council officers designated as Local Area Liaison Officers to undertake responsibilities under the council's emergency planning Crisis Response Plan in the event of an incident occurring in the borough, may be paid a fixed allowance in respect of this responsibility. See the council's website for further details.

6 Hours of work

The basic full time hours of work for council employees are 35 per week. Employees on grades below that of senior officers, who work more than 35 hours per week may claim overtime for additional hours worked, if authorised.

The minimum basic working week for senior officers is 35 a week and additional hours worked above 35 per week per week attract neither payment in respect of overtime nor time off in lieu. Senior officers are contractually required to work flexibly and to undertake reasonable hours of work as necessary to perform the duties of their post. This may involve evening and weekend working.

7 Annual and other leave arrangements

Annual leave plays an important part of the council's commitment to work-life balance. The Chief Executive and senior officers of the council on Chief Officer pay and conditions are entitled to 27 days annual leave and after five years continuous local government service a further 5 days. Other employees receive 25 days annual leave with an additional five days after five years' service. All employees in addition to annual leave receive five privilege days and eight bank holidays per year.

8 Benefits

To maintain employee engagement the council recognises, particularly in the current financial climate, that it is important to reward and motivate staff through other non-salaried

means. The council promotes a range of benefits which all staff, irrespective of grade, can access. These include salary sacrifice schemes such as child care vouchers and a tax free bicycle scheme. There are also a number of discounted benefits which are open to all employees, such as discounted gym membership which is provided at no cost to the council.

9 Leaving the council

Employees who voluntarily leave the council are not entitled to a termination payment. Those who volunteer for redundancy under the council's voluntary redundancy scheme receive a payment as set out under the scheme in addition to any other entitlements they may have

Employees who are made redundant are entitled to a redundancy payment based on the statutory redundancy scheme with regards the calculation of the number of week's redundancy pay but, as sanctioned in the Local Government (Early Termination of Employment) Discretionary Compensation Regulations, actual salary is used rather than the statutory maximum of £479 per week.

In exceptional circumstances, the Council may exercise its powers under the above mentioned Regulations and award a discretionary payment to senior staff in line with the council's discretionary termination compensation policy, for those whose employment is terminated by reason of redundancy or in the interests of the efficiency of the service, including early retirement.

The following factors will be taken into account when deciding whether to award a compensatory payment under these Regulations and, if a compensatory payment is made, the amount of that payment:

- Individual financial and other personal circumstances
- The council's interests, including corporate and service imperatives
- The council's fiduciary duty, including its duty to protect the interests of council tax payers and to exercise prudence and propriety
- Overall work record of the employee, including performance, attendance, length of service, level of responsibility and disciplinary record
- Any other factor relevant to the individual case.

Where a Chief Officer's contract is terminated in the interests of the efficient exercise of the Authority's functions they are contractually entitled to six months' notice or may be paid in lieu of notice where their contract provides for this.

The Audit Committee (or its Personnel Sub-Committee) may hear representations in respect of the termination of a Corporate Director's employment in accordance with the JNC terms and conditions of employment for Chief Officers.

In the case of the Chief Executive, the Audit Committee (or its Personnel Sub-Committee) will approve the early retirement of the post holder and agree the award of any discretionary payments in connection with such retirement or redundancy in line with the policy outlined above. No such payments were made in the financial year 2016 - 17.

The Audit Committee (or its Personnel Sub-Committee) will also approve any payment funded by the council in line with the policy outlined above to any other officer which exceeds £100,000. No such payments were made in the financial year 2016 -17. This ensures that elected councillors are accountable for payments made in these circumstances without delay to finalising arrangements.

10 Returning to work for the council after leaving

Employees who leave the council voluntarily without a severance payment are free to apply for jobs that are advertised at their discretion.

Employees who leave the council with a redundancy payment and no enhancement and subsequently apply and are successful for a position within the council must repay any redundancy payment, if the appointment is within a month of their termination date. If the appointment start date is longer than a month the employee can return to work in the position offered but in accordance with the Redundancy Modification Orders, will lose their contractual rights to have their continuous service recognised for all purposes.

Employees who leave the council with an enhanced severance package will not normally be reemployed or engaged under a contract for services for a period of two years.

Employees who leave the council on ill-health retirement with the possibility of a return to work under the Local Government Pension Scheme Regulations or who are granted early retirement will be considered on a case by case basis depending upon the circumstances and having due regard to their termination package.