

Resources Directorate

7 Newington Barrow Way, N7 7EP

Report of: The Corporate Director of Resources

Meeting of:	Date:	Ward(s):
Audit Committee	5 October 2021	N/A

Delete as appropriate	Exempt	Non exempt
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THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

The appendix to this report is exempt and not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

SUBJECT: REPORTING ON EXIT PAYMENTS**1. Synopsis**

- 1.1 This report provides an update for the Committee on payments made to individuals since the revocation of the Restriction of Public Sector Exit Payments Regulations 2020 that do not meet the threshold for member level approval. The individual payments are set out in the exempt appendix.

2. Recommendations

- 2.1 That the Committee notes the exit payments made to individuals since the revocation of the Regulations.
- 2.2 That the Committee notes that this will now be a regular report.

3. Background

- 3.1 On 25 January 2021, the Audit Committee received a report setting out the impact of new Regulations on the Restriction of Public Sector Exit Payments. The Regulations had the effect of capping payments for exits such as redundancy at £95,000 and included pension strain costs.

- 3.2 The government subsequently revoked the Regulations as they had been subject to many legal challenges, in particular due to the inclusion of pension strain costs which are not discretionary. The government determined that their regulations had 'unintended consequences' for affected staff.
- 3.3 A further report to the Audit Committee in March 2021 therefore set out how the council was complying with the HMT Directions in ensuring that affected staff would receive all sums that had not or would not have been paid as a result of the application of the 2020 Regulations.
- 3.4 The terms of reference for the Personnel Sub-committee include responsibility for approving: *'any payment to an officer on termination of employment in respect of redundancy entitlement, any payment under the Local Government (Early Termination of Employment) Discretionary Compensation Regulations and notice pay in respect of termination in the interests of the efficient exercise of the Authority's functions, which exceeds £100,000 in total'*. The pay policy statement confirms that approval of payments excludes the pension strain.
- 3.5 Given the revocation of the Regulations, it was therefore agreed for transparency that *all* exit payments in excess of £100k in total (including pension strain) should be recorded and reported to a committee. Arrangements for this have now been discussed and agreed between the chair of the Audit Committee and the Chair of the Personnel Sub-Committee.
- 3.6 The terms of reference for the Personnel Sub-Committee on approving eligible payments (excluding pension strain) above £100k remain in place.
- 3.7 The MHCLG have recently closed consultation on the introduction of *'Statutory guidance on the making and disclosure of Special Severance Payments by local authorities'*. A response to the consultation was submitted by the LGA and also on behalf of London Councils by the London Heads of HR Network.
- 3.8 If introduced, the guidance could introduce new mechanisms for reporting and approving severance payments which in turn could result in changes to existing policy and governance arrangements. A report will be brought to the committee once the consultation is responded to and the government's position is clear.

4 **Overview of new reporting**

- 4.1 In the meantime, any termination of employment where the total payment including pension strain, redundancy payments, notice payments and any discretionary payments is above £100k will now be reported to the earliest available Audit Committee.

- 4.2 The attached appendix sets out all payments above the threshold that have been made in this reporting period.

5 Implications

5.1 Financial Implications

The appendix contains the detail of relevant exit payments. All of these exit payments are contained within the Council's approved budget. The Council's financial monitoring reports incorporate these costs and all exit packages are set out within the Council's annual accounts.

All payments to staff and to the pension fund are in line with the pre-existing Regulations, redundancy procedures and contractual entitlements

5.2 Legal Implications

The actions proposed in the exempt appendix are appropriate.

5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

None arising from the content of this report.

5.4 Resident Impact Assessment

None applicable to this report.

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Appendices

Exempt Appendix 1 – Exit Payment Report



Signed by:

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Date: 24 September 2021

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