

## **Appendix H: London Borough of Islington Pay Policy Statement 2023/2024**

The London Borough of Islington supports openness and accountability and is pleased to publish its Pay Policy Statement and reaffirm its commitment to pay its employees on a fair basis to reflect the work that they do, some of whom are residents of the borough, and reduce inequality.

In compliance with the statutory provisions of section 38 of the Localism Act 2011, this annual statement outlines the Council's pay policy and benefits for Council employees and specifically for its Chief Officers and senior management. This pay policy is reviewed annually and is included with the budget setting report that is agreed at Full Council. This statement does not apply to Council employees based in Schools.

### **Updates since the last annual report for 2022/2023**

#### **National Pay Agreement**

There has been a national pay agreement for Local Government Services employees, with effect from 1 April 2022, and this has added the following amounts to all pay points (spinal column points 2-65) for staff at Islington Council in the grade range scale 1 to principal Officer 11 as below:

- An increase of £2,355 on all London pay points and £1,925 on out of London pay scales, i.e Ashton and Cardfields
- Planned overtime rates and allowances increased by 4.04%.

For Chief Officers (all senior management posts above PO11), grade range CO4 to CO1 including the Chief Executive, a similar national agreement was reached. With effect from 1 April 2022, all pay points to be increased by £1,925.

The pay scales and allowances have since all been updated accordingly.

#### **Annual Leave Increase**

The NJC has agreed that from 1 April 2023, all employees covered by this National Agreement which includes Islington Borough Council, regardless of their current leave entitlement or length of service, will receive a permanent increase of one day (pro rata for part-timers) to their annual leave entitlement.

#### **London Living Wage Update**

The London Living Wage has been increased from £11.05 to £11.95 per hour or £21,808 per annum. Islington Council's lowest paid employees are currently paid the London Living Wage and this new rate will apply from January 2023.

#### **The Restrictions of Public Sector Exit Payments (Revocation) Regulations 2021 (Exit Payment Cap Directions 2021)**

Legislation formerly introduced to cap exit payments of public sector workers at a maximum amount of £95,000 from November 2020 under The Restrictions of Public Sector Exit Payments Regulations 2020 has been withdrawn.

## Realignment of Corporate Management Board Portfolios

The Council has recently undertaken a portfolio review to ensure that the Council's services are best configured to deliver its ambitious plans, while also contributing to its challenging savings targets. Following approval of the proposals, in January 2023 there will be a requirement to transfer budgets between departments to match the cash limit with the revised costs of the overall structure. There are some senior management job changes, and these are shown in table 1 for Chief Officer pay bandings.

## LGPS Pension Scheme

Islington Council's policy on abatement of pensions following receipt of a pension resulting from either voluntary or compulsory redundancy was amended in September 2016. Islington Council pension payments are **not** subject to abatement (this means no reduction is applied) where re-employment is obtained either in local government or elsewhere. This has not been updated in previous annual statements and is now included for accuracy.

### 1. Chief Officer Pay scales

The Council defines its senior management as the top tiers in the management structure. 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, and this is currently £194,864 per annum.

Chief Officers, as defined in the Localism Act, are paid on the council's Chief Officer pay scale. While the scale comprises five separate salary bands, this is locally determined, and Islington Council does not currently use the highest-grade range CO1+ (£145,460 to £156,230) although it has done historically for some roles.

Percentage increases in cost of living are 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.

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.

There are no automatic pay increases. Progression through the scale is dependent on performance and achieving service targets agreed by the council.

Table 1 sets out details of the Chief Officer posts paid on the Chief Officer scale effective from 1 April 2022 and the pay band which applies to each post.

### Table 1 – Chief Officer Pay Bandings

As of 1 January 2023, there are currently 6 Chief Officer roles at CO1 level, 21 Chief Officer roles at CO2 level and 1 role at CO4 level as defined by Localism Act, as they report into a Corporate Director. Only Chief Officers are shown in the Table 1. Some senior manager posts which are not Chief Officers, for the purposes of reporting under the Localism Act, are also paid on this salary scale but are not included. Following a recent consultation and realignment of Corporate Management Board Portfolios, Chief Officer roles highlighted in green are new posts and those in yellow will no longer exist in the new senior management structure which is due to be implemented March 2023.

Grade	Pay Banding £	Number of points in pay banding including threshold point	Job role
CO1	121,316-145,529	10	Corporate Director of Environment Corporate Director of Children’s Services Corporate Director of Resources Corporate Director of Homes & Neighbourhood Partnership Director of Fairer Together Corporate Director of Community Wealth Building Corporate Director, Strategy, Community Engagement & Wellbeing
CO2	110,021-124,181	7	Director of Community Solutions Director of New Build Homes and Corporate Landlord Services Director of Housing Operations and Deputy Corporate Director Director of Community Safety, Security and Resilience Director of Law and Governance Director of Human Resources Director of Finance Director of Digital Services Director of New Build Director of Housing Property Services Director Housing Needs and Strategy Director of Homes and Community Safety Director of Family Support and Safeguarding Director of Integrated & Strategic Commissioning Director of Young Islington Director of Learning & Achievement

			Director of Adult Social Care <b>Director of Public Protection</b> Director of Environment & Commercial Operations Director of Climate Change and Transport <b>Director of Early Intervention &amp; Prevention</b> Director of Inclusive Economy & Jobs <b>Director of Corporate Landlord Services</b> Director of Planning and Development Director of Public Health*
CO3	92,918-109,547	7	No Chief Officers as defined by the Localism Act
CO4	79,238-96,008	7	Assistant Director of Communications and Change

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 pay scale (published on the council's website); subject to the requirements of the Transfer of Undertakings (Protection of Employment) Regulations 2006 where applicable. No posts at Chief Officer or equivalent currently come under this criterion.

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 the lowest and highest paid employees. The council also works with other local employers and its own contractors to ensure that the London Living Wage is 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 £194,864 per annum 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)

Reference Point		Annual Salary	Ratio to highest paid employee salary
i)	lowest paid full time council employee – London Living Wage £11.95 per hour	£21,808	1:8.93
ii)	Most common salary paid to a council employee (the mode)	£38,934	1:5.00
iii)	Mid -point between the highest and lowest salaries (the median)	£38,934	1:5:00
iv)	Average salary (the mean)	£40,296	1:4:84

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. This report recommended that the pay ratio between the highest and lowest salaries should be no more than 1:10. This was adopted as policy by the council in its Corporate Strategy. The current pay ratio is at 1:8:93. This is below the recommended ratio between the highest and lowest salary (1:10).

### 3. Recruitment of Chief Officers

Recruitment to Chief Officer Posts at Corporate Director and Director level is covered by the requirements of the Council's Officer Employment Procedure Rules as set out in the Council's Constitution. The appointment of the Chief Executive is subject to the approval of the full Council. The appointment of other eligible Chief Officers is by the Personnel Sub-Committee.

The starting salary level of such officers is also agreed by the Personnel Sub-Committee. 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 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.

On occasion, individuals are appointed on an interim basis to cover a vacant Chief Officer post, whether directly employed or engaged through an agency or as a contractor. The council takes a proactive and stringent approach to ensuring that all arrangements are lawful, follow procurement rules, represent value for money and properly reflect the substance of the relationship between the council and the individual concerned.

#### **4. Pension Arrangements**

All council employees up to 75 years of age and who have a contract for at least three months service are auto enrolled into the Local Government Pension Scheme (LGPS). There is also a scheme for staff to enhance their pension benefits by taking out Additional Voluntary Contributions and the current AVC scheme provides tax relief on contributions made. A new Shared Cost AVC scheme is planned for implementation in 2023 which will in addition, enable national insurance savings to be made providing a cost-efficient way for staff to save more money for their retirement.

The LGPS is a contributory scheme, whereby the employee contributes to the scheme from their own salary. Details of the Council's policy and benefits of the scheme are published on the staff intranet and LGPS website including contributions levels paid according to salary. Employers' contributions to the LGPS vary to ensure that the benefits under the scheme are properly funded and are set independently.

The LGPS scheme offers the option to pay lower contributions for a short time where finances are tight, which is can be helpful given the current cost of living crisis. Scheme members can elect to move to the 50/50 section of the scheme and pay half the normal contributions. Regardless of which section of the scheme staff are in, all members will get full life assurance cover. There is a right to opt out of the scheme and employees can make their own private pension arrangements if they wish.

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.

The Council includes staff that are transferred in from the NHS, and they continue to contribute to the NHS Pension scheme which is also a contributory scheme based on salary. These rates are subject to review by Government with the employer's contributions also determined by the Government.

#### **5. Additional Payments**

The council recognises that in certain, limited circumstances additional payments may need to be attached to particular posts because of recruitment difficulties 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 are available to all Council employees except those employed in schools. Market supplements are applied following a robust evidence-based case that meets the criteria defined in the Market Supplement Policy.

**Table 4 - Allowances**

Type of allowance	Reason for Payment include:
Honorarium payments	One-off piece of work outside normal scope of duties, work or additional duties which falls short of taking on the full duties of a higher graded job, temporarily carrying out some but not all duties of an officer on a higher graded post.
Market Factor Supplement	To attract and retain employees with specialist skills in a competitive and/or changing job market, to enable an effective workforce to provide high quality public services.

The Corporate Director of Resources post receives an allowance for statutory duties as the Council's s.151 officer. Section 151 of the Local Government Act 1972 requires local authorities to decide for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements. As such, the CFO must lead on a local authority's financial functions and ensure they are fit for purpose.

The Director of IT and Digital Services post attracted a Market Factor Supplement of £5,000 during the 2022/23 year.

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

There are a few other allowances which are payable to designated employees related to their job role, for example 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 Chief 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 required 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. A maximum carry over of 5 days is permitted where leave has not been able to be taken due to work demands. In line with the recent NJC Agreement, from 1 April 2023, all employees will receive a permanent increase to the above entitlement of one day (pro rata for part-timers).

## **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 training support, flexible and hybrid-working, salary sacrifice schemes including pension, childcare vouchers and information technology and bike schemes. There are interest free travel loans for commuting to work. There are many discounted shopping and service benefits such as discounted gym membership, holiday and travel offers. Staff are updated regarding benefits and promotions by email and the staff intranet. Professional fees and charges will be paid where this is a requirement of the role. Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Council's Code of Conduct.

## **9. Leaving the Council**

Employees who voluntarily resign from the council are not entitled to a termination payment. If the Council terminates the employment of an employee, including a Chief Officer, on the grounds of redundancy, they will be 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 per week (currently £571 per week).

From time-to-time the Council may run non contractual schemes to reduce staff numbers where there are challenging financial pressures that could result in compulsory redundancies. The Council has therefore run voluntary redundancy schemes in the past and in November 2022 launched a Voluntary Business Efficiency and Redundancy Scheme where staff could apply for approval, where there was a business case to delete their substantive post or to enable their



release where savings could be made from elsewhere, on the grounds of business efficiency. The payments and benefits for termination of employment are contained within the individual schemes run and are made available to all staff.

Where a Chief Officer's contract is terminated in the interests of the efficient exercise of the Authority's functions, they are normally 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) will hear representations in respect of the termination of a Corporate Director or Director's employment in accordance with the Officer Employment Procedure Rules

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 discretionary payments were made.

The Audit Committee (or its Personnel Sub-Committee) will also approve any payment outside of established contractual, statutory; or other right such as but not limited to ex-gratia or settlement payments funded by the council in line with guidance set out by the Treasury on Special Severance Payments (SSPs) issued in May 2021. This ensures that elected councillors are accountable for payments made in these circumstances without delay to finalising arrangements.

SSPs are exceptional and are required to be value for money. SSPs will be personally approved and signed off by the Chief Executive Officer with a record of the Leader's approval. SSPs are still reported in accordance with existing guidance on reporting exit payments within the Council and the Council will disclose in its annual report and accounts, anonymous information about all exit payments including SSPs paid during the financial year, including the relevant band that the payment falls into.

## **10. Returning to work for the council after leaving**

Section 7 of the Local Government and Housing Act 1989 requires that every appointment to paid office or employment in a local authority shall be on merit. 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 re-employed 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.