

REPORT OF HACKNEY COUNCIL'S INDEPENDENT REMUNERATION PANEL

1. Introduction

- 1.1 The Panel has responsibility to annually assess the Council's Members' Allowances Scheme and to make recommendations to Council to ensure that it is fair and balanced and remunerates Members appropriately. The Panel has taken into consideration the current economic situation and the significant reduction in public spending. The Panel has at all times sought to be responsive to Members so that they feel that the Members' Allowances Scheme provides effective support to them.
- 1.2 The Panel is mindful that Hackney has its own particular pressures and challenges as a high density, inner London Borough with significant levels of social deprivation. The Panel recognises that this can place specific high-level demands on Members. Through continuing to have its own IRP the Council has enabled the Members' Allowances Scheme to factor in local considerations and be determined by Hackney residents and open to local scrutiny. The Panel believes that this high level of local accountability strengthens the Scheme.
- 1.3 This year the Panel's primary focus has been to review the Special Responsibility Allowances (SRAs) provided under the Scheme. The Panel believes that a great deal of work is still required to reassess the levels of SRAs provided under the Scheme, and as such is only recommending relatively small changes to SRAs at this point. These changes are explained in paragraph 5 of the report.

2. IRP Membership

- 2.1 The following five Independent Members were part of the Panel's review of the Members' Allowances Scheme:
 - Mr William Green (Chair);
 - Dr Malcolm Aickin;
 - Ms Elizabeth Coates Thummel;
 - Ms Bridget Oliseneku (since December 2011);
 - Ms Karen Talbot (since December 2011).

3. IRP Work Programme 2011-12

- 3.1 The Panel had five ordinary meetings during 2011-12 with a view to developing its recommendations regarding the 2012-13 Members' Allowances Scheme. The Panel also met additionally with a focus group with Members and with the directly elected Mayor. On each occasion Council officers assisted the Panel.

- 3.2 At its meetings during 2011-12 the Panel considered the following:
- 1 Allowances and Stipends for Members paid by Outside Bodies
 - 2 Review of Special Responsibility Allowances (SRAs)
 - 3 Monitoring Members' Quarterly Expense Claims
 - 4 Consideration of feedback from Members on the Allowances Scheme in place for 2011-12 at a focus group meeting
 - 5 Consideration of further feedback from Members as part of the Panel's annual questionnaire
 - 6 Consideration of feedback from the Mayor on the Members' Allowance Scheme 2011-12
 - 7 Review of London Councils research on Members' Allowances levels across London 2011-12
 - 8 A briefing on the Council's decision making structure and Members' responsibilities
- 3.3 As in previous years, the Panel has compared Hackney's Members' Allowances Scheme with the recommended scheme set out by London Councils, though it must be noted that this is only to inform the Panel in its consideration of Members' Allowances as the Panel is independent of the London Councils IRP.
- 3.4 Officers provided the Panel with comparative information on the levels of remuneration provided for under other London boroughs' Allowances Schemes. This information compared Hackney's level of Basic and Special Responsibility Allowances with all other London boroughs. This information was again to inform the Panel's considerations of the Council's Scheme. However the Panel took into account the variations in governance models across London and how schemes would reflect local circumstances of each particular authority.
- 3.5 At the request of the Panel, officers also provided detailed information of the Council's decision-making arrangements. This information included information on committee and Member responsibilities, the level of public facing of these roles and the time commitments required.
- 3.6 The Panel received feedback from Members on the Allowances Scheme for 2011-12. A focus group meeting was held in November with 8 Members who had a range of levels of responsibility on the Council. These Members were invited by the Panel to provide comment on the Allowances Scheme and expressed a number of possible changes that may be required to the SRAs provided for under the Scheme. Members widely felt that all other aspects of the Scheme were satisfactory and remunerated Members appropriately. The Panel also had the opportunity to meet with the Mayor in January 2012 to discuss the current Allowances Scheme.
- 3.7 As part of the Panel's annual review of allowances stipends paid to outside bodies, all Members of the Council were invited to make general comments on the Scheme and these were taken into consideration by the Panel. Few comments were made about the

Scheme, but those that did make observations commented on possible changes to SRAs, or advised that increasing allowances during the current economic climate was not desirable.

4. Basic Allowance

- 4.1 In regard to the Basic Allowance for elected Members the Panel has concluded that the current levels of allowances paid in the scheme are broadly consistent with those of other London local authorities and believe that the level of Basic Allowance should remain unchanged. In holding to its belief that voluntary and altruistic factors play a significant part in being an elected Member, the Panel is mindful of wishing the borough's representatives to continue to combine the provision of effective community representation with value for money.
- 4.2 Throughout the course of the Panel's enquiries the considerable workload on ordinary Councillors has been apparent. The Panel concurs with the London Councils Independent Remuneration Panels concern that there is a disappointing lack of public understanding of the role of councillors, of their work and of their fundamental part in the governance of a democratic society. Many carry out their duties as Councillors four days a week, attending council meetings, tenant residents' association meetings, outside bodies, surgeries and work on behalf of individual residents. The Panel does not advocate the professionalisation of local Councillors, and indeed many people would not support Members undertaking their role on a full-time basis. The Panel recommends that the current basic allowance for Councillors should remain at £9,943.50. The Panel believes though that in the future, at a time of less drastic financial constraint, the level of this allowance should be reviewed.
- 4.3 The Panel recommends that, as previously, the Basic Allowances should be linked to the annual pay settlement for local government officers. The Panel therefore advises that, in the light of the current economic climate and the cuts in public spending, the Basic Allowance for 2012-13 will be frozen and remain at the same level agreed for 2009-10. The Panel recognises the increase in pressure on Members as a result of the economic climate; however it believes that it is not an appropriate time to recommend an increase in allowances.

5. Special Responsibility Allowances (SRAs)

- 5.1 The Panel re-confirms its previous assessment that one-third of the time commitment should be deemed to be voluntary activity which should not be remunerated. The Panel continues to hold the view that not more than 50% of elected Members should receive a SRA in respect of duties within the Council and that elected Members should not receive more than one SRA within the Council. Usual practice is for the elected Member to claim the higher of any two SRAs available. The Panel is pleased to highlight that, currently, the level of SRAs in the

Council falls below the 50% threshold. The Panel wishes to re-state the importance of being clear in regard to including all positions whether filled or unfilled in the Schedule, irrespective of whether any one Member covers a number of positions that attract a SRA.

- 5.2 Following review of Councillors' responses to the Panel's annual questionnaire in 2010-11, the Panel was concerned that the scheme of SRAs needed to more closely reflect the range of responsibilities. The Panel was mindful that current SRAs were first established in 2002 and that bandings of payments had not been substantially changed over this course of time.
- 5.3 In consequence the Panel held a substantial discussion with a group of Councillors, invited all Councillors to provide comments through the 2011-12 questionnaire, gathered evidence from officers on the Council's decision making structure and had a discussion with the elected Mayor on the operation of the current scheme. The Panel also considered information on SRAs paid by all London boroughs.
- 5.4 Following the consideration of the information presented and views provided by Members, the Panel believes that the responsibilities of posts involve three separate factors:
 - (i) the public facing nature of the work;
 - (ii) the complexity or difficulty of the work;
 - (iii) and the time commitment involved.
- 5.5 The Panel believes that the level of the SRA for a particular responsibility should reflect all of these factors and considers that the present scheme does not achieve this.
- 5.6 The time commitment required for each responsibility is the easiest to establish and it is also fairly straightforward to make SRAs reflect the time required. However, the other factors are more complex and are relevant in determining the level of responsibility of each role.
- 5.7 In terms of their public facing nature, roles vary from meetings where the public are excluded through those with limited resident attendance or interest and those which are public facing and directly affecting families, to those that require the chairing of difficult and contentious public meetings.
- 5.8 In terms of the complexity or difficulty of the work, in some of the roles the work is straightforward, in others the work requires some specialist knowledge while in others the work can be quite complicated and in some the work contributes directly to policy formulation.
- 5.9 These two dimensions of responsibility are much more difficult to assess and, while the Panel has received descriptions of the qualitative differences, quantitative differences are much harder. It is not

intrinsically obvious how much more responsible, in quantitative terms, a role which has a significant public profile is than one from which the public are excluded. The relationship between these two factors is also far from straightforward. A great deal of further work is required to develop scales for these two dimensions of responsibility against which individual roles could be scored to calculate the appropriate special responsibility allowance.

- 5.10 In consequence the Panel is proposing relatively small changes in allowances at this point. The Panel intends to examine these issues in greater detail and are strongly minded towards making further proposals for change in mid-2013 in good time for adoption for the 2014-15 year prior to the 2014 local elections.
- 5.11 The Panel is also mindful of the London Councils Independent Remuneration Panel report published in May 2010. This recommends special responsibility allowances in five Bands with Bands 1 to 3 being on sliding Scales between a maximum and minimum for each Band. This allows greater flexibility than the current Hackney scheme, however sliding Scales are not, in our view, appropriate at least until the Panel has devised a robust method for quantifying the public facing and complexity dimensions of individual roles.
- 5.12 The current Hackney scheme does divide Band 3 into 3A and 3B. The Panel believes that it is appropriate for this subdivision to be extended to other Bands. The Panel proposes, for consistency with the London Councils' nomenclature that these subdivisions be termed Scales.

Directly Elected Mayor

- 5.13 London Councils Independent Remuneration Panel reserves its highest paid band exclusively for a directly elected mayor, arguing that this is a full-time job with a high level of executive responsibility over a fixed electoral cycle and can be distinguished from the strong leader with a cabinet model. The Panel agrees with this principle. In the current financial climate the Panel does not propose any increase in the Mayor's remuneration from the current level of £75,846.14.

Band 3

- 5.14 Within the current Allowances Scheme Band 3 is divided into 3A and 3B. The Panel proposes that this should be further divided to give three scale points 3A, 3B and 3C.

Band 3C – Deputy Mayor

- 5.15 The Deputy Mayor deputises for the Mayor and exercises his executive powers, when necessary, in his absence. No other Cabinet Member can exercise executive power alone. The Panel believes that this justifies maintaining the Deputy Mayor on a higher SRA than the other Cabinet Members. The Panel proposes that this should become Scale 3C and remain at £38,623.18.

Band 3B – Cabinet Members

- 5.16 Cabinet Members are expected to be available for Council business for a minimum of four days a week and so are precluded from holding a full-time job. The Panel proposes that the SRA for Cabinet Members should remain unchanged on Scale 3B at £32,555.49. The Panel notes that a Cabinet Member who has a full-time job does not take the full allowance. The Panel feels that this is entirely appropriate and would like, in due course, to see this arrangement formalised.

Band 3A – Chair of Overview and Scrutiny Board

- 5.17 When the SRA for the Chair of Overview and Scrutiny Board was established the post was held by the Opposition Leader. This is no longer the case. The Panel is not convinced that this role is the equivalent of a Cabinet Member's role in terms of the public facing or complexity of dimensions and it is clear that this role is not as time-consuming as to demand a minimum of four days a week. The Panel notes that the current SRA for the Chair of Overview and Scrutiny Board is the highest in London and that average SRA paid to Chairs of Overview and Scrutiny in London is approximately £14,817. The Panel therefore proposes that this role should receive a new Scale 3A SRA and that the allowance should be reduced to £30,000.

Band 2

- 5.18 Within the current Allowances Scheme, Band 2 is currently not divided into any scale points. The Panel proposes that Band 2 should be divided to give three Scale points 2A, 2B and 2C.

Band 2C – Speaker and Opposition Leader

- 5.19 It is clear that the civic and ceremonial role of the Speaker places considerable demands of time on the incumbent. The Panel heard from some Members, who had previously undertaken the responsibility of Speaker, who had attended over 400 events in a municipal year. This is in addition to the public facing and not un-demanding role of chairing full Council meetings.

- 5.20 The role of Opposition Leader is an important one for the proper functioning and democratic health of the Council. As noted above, when the Hackney scheme of allowances was created, the roles of Opposition Leader and Chair of Overview and Scrutiny Board were held by the same individual. In consequence the responsibilities of Opposition Leader may have escaped proper attention.

- 5.21 The Panel therefore proposes that the SRA for the Speaker and Opposition Leader should be increased to a new Scale 2C of £17,500.

Band 2B – Council-side Committee Chairs

- 5.22 Council-side committee chairs include chairs of Audit, Licensing, Pensions and Planning.

- 5.23 It is clear that the role of the Chair of Planning Sub-Committee is a demanding role on all three of the dimensions of responsibility; time commitment, public facing and technical difficulty.
- 5.24 The Panel believes that to achieve complete fairness the detailed workings of the Licensing Committee and its subcommittees require further examination before any recommended changes can be made. It is clear from the evidence presented to us that the Chair of Licensing is a demanding role, however the majority of licensing work is carried out in sub-committees rather than at full committee. The Panel notes that the Chair of Licensing chairs and attends more sub-committee meetings than any other Member, but that other committee Members are also responsible for attending sub-committee meetings and share the responsibility for chairing meetings.
- 5.25 The Panel also believes that it is appropriate to undertake further study of the responsibilities of other Council-side committee and sub-committee chairs. Until further study is undertaken, the Panel recommends that all Council-side committee chairs should continue to receive a SRA of £14,352.43 on Scale 2B.

Band 2A – Scrutiny Commission Chairs and Vice Chair of the Overview and Scrutiny Board

- 5.26 Concerns about comparatively unjustified levels of SRA for all 7 Overview and Scrutiny roles have been expressed in writing and verbally by Members. The role of the Chairman of the Overview and Scrutiny Board has already been discussed.
- 5.27 The Panel notes that the total of allowances in Hackney for Overview and Scrutiny roles is much greater than in the other London boroughs with a directly elected Mayor. Hackney currently spends approximately £118,670 on SRAs to Overview and Scrutiny roles; Lewisham spends £49,040; Newham spends £66,229; and Tower Hamlets spends £55,516. The Panel saw no evidence that Overview and Scrutiny collectively had a significantly more demanding or time consuming role than elsewhere. On examination, the Panel concluded that these positions no longer merit the levels originally agreed.
- 5.28 The Panel is not convinced that the roles of the Chairs of the five Scrutiny Commissions, nor the Vice-Chair of the Overview and Scrutiny Board, who is the only vice-chair to receive a SRA, are as demanding against any of the three dimensions of responsibility identified as the other posts currently in Band 2. The Panel therefore proposes that the SRA for these posts should be reduced to £13,000 on a new Scale 2A, with further examination of all Overview and Scrutiny roles required in the future.

Band 1 – Inclusion of Adoption and Fostering Panels

- 5.29 The Panel believes that Members who sit on the adoption and fostering panels merits recognition by a SRA. The Panel propose that these two

posts should be added to Band 1. The SRA would then be in line with the allowances received by independent members of these panels, but not the Chair, who are not Councillors.

Band 1 – Majority Group Whip

- 5.30 The Panel considers that all the roles currently in Band 1 should remain there. Whilst the Panel is not convinced that the responsibilities of all the roles with in Band 1 are equivalent, considerably more work would be required to justify different Scales of allowance with in this Band.
- 5.31 In particular the Panel notes that London Councils' Independent Remuneration Panel recommends that the Majority Group Whip should be in Band 2. While this post was discussed specifically with Councillors and with the directly elected Mayor, the Panel has not, as yet, seen enough evidence to propose any change to the SRA for this post.

Other Roles with No Special Responsibility Allowance

- 5.32 At present there is no SRA for Members of the Appointments Committee or Standards Committee. On the evidence presented the Panel does not consider that any of these roles has a sufficient level of responsibility to merit a SRA. The Panel notes that the Council is reviewing its ethical governance framework, in accordance with the Localism Act 2011. Once the Council has agreed changes to its ethical framework, the Panel will meet to determine whether any further roles require an SRA.
- 5.33 The role of the Chair of Licensing has been referred to elsewhere. The Panel acknowledges that the majority of the licensing work is carried out by sub-committees and that this is onerous for Members of the committee and more particularly for those who chair sub-committee meetings. In the past there was, for a period, a separate attendance allowance for sub-committee meetings. The Panel would be somewhat reluctant to return to this arrangement. The Panel has not seen sufficient evidence to warrant making fresh recommendations at this stage, nonetheless this is an area where the Panel feels that further investigation and review is appropriate.
- 5.34 The Panel has considered the roles of neighbourhood forum chairs. The Panel notes that the London Councils Independent Remuneration Panel recommends that chairs of area committees and forums should receive a SRA in Band 1. The operation of neighbourhood fora within Hackney is under review. The Panel appreciates that where a neighbourhood forum works well the public meetings can be contentious and therefore demanding to chair. Nonetheless, the Panel is not convinced that this is always the case. Since the whole structure is under review the Panel does not feel it would be appropriate to make fresh recommendations at this point.

Freeze on all other SRAs

- 5.35 The Panel, at this stage, does not recommend making changes to a large number of SRAs within the Allowances Scheme. The Panel believes in the current economic climate that those SRAs which it proposes to continue to receive existing amounts should be frozen at current levels. This will in effect mean that a large number of SRAs will be frozen at levels agreed in 2009-10.

6. Independent and Co-opted Members

- 6.1 The Panel recommends that the freeze applying to the remuneration of local government officers and the allowances of elected members should continue to apply to attendance allowances of statutory independent and co-opted members of the Council.
- 6.2 The Panel notes that the Council is actively progressing arrangements to implement the Localism Act 2011. From 1st July 2012, the Council's Standards Committee will be chaired by an elected Member so the Allowance for Independent Chair will be deleted from the Scheme from this date. The Panel will consider further implications of the Localism Act 2011 on the Members' Allowances Scheme as part of its work for 2012-13.

7. Outside Bodies and Allowances and Stipends for Members paid by Outside Bodies

- 7.1 The list of Approved Council Duties, included within Appendix C of the Scheme, has been updated to reflect the current outside bodies to which Members are appointed by the Council. The Panel recognises that the list can vary from time to time and therefore it will be kept under regular review by the Corporate Director of Legal, HR and Regulatory Services.
- 7.2 For the fourth consecutive year, the Panel requested that Members provide them with details regarding any allowance payments or stipends they receive from any outside bodies they sit on as an elected Member. Council agreed at its meeting on 15th September 2010 that this review be a compulsory exercise and undertaken on an annual basis. Whilst the Panel acknowledges that these payments are not part of the Council's own Members' Allowances Scheme, the Panel continues to be of the view that this is important information that should be made available so that it can be taken into account by the Panel when developing the annual report and recommendations.
- 7.3 The Panel specifically requested that Members provide it with details regarding:
- 1 Payments received from outside bodies in their capacity as a Member
 - 2 One off payments e.g. special allowance for a particular occasion or duty

3 Comments on the operation of the Members' Allowances Scheme as a whole or the research exercise undertaken

- 7.4 The Panel is able to report that 37 out of 58 Members responded to this exercise. The Panel notes the level of engagement and is grateful to those Members for their participation. However the Panel is mindful of the compulsory nature of the exercise and how it helps to support transparency, openness and accountability.
- 7.5 The vast majority of Members who responded do not receive any fees from the outside bodies on which they sit in their capacity as a Member of the Council. Only four Members have responded to indicate that they receive an annual allowance for their role on particular outside bodies.
- 7.6 All Members who responded to the survey indicated that they did not receive any one-off payments from any outside body to which they were appointed.

8. Publicity arrangements for the Members' Allowances Scheme

- 8.1 The Panel recognises that Members attend a large number of meetings on outside bodies as part of their formal Council commitments and responsibilities representing the community. The Panel understands that in most cases this work, along with other commitments, are carried out by Members without any allowance or stipend being attached. The Panel is therefore of the view that this important work should not go unnoticed or uncommented upon and that any activity on outside bodies is reported on fairly and accurately.
- 8.2 The Panel will continue to work with officers to develop the best way to communicate to the public the wide range of roles and responsibilities undertaken by Members. It was suggested by some Members at the focus group meeting that a biography providing a narrative of individual Members' responsibilities would help to inform the public of the range and level of work undertaken. The Panel will look to explore this issue as part of its next annual review of the Scheme.
- 8.3 The annual statutory notice on allowances paid within the 2010-11 municipal year was published in Hackney Today and is available on the Council's website.

9. Carers and Travel and Subsistence Allowance and Members' Expense Claims

- 9.1 The Panel receives quarterly updates on Members' expense claims. This information is also published quarterly on the Council's Members' Allowances webpage.

- 9.2 The Panel monitors claims in order to be aware of what claims are being submitted by Members to help inform the Panel's consideration when providing recommendations on the Members' Scheme of Allowance and to satisfy that the administration of this aspect of the Scheme is in good order and is in accordance with good governance.
- 9.3 The Panel notes that very few claims are made by Members and is satisfied that all claims are in accordance with the Scheme.
- 9.4 At the recommendation of the Panel, Council agreed changes to the Carers and Travel and Subsistence Allowance for the 2011-12 Members' Allowances Scheme. Through the feedback obtained from Members, the Panel has not been made aware of any concerns amongst Members with these revised allowances and therefore recommends no further changes.

10. Conclusion

- 10.1 In their May 2010 Report London Councils' Independent Remuneration Panel commends appraisal systems for Members which a number of authorities have set up and believe that it should be widely adopted. The Panel should make it clear that it does not see this as its role. Throughout its work the Panel has endeavoured to evaluate the responsibilities of the role rather than the incumbent. While the Panel accepts that the appraisal could help Members to improve their performance the Panel believes that linking the level of allowances to appraisal would be a step too far: Members already face a drastic form of appraisal every four years in the form of election. The Panel does, however, endorse London Councils' Independent Remuneration Panel recommendation that where Members are unable, without reasonable cause, adequately to discharge their duties as a Member, they should not claim the basic allowance.
- 10.2 The Panel is aware that much work is required to complete the review that it started this year. The Panel would like to have a much better idea of quantitative measures of the three dimensions of responsibility we have identified; public facing, complexity or difficulty and the time commitment, acknowledging that the latter is the most straightforward. The Panel intends to examine these issues in greater detail and is strongly minded towards making further proposals for change in mid-2013 in good time for adoption for the 2014-15 year prior to the 2014 local elections.
- 10.3 The Panel has been conscious throughout of the difficult current financial climate and has worked on the principle that its recommendations should be financially neutral. The Panel would hope to be able to be less constrained in the future so that proposed allowances could more properly reflect the increasingly onerous nature of the responsibilities Members gladly accept as part of their public service.

- 10.4 The Panel is, nonetheless, convinced that it has identified some clear anomalies within the present arrangements and is therefore proposing relatively small changes to the Allowances Scheme. The revised Scheme can be found attached at Appendix 2.
- 10.5 The Panel commends this report to Council and would like to thank all Members for their responses to enquiries which helped to inform the Panel's recommendations on the Members' Allowances Scheme.

Bill Green
Chair of the IRP
March 2012