

**ASSOCIATION OF LOCAL AUTHORITY CHIEF EXECUTIVES  
AND SENIOR MANAGERS**

**CONSULTANTS' ANNUAL REPORT FOR 2016/17**

**Headlines**

1. During the year to 31<sup>st</sup> May 2017, 110 members (nearly 40% of the total membership) sought assistance from the ALACE consultants (excluding the numerous requests for help with logging onto the members' section of the website!).<sup>1</sup> This was 14% fewer cases than in the previous year – but the fall was entirely due to a smaller number of pensions cases: the number of other cases remained almost exactly the same (though still much less numerous than pensions cases).<sup>2</sup>
2. The spotlight in 2016/17 was on council heads of paid service more than in recent years. Although the overall number of termination cases fell to a lower level than at any time since records were first retained (2006/07 – see chart 1), it was directors (and women) who accounted for the reduction, as numbers actually rose marginally for heads of paid service.<sup>3</sup>
3. And it was council heads of paid service (women and men equally) rather than directors who were disproportionately affected by the record number of disciplinary cases.
4. Much consultant time was, as usual, spent on non-casework tasks.

**Casework**

5. To the delight of all, 2016/17 saw the recruitment of a second consultant to concentrate on pensions matters (in support of Cheryl Miller): Peter Morris, the recently-retired chief officer of the largest LGPS fund (the Greater Manchester Pension Fund).
6. The 61 cases of pensions support to members represented a reduction of over 20% on the previous year; but the level was still more than a quarter up on that of two years previously – and was still by far the largest category of cases (nearly 60%). The reduction came as no surprise, as the 2015/16 figures had been boosted by the forthcoming introduction of the new lower Lifetime Allowance (LTA) and Annual Allowance (AA) in

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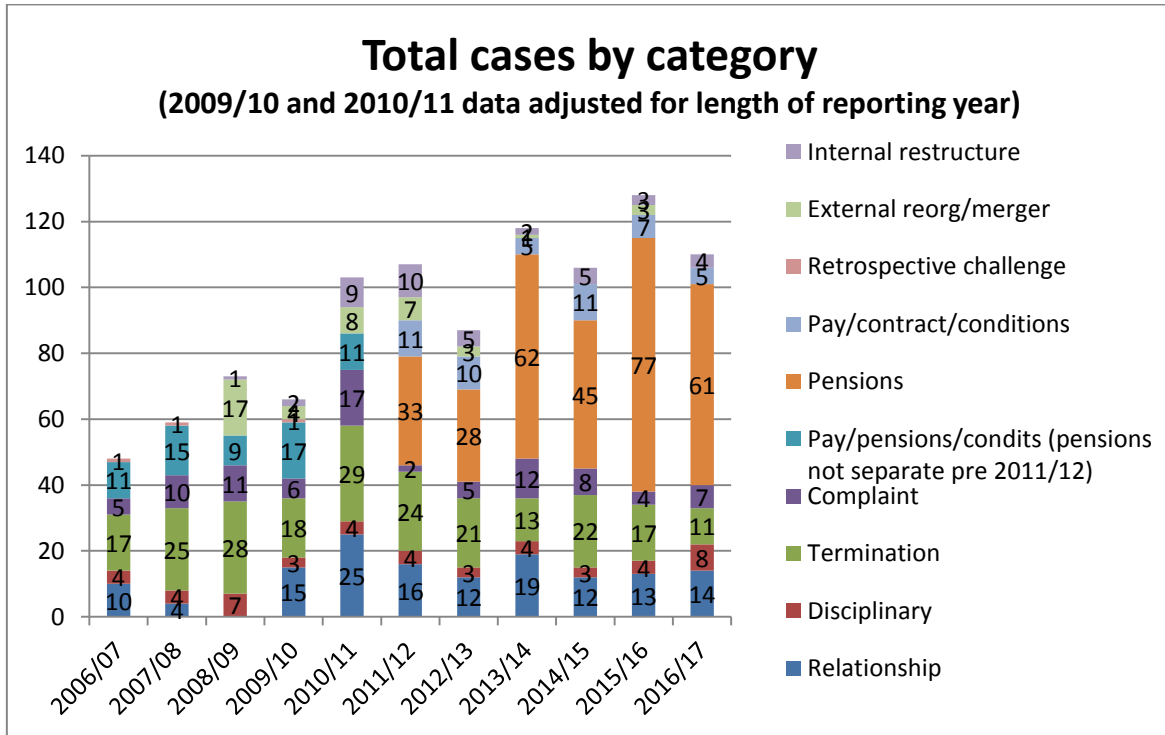
<sup>1</sup> The six ALACE consultants are Peter Bounds, Cheryl Miller, Peter Morris, Roger Morris, Richard Penn, and John Schultz. They act under the guidance of the Hon Secretary and ALACE Council, to whom they report regularly. Their particular areas of responsibility and contact details appear on the Association's website and at the end of this report.

<sup>2</sup> The raw numbers of cases should be taken as only a general guide, since some cases last many months, while others are resolved in a single phone conversation; a case that runs into a more than one recording year will usually be recorded against all the years; and some cases that start in one category develop into another. See detailed description of the case categories in the footnote at the bottom of page 2.

<sup>3</sup> This report has adopted the title "Head of Paid Service" (HoPS) in preference to "chief executive" for the most senior officer in a principal council, as many such councils no longer style their most senior officer "chief executive".

April 2016. However, they both continued to be of real concern in 2016/17 (see paragraphs 12-17 below). The reduction applied more to directors than heads of paid service (see charts 2 and 3), reversing the trend of the previous year.

**Chart 1**



7. By contrast with pensions cases, the overall number of non-pension cases remained steady. Relationship problems overtook termination cases to become the largest category after pensions.<sup>4</sup>

8. The continued fall in the number of requests for help with termination may partly reflect the diminished scope for negotiation about severance packages, following the numerous government and individual council initiatives (actual and threatened) to constrain them. Nevertheless, these constraints should definitely not lead ALACE members to conclude that nothing can be done when faced with the threat of unwelcome termination. Quite the contrary: the greater the constraints, the more important it is to obtain skilled support; and it remains the case that the involvement of experienced ALACE consultants usually secures some improvements over the packages originally offered, as well helping to protect reputations and obtain helpful references.

<sup>4</sup> Case categories:

**Relationship.** Advice on dealing with elected members, chief officers (in the case of HoPS), the HoPS (in the case of chief officers), the external auditor, the standards committee, the media, members of the public, etc

**Disciplinary.** Cases of actual or potential disciplinary or capability procedures

**Termination.** Support relating to termination or possible termination of employment (including redundancy)

**Complaint.** Cases where a member has been the subject of a complaint

**Pensions information**

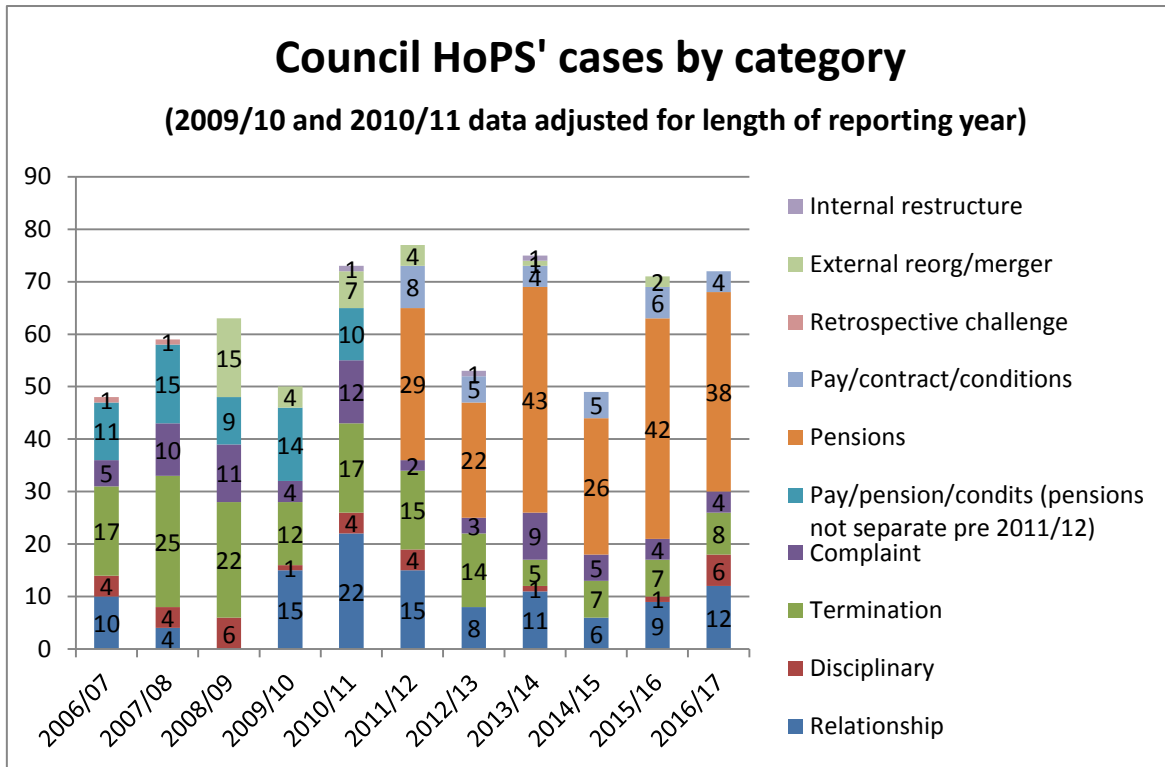
**Pay and conditions of service (other than pensions)**

**Retrospective challenge to package.** Cases where there is questioning of previously agreed termination terms, usually by an external auditor

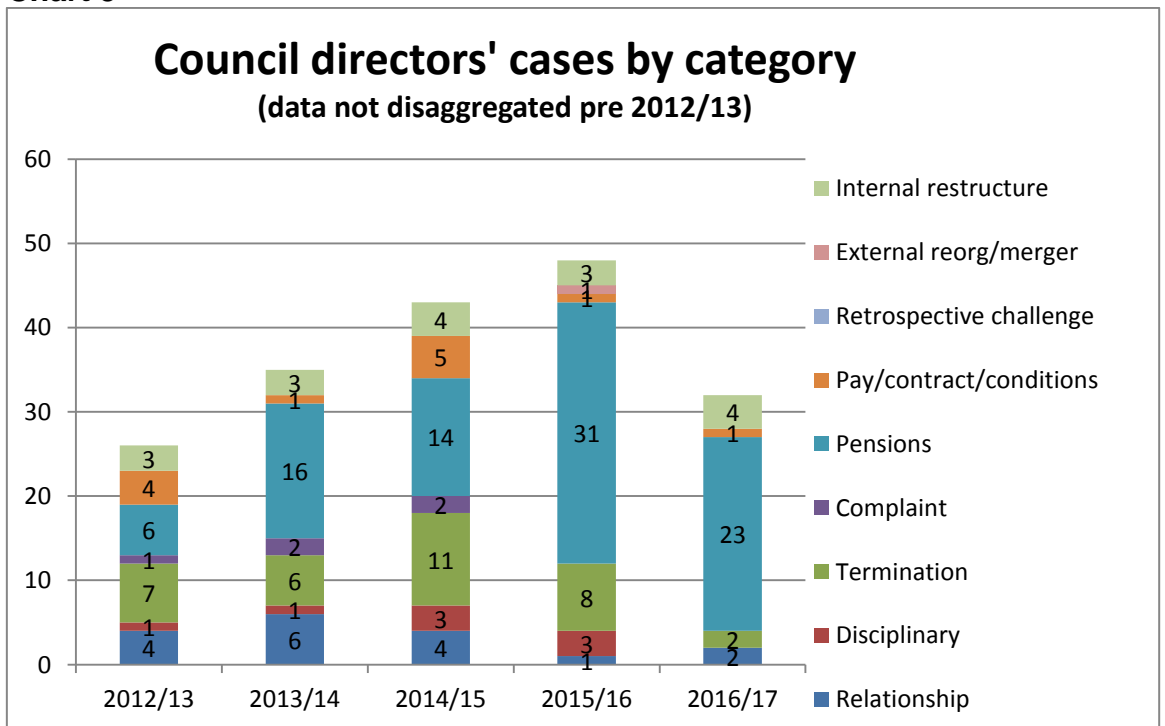
**External reorganisation or merger,** including management mergers

**Internal restructuring**

**Chart 2**



**Chart 3**

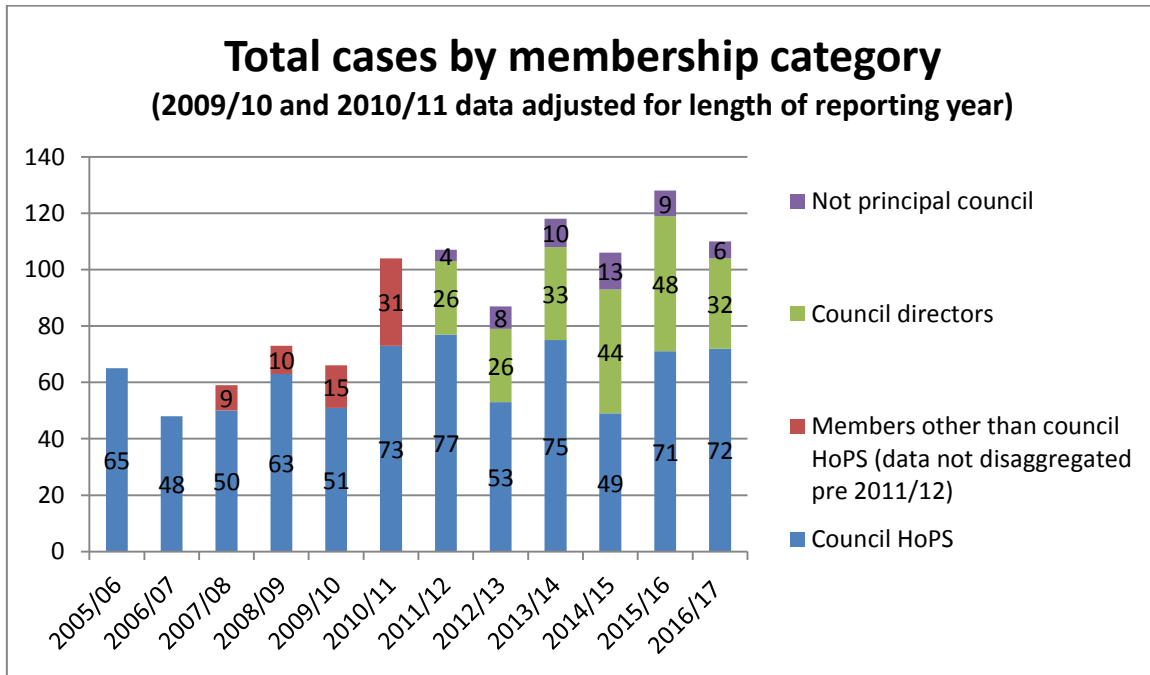


9. Council HoPS represented 65% of cases (see chart 4) but only 59% of the membership. This was a reversal of the position two years earlier when council directors had been disproportionately represented.

10. The record number of disciplinary cases affected heads of paid service (and ALACE members not employed by councils) more than directors. ALACE'S acting Chairman drew attention to the recent spate of suspensions of heads of paid service in an interview with

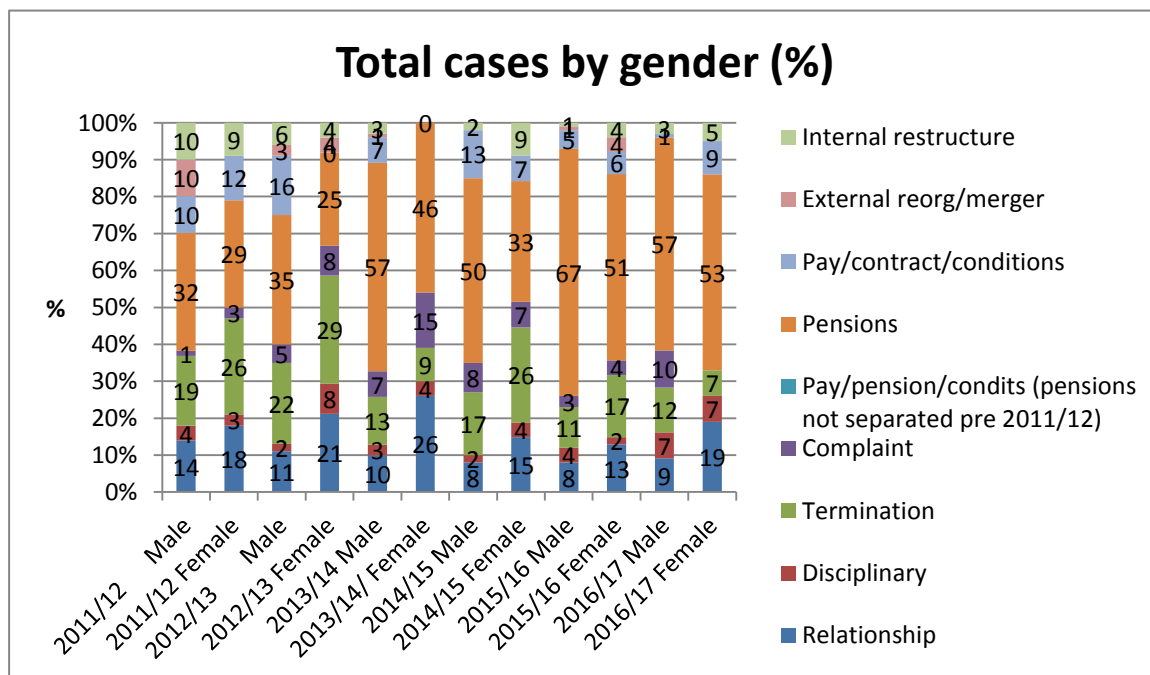
LGC in June this year (a copy of which appears on the website) – though suspension, of course, does not of itself constitute a disciplinary act.

**Chart 4**



11. The gender split of cases was identical to the gender split in the membership: 39% female and 61% male, representing little change on the previous year. Relationship cases still made up a higher proportion and pensions cases a lower proportion for women than for men. However, it is encouraging that a significant concern from 2015/16 no longer featured: instances of personal abuse directed particularly at our female members from both councillors and social media.

**Chart 5**



## **Pensions service**

12. Even though the Lifetime Allowance (LTA) and Annual Allowance (AA) had been lowered during the previous reporting year, cases involving them continued to feature significantly in 2016/17.

13. The LTA was a more straightforward issue than the AA. There were still a few cases where members had lost their Fixed Protection for a higher personal LTA and not realised they had lost it (despite ALACE's efforts to draw attention to the danger). But most LTA protection issues during 2016/17 related to Individual Protection: a few members aimed to obtain IP2014 protection before the deadline for applications at the end of the 2016/17 financial year, but the majority were concerned with acquiring IP2016. (ALACE understands that there is not yet a deadline on applications for IP2016.)

14. The AA was a far more difficult matter. The Government introduced a complicated one-off arrangement on the AA for 2016/17; and a new, even more complicated, arrangement has been introduced for 2017/18 and future years. The new, lower AA not only catches far more people (including middle managers), but it also creates huge tax bills for very high earners (those earning above £110k pa, but especially those on £150+k pa) – to the extent that many of them are questioning whether it is worth their while to stay in the LGPS. The answer to this is never easy to work out, but no ALACE member should take the decision to do so before first seeking professional financial advice. Moving to the 50:50 option is an alternative to consider: an individual pays only 50% of their employee pension contributions and earns only 50% of their usual pension benefits, thus reducing their pension growth by half.

15. Despite ALACE's best efforts to alert members, it seems highly likely that there are many who have already been caught by the lower AA in 2016/17 but who have not yet become aware of it (as pension funds are not obliged to inform their members until October 2017). Many others may not be aware that they will be caught this financial year. There may therefore be an upsurge in pension cases in the second half of 2017/18.

16. There was some speculation after the Chancellor's Spring Budget 2017 that he might be contemplating a further reduction in the AA. ALACE will continue to inform members of any developments from whoever is Chancellor in the new government.

17. The AA also contributed to an increase in the number of queries about the possibility of taking Flexible Retirement, as this provides an unusual way of avoiding, or reducing, AA tax charges. This route is becoming increasingly popular, although there are dangers in giving the impression that senior posts in local government can be carried out effectively on a part-time basis.

18. Other enquiries related to the pension implications of redundancy and early retirement, and what to do about Additional Voluntary Contributions (AVCs); and concerns were raised about the impending £95k cap on exit payments (the introduction of which has been repeatedly delayed, as have regulations governing the repayment of exit payments in certain circumstances).

## **Non-casework tasks**

19. The non-casework tasks undertaken by the consultants over the last year included:

- preparing an updated set of comprehensive Employment Guidance Notes (edition 12) - available on the members' part of the website
- updating and recasting the Pensions FAQs (edition 10) – also on the website
- occupying a major speaking slot on the subject of pensions at the 2016 SOLACE Summit
- negotiating changes to the contracts with Hymans Robertson (for personal pensions advice) and Close Brothers (for personal financial planning advice)
- producing flyers to illustrate how the pensions service has helped members.
- keeping track of changes to pensions and their taxation (actual, planned, and threatened), and issuing email alerts about them, with associated information updates uploaded to the website
- completing (with the employers' side of the JNC for Chief Executives) the revision of the Chief Executives' Handbook, triggered by the need to take account of the new form of statutory protection introduced in England in May 2015, including also the revision of the Model Grievance Procedure that sets out the way in which grievances against statutory officers should be managed, and providing important advice to members in relation to the operation of the new statutory protection (see paragraph 20 below)
- assisting the JNC for Chief Officers (on which ALACE is not formally represented) in incorporating equivalent statutory protection arrangements for monitoring officers and section 151 officers (formal publication of a new Chief Officers' Handbook is awaited)
- appointing and training independent investigators to be used under the new statutory protection arrangements (again with the employers' side of the JNC for Chief Executives)
- producing a training package (again with the employers' side of the JNC for Chief Executives) for members of the Independent Panels which will review recommendations for dismissal of statutory officers
- conducting a recruitment campaign through emailing all HoPS not in membership (see paragraph 22 below)
- continuing liaison with SOLACE
- maintenance of the ALACE website (see paragraph 25 below).

20. The recent agreement on the new form of statutory protection is described in the Explanatory Note for ALACE members which can be found in the members' section of the ALACE website. The note in particular points out how important it is that HoPS:

- ensure that those colleagues likely to be involved in supporting councillors in the use of the new agreement (probably the monitoring officer and/or the head of human resources) are aware of the existence and contents of the Handbook
- do **not** agree (at least not without taking advice from ALACE) to Chief Executives' JNC Conditions of Service not being applied in their case – this Handbook contains the only set of conditions of service designed specifically for the distinctive role and context in which heads of paid service operate.

## **Membership**

21. Membership fell by 3% during the year, a welcome easing of the 5-6% rate of recent years – but still a cause for concern. Given the pressure on the Association's members and the high demand for its services, stemming the decline in membership is the only way to restrain subscription increases. And, of course, the larger the union, the more clout it can bring to bear in supporting and defending its members.

22. During 2016/17, a recruitment campaign based on emailing all serving non-member HoPS was undertaken by the consultants, supplementing the Honorary Secretary's practice of contacting individually those newly-appointed HoPS and chief officers not already in membership who feature in the trade press. The Honorary Secretary has also emailed all HoPS members to encourage them to recruit their non-member senior colleagues. Some officers have signed up after being approached; but it is not possible to know how many would have joined anyway.

23. It would be in members' interest to pursue their own individual recruitment drive as well, perhaps starting with their own close colleagues! (A flyer that sets out in simple terms the case for what must be the best-value insurance policy available appears on the website.) As far as we are aware, the pensions-related services for high earners supplied by ALACE (and which have saved some members six figure sums) are not available from any of the other trade unions which potential ALACE members are eligible to join.

24. A surprising number of senior officers still wait until they need help before applying to join. Since eligibility for assistance (other than with pensions matters) starts after six months of membership, a service is offered in such circumstances by ALACE consultants – but the officer rather than the union pays (and the case doesn't count as an ALACE one in the statistics in this report). The bill, although charged at a modest rate, is rarely less than a good few years' ALACE subscriptions, and sometimes very considerably more.

### **Website usage**

25. The website is intended to perform two distinct functions: to provide a unique source of information and advice to members, and to promote the Association to eligible non-members (not least through whetting their appetite when they find they can't access the information in the members' section without joining). During the eight months since usage tracking was put in place, there have been around 2,300 visits to the site by 1,600 individuals, with over 8,000 pages viewed. If the 40% of visits that didn't progress beyond the home page are discounted, over 1,300 genuinely interested visits can be assumed – averaging around 45 per week. Of course, it isn't possible to tell exactly how many visits were by members and how many by interested non-members; but the fact that the "about us" and "join us" pages together accounted for 45% of page views suggest that the website is proving of genuine interest to non-members.

Peter Bounds  
Cheryl Miller  
Peter Morris  
Roger Morris  
Richard Penn  
John Schultz

June 2017

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To avoid delay, the initial approach for individual support should be made direct to the appropriate consultant. In case of difficulty in establishing contact, members should get in touch with the Honorary Secretary:

### **Ian Miller**

07515 190917  
[alacehonsec@yahoo.co.uk](mailto:alacehonsec@yahoo.co.uk)

**Peter Bounds** looks after members in Scotland, the Northwest, Yorkshire and Humberside, and the Northeast.

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07740 541855  
[pgbounds@sky.com](mailto:pgbounds@sky.com)

**Cheryl Miller** leads on providing information (both general and individual) on pensions and finance, as well as advising individual members with other work-related issues.

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07852 931451  
[cherylmiller@hotmail.co.uk](mailto:cherylmiller@hotmail.co.uk)

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**Roger Morris** looks after members in Northern Ireland, the East Midlands, the East of England, and the South East (excluding Greater London), and leads on the Local Government Pension Scheme regulations.

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**Richard Penn** looks after members in Wales, the South West, the West Midlands, and London.

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**John Schultz** acts as the webmaster, supports on policy matters, and provides practical advice and support to individual members with work-related issues

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07975 668528  
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The consultants provide cover for each other as necessary.