

Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Monday, 20th September 2021

Committee: West Mercia Supplies Pensions Joint Committee

Date: Tuesday, 28 September 2021

Time: 10.00 am

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

Members of the public will be able to access the live stream of the meeting by clicking on this link:

www.shropshire.gov.uk/WestMerciaSuppliesPensionsJointCommittee28Sept21

There will be some access to the meeting room for members of the press and public but this will be very limited in order to comply with Covid-19 regulations. If you wish to attend the meeting please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard

Interim Assistant Director – Legal and Democratic Services

Members of West Mercia Supplies Pensions Joint Committee

Herefordshire Council

L Harvey
G Davies

Shropshire Council

G Butler
E Potter

Telford & Wrekin Council

L Carter
R Evans

Worcestershire County Council

A Kent
A Hardman

Your Committee Officer is:

Emily Marshall Committee Officer

Tel: 01743 257717

Email: emily.marshall@shropshire.gov.uk

AGENDA

1 Election of Chairman

To elect a Chairman for the ensuing year.

2 Apologies for Absence

3 Appointment of Vice-Chairman

To appoint a Vice-Chairman for the ensuing year.

4 Minutes (Pages 1 - 4)

To approve the Minutes of the meeting held on 2nd December 2020.

5 Public Questions

To receive any questions or petitions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 10.00 a.m. on 24th September 2021

6 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a disclosable pecuniary interest and should leave the room prior to the commencement of the debate.

7 Pensions Liability Charges 2021 - 2022 (Pages 5 - 12)

Report of the Treasurer
Contact: James Walton (01743 258915)

8 Statement of Accounts 2020/2021 and Annual Governance Statement 2020/2021 (Pages 13 - 44)

Report of the Treasurer
Contact: James Walton (01743 258915)

9 Date of Next Meeting

To note the date of the next meeting.

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West Mercia Supplies Pensions
Joint Committee

28th September 2021

WEST MERCIA SUPPLIES PENSIONS JOINT COMMITTEE

Minutes of the meeting held on 2 December 2020

VIRTUAL MEETING

10.00 - 10.39 am

Responsible Officer: Emily Marshall

Email: emily.marshall@shropshire.gov.uk Tel: 01743 257717

Present

Councillors Davies, Evans, Hardman, Harvey, Robert Macey and Peter Nutting

1 Election of Chairman

RESOLVED:

That Councillor Adrian Hardman be elected Chairman for the ensuing year.

2 Apologies for Absence

An apology for absence was received from Councillor Smith.

3 Appointment of Vice-Chairman

RESOLVED:

That Councillor Peter Nutting be appointed Vice-Chairman for the ensuing year.

4 Public Questions

There were none.

5 Disclosable Pecuniary Interests

None declared

6 Policy Decisions 2020/2021

Mr J. Walton, Treasurer, presented the report, Policy Decisions 2020/21, (copy attached to the signed minutes).

In response to a question, The Treasurer confirmed that the monthly payment would be automated and there was not a great difference in terms of workload for each option.

In response to a request to clarify the actual amount of savings, the Treasurer confirmed that although the sums of money were not large, Option 3 would be the

most cost efficient and it was not administratively burdensome whichever option was chosen.

RESOLVED:

1. That Option 3 as set out in section 7.1 of the Treasurer's report be used in respect of policy arrangements for the payment of Deficit Recovery Payments for 2021/22.
2. That the policy under which Compensatory Added Years, Lead Authority Costs and Other Costs are calculated and charged as set out in sections 7.2, 7.3 and 7.4 respectively of the Treasurer's report be approved.

7 Pension Liability Charges 2020/2021

Mr J. Walton, Treasurer, presented the report detailing Pension Liability Charges 2020/2021 (copy attached to the signed minutes).

RESOLVED:

- A That the policy approach taken in their calculation and the payment of the WMS Pension Liability Charges for 2020/21 as set out in section 7 of the Treasurer's Report be approved; and
- B That the amounts due to be paid by each Member Authority in respect of the Member Authority Liability Charges set out in section 8 of the Treasurer's report be approved.

8 Scheme of Delegations to Treasurer

Mr J. Walton, Treasurer, presented the report, outlining Scheme of Delegations to Treasurer, (copy attached to the signed minutes).

RESOLVED:

That the Scheme of Delegations attached at Appendix A to the Treasurer's report be approved.

9 Joint Agreement - Item Withdrawn

Members noted that this item had been withdrawn.

10 Date of next meeting

The next meeting of the West Mercia Supplies Pension Joint Committee will take place on Tuesday, 28th September 2021 at 10.00 a.m.

Signed (Chairman)

Date:

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West Mercia
Supplies
(Pensions)

<u>Committee and Date</u>
WMS Pension Joint Committee
28 September 2021

<u>Item</u>
Public

Pension Liability Charges 2021/22

Responsible Officer James Walton – Treasurer
e-mail: james.walton@shropshire.gov.uk Tel: 01743 258915

1. Summary

- 1.1. From 1 April 2020, the Executives of the four Member Authorities of West Mercia Energy (and the former stationery supplies business called West Mercia Supplies) authorised the pension liability relating to former West Mercia Supplies employees to be managed by the newly established WMS Pension Joint Committee.
- 1.2. The WMS Pension Joint Committee has delegated authority to make arrangements for the payment of liabilities of the Member Authorities in respect of the pension deficit liability from the former WMS employees which are allocated to the WMS Pension employer within the Shropshire County Pension Fund. In order to establish such arrangements and determine the amounts payable by each Member Authorities, each year the WMS Joint Committee is required to approve Liability Charges Report.
- 1.3. This meeting is to approve arrangements for the 2021/22 Financial Year.

2. Recommendations

It is recommended that the Joint Committee:

- 2.1. approve the policy approach taken in their calculation and the payment of WMS Pension Liability Charges for 2021/22 as set out in section 7 of the report below; and
- 2.1. approve the amounts due to be paid by each Member Authority in respect of the Member Authority Liability Charges set out in section 8 below

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. The necessary approvals have been given by each of the Owing Authorities for the creation and administration of WMS Pension Joint Committee. Member Authorities have a Joint Agreement to provide the governance framework, principles for the calculation and sharing of the WMS Pension liabilities and details of delegations to the Joint Committee. This framework manages the risks associated with the operation of the Joint Committee and the financial risk of any decisions taken.
- 3.2. The methodology for the valuation and calculation of Pension Fund liabilities is undertaken by an independent actuary and this approach remains unchanged.
- 3.3. The purpose of the WMS Pension Joint Agreement is to ensure that no transfer of risk is made, to or between the Owing Authorities and Lead Authority, in amending the arrangements previously in place for the treatment of Pension Liabilities for former WMS employees.

4. Financial Implications

- 4.1. The decisions taken by the Joint Committee as a result of this report seek to ensure basic parity between the Member Authorities and with previous arrangements in respect of the shared liability for the pension deficit relating to the former WMS employees. Payment dates and mechanisms aim to ensure cashflow implications are managed equitably across the four authorities as far as possible.
- 4.2. Any decisions that create financial implications for the Member Authorities are set out within the relevant section of the report. Payments and charges included in the WMS Pension Liability Charge payable by the Member Authorities are set out in Section 7 of this report and specifically within Tables 1 to 4.
- 4.3. For each Member Authority, the specific amount payable in respect of the Member Authority Charge is set out in Section 8.

5. Climate Change Implications

- 5.1. Energy and fuel consumption: No effect
- 5.2. Renewable energy generation: No effect
- 5.3. Carbon offsetting or mitigation: No effect
- 5.4. Climate Change adaptation: No effect

6. **Background**

- 6.1. Between 26th March and 30th April 2020 the Executives of the four Member Authorities of West Mercia Energy agreed to remove the responsibility for the discharge of their functions in relation to the pension deficit liability in relation to former WMS employees (including Compensatory Added Years Benefits) from the business of the WME Joint Committee with effect from 1 April 2020 and to allocate the pension deficit liability to a new employer within the Shropshire County Pension Fund called 'WMS Pension'. This is to enable any pension deficit to be separately identified, separately valued and monitored.
- 6.2. The four Member authorities agreed to transfer this function to a new joint committee established pursuant to section 101(5) of the Local Government Act 1972, known as the WMS Pension Joint Committee and delegate their responsibilities relating to the pension deficit liability from former WMS employees (including Compensatory Added Years Benefits) allocated to the WMS Pension Employer to that Joint Committee with effect from 1 April 2020. Management by the Joint Committee enables the pension deficit to remain the joint liability of the four Member Authorities in a reasonably cost-effective way without the transfer of risk between any of the parties.
- 6.3. The WMS Pension Joint Committee is responsible for the administration and approval of the WMS Pension Liability Charges. This is defined as the total annual charge relating to all financial transactions, payments and charges relating to WMS Pension and will include the following as a minimum:
 - A. Deficit Recovery Payments
 - B. Compensatory Added Years Benefits plus a 1% handling fee of the total recharge of compensation being paid on behalf of WMS Pension.
 - C. Costs incurred by the Lead Authority for the administration of the payment mechanism, production of WMS Pension Joint Committee accounts, facilitation of the WMS Pension Joint Committee and any other relevant costs.
 - D. Any other charges and costs specifically relating to WMS Pension or WMS Employees that may be incurred from time to time
- 6.4. The WMS Pension Joint Committee is also responsible for the approval of the Member Authority Liability Charges, which is the proportion of the WMS Pension Liability Charge payable by each Member Authority.

7. Payments and Charges included in the WMS Pension Liability Charge payable by the Member Authorities

7.1. A. Deficit Recovery Payments:

7.1.1. The policy within which the Deficit Recovery Payments due to the Pension Fund are made for each relevant financial year is determined via a policy approved by the WMS Pension Joint Committee in the previous financial year for the relevant financial year.

On the 2nd December 2020 the WMS Joint Committee approved to pay the aggregate of the two remaining years valuations at the beginning of the 2021-22 financial year

Table 1

Deficit Recovery Payments	Total Charge	Charge for each Owing Authority
Adjustment for under/overpayment of previous year	-	-
Estimated charges for 2021/22	178,153.00	44,538.25
Estimated charges for 2022/23	177,566.00	44,391.50
Other adjustments	-	-
Total Deficit Recovery Payments Charge for 2021/22	355,719.00	88,929.75

7.2. B. Compensatory Added Years Benefits:

7.2.1. Compensatory Added Years (CAY) Benefits relate to early retirement costs for former WMS employees. The policy within which Compensatory Added Years Benefits Payments due to the Pension Fund are made for each relevant financial year is determined via the policy approved by the WMS Pension Joint Committee in the previous financial year for the relevant financial year.

7.2.2. The payments for CAYs are made on a monthly basis for 2021/22 by Shropshire Council, as the Lead Authority. These payments are included in the table below.

7.2.3. For 2021/22, there is no adjustment for under or over payment for the previous year, there are no other adjustments, although provision is made for this, in the table below, for future years.

Table 2

Compensatory Added Years Benefits	Total Charge	Charge for each Owning Authority
Adjustment for under/overpayment of previous year	-	-
Estimated charges for 2021/22	32,220.19	8,055.05
Other adjustments	-	-
Total Deficit Recovery Payments Charge for 2021/22	32,220.19	8,055.05

7.3. C. Lead Authority Costs:

7.3.1. Lead Authority costs include, but are not limited to:

1. Annual determination and administration of WMS Pension Payment Mechanism
2. Drawing up of annual WMS Pension Joint Committee Accounts
3. Administration of WMS Pension Joint Committee Meetings (minimum of one per annum)
4. Administration and approval for triennial actuarial valuation

7.3.2. Costs relating to this area are determined using the standard recharge rates including overheads for work on behalf of external bodies for all staff and resources incurred for the estimated time requirement.

7.3.3. Details of the 2021/22 Charges are set out in the table below and the total Lead Authority Costs for 2021/22 are set out in Table 4 below.

Table 3

Breakdown of Lead Authority Costs	Total Charge
Annual determination and administration of WMS Pension Payment Mechanism	750.00
Drawing up of annual WMS Pension Joint Committee Accounts	930.00
Administration of WMS Pension Joint Committee Meetings (minimum of one per annum)	510.00
Cashflow implications for the lead authority	1,000.00
Administration and approval for triennial actuarial valuation	-
Total	3,190.00

- 7.3.4. For 2021/22, there is a reconciliation for under or over payment of 2020/21, there are no other adjustments, although provision is made for this, in the table below, for future years.

Table 4

Lead Authority Costs	Total Charge	Charge for each Owning Authority
Adjustment for (under) /overpayment of previous year	(1,733.09)	(433.27)
Estimated charges for 2021/22	3,190.00	797.50
Other adjustments	-	-
Total Deficit Recovery Payments Charge for 2021/22	1,456.91	364.23

7.4. **D. Other Costs:**

- 7.4.1. These are any other costs not identified above, but reasonably incurred on behalf of WMS Pension. Such costs include, but are not limited to:
1. Actuary Costs
 2. External Audit Costs

- 7.4.2. The basis for charging will be determined based upon the nature of the cost identified.

- 7.4.3. Any amount due will be determined annually based on a review of previous years requirements, any adjustment for previous years under or over charges, and an estimate of requirements for the current financial year.
- 7.4.4. The payment of Other Costs will be incurred throughout the year by Shropshire Council.
- 7.4.5. Details of the 2021/22 Charges are set out in the table below.

Table 5

Breakdown of Lead Authority Costs	Total Charge	Charge for each Owing Authority
Actuary Costs	970.00	242.50
External Audit Costs	-	-
Total	970.00	242.50

7.5. WMS Pension Liability Charges

- 7.5.1. As calculated above, the total WMS Pension Liability Charges for 2021/22 is £390,366.10 as detailed in the table below.

Table 6

WMS Pension Liability Charges	Total Charge	Charge for each Owing Authority
Deficit Recovery Payments (table 1)	355,719.00	88,929.75
Compensatory Added Years Benefits (Table 2)	32,220.19	8,055.05
Lead Authority Costs (Table 4)	1,456.91	364.23
Other Costs (Table 5)	970.00	242.50
Total Pension Liability Charges 2021/22	390,366.10	97,591.53

8. Member Authority Liability Charge for 2021/22

- 8.1. As set out in the Joint Agreement between the Member Authorities, the calculation of liability of each Member Authority is made on a simple even split between each authority (ie 25% based on four Member Authorities) of the total WMS Pension Liability Charge for the relevant financial year.

8.2. Subject to the Joint Committee's approval of the WMS Pension Liability Charges for 2021/22, the Member Authority Liability Charge for 2021/22 shall be £97,591.53.

9. Payment Mechanism:

9.1. To balance cashflow and risk, and reduce administration, the Lead Authority will incur all WMS Pension Liability Charges in the first instance and then seek to recover the Member Authority Liability Charges as single annual payments approximately half way through the relevant financial year. Once the annual WMS Pension Liability Charges for the current financial are approved they will be notified to the Member Authorities' representative.

9.2. The WMS Pension Liability Charges and the Member Authority Liability Charges will be presented to the WMS Pension Joint Committee for approval no later than 30 September within the relevant financial year to which they apply.

9.3. An invoice will be raised following the WMS Pension Joint Committee each year for their Member Authority Liability Charge for the current financial year.

9.4. All Member Authority Liability Charges due for each financial year must be received by the Lead Authority 30 days from invoice date

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Member Chair of the WMS Pension Joint Committee
Appendices None

West Mercia Supplies (Pensions)

<u>Committee and Date</u>
WMS Pension Joint Committee
28 September 2021

<u>Item</u>
<u>Public</u>

Statement of Accounts 2020/21 and Annual Governance Statement 2020/21

Responsible Officer James Walton – Treasurer
e-mail: james.walton@shropshire.gov.uk Tel: 01743 258915

1. Summary

- 1.1. The purpose of this report is to present to the Joint Committee The Statement of Accounts 2020/21 and the Annual Governance Statement 2020/21.

2. Recommendations

- 2.1 The Joint Committee is asked to:

- a) To consider the finalised Statement of Accounts 2020/21 to be signed by the Chairman and the Treasurer
- b) To consider the Annual Governance Statement 2020/21

REPORT

3 Risk Assessment and Opportunities Appraisal

- 3.1 Details for the potential risks affecting the balances and financial health of WMS are considered within the statement of Accounts.

4 Financial Implications

- 4.1 This report considers the overall financial position of WMS in the form of the Statement of Accounts, the accounts consider the level of assets controlled by WMS and the level of balances held.

5 Background

- 5.1 The Joint Committee is required to approve the annual Statement of Accounts by the 30th September. The Statement of Accounts are contained in Appendix 1.
- 5.2 The Statement of Accounts is accompanied by WMS's Annual Governance Statement 2020/21, which details processes and procedures in place to enable WMS to carry out its' functions effectively. See Appendix 2

6 Statement of Accounts

- 6.1 The Statement of Accounts shows an Income & Expenditure balance of £7.426m this includes the pension introduced from West Mercia Energy. The balance sheet shows a net liability of £7.426m which is an increase in the pension liability of £0.498m from the original transfer value.
- 6.2 The Balance Sheet shows a debtor balance of £109,161, this relates to liability charges for Herefordshire Council and Worcestershire County Council owing at 31st March 2021.
- 6.3 The Balance Sheet shows a Creditor balance of £109,161, which is cash owing to Shropshire Council (from debtors) at 31st March 2021 and the lead authority reconciliation balance carried forward to 2021/22.
- 6.2 The annual Statement of Accounts 2020/21 will be published on the Shropshire Council website following approval by the Joint Committee

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Member Chair of the WMS Pension Joint Committee
Appendices Statement of accounts Annual Governance Statement



**WEST MERCIA SUPPLIES (Pensions)
JOINT COMMITTEE**

**STATEMENT OF ACCOUNTS
FOR THE YEAR
ENDING 31ST MARCH 2021**

WEST MERCIA SUPPLIES (Pensions) JOINT COMMITTEE

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WEST MERCIA SUPPLIES (Pensions) JOINT COMMITTEE

FINANCIAL SUMMARY **FOR THE YEAR 2020/21**

Introduction

This document is the Statement of Accounts for West Mercia Supplies (Pensions) Joint Committee. It covers the financial year 1 April 2020 to 31 March 2021 and shows the organisation's financial position at the year end together with the trading income and expenditure figures.

The Statements

Narrative Report

This provides an effective guide to the most significant matters reported in the accounts, including an explanation of the financial position and details the performance during the financial year.

Statement of Responsibilities and Joint Committee Approval

This section deals with the financial responsibilities of the Joint Committee and the Treasurer to the Joint Committee and confirms the date when the Joint Committee approved the accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee.

Comprehensive Income and Expenditure Statement

This account summarises the annual income and expenditure of the trading operations to show the organisation's net surplus for the year.

Balance Sheet

This sets out the financial position of the Joint Committee as at the year end 31 March 2021.

Narrative report 2020/21

West Mercia Supplies (Pensions) Joint Committee was set up from 1st April 2020 by the Executives of the four Member Authorities, Herefordshire Council, Shropshire Council, Telford & Wrekin Council and Worcestershire County Council.

Between 26th March and 30th April 2020 the Executives of the four Member Authorities of West Mercia Energy (WME) agreed to allocate the pension deficit liability in relation to former WMS employees to a new employer within the Shropshire County Pension Fund called West Mercia Supplies (Pensions). This is to enable any pension deficit to be separately identified, separately valued and monitored.

Management by the Joint Committee enables the pensions deficit to remain the joint responsibility of the four Member Authorities in a reasonably cost-effective way without the transfer of risk between any parties.

The West Mercia Supplies (Pensions) Joint Committee is responsible for the administration and approval of the West Mercia Supplies (Pensions) liability charges. This is defined as the total annual charge relating to all financial transactions, payments and charges relating to West Mercia Supplies (Pensions).

The Pension liability transferred at 1st April 2020 was £6.928m, Shropshire County Pension Fund actuary, Mercer Ltd advised that the balance at 31st March 2021 was £7.426m, which is an increase of £0.498m during 2020/21.

Further Information

For further information about the Joint Committee's Statement of Accounts, please contact:

James Walton, S151 Officer
Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
Shropshire
SY2 6ND
Tel 0345 678 9000

STATEMENT OF RESPONSIBILITIES AND JOINT COMMITTEE APPROVAL

Responsibilities of West Mercia Supplies (Pensions) Joint Committee

West Mercia Supplies (Pensions) Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Treasurer to the Joint Committee. Day to day financial management is the responsibility of the Director. The Director is also responsible for:
 - i. keeping proper accounting records, which are up to date.
 - ii. taking reasonable steps for the prevention and detection of fraud and other irregularities.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- to approve the Statement of Accounts.

Responsibilities of the Treasurer to the Joint Committee

The Treasurer to the Joint Committee is responsible for the preparation of West Mercia Supplies (Pensions) Joint Committee Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), is required to provide a true and fair view of the financial position of the organisation at the accounting date and its income and expenditure for the year ended 31 March 2021.

In preparing this Statement of Accounts the Treasurer to the Joint Committee has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- applied the concept of 'going concern' by assuming that Joint Committee's services will continue to operate for the foreseeable future.

The Treasurer to the Joint Committee has also to:

- ensure proper accounting records are kept, which are up to date;
- take reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE STATEMENT OF ACCOUNTS

Treasurer to the Joint Committee

I certify that the Committee's Statement of Accounts provides a true and fair view of the financial position of the West Mercia Supplies (Pensions) Joint Committee at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

James Walton

**Executive Director of Resources for Shropshire Council
Treasurer to West Mercia Supplies (Pensions) Joint Committee**

Joint Committee Approval

I certify that the West Mercia Supplies (Pensions) Joint Committee approved the Statement of Accounts for the year ended 31 March 2021.

Adrian Hardman

Chairman of West Mercia Supplies (Pensions) Joint Committee

Date:

Movements in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee. The gain or (loss) for the year shows the true economic cost of the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2021			
	General fund	Pensions reserve	Total reserves
	£000	Note 10 £000	£000
Balance at 31 March 2020	-	-	-
Total comprehensive income & expenditure	7,426	-	7,426
Transfer to/from Reserves	(7,426)	7,426	-
Increase/decrease in year	-	7,426	7,426
Balance at 31 March 2021	-	7,426	7,426

MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2020			
	General fund	Pensions reserve	Total reserves
	£000	Note 10 £000	£000
Balance at 31 March 2019	-	-	-
Total comprehensive income & expenditure	-	-	-
Transfer to/from Reserves	-	-	-
Increase/decrease in year	-	-	-
Balance at 31 March 2020	-	-	-

Pensions Reserve

This statement shows the movement in the year on the different reserves held by the Joint Committee. The gain or (loss) for the year shows the true economic cost of the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

STATEMENT OF COMPREHENSIVE INCOME & EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2020			
	2020/21	2020/21	2019/20
		£	£
INCOME			
Pension costs recharges	(207,157)		-
Admin Charges	(9,432)		-
Total Income		(216,589)	
OPERATING EXPENSES			
Pension Employer Costs	175,100		
Pension Fund Compensation	32,057		
Less Employer Costs	(207,000)		
	<u>157</u>		
Actuary Costs	4,485		
Pension Admin Costs	4,947		
Pension -Business Combination	6,928,000		
Total Operating Expenses		6,937,589	-
(SURPLUS) /DEFICIT ON SERVICES		6,721,000	-
Financing and investment income and expenditure		164,000	-
NET OPERATING (SURPLUS)/DEFICIT		6,885,000	-
Remeasurement		541,000	
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE		7,426,000	-

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020				
31 March 2020		31 March 2021		Notes
£		£	£	
	- Debtors	109,161		
	- Current assets		109,161	6
	- Creditors	(109,161)		
	- Current liabilities		(109,161)	7
	- Net current assets		-	
	<u>Other long term liabilities</u>			
	- Pensions Liabilities		(7,426,000)	8
	- Net liabilities		(7,426,000)	
	<u>Financed by:</u>			
	- Pension reserve		7,426,000	10
	- Total reserves		7,426,000	

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

1.1 General Principles

This Statement of Accounts for 2020/21 summarises the Joint Committee's transactions for the 2020/21 financial year and its position at 31 March 2021. The accounts have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code Board, as far as it is practicable and applicable to the Joint Committee, supported by International Financial Reporting Standards (IFRS). The only departure relates to the Comprehensive Income and Expenditure Statement layout which shows the income first and then all the expenditure grouped by type of expense. This differs from Local Authority Accounting, but this layout does allow a reader to interpret the statement in relation to the industry-the Joint Committee operates in.

1.2 Concepts

The Statement of Accounts has been prepared in accordance with all prevailing concepts of accrual and going concern together with relevance, reliability and comparability. The going concern concept assumes that the organisation will continue in operational existence for the foreseeable future.

1.3 Legislation

Where specific legislative requirements regarding accounting treatment conflict with the Joint Committee's own accounting policies, legislative requirements shall apply.

1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the changes provide more reliable or relevant information about the effect of transactions, other events and conditions on the organisation's financial position or financial performance.

Where a change is made it is made retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparable amounts for the prior period.

1.5 Accruals of Expenditure and Income

Revenue and capital transactions are accounted for on an accruals basis in accordance with proper accounting practices. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Sums owed to the Joint Committee as at 31 March are included as debtors. Sums still owed by the Joint Committee at 31 March are included as creditors.

1.6 Debtors and Creditors

Revenue and capital transactions are accounted for on an accruals basis and where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the obligations in the contract or transfer of economic benefits.

1.7 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at;

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Joint Committee's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Joint Committee's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e. where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at Fair Value through Profit and Loss

These are financial assets in the form of loans and receivables. These are assets that have fixed or determinable payments but are not quoted in an active market. The loans and receivables are initially measured at fair value and carried at their amortised cost.

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

Instruments with quoted market prices – the market price.

Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Joint Committee recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Joint Committee.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

1.8 Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

1.9 Reserves**General Fund Balance**

The Balance Sheet includes a sum for the General Fund Balance. This shows the total unused accumulated net surplus for the Joint Committee carried forward to 2021/22.

Pensions Reserve

The Pensions Reserve represents the difference between the actuarially calculated value of the pension fund assets and the present value of the scheme liabilities.

1.10 Employee Benefits

The accounting policy relating to the treatment of benefits payable during employment and post-employment benefits is consistent with IAS 19 Employee Benefits.

Benefits Payable During Employment

Where the accumulating short-term absences (e.g. annual leave and flexi time earned by employees but not taken at 31st March) are not material, these are not accrued for in the accounts.

Post-Employment Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. These benefits will not be payable until retirement, but the Joint Committee has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement.

The Joint Committee participates in the Shropshire County Pension Fund, which is a funded Defined Benefit scheme.

The liabilities of the Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the project unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected warnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.1% (based on the indicative rate of return on high quality corporate bonds of appropriate duration).

The assets of Shropshire County Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service expenditure
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on Services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for West Mercia Supplies (Pensions) Joint Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Shropshire County Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, the General Fund Balance is to be charged with the amount payable by the Joint Committee to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.11 Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

There were no other events after the Balance Sheet date which need to be considered.

2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

Definition of a Business: Amendments to IFRS 3 Business Combinations

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS7

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16.

3. Critical judgements in applying accounting policies

WMS have generally complied with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In instances where code is not relevant, we would make a critical judgement.

In applying the accounting policies set out in Note 1, the Joint Committee has had to consider certain judgements about complex transactions or those involving uncertainty about future events.

There are no critical judgements made in the Statement of Accounts.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures based on assumptions made by the Joint Committee. Estimates are made taking into account historical experience, current trends and other relevant factors. There is, however, a risk that actual results could be materially different from the assumptions and estimates.

The items in the Joint Committee's Balance Sheet at 31 March 2021 for which there is a risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a one year increase in life expectancy would result in an increase in the pension liability of £491,000. However the assumptions interact in complex ways. During 2020/21 the actuaries advised that the net pensions liability had increased by £498,000

5. Financing and Investment Income and Expenditure

Interest and Investment Income

Interest is shown within the Pension actuary statement. Cash is nominally held by Shropshire Council

	2020/21	2019/20
	£	£
Pensions interest cost and expected return on pensions	164,000	-
Total	164,000	-

6. Debtors – Short term

	2020/21	2019/20
	£	£
Debtors – LA Authorities	109,161	-
Total	109,161	-

7. Creditors – Payable within one year

	2020/21	2019/20
	£	£
Creditors – LA Authorities	109,161	-
Total	109,161	-

8. Defined Benefits Pension Scheme

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. These benefits will not be payable until retirement but the Joint Committee has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement.

The Joint Committee participates in the Shropshire County Pension Fund, which is a funded Defined Benefit scheme. This means that retirement benefits are determined independently of the investments of the fund and the Joint Committee has an obligation to make contributions where assets are insufficient to meet employee benefits. The Joint Committee and its employees pay contributions into the fund which is calculated at a level intended to balance pension liabilities with investment assets. The Joint Committee recognises the cost of retirement benefits in the cost of employees when they are earned rather than when the benefits are paid as pensions.

The principal risks to the Joint Committee of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

The Court of Appeal ruling for Firefighters/Judges (Sargeant and McCloud cases)

The decisions of the Court of Appeal in the Sargeant/McCloud cases have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The Government has accepted that the remedies relating to the McCloud judgement will need to be made in relation to all public service pension scheme, including the LPGS. However whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

There are other recent rulings that can in theory have an impact on the LGPS, but until further information is known there have not been any adjustments made.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during 2020/21.

	2020/21	2019/20
	£000	£000
Comprehensive Income & Expenditure Statement		
Operating Expense (Employees):		
• Current Service Cost	-	-
• Past Service Cost	-	-
• Administration Expenses	-	-
• Employers Contributions	(207)	-
• Settlements and Transfers	6,928	-
Pension Impact (IAS19)	6,721	-
Financing and Investment Income and Expenditure:		
• Net Interest Cost	164	-
Total Post-employment benefits contained within Net Operating Surplus	6,885	-
Other Comprehensive Income & Expenditure:		
Remeasurement of the net defined benefit liability comprising; Return on plan assets (excluding the amount included in the net interest expense)	(1,065)	-
Actuarial (gains) and losses arising on changes in Financial assumptions	1,606	-
Total Post-employment Benefits contained within the Other Comprehensive Income and Expenditure	541	-
Net charge to Comprehensive Income & Expenditure Statement	7,426	-

	2020/2	2019/20
	1	
	£000	£000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS19	(7,092)	--
Actual Amount Charged against the General Fund Balance for Pensions in the Year:		
• Employers contributions payable to the Scheme	207	-
Remeasurement of the net defined liabilities	(541)	-
Movement on Pension's Reserve	(7,426)	-

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Joint Committee's obligation in respect of its defined benefit plans is as follows;

	2020/21	2019/20
	£000	£000
Present Value of the defined benefit obligation	15,924	-
Fair Value of plan assets	(8,498)	-
Net liability arising from defined benefit obligation	7,426	-

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

	2020/21 £000	2019/20 £000
Opening fair value of scheme assets	-	-
Interest income	177	-
Remeasurement gain		
The return on Plan assets	1,065	-
Employer contributions	207	-
Contributions by scheme participants	-	-
Benefits paid	(449)	-
Administration Expenses	-	-
Business Combinations	7,498	-
At 31 March	8,498	-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded 2020/21 £000	Liabilities 2019/20 £000
At 1 April	-	-
Current Service Cost	-	-
Interest cost	341	-
Contributions by scheme participants	-	-
Past service Cost (gain)	-	-
Remeasurement (Liabilities)		
• Experience (gain)/Loss	(364)	-
• Actuarial (gains)/losses on financial assumptions	1,970	-
• (Gain)/Loss on demographic assumptions	-	-
Benefits paid	(449)	-
Business Combinations	14,426	-
At 31 March	15,924	-

Pension transferred to West Mercia Supplies (Pensions) on 1st April 2020 so no opening balances in the above tables.

Pension Scheme Assets

	Fair value of Scheme Assets	
	2020/21	2019/20
	£000	£000
Cash & Cash Equivalents		
• Cash Accounts	<u>97</u>	=
Cash Total	97	-
Equity Instruments		
• UK Quoted	361	-
• Global quoted	<u>3,389</u>	=
Equity Instruments Total	3,750	-
Bonds		
• Overseas – Global Fixed Income	1,080	-
• Overseas – Global Dynamic	-	-
• Other Class 2 – Absolute return bonds	<u>592</u>	=
Bonds Total	1,672	-
Property		
• Property Funds	<u>322</u>	=
Property Total	322	-
Private Equity	<u>420</u>	=
Private Equity Total	420	=
Other Investment Funds		
• Infrastructure	270	-
• Hedge Funds	480	-
• BMO – LDI manager	255	-
• Property debt	112	-
• Insurance Linked Securities	<u>120</u>	=
Other Total	1,237	-
Total assets	7,498	-

All scheme assets have quoted prices in active markets.

COVID-19

Since February 2020 there have been substantial volatility in financial markets around the world in relation to COVID-19 pandemic, and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and this will be reflected in the 2020/21 accounting figures. Over the same period, the market volatility has also extended to corporate bonds, and after an initial spike seen on the yields on AA rates corporate bonds reduce from previous levels. As the discount rate for accounting purposes is based on corporate bond yields, this will also impact on accounting liabilities. Finally, there has been an impact on market-implied RPI

over the period, although this will in part be related to the consultation on RPI reform and demand for gilts, rather than any fundamental shift in expectations.

Basis for Estimating Assets and Liabilities

The liabilities of the scheme have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent upon assumptions including mortality rates and salary levels.

The Pension Fund liabilities have been assessed by Mercer Human Resource Consulting Limited who are independent actuaries.

The significant assumptions used by the actuary have been:

	2020/21	2019/20
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	23	22.9
Women	25.1	25
Longevity at 65 for future pensioners (years):		
Men	24.3	24.2
Women	26.7	26.6
Rate of CPI Inflation	2.7%	2.1%
Rate of Increase in Salaries	3.95%	3.35%
Rate of Increase in Pensions	2.8%	2.2%
Rate for Discounting Scheme Liabilities	2.1%	2.4%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme*	
	Increase in Assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in 1 year)	16,415	15,433
Rate of inflation (increase or decrease by 0.1%)	16,153	15,695
Rate of increase in salaries (increase or decrease by 0.1%)	15,924	15,924
Rate of increase in pensions (increase or decrease by 0.1%)	16,153	15,695
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	15,697	16,151

*The current Defined Benefit Obligation as at 31st March 2021 is £15.924 million

Techniques Employed to Manage Risk

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits to pay members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

Impact on the Joint Committee's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The employer has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2019 with the next one due to be completed as at 31 March 2022. Revised contribution rates from the 2019 actuarial valuation will take effect on 1st April 2020.

The Government announced in 2019 that the "McCloud judgment" needs to be remedied for all schemes including the LGPS. The "McCloud judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. West Mercia Supplies (Pensions) has chosen not to pay any additional contribution at this stage for the "McCloud judgment".

The Joint Committee anticipates to pay £214,000 expected contributions to the scheme in 2021/2022.

The weighted average duration of the defined benefit obligation for scheme members is 14 years, 2020/2021.

9. Reserves

An analysis of the reserves is shown below:

	Opening Balance 1 st April 2020 £000	Contributions		Closing Balance 31 st March 2021 £000
		To £000	From £000	
General Fund	-	-	-	-
Pensions reserve	-	7,810	(384)	(7,426)
Total reserves	-	7,810	(384)	(7,426)


Comparative Analysis in 2019/20

	Opening Balance 1 st April 2019 £000	Contributions		Closing Balance 31 st March 2020 £000
		To £000	From £000	
General Fund	-	-	-	-
Pensions reserve	-	-	-	-
Total reserves	-	-	-	-

10. Pension Reserves

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits as if in accordance with statutory provisions. The Joint Committee accounts for post employment benefits in the Comprehensive Income & Expenditure Statement as the benefits earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements, however, require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or pays any pension for which it is directly responsible. The balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding is available by the time the benefits come to be paid.

	2020/21	2019/20
	£000	£000
Opening Balance at 1 April	-	-
Remeasurement (Liabilities & Assets)	(541)	-
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(164)	-
Employer's pensions contributions & direct payments to pensioners payable in the year	207	-
Settlements	-	-
Business Combinations	(6,928)	-
Closing Balance at 31 March	(7,426)	-



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ANNUAL GOVERNANCE STATEMENT 2020/21

Scope of Responsibility

West Mercia Supplier (Pensions) Joint Committee (Joint Committee) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

In discharging this overall responsibility, the Joint Committee is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

The Joint Committee has procedures that provide assurance in corporate governance matters which are consistent with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework and guidance notes (2016), and CIPFA, The Role of the Chief Financial Officer in Local Government (2015) and meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture values, by which the Joint Committee is directed and controlled and reviews how its activities contribute to the strategic objectives of the Member Authorities. It enables the Joint Committee to monitor the achievement of its own strategic objectives and to consider whether those objectives have led to the delivery of the intended outcomes

The Joint Committee seeks to maintain sound systems to protect against risks and mitigate their impact upon the organisation. The systems are constantly being reviewed and updated.

The Governance Framework

The business is operated under the authority of a Joint Committee formed under the Local Government Act 1972, the Member Authorities being Shropshire Council, Herefordshire Council, Worcestershire County Council

and Telford & Wrekin Council. A Joint Agreement between those Member Authorities determines the governance arrangements.

The Joint Committee is the elected Member body responsible for the discharge of the functions of the Member Authorities. The Joint Agreement determines a number of strategic policies that shall be maintained and provides Financial Regulations for the business

Shropshire Council acts as the Lead. A Secretary and a Treasurer to the Joint Committee are appointed from the Officers of the Member Authorities.

Key decisions are made by the Joint Committee based on written reports which may include assessments of legal and financial implications, consideration of risks and how these will be managed.

Managing Risks

Lead Authority review the risk profile of the business as necessary and will report any findings to the Joint Committee.

All financial decisions are reported through to Joint Committee in an appropriate and transparent basis and challenge is welcomed from members and Officers.

Certification

To the best of our knowledge, the governance arrangements as defined above have been operating effectively during the year. Steps will be taken over the coming year to resolve the governance arrangements as highlighted above. Any improvements implemented shall be monitored as part of the next annual review.

Treasurer:
(James Walton)

Chairman of the
West Mercia Supplies (Pensions) Joint Committee:
(Cllr Adrian Hardman)