

- A. To remove the responsibility for the discharge of its function in relation to the pension deficit liability in relation to former WMS employees (including Compensatory Added Years Benefits) as identified in this report from the business of the WME Joint Committee with effect from 1 April 2020;
- B. To allocate the pension deficit liability identified in Recommendation A above to a new employer within the Shropshire County Pension Fund, called 'WMS Pension';
- C. To establish a joint committee pursuant to section 101(5) of the Local Government Act 1972, with Worcestershire County Council, Telford & Wrekin Council and Herefordshire Council known as the WMS Pension Joint Committee and delegate responsibility with effect from 1 April 2020 to the WMS Pension Joint Committee to discharge the functions of Shropshire Council relating to the pension deficit liability from former WMS employees (including Compensatory Added Years Benefits) as set out in Section 5 below allocate to the WMS Pension employer within the Shropshire County Pension Fund;
- D. To approve the proposed governance arrangements set out in Appendix 1, and that the Council's appointed Executive Members to the WMS Pension Joint Committee shall be the Leader of the Council and the Portfolio Holder for Housing and Strategic Planning, as the Council's current representatives on the West Mercia Energy Joint Committee;
- E. To delegate authority to the Director of Finance, Governance & Assurance (Section 151) to progress and agree the arrangements as set out in Section 5, including a relevant payment mechanism and finalise a Joint Agreement for the WMS Pension Joint Committee incorporating the terms set out in Appendix 1, in consultation with Section 151 Officers from the remaining Owning Authorities.
- F. To approve the treatment of the WME asset share to be fully funded with effect from 1 April 2020 using IAS19/FRS102 actuarial assumptions with the resulting additional cost of this funding option allocated to the WMS Pension employer within the Shropshire County Pension Fund.
- G. To delegate authority to the Director of Finance, Governance & Assurance (Section 151) to agree the final figures, of which estimates are set out in Section 6, and in consultation with the Section 151 Officers from the remaining Owning Authorities.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. WME's Risk Register has identified a potential risk in bidding for future contracts while carrying the pension deficit liability for former WMS employees on its balance sheet as potential customers will consider the financial position (through the accounts) of WME in assessing their bid. In order to facilitate WME in bidding for future contracts, the aim is to put it in a position where, at least initially, it is not carrying a pension deficit (and certainly not relating to former WMS employees) within the Shropshire County Pension Fund. To achieve this the liabilities relating to former WMS employees would need to be removed from the WME business and instead more clearly allocated to the Owing Authorities. In practice this proposed change would make very little difference to the liabilities of the Owing Authorities which are currently responsible for their share of the net liabilities of WME including the WMS pension liability.
- 3.2. To achieve implementation by April 2020, it is necessary for all four Owing Authorities to approve the proposal set out in this report. Failure of any Owing Authority to meet the necessary timescales or gain the approvals will result in the proposal not progressing and WME continuing to operate with and bid for contract opportunities showing a negative balance sheet each year, with net liabilities of around £5m each year due to the pension deficit liability.
- 3.3. There is still a technical (albeit unlikely) risk that the retained WME pension liability could, under unfavourable market and/or actuarial assumptions and circumstances still deliver a negative balance sheet position for WME in the future.
- 3.4. There are no direct environmental, climate change, privacy, equality and diversity and Public Health implications from this report.

4. Options Consideration

- 4.1. In developing the proposal recommended in section 5 below, the Owing Authorities have considered alternative options with their respective merits and disadvantages as follows:
 - a. Each authority could make a direct payment to Shropshire County Pension Fund to remove the pension deficit. This option was considered and discounted at the time of the sale of the WMS business due to the significant financial cost to the Owing Authorities. This opinion, and position, has not changed in the intervening years since the sale and is not considered value for money.

- b. The WMS pension liabilities and assets could be separated from the WME business and allocated in equal shares to the four Owing Authorities via the transfer of the liabilities and assets to the respective Local Government Pension Schemes that each Owing Authority participates in. In principle, 50% of these WMS liabilities and assets would be transferred to the Worcestershire Pension Fund, to become the financial responsibility of Worcestershire Council and Herefordshire Council, with the remaining 50% being retained within the Shropshire County Pension Fund (but allocated to the employer's liabilities of Shropshire and Telford & Wrekin, rather than Shropshire on behalf of WME) and being the financial responsibility of Shropshire Council and Telford & Wrekin Council. An application (signed by the four Owing Authorities) to the Secretary of State for Communities and Local Government for a "Direction" could allow the transfer of the relevant proportion of WMS assets and liabilities (being the responsibility of Worcestershire County and Herefordshire Councils) from the Shropshire Fund to the Worcestershire Fund with the balance remaining in the Shropshire Fund (being the responsibility of Shropshire and Telford and Wrekin Councils). It should be noted that the original intention of these Directions was to allow the transfer between Funds of an employer's entire pension assets and liabilities, so there was no guarantee that the Direction would be granted for a partial transfer such as this. Calculations by the Shropshire County Pension Fund actuaries would determine a subset of members which make up (as near as practically possible) four blocks of 25% of the WMS liabilities. Formal agreement by the Worcestershire Pension Fund actuaries to the figures and proposed allocation of membership between the two funds would be required before transfer of appropriate pensioner payroll, membership records and asset share from the Shropshire County Pension Fund to the Worcestershire Pension Fund, and splits to the relevant employers. This option would have resulted in one off costs of up to £80,000 and included the risk that the Secretary of State would not approve the necessary direction. On the basis of the discussions between officers of the four Owing Authorities it is not recommended that this option is pursued as it does not represent value for money.

5. Proposal

- 5.1. Discussions between the Owing Authorities have identified a viable and value for money proposition to remove the pension deficit liability from WME and allocate it jointly to the Owing Authorities by creating a second Joint Committee to manage the WMS pension liabilities.
- 5.2. It is proposed to introduce the above proposal from 1 April 2020. In doing so, the arrangements would be based upon the latest triennial actuarial valuation (as at 31 March 2019, and implemented across all employers from 1 April 2020) improving the quality of the information used at the agreed date of separation of the WME/WMS liabilities, and also removing the need for further actuary costs, as these are absorbed within the existing workload. Furthermore, the option to pay deficit contributions up to three years in advance (to deliver a saving), or other options would be available to be considered, forming part of the delegation outlined in recommendation E. The 1 April 2020 date also removes the practical difficulties of eradicating any existing or proposed pre-payment arrangements made by WME.
- 5.3. The overall proposal is that the WMS pension liabilities and assets will be separated from the allocation of the WME employer and allocated to a new employer (called WMS Pension) within the Shropshire County Pension Fund.
- 5.4. Given that the main issue in WME bidding for contracts is the appearance of its (and the WMS) pension deficit in its accounts, the recommendation is that the asset shares should be determined so that WME is initially fully funded (at the point that the position is crystallised), with the remaining assets (and the historic WMS liabilities) being allocated to the four Owing Authorities. This approach will transfer a slightly larger deficit to the Owing Authorities which will marginally increase their respective employer's liability calculation of the new WMS Pension employer. Furthermore, it is recommended that WME's pension liabilities should be fully funded on actuarial assumptions used for accounting purposes using IAS19/FRS102 actuarial assumptions. This would leave a larger deficit to the Owing Authorities which will further increase their respective employers' liability calculation of the new WMS Pension employer. These implications are identified in the Financial Implications section of this report.
- 5.5. The proposal would result in the removal of the WMS Pension liability from WME's Balance Sheet by transferring the responsibility for the liability to the four Owing Authorities, to be managed through the establishment of a new employer, whilst retaining the assets and liabilities within the Shropshire County Pension Fund. This resulting new employer would manage the WMS pension assets and liabilities within Shropshire County Pension Fund via a Joint Committee.

- 5.6. The setting up of a new WMS Pension employer which is the responsibility of a new Joint Committee established by the Owing Authorities would enable any pension deficit to be separately identified, separately valued and monitored, and allocated to the new WMS Pension employer with the Shropshire Fund so that it remains the joint liability of the four Owing Authorities in a reasonably cost-effective way without the transfer of risk between any of the parties.
- 5.7. The proposal would require formal arrangements to be drawn up between the four Owing Authorities, for each authority to agree to establish a new Joint Committee and make appropriate delegations to the Committee for the management of its share of the WMS pension liability. To reduce administration, it would be proposed to replicate the membership and governance arrangements of the WME Joint Committee as far as possible for the WMS Pension Joint Committee so that the same Members sitting on WME Joint Committee could potentially also sit on a new WMS Pension Joint Committee and meetings of the two Joint Committees could be diarised to take place at the same venue and running one after the other. Shropshire's member representatives are currently the Leader of the Council and the Portfolio Holder for Housing and Strategic Planning. The WME Treasurer would take the role of Treasurer for WMS Pension Joint Committee.
- 5.8. The governance arrangements for a new WMS Pension Joint Committee would be based, as far as possible, on the existing WME Joint Agreement. The WMS Pension Joint Committee would have delegated authority from each Owing Authority to be responsible for any WMS Pension Liability, and historic WMS Compensatory Added Years Benefits. Appendix 1 contains the draft governance arrangements proposed for the WMS Pension Joint Committee.
- 5.9. The risks associated with retaining a pension liability for WMS remain with the Owing Authorities and are not influenced in any way by the removal of responsibility for the deficit from the WME Joint Committee and resulting change in accounting treatment.
- 5.10. Deficit contributions of the Owing Authorities would be subject to the same triennial valuations and treatment whether they are the responsibility of and accounted for within the WME Joint Committee or separately by the Owing Authorities under a new WMS Pension Joint Committee.
- 5.11. The pension liability arising from employees within WME (the WME Pension Liability) would continue to be shown within WME Accounts, with the expected IAS19/FRS102 calculations and (should this be necessary in the future) a deficit recovery plan drawn up and subject

to the existing scrutiny and consideration by the business and the WME Joint Committee. The expectation is that these calculations would be significantly less impactful on the Balance Sheet, although the risk remains that an impact could be seen nonetheless.

6. Financial Implications

- 6.1. Worcestershire County Council, Herefordshire, Shropshire and Telford & Wrekin Councils have for many years been constituent members of a Joint Committee undertaking procurement activity. This business was originally called West Mercia Supplies, but following the sale of the stationery supplies business it has been renamed West Mercia Energy (WME).
- 6.2. At the point of sale of the WMS division (April 2012) the business had a pension fund deficit as identified in the actuarial valuation of the Shropshire County Pension Fund. The deficit related, in the main, to WMS employees whose employment was transferring as part of the sale. To deal with this position, the Owing Authorities had the following options:
 - a. Transfer the WMS pension deficit to the buyers of the WMS business.
 - b. Use the capital receipt from the sale, plus other Owing Authority funds (if necessary) to clear the WMS pension deficit retained by the Owing Authorities.
 - c. Allocate liability for the WMS pension deficit to the continuing WME business and continue to make deficit recovery payments from any WME profits delivered.
- 6.3. During the sale process it was identified that option (a) was unviable. Furthermore, the Owing Authorities concluded that they did not wish to forego a capital receipt from the sale of WMS as represented by option (b) which would also have necessitated a revenue payment from owning authorities to make up the shortfall between the value of the capital receipt and the larger pension deficit. As a result, the WMS pension fund deficit was retained by the Owing Authorities and the liability to meet that deficit was allocated to the continuing WME business. A deficit recovery plan was agreed with Shropshire County Pension Fund (SCPF) and revised every three years in line with the actuarial valuation. The latest valuation is being conducted at the time of writing, as at 31 March 2019, with contribution changes for all employers within the fund from 1 April 2020. In the 2019/20 Financial Year, the budget for WME deficit recovery payment is £161,726, plus £31,713 for Compensatory Added Years benefits (CAYs).
- 6.4. While the direct financial implications of this arrangement within the WME Profit and Loss Account currently are affordable, the impact on the business balance sheet is significant. The pension liability is in

excess of £6m which is not offset to any great extent by the business' fixed assets (minimal) or working balance (generally in the order of £1m). This results in WME producing a negative balance sheet each year, with net liabilities of around £5m each year.

- 6.5. In adopting Option C above, the resulting capital receipt from the sale of WMS was split evenly between the owning authorities and it is appropriate, therefore, to continue to apply this methodology to the Pension Liability calculation. In the intervening years no formal methodology was followed for the deduction of the pension liability in relation to the owners shares of WME profit. As a result, the actual deduction for each authority would have been incorporated within the distribution of surplus calculation and would have varied slightly from an equal share. There will be no backdating of the methodology, however, to adjust for this. Upon implementation, this arrangement will have a positive financial implication for WME (removing the WMS pension deficit from the balance sheet and removing the WMS pension deficit payments from the Profit and Loss Account) and there will be a reciprocal negative financial implication for the Owing Authorities. The Owing Authorities will be required to cover the cost of 25% of the WMS pension deficit payment annually. The Owing Authorities will, however, benefit from marginally increased distributions from WME as a result of the pension deficit payments for WMS no longer being charged to the WME Profit and Loss Account.
- 6.6. Given that the main issue in WME bidding for contracts is the presence of the pension deficit in its business accounts, there is a presumption that the asset shares should be determined so that WME is initially fully funded (at the date the WMS pension liabilities are separated), with the remaining assets (and the historic WMS liabilities) being allocated to the four owning authorities in equal shares. This will potentially transfer a slightly larger deficit to the Owing Authorities. Furthermore, there is a choice as to whether WME's pension liabilities should be fully funded on ongoing actuarial assumptions or on actuarial assumptions used for accounting purposes, as the two will generate different answers. The Shropshire County Pension Fund actuaries have been asked to calculate the approximate figures using both approaches, and the details below provide an estimate of how the final figures may look. The figures have been calculated as at 31 March 2019 as part of the 2019 actuarial valuation of the Shropshire County Fund, but will in due course need to be updated to the date of separation. Given that IAS19/FRS102 liabilities have increased over recent months, as a result of falls in bond yields, it is likely to need a slightly higher asset allocation to WME (resulting in a slightly lower asset allocation and therefore slightly increased deficit on an ongoing valuation basis for WMS):

Table 1: WME fully funded on illustrative ongoing valuation assumptions:

	WME	WMS
Illustrative ongoing valuation position		
Assets	0.93	9.36
Liabilities	0.93	10.79
Surplus/(deficit)	-	(1.43)
Estimated IAS19/FRS102 position		
Assets	0.93	9.36
Liabilities	1.64	14.96
Surplus/(deficit)	(0.71)	(5.60)

Table 2: WME fully funded on estimated IAS19/FRS102 assumptions:

	WME	WMS
Illustrative ongoing valuation position		
Assets	1.64	8.65
Liabilities	0.93	10.79
Surplus/(deficit)	0.71	(2.14)
Estimated IAS19/FRS102 position		
Assets	1.64	8.65
Liabilities	1.64	14.96
Surplus/(deficit)	-	(6.31)

- 6.7. The recommendation would be for the WME asset share to be fully funded using IAS19/FRS102 actuarial assumptions, and therefore the £1.64m asset allocation would form the basis of the figures. This would leave £8.65m worth of assets and £10.79m worth of liabilities (on the Shropshire County Pension Fund's ongoing valuation assumptions) to be allocated to the four Owing Authorities (which would impact on deficit contributions payable, with the accounting deficit feeding through to the owning authorities' balance sheets). The figures should be updated (as far as is reasonably possible) to the agreed date of separation of the WME/WMS liabilities, so that at this "strike date" WME has no surplus or deficit for employer accounting purposes. It is recommended that the final arrangements are implemented in line with these estimates by Shropshire Council Section 151 Officer, in consultation with the Section 151 Officers from the remaining Owing Authorities.
- 6.8. By ensuring WME is fully funded under IAS19/FRS102 assumptions, it will actually be in surplus under on-going actuarial assumptions. As a result, WME may not be required to physically pay annual pension contributions to Shropshire County Pension Fund under this

arrangement, as the actuarial surplus relating to former service would offset the on-going employers' contributions for WME staff. While this may look unusual in isolation, the overall position is unchanged and there are no overall financial implications arising from this.

- 6.9. The Owing Authorities would be required to make separate contributions for the WMS pension liabilities allocated to the new employer to cover deficit contributions and Compensatory Added Years Benefits. A separate contribution from each Owing Authority is required as the removal of the deficit from WME means that a share of the liability effectively sits with each Owing Authority to be funded by them, rather than being funded directly by WME from its income, prior to any calculation and distribution of profits. Consequently, the WME profits distribution would be proportionately higher as a result of the pension deficit contribution no longer being accounted for through this mechanism. The payment mechanism for the proposal would need to be agreed between the Owing Authorities' Section 151 Officers.
- 6.10. Over and above the funded pension liabilities, WME is responsible for some historic Compensatory Added Years (CAY) benefits which currently amount to approximately £31,500 per annum. The recommendation is that these benefits should also become the responsibility of WMS Pension Joint Committee, so that the costs will then be split equally between the four Owing Authorities.
- 6.11. To implement the proposal there have been limited one-off costs of £7,140 in 2019/20, as the majority of preparatory costs have been absorbed within the existing agreements between WME, Shropshire Council, Shropshire County Pension Fund and Mercer. There will be on-going costs associated with the managing and administration of a second Joint Committee and the cost of preparing a set of accounts for that new Joint Committee. These are estimated to be £5,000 and would be split between the four Owing Authorities and recovered via the agreed payment mechanism.

Table 2: On-going Financial Implications estimate:

Details	Total Cost (£)	Cost to each authority (£)
Joint Committee	5,000	1,250
Deficit repayment	175,000	43,750
CAYS	31,500	7,875
Total Costs	211,500	52,875
Change in WME distribution of surplus	(206,500)	(51,625) ¹
Net impact	5,000	1,250

¹ Shown here for illustrative purposes using 25% distribution to each owning authority but will vary between authority and each year based on the distribution of surplus calculation.

- 6.12. The following set up costs have been incurred in reaching the recommendations proposed within this report:

Table 3: One Off Costs:

Date	Details	Value (£)
Apr 2018	Work and advice in relation to the pension liability options – Mercer	2,865
Mar 2019	Advice/meeting/discussion on pension liability options – Mercer	1,285
	Costs already charged to 2018/19 WME Accounts	4,150
January 2020	Work and advice in relation to the pension liability options – Mercer	3,140
March 2020	Interpretation and report production - Shropshire Council, Shropshire County Pension Fund	4,000
	Costs to be charged to 2019/20 WME Accounts	7,140

- 6.13. It would be possible for the four Owing Authorities to make payments in advance (annually or three years in advance at each triennial valuation). This would generate a saving over the three year period, but would have a cashflow implication for the Owing Authorities. Given the complexity of the arrangements, it may be necessary for all four Owing Authorities to agree to adopt the same mechanism, and this would be reviewed following each triennial valuation. This decision would form part of the delegation in Recommendation D.

7. Legal Implications

- 7.1. Part VI of the Local Government Act 1972 and Part 1A, Chapter 2 of the Local Government Act 2000 (as amended) makes provision for local authorities to establish joint committees. Provided that the functions to be exercised are executive functions, further to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, it is a matter for the respective Cabinets to determine the establishment of an executive joint committee and to agree the executive functions to be delegated to that joint committee. Every member of the joint committee must be a member of their nominating council's Cabinet.
- 7.2. The functions to be delegated to the WMS Pension Joint Committee are not functions relating to pension or related payments due to local authority employees pursuant to the Superannuation Act 1972 which are identified in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as Council (not executive) functions. Each Owing Authority's obligation to make payments to the relevant Pension Fund in respect of current or past employees for which they

are responsible may therefore be exercised by the Owing Authority's executive and delegated accordingly.

8. Climate Change Appraisal

- 8.1. The recommendations in this report relate to the accounting and practical treatment of the Pension Liability relating to West Mercia Supplies former employees. As such, these recommendations have no implications for the operation of the WME business or for the Local Authority and as a result there are no climate change implications as a result of the approval of recommendations within this report.

9. Background

- 9.1. Worcestershire County Council, Herefordshire, Shropshire and Telford & Wrekin Councils have for many years been constituent members of a Joint Committee undertaking procurement activity. This business was originally called West Mercia Supplies, but following the sale of the stationery supplies business it has been renamed West Mercia Energy (WME). Each of the four Owing Authorities have delegated their functions in relation to the procurement of energy and utilities to the Joint Committee and each Owing Authority has two votes each on the WME Joint Committee.
- 9.2. The WME Joint Committee operates under the Joint Agreement, the latest version of which was approved by the Owing Authorities and for Shropshire Council this was at Cabinet on 6 September 2017. The Joint Agreement sets out how the Joint Committee operates and that the four Owing Authorities are jointly liable in equal shares for the liabilities of the Joint Committee and the WME business.
- 9.3. On 24th September 2019 the Joint Committee approved recommendations to:
- a. propose that the four WME Owing Authorities take direct responsibility for the pension deficit liability relating to former WMS employees (including Compensatory Added Years Benefits) and WME with effect from 1st April 2020; and
 - b. subject to the formal decisions of the four WME Owing Authorities to agree the above, to remove the pension deficit liability relating to former WMS employees (including Compensatory Added Years Benefits) and WME from the WME Balance Sheet from 1 April 2020.
- 9.4. It is a decision for each Owing Authority, rather than the WME Joint Committee, to agree that the Owing Authorities create a new Joint Committee and employer to take responsibility for the current WMS

pension deficit so that it can be removed as a liability from the WME business.

- 9.5. It is a decision for each Owning Authority, rather than the WME Joint Committee, to remove the responsibility for the pension deficit from WME and the Joint Committee’s management and to put in place a new mechanism under which the Owning Authorities take direct responsibility for the current WMS pension deficit.
- 9.6. The aim of the proposal identified in this report is to create a new Joint Committee and employer to take responsibility for this so that it can be removed as a liability from the WME business to put WME in a position where, at least initially, it is not carrying a pension deficit (and certainly not relating to former WMS employees) under the Shropshire County Pension Fund. To achieve this, the overall aim is that the liabilities relating to former WMS employees will be separated from the WME business and instead more clearly allocate the liability to the Owning Authorities.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>Variation to West Mercia Energy Joint Agreement – Cabinet 06 September 2017</p>
<p>Cabinet Member (Portfolio Holder)</p> <p>Councillor Peter Nutting Councillor Robert Macy</p>
<p>Local Member</p> <p>All</p>
<p>Appendices</p> <p>Appendix 1: Draft governance arrangements the WMS Pension Joint Committee</p>

WMS Pension Joint Committee – Principles of the Joint Agreement

Purpose

1. Shropshire Council, the County Of Herefordshire District Council, Worcestershire County Council and the Borough Of Telford & Wrekin (“the Member Authorities) have established an executive joint committee known as the WMS Pension Joint Committee for the purpose of discharging the functions relating to the Member Authorities’ liabilities to the Shropshire County Pension Fund (SCPF) in respect of the pension deficit and liabilities allocated to the employer body within the SCPF known as WMS Pension.
2. WMS Pension Joint Committee is a joint committee of the executives of the Member Authorities established further to section 101(5) of the Local Government Act 1972, section 9EB of Part 1A, Chapter 2 of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

Governance Arrangements

3. The Member Authorities have agreed that the Member Authority appointed as the ‘Lead Authority’ for the purposes of the West Mercia Energy Joint Committee shall be the Lead Authority for the WMS Pension Joint Committee with responsibility for the administration of this Joint Committee (and whose relevant standing orders shall apply), including appointing from its officers a Secretary and a Treasurer to undertake the roles set out below. The Secretary and Treasurer shall liaise with the monitoring officers and section 151 Officers of the Member Authorities to enable those officers to comply with their responsibilities under Section 5 of the Local Government and Housing Act 1989 and Section 151 of the Local Government Act 1972.
4. The responsibilities of the Secretary shall be as follows:
 - 4.1. to make all necessary arrangements for the publication of forthcoming decisions, convening of meetings of the Joint Committee and any Sub-Committees, to ensure that the meetings and decision making of the Joint Committee are undertaken in accordance with legal requirements;
 - 4.2. to provide, or, where necessary, procure the provision of, all necessary legal advice on matters under consideration by the Joint Committee or relevant to the Committee’s functions;

- 4.3. to arrange for the taking and maintenance of minutes of meetings of the Joint Committee and any Sub-Committees, the publication of any resulting decisions and ensure that the business of the Joint Committee at its meetings is conducted in accordance with legal requirements;
 - 4.4. to manage and co-ordinate the day-to-day affairs of the Joint Committee and its administrative support.
5. The responsibilities of the Treasurer shall be as follows:
- 5.1. to provide financial advice and information to the Joint Committee;
 - 5.2. to keep proper accounts of the monies received and expended by the Joint Committee;
 - 5.3. the calculation and apportionment of liabilities of the Member Authorities which shall be apportioned in equal shares;
 - 5.4. to arrange any appropriate audit requirements in respect of the Joint Committee;
 - 5.5. to prepare and present such financial reports or other financial information as may be required by the Joint Committee to properly discharge their functions.
6. The Member Authorities shall be jointly liable in equal shares and shall indemnify the Lead Authority for the liabilities of the WMS Pension Joint Committee in respect of all claims, liabilities and costs incurred by the Lead Authority in fulfilling the obligations of the WMS Pension Joint Committee.

Membership

7. Each Member Authority shall be entitled to appoint two of their Executive Elected Members to serve on the Joint Committee until they cease to be an Executive Elected member or unless earlier replaced by the appointing Member Authority. The appointed members shall wherever possible be aligned with the Member Authority's appointments to the West Mercia Energy Joint Committee.
8. A substitute member shall only be entitled to attend, speak and vote as if an ordinary member of the Joint Committee where, at least one clear working day prior to the date of the meeting, notice has been given to the Secretary that:
 - 8.1. it is impracticable for the named ordinary member of the Joint Committee to attend a specified meeting;
 - 8.2. the named substitute member will attend in place of their named ordinary members; and
 - 8.3. the named substitute member is also an Executive Elected Member

9. Each Joint Committee Member shall observe and comply with the provisions of the Code of Conduct for elected members adopted by their appointing Member Authority (“Code of Conduct”). Where a Joint Committee Member attends a meeting of the Joint Committee they must declare any disclosable pecuniary and other interests as required by their Code of Conduct either at the start of the meeting, or otherwise as soon as the interest becomes apparent in the course of the meeting.

Meetings and Voting

10. The Joint Committee shall meet at least annually in February of each year on the same date as the WME Joint Committee meeting, unless the Joint Committee shall agree that further meetings are required at such time or times as shall be deemed necessary by the Joint Committee. A Special Meeting may be requisitioned by the Chief Executive of a Member Authority, such requisition to set out the business to be transacted at the meeting and to be delivered to the Secretary of the Joint Committee in normal circumstances at least ten clear working days prior to the date of the meeting and the Secretary shall undertake the relevant publication of notices and documents relating to the Special Meeting. Where it is certified that the business to be transacted is urgent business the time limit for delivery of such requisition may be waived by the Secretary of the Joint Committee following consultation with the Chair of the Joint Committee. Wherever possible any additional meetings shall be held on the same date as a meeting of the WME Joint Committee.
11. At the meeting in February and thereafter every year at the meeting in February the Joint Committee shall elect by majority vote one of their members to be Chair for the ensuing 12 month period and another member to be Vice-Chair for the same term. The Chair and Vice-Chair shall not be from the same Member Authority.
12. The quorum of the Joint Committee shall be two members from at least two separate member authorities
13. Any Joint Committee Members who are absent from meetings of the Joint Committee for three consecutive meetings (unless excused by the Joint Committee) or who communicate in writing to the Secretary to the Joint Committee a wish to resign shall thereupon cease to be Joint Committee Members. The Secretary shall notify the relevant Member Authority and invite them to appoint replacement Joint Committee Members.
14. Wherever the Member Authorities have the power to decide any matter by majority vote then each Member Authority shall have such number of votes as that Member Authority has representatives (or an entitlement to representatives) on the Joint Committee. Any question coming before the Joint Committee shall be decided by a simple majority of those present

and voting the Chair having the casting vote in the event of an equality of votes in addition to his/her vote as a member of the Committee.

15. Each Member Authority shall defray the expenses of their own respective Joint Committee Members.
16. The Secretary shall undertake the publication of notices of meetings and accompanying documents and conduct the Joint Committee's meetings in accordance with the 'Access to Information Procedure Rules' as contained within the Lead Authority's constitution ensuring compliance with the Local Government Act 2000 and Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.
17. Should an individual Member Authority wish to terminate their membership of the Joint Committee they may serve at least [3] months written notice of termination to take effect at the end of the financial year in which it is served ("the Notice") to the Chief Executives of the other Member Authorities.
18. Where an individual Member Authority has served the Notice of termination ("the Exiting Authority"), the Treasurer shall assess the liabilities of the Joint Committee as they exist at the date of termination of the Exiting Authority's membership of the Joint Committee. Upon exit, the Exiting Authority shall be liable for an equal share of any liabilities of the Joint Committee incurred up to the date of their exit, irrespective of whether the liability is claimed prior to or after the date of exit and the Treasurer shall calculate any amount due from the Exiting Authority as at the date of exit of the Exiting Authority.
19. Where the Joint Committee requests a payment from the Exiting Authority for a contribution to its liabilities, the Exiting Authority shall make the relevant payment within 20 days of receipt of the request.