

Cabinet – 4 April 2012

West Midlands Councils – Past Pension Liabilities

Portfolio: Councillor Bird – Leader of the Council

Service: Chief Executive

Wards: All

Key decision: No

Forward plan: No

1. Summary

To seek Cabinets approval for the Council to enter into the proposed Supplement Agreement to confirm the pension arrangements for the West Midlands Councils.

2. Recommendations

That Cabinet approve the entering into the proposed Supplement Agreement to confirm the pension arrangements of the West Midlands Councils under the Admission Agreement.

3. Report detail

The West Midlands Councils was formally known as the West Midlands Leaders Board and prior to that the West Midlands Local Government Association, it is a Member led organisation comprising all 33 local authorities within the West Midlands and has gone through a number of changes in recent years, including structural changes and a number of redundancies. As a result of these changes Cabinet approved the new constitution of the West Midlands Councils on the 9 November 2011 and there now remains the issue of the resolution of the past pension liabilities. Eversheds Solicitors have acted as legal adviser to negotiate and finalise the terms of the Supplement Agreement for the members of the West Midlands Councils.

The pension fund actuaries have worked closely with the West Midlands Councils to clarify the sums due in respect of the same and the final figures have now been determined. In order for these sums to be appropriately apportioned to all members of the West Midlands Council the pension fund now require them to enter into a supplemental agreement to the West Midlands Pension Fund Admission Agreement, which is between the West Midlands Councils as a body and the Pension fund. Payment of the pension liabilities can be made either by way of addition to the Councils ongoing liability to the fund or by way of a lump

sum. The proposal as set out in the Supplemental Agreement is that the liabilities are paid by way of ongoing contribution to the pension fund over a period of twenty five years as this represents significantly smaller sum than a lump sum payment, the payments totalling £295,000 over twenty five years as opposed to a lump sum payment of £533.096.

The West Midlands Councils is an independent body which supports, represents and promotes the interests of the local authorities in the West Midlands and the communities they serve. As such it works to secure a strong and coherent voice for local government and promotes the West Midlands in relation to sub national, national and international issues. All 33 local authorities are represented by their Leaders on the Full Council of the West Midlands Councils.

4. Council priorities

By being a member of the West Midlands Council Constitution the Council is continuing to support its primary objectives of working on a sub regional and regional level to support its Communities and neighborhoods, the economy and the health and well-being of the community of Walsall.

5. Risk management

The West Midlands Councils has a constitution that provides an operating model and creates the framework within which the members carry out the business of the body. The Supplement Agreement is in addition to this and sets out the liabilities of all members for the past pension fund liabilities.

6. Financial implications

Membership of the West Midlands Council incurs an annual contribution of £48,794 which is contained in the budget. Further the constitution contains provisions that all members are liable with the other member authorities to underwrite any liabilities of the West Midlands Council on the basis of a proportion of the subscription base.

The payment of the Walsall Councils proportion of the liability is the sum of £295,000 over twenty five years.

7. Legal implications

By approving the Supplemental Agreement the Council will be bound by its terms. In the event of the agreement being terminated a re-evaluation of the pension contributions would be made to determine the liabilities at that time.

8. Property implications

None

9. Staffing implications

None

10. Equality implications

None

11. Consultation

None

Background papers

Cabinet report to the 9 November Cabinet.

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Paul Sheehan
Chief Executive

26 March 2012



Councillor Mike Bird
Leader of the Council

26 March 2012