

Scheme of Delegations to the Treasurer

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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 (WMS) employees to be managed by the WMS Pension Joint Committee.
- 1.2. The WMS Pension Joint Committee has delegated authority to make arrangements for the payment of the liabilities of the Member Authorities in respect of the pension deficit liability from former WMS employees (including Compensatory Added Years Benefits) which are allocated to the WMS Pension employer within the Shropshire County Pension Fund.
- 1.3. The Joint agreement between the four Member Authorities establishes a Lead Authority of which the Section 151 Officer acts as the Treasurer for WMS Pension. The WMS Pension Joint Committee has the authorisation to delegate authority in respect of the matters set out in Appendix A to the Treasurer appointed further to the Joint Agreement between the Member Authorities of the Joint Committee.

2. Recommendations

- 2.1. It is recommended that the Joint Committee;
 - a) Approve the scheme of Delegations attached at Appendix A.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. The necessary approvals have been given by each of the Member Authorities for the creation and administration of WMS Pension Joint Committee. The 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 and representative offers. This framework and the development and approval of policies around payment of the deficits due to the Pension Fund set out in this report manage the risks associated with the operation of the Joint Committee and the financial risk of any decisions taken.
- 3.2. The creation of WMS Pension as an employer within the Shropshire County Pension Fund reduces the financial risk placed on West Mercia Energy (WME). WME Risk Register identified a potential risk in bidding for future contracts while carrying the WMS Pension Liability on its balance sheet.
- 3.3. The purpose of the WMS Pension Joint Agreement is to ensure that no transfer of risk is made, to or between the Member 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.

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 delegates authority in respect of the matters set out in Appendix A to the Treasurer appointed further to the Joint Agreement between the Member Authorities of 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
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Appendices

Appendix A: Scheme of Delegations to the Joint Committee
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**WMS PENSION JOINT COMMITTEE
SCHEME OF DELEGATIONS TO THE TREASURER**

The WMS Pension Joint Committee delegates authority in respect of the following matters to the Treasurer appointed further to the Joint Agreement between the Member Authorities of the Joint Committee (capitalised terms are as defined in the Joint Agreement):

1. To agree the amounts and make any payments required to Shropshire County Pension Fund in respect of the liabilities of the employer in the fund known as WMS Pension (including the Deficit Recovery Payments and the Compensatory Added Years Benefits Payments), such payments to be made in accordance with any relevant policies approved by the WMS Pension Joint Committee;
2. To sign the Employer's Agreement on behalf of WMS Pension with the Shropshire County Pension Fund following each Triennial Actuarial Valuation where such Employer's Agreement is in accordance with the current agreed policies of the WMS Pension Joint Committee;
3. To sign any documents on behalf of WMS Pension with the Shropshire County Pension Fund or enter into any arrangements on behalf of WMS Pension with relevant third parties in order to implement any decision or policies of the WMS Pension Joint Committee in order to further its objectives or to properly undertake the responsibilities of the Treasurer as set out in the Joint Agreement;
4. To calculate the amounts due in accordance with the agreed policies and invoice the Member Authorities in respect of the Member Authority Liability Charges where such amounts are agreed by the WMS Pension Joint Committee for the relevant Financial Year;
5. The Treasurer may make such onward delegation of his powers and responsibilities to officers of the Lead Authority as he/she shall deem appropriate and any such delegation shall be recorded in writing stating the date upon which it shall take effect. The Treasurer may revoke such delegations at any time.