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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

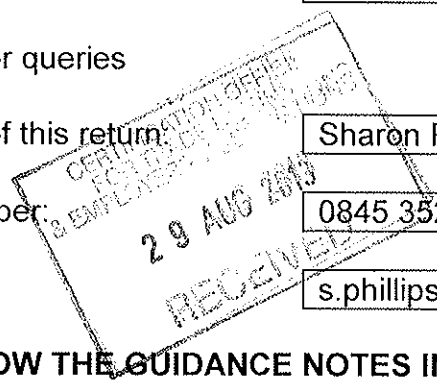
Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

e-mail:



PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
44				44

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change

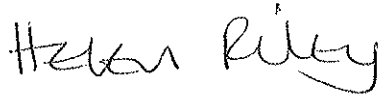
**West Midlands Councils
Schedule of Officers
As at 31 March 2013**

Chairman



Cllr Philip Atkins

Chief Executive



H Riley (Host CEO)

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
763,852	From Members	Subscriptions, levies, etc		640,889
-	Investment income	Interest and dividends (gross)		-
13,895		Bank interest (gross)		10,289
-		Other (specify)		-
-	Other income	Rents received		-
-		Insurance commission		-
227,631		Consultancy fees		240,670
-		Publications/Seminars		-
197,181		Miscellaneous receipts (specify)		174,310
		-See schedule		
1,202,289	TOTAL INCOME			1,066,158
	EXPENDITURE			
	Administrative expenses			
(727,978)		Remuneration and expenses of staff		(687,086)
(342,867)		Occupancy costs		(364,651)
(30,025)		Printing, Stationery, Post		(38,225)
-		Telephones		-
(129,489)		Legal and Professional fees		(160,395)
1,155,000		Miscellaneous (specify)		
-		-FRS 17 pension adjustment		255,000
-		-Training course fees		-
-		-Travel & subsistence		-
-	Other charges	Bank charges		-
(18,263)		Depreciation		(15,448)
-		Sums written off		-
(3,390)		Affiliation fees		(2,767)
-		Donations		-
(1,792)		Conference and meeting fees		(1,157)
-		Expenses		-
(26,757)		Miscellaneous (specify)		
		-See schedule		(16,129)
(125,561)	Taxation			
	TOTAL EXPENDITURE			(1,030,858)
1,076,728	Surplus/Deficit for year			35,300
(157,359)	Exceptional costs			287,589
(886,000)	Actuarial surplus / (deficit) – FRS17			(1,617,000)
(106,000)	Other finance costs – FRS17			(128,000)

(4,646,057)	Amount of funds at beginning of the year	(4,718,688)
(4,718,688)	Amount of fund at end of year	(6,140,799)

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

BALANCE SHEET AS AT 31 March 2013

(see notes 19 and 20)

Previous Year		£	£
15,448	Fixed Assets (as at page 11)		-
	Investments (as per analysis on page 13)		-
	Quoted (Market value £)		
	Unquoted		
	Total Investments		
	Other Assets		
366,460	Sundry debtors		784,940
1,192,325	Cash at bank and in hand		1,398,777
	Stocks of goods		
	Others (specify)		
1,558,785	Total of other assets		2,183,717
1,574,233	TOTAL ASSETS		2,183,717
	Fund (Account)		
	Fund (Account)		
	Fund (Account)		
	Revaluation Reserve		
	Liabilities		
(5,249,000)	Pension liability		(6,739,000)
	Bank overdraft		
	Tax payable		
(31,539)	Sundry creditors		(88,105)
(32,370)	Accrued expenses		(36,934)
(210,789)	Trade creditors		(482,179)
(769,223)	Income in advance		(978,298)
(6,292,921)	TOTAL LIABILITIES		(8,324,516)
(4,718,688)	TOTAL ASSETS		(6,140,799)

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	52,533	224,940	-	277,473
Additions during period	-	-	-	-
Less: Disposals during period	(52,533)	(174,940)	-	(227,473)
Less: DEPRECIATION:	-	(50,000)	-	(50,000)
Total to end of period	-	-	-	-
BOOK AMOUNT at end of period	-	-	-	-
Freehold	-			-
Leasehold (50 or more years unexpired)	-			-
Leasehold (less than 50 years unexpired)	-			-
AS BALANCE SHEET	-	-	-	-

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		<input type="checkbox"/>	<input type="checkbox"/> NO
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		<input type="checkbox"/> YES	<input type="checkbox"/> NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		<input type="checkbox"/> YES	<input type="checkbox"/> NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	640,889	-	640,889
From Investments	10,289	-	10,289
Other Income (including increases by revaluation of assets)	414,980	-	414,980
Total Income	1,066,158	-	1,066,158
EXPENDITURE (including decreases by revaluation of assets)	(2,488,269)	-	(2,488,269)
Total Expenditure	(2,488,269)	-	(2,488,269)
Funds at beginning of year (including reserves)	(4,718,688)	-	(4,718,688)
Funds at end of year (including reserves)	(6,140,799)	-	(6,140,799)
ASSETS			
Fixed Assets			-
Investment Assets			-
Other Assets			2,183,717
		Total Assets	2,183,717
LIABILITIES		Total Liabilities	(8,324,516)
NET ASSETS (Total Assets less Total Liabilities)			(6,140,799)

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

2	Tangible fixed assets	Expenditure on s/t leasehold property	Office equipment	Total
	Cost	£	£	£
	At 31 March 2012	52,533	224,940	277,473
	Disposals	<u>(52,533)</u>	<u>(174,940)*</u>	<u>(227,473)</u>
	At 31 March 2013	-	50,000	50,000
	Depreciation			
	At 31 March 2012	52,533	209,492	262,025
	Charge for the year	-	15,448	15,448
	Disposals	<u>(52,533)</u>	<u>(174,940)*</u>	<u>(227,473)</u>
	At 31 March 2013	-	50,000	50,000
	Net book value			
	31 March 2013	-	-	-
	31 March 2012	-	15,448	15,448

*Post year end, WMC vacated their leased premises and moved into smaller premises at Sandwell Council House. Due to this downsizing of premises, a significant number of assets have been scrapped, sold or donated. The remaining cost balance is considered to be the true cost of assets being used in the new office; it should be noted that these assets are themselves fully depreciated.

Please see attached extract from accounts for note 3a through to note 10 on page 10 through to page 18 of the financial statements of West Midlands Councils.

3a Project Funds held on account

	01/04/12	Income	Expenditure	Transfers to 3b	31/03/13
	£	£	£	£	£
People & Leadership Projects	653,265	363,517	(348,316)	-	668,466
WMES ERDF Project	-	64,562	(90,972)	-	(26,410)
EU Connects	(62,198)	78,356	(16,158)	-	-
Health and Well Being	-	22,493	(13,791)	-	8,702
Learning for Public Health	-	144,000	-	-	144,000
Gloucester Coaching Fund	14,094	-	(6,125)	-	7,969
Epaycheck	105,858	15,000	(47,650)	-	73,208
National Contact Point	-	39,150	(35,110)	(4,040)	-
Department for Health WM	-	36,999	-	(1,000)	35,999
European Structural Funds	10,935	-	-	(10,935)	-
EU2020	-	20,000	(20,000)	-	-
WMSMP	22,071	135,000	(130,605)	(14,831)	11,635
SMP Migrant Project	-	-	(491)	-	(491)
	<u>744,025</u>	<u>919,077</u>	<u>(709,218)</u>	<u>(30,806)</u>	<u>923,078</u>

The above balances are held on account to support ongoing project activity in 2013-14 and the transfers to a separate WMC reserve are detailed at note 3b.

3b Special WMC Reserves

	01/04/12	Income	Expenditure	Transfers from 3a	31/03/13
	£	£	£	£	£
NCP Severance Reserve	-	-	-	4,040	4,040
WMES Severance Reserve	-	-	-	11,064	11,064
WMC Corporate Severance	-	-	-	7,055	7,055
WMSMP Severance Reserve	-	-	-	14,831	14,831 ¹
Relocation Fund(RPC Devpmt)	3,676	-	-	-	3,676
Corporate Training Plan	21,522	-	(784)	(15,719)	5,019
Proj Mgmt Fees POA	-	-	-	1,000	1,000
Financial Mgmt Fee WMES	-	-	-	8,535	8,535
	<u>25,198</u>	<u>-</u>	<u>(784)</u>	<u>30,806</u>	<u>55,220</u>

¹ In the event the WMSMP Severance Reserve is not called upon, the funds shall be returned to the funding body. All other balances at Note 3b are WMC funds and if not required for the stated purpose may be released back to general reserves.

WEST MIDLANDS COUNCILS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

4 Revenue Reserve	£
At 31 March 2012 – deficit	(4,718,688)
Surplus for the year	194,889
Actuarial loss for the year (WMPF) – page 5	(1,573,000)
Actuarial loss for the year (SPF) – page 5	(44,000)
	<hr/>
At 31 March 2013 - deficit	(6,140,799)
	<hr/> <hr/>

Analysed as:	2013	2012
	£	£
General reserve	73,606	60,312
Designated Reserves		
<i>WMC reserves</i>		
CLGWM Subs Reserve	13,500	-
CLGWM Pay Protection Reserve	39,526	-
WMC Severance reserve	312,350	-
WMES Severance Reserve	29,219	-
Dilapidations and Equipment Lease Reserve	130,000	305,000
Redundancy reserve (WMSMP) (see also 3b)	-	45,000
WMIe liability reserve	-	120,000
	<hr/>	<hr/>
	598,201	530,312
Pension reserve – liability (WMPF)	(6,721,000)	(5,265,000)
Pension reserve – asset (SPF)	(18,000)	16,000
	<hr/>	<hr/>
	(6,140,799)	(4,718,688)
	<hr/> <hr/>	<hr/> <hr/>

Notes:

A CLG Subs Reserve was established from project management income to meet the cost of the loss of Coventry's subscription in 2013-14.

A WMES Severance Reserve was established to meet the cost of potential severance WMC cannot claim from the ERDF grant.

5 Employee loans recoverable	2013	2012
	£	£
Recoverable within one year	-	1,500
	<hr/>	<hr/>

WEST MIDLANDS COUNCILS

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013**

6 Exceptional items

Included within the Revenue Account are the following exceptional items:

	2013	2012
	£	£
Redundancy costs (SMP reserved funds)*	45,292	86,566
Birmingham CC Termination Liability#	(106,642)	-
Additional levies (WMIÉ debt)^	(304,511)	-
Release of duplicate payments	-	(35,146)
Funding released from special projects	-	(113,550)
Write-off of WMIÉ debt (Note 9d)	<u>78,272</u>	<u>219,489</u>
	<u>(287,589)</u>	<u>157,359</u>

* A designated severance reserve was released to meet the SMP redundancy cost

An invoice was issued to BCC in respect of their termination liability at 31 March 2012

^ Councils paid an additional subscription to help meet the WMIÉ debt

7 Financial commitments

(a) Rentals payable on non-cancellable operating leases in force at the end of the year were as follows:

	2013		2012	
	Property	Other	Property	Other
	£	£	£	£
Leases expiring <12 months	-	-	-	-
Leases expiring in 12-60 months	-	16,896	200,010	39,818
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8 Pension scheme – Local Government Pension Scheme

The Full Council operates a defined benefit pension scheme in the UK for all qualifying employees.

In June 2012 WMC ceased to be an employing body when it completed a TUPE transfer of its staff to Staffordshire County Council who now acts as host employer. WMC therefore now has a liability to the WMPF for past pension liabilities and to the SPF for ongoing pension commitments.

The funding of the scheme is assessed in accordance with advice received from independent actuaries.

8(a) West Midlands Pension Fund

An actuarial valuation as at 1 June 2012 was completed in relation to the WMPF in order that the actuary could provide calculations and valuations to form the basis of a planned buy-out and settlement of the liability as at 1 June 2012.

Subsequent to this valuation, the member authorities were informed of their liabilities in respect of the WMPF and invoices for contributions for the period to 31 March 2014 were raised and issued to them. Contributions have been collected and paid over to the WMPF.

A triennial actuarial valuation is due in 2014 and this will form the basis for future contributions from 1 April 2014 onwards.

WEST MIDLANDS COUNCILS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

8(a) West Midlands Pension Fund - cont

	At year end 31/03/2013 £'000	At year end 31/03/2012 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(18,979)	(16,505)
Fair value of plan assets	<u>12,258</u>	<u>11,240</u>
Funded status	(6,721)	(5,265)
Net amount recognised as a liability	<u>(6,721)</u>	<u>(5,265)</u>
Components of pension cost		
Current service cost	-	30
Interest cost	818	870
Expected return on assets	(687)	(762)
Effect of settlements or curtailments	<u>-</u>	<u>(1,180)</u>
Total pension cost recognised in the revenue account	131	(1,042)
Actuarial losses immediately recognised	<u>1,573</u>	<u>895</u>
Total pension cost recognised in the STRGL	1,573	895
Actual return on plan assets	<u>1,361</u>	<u>302</u>
	At year end 31/03/2013 £'000	At year end 31/03/2012 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	16,505	16,985
Current service cost	-	30
Interest cost	818	870
Member contributions	-	13
Actuarial losses	2,247	435
Curtailments	-	(1,180)
Benefits paid	<u>(591)</u>	<u>(648)</u>
Benefit obligation at end of year	<u>18,979</u>	<u>16,505</u>

WEST MIDLANDS COUNCILS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

8(a) West Midland Pension Fund - continued

	At year end 31 March 2013 £'000	At year end 31 March 2012 £'000
Change in plan assets		
Fair value of assets at beginning of year	11,240	11,519
Expected return on assets	687	762
Actuarial gain/(losses)	674	(460)
Employer contribution	248	54
Member contributions	-	13
Benefits paid	<u>(591)</u>	<u>(648)</u>
Fair value of assets at end of year	<u>12,258</u>	<u>11,240</u>

Plan assets

The weighted asset allocation at the year end was as follows:

Asset category	Expected rate of Return	Plan assets at 31/03/2013	Expected rate of return	Plan assets of 31/03/2012
Equities/absolute return	7.00%	5,161	7.00%	7,711
Government bonds	2.80%	1,103	3.50%	1,101
Other bonds	3.90%	1,471	5.05%	877
Property/infrastructure	5.70%	1,103	6.40%	1,405
Other	7.00%	<u>3,420</u>	0.50%	<u>146</u>
	5.85%	12,258	6.79%	11,240

Weighted average assumptions used to determine benefit obligations at:

	31/03/2013	31/03/2012
Discount rate	4.20%	5.05%
Rate of salary increase	4.15%	n/a
Rate of pension increase	2.40%	2.60%
CPI inflation assumption	4.20%	2.60%

Further life expectancies from age 65:

<i>Retiring today</i>		
Males	22.0	21.3
Females	24.7	24.2
<i>Retiring in 20 years</i>		
Males	23.8	22.8
Females	26.6	25.8

WEST MIDLANDS COUNCILS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

8(a) West Midlands Pension Fund - continued

Five Year History

	31/03/2013	31/03/2012	31/03/2011	31/03/2010	31/03/2009
	£'000	£'000	£'000	£'000	£'000
Benefit obligation at end of year	18,979	16,505	16,985	17,987	11,549
Fair value of plan asset at end of year	12,258	11,240	11,519	9,483	6,558
Surplus/(deficit)	(6,721)	(5,265)	(5,466)	(8,504)	(4,991)
<i>Difference between actual and expected scheme returns</i>					
Amount (£'000)	674	(460)	1,024	1,720	(2,038)
Percentage of scheme assets	5.5%	-4.1%	8.9%	18.1%	-31.1%
<i>Experience gains and (loses) on scheme liabilities</i>					
Amount (£'000)	0	0	(211)	0	0
Percentage of scheme assets	0.0%	0.0%	-1.2%	0.0%	0.0%
<i>Total amount recognised in statement of total recognised gains and (losses)</i>					
Amount (£'000)	(1,573)	(895)	2,683	(3,248)	1,088
Percentage of scheme liabilities	-8.3%	-5.4%	15.8	-18.1	9.4%

WEST MIDLANDS COUNCILS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

8(b) Staffordshire Pension Fund

	At year end 31/03/2013 £'000	At year end 31/03/2012 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(428)	(190)
Fair value of plan assets	<u>410</u>	<u>206</u>
Funded status	(18)	16
Net amount recognised as a (liability)/asset	<u>(18)</u>	<u>16</u>
Components of pension cost		
Current service cost	110	140
Interest cost	13	4
Expected return on assets	<u>(16)</u>	<u>(6)</u>
Total pension cost recognised in the revenue account	<u>107</u>	<u>138</u>
Actuarial (losses)/ gains immediately recognised	<u>44</u>	<u>(9)</u>
Total pension cost recognised in the STRGL	<u>44</u>	<u>(9)</u>
Actual return on plan assets	<u>43</u>	<u>4</u>

WEST MIDLANDS COUNCILS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

8b Staffordshire Pension Fund - continued

	At year end 31/03/2013 £'000	At year end 31/03/2012 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	190	-
Current service cost	110	140
Interest cost	13	4
Member contributions	45	58
Actuarial (losses)/gains	<u>70</u>	<u>(12)</u>
Benefit obligation at end of year	<u>428</u>	<u>190</u>
Change in plan assets		
Fair value of assets at beginning of year	206	-
Expected return on assets	16	6
Actuarial gain/(losses)	26	(3)
Employer contribution	117	145
Member contributions	<u>45</u>	<u>58</u>
Fair value of assets at end of year	<u>410</u>	<u>206</u>

Plan assets

The split of investments by category and expected rate of return at the year end are as follows:

Asset category	Expected rate of Return	Plan assets at 31/03/2013	Expected rate of return	Plan assets of 31/03/2012
Equities	5.70%	324	6.20%	150
Bonds	3.60%	49	3.30%	27
Property	3.90%	33	4.40%	19
Cash	3.00%	4	3.50%	10

Weighted average assumptions used to determine benefit obligations at:

	31/03/2013	31/03/2012
Discount rate	4.50%	4.80%
Rate of salary increase	5.10%*	4.80%*
Rate of pension increase	2.80%	2.50%
Expected return on assets	5.30%	5.70%

*Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption shown thereafter.

Life expectancy is based on the Fund's VitaCurves with improvements from 2007 in line with the Medium Cohort and a 1% p.a. underpin. Based on these assumptions the average future life expectancies at age 65 are summarised below:

	31/03/2013	31/03/2012	
<i>Retiring today</i>			
Males	21.2	21.2	Females
23.4	23.4	<i>Retiring in 20 years</i>	
Males	23.3	23.3	
Females	25.6	25.6	

WEST MIDLANDS COUNCILS

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013**

8b Staffordshire Pension Fund - continued

Life expectancies for the prior year end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

Period ended	Prospective Pensioners	Pensioners
31 March 2012	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007

Please note that the mortality assumptions used at the date the Employer joined the Fund and the accounting period end are identical.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008.

9 Related party transactions

- (a) West Midlands Councils (WMC) has a special interest group, West Midlands in Europe (WMI_E) incorporating West Midlands European Centre (WMEC) which is an integral part of the European Service. WMC seconds staff and provides financial management, human resources and other support service to Brussels at no charge. At 31 October 2012, WMC transferred the legal entity WMEC to Birmingham City Council under the terms of a Brussels Office Transfer Agreement, upon conclusion of which the special interest group WMI_E ceases.
- (b) Birmingham City Council (BCC), as a member of WMC, has entered into an agreement with WMC whereby the Council is the legal leaseholder of a property in Brussels occupied by WMI_E. At 31 October 2012 BCC took out a new lease for the property as part of the transfer of the Brussels Office.
- (c) The Borough Council of Sandwell (SMBC), as a member of WMC, has entered into an agreement with WMC whereby SMBC is the legal leaseholder of the WMC property in Britain.
- (d) During the year WMC waived debts of £78,272 (2011: £219,489) due to be paid by WMI_E as disclosed in note 6. This sum was waived as part of the transfer of the Brussels operations to Birmingham City Council meaning that as at 31 March 2013 all arrears due to WMC were agreed upon.

10 Contingent asset note

As at the balance sheet date, Staffordshire County Council acts as host employer for West Midlands Councils staff who belong to the Staffordshire Pension Fund following a TUPE transfer. WMC is responsible for all liabilities held by Staffordshire County Council in relation to WMC staff

West Midlands Councils and its 33 councils have signed a Supplemental Pensions Agreement with West Midlands Pension Fund in respect of the settlement of WMC's past pension liabilities..

Both liabilities are reflected in these financial statements.

ACCOUNTING POLICIES

(see notes 37 and 38)

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The main accounting policies are as follows:

(a) Going Concern

As set out in the review of the year the organisation is implementing significant changes in order to reduce operating costs to enable a return to a break even budget. In preparing the organisation for the future as a regional employers' organisation entitled West Midlands Employers, special reserves are being put in place to ensure that WME is able to meet any liabilities that may arise as a result of past WMC activity and commitments without any negative impact on the organisation's financial stability going forward. A new constitution and governance arrangements have also been designed to provide a robust financial management structure. Therefore, whilst the changes are significant it is considered that the renamed West Midlands Employers is a going concern.

East Staffordshire Borough Council served notice to terminate membership at 31 March 2013 but the significant organisational changes being put in place established that all councils' membership of WMC would terminate at 31 March 2013 and councils would then be required to sign up to either or both of the two new services; 31 Councils have agreed to subscribe to the WME People and Leadership Solutions service (excludes Birmingham and East Staffordshire) and 30 Councils have agreed to subscribe to the Centre for Local Government – WM service (excluding Birmingham, East Staffordshire and Coventry). Operating budgets for both service areas have been approved on the basis of this funding commitment for 2013-14.

(b) Fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided at rates designed to write off the costs, less estimated residual values of the assets over their expected useful lives. The bases adopted are as follows:

Expenditure on leasehold property - straight line over the term of the lease
Expenditure on office furniture and equipment - straight line over 10 years
Expenditure on computer equipment - straight line over 3 years

As per the Report of the Full Council it is the intention that WMC will relocate to smaller premises at the end of 2012-13. As a result, a decision was made this year to accelerate the depreciation rate so that the assets held by WMC are fully written down at the date of moving. In addition, a review of the fixed assets held by WMC has been undertaken and an adjustment made to reflect the true cost and accumulated depreciation of the assets relocated to the new smaller premises.

(c) Operating leases

Rentals charged on operating leases relating to property and office equipment are written off to the Revenue Account over the period of the lease.

(d) Pension costs and liabilities

The amount charged to the Revenue Account as part of staff costs in respect of the defined benefit pension scheme comprises current and past service costs. The interest costs and the expected returns on scheme assets are shown as other finance costs within the Revenue Account. Actuarial gains and losses are recognised within the Statement of Total Recognised Gains and Losses.

Pension assets are measured at fair value and pension liabilities are measured on an actuarial basis using the projected unit basis. Full actuarial valuations are obtained on a triennial basis and updated at each balance sheet date in the intervening years. The defined benefit pension asset or liability is presented separately on the balance sheet.

In 2011-12 WMC ceased to act as an employing body and executed a TUPE transfer of staff to Staffordshire County Council. WMC therefore now has a liability to the West Midlands Pension Fund "WMPF" for past

pension liabilities and to the Staffordshire Pension Fund "SPF" for ongoing pension commitments.

(e) Foreign currency

Transactions in foreign currencies are translated into sterling at the rate applicable on the date of the transaction. Assets held in foreign currencies are translated at the rate applicable at the end of the year.

(f) Special projects

In seeking to meet its objectives, WMC manages various projects. The income and expenditure relating to these projects is not reflected within these accounts other than the financial contributions made by or to the Full Council from these projects.

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Helen Riley</u> Name: <u>HELEN RILEY</u> Date: <u>19/08/2013</u>	Chairman's Signature: <u>[Signature]</u> (or other official whose position should be stated) Name: <u>CLLR PHILIP ATKINS.</u> Date: <u>19-8-13</u>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	✓	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	✓	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	✓	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	✓	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	✓	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	✓	NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

YES

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

YES

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)

AUDITOR'S REPORT (continued)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST MIDLANDS COUNCILS

We have audited the financial statements of West Midlands Councils for the year ended 31 March 2013 set out on pages 4 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Full Council and the auditors

As explained more fully in the Statement of Full Council responsibilities set out on page 1, the Full Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether accounting policies are appropriate to West Midlands Councils' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Full Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Full Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of West Midlands Councils' affairs as at 31 March 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- a satisfactory system of control over transactions has not been maintained throughout the year; or
- we have not received all the information and explanations we require for our audit.

8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

CLEMENT KEYS LLP
Chartered Accountants
Statutory Auditors

Date: 20 June 2013

Signature(s) of auditor or auditors:		
Name(s):	Simon Atkins FCA	
Profession(s) or Calling(s):	Audit Partner – Chartered Accountants	
Address(es):	No. 8 Calthorpe Road Edgbaston Birmingham B15 1QT	
Date:	20 June 2013	
Contact name and telephone number:	Simon Atkins 0121 456 4456	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

West Midlands Councils
Schedule of Miscellaneous Receipts and Expenditure
As at 31 March 2013

<i>Receipts</i>	2013 £	2012 £
Training revenue	11,505	9,976
Corporate income	31,530	45,021
Service level agreements and management fees	118,447	134,553
Other Income	<u>12,828</u>	<u>7,631</u>
	<u>174,310</u>	<u>197,181</u>
<i>Expenditure</i>		
Office equipment	9,626	24,690
Other costs & work programmes	5,504	3,222
Publishing and marketing materials	999	-
Bad debts	-	(1,000)
Profit on sale of fixed assets	<u>-</u>	<u>(155)</u>
	<u>16,129</u>	<u>26,757</u>
<i>Exceptional</i>		
Redundancy costs	(45,292)	(86,566)
Birmingham CC Termination liability	106,642	-
Additional levies for WmiE debt	304,511	-
Release of duplicate payments	-	35,146
Project income	-	113,550
Write-off of WMiE debt	(78,272)	(219,489)
Redundancy funding	<u>-</u>	<u>-</u>
	<u>287,589</u>	<u>(157,359)</u>

The Regional Employers Organisation for Local Government in the West Midlands RULES OF THE 'REO'

1. Title

The Organisation is named West Midlands Employers (hereinafter referred to as the 'REO').

2. Status and Constitution

2.1 The REO is a discrete service of WMC Shell and will operate as an Employers Association under the registration of 'West Midlands Councils' with the Certification Office and in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992.

2.2 The REO and its constituent employer bodies (hereinafter referred to as the 'Authority' or 'Authorities') shall operate in accordance with the rules as set out in this document, which forms an Annex to the overall West Midlands Councils Shell Constitution.

3. Address

The registered address of the REO is PO Box 16725, Oldbury, West Midlands, B69 9FH.

4. Aim and Purpose

The REO aims to be an active and influential Employers Organisation for Local Government in the region; advising, supporting and representing Authorities who are in membership and other subscribing employer bodies in the broad fields of human resource management, industrial relations and employee /organisational development.

5. Objectives

5.1 The objectives of the REO are:-

- (i) Providing information, advice, direct support and a wide range of consultancy expertise to member authorities across the broad field of human resource management identified above.
- (ii) Providing a range of products and services covering employee resourcing and development and operating through a range of discrete individual and partnership based contractual trading arrangements.
- (iii) Representing the views of constituent local authorities to and acting as the interface with the Local Government Association, its agencies and other relevant national bodies on matters relating to employment and development of staff.
- (iv) Coordinating and administering, as necessary, a range of networks to jointly consider and respond on a timely basis to issues of concern and relevance to constituent Authorities in relation to human resource and organisational development.
- (v) Facilitating and supporting the exchange of information and dissemination of best practice across constituent Authorities in relation to matters directly affecting the employment and development of staff within and across the public sector.
- (vi) Identifying and developing opportunities for joint working with other agencies representing and relating to local government in the West Midlands on relevant matters and initiatives.
- (vii) To fulfill any requirements of the role of Provincial Employers' Secretary in accordance with any matters falling within the remit of the dispute resolution provisions of relevant national agreement.