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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

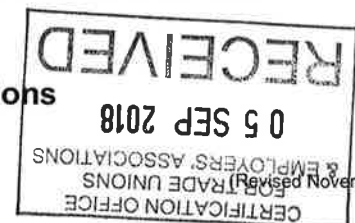
Name of Employers' Association:	West Midlands Employers
Year ended:	31 st March 2018
List No:	CO254E
Head or Main Office:	POX BOX 16725 (Sandwell Council House) Oldbury West Midlands B69 9FH
Website address (if available)	www.wmemployers.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Tick as appropriate)
General Secretary:	Helen Riley
Contact name for queries regarding the completion of this return:	Sharon Phillips
Telephone Number:	0121 569 2075
e-mail:	finance@wmemployers.org.uk

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: 0330 109 3602

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
Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX

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



(Revised November 2017)

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
41				41

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
Chairman	Cllr Roger Phillips	Cllr Ken Meeson	11 July 2017

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year		£	£
	INCOME		
258,373	From Members Subscriptions, levies, etc		272,661
3,958	Investment income Interest and dividends (gross) Bank interest (gross)		471
549,180	Other income Consultancy fees Jobs board E recruitment fees Coaching and mentoring Leadership, OD and other	451,022	
240,174		309,968	
408,250		405,379	
76,078		84,125	
342,777		315,359	
1,616,459			1,565,853
1,878,790	TOTAL INCOME		1,838,985
	EXPENDITURE		
	Administrative expenses		
(245,596)	Remuneration and expenses of staff	(304,541)	
(30,218)	Occupancy costs	(27,362)	
(1,238)	Printing, Stationery, Post	(587)	
(18,341)	ICT and office equipment	(20,311)	
(12,126)	Legal and professional fees	(12,314)	
(1,508,782)	Consultancy and direct costs	(1,490,235)	
(4,141)	Communication costs	(4,518)	
(1,820,442)			(1,859,868)
(13,010)	Other charges Travel and subsistence Sums written off CEEP/NARE and other subscriptions Publishing and marketing Conference and meeting fees	(10,465)	
-		-	
(5,621)		(912)	
(7,545)		(3,997)	
(5,826)		(674)	
(32,002)			(16,048)
	Taxation		
(1,852,444)	TOTAL EXPENDITURE		(1,875,916)
(187,000)	Other finance costs		(144,000)
215,000	Exceptional items (WMPF supplemental agreement)		182,000
(19,000)	Other recognised gains and losses		(851,000)
(172,028)	Designated costs		(15,200)
(138,682)	Surplus/Deficit for year		(865,131)
(4,310,238)	Amount of fund at beginning of year		(4,446,920)
(4,446,920)	Amount of fund at end of year		(5,312,051)

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 []
 (see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at page 11)		
	Investments (as per analysis on page 13)		
	Quoted (Market value £)		
	Unquoted		
	Total Investments		
	Other Assets		
330,802	Income receivable	331,834	
59,732	Prepayments and other debtors	107,480	
1,024,010	Cash at bank and in hand	1,162,312	
	Stocks of goods		
	Others (specify)		
1,414,544	Total of other		1,601,626
	assets		
1,414,544		TOTAL ASSETS	1,601,626
39,384	General fund		39,384
612,845	Designated fund		615,714
291,851	WMC liability reserve		291,851
(5,291,000)	Pension reserve		(6,259,000)
	Liabilities		
74,791	Creditor balances	299,582	
114,764	Project income received in advance	114,635	
52,414	VAT	-	
228,495	Accrued expenses	240,460	
5,291,000	Pension scheme liabilities	6,259,000	
	Provisions		
	Other liabilities		
5,761,464		TOTAL LIABILITIES	6,913,677
1,414,544		TOTAL ASSETS	1,601,626

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period		35,535		35,535
Additions during period				
Less: Disposals during period				
Less: DEPRECIATION:		(35,535)		(35,535)
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?		YES	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		YES	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?		YES	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	272,661		272,661
From Investments	471		471
Other Income (including increases by revaluation of assets)	1,565,853		1,565,853
Total Income	1,838,985		1,838,985
EXPENDITURE (including decreases by revaluation of assets)			
Total Expenditure	(2,704,116)		(2,704,116)
Funds at beginning of year (including reserves)	(4,446,920)	-	(4,446,920)
Funds at end of year (including reserves)	(5,312,051)		(5,312,051)
ASSETS			
Fixed Assets			-
Investment Assets			-
Other Assets			1,601,626
		Total Assets	1,601,626
LIABILITIES		Total Liabilities	(6,913,677)
NET ASSETS (Total Assets less Total Liabilities)			(5,312,051)

NOTES TO THE ACCOUNTS

(see note 36)

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

2a Profit/loss per service centre	2018 £	2017 £
Employers Services (REO)	135,238	144,578
Consultancy Services	31,678	(84,379)
Jobs Board Services	(7,081)	(10,321)
e-Recruitment Platform	(43,642)	54,728
Coaching & Mentoring Pool	(10,164)	(31,655)
Leadership & OD Prods/Services	(87,960)	(35,605)
	<u>18,069</u>	<u>37,346</u>

2b Overhead costs	2018 £	2017 £
Staff costs	249,541	234,596
Travel and subsistence	10,465	13,010
Establishment expenses	27,362	30,218
ICT & office equipment expenses	20,311	18,341
Professional fees; audit, legal, etc	12,314	12,126
Copying, stationery and postage	587	1,238
Publishing and marketing materials	3,997	7,545
Meetings and hospitality	674	5,826
CEEP/NARE & Other subscriptions	912	5,621
Communication costs	4,518	4,141
	<u>329,180</u>	<u>332,662</u>

In 2018 overheads are apportioned across cost centres.

2c Shareholder reward	£
At 1 April 2017	26,143
Shareholder reward calculated for the year	12,648
Transferred to designated reserves (5b)	(38,791)
At 31 March 2018	<u>-</u>

The Rules of the REO now provide for 70% of operating surplus to be converted to a shareholder reward to be repaid to subscribing members or reinvested on their behalf.

The 2016-17 Shareholder Reward was set aside to be reinvested in a cross public-sector development initiative. This attracted development funding from the NHS and at 31 March 2018 the 2016-17 Shareholder Reward remains on the balance sheet.

The WME Board agreed that the 2017-18 operational surplus will be set aside to meet critical business development costs in relation to the implementation of GDPR regulations across WME services. WME will hold a designated reserve for this purpose.

There will therefore be no Shareholder Reward in 2017-18.

3	Tangible fixed assets	Office equipment £	Total £
	Cost		
	At 31 March 2017 and 31 March 2018	35,535	35,535
	Depreciation		
	At 31 March 2017 and 31 March 2018	35,535	35,535
	Net book value		
	31 March 2018	-	-
	31 March 2017	-	-

4	Project Funds held on account	01/04/17 Total £	Income £	Expenditure £	Transfers £	31/03/18 Total £
	Epaycheck	80,806	74,293	(80,806)	-	74,293
	Public Health England	2,201	-	(600)	-	1,601
	Regional Monitoring Funds	31,757	-	(600)	-	31,157
	NHS Grant for XPS	-	20,833	(13,249)	-	7,584
		<u>114,764</u>	<u>95,126</u>	<u>(95,255)</u>	<u>-</u>	<u>114,635</u>

The project fund balances are held on account to support project activity in 2018-19.

5(a)	General Reserve	£
	At 1 April 2017	39,384
	Net income before pension adjustments and exceptional items (page 8)	18,069
	Transfer to designated reserves (5b)	(18,069)
	At 31 March 2018	<u>39,384</u>

5(b)	WME Designated Reserves	01/04/17	Transfer (to)/from other reserve £	Expenditure £	Transfers to WME liability reserve £	31/03/18 £
	Shareholder Reward	26,143	(26,143)	-	-	-
	WME Business Improvement	20,000	-	-	-	20,000
	Operational Deficit	37,960	-	-	-	37,960
	WME Severance Top Up	241,284	-	-	-	241,284
	Product/Service					
	Development funds (ex PLT)	287,458	-	(15,200)	-	272,258
	GDPR Implementation	-	18,069	-	-	18,069
	Project Reserve	-	26,143	-	-	26,143
		<u>612,845</u>	<u>18,069</u>	<u>(15,200)</u>	<u>-</u>	<u>615,714</u>

5(c) WMC Liability Reserve	£
At 31 March 2017 and 31 March 2018	291,851

6 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Land and buildings		
Not later than one year	18,920	12,920
Later than one and not later than five years	-	12,920
	<u>18,920</u>	<u>25,840</u>

6(b) Pension Strain

Pension commitments	113,521
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Total future pension strain payments due to Staffordshire Pension Fund under phased early retirements for the Director and Head of Finance of £33,581.53 and £79,939.47. These costs will be met from the WMC Liability Reserve (5c).

7 Pension scheme – Local Government Pension Scheme

WME via its host employer Staffordshire County Council operates a defined benefit pension scheme in the UK for all qualifying employees.

In June 2012 the organisation 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. WME (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.

7a 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 2016 were raised and issued to them. Contributions have been collected and paid over to the WMPF.

Future contributions from April 2016 onwards are calculated by the actuary. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the fund was carried out as at 31 March 2017 and will set contributions for the period from April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial assumptions.

	At year end £'000	At year end 31/03/17 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(18,535)	(22,117)
Fair value of plan assets	12,217	16,773
Funded status	<u>(6,318)</u>	<u>(5,344)</u>
Net amount recognised as a liability	<u>(6,318)</u>	<u>(5,344)</u>

Components of pension cost

Interest cost	591	626
Expected return on assets	(449)	(488)
Total pension cost recognised in the revenue account	<u>142</u>	<u>138</u>

7a West Midlands Pension Fund (continued)

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Remeasurement of the net assets/(defined liability)	<u>(1,007)</u>	<u>1,376</u>
Admin expenses	<u>(7)</u>	<u>(7)</u>

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	22,117	18,143
Interest cost	591	626
Change in financial and demographic assumptions	(316)	3,890
Experience (gain)/loss on defined benefit obligation	(3,392)	10
Benefits paid	(465)	(552)
Benefit obligation at end of year	<u>18,535</u>	<u>22,117</u>

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Changes in plan assets		
Fair value of assets at beginning of year	16,773	14,105
Return of assets less interest	(438)	2,524
Interest on assets	449	488
Other actuarial gains/(losses)	(4,277)	-
Employer contribution	182	215
Admin expenses	(7)	(7)
Benefits paid	(465)	(552)
	<u>12,217</u>	<u>16,773</u>

Expected return on assets

For accounting years beginning on or after 1 January 2016, the expected return and the interest cos

Weighted average assumptions used to determine benefit obligations at:

	31/03/18	31/03/17
Discount rate	2.55%	2.70%
Rate of pension increase	2.35%	2.60%
CPI inflation assumption	2.35%	2.60%

Further life expectancies from age 65:

Retiring today

Males	21.9	21.8
Females	24.3	24.2

Retiring in 20 years

Males	24.0	23.9
Females	26.6	26.5

Five Year History	31/03/18	31/03/17	31/03/16 £'000	31/03/14 £'000	31/03/13 £'000
Benefit obligation at end of year	18,535	22,117	18,143	25,453	21,706
Fair value of plan asset at end of year	12,217	16,773	14,105	19,117	16,798
Deficit	<u>(6,318)</u>	<u>(5,344)</u>	<u>(4,038)</u>	<u>(6,336)</u>	<u>(4,908)</u>

7(b) Staffordshire Pension Fund	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(7,332)	(7,223)
Fair value of plan assets	7,391	7,176
Funded status	<u>59</u>	<u>(47)</u>
Net amount recognised as a asset/(liability)	<u>59</u>	<u>(47)</u>
Components of pension cost		
Current service cost	128	88
Interest cost	196	256
Expected return on assets	(194)	(207)
Total pension cost recognised in the revenue account	<u>130</u>	<u>137</u>
Total remeasurements recognised in the revenue account	<u>336</u>	<u>1,523</u>
	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Changes in benefit obligations		
Benefit obligations at beginning of year	7,223	7,089
Current service cost	128	88
Interest cost	196	256
Member contributions	27	31
Changes in assumptions	(185)	1,176
Other experience	-	(1,361)
Benefits paid	(57)	(56)
Benefit obligation at end of year	<u>7,332</u>	<u>7,223</u>

7(b) Staffordshire Pension Fund (continued)

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Changes in plan assets		
Fair value of assets at beginning of year	7,176	5,738
Expected return on assets	194	207
Interest income/(expense) on assets	(29)	1,172
Employer contribution	80	84
Member contributions	27	31
Benefits Paid	(57)	(56)
Fair value of assets at end of year	7,391	7,176

Weighted average assumptions used to determine benefit obligations at:

	31/03/18	31/03/17
Discount rate	2.70%	2.70%
Rate of salary increase	2.70%	2.80%
Rate of pension increase	2.30%	2.40%

Life expectancy is based on the Fund's VitaCurves with improvements in line with CM2013 model assuming the current rate of improvement has peaked and will converge to a long-term rate of 1.25% p.a. Based on these assumptions the average future life expectancies at age 65 are summarised below:

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
<i>Current Pensioners</i>		
Males	22.1	22.1
Females	24.4	24.4
<i>Future Pensioners</i>		
Males	24.1	24.1
Females	26.4	26.4

7(b) 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 2018	<i>CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long-term rate of 1.25% p.a.</i>	<i>CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long-term rate of 1.25% p.a.</i>

Note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are identical to those used to value the Obligations in the Employer's Opening Position.

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 service.

8 Related party transactions

WME has entered into a lease agreement with the Borough Council of Sandwell (SMBC) to sub-let offices within the Council Buildings.

9 Contingent asset note

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

West Midlands Employers and its 33 councils have signed a Supplemental Pensions Agreement with West Midlands Pension Fund in respect of the settlement of WME's past pension liabilities in respect of the settlement of WME's past pension liabilities. Progress against the Supplemental Pension Agreement was reviewed in February 2018 and a further review will take place in 2026 (10 years before the planned end date of the Agreement) to consider progress and the level of deficit remaining.

Both liabilities are reflected in these financial statements.

ACCOUNTING POLICIES

(see notes 37 and 38)

1 Accounting Policies

General information

West Midlands Employers ("WME") is the regional employers' organisation (REO) for the West Midlands and is domiciled in the United Kingdom. The address of the registered office is shown on the general information page.

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice as it applies from 1 April 2015, the Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Trade Union and Labour Relations (Consolidation) Act 1992.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

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 office furniture and equipment	-	straight line over 10 years
Expenditure on computer equipment	-	straight line over 12 months

c) Operating leases

Rentals charged on operating leases are written off to the Income and Expenditure Account over the period of the lease.

1 Accounting Policies (continued)

d) Pension costs and liabilities

The amount charged to the Income and Expenditure account as part of staff costs in respect of the defined benefit pension scheme comprises current and past service costs. All costs and gains and losses in respect of the pension scheme are shown within the Income and Expenditure account.

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. WME (and WMC) therefore now has a liability to the West Midlands Pension Fund "WMPF" for past pension liabilities (being administered under a Supplemental Agreement) and to the Staffordshire Pension Fund "SPF" for ongoing pension commitments.

e) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

f) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible into known amounts of cash with insignificant risk of change in value.

g) Financial instruments

The Association enters into only basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

h) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

i) Special projects

In seeking to meet its objectives, WME 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 WME from these projects.

1 **Accounting Policies (continued)**

j) **Judgements in applying accounting policies and key sources of estimation uncertainty**

WME makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the organisations accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The following are the organisation's key sources of estimation uncertainty:

Recoverability of trade debtors. Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyse historical bad debts, making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Income and Expenditure account

Depreciation and residual values. Management have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Director's Signature: <u> <i>C Williams</i> </u>	Chairman's Signature: <u> <i>K Meeon</i> </u> (or other official whose position should be stated)
Name: COLIN WILLIAMS	Name: CLLR KEN MEEON
Date:	Date: 11 JULY 2018

CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	<input checked="" type="checkbox"/>	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.

THE CHECKLIST BELOW IS FOR GUIDANCE. A REPORT IS STILL REQUIRED EITHER SET OUT OVERLEAF OR BY WAY OF AN ATTACHED AUDITOR'S REPORT THAT COVERS THE ABOVE 1992 ACT REQUIREMENTS.

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)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

WEST MIDLANDS EMPLOYERS

Opinion

We have audited the financial statements of West Midlands Employers ("the organisation") for the year ended 31 March 2018 which comprise the Income and Expenditure account, the Balance Sheet, and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

In our opinion, the financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2018 and of the income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cause significant doubt about the organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the Report of the Management Board, other than the financial statements and our audit report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the organisation and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Board.

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

- adequate accounting records have not been kept by the organisation, or returns adequate for our audit have not been received from branches not visited by us; or
- the organisation's 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.

Responsibilities of members

As explained more fully in the Statement of WME Full Member Body Responsibilities set out on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Simon Atkins FCA

Senior Statutory Auditor
for and on behalf of:

PKF COOPER PARRY GROUP LIMITED
Chartered Accountants
Statutory Auditors

Date:

Park View
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Signature(s) of auditor or auditors:

J. Atkins

Name(s):

SIMON ATKINS FCA

Profession(s) or Calling(s):

ICAEW FCA

Address(es):

Park View
One Central Boulevard
Blythe Valley Business Park
B90 8BG

Date:

11/07/18

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.

**EVERY EMPLOYERS' ASSOCIATION IS REQUIRED BY LAW TO COMPLETE THIS RETURN.
THE REFUSAL OR WILFUL NEGLECT TO PERFORM THIS DUTY IS A CRIMINAL OFFENCE.**

THERE IS NO LEGAL REQUIREMENT FOR THIS RETURN TO BE "APPROVED" BY THE

WEST MIDLANDS EMPLOYERS

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS
05 SEP 2018
RECEIVED

WEST MIDLANDS EMPLOYERS

West Midlands Employers – Full Membership at 31 March 2018

Chief Executive Nominee

Dawn Baxendale
Kevin Dicks
Tony McGovern
Martin Reeves
Sarah Norman
Alistair Neill
Diane Tilley
Jack Hegarty
Alan Franks
Jerry Hutchinson
Alan Franks
Kevin Dicks
Adam Norburn
Jan Britton
Clive Wright
Nick Page
Tim Clegg
John Henderson
Simon Baker
David Heywood
David Sidaway
David Buckland
Dave Webb
Tony Goodwin
Richard Partington
Dr Helen Paterson
Chris Elliot
Monica Fogarty
David Carter
Keith Ireland
David Blake
Paul Robinson
Jack Hegarty
Ian Miller

Local Authority

Birmingham City
Bromsgrove DC
Cannock Chase DC
City of Coventry
Dudley MBC
Herefordshire Unitary
Lichfield DC
Malvern Hills DC
Newcastle-under-Lyme
North Warwickshire BC
Nuneaton & Bedworth
Redditch BC
Rugby BC
Sandwell MBC
Shropshire Unitary
Solihull MBC
Stafford BC
Staffordshire CC
Staffordshire Moorlands
South Staffordshire DC
Stoke on Trent Unitary
Stratford-on-Avon
Stratford-on-Avon
Tamworth BC
Telford & Wrekin Unitary
Walsall MBC
Warwick DC
Warwickshire CC
Warwickshire CC
Wolverhampton MBC
Worcester City
Worcestershire CC
Wychavon DC
Wyre Forest DC

Elected Member Nominations to WME Management Board from the sub-regions.

Sub Region

Birmingham
Black Country
Coventry & Warwickshire
Herefordshire, Shropshire & Telford
Staffordshire & Stoke
Worcestershire
District Councils

Nominee

Cllr B Jones, Birmingham City Council
Cllr M Jaspal [1], Wolverhampton City Council (Vice Chair)
Cllr K Meeson, Solihull MBC (Chair)
Cllr R Phillips, Herefordshire Council
Cllr P Atkins, Staffordshire County Council
Cllr G Denaro, Bromsgrove District Council
Cllr C Saint [2], Stratford-upon-Avon

[1] Replaced by Cllr Val Gibson, Wolverhampton City Council in June

[2] Resigned in June – new nomination will be sought

WEST MIDLANDS EMPLOYERS

Officers

Helen Riley, Host CEO, Staffordshire County Council
Colin Williams, Director, WME

Bankers

Co-operative Bank Plc
P O Box 101
1 Balloon Street
Manchester
M50 4EP

Actuary – West Midlands Pension Fund

Barnett Waddingham
Silver Spring House
2 Topaz Way
Bromsgrove
B61 0GD

Actuary – Staffordshire Pension Fund

Mr Douglas Green FFA
Hymans Robertson LLP
45 Church Street
Birmingham
B3 2RT

Auditors

PKF Cooper Parry Group Limited
Statutory Auditors
Park View
One Central Boulevard
Blythe Valley Business Park
Solihull B90 8BG

WEST MIDLANDS EMPLOYERS

CONTENTS

	Page
Report of the WME Management Board	1
Report of the Independent Auditors	5
Income and Expenditure Account	8
Balance Sheet	10
Notes to the financial statements	11

WEST MIDLANDS EMPLOYERS

REPORT OF THE MANAGEMENT BOARD FOR THE YEAR ENDED 31 MARCH 2018

West Midlands Employers ("WME") is the regional employers' organisation (REO) for the West Midlands region and 32 of the 33 councils in the region subscribe to WME for the provision of employer services.

WME operates in accordance with the Rules of the REO which are an element of the West Midlands Councils (WMC) Shell Constitution, established on 31 March 2013 at the cessation of WMC and revised in July 2014 and April 2016. Local authorities who opt to subscribe to WME (REO) are represented on a Full Member Body by their Chief Executive. A Management Board of Elected Members is appointed from the sub-regional groupings; the Board acts as an executive body and from this group a Chairman and Vice Chairman are appointed.

Statement of WME Full Member Body responsibilities

The Rules of the REO (April 2016) requires the Full Member Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of West Midlands Employers and of the income and expenditure of West Midlands Employers for that period. In preparing those financial statements, the Full Member Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that West Midlands Employers will continue.

The Full Member Body is responsible for keeping adequate accounting records that are sufficient to show and explain West Midlands Employers transactions and disclose with reasonable accuracy at any time the financial position of West Midlands Employers and to enable it to ensure that the financial statements comply with the accounting standards. It is also responsible for safeguarding the assets of West Midlands Employers and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and the maintenance of appropriate internal controls.

So far as each member of the Full Member Body is aware, at the time the report is approved:

- there is no relevant audit information of which the auditors are unaware; and
- the Full Member Body has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Full Member Body is responsible for the maintenance and integrity of the corporate and financial information included on West Midlands Employers website legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

WME is a not for profit organisation and its Rules allow for the provision of a Shareholder Reward from operational surplus. The Full Member Body is responsible for determining the redistribution or reinvestment of any Shareholder Reward provision.

WEST MIDLANDS EMPLOYERS

REPORT OF THE MANAGEMENT BOARD FOR THE YEAR ENDED 31 MARCH 2018

'Looking to our Future' is the WME Strategic Plan for 2016-2019 and it seeks to build on the success of our first 3 year plan and in this plan it aimed to fully integrate within WME those products and services previously delivered through People & Leadership ring fenced funding. Those services included WMJobs e-recruitment system and jobs board, the WM Coaching & Mentoring Pool, and a range of leadership and development programmes.

We integrated in 2016-17 with a cost accounting approach based around 6 key service centres; using a 'Corporate' cost centre to capture overheads and apportion these across the services based on productive resource time per service.

- Employer Services (the REO)
- wmjobs.co.uk Jobs Board
- TalentLink e-Recruitment platform
- Coaching & Mentoring Pool
- Leadership & OD Products, Service and Events
- Consultancy & Interims

In 2017-18 WME set an integrated budget with a 'target for operational surplus' for the first time rather than a break-even position and although the end result fell short of budget for a variety of reasons; the Board is very pleased to be able to report an operational surplus particularly in a challenging climate; both in terms of organisational pressures and constraints at WME and in light of the fiscal pressures experienced by our clients.

Planning for new leadership

In terms of challenges, adequate resources are always a critical factor and especially when the broad range of services being delivered by WME is done so with a small team of 20 staff. This year has seen an unusually high level of staff changes and challenge due to ongoing secondments, maternity leave, sickness and turnover. It is a reflection on the quality of our staff that WME talent is being recognised and actively sought out to take on new roles beyond WME – this in turn creates opportunities for WME to consider the resource structure to ensure that we have the right skills and talent in place to continue delivering and evolving our service offer.

We completed the process of establishing a new Management Team structure this year. This has in turn enabled the organisation to start the process of planning for new leadership as the current Director transitions into phased early retirement in 2018. The Management Board is working closely with the WME Management Team to ensure an approach that both secures the future of WME and the vital services it provides to authorities. The Board agreed to extend the Looking to the Future Strategic Plan by 12 months (2016-2020) to enable the recruitment and transition process to new leadership to take effect, so a new Director is able to work with the staff and client base to shape and influence the next 3 year plan for WME.

The new management team structure is already beginning to drive service improvements and stimulate growth across the service centres, but most importantly it is improving the organisation's ability to respond to new or emerging demands such as the General Data Protection Regulations. The urgency of need to review all services and implement changes with limited resources to enable WME to achieve compliance, has been an additional pressure for WME this year and will continue to into 2018-19.

There will also be cost implications to achieve GDPR compliance and it was with this in mind that the Board agreed that operational surplus from 2017-18 be directed to meet these essential business development costs in 2018-19. We are disappointed that this means we are unable to offer our authorities a Shareholder Reward this year, but this is a key part of our risk management strategy if we are to protect those authorities who as owners of WME share its liabilities.

WEST MIDLANDS EMPLOYERS
REPORT OF THE MANAGEMENT BOARD
FOR THE YEAR ENDED 31 MARCH 2018

Performance

In terms of performance there are many positives to highlight despite resource challenges and these are just a few across our services.

- We continue to provide a wide range of consultancy support to our clients and this year we launched a refreshed mediation service and launched a Job Evaluation service that has been taken up and piloted by 3 organisations. With momentum in demand we hope to develop Job Evaluation into a shared service offer next year.
- We launched a #loveyourHR blog site which has quickly gained traction and attracts a wide range of readers and HR bloggers eager to share their thoughts and views. The response has been so positive it has prompted us to deliver a national LoveyourHR conference at the VOX in June 2018 which will be our most ambitious event yet and important to our visibility and reputation within HR & OD.
- In April we commenced a new contract for the TalentLink e-Recruitment platform which was developed with the client base to meet the needs of our authorities and during the year we invested further in the system to deliver a new online application form within the Jobs Board that offers significant benefits for candidates and recruiters.
- We used our first Shareholder Reward to secure an equivalent grant from NHS to support the development of a cross public sector leadership initiative – work that continues into 2018-19 and that we hope will enable greater sharing and learning with our colleagues working in health. The grant funds are being used in the development phase with WME's shareholder reward reserve meeting the implementation costs.
- We undertook a significant procurement exercise to develop and deliver a new state of the art coaching and mentoring matching site – a critical element of the services provided via the Coaching & Mentoring Pool. Having celebrated 10 years of the Coaching Pool at the annual coaching conference, WME is committed to investing in this service for the longer term benefit of our service user authorities; and in 2018 we will be focussed on signing up the client base to a new 3 year service agreement. The new site goes live in June 2018.
- Our Leadership & OD services have had an excellent year with a high level of demand for resilience, coaching and psychometric services.
- With the help of our host employer Staffordshire County Council we have now implemented a system to administer and process off-payroll working in the public sector as an intermediary providing consultancy services to our authorities.

The team produces a set of key performance infographics each year and we recommend that you view these (via our website) to get a sense of the wide-ranging achievements in service performance at WME.

Risk Management

WME is owned by the 32 subscribing local authorities who collectively share the liabilities of the organisation, but as part of our risk strategy WME retains designated reserves to help mitigate and manage risk locally. Our reserves include for potential severance and retirement costs, they are funding critical investment in service development and delivery and offer a buffer against unforeseen costs or poor budget performance.

The Management Team work with the Board to annually monitor and review organisational risk and from a financial perspective our biggest liability is our pension commitments. The Board requested the Head of Finance and the WME Auditors to carry out a review of the historic pension liabilities managed on behalf of all local authorities by WME. A report was submitted to the Board to provide reassurance that the contributions and liabilities are being calculated and reported accurately and that the 25 year Supplemental Agreement in place is on target to meet these liabilities over its lifetime.

WEST MIDLANDS EMPLOYERS

REPORT OF THE MANAGEMENT BOARD FOR THE YEAR ENDED 31 MARCH 2018

A message from the Chairman

As a Management Board, we appreciate the added value this small organisation continues to deliver to all our West Midlands' local authorities and other public sector partners. We also recognise the challenges of striving to maintain the highest standards in service delivery across a diverse range of products and services with the limited resources of what is fundamentally a 'not for profit' regional employers' organisation.

Year on year WME has delivered a surplus and the introduction of the Shareholder Reward now enables funds to be reinvested, thereby adding further value to our sector – and even attracting investment from other quarters. The Board encourages all our authorities to utilise the services of WME wherever practical and cost effective; WME wants the opportunity to be considered and evaluated alongside its competitors. Local authorities share ownership of WME and therefore funds invested in our services have a value to us all, beyond a competitive service price.

As a representation of the wider sub-regional membership, the Board appreciates the commitment of the entire team, including those associate consultants who work alongside our own staff to ensure that our authorities have access to a high-quality service whatever our needs.

We never take for granted the existence of WME or the value it adds to our own organisations and to the sector in our region. Nor does WME take for granted the commitment of authorities to continue to call upon our services, which is why WME continues to strive to be, and deliver, the best.

Approval of the Accounts

WME operates via a Management Board of elected member representatives from the West Midlands' sub-regions and Districts. The Management Board review, approve and recommend the Financial Statements to the WME Membership (Chief Executives) via the AGM.

These accounts were approved by the Management Board on 11 July 2018, recommended to the AGM, and signed on behalf of WME by its Chairman.



Cllr Ken Meeson
Chairman, WME

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WEST MIDLANDS EMPLOYERS**

Opinion

We have audited the financial statements of West Midlands Employers ("the organisation") for the year ended 31 March 2018 which comprise the Income and Expenditure account, the Balance Sheet, and the related notes including a summary of significant accounting policies. 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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

In our opinion, the financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2018 and of the income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the Report of the Management Board, other than the financial statements and our audit report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

WEST MIDLANDS EMPLOYERS

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the organisation and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Board.

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

- adequate accounting records have not been kept by the organisation, or returns adequate for our audit have not been received from branches not visited by us; or
- the organisation's 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.

Responsibilities of members

As explained more fully in the Statement of WME Full Member Body Responsibilities set out on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WEST MIDLANDS EMPLOYERS**

- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Cooper Pary Group Limited

Simon Atkins FCA

Senior Statutory Auditor
for and on behalf of:

PKF COOPER PARRY GROUP LIMITED
Chartered Accountants
Statutory Auditors

Date: 11/07/12

Park View
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

WEST MIDLANDS EMPLOYERS

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	2018		2017	
	£	£	£	£
Income				
REO	273,132		262,331	
Consultancy	451,022		549,180	
Jobs Board	294,768		210,122	
E-Recruitment	405,379		371,182	
Coaching & Mentoring Pool	84,125		76,078	
Leadership & OD	315,359		342,777	
	1,823,785		1,811,670	
Reserves investment-Jobs Board		15,200		30,052
Reserves investment-E Recruitment		-		37,068
		1,838,985		1,878,790
Direct Costs				
REO	96,329		76,935	
Consultancy	350,836		522,217	
Jobs Board	252,144		199,864	
E-Recruitment	370,446		294,874	
Coaching & Mentoring Pool	72,036		77,760	
Leadership & OD	348,444		337,132	
	1,490,235		1,508,782	
Overhead Allocations (note 2b)				
REO	41,565		40,818	
Consultancy	68,508		111,342	
Jobs Board	64,905		50,631	
E-Recruitment	78,575		58,648	
Coaching & Mentoring Pool	22,253		29,973	
Leadership & OD	54,875		41,250	
	330,681		332,662	
Total expenditure		(1,820,916)		(1,841,444)
Net income before pension adjustments and exceptional items (operating surplus)		18,069		37,346
Accounting adjustment for the year in respect of LGPS		80,000		84,000
Pension scheme service cost (SPF)		(128,000)		(88,000)
Administrative expenses (WMPF)		(7,000)		(7,000)
(Deficit)/surplus for the year on operational activities before exceptional items and pension finance / actuarial costs – c/f		(36,931)		26,346

WEST MIDLANDS EMPLOYERS

**INCOME AND EXPENDITURE ACCOUNT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

	2018		2017	
	£	£	£	£
(Deficit)/surplus for the year on operational activities before exceptional items and pension finance / actuarial costs – c/f		(36,931)		26,346
WMC pension recharges*	214,575		214,079	
WMC pension costs	(214,575)		(214,079)	
	<hr/>	-	<hr/>	-
Exceptional items				
Accounting adjustment for WMPF Supplemental Agreement contribution	182,000		215,000	
	<hr/>	182,000	<hr/>	215,000
Other finance costs				
Expected return on LGPS assets				
- WMPF	449,000		488,000	
- SPF	194,000		207,000	
Interest on LGPS liability				
- WMPF	(591,000)		(626,000)	
- SPF	(196,000)		(256,000)	
	<hr/>	(144,000)	<hr/>	(187,000)
Surplus/(deficit) before other recognised gains and losses		<hr/>		<hr/>
		1,069		54,346
Other recognised gains and losses				
Change in financial assumptions				
- WMPF	7a	316,000		(3,890,000)
- SPF	7b	185,000		185,000
Experience loss/(gain) on defined benefit obligation				
- WMPF	7a	(885,000)		(10,000)
- SPF	7b	-		-
Return on assets less interest				
- WMPF	7a	(438,000)		2,524,000
- SPF	7b	(29,000)		1,172,000
		<hr/>		<hr/>
(Deficit)/Surplus for the year		<hr/>		<hr/>
		(849,931)		35,346

The notes on pages 11 to 22 form part of these financial statements.

**WME administers the collection and payment of Local Authorities' pension contributions to WMPF/SPF for the Supplemental Agreement and the Compensatory Added Years. It is not part of the WME revenue account and as such is shown separately for information only.*

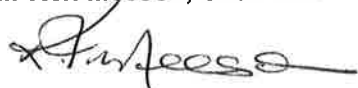
WEST MIDLANDS EMPLOYERS

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018 £	£	2017 £	£
Tangible fixed assets	3		-		-
Current assets:					
Income receivable		331,834		330,802	
Prepayments		72,230		58,954	
Staff loans		682		778	
Other debtors (VAT Asset)		34,568		-	
Balance at bank		1,161,899		1,023,744	
Cash balance		413		266	
		1,601,626		1,414,544	
Creditors:					
Creditors balances		299,582		74,791	
Other project funds:	4				
PHE/Regional Monitoring		114,635		114,764	
Accrued expenses and deferred income		240,460		228,495	
Other creditors (VAT Liability)		-		52,414	
		654,677		470,464	
Net current assets			946,949		944,080
Net assets before pension scheme obligations			946,949		944,080
Pension scheme obligations (WMPF)	7a		(6,318,000)		(5,344,000)
Pension scheme obligations (SPF)	7b		59,000		(47,000)
			(5,312,051)		(4,446,920)
Financed by					
General reserve	5a		39,384		39,384
Shareholder Reward reserve			-		26,143
WME Business Improvement reserve			20,000		20,000
WME Operational Deficit reserve			37,960		37,960
WME Severance Top Up reserve			241,284		241,284
Product/Service Development funds (ex PLT)			272,258		287,458
GDPR implementation reserve			18,069		-
Project reserve			26,143		-
	5b		615,714		612,845
WMC Severance Liability reserve	5c		291,851		291,851
Pension reserve – WMC asset/(liability) (WMPF)	7a		(6,318,000)		(5,344,000)
Pension reserve – WME asset/(liability) (SPF)	7b		59,000		(47,000)
			(5,312,051)		(4,446,920)

The notes on pages 11 to 22 form part of these financial statements. Approved by the WME Management Board on 11 July 2018.

CLr Ken Meeson, Chairman



Colin Williams, Director

10



WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting Policies

General information

West Midlands Employers ("WME") is the regional employers' organisation (REO) for the West Midlands and is domiciled in the United Kingdom. The address of the registered office is shown on the general information page.

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice as it applies from 1 April 2015, the Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Trade Union and Labour Relations (Consolidation) Act 1992.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

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 office furniture and equipment	-	straight line over 10 years
Expenditure on computer equipment	-	straight line over 12 months

c) Operating leases

Rentals charged on operating leases are written off to the Income and Expenditure Account over the period of the lease.

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting Policies (continued)

d) Pension costs and liabilities

The amount charged to the Income and Expenditure account as part of staff costs in respect of the defined benefit pension scheme comprises current and past service costs. All costs and gains and losses in respect of the pension scheme are shown within the Income and Expenditure account.

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. WME (and WMC) therefore now has a liability to the West Midlands Pension Fund "WMPF" for past pension liabilities (being administered under a Supplemental Agreement) and to the Staffordshire Pension Fund "SPF" for ongoing pension commitments.

e) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

f) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible into known amounts of cash with insignificant risk of change in value.

g) Financial instruments

The Association enters into only basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

h) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

i) Special projects

In seeking to meet its objectives, WME 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 WME from these projects.

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting Policies (continued)

j) Judgements in applying accounting policies and key sources of estimation uncertainty

WME makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the organisations accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The following are the organisation's key sources of estimation uncertainty:

Recoverability of trade debtors. Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyse historical bad debts, making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Income and Expenditure account

Depreciation and residual values. Management have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2a Profit/loss per service centre	2018	2017
	£	£
Employers Services (REO)	135,238	144,578
Consultancy Services	31,678	(84,379)
Jobs Board Services	(7,081)	(10,321)
e-Recruitment Platform	(43,642)	54,728
Coaching & Mentoring Pool	(10,164)	(31,655)
Leadership & OD Prods/Services	(87,960)	(35,605)
	<u>18,069</u>	<u>37,346</u>
2b Overhead costs	2018	2017
	£	£
Staff costs	249,541	234,596
Travel and subsistence	10,465	13,010
Establishment expenses	27,362	30,218
ICT & office equipment expenses	20,311	18,341
Professional fees; audit, legal, etc	12,314	12,126
Copying, stationery and postage	587	1,238
Publishing and marketing materials	3,997	7,545
Meetings and hospitality	674	5,826
CEEP/NARE & Other subscriptions	912	5,621
Communication costs	4,518	4,141
	<u>329,180</u>	<u>332,662</u>

In 2018 overheads are apportioned across cost centres.

2c Shareholder reward	£
At 1 April 2017	26,143
Shareholder reward calculated for the year	12,648
Transferred to designated reserves (5b)	(38,791)
At 31 March 2018	<u>-</u>

The Rules of the REO now provide for 70% of operating surplus to be converted to a shareholder reward to be repaid to subscribing members or reinvested on their behalf.

The 2016-17 Shareholder Reward was set aside to be reinvested in a cross public-sector development initiative. This attracted development funding from the NHS and at 31 March 2018 the 2016-17 Shareholder Reward remains on the balance sheet.

The WME Board agreed that the 2017-18 operational surplus will be set aside to meet critical business development costs in relation to the implementation of GDPR regulations across WME services. WME will hold a designated reserve for this purpose.

There will therefore be no Shareholder Reward in 2017-18.

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3	Tangible fixed assets	Office equipment £	Total £
	Cost		
	At 31 March 2017 and 31 March 2018	35,535	35,535
		<hr/>	<hr/>
	Depreciation		
	At 31 March 2017 and 31 March 2018	35,535	35,535
		<hr/>	<hr/>
	Net book value		
	31 March 2018	-	-
		<hr/>	<hr/>
	31 March 2017	-	-
		<hr/>	<hr/>

4	Project Funds held on account	01/04/17 Total £	Income £	Expenditure £	Transfers £	31/03/18 Total £
	Epaycheck	80,806	74,293	(80,806)	-	74,293
	Public Health England	2,201	-	(600)	-	1,601
	Regional Monitoring Funds	31,757	-	(600)	-	31,157
	NHS Grant for XPS	-	20,833	(13,249)	-	7,584
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		114,764	95,126	(95,255)	-	114,635
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The project fund balances are held on account to support project activity in 2018-19.

5(a)	General Reserve	£
	At 1 April 2017	39,384
	Net income before pension adjustments and exceptional items (page 8)	18,069
	Transfer to designated reserves (5b)	(18,069)
		<hr/>
	At 31 March 2018	39,384
		<hr/>

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5(b) WME Designated Reserves	01/04/17	Transfer (to)/from other reserve £	Expenditure £	Transfers to WME liability reserve £	31/03/18 £
Shareholder Reward	26,143	(26,143)	-	-	-
WME Business Improvement	20,000	-	-	-	20,000
Operational Deficit	37,960	-	-	-	37,960
WME Severance Top Up Product/Service	241,284	-	-	-	241,284
Development funds (ex PLT)	287,458	-	(15,200)	-	272,258
GDPR Implementation	-	18,069	-	-	18,069
Project Reserve	-	26,143	-	-	26,143
	<u>612,845</u>	<u>18,069</u>	<u>(15,200)</u>	<u>-</u>	<u>615,714</u>

5(c) WMC Liability Reserve	£
At 31 March 2017 and 31 March 2018	291,851

6 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Land and buildings		
Not later than one year	18,920	12,920
Later than one and not later than five years	-	12,920
	<u>18,920</u>	<u>25,840</u>

6(b) Pension Strain	
Pension commitments	113,521

Total future pension strain payments due to Staffordshire Pension Fund under phased early retirements for the Director and Head of Finance of £33,581.53 and £79,939.47. These costs will be met from the WMC Liability Reserve (5c).

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7 Pension scheme – Local Government Pension Scheme

WME via its host employer Staffordshire County Council operates a defined benefit pension scheme in the UK for all qualifying employees.

In June 2012 the organisation 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. WME (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.

7a 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 2016 were raised and issued to them. Contributions have been collected and paid over to the WMPF.

Future contributions from April 2016 onwards are calculated by the actuary. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the fund was carried out as at 31 March 2017 and will set contributions for the period from April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial assumptions.

	At year end £'000	At year end 31/03/17 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(18,535)	(22,117)
Fair value of plan assets	12,217	16,773
Funded status	(6,318)	(5,344)
Net amount recognised as a liability	(6,318)	(5,344)
Components of pension cost		
Interest cost	591	626
Expected return on assets	(449)	(488)
Total pension cost recognised in the revenue account	142	138

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7a West Midlands Pension Fund (continued)

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Remeasurement of the net assets/(defined liability)	(1,007)	1,376
Admin expenses	(7)	(7)
	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	22,117	18,143
Interest cost	591	626
Change in financial and demographic assumptions	(316)	3,890
Experience (gain)/loss on defined benefit obligation	(3,392)	10
Benefits paid	(465)	(552)
Benefit obligation at end of year	18,535	22,117
	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Changes in plan assets		
Fair value of assets at beginning of year	16,773	14,105
Return of assets less interest	(438)	2,524
Interest on assets	449	488
Other actuarial gains/(losses)	(4,277)	-
Employer contribution	182	215
Admin expenses	(7)	(7)
Benefits paid	(465)	(552)
Fair value of assets at end of year	12,217	16,773

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Expected return on assets

For accounting years beginning on or after 1 January 2016, the expected return and the interest cos

Weighted average assumptions used to determine benefit obligations at:

	31/03/18	31/03/17
Discount rate	2.55%	2.70%
Rate of pension increase	2.35%	2.60%
CPI inflation assumption	2.35%	2.60%
Further life expectancies from age 65:		
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.3	24.2
<i>Retiring in 20 years</i>		
Males	24.0	23.9
Females	26.6	26.5

Five Year History	31/03/18	31/03/17	31/03/16	31/03/14	31/03/13
			£'000	£'000	£'000
Benefit obligation at end of year	18,535	22,117	18,143	25,453	21,706
Fair value of plan asset at end of year	12,217	16,773	14,105	19,117	16,798
Deficit	<u>(6,318)</u>	<u>(5,344)</u>	<u>(4,038)</u>	<u>(6,336)</u>	<u>(4,908)</u>

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7(b) Staffordshire Pension Fund	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(7,332)	(7,223)
Fair value of plan assets	7,391	7,176
	<hr/>	<hr/>
Funded status	59	(47)
	<hr/>	<hr/>
Net amount recognised as a asset/(liability)	59	(47)
	<hr/>	<hr/>
Components of pension cost		
Current service cost	128	88
Interest cost	196	256
Expected return on assets	(194)	(207)
	<hr/>	<hr/>
Total pension cost recognised in the revenue account	130	137
	<hr/>	<hr/>
Total remeasurements recognised in the revenue account	336	1,523
	<hr/>	<hr/>
	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Changes in benefit obligations		
Benefit obligations at beginning of year	7,223	7,089
Current service cost	128	88
Interest cost	196	256
Member contributions	27	31
Changes in assumptions	(185)	1,176
Other experience	-	(1,361)
Benefits paid	(57)	(56)
	<hr/>	<hr/>
Benefit obligation at end of year	7,332	7,223
	<hr/>	<hr/>

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7(b) Staffordshire Pension Fund (continued)

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
Changes in plan assets		
Fair value of assets at beginning of year	7,176	5,738
Expected return on assets	194	207
Interest income/(expense) on assets	(29)	1,172
Employer contribution	80	84
Member contributions	27	31
Benefits Paid	(57)	(56)
	7,391	7,176
	7,391	7,176

Weighted average assumptions used to determine benefit obligations at:

	31/03/18	31/03/17
Discount rate	2.70%	2.70%
Rate of salary increase	2.70%	2.80%
Rate of pension increase	2.30%	2.40%

Life expectancy is based on the Fund's VitaCurves with improvements in line with CM2013 model assuming the current rate of improvement has peaked and will converge to a long-term rate of 1.25% p.a. Based on these assumptions the average future life expectancies at age 65 are summarised below:

	At year end 31/03/18 £'000	At year end 31/03/17 £'000
<i>Current Pensioners</i>		
Males	22.1	22.1
Females	24.4	24.4
<i>Future Pensioners</i>		
Males	24.1	24.1
Females	26.4	26.4

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7(b) 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 2018	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long-term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long-term rate of 1.25% p.a.

Note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are identical to those used to value the Obligations in the Employer's Opening Position.

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 service.

8 Related party transactions

WME has entered into a lease agreement with the Borough Council of Sandwell (SMBC) to sub-let offices within the Council Buildings.

9 Contingent asset note

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

West Midlands Employers and its 33 councils have signed a Supplemental Pensions Agreement with West Midlands Pension Fund in respect of the settlement of WME's past pension liabilities in respect of the settlement of WME's past pension liabilities. Progress against the Supplemental Pension Agreement was reviewed in February 2018 and a further review will take place in 2026 (10 years before the planned end date of the Agreement) to consider progress and the level of deficit remaining.

Both liabilities are reflected in these financial statements.