



WEST MIDLANDS
COMBINED AUTHORITY

BRIEFING NOTE

Committee: **Audit Risk & Assurance Committee**

Date: **15 September 2017**

From: **Linda Horne, Head of Finance**

Minute No. 68/16 Refers – Audit Findings for the West Midlands Combined Authority

At its meeting held on 16 June 2017, the Chair requested assurance from the Head of Finance that as the metropolitan authorities had taken the benefit of the three year pension valuation liability decrease from the 2017/18 to 2019/20 transport levy, and that there was also agreement to increase the funding should there be an increase in the liability in future valuations. The Head of Finance stated that it was unlikely that such an explicit commitment would have been formally made, given the pressures on local authority finances. However, she undertook to give an update to the next meeting of the committee.

The 2017/18 Transport levy provided to the Combined Authority from the 7 Metropolitan councils reflected a reduction in the Pension Fund lump sum deficit as a result of the triannual revaluation of the fund as at March 17. The reduction saved approximately £5m pa over the next 3 years. There is always a risk that the pension fund liability assumptions and asset performance may not materialise in line with the valuation. Actual performance data is collected and monitored through the term by West Midlands Pension Fund. Met Leaders will be aware that any rise in any future valuations will require an increase in funding because of risks and assumptions that underpin their own budgets and medium term financial strategies. Whether that is provided through an increase in District Funding to the Combined Authority or a requirement for the Authority to find from Policy changes will depend on many factors at the time including the materiality of the increase and availability of District Funds.

As is normally the case this would all be dealt with through joint working with Metropolitan Finance Directors, Chief Executives and ultimately leaders in order to find a mutually agreeable way forward.