



City of Westminster

## Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>8 September 2015</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Admission Agreement for Sanctuary Housing</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Effective control over Council Activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report.</b>
<b>Report of:</b>	<b>Steve Mair</b> <i>City Treasurer</i> <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a> <b>020 7641 2904</b>

### **1. Executive Summary**

- 1.1 In order to ensure the Committee are fully aware of the status of employing bodies within the Fund this report sets out the rationale for a new Admission Agreement with Sanctuary Housing.

### **2. Proposed Decision of the City Treasurer in accordance with Standing Order 40 (5)**

- 2.1 That an admission agreement be signed between City of Westminster Council and Sanctuary allowing the staff transferred to remain members of the LGPS.

### **3. Background**

- 3.1 The Adult Social Care team started a procurement exercise in 2012 under the Specialist Housing Strategy for Older People (SHSOP) programme to find a supplier to provide care home management services at a number of care homes including the Westminster City Council homes of Westmead and Carlton Dean.
- 3.2 The above procurement resulted in the award to Sanctuary with a contract for the length of eight years with possible extensions for a further maximum of eight years.

- 3.3 The above award involves the transfer of Westminster City Council employees to Sanctuary
- 3.4 While the award of contract to Sanctuary has already been approved following a decision by the Cabinet Member for Adults and Public Health and the Cabinet Member for Finance and Customer Services on 15<sup>th</sup> September 2014, we now seek approval to enter into an admission agreement in order to allow 64 Westminster City Council members of staff to transfer into the employ of Sanctuary. This in turn will allow for Sanctuary to make the necessary pension contributions for staff that will transfer into their employ into the Local Government Pension Scheme (LGPS).
- 3.5 The contract goes live on 24<sup>th</sup> August 2015 it is therefore necessary for the Admission Agreement to be effective from the transfer date to ensure the rights of staff under the LGPS are properly protected.
- 3.6 The Admission Agreement has been prepared by Eversheds, the Fund's legal advisors with input from HR and the Tri-Borough Pensions Team.

#### **4. Financial Implications**

- 4.1 Once the Admission Agreement is in place, the service provider, Sanctuary, will make pension contributions in respect of the staff transferred to them.
- 4.2 The Employer Contribution rate will be calculated by the Fund Actuary based upon the assumption that the liabilities related to the transferring staff are transferred to Sanctuary on a fully funded basis.
- 4.5 As the letting Authority, City of Westminster Council accepts the pensions risk associated with Sanctuary becoming an Admitted Body to Westminster Pension Fund. This will include acting as guarantor to the liabilities of Sanctuary Housing should they be unable to meet these liabilities.
- 4.6 The Council has deemed the risk of Sanctuary becoming insolvent is very low and therefore no pension bond has been included in the cost of the contract price. The Council has reserved the contractual right to require the procurement of a pension bond, should Sanctuary's credit rating fall below its current very high level.

#### **5. Recommendations**

- 5.1 The Committee are asked to note the contents of this report.

<p style="text-align: center;"><b>If you have any questions about this report, or wish to inspect one of the background papers, please contact:</b> Neil Sellstrom Tel: 0207 641 1152</p>
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**Background Papers:** Written Urgency Procedure (Standing Order 40)

**For completion by Chief Officer**

I agree the proposed decision:

Signature: .....

Designation: Chief Executive

Decision: .....

Date: .....

Time: .....