



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>12 October 2017</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>New employer member bodies of the Fund</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>Steven 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 This report updates Members on:

- a. Two new scheduled bodies – the Sir Simon Milton University Technical College, and LGSS Law; and
- b. One proposed new admitted body –the Social Homes Regulator.

## 2. Recommendations

2.1 The Committee is asked to:

- a. note the Sir Simon Milton University Technical College joining the Pension Fund as a scheduled body;
- b. note the proposed transfer of Legal Services to LGSS Law Ltd to become a scheduled body of the Fund;
- c. recommend to Cabinet its preferred option regarding:
  - i. whether the staff should transfer with the funding deficit for this to be recovered over the five year contract period, and

- ii. whether the new scheduled body should remain closed to new members
- d. authorise officers to commence the procedure for the Social Homes Regulator to become an admitted body of the Fund backed by a Crown guarantee.

### **3. Sir Simon Milton University Technical College**

- 3.1 The Sir Simon Milton University Technical College is a new technical academy located at Ebury Bridge, within Westminster. It provides technical training for 14-18 year olds and sponsors include Network Rail, Transport for London, Alstom and Sir Robert McAlpine. The College opened 1 September 2017.
- 3.2 The College has 10-12 non-academic staff who wish to join an occupational pension scheme. The staff are all new to the LGPS except one with two years prior service. Therefore there will be minimal inherited liabilities.
- 3.3 The College is classed as an academy by the Department for Education. Therefore it has automatic right of membership of the local government pension scheme (LGPS), because academies are classed as schedule bodies under the Public Service Pensions Act.
- 3.4 In line with the Funding Strategy Statement the actuary has been commissioned to assess an appropriate employer contribution rate for the College as a new employer.

### **4. LGSS Law Ltd**

- 4.1 Officers have identified an opportunity to merge the Bi-Borough Legal Services with LGSS Law Ltd. LGSS Law Ltd is a shared service provider owned by Cambridgeshire, Northamptonshire and Milton Keynes Councils. The merger will involve transferring 40 staff to LGSS Law Ltd and the Council becoming a shareholder in the company. The transfer is currently planned for 1 December 2017 but is still subject to Cabinet approval.
- 4.2 Under the proposed bulk transfer legal services staff currently employed by Westminster City Council would remain members of the City of Westminster Pension Fund and LGSS Law Ltd would become a scheduled body of the Fund under paragraph 5 of Part 2 of Schedule 2 of the Local Government Pension Scheme Regulations 2013.
- 4.3 Two key questions have been raised during negotiations over the transfer:
  - a) Should staff transfer on a fully funded basis or with a share of any pension deficit;
  - b) Should the new admitted body be closed to new members.

- 4.4 As this is not a start-up business but a company which is already trading at a profit, then it is proposed that the deficit accruing to the staff transferring transfers to the new company and be recovered over the life of the contract with the new company, understood to be five years.
- 4.5 As part of the development of the proposal Legal Services have expressed the desirability for the new admitted body to be open to new employees post-transfer in order to be able to recruit new staff. In previous transfers, membership of the LGPS has been limited to the staff transferred.

## **5. Social Homes Regulator**

- 5.1 The Social Homes Regulator is a new body being established by the Homes and Communities Agency (HCA) with effect from April 2018. The HCA is an existing admitted body of City of Westminster Pension Fund-. The new body is intended to be the regulatory arm of the HCA.
- 5.2 The policy of the Pension Fund Committee is for all new admitted bodies to enter into an agreement and provide a bond as guarantee for any future liabilities which might fall on the Fund in the event of default by the new admitted body. Officers have been informed that the new body will be covered by a Crown guarantee, which will satisfy the need for a bond.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:**

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**BACKGROUND PAPERS:** None

**APPENDICES:** None