

Date: 20th June 2019

Classification: General Release

Title: Request The Approval of Pinnacle and Continental as an Admission Bodies in the WCC Pension Fund

Report of: Sarah Hay Pensions Officer

Financial Summary: Negligible risk

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1. Executive Summary

- 1.1 This report is requesting that the committee agree to allow two admitted bodies into the Pension Fund from the 1st of July 2019 on closed admission agreements. Both bodies have agreed commercial contracts with the council for a ten year period.
- 1.2 On the 1st of April 2019 City West Homes TUPE transferred into Westminster City Council. City West Homes had previously agreed that it would let two contracts out. The contracts were due to go live on the 1st of June 2019. The first contract is to Continental is for gardening services which involves five members of staff.
- 1.3 The Gardening contract with Continental is specifically in relation to Lillington and Longmore Gardens Estates in SW1. Other estate services were already outsourced but this location had previously operated a service through the Tennant Management Organisation (TMO) which ceased a few years and City West Homes had taken on the service pending this contract let.
- 1.4 The second contract is to Pinnacle is for one member of staff covering concierge services. The employer rate for this one member is 41.1%
- 1.5 The concierge contract is for the provision of a concierge stationed at the base of a tower block in Church Street during evening hours to control access and patrol the block to prevent and detect anti-social behaviour.

- 1.6 The Pinnacle admission body will have a bond with Barclays Bank put in place to run in line with the contract. The value of the bond is £32K and would cover any liability if Pinnacle were unable to meet any obligation due to the fund.
- 1.7 The Continental contract the employer rate is 35.6%. There has been no bond sought for this contract. The Actuary has indicated an indicative bond value of £20K. Asking continental to cover the bond value would increase the contract price beyond a commercially viable position.
- 1.8 The preference for the Housing Department is that the Dutch parent company Elkarij bv provide a guarantee which the Funds legal advisors are reviewing. Costs of going down this route are being met by the Housing Department, alternatively they may review a bond option. The Committee could give consent to admit Continental on the basis that either an acceptable guarantee is provided or alternatively a traditional bond document. Without either a suitable guarantee or bond Continental will not be admitted to the fund.
- 1.9 The commercial contracts that were due to go live on the 1st of June for both services but have had to be delayed until the admission agreement have been approved by the committee as neither body will take on the risk of TUPE transferring in the staff until the admission agreements have been approved. There are possible commercial penalties of delaying the contract further should further extension be sought.

2. Recommendation

- 2.1 That the committee approve the closed admission agreement for both Pinnacle and Continental on the basis that both provide the Fund with the relevant security through a bond or guarantee.

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

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