

LONDON BOROUGH OF BRENT

Meeting of the General Purposes Committee

24th February 2005

Report from Director of Finance

For action

Wards affected:
All

Report Title: Brent Care at Home Admission Agreement

Forward Plan ref:

1.0 Summary

- 1.1 The Executive agreed on 17th January 2005 to award the the borough-wide contract for homecare services to Goldsborough Home Care Ltd trading as Brent Care at Home (BCAH) subject to this committee agreeing that Brent may enter into an admission agreement in respect of the Council's pension scheme with BCAH on the terms set out in this report.

2.0 Recommendations

- 2.1 That members agree:

- (i) that an admission agreement be entered into with BCAH in relation to the borough wide homecare contract; and
- (ii) that as an exception to the Council's usual policy BCAH should not be required to meet the Council's actuarial expenses associated with the creation of the admission agreement.

3.0 Detail

- 3.1 Council policy regarding admission agreements was agreed by the Corporate Deciding Committee 16th January 2002 and was modified by the General Purposes Committee 27th April 2004. One criterion for admission under the policy is that transferee admission bodies (in this case a contractor supplying services in relation to the Council's functions under a contract) will meet the Council's actuarial expenses incurred in entering into the admission agreement.

- 3.2 The Council has previously entered into two admission agreements with BCAH, in relation to the initial period of the previous Homecare contract and then in relation to a period of extension to that contract. Details of these may be found in paragraph 4.8 of the report to the Executive on 17th January 2005, attached to this report. Members of the Executive agreed on 17th January 2005 that a further admission agreement would be an appropriate form of pension provision in relation to the new contract because it is likely to be the most cost effective and to enable the retention of experienced staff who would continue to provide services upon which some of the most vulnerable people in the borough would depend.
- 3.3 Paragraphs 4.7 to 4.16 of the report to the Executive detail the complex nature of the negotiations with BCAH. The report proposed that in order to deal with the issues concerning basis and investment risk (as described in the report) there be a mechanism in the homecare contract for reasonable contract price variations in respect of the contractor's pension costs for previously transferred staff. This was agreed by the Executive. The other cost issue raised in the report was the payment of the Council's actuarial costs in entering into a new admission agreement. Determination of pension issues is not an executive function and therefore the Executive were not in a position to decide that these should be borne by the Council rather than by the contractor in accordance with existing pension policy. The Director of Finance has delegated authority to approve admission agreements, which are in accordance with the adopted policy, but is not able to agree departures from that policy. This issue has therefore been referred to this committee and the decisions made by the Executive are subject to this committee agreeing to the proposed departure from usual policy.
- 3.4 BCAH informed the Council that in order to cover the actuarial costs of the Council it would have to increase the contract hourly rate according to the level of professional expense it may incur. Officers consider that the Council will have better budgetary control over the home care contract if these additional costs are not added into the price because BCAH would be likely to allow a margin of error in their own favour in any price increase they proposed. It is therefore recommended that in this particular case a departure from the usual criteria be agreed so that BCAH are not required to pay the Council's actuarial costs in as a condition of being admitted to the pension scheme.

4.0 Financial Implications

- 4.1 The current total of actuarial expenses is £24k. It is estimated that the final amount will be £30 - £35k. Given that the Council would have met these expenses via the BCAH contract the departure from policy will have no additional financial implications. The cost will be met from existing budgets.

5.0 Legal Implications

- 5.1 Regulation 5A of the Local Government Pension Scheme Regulations 1997 (as amended) ("the Regulations") permits the Council to enter into an admission agreement with a transferee admission body. This is defined as a body providing a service or assets in connection with the discharge of the authority's functions under a contract or other arrangement.
- 5.2 This report seeks that members agree to the Council entering into admission agreements with BCAH on the basis that an exception is made from one of the Council's usual criteria as set out in paragraph 3.4 of the report. Paragraph 3.3 of the report explains why this decision needs to be made by this committee.

6.0 Diversity Implications

- 6.1 Officers have screened this report and there are no diversity implications arising from it.

7.0 Staffing

- 7.1 There are no staffing implications.

Background Papers

Executive Report 17th January 2005 – Authority to award Borough-Wide contract for domiciliary care services for older people services and adults with disabilities (attached)

Contact Officers

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