

WIRRAL COUNCIL

PENSIONS COMMITTEE

25 JUNE 2012

SUBJECT:	PROPERTY PORTFOLIO INSURANCE ARRANGEMENTS
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING CHIEF FINANCE OFFICER
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 This report informs Members of the commencement of a tender exercise for insurance arrangements for the property portfolio and recommends the extension by six months of the existing arrangements.

2.0 BACKGROUND AND KEY ISSUES

2.1 CBRE are the managing agents for the property portfolio and as such are responsible for tendering for various services required for the property portfolio including insurance.

2.2 CBRE ensures that insurance is provided for the entire property portfolio for buildings, shared contents, fire, terrorism and business interruption. Tenants are responsible for their own contents insurance. The cost of this insurance is passed on to the tenants through the service charge along with other services provided. The Fund has to bear the costs for voids.

2.3 CBRE is required to comply with the Council contract procedural rules and European legislation when procuring on behalf of MPF.

2.4 The current insurance policies are due for renewal on 25 June 2012.

2.5 There have been some changes in the way in which CBRE procures on behalf of MPF, most notably the use of the Chest (an electronic form of posting notices and receiving tender documents).

2.6 It is clearly vital for MPF to have insurance for the property portfolio, and it is also important to ensure that procurement procedures are followed correctly. Therefore processes have been put in place to extend the existing insurance arrangement for six months and a procurement exercise for insurance has commenced. The value of the extension is £286,000.

2.7 The procurement exercise will be undertaken by CBRE through the Chest with support from the Procurement Unit and should be complete in time for a recommendation to be made to Pensions Committee on 18 September 2012.

3.0 RELEVANT RISKS

3.1 The purpose of the actions taken and covered in this report is to mitigate the two key potential risks of

- Not having insurance cover for the property portfolio
- Not complying with contract procedure rules.

The actions recommended in this report fully mitigate these risks

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report

5.0 CONSULTATION

5.1 Not relevant for this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are no direct implications arising from this report. The costs of insurance are met by tenants. The current market conditions are such that following the procurement exercise insurance premiums should be lower. The extension is at the same level of cost as existing arrangements.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATIONS

12.1 That Members agree the extension to existing arrangements for insurance.

12.2 That Members note the commencement of a procurement exercise for insurance for the property portfolio of Merseyside Pension Fund.

13.0 REASON FOR RECOMMENDATIONS

13.1 The purpose of recommendation 12.1 is to comply with Contract Procedural Rule 16.1.2 which requires Pensions Committee to agree an extension to an existing contract.

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REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

	Date
Pensions Committee - Insurance of the Property Portfolio	18 June 2009
Pensions Committee - Appointment of Property Asset Manager	11 January 2011