



## LOCAL PENSION BOARD

27 MARCH 2024

<b>REPORT TITLE:</b>	<b>PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### REPORT SUMMARY

The purpose of this report is to provide Board Members with a copy of a report, relating to the write-off of property rental arrears, recently taken to Pensions Committee.

Appendix 2 to the report, (A report from CBRE Property Management detailing property rent arrears), contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

### RECOMMENDATION/S

That the Local Pension Board be recommended to consider the report and note the write off of uncollectable property rental income recently approved at Pensions Committee.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION**

- 1.1 CBRE considers these rental arrears to be irrecoverable. The approval of the write off of irrecoverable rent arrears by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 As set out in the accompanying report, CBRE considers a number of actions for the recovery of rental arrears before any write off is recommended.

### **3.0 BACKGROUND INFORMATION**

- 3.1 CBRE are the managing agents for the Fund's property portfolio. Amongst other functions, they have responsibility for the collection of rent and management of arrears. On an annual basis they produce a report on uncollectable arrears which is attached as an appendix to this report.
- 3.2 CBRE attended the Investment Monitoring Working Party (IMWP) in March 2022 and discussed the effects on rent collection of the moratorium on legal action put in place by government during the pandemic. The IMWP was advised that from March 2022, a statutory arbitration process will come into effect for those debts that cannot be settled.
- 3.3 When property tenants enter administration or liquidation, CBRE will continue to invoice for rental payments in order to ameliorate the cost of void business rates to the fund. These amounts are included in the write-offs figure (where applicable).

### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The total amount recommended for write off in the report is £28,000. The annual property rental income for 2022/23 was £31.7 million.

### **5.0 LEGAL IMPLICATIONS**

- 5.1 The Board's purpose is to assist the Scheme Manager with the primary function of securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator.

### **6.0 RESOURCE IMPLICATIONS: STAFFING; ICT AND ASSETS**

- 6.1 There are no additional resource implications arising from this report.

### **7.0 RELEVANT RISKS**

- 7.1 Due consideration and an assessment of the creditworthiness of existing and potential tenants of the Fund's properties is undertaken by CBRE but there

are instances where a tenant goes into administration or liquidation due to adverse trading in difficult economic conditions.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

## **9.0 EQUALITY IMPLICATIONS**

9.1 The content and/or recommendation contained within this report have no direct implications for equality.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are no environmental or climate implications arising from this report.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendation contained within this report have no direct implications for community wealth.

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## **APPENDICES**

A report from CBRE detailing property rent arrears is attached as appendix 1 to this report.

## **BACKGROUND PAPERS**

Wirral Council Constitution

## **TERMS OF REFERENCE**

This report is being considered by the Pensions Committee in accordance with Section D of its Terms of Reference:

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This report is being considered by the Pension Board in accordance with Section 13.3 (b) of its Terms of Reference:

(b) Monitor performance of administration, governance and investments against key performance targets and indicators.

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
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<b>Pensions Committee</b>	<b>21 February 2023</b> <b>22 June 2022</b> <b>29 March 2021</b>
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