

REPORT TO:	Pension Board 8 July 2021
SUBJECT:	Reconsideration by Pension Committee of Decision to Transfer Property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund.
LEAD OFFICER:	Nigel Cook Head of Pensions Investment and Treasury

1. RECOMMENDATION

- 1.1 The Board is asked to note the report presented to the Pension Committee of 25 May 2021.

2. EXECUTIVE SUMMARY

- 2.1 The report presented to the Pensions Committee set out the argument for rescinding the earlier decision to transfer property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund. The Pension Committee asked for a further report to be prepared for the September meeting.

3 DETAIL

- 3.1 The report to the Pension Committee considered the decision to in principle allow the future transfer of properties leased to Croydon Affordable Homes and Croydon Affordable Tenures, considered by the Pension Fund Committee on the 21st November 2018 in the light of changed circumstances. That report noted that the performance of the portfolio of investments meant that the Croydon Fund should be considered typical and not an outlier, nationally or locally, as far as funding levels were concerned. The report noted the number of enquiries from aspects of the regulatory framework. Reference was made to the risk appetite of the Fund and the complexities inherent in this project. The change of circumstances strongly suggests that it is appropriate to reconsider the Committee's approach.
- 3.2 The Pension Committee opted not to reconsider this decision and asked that a further report be prepared for the September 2021 meeting.
- 3.3 The lawyers acting on behalf of the Pension Committee in this complicated case have suspended undertaking any further work pending a clearer direction from the Committee. There are two reasons why officers consider that more legal work does not constitute value for money. The portfolio of properties represents an organic environment where changes to leases are sought and negotiated and where tenants sell their properties and new tenants move in. In order to ensure that the portfolio in this proposal matches the legal documentation a full review of the portfolio would have to take place and this would remain fluid up to the time that the transfer was formalised. In a similar fashion a valuation would need to be struck at the time any transfer was to occur. This valuation would be an extensive

exercise given the number of properties involved and would have a relatively short shelf life.

3.4 Until the Committee provide clear guidance on the approach to be adopted no further legal work will be commissioned and so no additional legal costs will be incurred save storage of papers.

3.5 The report that was submitted to the Pension Committee is appended to this report.

4 DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the Report involve the processing of “personal data?”

No

Approved by: Chris Buss, Interim Director of Finance, Investment and Risk, S151 Officer

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BACKGROUND DOCUMENTS:

None

Appendices

Appendix A: Reconsideration of Decision to Transfer Property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund.