Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**16 December 2021**
Classification:	**General Release**
Title:	**Affordable and Social Supported Housing Manager Selection**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.**
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1.   EXECUTIVE SUMMARY

1.1   This paper summarises the approach taken for shortlisting appropriate Affordable and Social Supported Housing managers for the Fund. Three suitable investment managers presented to the Pension Fund Committee on 29 November 2021, with the manager(s') appointment decision deferred to the committee meeting on 16 December 2021.

2.   RECOMMENDATIONS

2.1   That the Pension Fund Committee decides and approves:

> ➢ The selection of one or more managers to invest the Fund's 5% Affordable and Social Supported Housing allocation.

> ➢ That 2.5% allocation for each manager should apply if two managers are selected.

3.   BACKGROUND

3.1   At the 21 October 2021 Pension Fund Committee meeting, it was decided to proceed with the selection of an Affordable and Social Supported Housing investment manager. The mandate will be designated a 5% (circa £90m) asset allocation to be funded by a reduction in equities, which currently has a 71.1% asset allocation.

3.2   Shortlisted managers were invited to present to the Pension Fund Committee on 29 November 2021, with a final decision on selection deferred to the meeting on 16 December 2021.

3.3   Affordable Housing (AH) is housing accommodation aimed at low income workers who are not in the financial position to buy properties. AH is covered by Section 106 agreements, with developers needing to allocate a proportion of housing developments as affordable. These properties are typically let to local authorities, housing associations or directly to tenants, with additional security in that most of the lease agreements are government backed.

3.4   Social Supporting Housing (SSH) is housing accommodation built specifically for vulnerable individuals with physical or psychological difficulties. Vulnerable individuals are typically in receipt of housing benefits, and the statutory duty for providing secure accommodation falls within the remit of local government. SSH rental agreements with housing associations are index-linked to annual inflation rates, with responsibility for administrative tasks and tenant care provided by the housing associations.

3.5   Investing within an Affordable and Social Supported Housing mandate provides the following benefits to the Fund:

➢ Diversification from mainstream asset classes.

➢ Properties benefit from both capital appreciation and inflation-linked rental income.

➢ Potential to deliver positive social impact to low income families and vulnerable individuals.

3.6   The Committee met with three shortlisted Investment Managers: Man Group, Edmond De Rothschild and Triple Point, to hear their investment solutions surrounding affordable/socially supported housing.

4.   CONSIDERATIONS AND RECOMMENDATIONS

4.1   The following considerations should be taken in regard to a new manager selection:

➢ The investment manager strategy and how this aligns with the Committee's views of the asset class;

➢ The team and its experience within the asset class; and

> the manager's level of experience within institutional investment.

4.2   The Committee is recommended to appoint one or more managers, as presented at the meeting on 29 November 2021, to invest the Pension Fund's 5% allocation to Affordable and Social Supported Housing.

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

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BACKGROUND PAPERS: None

APPENDICES: None