

Paper G2

URC Pensions Executive – name, membership, and terms of reference

Pensions Executive and Finance Committee

Basic information

Contact names and email addresses	The Revd John Piper john.piper30@ntlworld.com Dr Chris Evans chris.evans@thestyle.net
Action required	Decision.
Draft resolution(s)	<ol style="list-style-type: none">1) Acting on behalf of General Assembly, Mission Council renames the Pensions Executive as the Pensions Committee; designates it a sub-committee of the Finance Committee; and sets its membership and Terms of Reference as proposed in Paper G2.2) Mission Council thanks those who have served the Church faithfully on the Pensions Executive in the past and is grateful for those who will serve on the Pensions Committee in the future, recognising that this is an important and inherently complex responsibility.

Summary of content

Subject and aim(s)	This paper proposes a new name for the Pensions Executive; clarifies its lines of reporting and accountability; proposes minor changes to its membership; and provides more comprehensive and up to date Terms of Reference.
Main points	<p>The Pensions Executive should be re-named as the Pensions Committee – mainly for the sake of contacts outside the URC.</p> <p>The Pensions Committee should operate as a sub-committee of the Finance Committee, through which it will report as necessary to Mission Council or General Assembly. However, it will also maintain and further develop its close links with those at Church House responsible for Ministries and for Lay Staff and with the synods and trusts.</p> <p>The membership and Terms of Reference of the Committee should be updated as set out in this paper.</p>

	The Committee will no longer be responsible for matters delegated to it by the URC Ministers Pensions Trust.
Previous relevant documents	None.
Consultation has taken place with...	Board of the URC Ministers Pensions Trust and the IRM group.

Summary of impact

Financial	None.
External (e.g. ecumenical)	None.

1. Introduction

- 1.1 The Pensions Executive is currently seen as a task group. Its lines of reporting and accountability are unclear. Its Terms of Reference are set out in the report of the Nominations Committee to General Assembly. These Terms of Reference are well over ten years old and do not reflect the scope of the actual work and the actual responsibilities exercised by this group.
- 1.2 The role of the Pensions Executive is to advise and inform the URC as ‘employer’ in relation to pensions matters and, in some circumstances, to act on its behalf. The URC currently has two pensions schemes. The URC Ministers Pensions Scheme is mostly for ministers and church related community workers and its trustee is the URC Ministers Pensions Trust (URC MPT). The URC Final Salary Scheme is mostly for lay staff at Church House and in some of the synods, which are legally, therefore, participating employers in that Scheme. The external trustee of this Scheme is TPT Retirement Solutions.
- 1.3 The Pensions Executive has acquired some delegated responsibilities from the URC MPT, the trustee of the Ministers Pensions Scheme. This has the potential to create confusion about the role of the group and to cause concern for the Pensions Regulator both of which can and should be avoided.
- 1.4 The proposals in this paper are intended to clarify the role of the Pensions Executive and its accountability; to change its name; to update its terms of reference and make minor changes to its membership; and to separate it from the work of the trustees of the URC pensions schemes.

2 Change of name

- 2.1 **The resolution proposes that the name of this group should be changed from ‘Pensions Executive’ to ‘Pensions Committee’.** This change will make the role of the group clearer, especially to external pensions scheme trustees and other external bodies.

3 Clarifying lines of reporting and accountability

- 3.1 The Pensions Executive has in the past and when necessary reported to General Assembly or Mission Council through Finance Committee, although it has not been understood to be a sub-committee of the Finance Committee.
- 3.2 The resolution proposes that the Pensions Committee should be designated a sub-committee of the Finance Committee and thus it will, when necessary, report to General Assembly or Mission Council through Finance Committee.
- 3.3 The Pensions Committee needs to have clearer lines of reporting and accountability into General Assembly and Mission Council. However, making the Pensions Committee itself an additional committee of General Assembly seems disproportionate. The proposal is, therefore, to make the Pensions Committee a sub-committee of the Assembly Committee with which it works most closely, which is the Finance Committee. The matters for which the Pensions Committee has responsibility can have a significant impact on the finances of the Church. The Finance Committee is the body responsible for ensuring that the commitments of the Church as a whole are properly budgeted and that resources are available to meet those commitments. The Pensions Committee will continue to work closely with the Finance Committee, which will be represented on the Pensions Committee by the Treasurer or Deputy Treasurer. The Finance Committee also has existing and regular mechanisms for meeting with synod colleagues to discuss matters of common interest.
- 3.4 The Pensions Committee is not only concerned with matters of Church finance. The provision of pensions is an important part of the way in which the Church looks after its ministers and lay staff. The Pensions Committee will continue to have close links with the Ministries Committee and with those at Church House responsible for the terms and conditions of lay staff. The current Integrated Risk Management project has also demonstrated that there are times when the Pensions Committee needs to have close links with the URC Trust, the Synod trusts, and the officers of the Synods and of General Assembly. These links will be maintained and developed. It is not intended that the Finance Committee should need to micro-manage all these other relationships of the Pensions Committee, but it will need to be kept informed of all significant developments and any that have financial implications.

4 Focusing on the responsibilities and needs of the URC as 'employer'

- 4.1 The trustee of a pensions scheme and the 'employer' which sponsors the scheme both have responsibilities in relation to the scheme, defined by the rules of the scheme and the legal/regulatory requirements. These responsibilities are different and it is possible that the interests of the 'employer' and the trustee may conflict. The Pensions Regulator envisages that there will be occasions when it is necessary for the trustee to be robust in its discussions with the 'employer'. In the context of the URC, it is likely that there will always be good and close relations between the URC as 'employer' and the URC MPT as trustee of the Ministers Pensions Scheme, and that the two will work together to find solutions to whatever challenges arise. Nevertheless, it is important that both parties are clear about their respective responsibilities.

- 4.2 There is clarity regarding the role of the Pensions Executive in relation to the Final Salary (Lay Staff) Scheme because the trustee of that Scheme is an external body. There is more opportunity for confusion in relation to the Ministers Pensions Scheme where the trustee is part of the URC family, albeit an independent trust company. There should be a clear distinction between the bodies acting for the 'employer' and the bodies acting for the trustees, each acting independently in its own interests, and taking its own independent advice. This does not, of course, imply that individual persons cannot or should not serve the 'employer' and the trustee in different capacities.
- 4.3 The Pensions Executive has acquired some delegated responsibilities from the URC MPT as trustee of the Ministers Pension Scheme. These are relatively minor, usually relating to individual cases. Examples are the approval of an application for early retirement on grounds of ill health, or the agreement to combine the benefits from two discrete periods of qualifying service. Although minor, it would be better if these responsibilities were delegated to a different body.

The proposed new terms of reference of the Pensions Committee exclude these tasks previously delegated by the URC MPT. It will be for the directors of the URC MPT to decide how these matters will be dealt with in future.

5 Revised membership and new Terms of Reference

- 5.1 The resolution proposes the adoption of the revised membership of and Terms of Reference for the Pensions Committee. These are attached as an Annex to this paper.
- 5.2 There are only minor changes to the proposed membership of this group. The membership of the Deputy General Secretary for Administration and Resources is made explicit, with a particular focus on the Final Salary Scheme for lay staff. Nominations Committee is asked to ensure that all those nominated to serve on this group have a reasonable understanding of pensions matters, without any expectation that they will be 'experts' or practitioners.
- 5.3 The terms of reference have been brought up to date and made more comprehensive. They reflect what is currently happening, with the exception that the responsibilities delegated by the URC MPT have been removed.

Membership and terms of reference of URC Pensions Committee

Terms of Reference

- a) To provide expertise and guidance to the URC in relation to all matters relating to the provision of pensions for ministers, CRCW's and staff. In particular, to:
 - i) advise the Finance Committee on the monetary requirement, needs and obligations of both the schemes and in relation to the benefits and financial status of the various charitable funds connected to ministers
 - ii) when requested, support the consideration of any changes to the level or nature of pension provision by the URC for General Assembly or Mission Council
 - iii) inform the URC of the nature and impact of legal and regulatory changes affecting its pension arrangements
- b) To act on the URC's behalf in dealings with the trustees of its pension schemes and with the professional advisers of the pension schemes. It may where necessary also respond to contact with the Pensions Regulator on behalf of the URC
- c) To take decisions on behalf of the URC within the guidelines for delegation agreed with General Assembly or Mission Council
- d) To liaise with the Investment Committee to ensure that the URC's view of suitable investment strategy is communicated to the trustees of the pension schemes
- e) To monitor the services provided by external pension providers and the internal pensions administration of the URC Ministers' Pension Fund
- f) To secure advice and support from external advisers as is necessary to provide clear guidance to the URC.

Membership

- a) Ex-officio members:
 - i) the Treasurer, or Deputy Treasurer, of the URC
 - ii) the Convener of the Investment Committee
 - iii) the Convener of the Maintenance of the Ministry sub-committee
 - iv) the Deputy General Secretary Administration and Resources.
- b) A Convener of the Pensions Committee and two further members appointed by the General Assembly for four-year terms, renewable once
- c) Up to three additional members co-opted by the Committee
- d) Staff in attendance:
 - i) The Chief Finance Officer
 - ii) The Pensions Manager, who acts as secretary
 - iii) The Secretary for Ministries, who may attend for matters relating to the Ministers' Pension Fund.

Links between Committees

The Pensions Committee convener sits ex-officio on the Maintenance of Ministry sub-committee, the Investment Committee and may be invited to join the board of the URC Ministers Pensions Trust. This complements the ex-officio members of the Pensions

Committee in facilitating good inter-committee communication. When matters need referral for information or decision to Mission Council or General Assembly, these will be presented by the Treasurer or Deputy Treasurer under the auspices of the Finance Committee.

Delegated authority

- a) The Ministers Pension Fund Rules place certain responsibilities upon the URC. The following are delegated to the Pensions Committee; all others will be referred by the Committee to Mission Council or General Assembly for decision:
 - i) Acceptability of suitable occupation (for ill-health rule purposes)
 - ii) Admission of a late joiner
 - iii) Service credit for ill health pension purposes when engaged in ecumenical work
 - iv) Participating bodies: Consent for new participating body (where we have decided to admit no more), contributions and expenses chargeable to participating bodies and various other actions
 - v) Consent to the trustees providing an augmentation of benefit (in agreement with the Treasurer)
 - vi) Consent to the trustees making a benefit payment in excess of HM Revenue and Customs limits
 - vii) Receive the trustee's recommendation re any deficit/surplus (this effectively includes agreement to contribution rate changes and deficit contributions) – but the resulting actions would be managed in liaison with the Treasurer.
- b) There are similar responsibilities in relation to the lay staff pension scheme. The Pensions Committee will seek to manage these matters but will refer any significant financial matters to the Treasurer and liaise with the Deputy General Secretary (Administration and Resources) where members' benefits are concerned.
- c) Some responsibilities fall to the employer as a result of legislation and the actions of the Pension Regulator. These may include liaison with the Regulator and the trustees over the strength of the 'employer covenant', the investment strategy and the level of risk undertaken, the agreement of contribution levels and a plan for any recovery payments. The Pensions Committee will seek to manage these matters on behalf of the URC, whilst recognising that all matters of significant financial consequence should be managed in liaison with the Treasurer.

Desirable skills for General Assembly appointees

- a) All members should have a good knowledge of pensions, though not necessarily as practitioners
- b) The Convener needs a comprehensive understanding of pensions, a willingness to keep up to date, and a willingness to contribute a considerable amount of time to the role outside meetings. He/she does not necessarily need to be an actuary, but a strong financial orientation and Board level experience are necessary
- c) If appointed as a member of the URC Ministers' Pensions Trust board, the Convener will also, in a personal capacity, offer experience and support to the Chair of the Trustee Board.

Method of working

- 1) The Committee will normally meet twice each year
- 2) Further meetings, perhaps of a subset of members, may be held to address any current and pressing matters
- 3) Where possible, progress will be made between meetings by electronic means and agreement to matters of decision may also be made in this way.

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