

Paper G1

URC Pensions Committee – revised Terms of Reference

Resources Committee and Pensions Committee

Basic information

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Action required	Decision.
Draft resolution(s)	Resolution 15 Assembly Executive approves the revised Terms of Reference of the Pensions Committee.

Summary of content

Subject and aim(s)	The proposed revised Terms of Reference of the Pensions Committee bring them up to date and reflect the work that the Committee is now doing.
Main points	<p>The previous ToRs were presented to Mission Council 2020 for approval. That meeting was cancelled because of Covid-19. The ToRs were subsequently approved by officer action. Since then, the two URC defined benefit pension schemes have been closed to future accrual and a new URC defined contribution pension scheme has been introduced for both employees and office holders.</p> <p>The Pensions Committee is, therefore, now responsible for the oversight of three pension schemes and of some associated benefits now being provided directly by the Church replacing benefits previously provided via one of the pension schemes.</p> <p>The membership of the Pensions Committee also needs updating to reflect changes to roles and responsibilities.</p>
Previous relevant documents	Mission Council March 2020 Paper G2.
Consultation has taken place with...	

Summary of impact

Financial	None.
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External (eg ecumenical)	None – the proposed changes reflect existing practice.
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1. Introduction

- 1.1 The URC now has three live pension schemes. The URC Ministers' Pension Fund (MPF) and the URC Final Salary Scheme (FSS) are defined benefit pension schemes that were closed to future accrual on 28 February 2023. The URC Pension Plan operated by the Aon Master Trust is a defined contribution pension scheme which became operational on 1 March 2023.
- 1.2 The members of the MPF are all office holders, either ministers or church related community workers. The members of the FSS are staff working under employment contracts (including some ministers) and some church related community workers. The new URC Pension Plan has separate sections for office holders and staff.
- 1.3 Since March 2023, some benefits are being provided directly by the Church, replacing benefits previously provided by one of the defined benefit schemes.
- 1.4 These developments have caused significant changes to, and increase in, the work of the Pensions Committee although its overall responsibilities are, essentially, unchanged.
- 1.5 Appended to this paper are the proposed revised Terms of Reference of the Pensions Committee and the current Terms of Reference which were approved in 2020 by Officer Action. Because the arrangement of the two documents is very different, presenting the new one as tracked changes of the old one is not helpful. The main changes are highlighted below.

2. Changes to membership

- 2.1 The Deputy General Secretary Administration and Resources is replaced by the Chief Operating Officer.
- 2.2 The Convenor of the Maintenance of the Ministry sub-committee is replaced by the Secretary for Ministries. The Secretary for Ministries used to attend part of the meetings of the Committee. It is felt more efficient for that person to be a full member of the Committee, which means that the M of M Convenor does not also need to be present.
- 2.3 The Pensions Officer acts as Secretary to the Committee. Previously, this was the Pensions Manager.
- 2.4 Otherwise, the membership is the same as before including the ability to co-opt up to three members of the Committee in addition to those appointed by Assembly.

3. No changes to accountability or to overall responsibilities

- 3.1 The URC clearly has a duty of care in relation to its office holders and staff and their pension arrangements. As a participating employer, the URC also has legal and regulatory responsibilities in relation to each of its three pension schemes.

Overall, the responsibility of the Pensions Committee is to oversee these legal and regulatory responsibilities.

- 3.2 The Pensions Committee operates as a sub-committee of the Resources Committee (previously of the Finance Committee). When necessary, the Pensions Committee will report to General Assembly or Assembly Executive through the Resources Committee.

4. Changes to detailed responsibilities

- 4.1 The proposed revised Terms of Reference have been drafted to reflect the different ways in which the three URC pension schemes are managed and, therefore, to recognise the different ways in which the Pensions Committee needs to relate to those responsible.
- 4.2 This format is very different from previously which is why it is not helpful to try to show the proposed new responsibilities as an amended version of the old ones.

5. Changes to ways of conducting business

- 5.1 The Pensions Committee now normally meets quarterly, either in person or on-line, with representatives of the bodies responsible for the operation of one or more of the pension schemes in attendance. If necessary, other meetings are arranged of some or all of the members and urgent decisions may be made electronically. The Committee will meet with others within and beyond the URC as and when necessary.

Appendix 1: Proposed revised Terms of Reference of the Pensions Committee.
Appendix 2: Current Terms of Reference of the Pensions Committee – MC March 2020.

Appendix one

URC Pensions Committee – Proposed revised Terms of Reference

Membership

Committee	Pensions Committee.
Convenor	Appointed by General Assembly.
Secretary	Pensions Officer.
Ex Officio Members	The Treasurer or Deputy Treasurer of the URC; the Chief Operating Officer; the Convenor of the URC Investment Committee; the Secretary for Ministries.
General Assembly Appointed Members	The Convenor and two others.
Length of Term of General Assembly appointees	Four years, with the possibility of a further four years.
Co-opted members	Up to three co-opted members may be appointed by the Committee to add appropriate experience or expertise.
In Attendance when required (to cover their areas of expertise)	Chief Finance Officer.
Minute Secretary	PA to the Chief Operating Officer and the Chief Finance Officer.
Meeting Frequency	Quarterly and as necessary.
Subgroups/sub-committees	As necessary.
Quoracy	Three members.
Accountability and Reporting Duties	Accountable to the Resources Committee.
Terms of Reference Review	At least every four years.

Links between committees

The Convenor of the Pensions Committee is an ex-officio member of the Investment Committee and the Maintenance of the Ministry Committee and may be invited to join the board of the URC Ministers' Pensions Trust, which is the trustee of the Ministers' Pension Fund. This complements the roles of the ex-officio members of the Pensions Committee in facilitating good inter-committee communication.

The Pensions Committee will liaise with other URC officers and staff at Church House and in the Synods whenever appropriate.

Conducting business

Meetings of the Pensions Committee will normally be held quarterly. Representatives of the trustees/managers of the three live URC pension schemes will report to each of these meetings and will be invited to attend some of them.

Further meetings, possibly of some of the members of the Committee and possibly involving other colleagues, will be organised as and when necessary.

Between meetings, where possible progress will be made by electronic means including the taking of decisions when necessary, which will then be minuted at the next meeting of the Committee.

The Pensions Committee may seek external professional advice if it deems this to be necessary and with prior reference to the Chief Operating Officer in relation to any unbudgeted expenditure.

Overall responsibilities

The URC clearly has a duty of care in relation to its office holders and staff and their pension arrangements. The URC also has legal and regulatory responsibilities in its role as the principal participating employer in each of the three pension schemes.

(For pensions purposes, 'employer' applies to office holders as well as staff.)

The overall responsibility of the Pensions Committee is to oversee these legal and regulatory responsibilities on behalf of the Church.

The Pensions Committee operates as a sub-committee of the Resources Committee. Any matters that need to go to General Assembly or Assembly Executive for decision will be referred to the Resources Committee and, if approved, will go to the appropriate body from that Committee.

Detailed responsibilities

The Committee's responsibilities include:

- a) To provide expertise and advice to the URC in relation to all matters to do with the provision of pensions and related benefits for ministers, church related community workers and staff. In particular, to:
 1. advise the Resources Committee on the monetary requirements, needs and obligations of all the URC pension schemes;
 2. do the same in relation to benefits now provided directly by the Church rather than through one of the pension schemes (ill health benefits which may be paid in addition to any benefits paid by the defined benefit schemes and death in service benefits), and in relation to some benefits payable to office holders from charitable trusts.
 3. initiate or support the consideration by the Church and its officers of any changes to the nature of its pension provision to office holders and staff, including possible changes to the employer contribution rate(s) or the minimum member contribution rate(s);
 4. inform the Church of the nature and impact of any legal or regulatory changes on its pension arrangements.
- b) To act on behalf of the Church in dealings with the trustees, managers, and professional advisers of the Church's pension schemes, as well as with the relevant regulatory authorities. In particular, to:
 1. receive regular reports from and meet with representatives of those managing each of the Church's pension schemes.
 2. review the performance of the funds of each pension scheme and alert the Treasurer and Resources Committee of any serious concerns.

3. ensure that the asset managers supporting the URC pension schemes are aware of the current URC Investment Guidelines and that their approaches are as compliant with them as is practicable.
 4. monitor the service being provided to members by each of the pension schemes and raise concerns when necessary.
 5. be involved with the trustees and managers of the pension schemes, when requested, to provide them with information, and to take decisions with them regarding the operation of the schemes, including their investment strategies, and regarding individual cases.
 6. in the event of serious concerns about the performance of the trustees or managers of one of the pension schemes, discuss this with the Treasurer, Resources Committee, and other Assembly officers and decide on appropriate action.
 7. monitor the URC's internal pension administration and its role in administering the Ministers' Pension Fund on behalf of its trustees.
 8. ensure that the other participating employers in the Church pension schemes are properly and regularly informed and, where appropriate, involved in any decisions.
- c) To liaise with the Investment Committee and the Resources Committee to ensure that the Pensions Committee is aware of the up to date URC Investment Guidelines, the thinking behind them, and any proposals to change them.
- d) When necessary, to obtain independent professional advice and support to help the Committee make good decisions and offer sound advice to the Church.
- e) To make decisions with Church colleagues about particular cases (eg long term sickness and ill health early retirement), where the Church may wish to apply its discretionary powers.

Risk management

The Committee will review the Risk Register as it relates to its key responsibilities, at least once each year but will add additional risks as and when these arise.

Desirable skills for General Assembly appointees

1. All members need to be financially literate, and a good knowledge of pension matters is desirable – though not necessarily as practitioners.
2. The Convenor needs a good understanding of pensions, a willingness to keep up to date, and a willingness to commit a considerable amount of time to the role outside meetings. S/he does not have to be an actuary or similar, but a strong financial orientation is essential and some Board or trustee level experience is extremely desirable.
3. The Convenor, if appointed as a director of the URC Ministers' Pensions Trust, will also (in a personal capacity) offer experience and support to the Chair of the Trust Board.

Appendix two

Current Terms of Reference of URC Pensions Committee – MC March 2020

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.
- b) 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 H M 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.
- c) 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.
- d) 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 be there in a personal capacity.

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.