

Appointment of directors to the pension trustee bodies

Contact Name and Details	Mr Matt Tattersall - Director of Finance and Resources tattersallm@methodistchurch.org.uk
Action Required	For decision
Resolutions	<p>5/1. The Council approves the process for the nomination and appointment of directors to the pension trustee bodies as set out in the paper.</p> <p>5/2. The Council appoints a panel as follows to undertake the selection of employer-nominated directors to the Methodist Ministers' Pension Trust Limited (MMPTL) and the Methodist Lay Employees' Pension Trust Limited (MLEPTL): the Connexional Secretary (Chair); the Director of Finance & Resources; 1 x MLEPTL director; 1 x MMPTL director; a nominee of the Strategy and Resources Committee.</p> <p>5/3. The Council delegates authority to the selection panel to appoint the MLEPTL directors; nominate the MMPTL directors to the 2021 Conference, and agree the contract for the independent professional trustee.</p>

Summary of Content

Subject and Aims	The paper explains the role of the Council and Conference in appointing directors to the pension trustee bodies. It seeks approval from the Council on how appointments will be made to the vacancies arising in September 2021 and how the professional independent trustee will be appointed.
Main Points	A new process of advertising for directors will be implemented. A procurement process will be undertaken to appoint the professional independent trustee.

Summary of Impact

Financial	All members of the pension schemes are affected by the appointment of directors to the trustee bodies. Pension contributions from employing bodies, including circuit contributions for ministers are impacted by the decisions of the pension trustee bodies. The wider finances of the Connexion and Church are impacted if deficits in the pension schemes need to be funded.
Wider Connexional	See financial

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1. Background

- 1.1 The trustee body of the Methodist Ministers' Pension Scheme (MMPS) is the Methodist Ministers' Pension Trust Limited (MMPTL). The Council is responsible for recommending to the Conference the appointment of directors to MMPTL. Four directors are nominated by the members of the scheme and six are nominated by the Council. Each year one third of the six Council nominated directors are required to retire meaning each director typically serves a term of three years.
- 1.2 The trustee body of the Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC) is the Methodist Lay Employees' Pension Trust Limited (MLEPTL). The Council is responsible for the appointment of directors to MLEPTL. Three directors are nominated by the members of the scheme and five are nominated by the Council. Directors are appointed for three years unless specifically stated otherwise.
- 1.3 Directors typically serve either body for more than one term of office. This is because of the extensive induction period required to become sufficiently familiar with all the issues connected with pensions law and regulation. It is also felt that the longer term nature of the decisions being taken by the directors require people to be committed to the schemes for longer than just three years.
- 1.4 In addition, one of the Council nominated positions for each scheme is an independent professional trustee that chairs both boards. This contract is currently with Capital Cranfield Pension Trustees Ltd represented by Ingrid Kirby. The contract for this appointment ends on 31 August 2021 for MLEPTL and 31 August 2022 for MMPTL.
- 1.5 It has been the practice in recent years for the existing directors to recommend to the Council the appointment/re-appointment of directors to fill arising vacancies. However, in line with the proposals for a nominations committee emerging from the work on oversight and trusteeship, and also the parallel piece of work on self-accounting entities, it is proposed that the Council takes a more pro-active role in these appointments.

2. Proposal

- 2.1 Both pension schemes are currently undertaking their triennial valuations. As part of this process there are major decisions to be made such as: how pension deficits are to be funded; what the long term investment strategy should be; how the ministers scheme should be funded in future. Consequently, it is felt timely to consider how the membership of the respective boards have sufficient experience on them to support continuity, but also to appoint and develop new directors who will be able to contribute to the next phase of the work of the trustee bodies.
- 2.2 To this end it is proposed that the vacancies arising in 2021 be advertised and a selection panel be established to make recommendations to fill the positions. The panel will consist of: Connexional Secretary (Chair); Director of Finance & Resources; 1 x MLEPTL director; 1 x MMPTL director; 1 x SRC nominee.
- 2.3 Given the timescales for this process, and the need to put any MMPTL nominations before the 2021 Conference, it is requested that the Council delegate authority to this group to make any MMPTL nominations and MLEPTL appointments.

- 2.4 In relation to the appointment of the independent professional trustee, it is proposed that a procurement process is run to ensure that a contract is in place from the 1 September 2021 for the MLEPTL position, with the contract extending to the MMPTL position from 1 September 2022. It is proposed that the length of the contracts are 4 years (MLEPTL) and 3 years (MMPTL) to bring both positions back to a coterminous end point and that there is an option to extend the contract for a further 3 years by mutual agreement. It is noted that a 4 year MLEPTL appointment may require adjustments to the length of service of subsequent director appointments to restore an even pattern of retirements from the board.
- 2.5 It is proposed that the selection panel reviewing the applications for the director vacancies also undertakes the selection process as part of this procurement exercise. Given the timescales for this process, the need to put the MMPTL nomination before the 2021 Conference and the need to put a contract in place prior to 1st September 2021, it is proposed that the Council delegate authority to the panel to agree the appointment and make the recommendation to the Conference.

*****RESOLUTIONS**

- 5/1. The Council approves the process for the nomination and appointment of directors to the pension trustee bodies as set out in the paper.**
- 5/2. The Council appoints a panel as follows to undertake the selection of employer-nominated directors to the Methodist Ministers' Pension Trust Limited (MMPTL) and the Methodist Lay Employees' Pension Trust Limited (MLEPTL): the Connexional Secretary (Chair); the Director of Finance & Resources; 1 x MLEPTL director; 1 x MMPTL director; a nominee of the Strategy and Resources Committee.**
- 5/3. The Council delegates authority to the selection panel to appoint the MLEPTL directors, nominate the MMPTL directors to the 2021 Conference, and agree the contract for the independent professional trustee.**