



Thames North Synod Pension Update

**Paper C2
20 March
2021**

1. Background

The Pension Task Group (PTG) tasked by The Pensions Regulators (tPRs) requirement for the trustee to set a Long-Term Objective (LTO) for the Ministers Pension Fund (MPF), which is the “total cost” at the date when the Fund is deemed to be significantly mature, initiated a consultation with the synods (i.e. regional synods) in which they estimated the total cost of the deficit in MPF at around £45 million, with £30 million required by 2026 and the other £15 million required by around 2031.

2. Timetable

Although the PTG needs a consensus amongst the synods regarding the way we will deal with the total cost, it is the 2021 deficit (which we are currently estimating at £30 million) on which we will soon have to give legal undertakings to the trustee of the MPF. A legally binding “Schedule of Contributions” setting out the payments from 2021 to 2026 to deal with this deficit must be signed by March 2022. Given that some elements of any agreement are likely to need approval at various councils of the Church in the autumn of 2021, we think we should be **aiming to reach agreement in principle by June or July 2021**.

3. Consultation Process *(so far.....)*

Timing	Description
August	PTG estimated the overall LTO and the key assumptions in its determination as well as the timeline indicated by the tPR together with suggested methods of allocating the LTO. They also posed a number of questions (13) relating to the formulation of the variable factors in determining the LTO and our preferred method of allocation.
October	Consolidated results from the 13 Regional Synods were shared indicating a good level of consensus across the 13 Synods
January	Taking the consultation process forward (see 5 below)

4. Allocation of the liability

The purpose of the consultation is to identify how to allocate the LTO across synods in a manner which recognises that discharge of the LTO is a shared responsibility and should be based on fairness and affordability. Initially the PTG attempted to allocate the total cost of £45 million (options A to C), and also the lesser liability of £30 million required by 2026 (options D to F) on the assumption that the other £15 million of the estimated total cost would be apportioned based on actual future income from property sales, based on each synods ability to pay assessed against Investment holdings at the end of 2018. This resulted in the following table of results for Thames North:

Option	Allocation basis	Target (£m)	Commitment (£m)
A	Investments held 2018	45	6.345
B	Investments held (> £5 million) 2018	45	8.073
C	Increase in investments from 2011 to 2018 (excl holdings < £5 million)	45	4.916
D	Investments held 2018	30	4.230
E	Investments held (> £5 million) 2018	30	5.382
F	Increase in investments from 2011 to 2018 (excl holdings < £5 million)	30	3.277

However, in their latest briefing in January the PTG has been suggested an additional methodology as follows:

- i) **Capital contributions based on investment values** - it is now suggested that all synod trusts should be asked to commit to an amount of money roughly equivalent to 15% of the level of its investments at the end of 2019. It is anticipated that this would generate around £20 million.
- ii) **Future proceeds of sale of redundant properties** – it is also suggested that all synod trusts should be asked to commit at least 50% of future proceeds of sale of redundant properties from 2022. The thinking here being that this would contribute to the £15 million of the LTO required by 2031.

Which methodology adopted will be the outcome of the continuation of the consultation process outlined in 5 below.

5. Taking the consultation process forward

The PTG propose that the next stage of this process will be meetings of representatives of the PTG with the Trustees of TNS and the directors of TN trusts, currently scheduled for the 24 March 2021. The main objectives of these meetings will be to make sure we understand one another; and to seek specific commitments from all the synod on the size and/or basis of their contribution.

There will then be issued a further briefing to all synods and assuming that we are still having to meet virtually, a series of meetings with the synod in three groups of four or five will be held. It is anticipated that it may need two rounds of these meetings to be **completed by the end of May**.

Again, these will be followed by a further briefing to all. It is hoped that by this stage we will have got close to an overall consensus which could then be discussed at a **meeting of representatives of all the synod trusts in June**. The above is only our best guess at this stage of how the consultation will proceed. It may well not turn out like this. As always, we welcome your views at any time.