

Council meeting 5 & 6 April 2005

OPEN BUSINESS

Pension Fund Trustees

Purpose

To appoint trustees to the Board of Society's Pension Fund.

Recommendations

It is recommended

- i) That the number of trustees be limited to six for the present.
- ii) That the three fund members places (staff or retired staff) be filled by the two currently in office: Roy Allcorn and Sue Ambler. An election is in progress for the third staff member
- iii) That one of the senior staff members be Ann Lewis, who is currently in office.
- iv) That Council appoint one of the existing Council member trustees to fill the Council member place
- v) That Council appoint one of the other existing Council members who is not standing for re-election to fill the place reserved for a member of the Society with expertise in the pensions field.

1. Background

In response to concerns raised by the Pension Fund trustees Council considered and agreed recommendations for a revised composition of the Board.

The concerns included.

- The issues faced by the Society's Scheme, in common with other schemes during the last few years, have been very challenging. This has proved very taxing particularly for those who have no expertise in this area. Despite their willingness to undergo training and apply themselves to the challenges the responsibility has weighed heavily on the Trustees.
- The duties of a Trustee are onerous and considerable potential liabilities are taken on by anyone becoming a Trustee. The legislative environment surrounding pensions is changing rapidly and becoming more and more complex. As it changes, the responsibilities of Trustees also increase and the challenges and problems they face become more taxing and demanding.
- The situation has been made worse by the high level of turnover amongst the Trustees in recent years. The fact that three members of the Board must be Council members means they are automatically removed as a Trustee if not re-elected. This situation could become critical in 2005 when under the new Royal Charter all 17 pharmacist members places on the Council are subject to election.

Advice from the professional advisers and best practice amongst other pension schemes was also sought in developing the new composition of the Board.

The new composition is:

- i) A maximum of eight Trustees
- ii) Fifty percent but no more of the Trustees to be nominated by Pension Scheme members, one of whom may be elected from retired members of the fund. To provide continuity, the existing fund member nominated Trustees will be expected to continue in office until such time as they resign or finish their term of office. Membership will cease if they leave the Society's employment.
- iii) Four of the Trustees to be nominated by the Council
 - a) One from amongst Council's current members. This member will continue as a Trustee until such time as s/he resigns or her/his term as a Trustee expires. Thereupon the Council will nominate a replacement from amongst its current members.
 - b) Two from the Society's senior staff. These staff cannot be members of the Scheme.
 - c) One from amongst the members of the Society on the understanding that s/he has the expertise in a relevant field. Failing this an independent professional trustee may be appointed.

2. Risk Implications

Pensions are a very specialised area and there are high risks associated if mistakes are made. The current Council member trustees have acquired considerable specialist knowledge and skills during their time as a trustees. It would therefore be very desirable to continue to have the benefit of these members.

5. Resource Implications

The cost of meetings is already budgeted and there are no additional resources required.

6. Recommendations

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Bernard Kelly
Director Finance & Resources