Defined benefit trust-based pension schemes research

A summary report on the 2018 research survey

Prepared for: The Pensions Regulator

September 2018

Contents

1 Executive Summary

This report summarises the findings from the 2018 quantitative survey among defined benefit (DB) schemes[1], carried out between 1 and 27 March 2018. The survey was conducted by IFF Research, an independent market research agency, on behalf of The Pensions Regulator (TPR).

Additional qualitative interviews were undertaken with 27 trustees to better understand the answers they gave in relation to two of the principles (Balance and Fair Treatment) in the original survey.

1.1 Introduction

In 2014 TPR published a new DB funding code of practice, replacing the previous version published in 2006.

The code sets out nine key funding principles that are applicable to all schemes when trustees and employers seek to put in place an appropriate funding plan and comply with the scheme funding requirements to achieve this aim. Since its publication, the new code has been supplemented by guidance to help trustee boards and employers to meet the expectations set out in the code.

More widely, through its work on 21st century trusteeship and governance, TPR is promoting higher standards of governance and administration in defined benefit (DB), DC schemes and public service schemes. This comprises a 3-5 year programme of work designed to improve trustee effectiveness and ensure that the fundamentals of good governance are in place across all scheme types and sizes. At the time of the survey, five of the ten planned 21st century campaign themes had been communicated.

The results from this DB schemes survey will directly inform this work and help to ensure that TPR focuses its efforts on the areas where trustees face the greatest challenges.

The main survey objective was provide a performance measurement against seven of the nine principles[2] of the DB funding code of practice, among both trustee boards and employers of DB schemes.

1.2 Key findings

1.2.1 The majority of trustees and employers had read the DB code of practice or a summary of it

Nearly all trustees interviewed (92%) and 87% of employers said they had read the DB code of practice or a summary of it provided by the adviser. The proportion of employers who had read it or a summary of it increased from 75% in 2017.

Trustee readership levels of TPR's other publications were between 79% and 85%. Levels of readership amongst employers were generally lower than for trustees, with between 65% and 76% of employers having read each of them.

[1] The survey population included Hybrid schemes. A Hybrid pension scheme includes both Defined Benefit and Defined Contribution benefits.

[2] Working Collaboratively, Managing Risk, Taking Risk, Taking a Long-term View, balance, Fair Treatment, Reaching Funding Targets. NB the Proportionality and Well Governed principles were excluded.

1.2.2 In relation to the Working Collaboratively principle of the code of practice, the large majority of schemes met each of TPR's expectations asked about in the survey. Trustees boards of small schemes performed worse than large schemes on engaging with the employer before starting the valuation process

Between 88% and 98% of trustee boards reported that they met each of the five individual expectations asked about in the survey relating to this principle.

The proportion of employers meeting TPR's expectation for the five areas was similar to that of trustees (between 87% and 98%).

Performance was highest in relation to trustee and employers engaging with each other to obtain any information before making decisions, for example, in relation to scheme funding. Nearly all (98%) of trustees and employers reported that they did this.

Trustee boards of small schemes performed worse than large schemes on engaging with the employer before starting the valuation process: 82% of small schemes did this compared to 95% of large.

There was a significant decrease in the proportion of trustees who reported engaging with employers each month (23%) than in 2017 (36%) and a significantly higher proportion who reported engaging with employers once every 6 months (21% in 2018 vs. 11% in 2017).

1.2.3 In relation to the Managing Risk principle, nearly all schemes met two of the three expectations that TPR has. However, like in 2017, a significant minority did not meet the expectation to manage risks in an integrated way

At least 97% of each of the scheme size groups knew which party leads on co-ordinating the risk management for the scheme (either the trustees, advisers, employers or another party).

A similarly high proportion (98%) of trustee boards reported that they take at least one action to assess the risks in the scheme and the assumptions used for the scheme funding.

Two thirds (64%) of trustee boards reported that they carried out all five activities asked about with the aim of managing funding, investment and covenant risks between valuations (i.e. Managing Risks in an integrated way). This is similar to the 61% of trustees who reported they did all five in 2017.

As was the case in last year's survey, the integrated risk management activity which was least likely to be carried out by schemes was having clear plans for action when tolerances are breached or on some other trigger (for example convening a sub-committee to decide any required action). The proportion conducting this activity ranged from 77% of small schemes to 82% of large schemes.

Among sponsoring employers the pattern of response in relation to the integrated risk management activities was similar to that of trustees, with 54% (2017 62%) of employers carrying out all five activities.

1.2.4 In relation to the Taking Risk principle, the large majority of schemes met each of TPR's expectations, although small schemes performed more poorly

80% of trustee boards and 72% of employers reported that they undertake activities to establish the employer's risk tolerance, similar levels to those found in 2017 (83% and 76% for trustees and employers respectively). However, when asked what activities were undertaken, the proportion of trustees able to name activities fell to 78%; among employers it fell to 71%. Employers and trustees of small schemes were least likely to have undertaken activities to establish risk tolerance or know whether any activities had been undertaken (59% and 75% respectively).

A large proportion of both trustees (between 82% and 92%) and employers (between 88% and 93%) said they conducted each of the activities read out to them that could be taken to establish the employer's risk tolerance.

1.2.5 In relation to the Taking a Long-term View principle, the vast majority of schemes have identified which employer(s) are legally liable to support the scheme, while fewer schemes had a defined aim for a journey plan

Over nine in ten trustees (94%) reported that they had identified which employer(s) are legally liable to support the scheme, on either a short or long term basis. The proportion of trustees of medium schemes having done this (90%) was significantly lower than that of large and small schemes (both 98%).

The proportion of representatives from sponsoring employers that had identified legally liable employer(s) was similar to that of trustees: 92%.

The proportion of schemes that are closed to future accrual that had in place a journey plan or long-term target (in addition to legally mandated technical provisions) stood at 76% among trustee boards and 79% among employers.

The most common aims for the journey plan were to progressively de-risk (83% and 82% of trustees and employers respectively reported this) and to reach self-sufficiency (81% of trustees and 82% respectively).

Over half of trustees (56%) and almost half (45%) of employers hoped to achieve their journey plan aim within ten years.

1.2.6 In relation to the Balance principle, most schemes reported that they meet each of the two elements asked about relating to paying promised benefits and reviewing the sponsoring employer's proposed investments

Nearly nine in ten (87%) of trustees said that they either fully or partially balance the need to pay benefits with the employer's ability to meet its wider business aims. A similar proportion of employers (91%) reported this.

The proportion of trustees that told us that they consider at least one factor when an employer proposes an investment (70%) was significantly lower than the 80% reported in 2017. Overall, there were significant reductions in the proportion of trustees considering each of the four factors asked about. The largest reductions were seen among trustees of large schemes, with 62% considering at least one factor, compared with 80% in 2017.

The follow-up qualitative research uncovered the reasons for the reductions in the proportion of trustees considering any factors when considering employer investment proposals. The key findings were:

- Most trustee boards reported they felt well engaged with employer's investment plans, although in some cases there was a reliance on briefing by trustees who were also decision-makers for the sponsoring employer.
- A minority of boards felt they were poorly informed on the employer investment proposals. These were split between those who felt they had no legitimate reason to ask the sponsoring employer for information, those who had asked, but had encountered opposition from the employer and those where the sponsor was a large company, or an international company.

The factors most likely to be considered by trustees were: the likely benefit to the employer (63% said this vs. 73% in 2017) and the degree of risk associated with a new investment and the employer's track record of managing new investments (62% this year vs 70% in 2017).

1.2.7 In relation to the Fair Treatment principle, approaching two thirds of trustee boards (62%) had undertaken activities to secure Fair Treatment for the scheme, a significant reduction on the 72% found in the 2017 survey.

Three quarters (62%) of trustee boards had undertaken at least one activity to ensure that the scheme is treated fairly amongst competing demands on the employer. Two fifths (38%) had not undertaken any activities, a significant increase on the 27% who reported not taking any actions in 2017.

Around two fifths of trustees said that they conducted each of the four activities asked about which related to Fair Treatment, with some reductions compared to 2017:

- Checking that the return to its shareholders -where is proportionate compared with the contributions being paid to reduce the scheme deficit, where the employer is paying dividends (43%)
- Checking whether the employer is maintaining or increasing dividends when also seeking reduced deficit repair contributions (38%, a significant reduction from 46% in 2017);
- Where employer growth plans are being prioritised, establishing whether other creditors to the employer are contributing fairly (36%, a significant reduction from 50% in 2017
- Where the employer asks the scheme to take higher risk in its investment strategy establishing if and how the employer intends to cover that risk if needed (39%).

The follow-up qualitative research sought to understand the falls in the proportion of trustees undertaking some of these actions. The key findings were:

- There were particular issues around small schemes with a large international sponsor company; these reported they felt a small scheme should not (or more rarely could not) challenge the employer's wider activities
- Where the employer had generally been co-operative in making requested payments in the past, trustees typically felt it was unnecessary to draw a link to dividends
- Where the employer was felt to be in a long-term strong financial position, closing the pension deficit quickly was sometimes seen by some trustees as unnecessary.

1.2.8 In relation to the Reaching Funding Targets principle, nearly all trustee boards told us that they took into account at least one factor when considering the structure of a recovery plan or had no need of a recovery plan

Almost all (90%) trustee boards took into account at least one factor (or did not need to), although this was lower among trustees of small schemes (86%). Over half (52%) of trustees considered all five factors asked about when considering the structure of a recovery plan.

For those trustees that had produced a recovery plan, the most common consideration was the maturity of scheme (90%). Other considerations were at a similar level: the impact of the assumptions used when setting the recovery plan not being borne out (83%); how much risk they had already taken when setting their funding target (80%); the impact on the employer and its business investment plans (81%) and the likely benefits to members should the employer become insolvent (77%).

1.2.9 Two thirds of trustees (67%) recalled receiving the 21st Century Trusteeship campaign emails from TPR. These were largely perceived as clear and useful. Half of these (50%) claimed to have taken action based on them, equating to a third (33%) of all scheme trustees[3].

At the time of the survey, five of the ten planned 21st century campaign themes had been communicated.

Among scheme employers, around half (45%) recalled receiving them, but as two thirds acted upon them, around 30% of all scheme employers took action.

A majority of both trustees and employers who recalled the emails thought they were both clear (trustees 85%, employers 76%) and useful (80% and 73%).

1.2.10 On average, schemes met six of the eight standards[4] that the 21st Century Trusteeship campaign focuses on.

On average, DB schemes met six out of the eight key standards covered by the 21st Century Trusteeship campaign. Every scheme met at least one of the expectations, 92% met half and a quarter 26% met all the expectations. Each of the expectations was met by at least half of schemes.

The most common expectation to be met was that a scheme must have training and development plans to ensure trustees continue to have the required knowledge and skills (92%), while the least common was that a scheme must have a documented policy to assess the fitness and properness of new trustees (58%)

Larger schemes were more likely to meet the standards. Fewer than half of all small schemes (48%) held board meetings at least quarterly or had a documented process to assess the fitness and properness of new trustees, compared with large schemes (62% and 82% respectively).

Where schemes did not meet expectations, the most commonly cited reason was that the expectations were not considered necessary or relevant to the scheme (mentioned by between 10% and 92% across the different standards). Other prominent reasons included that trustee boards did something similar but not formally (between 10% to 32%); having not experienced problems with current processes (0% to 19%) and not considering the issue important (0% to 10%).

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[3] These results should be interpreted with caution as there are discrepancies between the self-reported survey results and management data held by TPR. This could be due to a combination of respondent overclaim (e.g. confusion with other TPR communications) and/or limitations in TPR's ability to measure open rates accurately (e.g. email read in 'view' screen, email forwarded by a colleague, etc.).

[4] The 21st Century Trusteeship programme has not created new or higher standards of governance for those running schemes. Rather, it is designed to make clearer what TPR thinks good governance looks like.

2 Introduction and research objectives

2.1 Background

As mentioned above, in 2014 TPR published a new DB funding code of practice[5], replacing the previous version published in 2006. It was developed in light of the experience of regulating scheme funding since this time and the good practice which has developed in the industry. It is based on TPR's objectives which were introduced by the Pensions Act 2004 as well as a further objective 'to minimise any adverse impact on the sustainable growth of an employer', introduced in 2014.

The code recognises:

- The key objectives of trustee boards: to comply with their fiduciary duties and ensure that the promised scheme benefits can be paid as they fall due.
- The key objectives of sponsoring employers: to run their businesses and grow them as appropriate while ensuring that they are able to provide the pensions they have promised.

In particular, the code recognises that in TPR's funding regime a strong, ongoing employer alongside an appropriate funding plan is the best support for a well governed scheme.

The code sets out nine key funding principles that are applicable to all schemes when trustees and employers seek to put in place an appropriate funding plan and comply with the scheme funding requirements to achieve this aim.

In 2015 TPR published guidance and resources to assist trustee boards and employers, namely the quick guide to the DB code of practice and guidance and resources for assessing and monitoring the employer covenant, for taking an integrated approach to risk management and for investing scheme assets to fund defined benefits.

This report summarises the results from the March to April 2017 research survey carried out by IFF Research, an independent research agency, on behalf of TPR.

The survey followed on from similar research carried out in Spring 2017, prior to the 21st Century Trustee campaign.

A number of changes were made in respect to the questionnaire from the 2017 survey. Where possible, the analysis presented here compares results with results for the previous 2017 DB Schemes survey.

2.2 Research objectives

The main objective was provide a performance measurement against eight of the nine principles[6] of the DB funding code of practice, among both trustee boards and employers of DB schemes.

The two principles which were not included in the research were Proportionality and Well Governed. Well Governed was not covered discretely as a principle since a number of new questions on scheme governance were added in relation to the 21st Century Trustee communications campaign. Proportionality was not included (as was the case in last year's survey) due to the time constraint of the survey length; it was felt that it was more important to obtain the responses required on the other principles.

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[5] http://www.thepensionsregulator.gov.uk/codes/code-funding-defined-benefits.aspx

[6] Working Collaboratively, Managing Risk , Taking Risk, Taking a Long-term View, balance, Well Governed, Fair Treatment, Reaching Funding Targets.

Secondary objectives were to measure among these audiences:

- Engagement with the DB code of practice and related guides for trustee boards and sponsoring employers
- Recall and perceptions of the 21st Century Trustee communications campaign
- Measure how schemes performance in relation to themes covered by the campaign.

2.3 Comparisons with the 2017 DB Schemes Survey

The research follows a similar study carried out in 2017. There were some changes to the survey this year, principally the new questions on the 21st Century Trustee Communications campaign and the removal of the section on Well Governed. Comparisons are made with the results of the 2017 survey where appropriate. More details on making comparisons to the 2017 survey are provided in section 3.2.

3 Methodology

3.1 Design

The research was undertaken on behalf of TPR by IFF Research, an independent market research organisation.

The survey was conducted using Computer Assisted Telephone Interviewing (CATI). Interviews lasted 23 minutes on average.

TPR's scheme registry database was used as the sampling frame for the research.

Prior to commencing fieldwork, an introductory letter was sent to trustees and employers to give them notice of the upcoming research and an opportunity to provide alternative contact details or to opt out.

The main part of the survey took place between 1st March and 27th March 2018, with 400 interviews completed with 250 trustees and 150 employers, in line with these main quota targets.

Quotas were set by audience and also scheme size. Table 3.1 below shows the number of interviews achieved in each quota group; targets are shown in brackets.

Table 3.1 Distribution of interviews by scheme size and type of interviewee

	Trustees	Employers	Total
Small (12 – 99 members)	62 (63)	40 (20)	**102**
Mid-sized (100 – 999 members)	125 (125)	65 (40)	**190**
Large (1000+ members)	63 (62)	45 (90)	**108**
Total	**250 (250)**	**150 (150)**	**400**

Most interviews (348 of the 400) were with normal DB schemes; however, 52 were with Hybrid schemes with a DB element. Interviews were split fairly evenly between closed schemes (199) and paid up or frozen schemes (150), with a minority of open schemes (49) and two schemes in the process of winding up. Results for these sub-types of scheme are not covered in detail in this report for reasons of conciseness, but can be found in the associated tables of survey results.

Table 3.2 Distribution of interviews by scheme type and type of interviewee

	Trustees	Employers	Total
DB	223	125	**348**
Hybrid	27	25	**52**
Total	**250**	**150**	**400**

Table 3.3 Distribution of interviews by scheme status and type of interviewee

	Trustees	Employers	**Total**
Closed	131	68	**199**
Open	22	27	**49**
Paid Up (Frozen)	97	53	**150**
Winding Up	0	2	**2**
Total	**250**	**150**	**400**

The data was weighted to be representative of the scheme universe.

The survey was piloted on 22nd and 23rd February 2018, with 13 interviews completed, following which some minor modifications made to the questionnaire.

TPR Insight and Policy Teams, in conjunction with IFF Research, developed a set of survey questions, largely based on those developed for the 2017 DB Schemes research. The questions sought to measure performance against TPR's expectations under each of the DB Code principles asked about, and to measure compliance with the expectations outlined in the 21st Century Trustee campaign. The approach taken for each of these is described in more detail in the later sections of this report.

In the interest of making the survey efficient, in nearly all cases possible responses to the survey questions were read out to respondents. The respondent would then say which, if any, of the responses applied to their scheme (typically activities which were carried out).

3.2 Making comparisons to the findings from the 2017 survey

There were four changes to the way in which the DB Code principles were covered in the survey this year, in relation to the questions asked in 2017:

- Questions on the *Well Governed* principle were removed primarily due to the inclusion of scheme governance questions in relation to the 21st Century Trustee campaign.
- Questions on the *Taking Risk* principle were amended in order to accommodate the new questions on the 21st Century Trustee campaign. We removed questions regarding understanding of the impact of risks taken in funding plans and retained the questions on the understanding of the impact of risks taken on the schemes overall finances.
- Questions on the *Long-Term View* principle were also amended, removing the question on the extent to which schemes identified options to improve the covenant. We also excluded open schemes from the question recognising that the majority of journey planning to date has occurred in relation to other schemes.
- Questions on the *Reaching Funding Target*s principle were amended to focus on whether trustees consider two key points (impact on the employer and maturity of the scheme) in setting the structure of a recovery plan.

To enable comparisons to be made from 2017 to 2018 data, the data from the 2017 DB Code survey were recalculated using 2018 definitions. This means the figures shown in this report for these four DB Code principles for 2017 is different from those presented in the 2017 survey report.

3.3 Reporting Conventions

Only differences which are significant differences are mentioned in the report commentary, unless otherwise stated. All significance testing referred to in this report was carried out at a 95% confidence level ($p < 0.05$)[7].

3.4 Follow-up qualitative research

Additional qualitative interviews were undertaken with 27 trustees to better understand the answers they gave in relation to two of the principles in the original survey. The two principles were Balance and Fair Treatment for which there some statistically significant deteriorations in some measures. The interviews covered a mix of different sized schemes and benefit structures and took place between 27th June and 18th July 2018.

7 Strictly speaking, calculations of statistical significance apply only to samples that have been selected using probability sampling methods. However, in practice it is reasonable to assume that these calculations provide a good indication of significant differences in quota surveys like this one.

4 Research findings

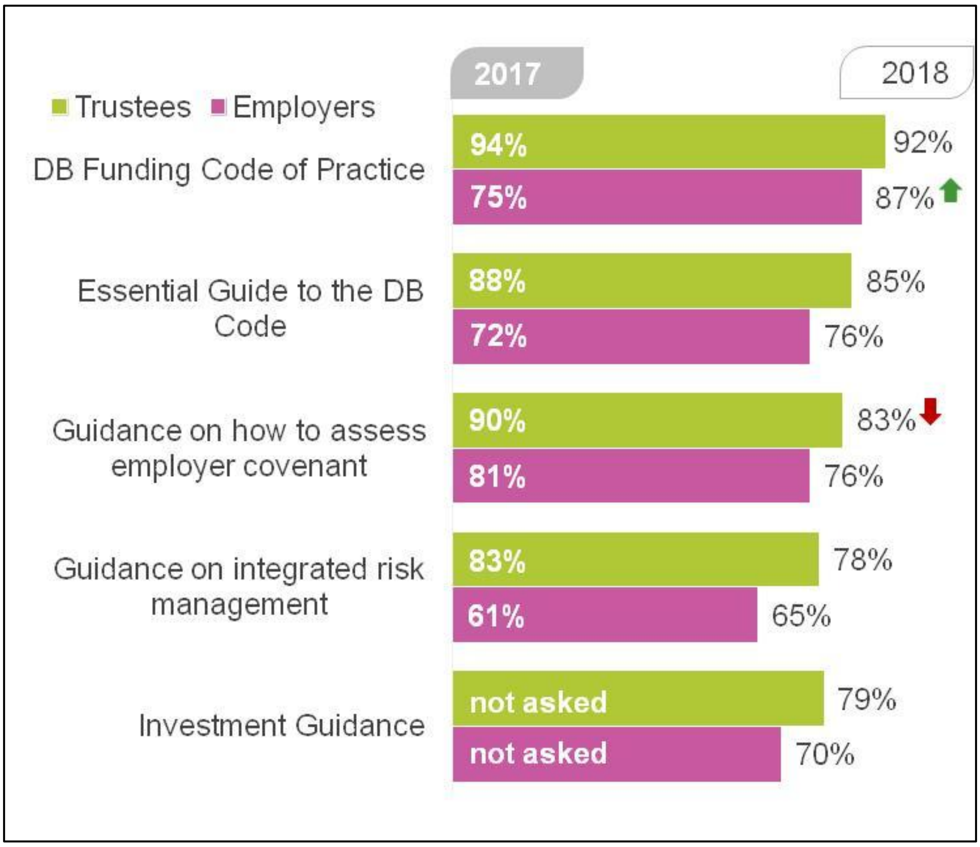
4.1 Engagement with TPR's publications and clarity of expectations

4.1.1 Awareness of the DB Code

Respondents were asked in the survey whether they had read TPR's DB funding code of practice or a summary of the code provided by an advisor. Respondents were asked the same question of four TPR guides relating to running a DB or hybrid scheme:

- Essential Guide to the DB Code
- Guidance on how to assess employer covenant
- Guidance on integrated risk management
- Investment Guidance

Figure 4.1: Proportion who have read any part of (publication) or a summary of



Base: Trustees: Small (62), Medium (125), Large (63); Employers: Small (40), Medium (65), Large (45)

As shown in figure 4.1, the most common publication read by both trustees and employers was the DB Funding Code of Practice, with 92% of trustees and 87% of employers claiming to have read either the full document or a summary of it. There was a significant increase in the proportion of employers who had read this, up from 75% in 2017.

Over 80% of trustees had read the Essential Guide to the DB Code (85%) and guidance on how to assess employer covenant (83%). There was a significant decrease in the proportion of trustees who had read the covenant guidance (down from 90% in 2017).

Levels of readership of the publications among employers were generally lower than among trustees. The guidance on integrated risk management was the least likely publication to be read by employers (65%).

5 DB Code Principles

5.1 The Working Collaboratively principle

Trustees and employers should work together in an open and transparent manner to reach funding solutions that recognise the needs of the scheme and the employer's plans for sustainable growth

Trustees and employers were asked five questions about how they worked with each other in the running of the scheme. Table 5.1 shows the proportion of trustees and employers that reported in the survey they met the behaviours that TPR would expect of a typical scheme in relation to the *Working Collaboratively* principle.

Table 5.1 Overview of how schemes performed against the Working Collaboratively principle

TPR's expectation for most schemes	Trustees				Employers			
	All	Small	Med	Large	All	Small	Med	Large
Engages with employer / trustee before making decisions	98%	96%	99%	100%	98%	97%	97%	99%
Agrees / strongly agrees that there is a collaborative and transparent relationship	97%	100%	96%	98%	98%	97%	100%	97%
Engages with sponsoring employer / trustees at least once every six months or when something significant happens	90%	92%	90%	86%	93%	95%	90%	96%
Engages with the employer / trustee before starting the valuation process / once have begun planning	88%	82%	88%	95%	90%	86%	90%	96%
Shares risk assessments	92%	95%	91%	90%	87%	92%	84%	87%

Base: Trustees: All (250), small (62), medium (125), large (63). Employers: All (150), small (40), medium (65), large (45). No significant differences with 2017.

Between 88% and 98% of trustee boards reported that they met each of the five expectations asked about in the survey relating to this principle.

The proportion of employers meeting TPR's expectation for the five areas was similar to that of trustees (between 87% and 98%).

TPR expects that trustees and employers engage with each other to obtain information before making decisions, for example in relation to scheme funding. The large majority of trustees and employers reported that they did engage with the other party before making decisions (98% for both parties).

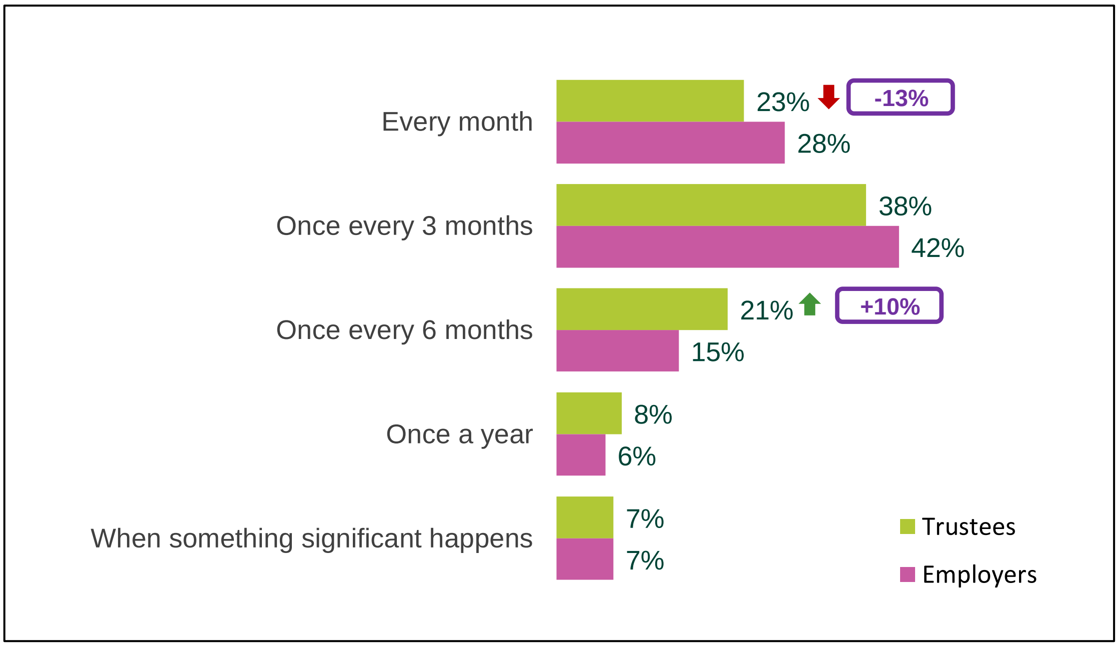
Trustee boards of small schemes performed worse than large schemes on engaging with the employer before starting the valuation process: 82% of small schemes did this compared to 95% of large.

In relation to the second measure shown in the second row of Table 5.1, almost all trustees (97%) and employers (98%) 'agreed' or 'strongly agreed' that there was a collaborative and transparent relationship between the trustee and the employer.

As well as whether trustees and employers engaged with each other before making decisions, respondents were asked how frequently they engaged with each other, and at what stage in the valuation process this happened. It can be seen from Figure 5.1 that the most common responses were that engagement took place either every month (23% of trustees reported this, 28% of employers) or every three months (38% of trustees, 42% of employers). Significantly fewer trustees reported engaging with employers each month (23%) than in 2017 (36%) and significantly more once every six months (21% in 2018 vs. 11% in 2017).

TPR would typically expect trustees and employers to engage with each other at least once every six months or when something significant happens, which was the case for nine in ten trustees (90%) and just over nine in ten employers (93%) interviewed. Employers with large schemes were most likely to engage every 3 months (57%).

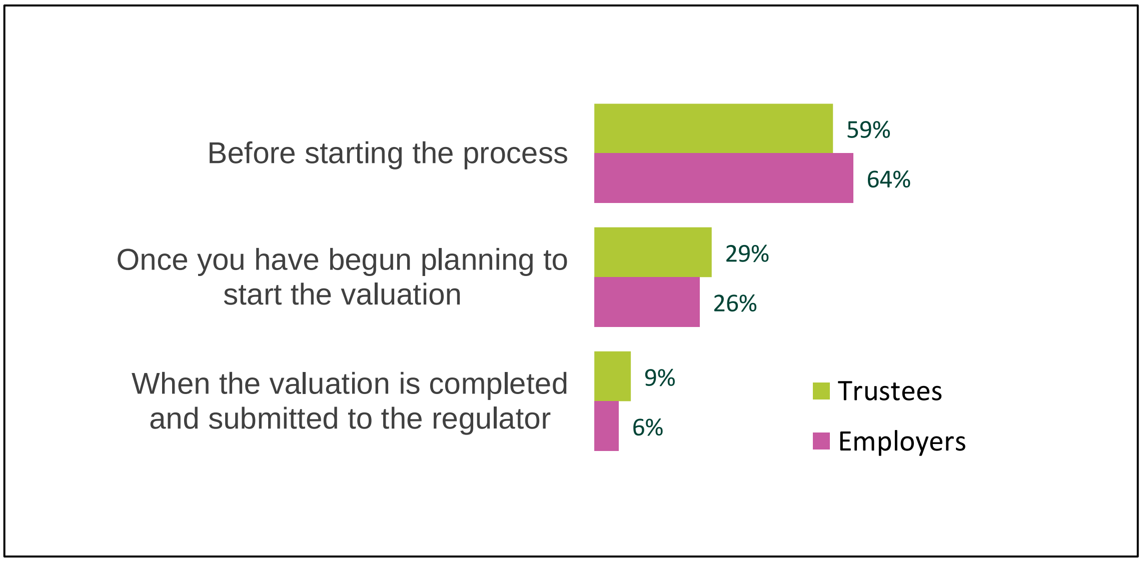
Figure 5.1 Frequency of trustee and employer engagement



Base: Trustees (250), Employers (150).

As was found in 2017, and as shown in Figure 5.2, the majority of trustees and employers reported that they did engage with the other party at this stage (88% and 90% respectively). Trustees of large schemes (95%) and employers with large schemes (96%) were the most likely to do this. There were no significant differences with 2017.

Figure 5.2 Stage of the valuation process at which trustees and employers engage



Base: Trustees (250), Employers (150). No significant differences with 2017.

Finally, TPR expects most trustee boards and employers at DB schemes to share the risk assessment of the scheme with the other party. Around nine in ten trustees (92%) and employers (87%) said they did so.

5.2 The Managing Risk principle

Trustees should implement an approach which integrates the management of employer covenant, investment and funding risks; identifying, assessing, monitoring and addressing those risks effectively

Trustees and employers were asked about various activities they undertook in relation to managing risks within their scheme. Table 5.2 sets out the extent to which trustees and employers demonstrated behaviours that met TPR's expectations in this area. There were no significant changes to the levels seen in 2017.

Table 5.2: Overview of how schemes performed against the Managing Risk principle

TPR's expectation for most schemes	Trustees				Employers			
	All	Small	Med	Large	All	Small	Med	Large
Takes all actions to manage risks in an integrated way (all five answer options selected)	64%	57%	64%	73%	54%	47%	47%	72%
Does not say they 'don't know' who leads on co-ordinating the risk management for the scheme	100%	100%	100%	100%	97%	95%	99%	99%
Takes at least one action to assess risks and assumptions used for scheme funding	98%	97%	99%	99%	100%	100%	100%	99%

Base Trustees: All (250), small (62), medium (125), large (63). Employers: All (150), small (40), medium (65), large (45). No significant differences with 2017.

One expectation that TPR has in relation to Managing Risk is that schemes carry out a number of activities to ensure that funding, investment and covenant risks are managed in an integrated way between valuations. These activities are shown in Figure 6.3. The key finding from this figure (namely those carrying out all five of these activities) is also shown in the first row of Figure 5.4.

Two thirds of trustees (64%) agreed that their trustee board carried out all five of the activities named in the survey intended to assist in the management of funding, investment and covenant risks. Around half of employers said the trustee board of their schemes did all five (54%). This is similar to the 61% of trustees and 62% of employers who did all five in 2017. As shown in Figure 5.3 trustees (95%) are more likely than employers (86%) to be in a position to evidence how they have taken an integrated approach to risk management. There were no significant changes at the overall level to the figures reported in the 2017 survey. There was, however, a reduction in the proportion of small employers monitoring investment performance to defined tolerances (77%, down from 93% in 2017). There was an increase in the proportion of medium trustees being in a position to provide evidence as to how they have taken an integrated approach to risk management (96%, up from 89%).

Figure 5.3 How schemes manage funding, investment and covenant risks between valuations

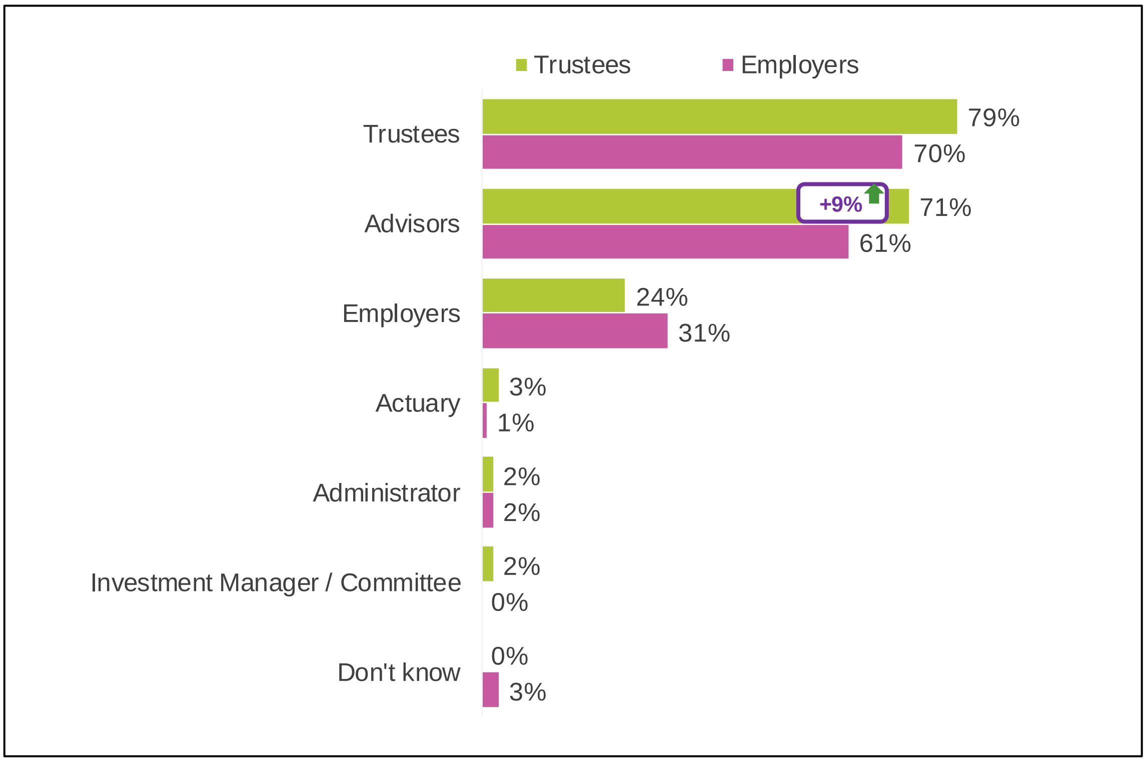
Base: Trustees: All (250), small (62), medium (125), large (63). Employers: All (150), small (40), medium (65), large (45).

Awareness of who is responsible for coordinating the risk management process is higher among trustees than employers; all trustees interviewed knew whose responsibility coordinating the risk management process was, compared to 97% of employers.

As shown in figure 5.4, Trustees were most likely to report that trustees lead on this, with 79% saying they do so. Seven out of ten (71%) said that an advisor leads on it, which was a significant increase on the 62% reported in 2017. Employers were less likely to (24%). Given that respondents were able to say that more than one person lead on co-ordinating the risk management process for the scheme, the sum of the percentages show that for a number of schemes the role was shared.

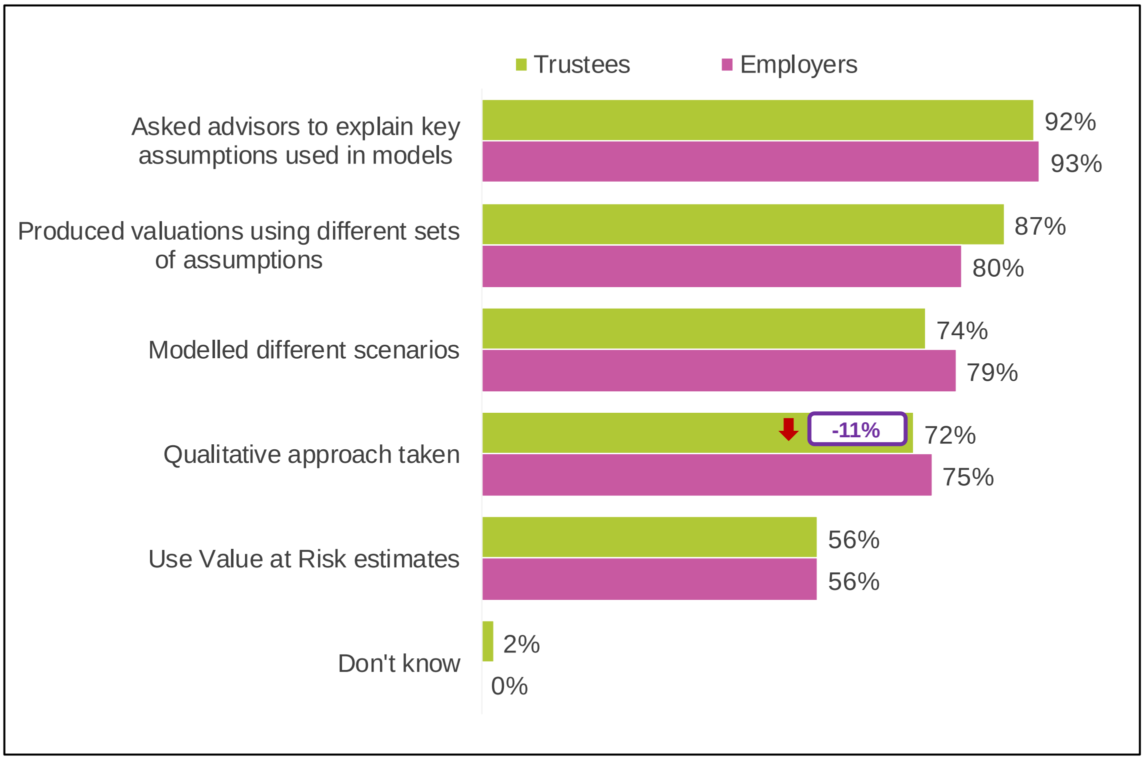
A similar pattern of responses was evident amongst employers, with 70% reporting trustees taking the lead, 61% advisors and only 31% of employers.

Figure 5.4 Which party leads on co-ordinating the risk management process



Base: Trustees (250), Employers (150).

Figure 5.5: Approaches taken to assess the risks in the scheme and the assumptions used for scheme funding



Base: All who have undertaken activities to establish the employer's risk tolerance (trustees (203), employers (109)

As shown in Figure 5.5, the main activity undertaken to assess risks in the scheme and the assumptions used for scheme funding by both trustees (92%) and employers (93%) was asking advisors to explain key assumptions in the models. Three quarters of employers (75%) and slightly fewer trustees (72%, down from 83% at 2017) said they used a qualitative approach. The least common response was to use value at risk estimates (56% for both).

5.3 The Taking Risk principle

Before trustees take funding or investment risk they should, in discussion with the employer, establish the employer's risk tolerance and assess the employer's ability to address a range of likely adverse outcomes over an appropriate period

In addition to exploring the management of risk, the survey also asked trustees and employers two questions about the way in which risk is taken within the scheme.

Table 5.3 shows the proportion of trustees and employers that met each of TPR's expectations for schemes in relation to the *Taking Risk* principle. There were no statistically significant differences in how schemes performed against the Take Risk principle compared to 2017.

TPR expects that trustees and employers of DB schemes undertake activities to establish the risk tolerance of the employer. Around four in five trustees (80%) and over two thirds of employers (72%) said that they did this. Small employers (59%) were least likely to have undertaken activities to establish risk tolerance or to know whether any activities had been undertaken.

Table 5.3 Overview of how schemes performed against the Taking Risk principle

TPR's expectation for most schemes	Trustees				Employers			
	All	Small	Med	Large	All	Small	Med	Large
Undertakes activities to establish risk tolerance	80%	75%	82%	82%	72%	59%	74%	85%
Does not say 'don't know' activities undertaken to establish risk tolerance*	98%	95%	99%	97%	99%	100%	98%	98%
Understands fully / to some extent of the impact of risks taken on finances in the short-term (not trustees)	N/A	N/A	N/A	N/A	93%	93%	92%	94%
Understands fully / to some extent of the impact of risks taken on finances in the long-term (not trustees)	N/A	N/A	N/A	N/A	89%	93%	82%	94%

Base: Trustees: All (250), small (62), medium (125), large (63). Employers: All (150), small (40), medium (65), large (45). No significant differences with 2017.

With regards to the type of activities undertaken to establish risk tolerance, trustees and employers may discuss the employer's available resources or discuss the employer's plans for business investment. In addition, trustees may share their risk assessment with the employer and there may be discussion of possible future economic scenarios and the impact they could have on both the scheme and the employer. TPR expects that the scheme should be doing at least one of these activities, which was the case for nearly all trustees (98%) and employers (99%).

Of the 80% of trustees who undertake activities to establish risk tolerance, two thirds (67%) of trustees carried out all four activities asked about in the survey, compared to 73% of employers. There were no differences by scheme size or type in terms of activities undertaken.

On average, trustees and employers carried out between three and four of the activities in order to establish the other party's risk tolerance.

Figure 5.6 shows that, among those who undertook activities to establish risk tolerance, a discussion of the employer's available resources and trustees sharing their risk assessment with the employer were the most common activities undertaken (by 92% of trustees, 93% of employers). Discussion of possible future economic scenarios and the impact they could have on both the scheme and the employer and discussing with the employer its plans for business investment were, followed by the trustees sharing their risk assessment with the employer (88% of trustees, 93% of employers).

There were no statistically significant differences in the activates undertaken to establish the employers risk tolerance compared to 2017.

Figure 5.6 Activities undertaken to establish the employer's risk tolerance

Base: All who have undertaken activities to establish the employer's risk tolerance (trustees (203), employers (109). No significant differences with 2017.

5.4 The Long Term View principle

Trustees' decisions should be consistent with their long-term funding and investment targets and their view of the employer covenant

Trustees and employers were asked questions about the long-term plans for their scheme. Table 5.4 shows the proportion of trustees and employers that met the expectations that TPR has for schemes in relation to the *Long-Term view* principle.

TPR expects that closed and paid-up schemes have a journey plan or long-term target (in addition to the technical provisions that are requested by law), and that trustees and employers know what the scheme's aim is for this plan. Overall, three quarters of trustees (76%) and nearly eight in ten employers (79%) knew their aim for the journey plan.

Over nine in ten trustees (94%) reported that they had identified which employer(s) are legally liable to support the scheme, on either a short or long term basis. The proportion of trustees of medium schemes having done this (90%) was lower than that of large and small schemes (both 98%). There was a significantly higher proportion of small schemes (98%) this year who identified the sponsoring employer than in 2017 (86%).

The proportion of representatives from sponsoring employers that had identified legally liable employer(s) was similar to that of trustees: 92%.

Table 5.4 Overview of how schemes performed against the taking a Long-Term View principle

TPR's expectation for most schemes	Trustees				Employers			
	All	Small	Med	Large	All	Small	Med	Large
Has aim for journey plan (any answer options selected) except don't know*	76%	65%	81%	83%	79%	78%	75%	86%
Identifies which employers are legally liable to support the scheme, on either a short or long-term basis, or both*	94%	98% +12%	90%	98%	92%	97%	89%	86%

Base: Trustees: All (250), small (62), medium (125), large (63). Employers: All (150), small (40), medium (65), large (45)

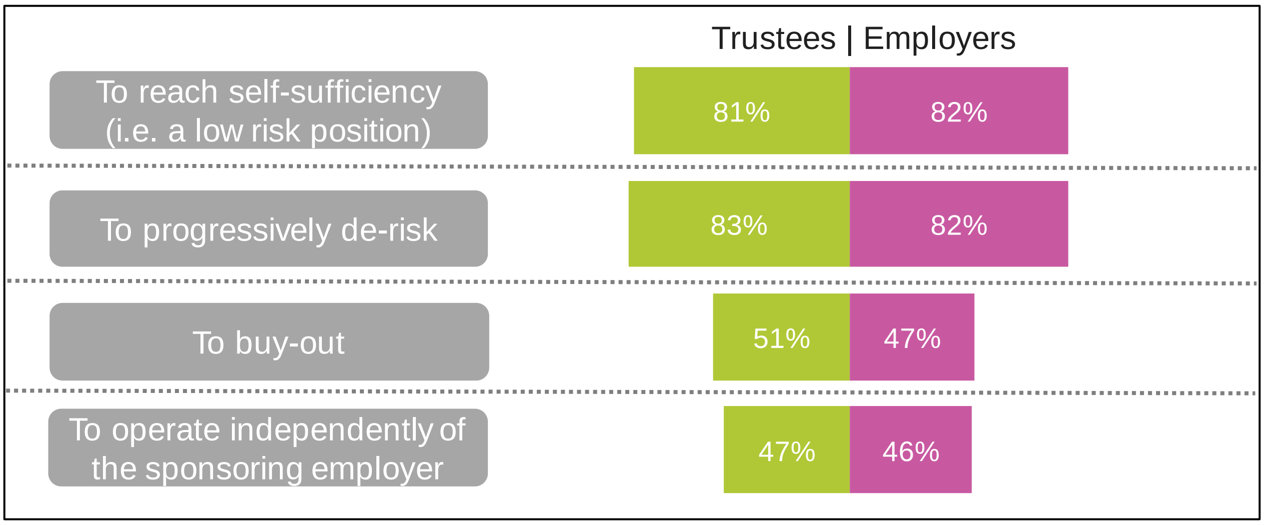
Figure 5.7 shows that among those that stated that they had a journey plan or long-term target for the scheme, the most common aim was to reach self-sufficiency (81% of trustees said this, 82% of employers) or to progressively de-risk (83% of trustees, 82% of employers).

Around half of schemes said buy-out was the ultimate aim (51% of trustees, 47% of employers) and a similar proportion said the ultimate aim was to operate independently of the sponsoring employer (47% trustees, 46% employers).

Less than 1% of schemes said that they do 'None of these' when asked about the aims shown in Figure 5.9.

There were no statistically significant differences in schemes aims for journey plans compared to 2017.

Figure 5.7 Scheme's aim for the journey plan

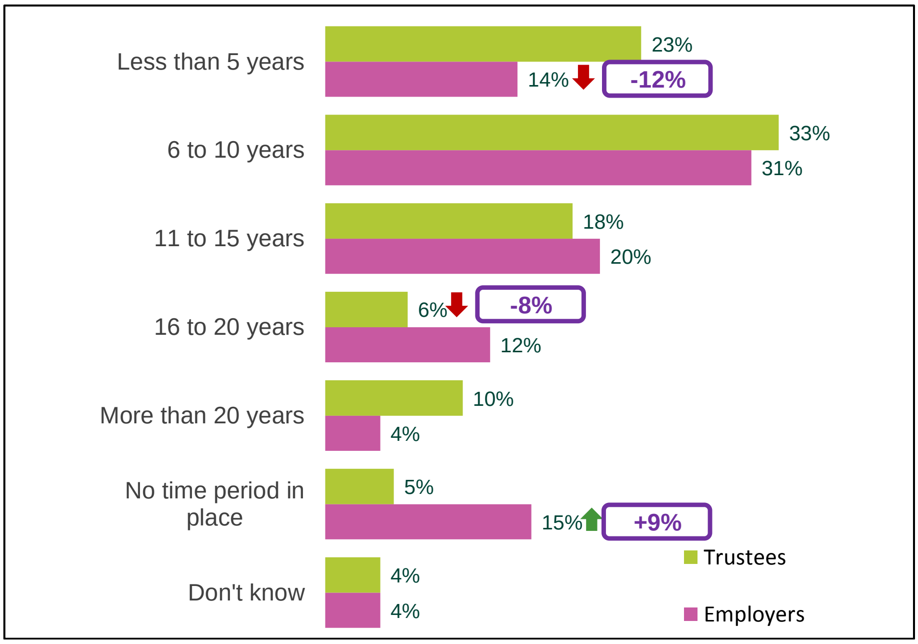


Base: All who have a journey plan for the scheme excluding open schemes: Trustees (180), Employers (98). No significant differences with 2017.

As shown in Figure 5.8, 56% of Trustees and 45% of employers hoped to achieve the journey plan goal for the scheme within ten years. Significantly more employers (15%) than trustees (5%) have no time period in mind for achieving these goals.

Compared to 2017 there was an increase in the proportion of employers that have no time period in mind (6% in 2017 vs 15% in 2018). There was also a decrease in the proportion of employers that had a time period of less than five years (26% in 2017 vs 14% in 2018) and a time period of between 16 and 20 years (14% in 2017 vs 6% in 2018).

Figure 5.8 Time period over which hope to reach the goal for the scheme



Base: All who have a journey plan for the scheme: Trustees (198), Employers (115)

5.5 The Balance Principle

Trustees should seek an appropriate funding outcome that reflects a reasonable balance between the need to pay promised benefits and minimising any adverse impact on an employer's sustainable growth

Trustees and employers were asked two questions in relation to the need to strike a reasonable balance between sufficiently funding the scheme and the sponsoring employer's growth.

Table 5.5 shows the proportion of trustees and employers that met TPR's expectations in relation to the *Balance* principle.

Table 5.5 Overview of how schemes performed against the Balance principle

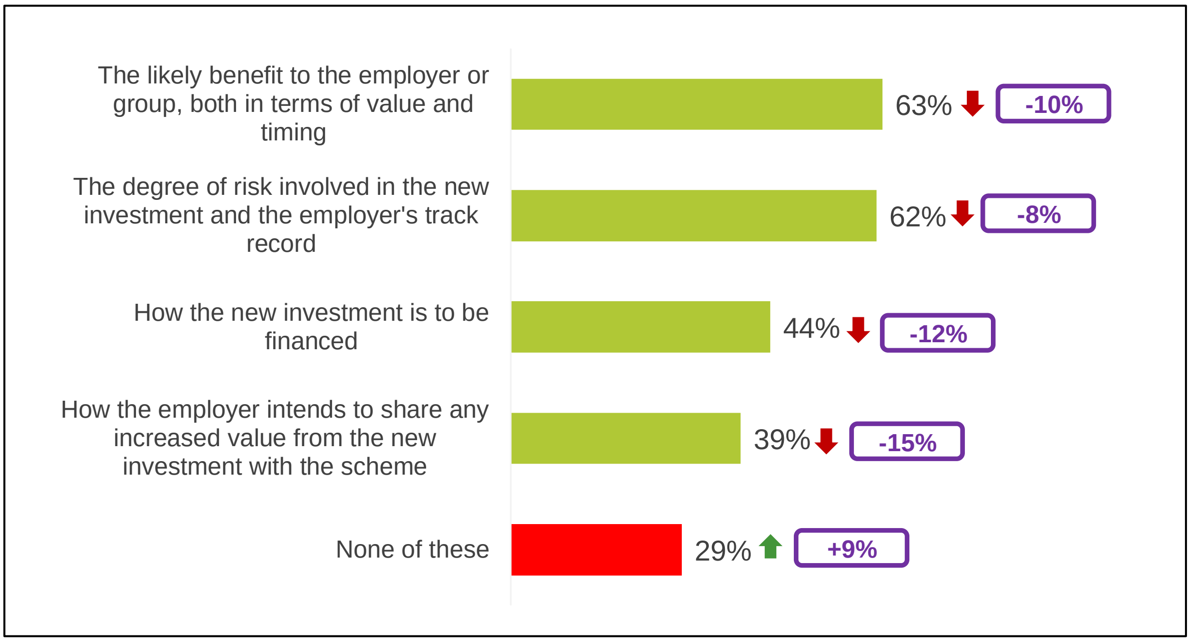
	Trustees				**Employers**			
TPR's expectation for most schemes	All	Small	Med	Large	All	Small	Med	Large
Fully or partially balances the need to pay benefits with the employer's ability to meet its wider business aims	87%	86%	89%	84%	91%	92%	89%	91%
Considers at least one factor when employer proposes an investment	70% **-10%**	69%	73%	62%	N/A	N/A	N/A	N/A

Base: Trustees: All (250), small (62), medium (125), large (63). Employers: All (150), small (40), medium (65), large (45)

TPR expects that trustees seek to balance the need to pay benefits with the employer's sustainable growth plans, when setting funding for the scheme. Around nine in ten trustees and employers (87% of trustees, 91% of employers) said that they did achieve balance either fully or partially, with the majority saying they did it 'fully' (69% of trustees, 65% of employers). Seven in ten trustees (70%) considered at least one factor when employers proposed an investment. This was significantly lower than the proportion that reported doing this in 2017 (80%).

Trustees were also asked what activities, if any, the trustee board undertakes to ensure there is a balance between sufficiently funding the scheme and the sponsoring employer's growth. The findings are shown in Figure 5.9.

Figure 5.9 Factors investigated by trustees when considering employer investment proposals



Base: All trustees (250)

Trustees were asked what factors they sought to understand when considering employer proposals for investment in growing their business or meeting their business aims. TPR expects trustees to seek to understand at least one of the factors outlined in Figure 5.11. Seven in ten trustees (70%) investigated at least one the factors, a reduction of 10 percentage points from 2017 (80%). The largest reductions were seen among trustees of large schemes, with 62% considering at least one factor, compared with 80% in 2017.

The most common factor cited was the likely benefit to the employer or group, both in terms of value and timing (63%). This also represented a reduction of 10 percentage points on the 2017 survey, but remained the most common factor cited, as in 2017.

The second most likely factor to be investigated was the degree of risk involved in the new investments and the employer's track record (62% said this). Fewer reported investigating this than in 2017 (70% in 2017).

The two activities less likely to be mentioned (by 44% and 39% respectively) were how the new investment is to be financed and how the employer intends to share any increased value from the new investment with the scheme and when that would occur. Compared to 2017, fewer reported investigating how the new investment is to be financed and how the employer intends to share any increased value (56% and 54% respectively in 2017).

More than a quarter (29%) of trustees did not consider any factors when an employer proposes an investment, a significant increase from 20% of trustees who did not consider any factors in 2017.

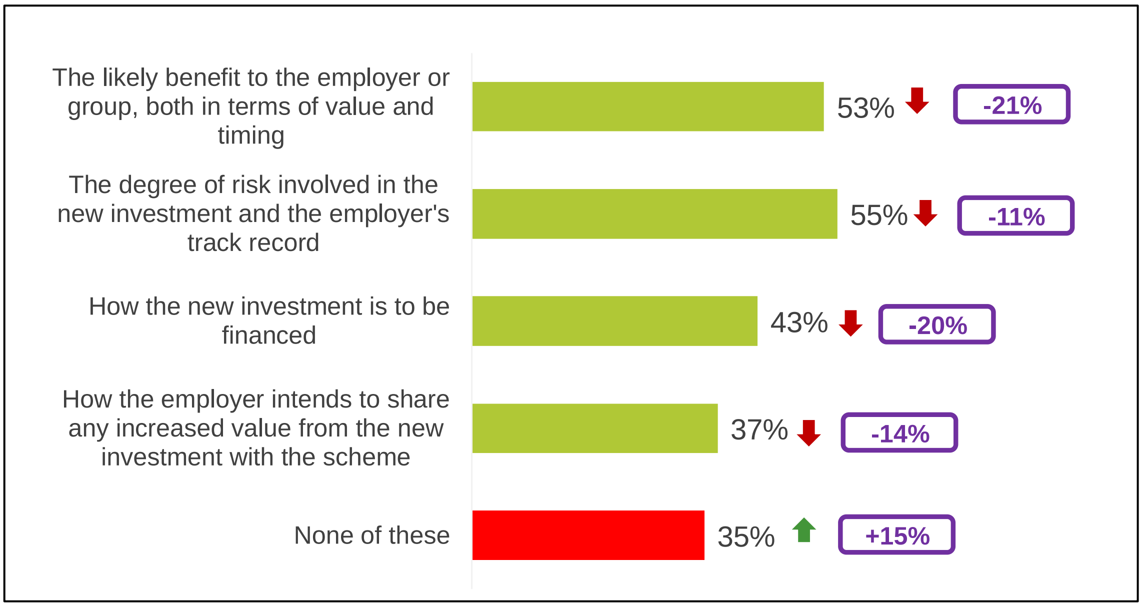
The significant downward change in performance since 2017 has mainly been driven by variation in the responses of trustees of large schemes as shown in Figure 5.12. One in three (35%) of trustees of large schemes did not investigate any factors when considering employer investment proposals, an increase of 15% when compared to trustees of large schemes in 2017 (20%).

Furthermore, as shown in figure 5.10, compared to 2017 a smaller proportion of trustees of large schemes reported investigating the likely benefit to the employer or group (53% in 2018 vs 74% in 2017), the degree of risk involved (55% in 2018 vs 66% in 2017), how the investment is financed (43% in 2018 vs 63% in 2017) and how the employer intends to share any increased value (37% in 2018 vs 51% in 2017).

The follow-up qualitative research uncovered the reasons for the reductions in the proportion of trustees considering any factors when considering employer investment proposals. The key findings were:

- Most trustee boards reported they felt well engaged with employer's investment plans, although in some cases there was a reliance on briefing by trustees who were also decision-makers for the sponsoring employer.
- A minority of boards felt they were poorly informed on the employer investment proposals. These were split between those who felt they had no legitimate reason to ask the sponsoring employer for information, those who had asked, but had encountered opposition from the employer and those where the sponsor was a large company, or an international company.

Figure 5.10 Factors investigated by trustees *of large schemes* when considering employer investment proposals



Base: Trustees of large schemes (63)

5.6 The Fair Treatment principle

Trustees should seek to ensure that the scheme is treated fairly amongst competing demands on the employer in a manner consistent with its equivalent creditor status

As part of the Fair Treatment principle, TPR expects trustee boards to carry out at least one relevant activity in order to ensure that the scheme is treated fairly amongst competing demands on the employer. As shown in Table 5.6 around six in ten trustees (62%) said they did this, a significant decrease overall when compared to 2017 results where three quarters (72%) of said they carried out at least one activity to secure fair treatment.

Trustees of large schemes were significantly more likely to have carried out at least one activity (72%) than those of small schemes (55%).

Table 5.6 Overview of how schemes performed against the Fair Treatment principle

TPR's expectation for most schemes	Trustees			
	All	Small	Med	Large
Takes at least one activity to secure fair treatment	62% -10%	55%	63%	72%
2017:	72%	69%	74%	72%

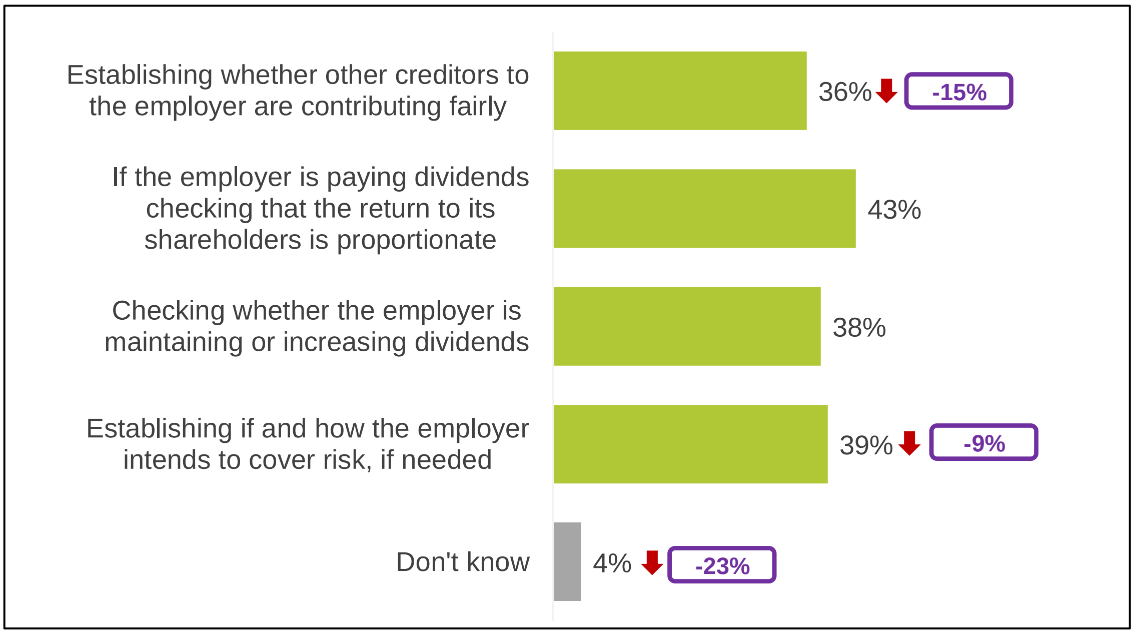
Base Trustees: All (250), small (62), medium (125), large (63)

Figure 5.11 sets out the specific activities taken by trustee boards to secure fair treatment. If the employer is paying dividends, checking that the return to its shareholders is proportionate was reported as being the most common form of action (43% said this), with similar proportions naming the other three activities asked about. Trustees demonstrated far greater awareness this year of whether activities are undertaken to secure fair treatment; 4% said they didn't know if they did anything, compared to more than a quarter (27%) in 2017, a statistically significant decrease. In terms of establishing whether other creditors to the employer are contributing fairly, 36% of trustees reported undertaking this action, a significant reduction on the 50% found in the 2017 survey.

One in six (14%) said they undertook all four actions (lower than the 24% in 2017), 27% do two or three (31% in 2017), 21% (19% in 2017) do one of them and 38% don't do any of these, a significant increase on the 27% who reported not taking any of the actions in 2017.

There were significant decreases in the proportions establishing whether other creditors to the employer are contributing fairly (36%, down from 51% in 2017) and checking whether the employer is maintaining or increasing dividends (38%, down from 47% in 2017).

Figure 5.11 Actions taken by trustees to secure Fair Treatment



Base: Codes 1-3: Trustees that have produced a recovery plan (224). Code 4: All trustees (250)

The follow-up qualitative research sought to understand the falls in the proportion of trustees undertaking some of these actions. The key findings were:

- There were particular issues around small schemes with a large international sponsor company; these reported they felt a small scheme should not (or more rarely could not) challenge the employer's wider activities
- Where the employer had generally been co-operative in making requested payments in the past, trustees typically felt it was unnecessary to draw a link to dividends
- Where the employer was felt to be in a long-term strong financial position, closing the pension deficit quickly was sometimes seen by some trustees as unnecessary.

5.7 The Reaching Funding Targets principle

Having agreed an appropriate funding target, trustees should agree funding to eliminate any deficit over an appropriate period

For the last principle of the DB Code of Practice, *Reaching Funding Targets*, TPR expects that trustees take a number of factors into account when considering the structure of a recovery plan, and at a minimum consider at least one factor.

As shown in Figure 5.7 nearly all trustee boards take at least one factor into consideration when considering the structure of a recovery plan or have no need to do so (90%: 79% take at least one key factor into account and 11% had no need for a recovery plan). This in line with 2017 results (91%).

Table 5.7 Overview of how schemes performed against the Reaching Funding Targets plan

TPR's expectation for most schemes	Trustees			
	All	Small	Med	Large
Takes at least one key factor (impact on employer and its business plans, or maturity of scheme) into account, and one other factor	79%	76%	82%	77%
Has no need of a recovery plan	11%	10%	9%	15%

Base: Trustees that have produced a recovery plan: All (224), small (55), medium (114), large (55). There were changes in the definition of the principle since 2017, so significant differences are not shown.

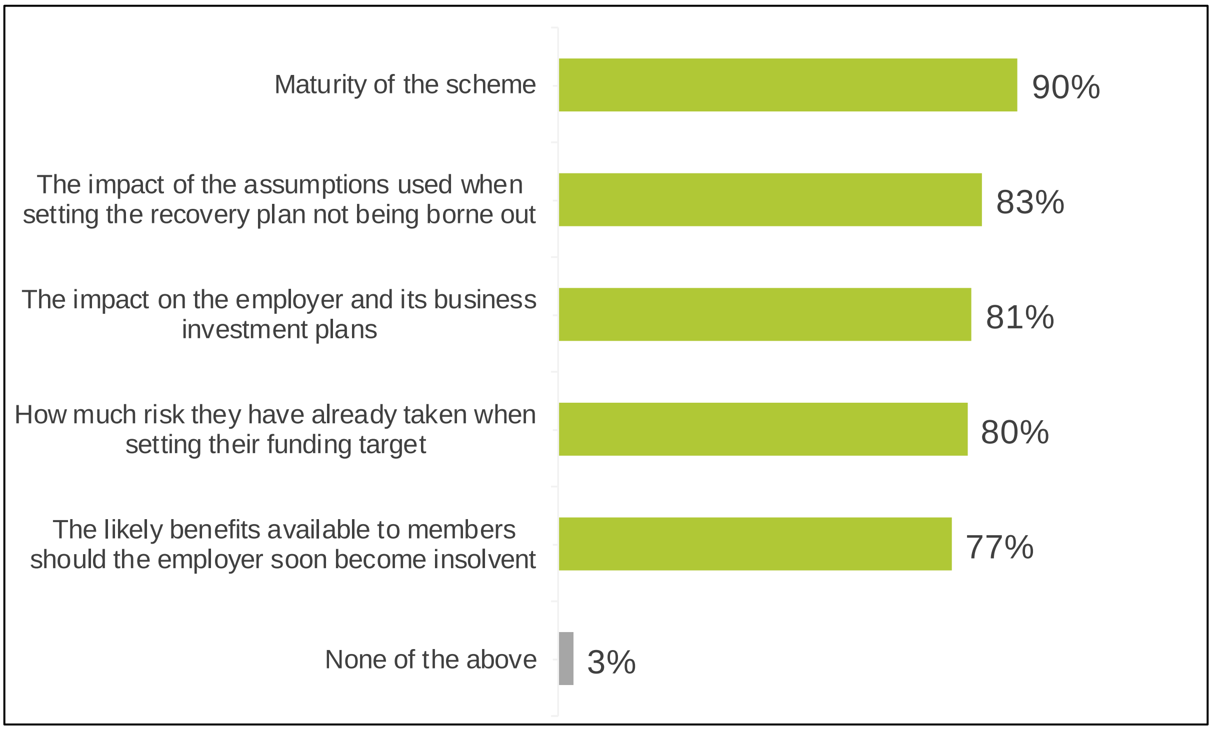
As shown in figure 5.12, a range of factors are taken into consideration by trustees when considering the recovery plan, most often the maturity of the scheme (90%), the impact of assumptions not being borne out (83%) and the impact on the employer (81%).

Nearly all trustees had carried out at least one activity (97%). Just over half of trustees (52%) who have produced a recovery plan had carried out all five activities asked about in the survey.

Trustees of small schemes were least likely to consider the likely benefits available to members should the employer soon become insolvent (57%) compared to 72% of trustees of medium schemes and trustees of large schemes. There were no other differences by size of scheme.

Over half (52%) of trustees reported that they considered all five factors asked about when considering the structure of a recovery plan.

Figure 5.12 Factors taken into consideration when considering the structure of a recovery plan



Base: Trustees that have produced a recovery plan: All (224), small (55), medium (114), large (55). No significant differences with 2017.

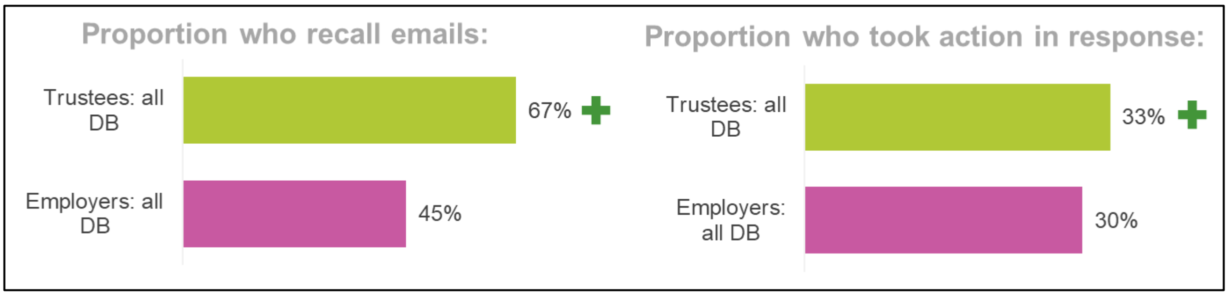
6 Scheme Governance: 21st Century Trusteeship Campaign

6.1 Campaign awareness, perceptions and actions

In September 2017 TPR launched the 21st Century Trusteeship (21CT) campaign, which aimed to raise standards of scheme governance. As part of this campaign TPR sent targeted emails to those involved in pension schemes including trustees, scheme managers, employers, and advisors. At the time of the survey, five of the ten planned 21st century campaign themes had been communicated.

As shown in Figure 6.1, two thirds (67%) of all trustees recalled receiving emails from TPR about 21st Century Trusteeship. Of those who received the emails, half (50%) took action based on them, a group amounting to a third (33%) of all DB scheme trustees.

Figure 6.1 Recall of and action taken in response to 21st Century Trusteeship emails



Base recall emails: DB Trustees (250), DB Employers (150) Base acted on emails: DB Trustees (250, 171 recall email), DB Employers (150, 64 recall email). Not asked in 2017.

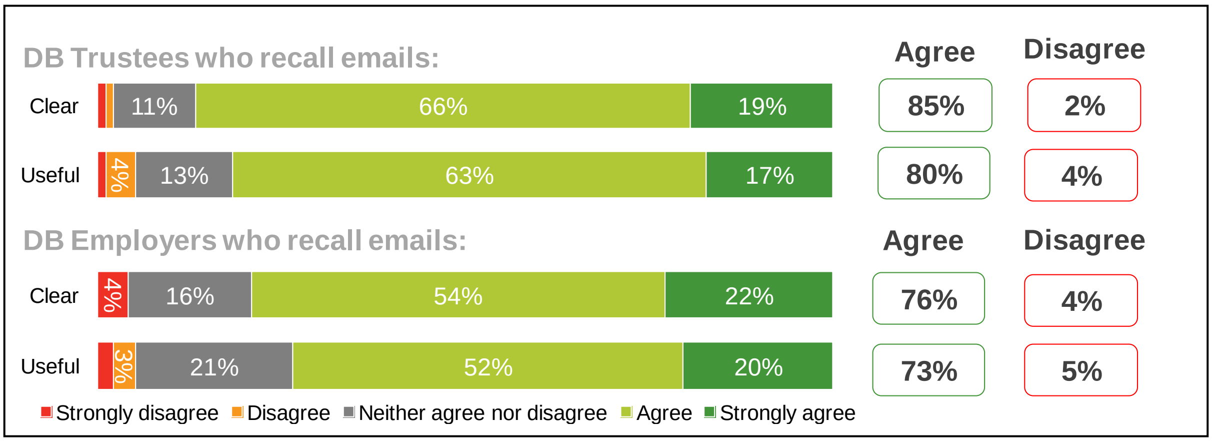
Among DB scheme employers, around half (45%) recalled receiving emails, fewer than among trustees[8]. However, two thirds of these acted upon them (66%), significantly higher than among trustees receiving emails. Because of this higher rate of taking action, around a third (30%) of all DB scheme employers acted in response to a 21st Century Trustee campaign email, not significantly different to the 33% of DB scheme trustees.

These results should be interpreted with caution as there are discrepancies between the self-reported survey results and management data held by TPR. This could be due to a combination of respondent overclaim (e.g. confusion with other TPR communications) and/or limitations in TPR's ability to measure open rates accurately (e.g. email read in 'view' screen, email forwarded by a colleague, etc.).

Among DB scheme trustees that recalled receiving emails from TPR about 21st Century Trusteeship, the majority had positive opinions of the emails. As presented in Figure 6.2, around four fifths (85%) of trustees considered the emails to be clear and a further four fifths (80%) considered them to be useful. Only a small minority of trustees said that emails were unclear (2%) or not useful (4%). Perceptions of 21st Century Trusteeship emails.

[8] Employers had been sent one email in the campaign, in September 2017.

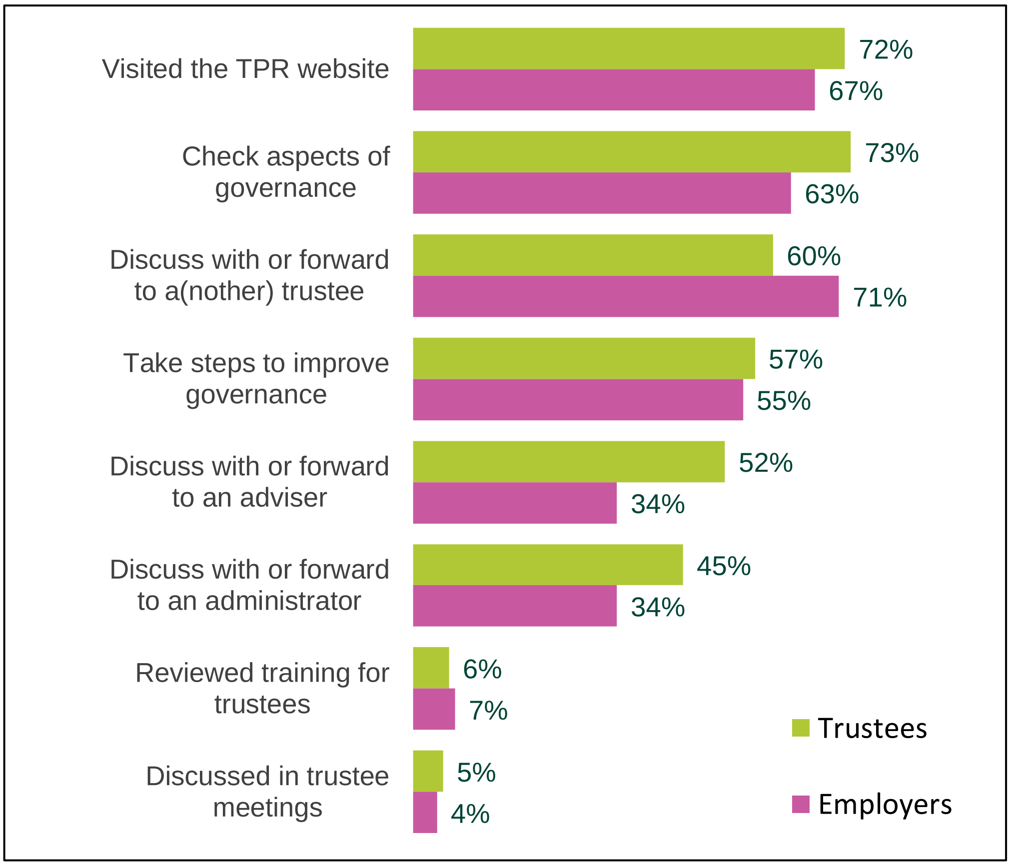
Figure 6.2 Clarity and usefulness of 21st Century Trusteeship emails



Base: Recall emails: DB Trustees (171), DC Trustees (272), DB Employers (64). Not asked in 2017.

Where trustees acted in response to emails about 21st Century Trusteeship, the most common action taken was to check aspects of the scheme's governance (73%). For employers, the most common action taken was to discuss the emails with or forward them onto trustees (71%). For both trustees and employers, the second most common action taken was to visit the TPR website (72% and 67%). Figure 6.3 presents the actions taken in response to emails concerning 21st Century Trusteeship.

Figure 6.3 Actions taken because of 21st Century Trusteeship emails



Recall emails: DB Trustees taking action (88), DB Employers taking action (41). Not asked in 2017.

Where trustees did not act in response to emails about 21st Century Trusteeship, over half (57%) said this was because they did not think any action was required. A quarter (24%) said it was because they did not have enough time.

The 21st Century Trusteeship campaign provides advice on actions that schemes should take to meet the standards expected by TPR. These are structured into eight themes. Within this survey a number of relevant questions were used as proxies to give an indication of how well schemes were meeting the key standards. Due to interview length constraints, one proxy question was allocated to each theme. If a respondent provided positive answers to these proxy questions, the trustees of that scheme were considered to have met TPR's expectations. Table 6.1 sets out the proxy questions used in the survey.

Table 6.1 Proxy questions for key standards in each theme

21st Century Trusteeship theme	Proxy question for key standard
Roles and responsibilities	Trustees must have a clear structure and process for monitoring activities delegated to other parties
Clear purpose and strategy	Scheme must have a documented business plan that includes strategic objectives
Trustee training and improving knowledge	Scheme must have training and development plans to ensure trustees continue to have the required knowledge and skills
Skills and experience	Scheme must have a documented policy to assess the fitness and properness of new trustees
Managing conflicts of interest	Trustee board must have a conflicts policy and register of interests
Managing risk	Scheme must have a risk register
Meetings and decision making	Trustee board must meet at least quarterly

On average, DB schemes met six out of a possible eight expectations.[9] Every scheme (100%) met at least one of the expectations, while around nine tenths (92%) met half, and a quarter (26%) met all the expectations. Figure 6.2 provides a detailed breakdown of the number of expectations met by all schemes and by scheme size.

[9] There are eight expectations set out in the 21st Century Trusteeship Programme; one of these (advisers and service providers) is excluded from counts of expectations met since it only applies to those schemes which make use of external advice, and it would therefore cause schemes without external advice to be allocated an unfairly low score. However, for this analysis the Managing Conflicts of Interest expectation was split into two: documented policy to manage conflicts of interest and having a maintained register of interest were counted separately

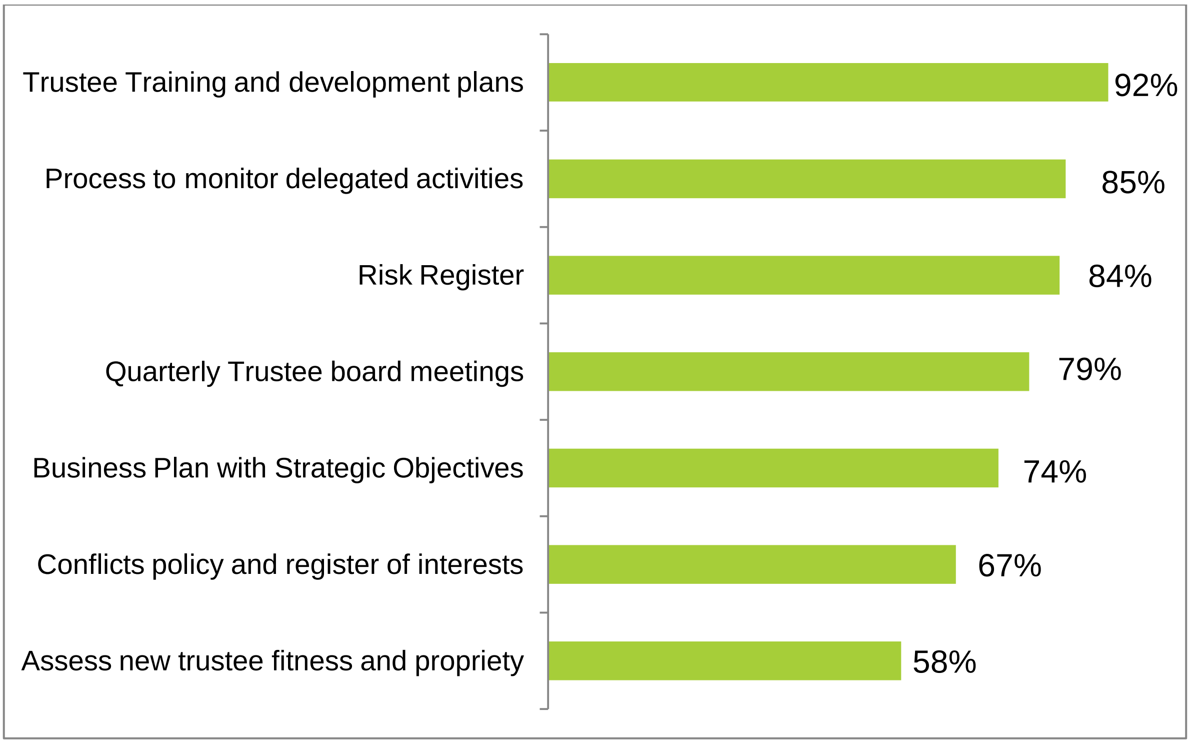
Table 6.2 Number of expectations met by scheme size

	None	At least 1	At least 2	At least 3	At least 4	At least 5	At least 6	At least 7	All 8	Average
All DB	0%	100%	98%	96%	92%	89%	76%	56%	26%	6.3
Large DB	0%	100%	100%	100%	100%	99%	86%	71%	50%	7.1
Medium DB	0%	100%	100%	99%	97%	95%	82%	61%	22%	6.6
Small DB	0%	100%	92%	91%	79%	72%	59%	37%	16%	5.5

Base: All DB trustees (250), Small DB (62), Mid-sized DB (125), Large DB (63). Not asked in 2017.

As presented in Figure 6.4, all the 21st Century Trusteeship expectations were met by at least half of all DB schemes. The most common expectation to be met was that a scheme must have training and development plans to ensure trustees continue to have the required knowledge and skills (92%), while the least common was that a scheme must have a documented policy to assess the fitness and properness of new trustees (58%)

Figure 6.4 Proportion of schemes that meet each 21st Century Trusteeship expectations



Base: All DB trustees (250). Not asked in 2017.

Table 6.3 below shows these results analysed by size of scheme, and demonstrates that compliance typically increased among larger schemes. Fewer than half of all small schemes (48%) held board meetings at least quarterly or had a documented process to assess the fitness and properness of new trustees.

Table 6.3 Proportion of schemes meeting key standards by size (trustees only)

	All	Small	Medium	Large
Process to monitor delegated activities	85%	79%	85%	96%
Business plan with strategic objectives	74%	60%	80%	81%
Trustee training and development plans	92%	86%	93%	98%
Assess new trustee fitness and properness	58%	48%	62%	66%
Conflicts of interests policy	88%	76%	93%	95%
Register of interests	82%	73%	86%	87%
Risk register	84%	70%	90%	93%
Quarterly board meetings	62%	48%	63%	82%

Base: All DB trustees (250). Not asked in 2017.

6.2 Reasons for not meeting our expectations on standards

Where schemes did not meet the expectations of the 21st Century Trusteeship programme, the most commonly cited reason from trustees was that expectations were not considered relevant or necessary for the scheme. As a percentage of all DB schemes:

- 57% of those who did not meet the expectation to hold quarterly trustee board meetings because it was not considered relevant or required;
- 34% of those who did not meet the expectation to have a conflicts policy and register of interests because it was not considered relevant or required;
- 25% of those who did not meet the expectation to have a policy to assess trustee fitness and properness because it was not considered relevant or required;
- 22% of those who did not meet the expectation to have a business plan with strategic objectives because it was not considered relevant or required; and
- 15% of those who did not meet the expectation to have trustee training and development plans because it was not considered relevant or required.

Other prominent reasons given by trustees for not meeting 21st Century Trusteeship expectations included: doing something similar, but not formally; having not experienced problems with their current processes; and not considering the issue to be important.

It was rare for trustees to state that they did not comply because they did not have the time or resources, and a lack of awareness of TPR expectations only played a prominent role in three cases (Conflicts policy / register of interests, and Risk Register, each 13%, and Business Plan, 9%).

These reasons are summarised for all 21st Century Trustee expectations in Table 6.4 overleaf.

Table 6.4 Reasons for non-compliance with TPR expectations – summary table

Reasons	Process to monitor delegated activities	Business plan with strategic objectives	Trustee training & development plans	Policy to assess trustee fitness & properness	Conflicts policy & register of interests	Risk register	Quarterly trustee board meetings
Do not have this	5%	20%	8%	30%	12%	10%	33%
Base: All asked follow-up	*12*	*48*	*18*	*70*	*33*	*22*	*76*
Believe not relevant or required	60%	40%	10%	33%	36%	14%	92%
Done but not formally	10%	24%	32%	25%	6%	13%	13%
No problems have arisen with current approach	2%	9%	19%	12%	17%	0%	7%
Don't think important	7%	9%	9%	10%	10%	1%	0%
Planning/in process	0%	8%	0%	4%	4%	25%	0%
Didn't know it was required/expected	0%	9%	0%	2%	13%	13%	0%
No recent new appointees	n/a	n/a	n/a	35%	n/a	n/a	n/a
Other priorities/not enough time	0%	4%	7%	2%	2%	0%	11%
Dealt with by third party	0%	0%	21%	0%	0%	0%	0%
% of all schemes not meeting std. as believe not relevant or required	**2%**	**22%**	**15%**	**25%**	**34%**	**6%**	**57%**

Base: All DB trustees (250). Not asked in 2017.

"

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