



**Member Nominated Trustees and Member Nominated
Directors – Progress towards meeting the one third
requirement and beyond**

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1. Executive Summary

- The following analysis is based on 189 online and telephone survey responses from pension scheme representatives with at least 1000 members, received in May and June 2008.
- 95% of respondents were aware of the requirement to have a minimum proportion of member nominated trustees or directors on the board
- Seven of these respondents (4%) reported that their scheme had not met the requirement to have at least one third of the trustees nominated by members
- Analysis of the composition of trustee boards indicates that 86% of the sample have met the requirement
- Two-thirds of respondents answered, correctly, that four trustees would need to be nominated by members if the trustee board had 10 members in total
- The majority of schemes, 82%, report having already fulfilled the requirement before it was introduced
- Although very few respondents reported facing any issues when meeting the requirement, the most frequently mentioned issue faced was too few members putting themselves forward for election, a particular concern for schemes which are closed to new members
- 40% reported having engaged with trade union representatives on the issue of MNTs
- Respondents were overwhelmingly in favour of the one third requirement: on a scale from one to five, where one indicates strong agreement, the one third requirement had a mean score of 1.64
- The proposed requirement to have 50% member nominated trustees or directors was viewed slightly less positively although more respondents agreed it was positive (47%) than disagreed (30%)
- Four respondents stated that their scheme rules required them to have 50% MNTs already and twenty schemes were trying to increase the number of MNTs or MNDs
- When data on the composition of trustee boards was analysed it emerged that 24% of the schemes surveyed already have 50% MNTs
- The average trustee board has eight or nine trustees
- Of the 1161 trustees about whom gender information was provided 11% were female
- 80% of the 959 trustees about whom age information was provided were aged forty-five or more
- 98% of the 836 trustees about whom ethnic background information was provided were white
- Overall, respondents tended to be neutral about the importance of having trustees who are representative of a scheme's membership, with many commenting that the skills and competencies of the individuals are more important than age, gender and ethnicity
- There was stronger support for the notion that trustee boards should represent the member base by position in the company, with nearly a quarter (24%) agreeing, compared to 19% agreeing age representation was important, 18% agreeing that gender representation was important and 14% agreeing that ethnicity was important
- Seven schemes reported having formal diversity policies in place, although these tended to relate to ensuring representation from different constituents, either by employer, location, or section of the company, rather than more conventional diversity considerations
- 86% of respondents did not know or did not answer a question asking what age bands their scheme members were in
- No ethnicity information about scheme members was provided
- 74% did not know or did not answer a question asking about the gender breakdown of their schemes members

2. Introduction

2.1. Member Nominated Trustee and Member Nominated Director Requirements

All trust-based occupational pension schemes are required to put arrangements in place to ensure that at least one third of trustees on the board are member nominated trustees (MNT) or member nominated directors (MND) where all the trustees on a board are corporate trustees. This requirement was set out in the Pensions Act 2004 in recognition that members' best interests are often best represented by the members of a scheme themselves. The guiding principles, as set out in The Pensions Regulator's Code of Practice¹, are proportionality, fairness and transparency.

For some years now government has debated moving to a requirement that at least half a scheme's board should comprise MNTs. At the TUC Congress 2004 the Secretary of State announced the intended move to raise the requirement to 50% and the Pensions Act 2004 gave the power to change the minimum requirement at some point in the future, pending a resolution by both the House of Lords and the House of Commons. A commitment was made to allow for the one third minimum requirements to be fully implemented before any requirement to move towards 50% was introduced. With the one third requirements fully operational in 2007, this research should prove timely in informing discussions regarding the move to the increased requirement.

¹ The Pensions Regulator: Regulatory code of practice no. 8
Member-nominated trustees and directors – putting in place and implementing arrangements

3. Background to the Research

3.1. Progress towards meeting the Member Nominated Trustee and Member Nominated Director Requirements

The TUC Economic and Social Affairs Department identified a lack of evidence regarding progress towards meeting the one third MNT requirements, although all schemes that are not exempt (or new) should now have implemented arrangements. In addition, it was not known how representative of the members (both active and pensioner members) MNTs and MNDs are, or whether it has been an easy transition for most schemes or one which has posed particular challenges and difficulties that require targeted activity or support. The TUC also wanted to gauge the extent of support for the intended move to 50% and determine whether plans were being implemented in anticipation of the move.

The TUC were concerned by evidence reported by Hymans Robertson that there is a lack of diversity amongst trustees. Hymans Robertson conducted a survey which was completed by 157 trustees from a cross section of schemes in June 2007, which found that:

- ◆ 82% of the sample were male
- ◆ More than half were aged over 50 and based in London or South East England

There is a concern that these biases suggest that the composition of trustee boards does not tend to represent schemes membership bases and that trustee boards may not therefore empathise as much as they could with member views and interests.

IQ Research concurred with the TUC that this warranted further investigation, particularly since it is not known how respondents were targeted in the Hymans Robertson survey, whether the survey approach was more likely to attract respondents from trustees with particular characteristics, and whether the sample was self-selecting (i.e. people chose to respond to this survey, suggesting this sample may be more 'active', or 'engaged' trustees than the average trustee).

3.2. Research Objectives

The TUC commissioned IQ Research to undertake an independent research study to address:

- What progress has been made to increase recruitment of MNTs in large pension schemes? This was to include the numbers of MNTs, the proportion of the board that they make up and the diversity of trustees.
- What strategies employers and pension schemes have in place to increase the recruitment and diversity of MNTs?

In addition to addressing these questions the TUC wanted to obtain robust information on the current composition of trustee boards, including the:

- ◆ Number and proportion of trustees who are member-nominated, employer-nominated and independent;
- ◆ Gender profile of trustee boards
- ◆ Age profile of trustee boards
- ◆ Ethnicity profile of trustee boards
- ◆ Number of current vacancies

In order to place the results in context, information on schemes' membership bases was sought, to determine whether trustee boards are representative of the members' interests that they look after.

Additional questions were asked to test:

Understanding of the Requirements

- Are trustees fully aware of the MNT requirement?
- Do they understand what "at least one third" means (for example that if there were 10 trustees on a board at least four would need to be member nominated)?
- Do they understand what a member is defined as, that is, that a MNT could be an active or pensioner member, but not a deferred one (under normal circumstances)?

Meeting the Requirements

- What steps have been taken to meet the requirement?
- What arrangements were put in place and why?
- For those with the target number, how long did it take to fulfil the requirement? For those who are still short, when do they expect to reach the target, and what plans are in place?
- Were there any issues with recruitment of a sufficient number of MNTs/MNDs? What were these and how were these overcome?
- Is the scheme actively seeking to increase the number of MNTs/MNDs?
- View on the potential move to a 50% requirement?

Diversity

- Is/was diversity a consideration in recruiting trustees?
- Does the scheme have a formal policy on diversity?
- How important is it for trustees to be broadly representative of the members they represent in terms of gender, age and ethnic background?
- What are the issues associated with achieving this?
- What strategies are in place to increase diversity?

4. Methodology

4.1. TUC requirements

The TUC required quantitative data about the proportion of member nominated trustees, member nominated directors and the composition of trustee boards for large occupational pension schemes.

4.2. Online survey

Since a survey was required to yield quantitative information different methods of issuing both the invitation to participate and the actual survey itself were considered.

An online survey was decided on for a number of reasons:

- Immediacy of responses and results
- Enables more targeted approach which provides better control over quotas
- Hidden routing of questions ensures that respondent only sees the questions that are applicable to them
- Web surveys tend to have higher response rates than postal surveys – there is no need for respondent to physically return the survey
- Better control over where the survey ends up – less scope for the survey to get lost
- Easier to issue reminders to ensure a good response rate and can target to meet quotas
- Familiar and modern business to business mode of communication

In order to issue an online survey it was necessary to obtain email addresses of respondents who would be able to complete the survey with some accuracy, that is, someone who would be familiar with the composition of the trustee board, as well as scheme characteristics such as size of membership and value of assets. Ideally, we aimed to recruit trustees however, there are a number of different roles associated with the running of pension schemes and personnel fulfilling those roles would also often be well placed to answer the questions the survey sought to address. Pension managers, secretaries to the trustee board, HR managers and pension administrators as well as trustees were all deemed eligible respondents.

4.3. Identification of research targets

The most challenging aspect of this project was obtaining email addresses of schemes to which the one third requirements apply to send a link to the online survey to. In order to obtain email addresses large employers listed in Dun and Bradstreet as well as pensions contacts of schemes listed in Pension Funds and their Advisers (2007) as having at least 1,000 active deferred and pensioner members were telephoned, asked some questions to determine eligibility and asked to provide an email address to send the survey link to.

Three hundred and sixty five email addresses were obtained of research targets that were both eligible and willing to complete the survey.

In addition to this 'free-found' sample the TUC emailed members of their trustee network to invite their participation in the research. In line with the Data Protection Act, TUC members were invited to provide their contact details and consent to these being passed to IQ Research. Those respondents who provided an email address and who consented were then issued with the link to the main survey, which included the screening questions that had been asked by telephone for the free-found sample.

The TUC issued the invitation, by email, to approximately 400 contacts and the research was also publicised to the TUC's entire trustee network in the May edition of the newsletter it produces for them. Ninety-eight email addresses were obtained via TUC sources, and issued with the survey.

4.4. Size of Scheme

In order to obtain quantitative data on a sample of schemes that would allow significantly robust conclusions to be drawn IQ Research targeted schemes with at least 1,000 members, including active, deferred and pensioner members.

Initially schemes with a membership base of 5,000 were suggested, however, the universe of schemes that meet this criterion is extremely limited, particularly for Defined Contribution schemes (see below). Many companies run a number of different schemes, and there has been a shift away from trust based schemes, towards contract based schemes, which means that the universe of large schemes has effectively shrunk. By including trustees of schemes with more than 1,000 members, rather than with more than 5,000, the target universe was increased from 2047 trustees to 6535 (three times the 5000+ sample), which was felt to be particularly important when researching DC schemes.

The graphic below depicts the number of lay trustees by size of scheme for Defined Benefit and Defined Contribution schemes.

Number of Lay Trustees by Size of Scheme

Scheme Size No. of members	DB	DC
5,000+	1,762	285
1,000-5,000	3,588	900
100-999	12,316	4,682
12-99	6,036	11,950

Source: the Pensions Regulator

4.5. Sample size

We set out to achieve 300 completed main stage surveys to permit analysis by scheme type and size of membership. We intended to achieve 210 completed interviews from the sample IQ sourced and 90 completed interviews from the TUC sample. We recommended the following number of completes per cell, for the free-found sample (aiming for 210 in total). A cell is defined as each unique group for analysis, so here, for example, DB schemes with 5000+ members represents one cell. No quotas were set for the TUC member sample as there was no way to control for responses.

For consumer research it is the common view that each cell should have a minimum of 50 entries, to ensure statistical robustness. However, for business to business research such as this, the

number can be lower and in this case, we estimated that 30 in each cell would be sufficient, although we aimed for 50 in each cell.

In total, 189 respondents completed the survey. One hundred and thirty-six online responses were received and 53 short tele-interviews were carried out.

Respondents were not financially incentivised. At the end of the online survey respondents were provided with an option to enter an email address to send a short summary of findings to. One hundred and seventy-seven respondents (94%) respondents provided an email address for this purpose.

Respondents were informed that TUC had commissioned the research as experience suggested that trustees and those involved with the running of trust based occupational pension schemes tend to be willing to offer their views and, especially for public sector and not-for-profit organisations.

This was borne out by the fact that of the 463 emails that were sent with the link to the survey there were 136 completed surveys, a conversion rate of 30%. In addition:

- 63 respondents (33%) said that they were happy for the TUC to contact them in the future for research purposes
- 10 (5%) respondents said that they were happy for TUC to contact them for marketing purposes

Scheme Size No. of members	Defined Benefit only	Defined Contribution only	Hybrid/ Sectionalised
5000+	30-50	30-50	30-50
1000-4999	30-50		30-50

4.6. Scope of the research

The requirements do not apply to all schemes – there are a number of exemptions so screening questions were asked to ensure that schemes were eligible to participate in the survey, that is, the requirements apply.

Many of the exemptions relate to size of scheme and so by screening in only those schemes with at least 1,000 members, this effectively covered all exemptions related to size.

Other exemptions relating to whether or not the scheme is trust based, whether all the trustees are independent and whether the trustee body is governed by church legislation were covered at the initial contact stage, by telephone for all the sample sourced by IQ and via the online survey for those respondents recruited by the TUC.

4.7. Ensuring adequate response rates

Both the recruitment/screening survey and the main stage online surveys were kept as short as possible to maximise the likelihood of completion and also to collect only the information that was necessary, to minimise compliance costs and in line with ethical market research practice.

The response rate was closely monitored. When the online survey had been live for one week 94 completed online surveys had been submitted. Given that responses to online surveys tend to be received just after the survey is issued, when the intended respondent reviews the subject matter and makes a decision whether or not to complete it, we were concerned with the number of responses relative to the intended sample size, even though it represented a high conversion rate.

Ninety-eight TUC members provided their email address for the purposes of the research so it was unrealistic to expect to achieve 90 completed surveys from such a small sample. Normally, we might expect a conversion rate, of around 1 in 30 for business to business surveys, meaning for every 30 surveys issued we would expect one completed response. However, we anticipated a much higher response rate due to TUC being the sponsors, and our previous experience with trustees, who tend to be more responsive than most research targets if the subject is close to their hearts. We had anticipated a conversion of around 1 in 4, so we had hoped to obtain email addresses for 360 TUC members to achieve 90 responses.

Likewise, 365 email addresses were obtained through IQ's telephone recruitment exercise making the likelihood of receiving 210 completed surveys low. A pragmatic decision was taken to boost the achieved sample by keeping the online survey open and supplementing this with shorter telephone interviews, asking only key questions of people who had agreed to participate in the research but had not submitted an online survey.

4.8 Ten case studies

In addition to the online survey and the short tele-interviews, 10 ten follow-up telephone interviews were conducted with respondents providing interesting, longer or more considered responses to particular questions in the survey. These respondents were emailed and asked to provide a telephone number if they were willing to participate in a confidential follow-up discussion.

The response to the email invitation was positive, with all those targeted agreeing to be followed-up. On average, the interviews lasted around 15 minutes and were unstructured. The initial responses provided to the survey were reviewed and respondents were asked to elaborate on their responses. The information gathered from these interviews added valuable perspective and insights, aiding the overall interpretation of the results. Where appropriate, quotations and scenarios described by these respondents have been included in the report as mini case studies.

5. Characteristics of the Sample

5.1 Introduction

This report is based on 189 responses. One hundred and thirty-six responses (72% of the total) were submitted online and 53 responses (28%) were gathered through short telephone interviews.

Ninety-eight people were issued the link to the survey having responded to an email sent by the TUC to the TUC member network. The remainder were approached by IQ by telephone and asked to provide an email address to send a link to the survey to. In total 463 emails were sent inviting responses to the survey. The response rate of 30% (completing the online survey) was exceptionally high and the short tele-interviews revealed a general sense of enthusiasm and engagement with the subject of trusteeship.

5.2 Type of Scheme

- 117 schemes (62%) had Defined Benefit (DB) or Final Salary schemes only
- 15 (8%) had Defined Contribution or Money Purchase schemes only
- 57 (30%) had hybrid or sectionalised schemes

These proportions are broadly in line with universe estimates of the different types of pension schemes.

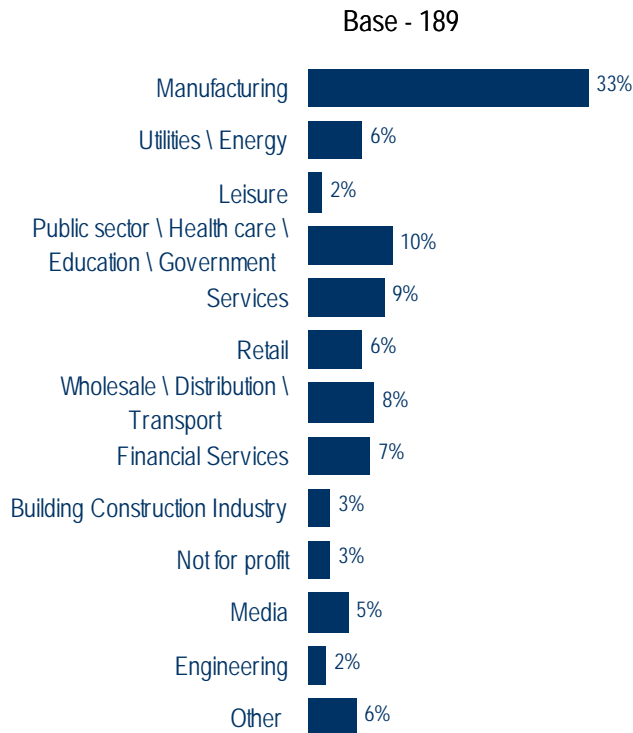
Since the DC only number of responses was low, as predicted, analysis has largely been conducted on the whole sample although where there are differences between the hybrid and DB samples responses it has been noted. Conducting analysis on the entire sample means robust conclusions can be drawn.

5.3 Industry Type

Although a good spread of responses by industry type was received, there was a bias towards manufacturing and public sector/not for profit businesses which may suggest that those industries that are more likely to have trust-based DB schemes and potentially also to have a higher degree of unionisation, were more inclined to respond to the survey, which was TUC branded. However, as IQ free-found the majority of the sample, the potential for this bias was minimised as far as possible.

- 63 respondents (33%) described the nature of their business as Manufacturing. Over two-thirds of these reported having DB schemes.
- 24 respondents (13%) described the nature of their business as Public sector \ Health care \ Education \ Government\ Not for profit. All of these respondents had DB schemes.
- 17 respondents (9%) described the nature of their business as Services.
- 15 respondents (8%) were in Wholesale\ Distribution\Transport and a further 14 (7%) were in Financial services.

Chart 5.1 - Which of the following best describes the nature of your business?



5.4 Status of the scheme

- 110 (58%) of the schemes included in the sample were closed to new members (not necessarily closed to future accruals).
- Of the 110 DB-only schemes representatives answering a question about the status of the scheme, 58 (53%) reported that the scheme was closed to new members.
- Of the 14 DC-only schemes responding to this question only 2 were closed to new members, possibly reflecting the less mature nature of the schemes.
- Of the 55 hybrid or sectionalised schemes, 45 reported that the DB section was now closed to new members, but their DC section was open. Just eight respondents from hybrid schemes reported that the DB section was open.

5.5 Size of scheme

Only those schemes with at least 1,000 active, deferred and pensioner members were eligible to participate in the research.

- 60 of the 117 DB schemes (52%) had more than 5000 active, deferred and pensioner members.
- 4 of the 15 DC schemes (27%) had more than 5000 members.

- Of the 57 hybrid and sectionalised schemes, 29 (51%) of the DB sections had more than 5000 members, and 11 of the DC sections did (19%).

5.6 Value of assets under management

Respondents were asked to indicate what the value of assets under management was. The table below shows a good spread of responses by value of assets under management. The majority of DB schemes report having more than £50 million worth of assets under management, perhaps reflecting the relative maturity of DB schemes. DB sections of hybrid or sectionalised schemes also tend to have a higher value of assets under management than their DC counterparts.

The 165 schemes providing information on the value of assets under management are estimated to have combined assets of over £149 billion.

Table 5.1 Value of assets under management by scheme type

Value of assets	DB only schemes (percentage of DB respondents to this question)	DC only schemes*	Hybrid/sectionalised DB section (percentage of DB hybrid section respondents to this question)	Hybrid/sectionalised DC section (percentage of DC section respondents to this question)
Less than £1m	-	-	-	9 (18%)
More than £1m but less than or equal to £10m	2 (2%)	-	-	11 (22%)
More than £10m but less than or equal to £50m	3 (3%)	4	2 (4%)	11 (22%)
More than £50m but less than or equal to £100m	11 (10%)	-	7 (14%)	6 (12%)
More than £100m but less than or equal to £300m	31 (29%)	2	16 (32%)	6 (12%)
More than £300m but less than or equal to £500m	12 (11%)	-	8 (16%)	2 (4%)
More than £500m but less than or equal to £1bn	18 (17%)	-	5 (10%)	1 (2%)
More than £1bn but less than or equal to £2bn	17 (16%)	-	4 (8%)	1 (2%)
More than £2bn	14 (13%)	-	8 (16%)	4 (8%)
TOTAL respondents	108	6	50	51

*Due to the small sample size no percentages are given for the DC only schemes

5.7 Scheme member characteristics

- 160 respondents (86%) did not know or did not answer a question asking what age bands their scheme members were in. As there were only 29 respondents who provided any information analysis has not been conducted as the sample is too small to draw any meaningful conclusions.
- No ethnicity information has been provided by respondents. **All but one** respondent said that they did not know if information on ethnic background was recorded (16 respondents/ 8.5%) or that it was not recorded (112 respondents/ 60%). The one respondent indicating that ethnicity information was recorded did not provide any further information in this respect.
- 139 respondents (74%) did not know or did not answer a question asking about the gender breakdown of their membership.

Whilst scheme member demographics may not be top of mind for many, those involved with the effective running of a pension scheme may be expected to know key facts such as the age and gender breakdown of the membership, both of which are important in calculating liabilities. It is perhaps alarming that so few respondents knew these details, although, of course, some respondents may simply have opted not to provide the information if it was difficult to locate.

6. Trustee Board Characteristics

6.1 Hybrid scheme trustees

Of the 57 hybrid schemes, only three had different trustee boards for the different sections of the scheme. Where respondents indicated that they had different trustees for each section they were asked some questions, pertaining to the composition of the boards, for each section

6.2 Size of trustee boards

- The average DB trustee board had between eight and nine members, with the largest board having 19 trustees.
- The sample of DC only schemes is small, however, the mean number of trustees was between seven and eight, with the largest board having 14 trustees.
- For hybrid schemes, the average number of trustees was between eight and nine with the largest having 18 trustees
- Taking the sample in total, the average size of the board was between eight and nine members.

6.3 Composition of trustee boards

One hundred and eighty-six respondents provided information on the composition of their trustee board. Thirteen respondents (7%) answered that they had no MNTs or MNDs on the board. Two of these cases can be accounted for by the fact that, case by case analysis has revealed that these respondents were referring to local government pension schemes, to which MNT and MND rules do not apply. Twelve respondents said that they had just one MNT or MND on the board, one of which was also referring to a local government scheme. One hundred and twenty eight respondents (69%) had two, three or four MNT/MNDs. Twenty-five (13%) had five or six. One respondent each reported having nine, twelve and thirteen MNTs on the board.

On analysing responses to a question asking how many of each different type of trustee the board was composed of, 104 (90%) of the 115 DB schemes answering the question had at least one third MNT or MND. Three of those not having met the requirement were exempt by virtue of the fact that they represented a local government scheme (though at least one was a member of the TUC trustee network) and one represented a Group Personal Pension (GPP).

Although a very small sample, four of the DC sample appear not to have met the requirements according to analysis of the number of different types of trustee in post compared to the total number of trustees. One respondent did not answer the question.

Forty six (85%) of the 54 hybrid schemes answering the question about the composition of the trustee board had at least one third MNTs.

In total then, 160 (86%) of the 186 respondents providing information on the composition of their trustee board appear to have met the requirement. Removing the four schemes which were exempt from the requirement (for being local government schemes or a GPP) does not alter the proportion (156/182).

Twelve respondents (6%) reported having no Employer Nominated Trustees (ENT) on their board. Seven (4%) had one ENT. One hundred and eighteen respondents (63%) had two, three or four ENTs on the board. Twenty-three (12%) had five. Twenty-seven respondents (15%) had six to nine ENTs. One respondent said there were eleven. Analysis of the individual responses reveals that this board was a local government pension scheme, to which the MNT rules do not apply as there are no trustees in the usual sense that the term is applied in the pensions arena.

Thirty eight respondents (20%) reported that all the trustees on the board were corporate, meaning, therefore, that the Member Nominated Director requirements, rather than the Member Nominated Trustee requirements, apply. All of these schemes reported having met the minimum requirements. The 2006 Governance Survey report produced by the Pensions Regulator found that 79% of schemes to which the MND rules applied had already met the one third requirement. That research was undertaken over 2 years ago (and well before the effective deadline).

One-hundred and forty-three respondents (76%) had no corporate trustees on the board. Twenty-seven (14%) had one corporate trustee, six had two (3%) and seven (4%) reported having three. Two respondents each reported that they had four, two had five and two had nine.

One hundred and twenty-two of the 189 respondents (65%) reported having no independent trustees on their board. Fifty-one respondents (27%) said that they had one independent trustee on their board. Eleven respondents had two, three had three, one had four and one DB respondent reported having nine independent trustees.

6.4 Gender of trustees

Eighty-one DB respondents provided information about the gender of their schemes trustees. Thirty-three of these schemes (41%) had no female trustees, 17 had one, 19 had two and 11 had three female trustees, the highest number with the exception of one reporting having 12 female trustees and just two males.

In terms of the ratio of males to females, this scheme was the only one to report having more women than men on the board. Only one had equal representation with three male and three female trustees. DB trustees provided gender information about 698 trustees in total, 12% of whom were female. This may, in part, reflect the nature of the sample, which, as noted previously, was biased towards the manufacturing sector.

Of the ten DC schemes providing information on gender, seven had no female trustees.

Forty-eight hybrid schemes provided gender information. Twenty of these schemes had no female trustees. Sixteen had one female trustee, eight had two, two had three and two had four. In every case the number of males was greater than females. Of the 420 hybrid trustees about whom information was provided, 11% were female.

Looking at the whole sample, of the 1161 trustees, only 132 (11%) were female.

6.5 Age of trustees

The table below shows that there are significant biases in the age distribution of trustees with only 13 (1%) out of the 959 trustees about whom age information was provided thought to be in the 20-34 age band. The age band with most representation was the 45-54 group, accounting for more than a third of the sample. More than two fifths were aged over 55 years. Respondents were unsure of the age of 156 trustees and 56 chose not to answer the question.

Table 6.1 How many trustees are there in each age-band?

Age band	Number of trustees in age-band (n=133)	Percentage of total trustees in age band
20-34	13	1
35-44	179	19
45-54	342	36
55 -59	210	22
60+	215	22
Total	959	100%

6.6 Ethnic background of trustees

The table below shows that nearly all trustees about whom ethnicity information was provided are White, with most other ethnic groups constituting less than 1% of the total. Eighty one respondents chose not to answer the question, however, as the number of trustees about whom they were questioned is high, the results are considered to be robust.

Table 6.2 How many trustees are there of each ethnic background?

Ethnic background of trustees	Number of trustees of specified ethnic background (n=108)	Percentage of trustees of specified ethnic background
White	821	98.2
Mixed	1	0.1
Indian\ Pakistani\ Bangladeshi	8	1
Other Asian	2	0.2
Black African\ Black Caribbean\ Other Black	3	0.4
Other	1	0.1
Total	836	100%

6.7 Vacancies on the Board

Respondents were asked what vacancies they currently had on the board.

Thirteen respondents reported having vacancies for ENTs. These respondents reported that there were 17 vacancies in total for ENTs, with two schemes having two ENT vacancies and one scheme having three.

Twelve respondents stated that they currently had vacancies for MNT or MNDs, which may be considered reassuring as the number is low. Between these schemes there were 22 reported vacancies, with two schemes reporting having vacancies for four MNTs each.

There were vacancies for independent trustees reported by four respondents. Three carried just one vacancy each and one reported carrying three vacancies for independent trustees, which may seem unusual. The short tele-interviews conducted suggest that there may be some confusion around the interpretation of the term 'independent' as at least one respondent referred to an 'independent chair' with a casting vote, when, on probing, it emerged that person worked for the company and could not therefore be considered independent in the true sense. The survey included an explanation of what was meant by independent as follows: - *a trustee who has no connection with the employer and is not a member of the pension scheme.*

There was one vacancy reported for a corporate trustee, by a hybrid scheme.

7. Progress towards the one third MNT /MND requirement

7.1 Awareness of the requirement

In total, 179 (95%) of the 189 respondents reported that they were aware of the requirement to have a minimum number of MNTs or MNDs on the Board. Just eight respondents said that they were unaware of the requirement, and two respondents did not answer the question. These respondents were not asked questions about their understanding and views of the requirement.

7.2 Interpretation of the 'minimum one third' requirement

Respondents were asked a hypothetical question to test understanding of the minimum requirement. The question posed was:

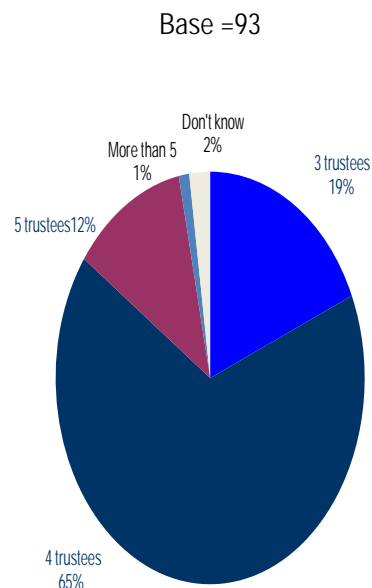
If your scheme had 10 trustees on its board, what is your understanding of the minimum number of Member Nominated Trustees (MNTs) or Member Nominated Directors (MNDs) required by the 2004 Pensions Act?

Thirty-three respondents of the 176 answering this question (19%) answered three, when in fact, as it is a requirement to have at least one third, the minimum number required is actually four MNTs. The fact that around one fifth of respondents interpreted a third to mean three out of ten may be considered an issue of concern as this is specified in The Pensions Regulator's guidance.

The short tele-interviews conducted provided additional insights as to why this may be the case. Some respondents suggested that, as they worked in decimals, and the decimal equivalent of one third is 3.33 recurring, they would round down to the nearest whole number, which would suggest an answer of three. This could be an issue warranting additional attention.

One hundred and sixteen respondents (66%) answered, correctly, that four trustees would be required. Twenty-one (12%) thought that five would be required, two thought that more than five would be needed and four said they did not know.

Chart 7.1 If your scheme had 10 trustees on its board, what is your understanding of the minimum number of MNTs or MNDs required by the Pensions Act 2004?



Two-thirds of respondents therefore answered the question correctly.

Again, the discussions with respondents revealed some interesting interpretations around the requirement, with a couple suggesting that they would always endeavour to have a trustee board that divided exactly by three.

7.3 Who can be a member nominated trustee or director

A question was asked to determine respondent understanding of who can act as a member nominated trustee. The responses to this question are interesting, and so analysis has been included, however, since some schemes have specific rules about who can fulfil the role, most commonly, where the employer has consented that a particular category of member can act as a MNT the responses should be treated as indicative and cannot be used to judge understanding, or lack thereof, as to who would be eligible or not. The most interesting findings are that:

- Four respondents with DB schemes thought that current members could not act as MNTs
- 34 x DB, 3 x DC and 16 hybrid respondents, making a total of 53 respondents (28%), answered that deferred members could not act as MNTs, which is the general rule
- 10 x DB, 1 x DC and 2 hybrid respondents, a total of 13, did not think that pensioner members could be MNTs
- Much less surprisingly, 61 x DB, 12 x DC and 35 hybrid respondents, 108 in total (57%), thought that non-members were not eligible to act as MNTs. In fact, non-members can be nominated in certain circumstances.²

² See page 19 of The Pensions Regulator's Code of Practice no.8

7.4 Schemes that have not met the requirements

All of the hybrid schemes reported that they had met the requirement.

Six of the 112 DB schemes answering the question stated that they had not met the requirement and one of the DC schemes had not. Analysis of the verbatim reasons given as to why this was the case reveal that these schemes were mostly actually exempt from the requirements.

- One was a Group Personal Pension, so should not have been taking the survey in the first instance, as it was clearly directed only at trust based occupational pension schemes (and each respondent would have answered at least two questions to ensure this was the case in the actual survey as well as at least one question at the screening stage), although looking at the composition of this board, the scheme had actually met the requirement.
- Three were members of local government pension schemes, which have features distinguishing them from standard schemes³
- One respondent did not know why they had not met the requirements and
- One did not answer the question.

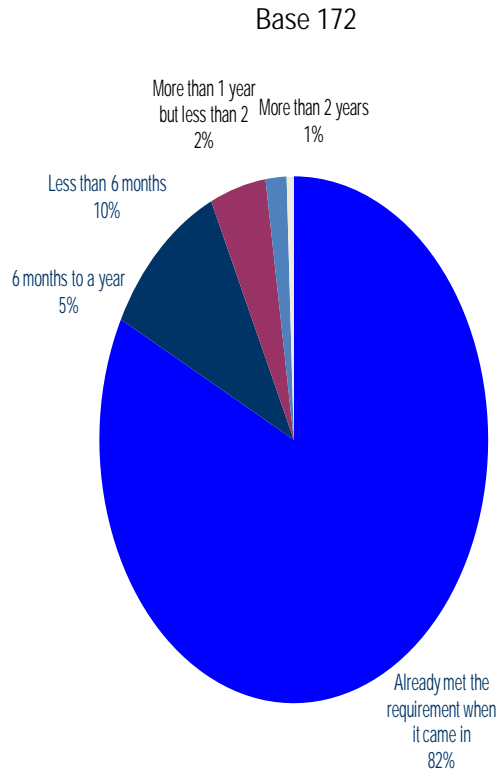
7.5 Time taken to meet the requirement

The majority of schemes, 142 of the 172 respondents answering the question (82%) reported already having filled the requirement when it came in. As the sample included only larger schemes, with at least 1,000 members, the high proportion reporting already having met the requirement is as we would expect. A further 18 respondents (10%) reported that they filled the requirement within six months and the tele-interviews revealed that in many of these cases, it was a relatively straightforward matter of advertising the nomination process and then selecting MNTs, or in most cases, simply confirming that nominees were to act as MNTs (as opposed to selecting them), rather than any other, more serious or problematic delay.

The pie chart overleaf shows the amount of time it took to for schemes to fill the requirement.

³ These respondents' answers have been excluded from the analysis where appropriate.

Chart 7.2 How long did it take you to fill the requirement for the scheme?



7.6 Issues faced in meeting the requirement

Of the 178 respondents answering the question, only 22 (12%) stated that they faced some issues recruiting the required number of MNTs or MNDs. Whilst the number facing issues was low, the reasons cited are outlined below.

- Ten respondents said that too few members put themselves forward for nomination and one respondent reported that no-one put themselves forward for nomination
- One respondent noted that there were more applications than vacancies
- Seven said that the time commitment required puts people off. This concern was borne out in some of the case study interviews, where respondents suggested that they would not consider recommending trusteeship to someone who could not commit to do at least six hours independent 'study' per week. There were mixed views from MNTs whether it was a rewarding role or not. Some felt proud and committed to the role, with around half of the case study interviewees having acted as a trustee (in some guise or other, so not necessarily as a MNT) for many years. Others had found the role challenging and more difficult than they had anticipated. For those who had undertaken the role for some time, they noted that the time commitment had increased considerably in the last few years

CASE STUDY: IT'S CHANGING

"When I started, being a trustee was easy – we met quarterly and we dealt with specific share investment and member queries, but now we have two dozen meetings a year of the formal trustee board and we have to keep people informed, update the website. Plus there are additional responsibilities, for example, statements of funding principles, and all the legislation. There are frequent ad hoc meetings – it kind of gets in the way of the day job!" MNT for 12 years

- Seven respondents also felt that the level of training and knowledge required put people off. Again, this sentiment was reflected strongly in the case study interviews, with many saying that the requirement to undertake the Trustee Toolkit, and demonstrate trustee knowledge and understanding (TKU), was onerous, though understandable. A couple also made reference to the requirement that the collective board should be able to demonstrate TKU, suggesting that whilst this sounds reasonable in principle, if there is a situation in which a decision goes to a vote, it is not enough to have collective understanding as each individual must vote.

CASE STUDY: TRAINING BEFORE NOMINATIONS MAY BE HELPFUL

"There should be workshops before you decided to be an MNT, not after. We're going through a valuation at the moment and I'm nervous about it." MNT from the shopfloor – been in post for 18 months

- Two respondents noted a potential conflict with nominees' day roles.
- One commented that those people putting themselves forward for the role 'could not grasp the issues'.

Two respondents answered that the issues they faced had not been overcome but 13 said that they had.

- When asked how they overcame the issues, four who did not have enough nominees said that they proceeded with no elections, or that the sitting trustees were prepared to continue to carry out the role. One of these respondents stated that they had to reduce the size of the trustee board
- Six said that they provided training, support and advice to potential MNTs or MNDs to reassure them, with one of these saying that they also engaged with the union to encourage engagement and participation and one saying they developed communications specifically for this purpose

CASE STUDY: ENCOURAGING PEOPLE TO THINK ABOUT TRUSTEESHIP

When asked if there was anything they felt that could be done to encourage more people from diverse backgrounds to stand as MNTs, one respondent suggested that a move to talking less about pensions, because of its grey and dour image, to talking more about life stages, and about empowering people to take responsibility for their income in later life would be a positive step. He also felt that the gradual move to interactive pensions websites, where people could see for themselves what happens if they alter a variable, were a good way of engaging younger people.

7.7 Actively trying to increase the number of MNTs or MNDs

Respondents were asked if they were actively trying to increase the number of MNTs and thirteen respondents (8% of those answering) said that their schemes were. The remainder were asked why they were not trying to increase the number. Unsurprisingly the most common response was that the scheme had already met the requirement with 146 respondents (90%) citing this as a reason why. The table below shows the frequency of mention of reasons for not actively trying to increase the number of MNTs or MNDs.

Reason for not actively trying to increase the number of MNT or MNDs	Frequency of mentions	Percentage (n=162)*
Already met requirements	146	90%
Diminishing number of eligible people (closed schemes)	6	4%
Member Nominated Trustee (MNT) or Member Nominated Director (MND) takes the place of a more qualified person or independent trustee	4	3%
Takes a disproportionately long time to recruit a Member Nominated Trustee (MNT) or Member Nominated Director (MND)	3	2%
Do not feel the value of Member Nominated Trustee (MNT) or Member Nominated Director (MND)	3	2%
Too difficult to recruit Member Nominated Trustees (MNTs) or Member Nominated Directors (MNDs)	3	2%
Our members do not have the right set of skills to be a trustee	2	1%
Leads to unfulfilled vacancies	1	1%
Other (specify)	27	17%

*NB Total does not sum to 100% - multiple responses permitted

The most common 'other' reasons were elaborations on the reasons above, with, for example, 15 respondents explaining that their scheme already exceeded the requirements. The only different reasons to those outlined above were from one respondent who felt that employers were more likely to be supportive of a board with a majority of employer or company nominated trustees; one who felt that with the current legislative climate the role of trustee was 'quite daunting'. Finally one scheme was about to enter into an assessment period.

7.8 Engagement with Trade Union representatives

Fifty-one respondents (40%) of the 128 answering the question reported that they had engaged with Trade Union representatives on the issue of MNTs. A higher proportion, 72 (56%) had not, but not all of the workplaces in the sample were unionised, and the majority of the sample was sourced independently of the TUC. Most of the case study interviewees were, however, union members and a couple had been on union pensions committees, hence their interest in the role of MNT. These respondents mentioned trustee training provided by their specific unions and by the TUC, all of which were referred to positively.

CASE STUDY: UNION INVOLVEMENT IN ADVERTISING THE ELECTION

- *Letters were sent to all those eligible to be Member Nominated Trustees to let them know about the forthcoming election*
- *The union cascaded the information through their meetings and newsletters*

8. Views on MNT/ MND requirement

8.1 Favourable views on the MNT/ MND requirement

Respondents were asked why they thought government has put in place a requirement for a minimum number of Member Nominated Trustees (MNTs) or Member Nominated Directors (MNDs) on a trustee board. This was asked as an open question. Nearly half of respondents (84) responded that they felt it was to give members better involvement in the running of the scheme, as the quotes below, taken from the online survey demonstrate.

"Gives members greater involvement and confidence in the running of their scheme and brings a balanced perspective to decision making"

"To try and help to ensure that all members interests are considered and that the trustee board acts in their best interests"

Twenty nine-respondents (15%) suggested that it was to ensure transparency and fairness in the governance and administration of the scheme.

"Transparency and equal decision making for the benefit of members of the plan"

"To give members greater confidence that the trustee board is acting in all the members best interests"

Twenty-eight (15%) suggested that it was to prevent too much employer control and employers acting without members' best interests at heart. Many of these respondents made direct reference to the Maxwell case.

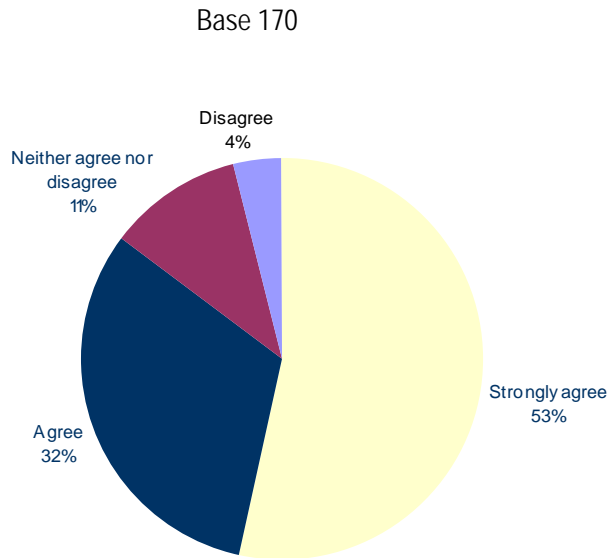
"To safeguard the interests of past and current employees and so that the company cannot rail-road through any alterations that are not in the best interest of all members"

"To ensure that the pension fund is operated at arms length from the company"

Two other reasons cited by more than one respondent, though in each case only by three, were political pressure and union pressure.

Respondents were asked to what extent they agreed that the minimum requirement was positive. No respondents answered that they strongly disagreed with the requirement. Of the 170 answering the question 145 (85%) agreed that the requirement was positive with 91 (53%) respondents strongly agreeing with it. The mean score was 1.64 indicating broad agreement.

Chart 8.1 To what extent do you agree that the requirement to have a minimum proportion of MNTs or MNDs on the board is positive?



Respondents were then asked to rate a series of statements about the advantages of having MNT/MNDs on the board on a 10 point agreement scale, where 1 meant strongly disagree and 10 meant strongly agree.

The charts below show the mean scores out of 10, for each statement. All statements had mean scores of at least 6.5 suggesting that the advantages of having MNTs or MNDs on the board are felt.

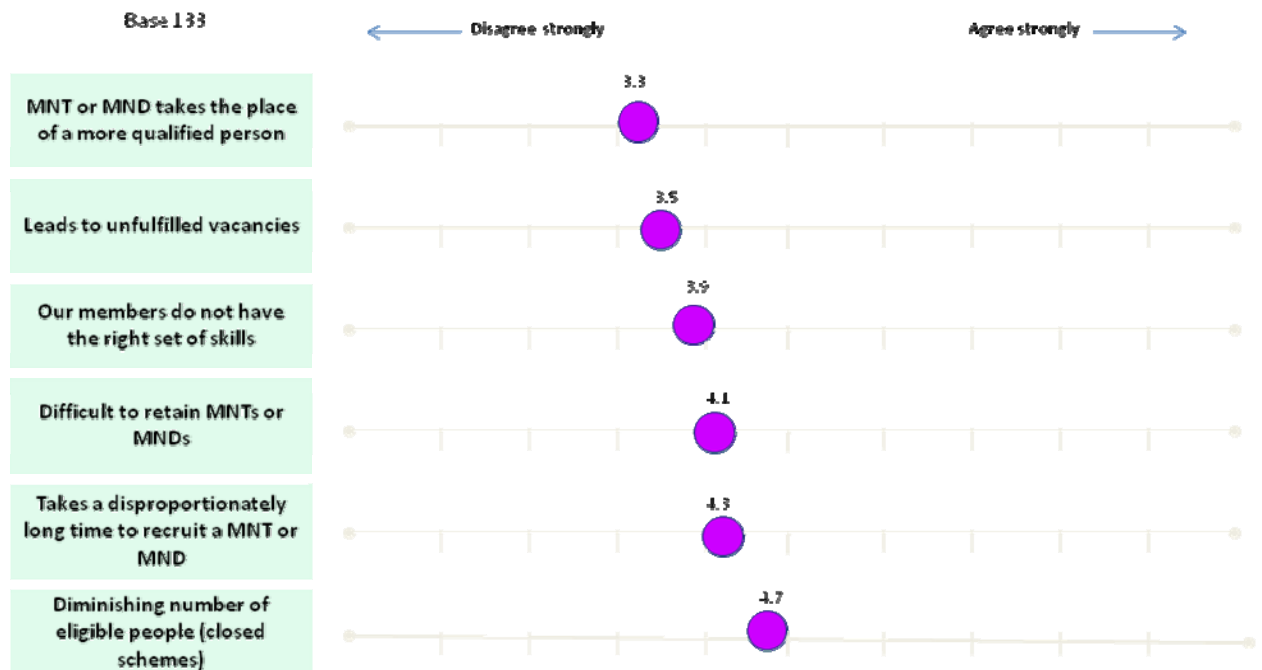
The highest rated advantage was giving members greater confidence in the running of their scheme, something which was frequently mentioned spontaneously by respondents when asked why they thought the requirement was put in place.



8.2 Potential reservations about the MNT/MND requirement

Respondents were then asked to say how much they agreed or disagreed with various potential disadvantages or problems associated with the MNT/MND requirement. The charts below show mean scores out of 10 for each statement. Most respondents did not agree strongly with the statements, and the advantages of having MNTs/MNDs appear to outweigh the disadvantages. The nearer the mean score to 1, the more respondents disagreed with the statement, suggesting the particular disadvantage or potential problem about which the statement is concerned was felt less strongly.

The largest problem appears to be the diminishing number of eligible people who can act as a MNT or MND, which is especially problematic for closed schemes, with no active members and a maturing pensioner member base.

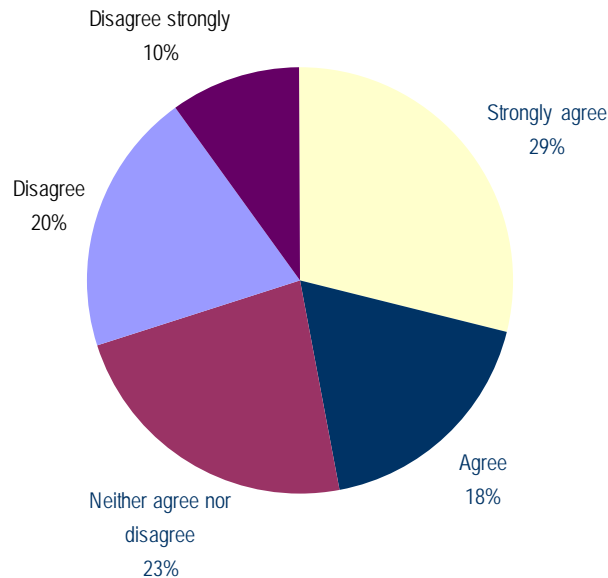


8.3 Views on the potential increase to 50%

The majority of respondents were overwhelmingly in favour of the requirement to have a minimum of one third of trustees member nominated, and views on the proposed move to 50% were also favourable, although to a lesser extent. Eighty five respondents (47%) either agreed or strongly agreed with the proposal. Forty-one respondents (23%) were neither in favour nor against the increase, and the balance, 54 respondents (30%), either disagreed or strongly disagreed with the proposal.

Chart 8.2 Do you agree with this proposal to increase the minimum proportion to 50% of the board?

Base 180



The short telephone interviews provide interesting perspective on the reasons for respondents' reservations. Broadly, the reasons for those reservations can be grouped into four categories.

- Many felt that the sponsoring employers should have the balance of power, and that they should be able to cast a deciding vote. DB respondents, in particular, referred to the expense of pension provision for employers.
- Others felt that it was not appropriate to impose a "one size fits all" requirement on schemes, which could hit smaller schemes hardest and could possibly push some employers to seek to exit their responsibilities. Some of the telephone interviewees suggested that the requirement could possibly be imposed for schemes with a specified minimum member base, at least in the first instance.
- Comments about the increasing weight of pensions legislation were made, with a couple of respondents feeling quite strongly that any added obligations would be frowned upon.
- The case study interviews revealed a sentiment that the move to 50% could hit non-unionised schemes harder, where the rules on time off for trustee duties etc may not be as well known or implemented, and trustees may face more difficulties obtaining sufficient time for training, without the support of a union.

CASE STUDY: 50% MNT COULD HAVE UNINTENDED CONSEQUENCES

One respondent felt that the proposed increase to 50% MNTs would make companies take a more active role in encouraging who they wanted to be trustees to stand as MNTs, which would effectively render them Employer Nominated Trustees with a Member Nominated label. Four of the six MNT candidates in the last nomination process for this scheme were company directors and shop floor workers felt uneasy about this.

"One of the problems is that the company can encourage who they like to be MNTs, and yes, they're members, but they're like company nominated trustees, so it's a bit unfair." Pensioner MNT

Whilst these responses demonstrate that some respondents had reservations about the potential implications of a move to 50% MNTs, the figures do not suggest outright opposition to the proposals. Support for trustees, protection of rights to time off and training, and consideration of different approaches for smaller schemes could all be considered in addressing the concerns raised.

Just four respondents stated that their scheme rules required them to have 50% MNT already, however this question was only asked of those 36 respondents who said that their scheme rule stated that they needed more than the minimum requirement. Analysis of responses to a question asking about the actual composition of trustee boards reveals that, in fact, 45 (24%) of the 186 schemes providing the information already had 50% MNT or MND on the board. Thirty-three (28%) of the DB schemes, 2 of the DC schemes and 10 (19%) hybrid schemes had 50% member nominated trustees.

Twenty respondents (12%) said that their scheme was trying to get to 50% MNTs and thirteen respondents (8%) stated that their scheme was actively trying to increase the number of MNTs or MNDs on the Board. These respondents were asked how they were actively trying to increase the number of MNTs or MNDs. One respondent outlined how their scheme was re-sending literature about the role of MNTs to their members, and that this included a 'piece by the MNT regarding his experiences'.

CASE STUDY: RESERVE LIST OF CANDIDATES

One scheme reported that, as they had such high quality applications from more nominees than there were roles for, they had started a reserve list. This was felt to be useful in a number of different ways; there was a 'ready supply' of people willing to act as MNTs should a vacancy arise, meaning that business could continue 'as normal' with minimal interruptions; and there was a small pool of people who, at least partly by virtue of the fact that they were on the least, kept a watching brief on pensions developments and the roles and responsibilities of being a trustee.

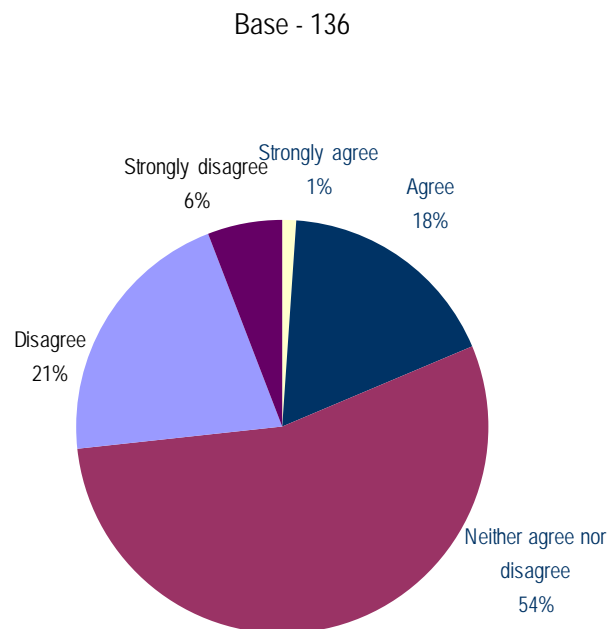
9. Diversity of Trustee Boards

A series of questions were asked of respondents about the extent to which they agreed that trustee boards should reflect the scheme's member base in respect of the age, gender and ethnic background of members, as well as the junior/senior split across the company or companies in question.

9.1 How important is it that trustees reflect the membership profile by age?

In terms of age, more respondents disagreed that trustees should reflect the member base by age than agreed, although most, 74 respondents (54%) neither agreed nor disagreed.

Chart 9.1 To what extent do you agree that trustee boards should reflect the following characteristics of the membership? Age



Analysis of the open-ended responses to questions asking people to explain their answers reveals a strong sentiment that factors such as age are not thought to be relevant considerations for trusteeship, and that the quality and motivation of the individual was more important.

“Should be best person for job regardless of age”

“The skill set is more important than the age range”

“I think it is about finding the right person with the right interests”

“Because I do not believe the age of trustees is relevant to making them effective trustees”

Those respondents who did think that age was an important consideration made some interesting comments about the need to have a diverse trustee board in terms of age profile, as the comments below demonstrate.

"Peoples views and priorities change with age. In order to get a balanced view within the trustee a range of ages is desirable - but not essential"

"Too many trustees are from older age groups and don't reflect interests of younger members. It is also a potential difficulty in communicating across age groups"

"To be in touch with the real world"

CASE STUDY: THE VALUE OF DIVERSITY

"Having a diverse board improves the dynamics of the board, it means we don't fall into stale consensus, we are much better able to challenge each other and our various experiences are brought to bear. We'll each bring a different perspective, and add an extra dimension, to the table..."

... I totally agree with the 50/50 split as it's extremely important to safeguard assets which, after all, are owned by the members. The members and the sponsors must share the risk and make prudent decisions in everyone's interests." MNT/Union member

Some respondents agreed with the idea of age representation in principle, but felt it was impractical in reality.

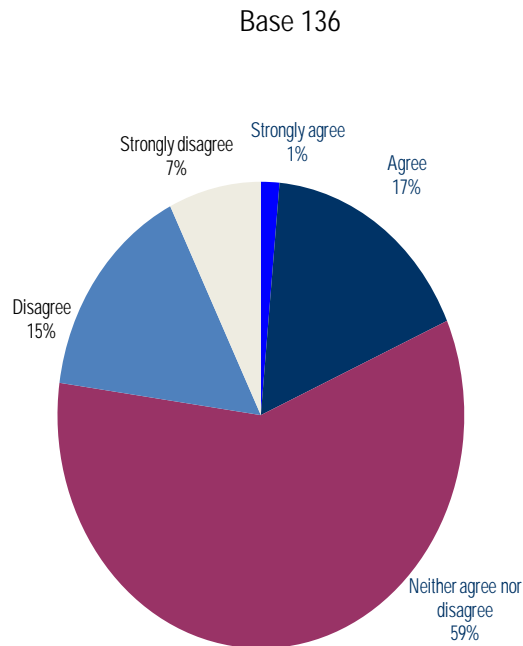
"If you can get this (representation by age) so be it but not always possible"

"It is very challenging to achieve adequate representation across such a wide age range"

9.2 How important is it that the trustees reflect the membership profile by gender ?

Again, when asked to what extent they agreed that the board should reflect the gender profile of the scheme's membership, most respondents, 80 (59%) neither agreed nor disagreed.

Chart 9.2 To what extent do you agree that trustee boards should reflect the following characteristics of the membership? Sex.



Respondents were asked to explain their answers. Many gave similar responses to those that they provided in response to the previous question. The majority of comments suggest that the best person for the job should be elected, and that the gender of that person was irrelevant.

“Truly objective trustees will consider the interests of all members objectively and equally”

“Sex is irrelevant - it is about skills and competencies”

Those who did think that the gender representation on a board was important commented on the different working patterns that women are likely to have, compared to men.

“The trustees have traditionally been male dominated. A significant proportion of the membership is female and they do have a different viewpoint - and often different needs due to career patterns etc that female trustees can best advocate”

As with responses to previous questions, some pointed out that they did not have the luxury to consider the diversity of the board.

“You can only work with what you have”

In the short tele-interviews a number of respondents pointed out that, since there were elections for MNTs at least, the trustee board were limited in the extent to which they could consider diversity, it

being, to a large extent, in the hands of the members to vote for nominees. This suggests that one barrier could be that not many women put themselves forward for the role, as the case study below demonstrates.

CASE STUDY: DIVERSITY – FEMALE TRUSTEES

“If we can consider diversity we do...”

One male union nominated trustee explained that the scheme he represented was keen to encourage women to stand as trustees, but because of the time commitment involved, the only woman expressing an interest in the role had to decline due to childcare responsibilities.

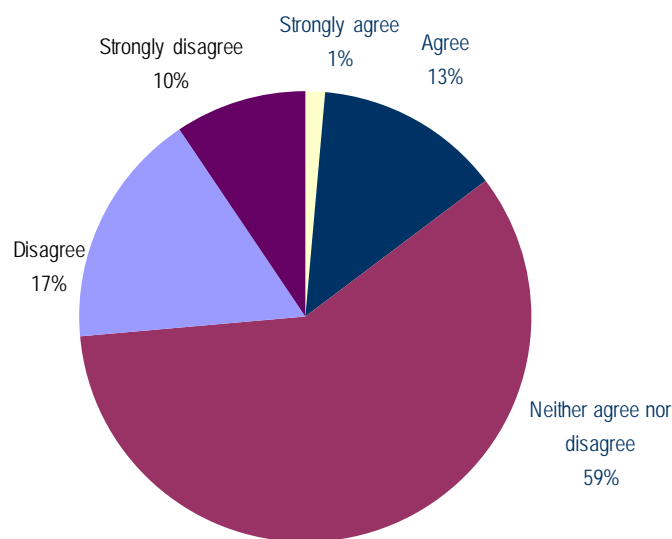
This example highlights one of the potential barriers to achieving diversity on a trustee board. Women are more likely to have different working patterns compared to men, and face different issues with their pensions, and yet this is also the primary reason why women may find it more difficult to take on additional responsibilities such as those associated with being a trustee.

9.3 How important is it that the trustees reflect the membership profile by ethnic background?

Once more, eighty respondents (59%) neither agreed nor disagreed that the trustee board should reflect the membership base by ethnic background.

Chart 9.3 To what extent do you agree that trustee boards should reflect the following characteristics of the membership? Ethnic background

Base 136



The reasons provided were similar to those provided in response to questions about age and gender, with many thinking that this was an irrelevant consideration with respect to being an effective trustee.

“Enthusiasm and knowledge are more important than tokenism”

“Ethnicity does not impact upon pension scheme membership”

Again, the elected status of trustees was alluded to, with respondents pointing out that anyone could stand as a MNT.

“Member nominated trustees legislation gives everyone the opportunity to stand as a trustee”

Those respondents thinking that the trustee board should reflect the scheme membership tended to make reference to the potential to improve communication across the member base.

“It must help to understand the cultural differences when passing information back to those members”

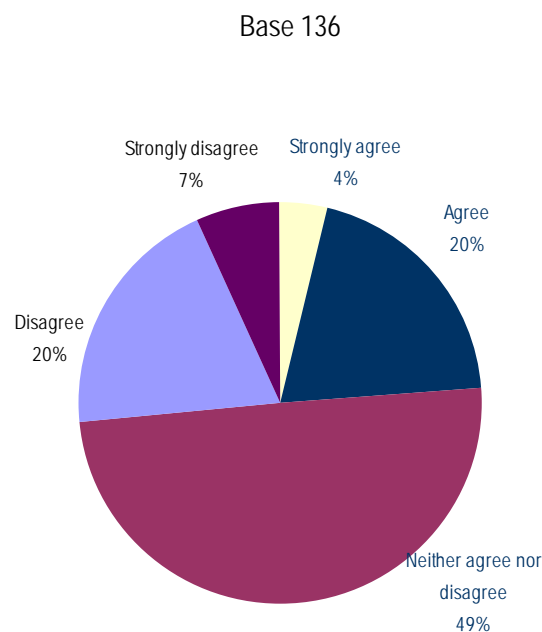
Others were in favour of diversity, in any guise.

“Diversification is an advantage in reflecting the makeup of the of the scheme membership”

9.4 How important is it that the trustees reflect the membership profile by position in the company?

Respondents were asked whether they agreed that trustee boards should reflect the membership profile by position in the company, ensuring a mix of more junior and senior positions. Whilst a high ratio, 49%, neither agreed nor disagreed, as for the previous questions, more respondents felt that it was important to have a good mix by position in the company on the trustee board than the other three characteristics. Thirty-three respondents (24%) either agreed or strongly agreed that the board should reflect the membership profile by position compared to 19% who agreed age profile was important, 18% who thought gender representation was, and 14% who thought that ethnicity was.

Chart 9.4 To what extent do you agree that trustee boards should reflect the following characteristics of the membership? Position in the company



Those in favour of a diverse mix according to position in the company felt that it was a good way to ensure all member interests were represented.

“A split will make for a balanced board provided all parties have confidence in each other”

“In our fund we have active trustees from two employment groups: office / managerial and production / services. This ensures we have trustees who have experience of and understanding of the issues that affect ordinary members. Without this split we would end up with trustees from the senior positions within the company who would have no appreciation or understanding of the concerns of ordinary members. The higher your position in the organisation the greater potential for conflict of interest”

Whilst many gave similar answers to the questions before, suggesting that the skills and competencies of the individuals were more important, some suggested that the role could be daunting for more junior staff, due to the need to negotiate with senior managers, professional advisers and hold their own in a potentially challenging environment.

“Trustees need to be able to put their views across if they are too junior this can be intimidating if most trustees are senior directors”

9.5 Considering the diversity mix of trustees

Thirty-six respondents (26%) reported that they did consider the diversity mix on the board when recruiting new trustees;

- Eighteen respondents stated that this was because trustees should have a diverse range of backgrounds
- Seventeen stated it was because the trustee board should be reflective of the membership
- Sixteen thought that a diverse board would lead to better decision making
- Nine answered that it was to be in-keeping with their overall diversity policy

The 100 respondents (74%) who did not consider the diversity mix when recruiting to the board gave the following reasons;

- Forty-six respondents answered that diversity is not relevant to the role and decisions trustees have to make
- Thirty-four stated that they recruit only on the basis of the right skills for the role
- Twenty-one stated that they never considered the diversity of the board
- Fifteen answered it is very difficult to recruit Member Nominated Trustees (MNTs) and Member Nominated Directors (MNDs) in the first place
- Fourteen said they do not consider diversity as trustees are elected

9.6 Formal diversity policies

Seven schemes said that their board had a formal diversity policy and four provided an outline of the policy, whilst one respondent answered that they were simply aware that there was a policy. Of those outlining the policy three were related to ensuring representation from different constituents, either by employer, site or work pattern. The other related to the MNT/ENT mix on the board rather than what might be thought of as more conventional diversity considerations.

Eight respondents answered that they had other strategies in place to increase the diversity of the board. Three referred to ensuring that trustees came from different areas within the company, so they did not want all trustees to be 'from accounts' for example. Two referred to an interview and selection process which was designed to ensure that the candidates would be able to perform the role of trustee well. One referred to encouraging all members to consider standing and one referred to the union diversity policy which impacted on the trustee board as staff unions nominated MNTs.

Finally, respondents were asked if they faced any difficulties implementing the diversity strategies and policies. Two referred to not being able to find the 'right person' for the job.