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Isio's 2024 Professional Independent Trustee Survey

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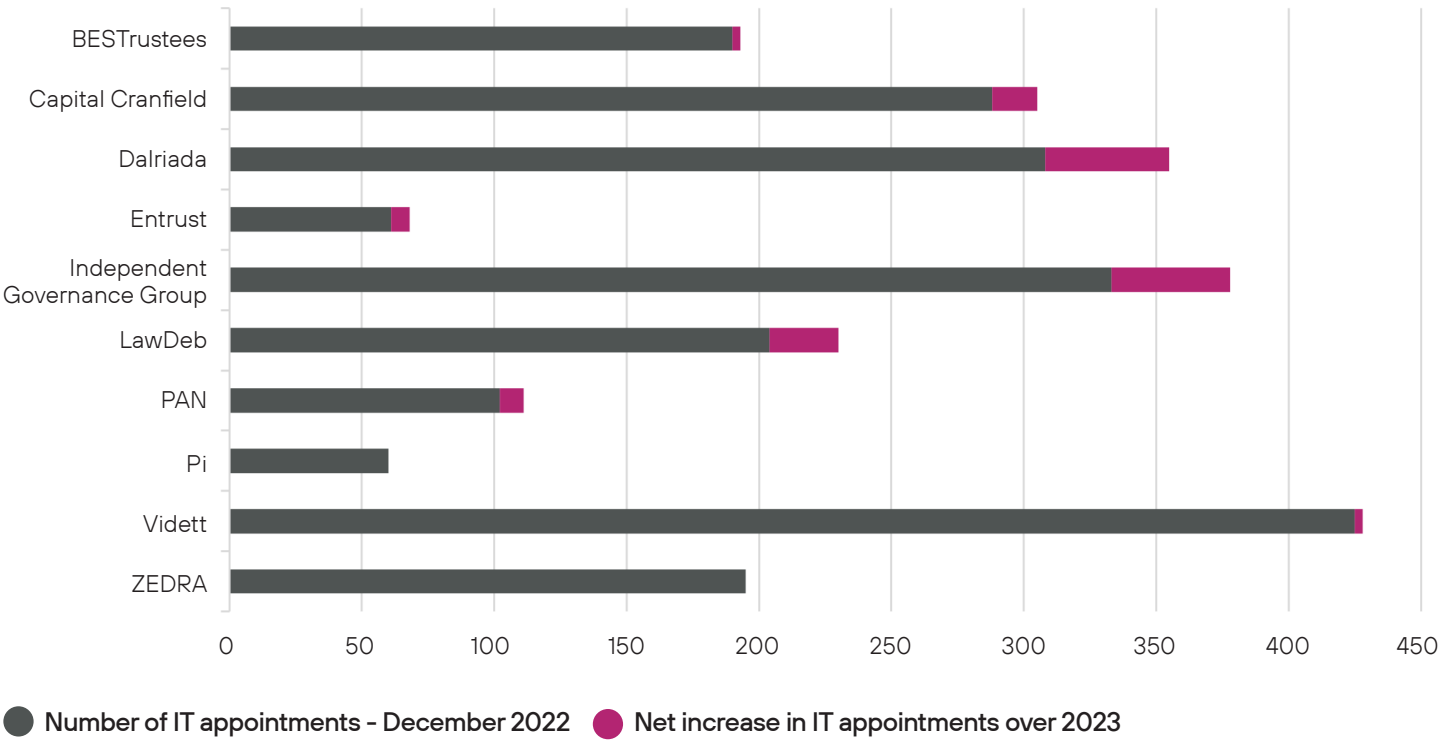
Executive Summary

Now a regular industry fixture, our survey is back for its fourth edition. Professional trustee firms have had another busy year – both servicing existing clients with high levels of activity and managing the continued growth in appointments and teams.

There remain many trustee boards with a mixture of professional and lay trustees including member-nominated trustees - with perhaps tens of thousands of individuals involved across the industry. But with the growing burden of pension regulation and closure of defined benefit schemes, trustee boards are becoming increasingly professional and turning to commercial trustee firms for support. Our survey focuses on the ten larger firms with over 50 appointments each.



Appointments



* Pi and ZEDRA appointments fell slightly over the year primarily due to successful scheme wind-ups.

“There is a rush for professional trusteeship and the market is thriving”

Highlights

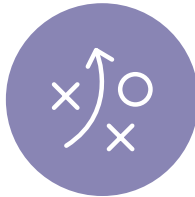


Across the 10 firms, there has been a 10% increase in the number of Trustee Directors and a 10% increase in the number of trustee appointments last year. Continuing high levels of activity on pension schemes, pricing and expansion of services have contributed to an average reported revenue growth for firms of 16%.



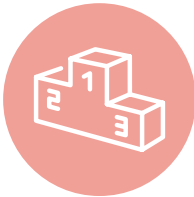
More professional.

Sponsors selecting trustees have become more thorough, firms are growing and some have outside investors. As a consequence, the professional trustee sector is becoming more organised, structured and professional in how it operates.



More differentiated.

There is a growing differentiation in firms as they emerge with a clearer vision and direction of travel. This ranges from firms that are focused exclusively on trusteeship to those that offer bundled models including a range of governance and support services.



More competitive.

The market is more competitive than ever with lots of choice and different models on offer. Schemes are better informed and more discerning in what they want from a professional trustee. Selection processes are more rigorous and often involve procurement, making firms work harder to compete for their share of the market.

Integrated
Dalriada
Entrust
Independent
Governance Group
Vidett

Focused
BESTrustees
Capital Cranfield
PAN



Hybrid
LawDeb
Pi
ZEDRA

"Schemes are spoilt for choice in the professional trustee market"

Need for experience: Firms are often being asked for Trustee Directors or teams with experience and specific skills – perhaps in the industry sector or commonly pensions administration or risk transfer experience. For people joining firms as Trustee Directors it can be challenging to win new appointments, as the market demands trustee experience – a chicken and egg situation.

Future regulation: As their influence grows, greater regulatory scrutiny of firms (and professional trustees generally) is anticipated, most likely via the Pensions Regulator. Firms support a strengthening of standards, provided regulation is appropriately targeted and proportionate.

If you need help selecting a professional trustee, please do not hesitate to contact Isio. We have extensive experience in this field and can provide valuable guidance.



Part 1

The market.

"The trustee market has moved on; you can't dabble in trusteeship"

Overview

The professional trustee market continues to grow, and the 10 firms covered by this survey are accountable for the management of over 2,300 pension schemes, with a combined asset value exceeding £1.1 trillion. The number of Trustee Directors has increased from 290 in 2022 to 320, and on average, they oversee 7 appointments each. Typically they have 10 years of experience as trustees, with new trustees joining the field faster than the numbers that retire or leave.

The firms are becoming larger, but the market remains very competitive, with smaller firms and sole traders vying for market share alongside the 10 larger firms.



Growth

The professional trustee market continues to grow and evolve – with regulation and risk transfer work creating high volumes of activity for pension schemes. Much of the new client growth still comes from pension schemes appointing a professional trustee for the

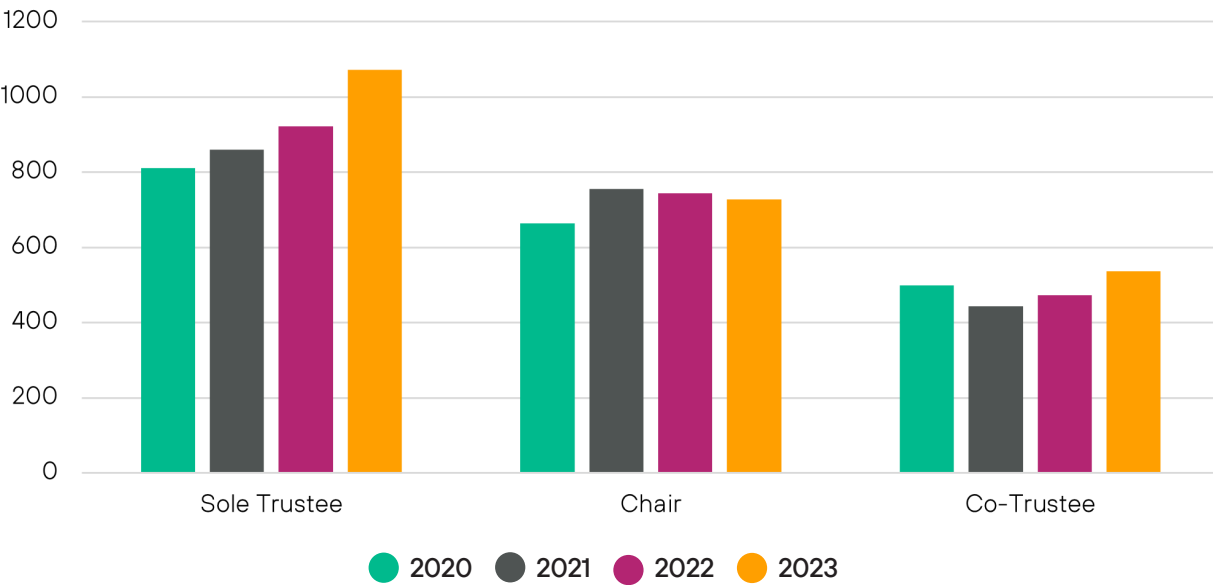
first time, although replacement of existing professional trustees is increasing. In addition, a number of firms are increasing their range of pension governance services, and in some cases diversifying beyond the traditional pension trustee market.

	2020	2021	2022	2023
Number of appointments	1,900	2,000	2,100	2,300
Number of Trustee Directors	246	284	290	320
Average revenue growth	17%	21%	14%	16%
Estimated market share of DB schemes	31%	33%	36%	39%

Despite the number of DB schemes falling, the overall market share of the ten firms has increased from around 31% in 2020 to 39% in 2023.

The trend of sole trusteeship remains on the rise, with sole trustee appointments now accounting for over 46% of all appointments – compared to 41% in 2020 in our first survey. The influence of firms is growing, with over three-quarters of their appointments being as sole trustee or chair of the board.

Change in roles taken



“The process for appointing professional trustees has become far more competitive”

Corporate Sole Trustee

More accurately described as a Professional Corporate Sole Trustee, the firm acts as the only trustee of the pension scheme. In practice this means that a number of staff are involved in each scheme in order to provide debate and challenge. Sole trusteeship requires different processes and governance, and some firms have a specialist centralised team that supports sole trustee clients.

The primary purpose of a Corporate Sole Trustee is typically to streamline operations, generate efficiencies and facilitate more rapid decisions with less reliance on trustee meeting schedules and need for trustee upskilling.

These appointments have continued to be a key area of growth in the market, with some firms reporting that over half of their new opportunities are for Corporate Sole Trustees. Sponsors and schemes are also appointing a professional trustee firm with a view to them becoming Corporate Sole Trustee in future – trying out the firm before committing to a sole trustee model.

Sole trustee appointments also continue to grow in size, with the average scheme size growing from £63m in 2022 to £68m in 2023.



26 existing trustee appointments moved to a Corporate Sole Trustee over the year



£73bn assets under the management of Corporate Sole Trustees

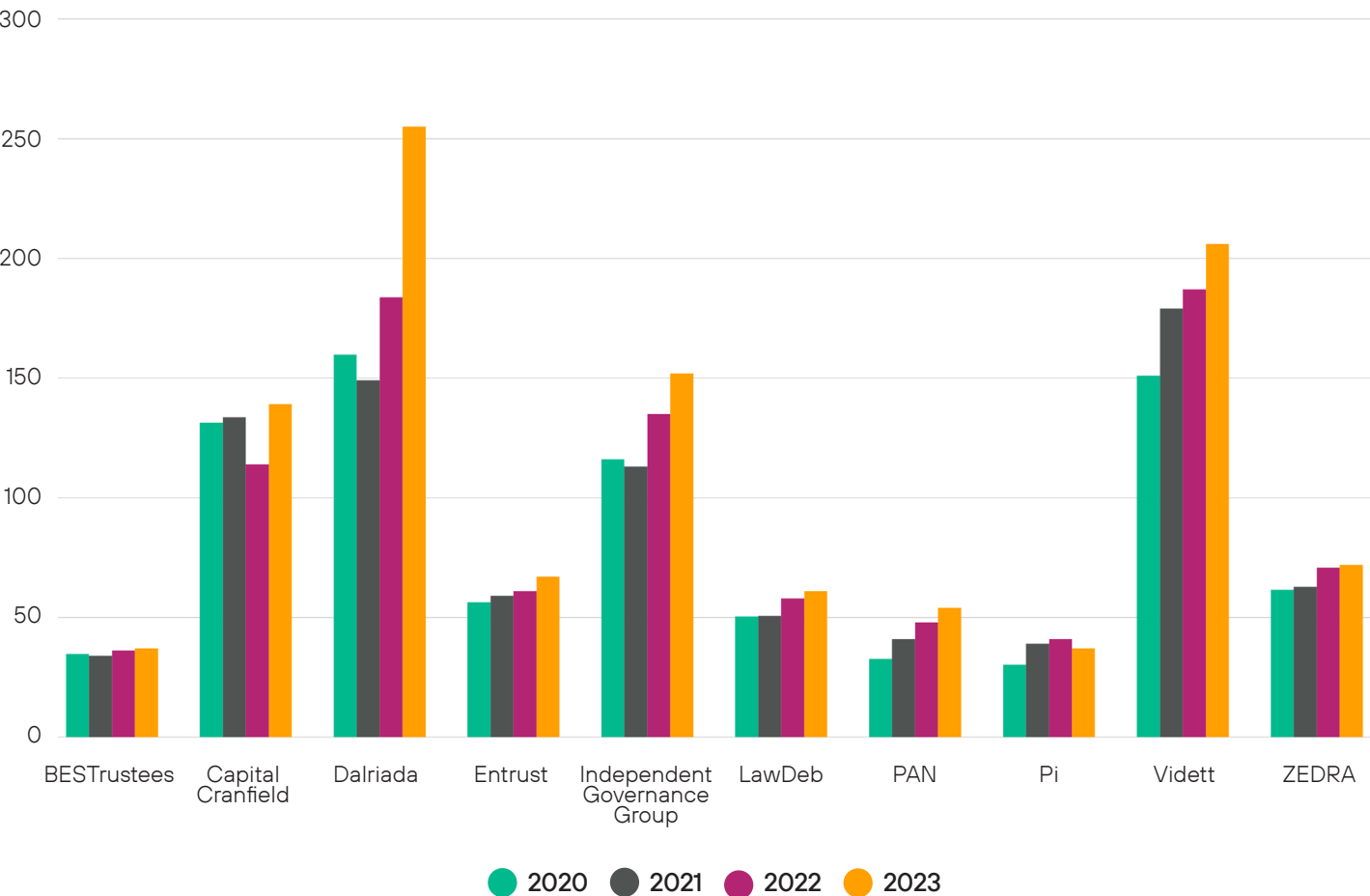


£68m average asset size by appointment



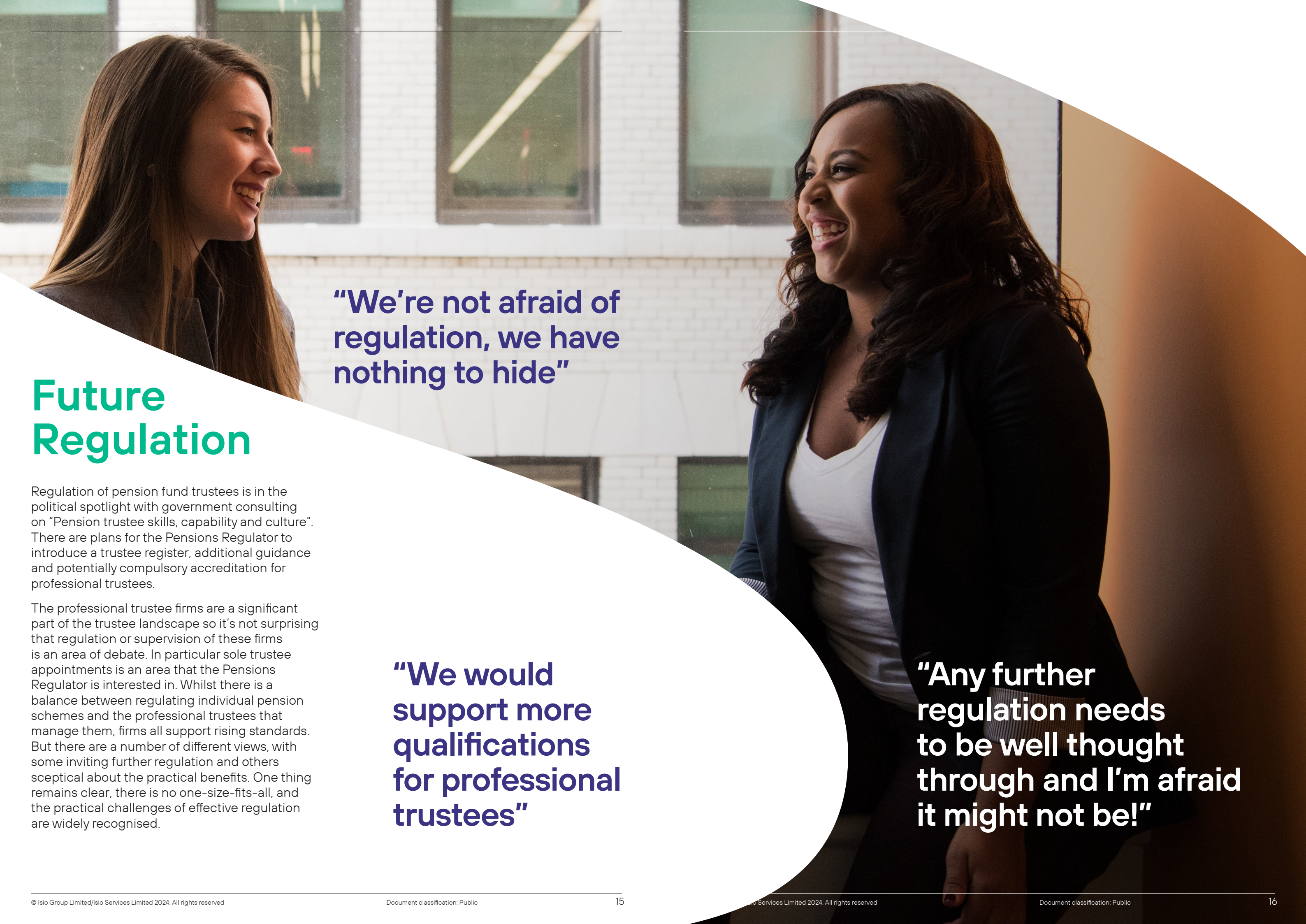
Largest scheme is around **£4bn**

Number of Corporate Sole Trustee Appointments



“Sole trustee is often mis-understood – it doesn’t mean a solo trustee”



A photograph of two women in an office environment, smiling and looking towards the right. The woman on the left has long brown hair and is wearing a dark jacket. The woman on the right has dark curly hair and is wearing a white top under a dark blazer. The background shows office windows and a white brick wall. A large white diagonal shape separates the two pages.

Future Regulation

Regulation of pension fund trustees is in the political spotlight with government consulting on "Pension trustee skills, capability and culture". There are plans for the Pensions Regulator to introduce a trustee register, additional guidance and potentially compulsory accreditation for professional trustees.

The professional trustee firms are a significant part of the trustee landscape so it's not surprising that regulation or supervision of these firms is an area of debate. In particular sole trustee appointments is an area that the Pensions Regulator is interested in. Whilst there is a balance between regulating individual pension schemes and the professional trustees that manage them, firms all support rising standards. But there are a number of different views, with some inviting further regulation and others sceptical about the practical benefits. One thing remains clear, there is no one-size-fits-all, and the practical challenges of effective regulation are widely recognised.

"We're not afraid of regulation, we have nothing to hide"

"We would support more qualifications for professional trustees"

"Any further regulation needs to be well thought through and I'm afraid it might not be!"

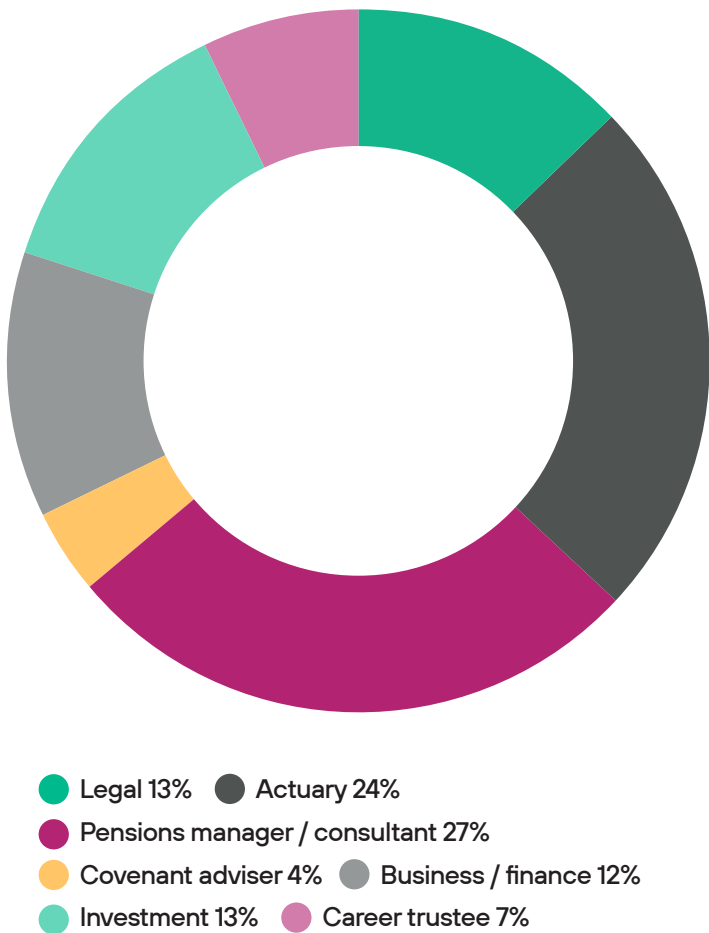
Equality, Diversity and Inclusion

Equality, diversity and inclusion remains high on the agenda of the professional trustee firms and their clients. Clients sometimes turn to professional trustees to help meet their diversity aspirations.

Firms themselves are naturally becoming more diverse as trusteeship is now regarded as a career in its own right. Joining a professional trustee company is no longer primarily a later career option, and mid-career hires are becoming more frequent. In some cases, individuals are entering the market for the first time as career trustees.

One aspect of diversity is the professional background of the lead Trustee Directors, which has remained consistent although the growth in career trustees is notable. Trusteeship requires a rounded skill-set and a specialist knowledge or background is not essential – or indeed always helpful.

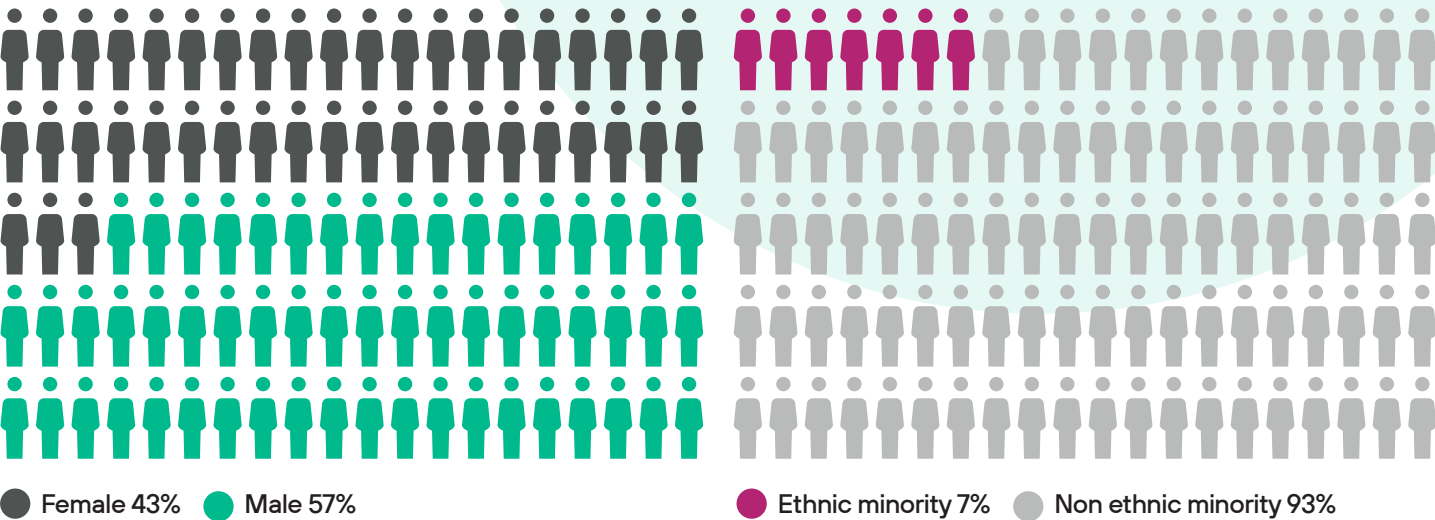
Professional background of Trustee Directors



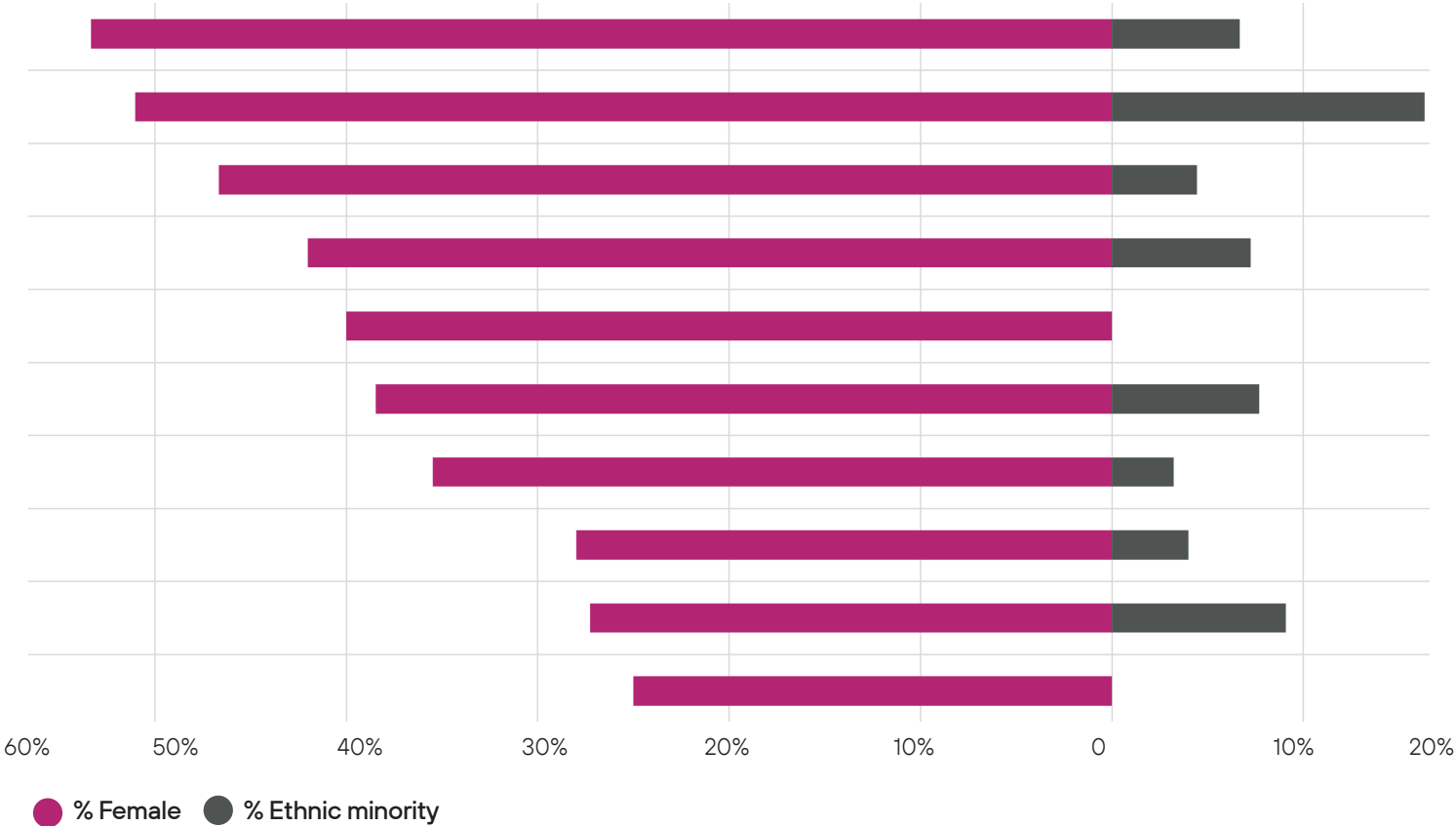
Sponsors and schemes are often particularly interested in physical diversity characteristics, such as gender and race. Among Trustee Directors, the aggregate data is similar to the previous two years – perhaps not surprising given that there isn’t significant turnover in these roles. Statistics may well be different once supporting staff are taken into account.

“Some sponsors are very specific in what they want from a professional trustee”

Gender and racial diversity in the market



Gender and racial diversity by firm (anonymous)



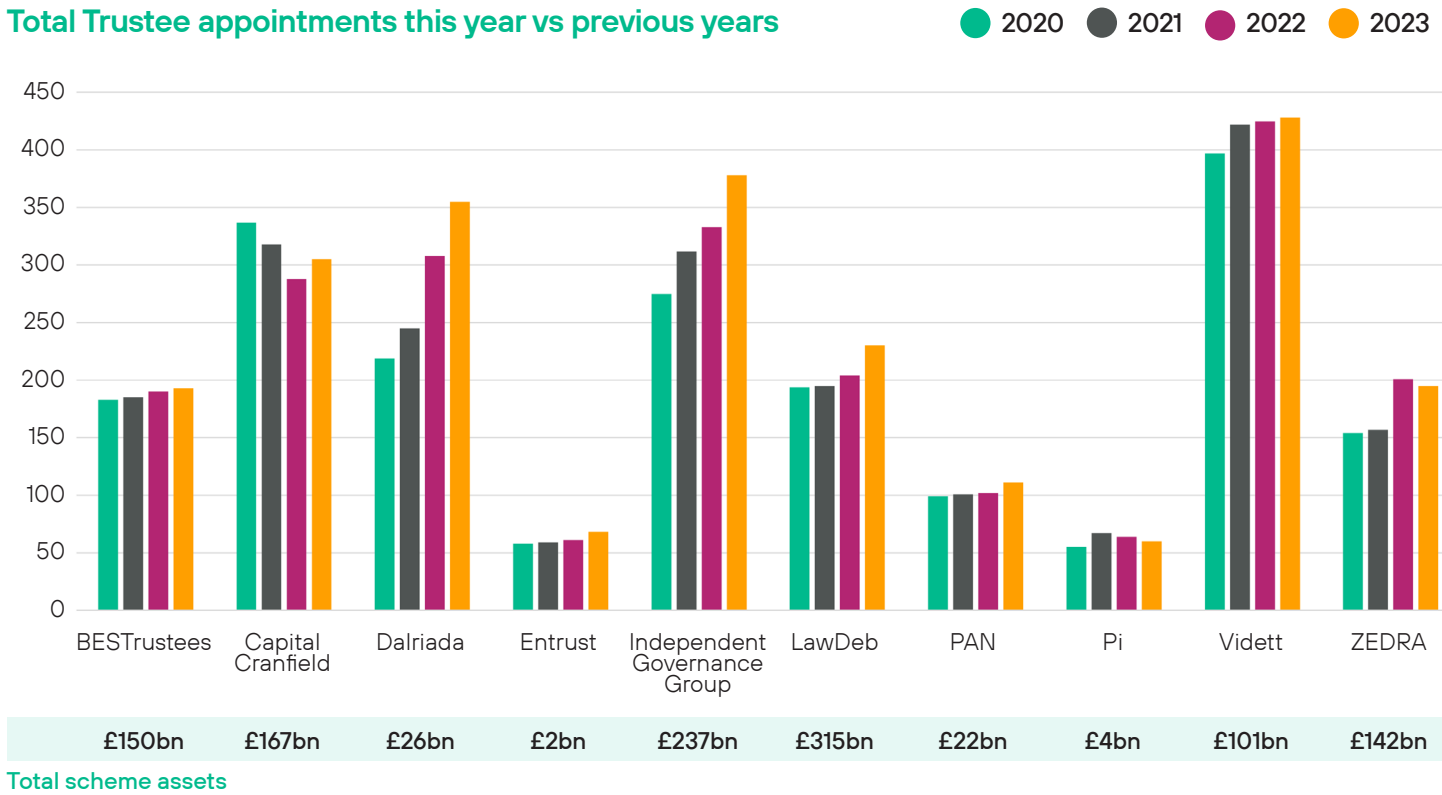
Part 2

The firms compared.

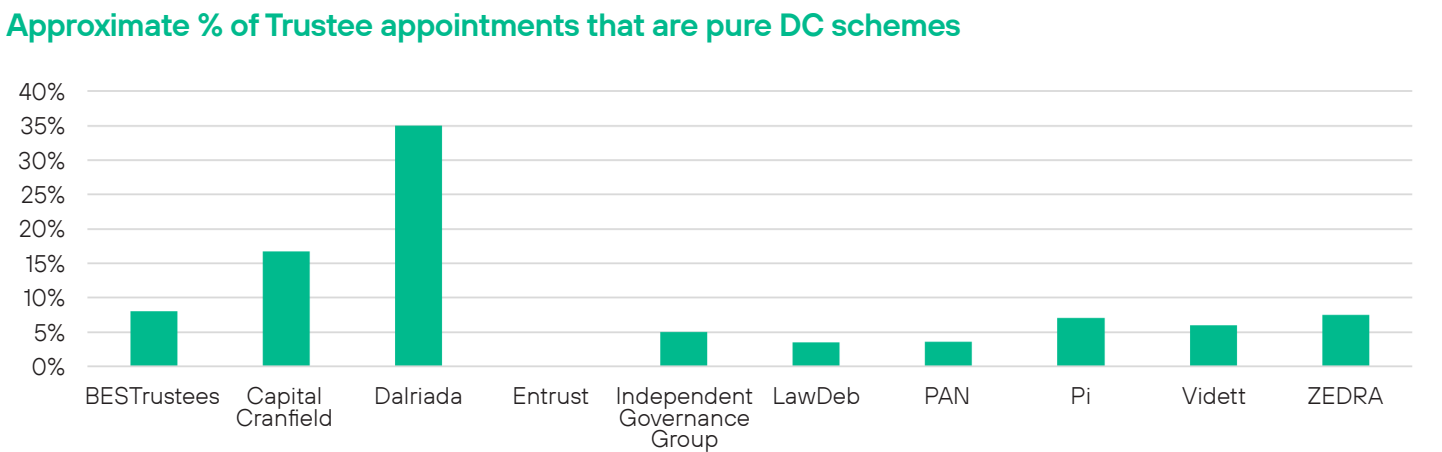
"No firm is better than the others, we are just different"

Appointments

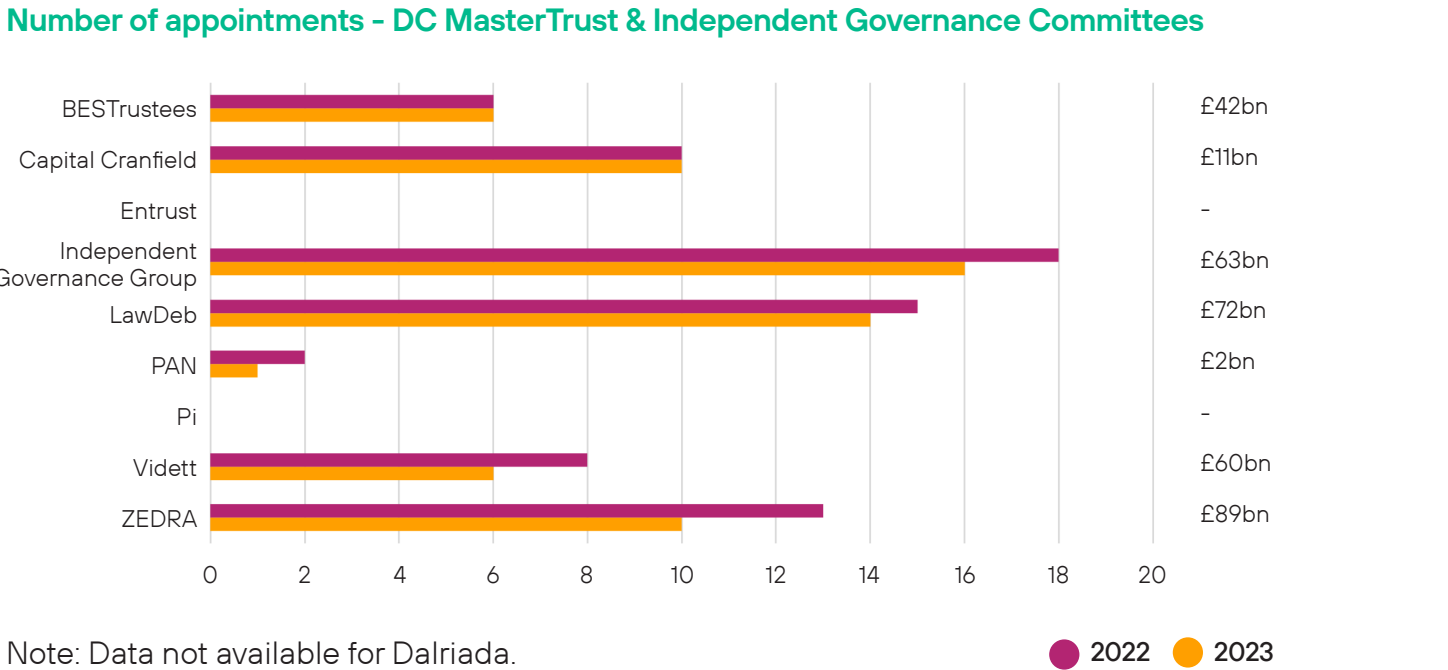
The chart shows the number of pension trustee appointments (excluding MasterTrusts) held by each firm together with an estimate of the total assets in those pension schemes. The asset figures are heavily influenced by appointments to the very largest schemes, and there will be a few duplicates for those large schemes who have multiple professional trustees. Given significant volatility in pension scheme asset values over recent years, there are almost certainly inconsistencies between firms and historic data – so the asset values should be seen as indicative.



The majority of these appointments are to Defined Benefit (or hybrid) schemes, reflecting the profile of trust-based schemes in the market. But firms also have pure defined contribution scheme appointments:



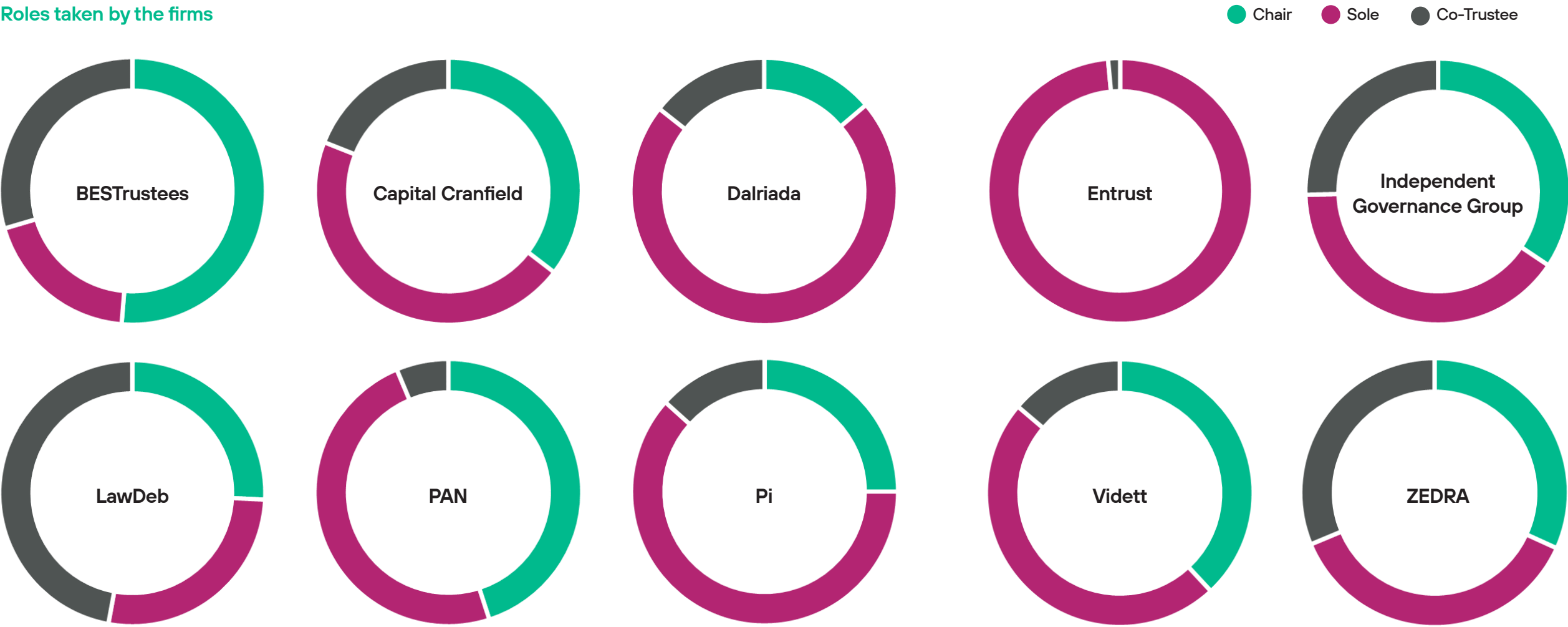
The main survey results exclude appointments to MasterTrusts and Independent Governance Committees (IGCs) – typically very large arrangements managed by insurers and other pension providers. But this remains an important area of business for some firms, illustrated below. Many of these have several professional trustees, so the asset values shown will inevitably include some duplication.



Roles and Approach

Firms can be appointed as Corporate Sole Trustee, as Chair of a trustee board or as 'co-trustee' – one of a number of trustees on a board (but not acting as Chair).

Roles taken by the firms



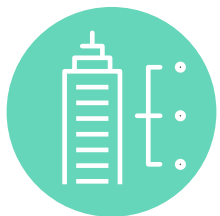
Some of the firms have many clients across all three models, whereas others are more focused in certain areas. For example, PAN Trustees and BESTrustees have more Chair appointments, and Law Debenture has more co-trustee roles.

For all firms, sole trusteeship remains a crucial element, with seven out of ten currently having at least 40% of their appointments in the sole trustee category. In particular, Entrust's key focus is sole trusteeship, primarily through a consolidator vehicle for which it serves as the sole trustee. The other firms with the biggest sole trustee percentages are Dalriada and Pi.

Approaches

Firms’ portfolios of trustee appointments are all different, and they have built up correspondingly varied approaches to service clients. In a very competitive market, firms are increasingly differentiating their philosophies around trustee governance and the services that they offer.

Most firms have a range of approaches and services depending on the client circumstances, so inevitably there is some generalisation in describing a firm’s philosophy. But we are seeing distinct types of firms emerge around their primary or preferred approach to market. The firms’ approaches predominantly fall into one of these categories, although naturally there are always overlaps.



Focused

These firms focus on a pure trustee role, with no potential distractions. This will often involve one or more experienced individuals making decisions at Board level and working with executive teams or advisers to deliver the Scheme’s strategy.



Integrated

The firms who emphasise a packaged solution to pension scheme governance. They are likely to use a broader team of people. They may involve internal subject matter experts to work on specific areas, and deliver other governance and project support.



Hybrid

The firms that have a mixed client base or service offering that can fit either description. Often any broader governance services are provided under separate arrangements to an independent trustee appointment – or even to a different clients.

Integrated
Dalriada
Entrust
Independent
Governance Group
Vidett

Focused
BESTrustees
Capital Cranfield
PAN



Hybrid
LawDeb
Pi
ZEDRA

The table summarises the typical operational methods employed by focused, hybrid, and integrated firms. It is important to note that governance and extended services can encompass a broad spectrum of activities that vary depending on the circumstances. These activities may include acting as scheme secretary, organising documents, and preparing meeting minutes. And also creating governance documents, ensuring adherence to regulations, overseeing advisor evaluations, and potentially functioning as a complete executive support team for the trustee.

	Focused	Hybrid	Integrated
Full chair / co-trustee roles	Yes	Yes	Yes
Scheme secretary	Yes	Yes	Yes
Additional governance services	Typically outsourced	Yes – but usually bought separately	Yes – often packaged
Full sole trustee proposition	Yes	Yes	Yes
Extended services, e.g. projects	Occasionally	Yes – but bought separately	Yes – as appropriate

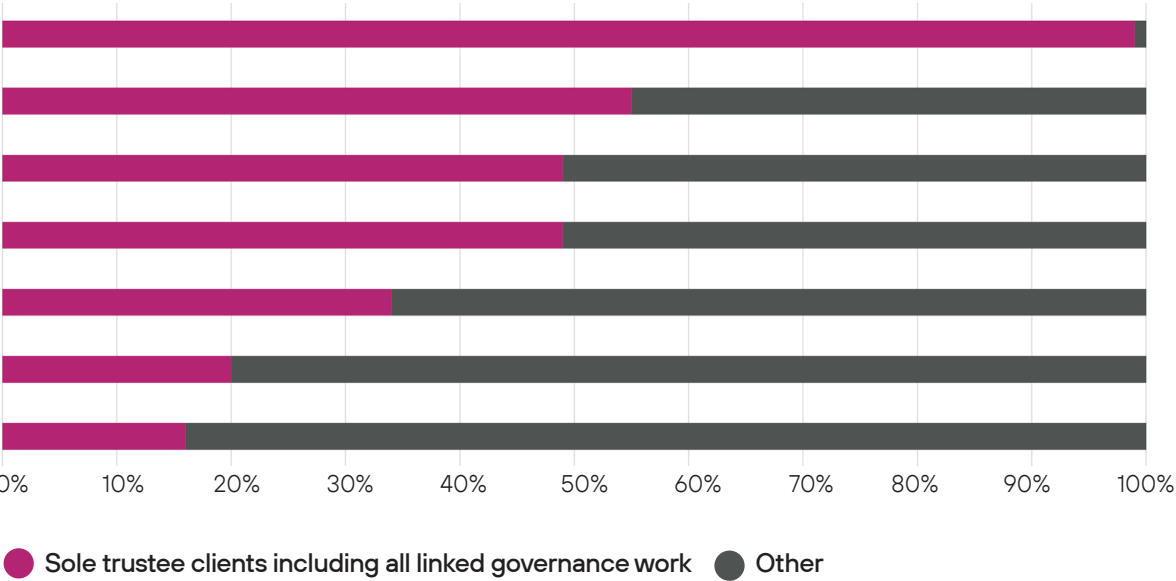
“The pensions world has been dragged away from non-executive trusteeship”

“We stay in our lane of trusteeship”

Services

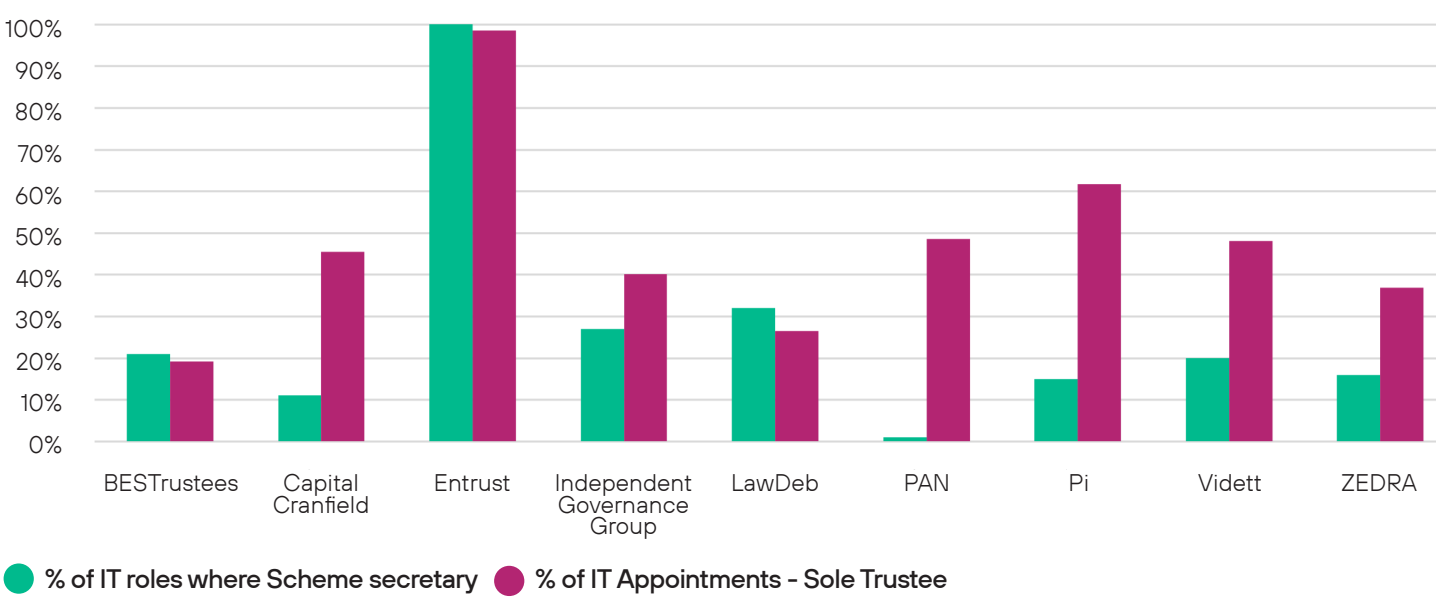
Sole trusteeship is a significant source of income for the firms, with some having greater exposure than others.

Approximate business mix: % of revenue (anonymous)



The following chart shows the proportion of appointments as sole trustee alongside the percentage of appointments in which the firm serves as scheme secretary. Sole Trustee and secretarial roles are often combined but not always. Variations among firms are influenced by their individual models, with for example PAN less inclined to assume the role of scheme secretary, while Entrust incorporates it as part of their core offering

Appointments as Scheme Secretary vs Corporate Sole Trustee



Some firms offer a broad range of standalone governance services – even where they are not trustee – whereas others are not active in this market. Where data was available, the number of standalone appointments by firms has been reported below.

Appointments where not a Trustee	Secretarial	Governance / executive services
BESTrustees	0	0
Capital Cranfield	1	5
Dalriada	13	10
Entrust	0	0
Independent Governance Group	16 across both	
LawDeb	3	1
PAN	0	0
Pi	23	7
Vidett	20	26
ZEDRA	2	2

Note: Pi figures include Pi Consulting appointments. The ZEDRA figures are for their trustee business, and exclude ZEDRA Inside Pensions which delivers these roles.

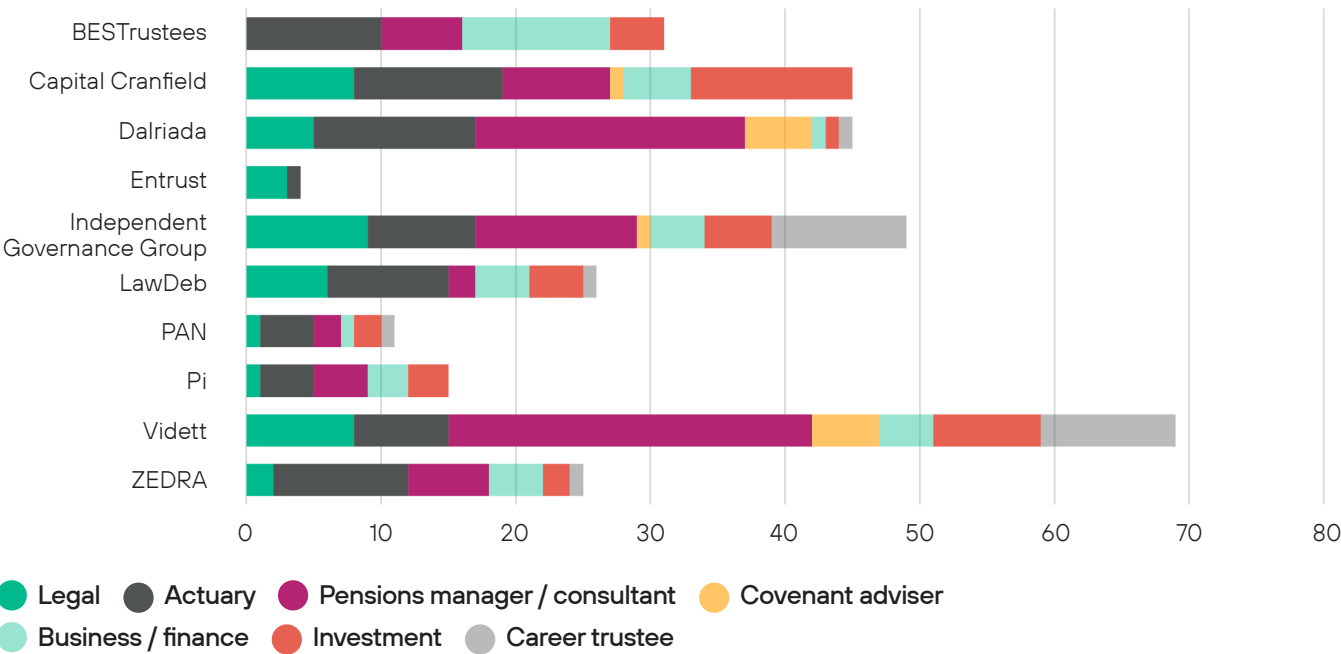


People

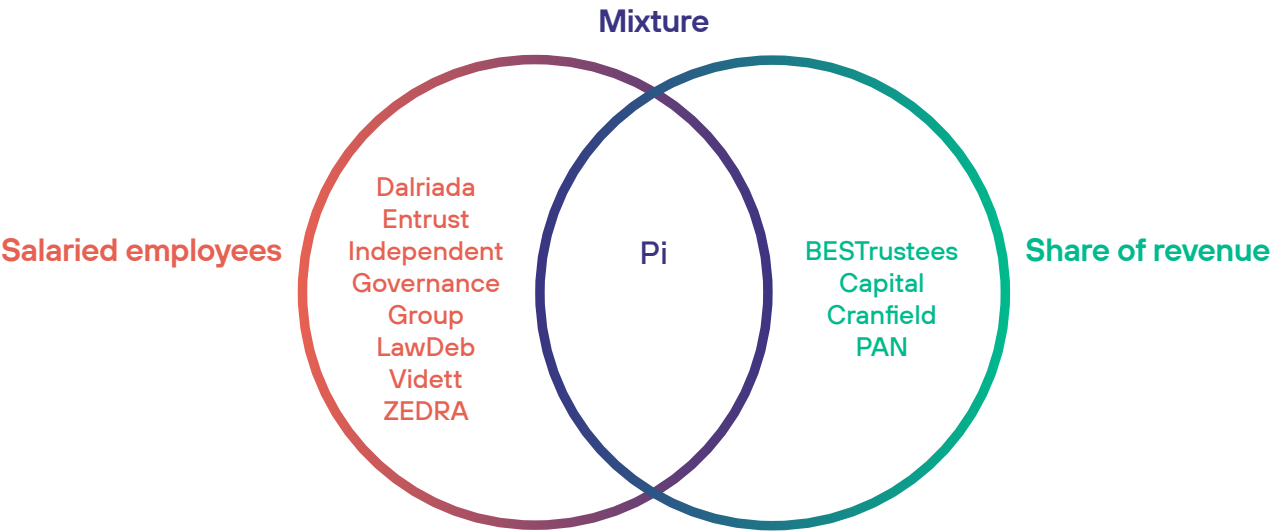
Trustee Directors are key personnel at firms - the face of the organisation at trustee meetings and in sponsor discussions. Firms typically give the lead Trustee Director significant autonomy and responsibility for their individual schemes.

These Trustee Directors often come from a professional background and many have deep pensions expertise. Increasingly firms are also developing "home-grown" trustees as it develops as a career in its own right.

Professional background of Trustee Directors



At some firms all Trustee Directors are salaried employees with potential profit-sharing or bonus schemes, while others use a revenue-sharing model that ties directors' earnings to their individual client appointments. Some use both models.



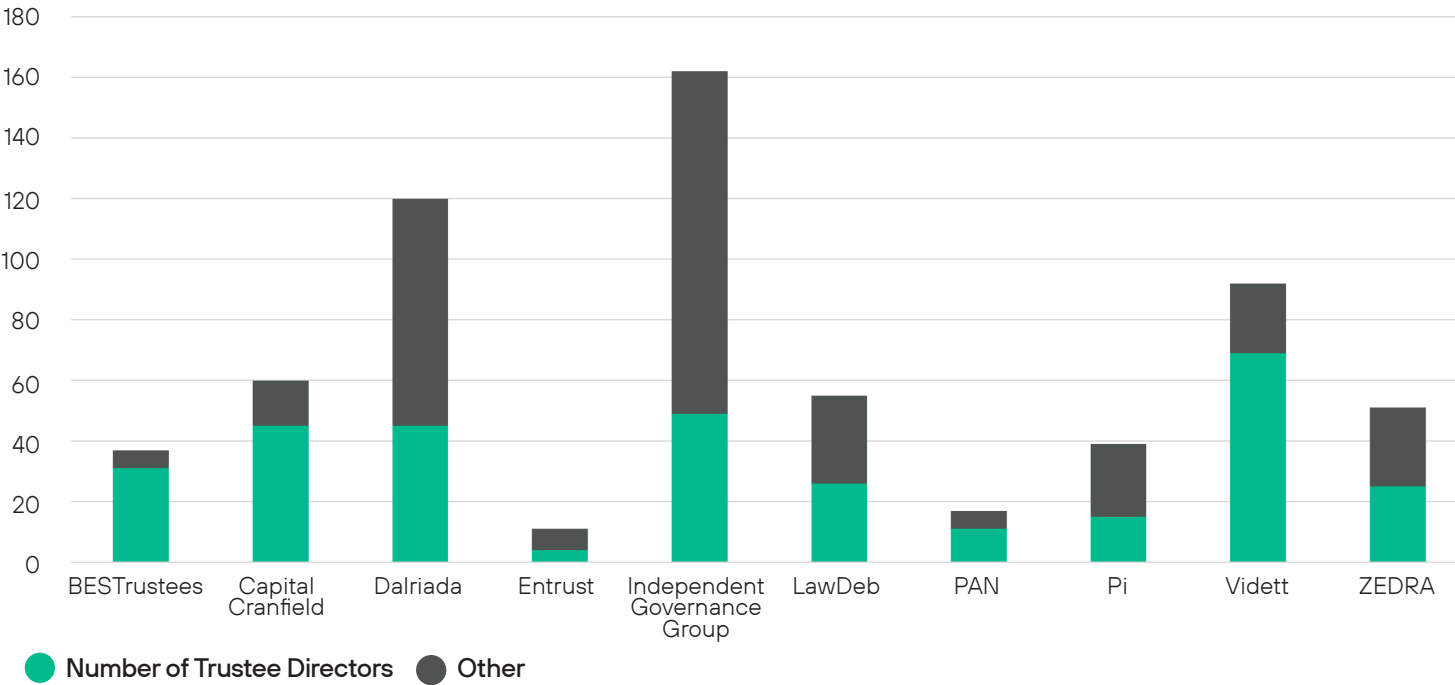
“Despite getting larger, it’s still a people business”

Teams

Broader teams

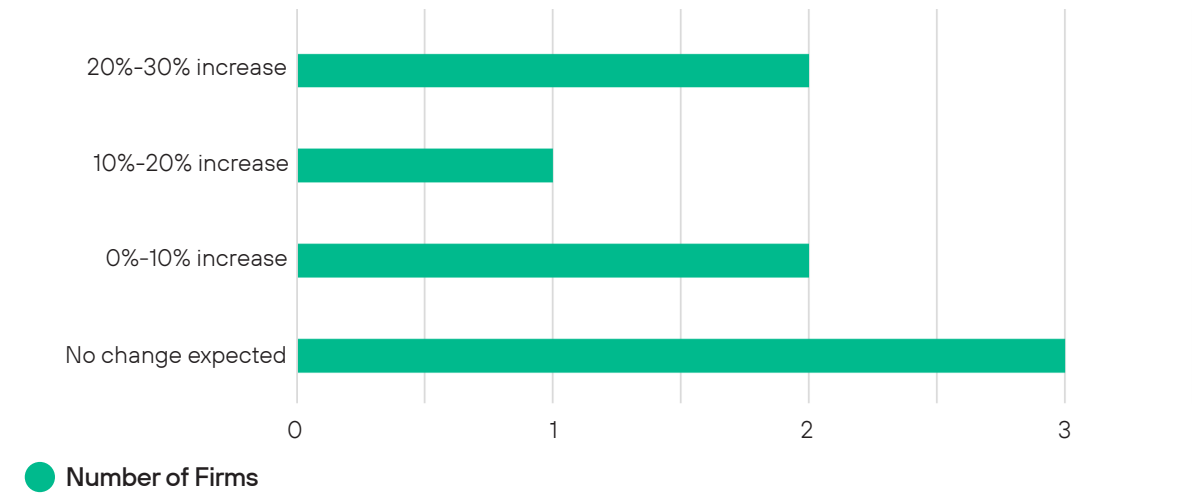
The chart shows the number of client-facing staff at each firm split between Trustee Directors and other team members – noting that most firms will also have functional support teams in addition. The definition of client facing staff will be different across firms and some are part of larger organisations, hence it is not easy to compare like-for-like.

Number of total client facing staff



The number of Trustee Directors continue to grow, and the chart below shows the expected increase in the number of Trustee Directors over the next year. In addition to experienced pensions and business professionals, younger professionals are now joining trustee firms as their next career move.

Expected increase in number of Trustee Directors over the next year



Differences in delivery models are illustrated by the data, with some firms having as many supporting client staff as front-line Trustee Directors. This often reflects a team approach to trusteeship or additional governance services, and many sole trustee appointments operate this way. In contrast some firms focus primarily on the Trustee Directors, relying on advisers or pension manager teams to provide the appropriate support. Pi and LawDeb both have separate arms to their businesses which provide standalone governance support which comes through in their figures (as do ZEDRA but the figures for ZEDRA Inside Pensions are not included here).

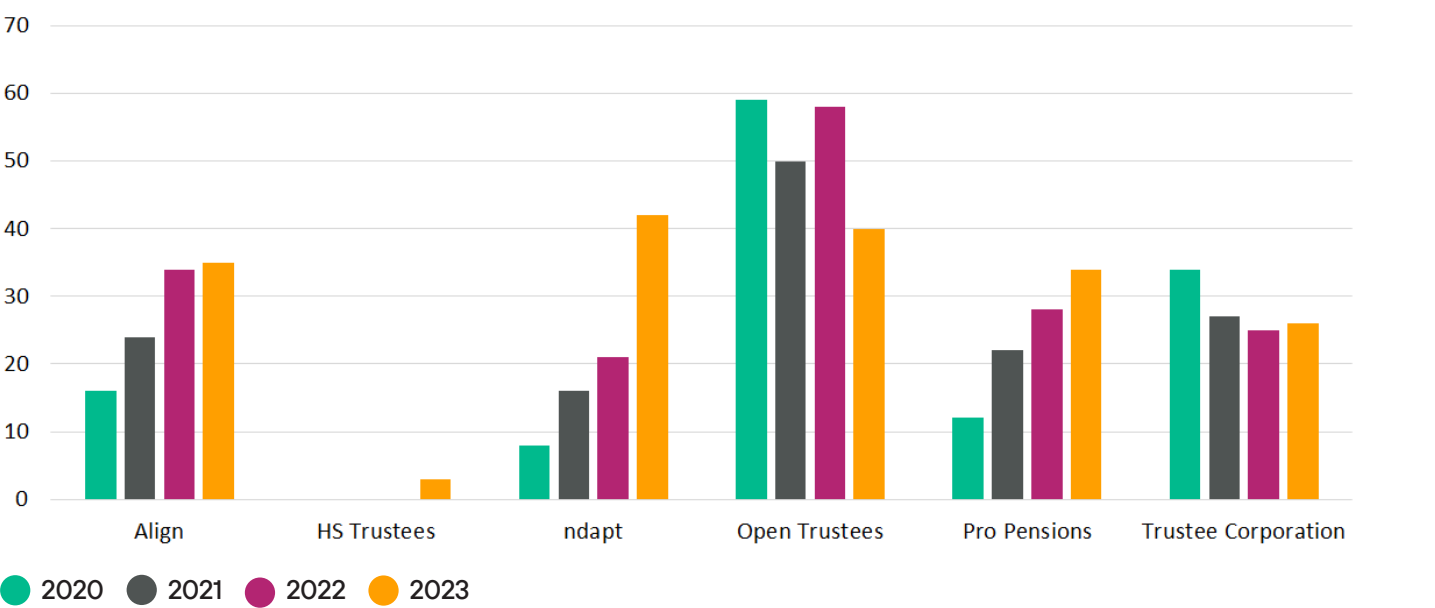


Mid-Tier firms

In addition to the 10 large firms in our survey we invited a range of other Professional Trustee firms to provide information about their size and services. Some of these are firms with a long heritage while others are relatively new and growing quickly. This is not a comprehensive review of the market, but a summary of the information provided is shown below.

	Align	HS Trustees	ndapt	Open Trustees	ProPensions	Trustee Corporation
Ownership	Limited Company	Limited Company	Self-owned	Subsidiary of law firm Osborne Clarke	Limited Company	Limited company - shares owned by Squire Patton Boggs
Year Established	2019	2021	2020	1992	2019	1986
Number of Trustee Directors	5	4	9	6	3	6
Number of other staff	0	2	4	6	1	5
Number of IT appointments	35	3	42	40	34	26

Number of IT appointments



Note: Some of these firms deal with a number of PPF assessment cases and wind-up appointments made by the Pensions Regulator – so their appointments rise and fall as these wind-ups or PPF transfers are completed.

Choosing a Professional Trustee

Having to choose from numerous firms, operating models, and individuals can make it difficult to determine the best starting point. However, having a clear thought process can help you make the right decision for your scheme.

Why do you want a Professional Trustee?

- What will Professional Trustee help you achieve, is it to enable faster decisions, fill a knowledge gap, improve diversity, reduce management time or help deliver a de-risking or buy-out strategy?

What role do you want them to fill?

- Do you want a Sole Trustee, a chair role or are there specific areas or sub-committees that need attention such as investment, or DC for example?

What do you want from the individual and/or firm?

- Skills and experience, both technical and softer skills
- Working style, hands-on and taking control or strictly non-executive? Do you want a firm with depth of resource or a sole trader?
- Individual style and fit is crucial but will usually be tested at the interview stage

Once your needs have been identified, the process of finding the right individual and firm becomes simpler. With well-defined requirements, firms can present individuals who meet the criteria. Personal recommendations and gap analyses that capture the diversity, skills, and experience of the trustee board can be helpful in creating a shortlist. It is advisable to seek multiple opinions to obtain a comprehensive view of the market.

If you need help selecting a Professional Trustee, please do not hesitate to contact Isio. We have extensive experience in this field and can provide valuable guidance.

“Clients are more thoughtful about what they need from a Professional Trustee”



Appendix

Participants

We'd like to thank all the firms who participated for their support in making this survey possible.

We collected data for this paper via a combination of a questionnaire completed by each firm and an interview with a senior individual, usually the CEO.

Firm	Website	Contact
 BESTRUSTEES	www.bestrustees.co.uk	Ann Rigby
 Capital Cranfield	www.capitalcranfield.com	Harus Rai
 Dalriada. A better way	www.dalriadatrustees.co.uk	Chris Roberts
 ENTRUST	www.gateleypkc.com/entrust	Stuart Evans
 IGG Independent Governance Group	www.weareigg.com	Mark Wileman
 LawDebenture	www.lawdebenture.com	Vicky Paramour
 PAN TRUSTEES	www.pantrustees.co.uk	Nick Chadha
 Pi Partnership Confident Modern Effective	www.pipartnershipgroup.co.uk	Amanda Burden
 Vidett we are one	www.vidett.com	Naomi L'Estrange and Wayne Phelan
	www.zedra.com	Kim Nash

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