



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

**Options UK Personal Pensions LLP
Group Self Invested Personal Pension Plans**

- | Year ended 31 December 2023
- | The ZEDRA Governance Advisory Arrangement (GAA)

September
2024



Executive summary

This report on Options UK Personal Pensions LLP Group Self Invested Personal Pensions, the workplace personal pension plans provided by Options UK Personal Pensions LLP (“the Firm”), has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement (“the GAA”) for pension policyholders. It sets out our assessment of the value delivered to policyholders and our view of the adequacy and quality of the Firm’s policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship.

Further background on the activity of the GAA and details of the credentials of the GAA can be found in Appendices C and D respectively. The GAA works under an agreed Terms of Reference, the latest version of which is dated 16 March 2024 and is publicly available (see Appendix D).

This is our 9th annual report for Options UK Personal Pensions LLP. The Milton Keynes and Cardiff administration operations still operated independently during the year and we have differentiated and scored these separately to recognise the different member experience whilst recognising the Firm is in the process of consolidating these.

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the Options Group SIPPs. The GAA has conducted a rigorous assessment of the Value for Money (‘VfM’) delivered to policyholders over the period 1 January 2023 to 31 December 2023. The GAA has developed a Framework to assess Value for Money which balances the quality of services provided to advised and sophisticated policyholders against what they pay for those services. Less weighting is placed on investment strategy than other criteria within a SIPP wrapper, since the Firm has no role in setting or managing investment strategies. Further details are set out on page 7.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

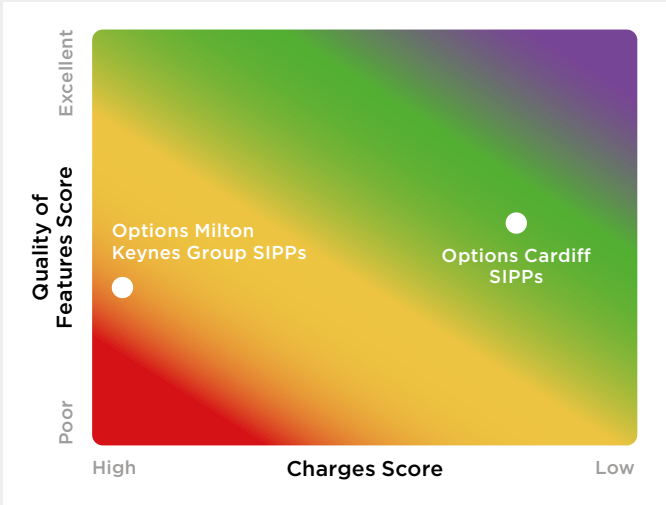
	Weighting toward VfM assessment*	Options Milton Keynes	Options Cardiff
1. Product strategy design and investment objectives	7%	●	●
2. Investment performance and risk	7%	●	●
3. Communication	20%	●	●
4. Firm governance	7%	●	●
5. Security of policyholder benefits	7%	●	●
6. Administration and operations	18%	●	●
7. Engagement, innovation and improvements for policyholder experience	3%	●	●
8. Cost and charge levels	33%	●	●
Overall Value for Money assessment	100%	●	●

* May not add to 100% due to rounding

<p>Quality and investment features</p> <p>● Excellent ● Good ● Satisfactory ● Poor</p>	<p>Cost and charge levels (8)</p> <p>● Low ● Moderately Low ● Moderately High ● High</p>
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How we determine our Value for Money rating is set out on page 7 of this report. The overall Value for Money is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



Our conclusion is that Options Milton Keynes provides **satisfactory** value for money whereas Options Cardiff provides **good** value for money.

The GAA has raised the following Concerns with the Firm:

- | The GAA has previously challenged the Firm to put in place a process to obtain regular updates from IFAs to confirm whether policyholders remain advised. Where policyholders have left their employer, employers should be reminded of the need to notify their IFA and the Firm so policyholders can be provided with their options or transferred into an individual policy.
- | The GAA notes that the Firm undertook an exercise in 2023 to contact the IFAs linked with each arrangement, to establish the status of policyholders and whether they were sophisticated investors or had an IFA in place. However, this exercise was not completed and has not been repeated.

The GAA has raised this as a concern with the Firm due to the lack of progress made.

- | The GAA expects the Firm to establish a regular process whereby the status of all policyholders is confirmed as to whether they have an IFA in place or are a sophisticated investor.

In addition, the GAA has challenged the Firm to:

- | Seek confirmation and provide evidence that IFAs are making available to policyholders regular information relating to performance and risk on the funds in which they are invested.
- | Provide greater evidence of the organisational structure and operation of Options' governance structure and committees. This should include:
 - Organisational structure
 - Operational and governance approach and when this was last reviewed
 - Terms of references and meeting minutes for all committees within the Firm.
- | Undertake
 - an annual review of all information security policies on an annual basis
 - an annual review of the Business Continuity Plan including assessment of learnings and improvements.
- | Break down SLA performance by transaction type so the SLAs of **core financial transactions** can be assessed.
- | Provide distinct SLA reporting of the administration processes for Options Cardiff

in the event they are not amalgamated with Milton Keynes.

- | Regularly remind policyholders with small accounts that charges can be relatively high due to the low level of assets held.
- | Consider making improvements to the charges that are applied to small accounts as this would significantly improve the value for money for these policies.
- | Obtain **transaction costs** to comply with the reporting requirements until the FCA waiver has been agreed.

The FCA requires a comparison of your pension product with other similar options available in the market. If an alternative scheme appears to offer better value, we must inform the pension provider. Our view on each feature that we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group is set out in Appendix B. Our assessment identified that better value could be obtained in relation to both overall administration and the cost and charges paid by the Milton Keynes SIPP policyholders (particularly due to the impact of the fixed charge on small funds) relative to the comparator group. We will make a notification to the Firm in respect of this.

A joint consultation was launched in early 2023 by the Financial Conduct Authority (FCA), the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) on the framework for assessing Value for Money. This consultation set out a transformative framework of metrics and standards to assess value for money across all Defined Contribution (DC) pension arrangements including the workplace pensions reviewed by the GAA. TPRs overarching aim is to improve the value savers get from their DC pension by increasing comparability, transparency, and competition across defined contribution (DC) pension schemes, regardless of whether regulated by the FCA or TPR. The consultation does not affect this year's review but may mean a change in the way that Value for Money is assessed in the future.

Where we have used technical pensions terms or jargon, these are explained in the glossary in Appendix E.

I hope you find this value assessment interesting, informative and constructive.

Sam Burden

Chair of the ZEDRA Governance Advisory Arrangement for the Options
UK Personal Pensions LLP Self Invested Personal Pension Plans

September 2024



**If you are a policyholder and have any questions, require any further information,
or wish to make any representation to the GAA you should contact:**

Jim Bradley, Options UK Personal Pensions LLP
1st Floor Lakeside House, Shirwell Crescent, Furzon Lake, Milton Keynes MK4 1GA

Alternatively, you can contact the GAA directly at zgl.gaacontact@zedra.com



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Overview of the value assessment

The GAA has assessed the Value for Money delivered by Options UK Personal Pensions LLP Group Self Invested Personal Pensions for their workplace personal pension policyholders by looking at costs versus investment and service benefits. More detail about how we have done this is set out below.

Our approach

The GAA believes that value for money is subjective and will mean different things to different people over time, depending on what they consider important at that time.

What is clear is that it is always a balance of cost versus investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the quality of investment and other services provided to policyholders.

The key steps for the GAA in carrying out the Value for Money assessment are:

- | Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of quality features, including full information on all costs and charges, including **transaction costs**.
- | Attending a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained

containing details of any challenges raised, whether informally or through formal escalation.

- | Once the Firm has provided the information and evidence requested, the GAA has met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA and to undertake comparisons of the Firm's product against a suitable comparator group of providers for certain Quality of Service and Investment Features and Cost and Charges.
- | The provisional Value for Money score, including a full breakdown, has then been shared and discussed with the Firm.

The Framework developed by the GAA to assess overall Value for Money for policyholders involves rating the Firm against eight different features covering Quality of Service, Investment Strategy (the "Quality of Service and Investment Features"), and the Costs and Charges borne by the Policyholders. This assessment is undertaken relative to the GAAs view of good practice.

The Quality of Service and Investment Features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in **COBS 19.5.5**, including services relating to communications with policyholders and processing of **core financial transactions**. The assessment also includes other aspects the GAA considers important based on the GAA's experience of conducting Value for Money assessments over many years, such as the Firm's governance structure, the financial security for policyholders, the Firm's approach to engagement, innovation and service improvement and a wider overview of the administration quality and processes.

Within each of the Quality of Service and Investment Features are several sub-features. These sub-features are each scored using a numeric scoring system of 0 to 4. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring across clients, each outlining what the GAA would expect to see to achieve the relevant numeric score. The scores for each sub-feature are then aggregated to the feature level based on our view of the relative value of the sub-feature to the policyholders ranging from Poor to Excellent.

The GAA will then consider the value represented by the cost and charges which policyholders bear. The assessment of cost and charges is primarily driven by the level of ongoing charges for investment management, administration, and any platform fees. The GAA also considers the underlying transaction costs incurred by the funds invested in and how they are controlled, and any additional costs the policyholders have to pay in managing their policies. The costs and charges are also rated on a scale from Low to High. This rating takes into account information available to the GAA on general levels of costs and charges for pension providers in the marketplace.

The scores for each feature are then combined using the weightings set out in the table in the Executive Summary to determine an Overall Value for Money rating. The weightings used are based on the GAA's views of the relative importance to the policyholders of each feature. The weightings are tilted towards the features which have been identified in the regulations relevant to forming this assessment of value. Where possible, we have taken into account the likely needs and expectations of this group of policyholders.

Value for money assessment framework for Group SIPPs

This section comments on how we have applied our value for money assessment framework in the case of advised group Self-Invested Personal Pension Plans ("SIPPs") such as the Options Group SIPPs.

The FCA has prescribed specific features that the GAA must assess, as discussed in the framework described above. However, some of these do not

directly apply in the SIPP environment where the policyholder is advised or sophisticated and are only relevant to the GAA due to the classification of Group SIPPs as workplace personal pension plans. In isolation, the SIPP regulations do not require that providers consider these aspects, and we explain this below.

The FCA requires the GAA to assess whether:

1. "default investment strategies are designed and managed taking the needs and interests of **relevant policyholders** into account"
2. "default investment strategies have clear statements of aims and objectives"
3. "all investment choices available to relevant policyholders, including default options, are regularly reviewed to ensure alignment with the interests of relevant policy holders"

Under the rules of a SIPP, the policyholder directs the investment strategy, and is usually guided by their FCA authorised IFA. The SIPP provider does not have a role in designing or managing investment strategies nor in setting their aims and objectives or monitoring investment performance and risk. These roles are fulfilled by the FCA authorised IFA or the policyholder or, in some cases, potentially by the employers where appropriate.

For some Group SIPP providers there are policyholders who choose this type of pension because they are "certified high net worth" or "sophisticated" investors as defined in FCA Handbook **COBS** 4.12.6/7/8 R. In these cases, our interpretation is that the provider can assume that the policyholder is able to design the strategy and evaluate whether they are obtaining value for money over time from their investments.

By their nature, SIPPs can invest in "non-standard" assets such as the unquoted shares or business premises of the employer. In such cases, it is likely that the policyholder themselves will be much better placed to obtain information on, and understand the characteristics and net performance of, such strategies, rather than the Firm. The Firm is not able to make changes to the investments because, as described, it has no role in setting or managing investment strategies. The Firm can raise concerns but cannot require action to be taken.

Group SIPPs, including those offered by the Firm, do not have default funds in operation because each member is choosing their own investments or has an appointed IFA.

Accordingly, the GAA has not assessed the Firm in relation to the first two areas highlighted above for such policyholders.

Further, the GAA would only carry out an assessment of the third area where there are unsophisticated or non-advised policyholders. In cases where the policyholder is “certified high net worth” or “sophisticated” or advised by an FCA authorised IFA, the GAA has focused on ensuring this is evidenced.

Similarly, the GAA has not assessed the Firm in relation to transaction costs and the charges paid directly to the underlying investment managers over which the Firm has no control or influence, instead focussing on ensuring that such charges are appropriately disclosed to policyholders.

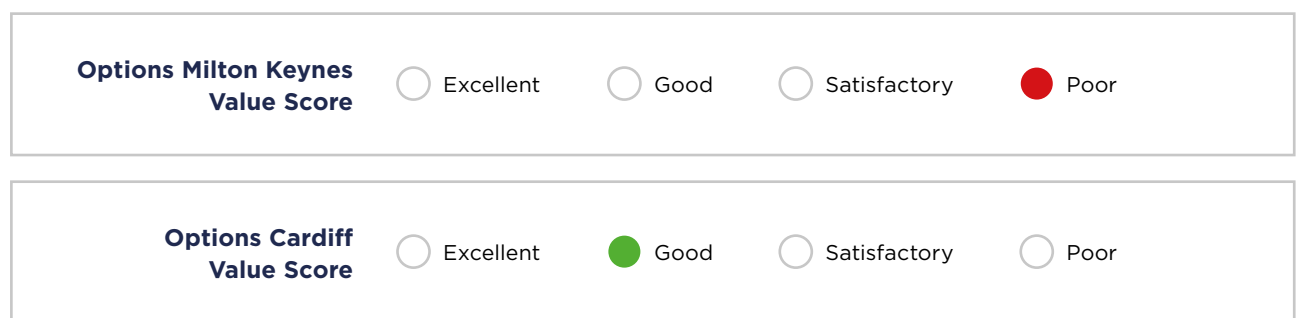
In the sections on the following pages, we have described the Firm’s approach to delivering each of the features, and the rating the GAA has awarded, together with any areas for improvement we have identified.

In addition, there is a section to set out the GAA’s views on the adequacy and quality of the Firm’s policies on **ESG** financial considerations, non-financial considerations, and stewardship to the extent these apply to the Firm. Largely, however, these considerations do not apply to a SIPP provider, on the basis that the Firm is not making any investment decisions on behalf of its policyholders .

A comparative assessment of the Firm’s pension product has also been made of the quality of communication and quality of the administration service including the processing of core financial transactions, SIPP provider-controlled costs and charges and the disclosure of cost and charges relative to a suitable comparator group of product providers. We have not included an assessment of net investment return as this does not apply to a SIPP provider. Comments on the outcome of these assessments is included in the sections for the relevant features. We have also considered whether, overall, an alternative provider would offer better Value for Money so that we can inform the Firm if we believe this to be the case. Details of how the comparator providers and products were determined is set out in Appendix B.



1. Product strategy design and investment objectives



What are we looking for?

Given the limited involvement of the Firm in designing investment strategies, we seek confirmation that all SIPP policyholders can be considered as fully advised or sophisticated investors.

We expect to see that all investment options have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against. Ideally, we would like to see evidence that policyholders are reminded to review their investments regularly.

We look for evidence of a robust decision process on the suitability for adding new investment funds onto the platform.

For any policyholders who do not receive independent financial advice and who are not sophisticated investors we consider the support provided by the Firm to assist policyholders with reviewing their investment choices to ensure they remain appropriate.

The Firm's approach

The Options Group SIPPs were not designed to be marketed as workplace personal pension plans for retail clients. The plans were established before the FCA defined the types of pension arrangement that would be deemed to be a workplace personal pension plan and to fall within the remit of the GAA.

Operating within the SIPP framework, the Firm does not have a role in designing or managing investment strategies nor in setting their aims and objectives. Rather, this is deemed to be carried out by the policyholder or their IFA. There are no default investment strategies in place.

The Firm has confirmed that all policyholders are either deemed to be sophisticated investors or have access to advice from an FCA regulated Independent Financial Adviser ("IFA").

The Firm makes available investment funds based on policyholder, employer, or IFA requests. The Firm permits any investment fund requested by policyholders and/or their IFA to be made available if the investment fund is permissible to this class of investor and is a permitted investment

listed on the Permitted Investment List under Resources of Self Invested Personal Pensions on the Options UK website at www.optionspensions.co.uk

Reviews of this nature are also carried out upon request for a fund to be accepted for investment by the Scheme or when a request to switch funds is made and the fund concerned has not been reviewed in the previous 12-month period.

Policyholders are also reminded that they should regularly review their investments with their IFA in their annual statement.

Options Milton Keynes

When Group SIPP policyholders leave service, their employer is expected to notify their IFA and the Firm so that their policy can be converted into an individual SIPP or they can choose to transfer out although this does not appear to be happening consistently. In the absence of regular

updates from the employers the Firm has made some attempts in the past to confirm the status of policyholders via the IFAs. However there are a significant number of policyholders, some of whom are making contributions and some who have ceased, where it is not clear whether an IFA is in place and no confirmation of the policyholders' status has been received by the Firm from the IFA.

Options Cardiff

All policyholders are sophisticated investors and as investment professionals are deemed suitably knowledgeable to understand both the SIPP product and the underlying investments options available.

Policies are typically provided for asset managers where the SIPP enables employees to invest in the asset managers' own funds, where typically they have a direct fund management responsibility. Investments are limited to these managers' funds only.

Areas for improvement

GAA concerns

The GAA has previously challenged the Firm to put in place a process to obtain regular updates from IFAs to confirm whether policyholders remain advised. Where policyholders have left their employer, employers should be reminded of the need to notify their IFA and the Firm so policyholders can be provided with their options or transferred into an individual policy.

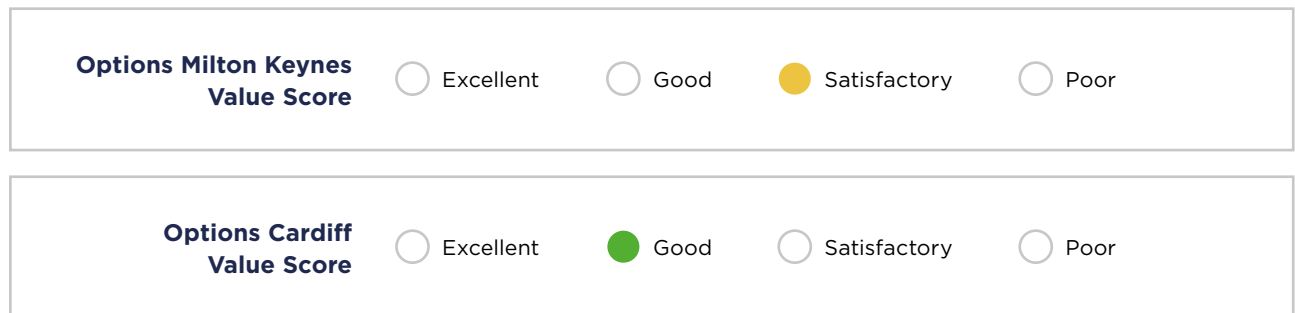
The GAA notes that Options undertook an exercise in 2023, to contact the IFAs linked with each arrangement, to establish the status of policyholders and whether they were sophisticated investors or had an IFA in place. However this exercise was not completed and has not been repeated.

The GAA has raised this as a concern with the Firm due to the lack of progress made.

The GAA expects a regular process to be established whereby the status of all policyholders is confirmed as to whether they have an IFA in place or are a sophisticated investor.



2. Investment



What are we looking for?

The Firm has a limited role in that it makes available investment options but does not assess the performance of those funds as this falls within the remit of the policyholder who may be guided by their IFA. We focus on the processes the Firm has in place to monitor that IFAs remain in place on an ongoing basis and look for evidence that the Firm regularly reminds policyholders to review their investment choices with their IFA.

Nevertheless, we expect to see a robust governance framework under which investment performance information is regularly gathered and made easily accessible to policyholders and advisers. The performance results disclosed should be assessed against investment objectives, including against a measurable and stated benchmark and should be net of investment fees.

The Firm's approach

The Firm does not monitor investment performance and risk, as this is considered to fall within the remit of the IFA for this type of product or through their expertise as a sophisticated investor

The Firm provides online access to policyholders to view fund pricing and account size, but no performance or risk data is available. The Firm does not provide investment advice and expects the IFA to provide policyholders with this information as part of their ongoing agreement although there is no process in place to confirm this.

The Firm reminds members of the need to monitor and review their investments when valuation statements are issued.

The Firm's communications direct policyholders towards an advisor. Orphaned policyholders are provided with correspondence giving them the option to transfer out, take their funds (if they are over 55), or move to an individual SIPP.

Policyholders receive member annual review packs which provides a summary of their investments.

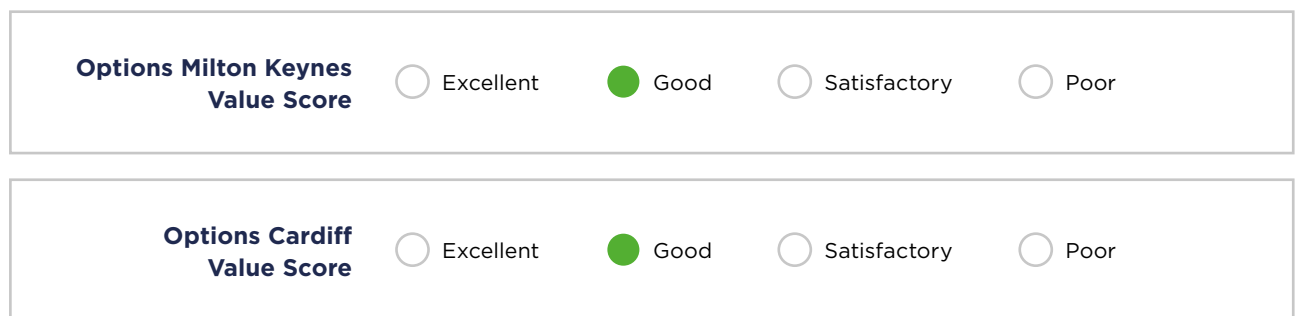
Areas for improvement

GAA challenge

The Firm should seek confirmation and provide evidence that IFAs are making available to policyholders regular information relating to performance and risk on the funds in which they are invested.



3. Communication



What are we looking for?

As a minimum we expect communications to be fit for purpose, clear and engaging and to be tailored to take into account policyholders’ characteristics, needs and objectives.

Where the Firm is communicating directly with policyholders, we would expect to see a comprehensive suite of communications including annual benefit statements, pre-retirement wake-up letters and retirement option packs.

Information on administration and investment charges, and **transaction costs** should be made available to policyholders on a publicly available website annually, including illustrations of the compounding effect of the administration and investment charges and transaction costs on an annual basis.

Although an advised policyholder would expect to get most of their support from their IFA, in a high-quality communication service offering we would expect the Firm to offer substantial additional support. This would include a range of tools and materials such as online calculators to enable personalised calculations although these may be made available via the policyholders IFA rather than to the policyholder directly. We would expect telephone support to be available, with good

evidence of telephone scripts, call monitoring and staff training.

Additionally, we expect policyholders or their IFAs to be able to switch investment options online and for non-advised policyholders to have support available to help them make appropriate decisions. In particular, we would expect there to be appropriate risk warnings built into the process.

We expect the provider to be able to offer a range of different retirement options for policyholders, as well as clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

The Firm’s approach

The Firm is in the process of aligning the Milton Keynes and Cardiff member communications and documentation. Communications for both Options Milton Keynes SIPPs and Cardiff SIPPs are clear and readily accessible via the website.

The SIPP can be used for advised flexible drawdown or an uncrystallised funds pension lump sum can be taken. Policyholders need to transfer elsewhere for **annuity** purchase. Policyholders are also directed to Pension Wise for guidance on their retirement options. Appropriate retirement warnings, guides to accessing pension and other

information are easily available online. This includes guides on the range of retirement options and how they can access these retirement solutions with the Firm.

Advised policyholder's IFAs are copied into all correspondence with their clients.

Options Milton Keynes

We reviewed a range of communications which are clear and contain relevant information. The Firm provides policyholders with retirement wake-up letters, starting at age 50 and continuing through to age 75. Annual statements remind policyholders that they should regularly review their investments with their IFA.

The online portal provides information about policyholder's investments, but it does not enable policyholders to switch investments. Policyholders can telephone, email, or write in for additional information. Instructions for investment changes are required to be sent in writing or via email.

There are no restrictions on switching investments and the Firm simply reminds policyholders of the need to take investment advice before progressing with any transaction if they are unsure if the transaction is suitable for their current circumstances.

Options Cardiff SIPPs

Online access enables policyholders to view personal details, banking transactions, valuations, transfers. although most policyholders have not set up access for themselves to do so. IFAs also have online access to view transactions.

The Cardiff administration team issue annual review packs, retirement wake up packs and retirement options packs.

Policyholders have direct email and telephone access to pension technicians for any queries they have and for technical guidance. Members can also request flexible illustrations to assist them with their pension planning.

Options Cardiff can tailor communications depending on whether members are advised or non- advised, or if members are identified as potentially vulnerable, including direct telephone contact.

There is no online functionality for switching, this is processed via the dedicated administrator.

Comparator results

We have assessed how the communication materials provided to the Firm's policyholders compare to other sufficiently similar workplace pension arrangements. This takes account of the nature of the provider.

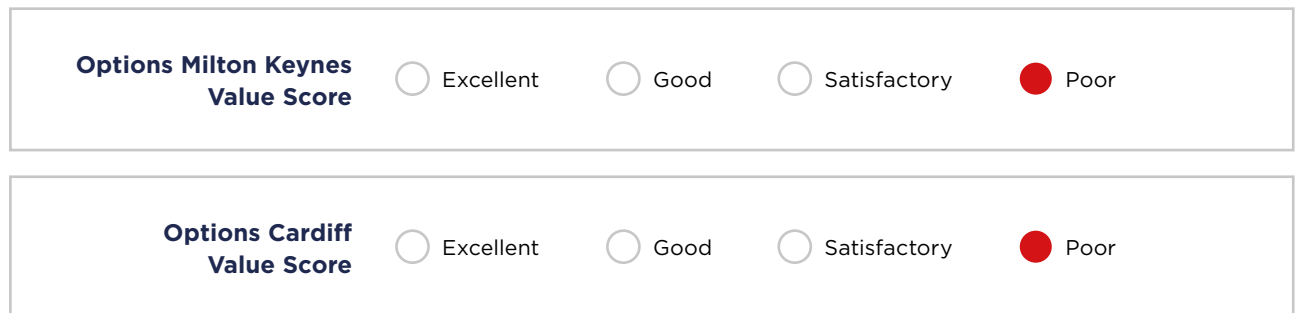
This assessment identified that the communication materials provided to the Firm's policyholders for both Options Milton Keynes and Cardiff over 2023 were average, i.e. relative to the comparator group.

Areas for improvement

The GAA would expect the Firm to continue to seek to identify any policyholders that no longer have an IFA and are receiving no advice, to set out their options either to move to an individual SIPP or transfer.



4. Firm governance



What are we looking for?

We expect to see a comprehensive governance structure in place where, for example, Terms of Reference are provided for key committees, reviewed on a regular basis, with clearly defined scope. We expect to see evidence of the key committees operating during the year with minutes or meeting packs demonstrating that the key scope elements of the committee remit have been adequately covered.

There should be a transparent and documented process for appointing and monitoring service providers, including a clear process for monitoring whether all policyholders either continue to have an independent financial adviser in place or remain classified as a “sophisticated investor” with evidence of regular reviews being completed and appropriate steps being taken, as required.

The Firm’s approach

The GAA is aware of a number of committees within Options although we have not been provided with an organisational or operational governance structure. We have also not been provided with terms of reference or evidence as to when committees met or any minutes. We have been provided with STM’s information security policies although it is not clear who oversees these or how regularly they are reviewed. As a result of this lack of evidence we have had insufficient detail to complete our review.

There is a process in place for reviewing investment funds before they are accepted for investment by the SIPP to ensure they are permitted investments for this class of investor.

As identified earlier in this report the Firm does not have an effective process in place to assess whether all policyholders have an IFA in place.

All IFAs undergo due diligence and ongoing monitoring and there is an Intermediary Application Process which requires completion and approval of any new IFA prior to acceptance of any business.

Areas for improvement

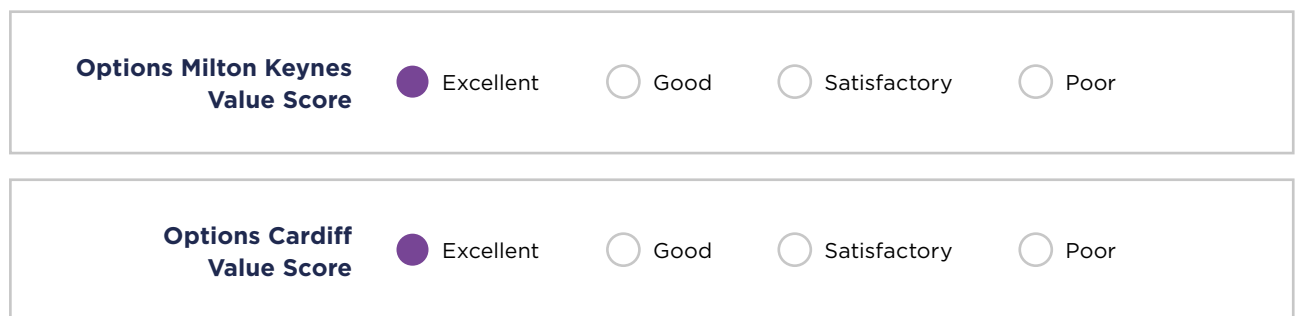
GAA challenge

The GAA would expect to see greater evidence of the organisational structure and operation of Options governance structure and committees. This should include:

- | Organisational structure
- | Operational and governance approach and when this was last reviewed
- | Terms of reference and meeting minutes for all committees within the Firm.



5. Security of policyholder benefits



What are we looking for?

We expect to see that the Firm is in a sound financial position with sufficient capital backing to enable it to continue to operate for the foreseeable future.

We also look for information about how the assets are protected, for example in the event of fraud or bankruptcy, at both the Firm and investment manager level. For example, this could relate to FSCS or other regulatory protections, ringfencing or the structure of the underlying product.

We are looking for evidence that the Firm has processes in place for protecting policyholder assets against fraud and scams and for Firms to be actively monitoring for possible scamming activity.

The Firm's approach

The Firm is part of **STM Group Plc**, which is traded on the AIM, a specialist unit of the London Stock Exchange for small to medium size companies. Options Group SIPPs form a small part of the overall business activities.

The FCA's Client Assets Sourcebook (CASS) rules are followed, and funds are segregated. There were no CASS breaches in 2023. The Financial Services Compensation Scheme covers bank deposits and investment firms that are authorised and regulated by the Financial Conduct Authority, the maximum claim that could be made by the SIPP is £85,000.

Staff receive annual training for Anti-money laundering and pensions scams awareness.

Policyholders requesting transfers are provided with booklets on how to identify and prevent scams. Receiving schemes are checked against a list of acceptable schemes. Signposting to Pension Wise and the Money Advice Service is included within wake-up packs and retirement communications.

The Firm has demonstrated that it has a policy with regards to transfer requests and that every effort is made to safeguard policyholders against fraud.

Investment funds are reviewed and signed off by the Technical Review Committee and must meet FCA rules and standards, along with HMRC pension scheme rules.

There is a dedicated in-house training and development manager. A Development Guide is provided with an explanation of staff objectives applicable to their role. Quarterly compliance training plus additional internal training is conducted.

There is strict adherence to transfer out protocols and a stringent retirement process in place. Training is in place for staff with a vulnerable customer factsheet available.

As extra precaution, all members of Cardiff SPPs are contacted separately by telephone to check the reasons for drawing funds prior to release.

Areas for improvement

The GAA did not identify any specific areas for improvement.



6. Administration and operations

Options Milton Keynes Value Score



Excellent



Good



Satisfactory



Poor

Options Cardiff Value Score



Excellent



Good



Satisfactory



Poor

What are we looking for?

We expect Firms to have robust administration processes in place with appropriate service standard agreements and regular monitoring and reporting around adherence to those service standards. In particular, we are seeking evidence that **core financial transactions** are processed promptly and accurately, such as processing contributions, transfers processing and death benefit payments.

We look for evidence of regular internal and external assurance audits on controls and administration processes. In particular, we are looking for a robust risk control framework around the security of IT systems, data protection and cyber-security. We would expect to see evidence that cyber-security is considered as a key risk by the Firm's relevant risk governance committee and that appropriate monitoring, staff training and penetration testing is put in place.

We expect Firms to have a comprehensive business continuity plan and evidence of its effectiveness through appropriate testing or in maintaining continuity of business during the COVID-19 pandemic.

We expect to see a low level of substantive complaints and demonstration of a clear process for resolving complaints.

The Firm's approach

The Firm has extensive information technology policies covering core areas such as network security, email, and hardware. This includes the National Cyber Security Centre - Cyber Essentials Certification. Cyber Essentials is a government backed scheme that provides protection for organisations against a whole range of the most common cyber-attacks and the standard necessary to bid for Government contracts.

The Firm undertakes Penetration Testing, Process & Schedule, Patch Management Policy and Security Monitoring Policy although the last penetration test was done in March 2022 and the GAA was unable to ascertain whether testing was conducted in 2023.

A Disaster Recovery and Business Continuity Plan was provided although we were not provided with evidence this had been reviewed since 2022 or testing had been undertaken in 2023.

The Firm carries out the administration in-house with a dedicated team located in Milton Keynes and Cardiff. The Firm has Service Level Agreements (“SLAs”) of between 2 and 5 days for administration tasks which includes core financial transactions.

Options achieved an overall 98% completion rate against its SLA administration targets during 2023, although the reporting of SLAs lacks granularity and we would expect to see a more detailed breakdown of transaction types.

A complaints handling process was provided. There were only two member complaints during the year for the Milton Keynes SPPs and no member complaints for Cardiff.

Comparator results

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compare to other sufficiently similar workplace pension arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2023 for both Options Milton Keynes and Options Cardiff were below average, i.e. relative to the comparator group.

Areas for improvement

GAA observations

The GAA is aware that the Firm has plans to consolidate its product offering and is reviewing the operations and administration. The impact of this will be considered by the GAA in our next report. The GAA also expects to see SLA reporting of the administration processes for Options Cardiff.

GAA challenge

The GAA would expect to see

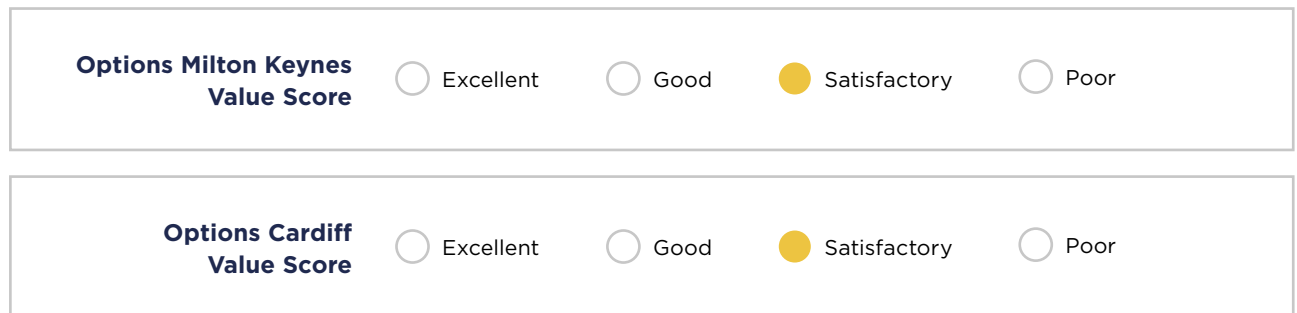
- | an annual review of all information security policies on an annual basis
- | an annual review of the Business Continuity Plan including assessment of learnings and improvements.

The GAA expects the Firm to break down SLA performance by transaction type so the SLAs of core financial transactions can be explicitly assessed.

The GAA also expects to see distinct SLA reporting of the administration processes for Options Cardiff in the event they are not amalgamated with Milton Keynes.



7. Engagement, innovation and improvements for policyholder experience



What are we looking for?

We expect to see evidence that the product is reviewed on a regular cycle of not more than every three years, with new product features or service innovations being launched when appropriate and in line with relevant improvements being made to other similar products being offered by the Firm. We expect these changes to have been developed taking into account policyholders' characteristics, needs and objectives, including direct feedback from policyholders.

We are looking for evidence of regular, proactive engagement with policyholders or their advisers to obtain feedback and for this feedback to be taken into account when reviewing the product offering.

The Firm's approach

Options Milton Keynes Group SIPPs

The Firm is operating within a Group SIPP wrapper and has no plans for product innovation or development as the focus during 2023 has been meeting the new Consumer Duty requirement and the integration of the Milton Keynes and Cardiff administration teams.

There were no surveys or attempts to engage with policyholders other than the annual retirement related communications.

Options Cardiff SIPPs

The acquisition meant that no product development happened prior to completion. There were also no surveys or attempts to engage with policyholders of the Cardiff SIPPs other than the annual and retirement related communications.

Areas for improvement

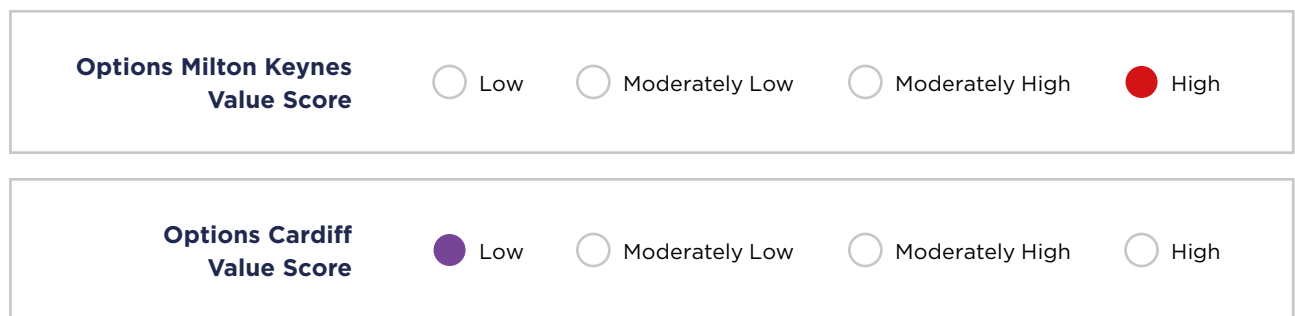
GAA observations

The GAA recognises that bringing together two businesses requires considerable work but would expect that once completed product development will recommence.

The GAA would also expect the Firm to seek regular feedback from policyholders and IFAs.



8. Cost and charge levels



What are we looking for?

The GAA has considered the overall level of charges borne by policyholders over the year that are within the control of the Firm. This included assessing:

- | the annual administration charges being borne by policyholders;
- | any other charges being paid to the Firm by policyholders to manage and administer their workplace pensions
- | the process for collecting and monitoring overall member charges, including **transaction costs**
- | whether the overall level of charges within the control of the Firm is reasonable, bearing in mind the nature of the services provided by the Firm;
- | the distribution of charges across policyholders.

Whilst we have considered the average total costs and charges payable by policyholders we have noted where there may be significant outliers such as high charges for small pots.

Where policyholders are advised or sophisticated investors, we do not include charges which policyholders will incur specifically in relation to the underlying investment funds, nor the charges which a policyholder may incur in relation to obtaining advice since both are outside the control of the Firm.

Required disclosures relating to costs and charges payable by the Firms policyholders can be found in Appendix A.

The Firm's approach

The Options Milton Keynes charges are scheme specific and details of the charge applied can be requested from: enquires@optionspensions.co.uk

The Firm does not consider fund manager fees, it has no insight into these fees and considers this to be outside of its remit.

The Firm does assess the level of fees an IFA would charge its clients as part of its approval of an IFA for Terms of Business and upon receipt of new business.

In addition to the **annual management charge** Options publishes a list of charges on its website covering SIPP transactions, such as transfers and costs associated with different investments.

Options Milton Keynes

The core charging structure varies with policyholders charged an annual administration charge ranging from 0.25% to 0.3% per annum and a minimum fixed ranging by scheme from £50 to £100 per annum. Whilst we rate the core administration charge as excellent/good individuals subject to the fixed charge are subject to high charge levels when expressed as a percentage and as this impacts over 20% of members this has impacted our rating.

The following table shows the impact of the Firm charges. As referred above, for those with higher charges, they can be significantly higher due to the impact of fixed monetary charges on small accounts. For example, the average charge for policyholders in the bottom group (charges >0.45%) is 2.94%.

Fee Category	No. of Policyholders	% of Policyholders
<0.25%	58	22%
0.25-0.35%	128	50%
0.35-0.45%	14	5%
>0.45%	58	22%
	258	

Options Cardiff

The Cardiff SIPP costs and charges have been aligned with Options Milton Keynes following the acquisition.

The annual fee is either met by the employer or is less than 0.25% and represents excellent value for all members. This assessment does not consider the level of fees from the employer's perspective.

Policyholders may also pay fund management charges and may pay fees to an IFA where they have appointed one, which may also be deducted from their fund. The Firm do not control these charges and do not benefit from them.

The GAA has also not been provided with any information on indirect investment costs (including transaction costs). The Firm considers that as the investors are considered sophisticated and in many cases the asset manager they are able to source this information directly.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar workplace pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2023 were above average for the Milton Keynes SIPPs and below average for the Cardiff SIPPs, i.e. relative to the comparator group.

Areas for improvement

GAA challenge

The GAA would like to see the Firm

- | Regularly remind policyholders with small accounts that charges can be relatively high due to the low level of assets held.
- | Consider making improvements to the charges that are applied to small accounts as this would significantly improve the value for money for these policies.
- | Obtain transaction costs to comply with the reporting requirements until the FCA waiver has been agreed, as covered under Appendix A.



ESG financial considerations, non-financial matters and stewardship

What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to **ESG** financial considerations, non-financial matters, and stewardship. The GAA will consider how these are taken into account in the Firm's investment strategy and investment decision making. We will also form a view on the adequacy and quality of the Firm's policy in relation to stewardship.

Typically, however, these considerations do not apply to a SIPP provider, on the basis that the Firm is not making any investment decisions on behalf of its policyholders.

GAA comment and view

The GAA has not considered these issues as the Firm is a SIPP provider and as such is not responsible for having an investment strategy or making investment decisions.



Appendix A: Administration charge and transaction cost disclosures

The FCA requires that administration charges and transactions costs in relation to each **Relevant Scheme** must be published by 30 September, in respect of the previous calendar year for free on a publicly accessible website. These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a policyholder is able to select. They should also include an illustration of the compounding effect of the administration and investment charges and **transaction costs**, on a prescribed basis and for a representative range of fund options that a policyholder is able to select.

Disclosures in respect of all non-default fund options for the period 1 January 2023 to 31 December 2023 are required to be provided on a publicly accessible website.

The Options Group SIPPs allows policyholders access to investment funds based on policyholder, employer or IFAs requests subject to Options own due diligence process.

The Options Group SIPPs have no default funds.

The GAA understands that Options UK have not made available the required disclosures on costs and charges within the required timescale. This includes information on administration charges and transaction costs to be made available on a public website for all funds, as well as illustrations of the compounding effect of the administration charges and transaction costs for a selected range of representative funds.

The GAA have discussed this with Options UK and last year raised a formal concern with the Firm. We understand that the practical difficulties of providing this information across the extensive range of funds offered means it is not feasible to do so. The GAA understands that the Firm has applied to the FCA for a waiver in respect of this requirement.



Appendix B: Approach to comparisons

The FCA requires that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group of other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, the GAA must inform the pension provider.

ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings to carry out the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected a number of comparator products that we determined are sufficiently similar products so as to be comparable to those provided by the Firm for this purpose. The selection was based on the following broad criteria:

- | Type of product i.e. within accumulation whether the product is a SIPP or workplace group personal pension
- | Products where Firms provide similar services, for example whether the provider has responsibility for setting and monitoring the investment strategy.

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the Options Milton Keynes and Options Cardiff.

Comparison of Net Investment Performance

As all policyholders are either advised or sophisticated investors, we have not included a comparison of [net investment performance](#) as the funds are selected directly by the policyholder and their adviser.

Comparison of Communication provided to policyholders

We have assessed how the full range of communication materials, including any websites and modelling tools, provided to the [relevant policyholders](#) compares to other sufficiently similar employer pension arrangements. This takes account of the type of pension product provided, and whether the communication materials are fit for purpose considering the age profile of the relevant policyholders.

Comparison of Administration Services

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firms policyholders compares to other sufficiently similar employer pension arrangements.

Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

- | Annual administration charge
- | Other costs and charges
- | Approach to cost data collection and disclosure

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the type of product provided. The costs of services that are provided directly to the policyholder and paid for separately by the policyholder (for example financial or investment advice) are not included.



Appendix C: GAA activity and regulatory matters

This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies in early 2024.

Members of the GAA meet with representatives of the Firm to kick off the Value for Money assessment process for the 2023 calendar year and to discuss and agree timescales.

We subsequently had a meeting with representatives of the Firm to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. In some cases this meeting was virtual.

We discussed the GAA's provisional scoring of Value for Money of the Firm's in-scope workplace pensions and the approach for meeting the cost and charges disclosure requirements in [COBS](#) 19.5.13.

As part of the Value for Money assessment process the Firm has not provided the GAA with all the information that we requested to support areas of discussion at the site visit.

Over the last year the GAA reviewed our Value for Money assessment framework and scoring methodology to ensure this continued to be suitable and can be applied consistently. Whilst the Value for Money assessment framework itself remains largely unchanged from the previous year, significant work was undertaken to improve the data request to make the overall process more efficient.

The GAA documents all formal meetings with the Firm and maintains a log which captures any concerns raised by the GAA with the Firm, whether informally or as formal escalations.

The key dates are:

Item	Date
Issue data request	08/02/2024
Kick off meeting	27/02/2024
Site visit	23/04/2024
GAA panel review meeting	21/05/2024
Discuss provisional scoring	27/06/2024

The arrangements put in place for policyholders' representation

The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

- | The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been and will continue to be communicated to policyholders via www.optionspensions.co.uk/group-sipps
- | The Firm will receive and filter all policyholder communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one policyholder or group of policyholders. Where the Firm determines that a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

In addition, the GAA has established a dedicated inbox at zgl.gaacontact@zedra.com so that policyholders can make representation to the GAA directly. The Firm has included details of this contact e-mail address on www.optionspensions.co.uk/group-sipps



Appendix D: ZEDRA GAA credentials

In February 2015 the Financial Conduct Authority (FCA) set out new rules for providers operating workplace personal pension plans (called [relevant schemes](#)) to take effect from 6 April 2015. From that date, providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions is to:

- | Act solely in the interests of the [relevant policyholders](#) of those pension plans, and to
- | Assess the “value for money” delivered by the pension plans to those relevant policyholders.

The FCA rules require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The ZEDRA Governance Advisory Arrangement (“the GAA”) was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust-based pension schemes and we sit on a number of IGCs. More information on the ZEDRA GAA can be found at www.zedra.com/GAA

The members of the ZEDRA GAA are appointed by the Board of ZEDRA Governance Ltd. The Board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience, and independence to act in the interests of relevant policyholders.

The Board of ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA. The majority of ZEDRA Governance Ltd’s Client Directors act as representatives of ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

The Board of ZEDRA Governance Ltd has appointed either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act in the capacity of Chair of the GAA in respect of each Firm.

More information on each of ZEDRA’s Client Directors, their experience and qualifications can be found at www.zedra.com/people

Information on Dean’s experience and qualifications can be found at <http://deanwettonadvisory.com>

The GAA has put in place a conflicts of interest register and maintains a conflicts of interest policy with the objective of ensuring that any potential conflicts of interest are managed effectively so they do not affect the ability of ZEDRA Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of relevant policyholders.

The terms of reference for the GAA agreed with the Firm can be found at: www.optionspensions.co.uk/resources



Appendix E: Glossary

Please note that some of the terms referred to in this glossary may not be applicable to your product.

Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual management charge (AMC)

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is “joint life”, it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments (“the annuitant”).

COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- | Investment of contributions
- | Implementation of re-direction of future contributions to a different fund
- | Investment switches for existing funds, including life-styling processes
- | Settlement of benefits – whether arising from transfer out, death or retirement.

Decumulation

The process of converting pension savings to retirement income.

Environmental, social and governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Flexible access

This refers to accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

Life-styling

An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

Net investment performance

The investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

Pathway investor

A retail client investing in a Firm's pathway investment offering.

Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

Relevant policyholder

A member of a Relevant Scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that Relevant Scheme.

Relevant Scheme

A personal pension scheme or stakeholder pension scheme for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more employees of the same employer.

Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

With Profits

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policy holders in the form of bonuses.

Unit-Linked

A type of investment where the investments of a number of people are pooled together and divided into units of equal value. The value, or price, of each unit depends on the value of the assets of the unit linked fund. The unit price determines the number of units the policyholder receives when they invest money in the fund, and the sum they receive when they sell their units.



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