



# The Options Workplace Pension Trust Controls Report (Type 2)

In accordance with AAF 02/07 and ISAE 3000  
15 months ended 31 December 2019

OPTIONS CORPORATE PENSIONS UK LTD  
1st Floor, Lakeside House, Shirwell Crescent,  
Furzton Lake, Milton Keynes, MK4 1GA

**20 NOVEMBER 2020**



PART OF



GROUP PLC

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## Introduction

The independent Trustee Board of the Options Workplace Pension Trust is pleased to present this report setting out the control environment and internal controls for the Scheme's Master Trust services for the operating period ending 31 December 2019.

The Options Workplace Pension Trust was established in October 2012 with the primary purpose of offering an Auto Enrolment solution to existing and future clients of Options Pensions UK. The 'scheme funder' is jointly provided by Options Corporate Pensions UK Limited (OCPUK) and STM Group Plc.

Administration of the Scheme is performed by Options Corporate Pensions UK Limited, who are based in Milton Keynes and specialise in providing pension services and products to the UK market.

The current Trustee Board consists of MK Corporate Trustees UK Limited (affiliated trustee), Barry Parr (independent trustee) and Anthony Filbin who is the appointed independent Chair of Trustees. The Trustee Board have a good knowledge of all aspects of pension administration, governance and trusteeship, and have many years of experience working within the Corporate Pensions Industry.

TPR expects master trust schemes to follow high standards. The quality features set out in TPR's Code of Practice No.13 were incorporated in the AAF 02/07 framework, developed by TPR and the Institute of Chartered Accountants in England and Wales (ICAEW). This assurance report is based on 27 control objectives which align with the DC Code of Practice relating to good governance and administration of a scheme.

Options Workplace Pension Trust was authorised by TPR on 25 September 2019 and is on the list of approved master trusts.

Our reporting accountant, Assure UK, has independently assessed The Options Workplace Pension Trust's key controls and confirmed that they are designed to meet the AAF Master Trust quality control objectives set by The Pensions Regulator (TPR) with the ICAEW.

Going forward, we will build upon our foundations and continue to strive to provide good member outcomes whilst keeping costs at a minimum.



**Anthony Filbin**  
Chair of Trustees of The Options Workplace Pension Trust  
Date: 20/11/2020

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## CONTENTS

Page

INTRODUCTION .....	1
1. STATEMENT BY THE TRUSTEES OF THE OPTIONS WORKPLACE PENSION TRUST .....	3
2. REPORT BY THE REPORTING ACCOUNTANTS .....	5
3. BUSINESS OVERVIEW AND CONTROL ENVIRONMENT .....	8
4. SUMMARY OF CONTROL OBJECTIVES .....	13

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## 1. Statement by the Trustees of The Options Workplace Pension Trust

As Trustees of The Options Workplace Pension Trust (the Scheme), we are responsible for the identification of control objectives relating to the governance of the Scheme and for establishing governance control procedures that provide reasonable assurance that the control objectives are achieved. Those control objectives are derived from standards of governance set out in the Pensions Regulator's DC Code of Practice and DC Guides.

In carrying out those responsibilities we have regard not only to the interests of employers (who have entrusted their employees' DC contributions to the master trust, or are considering doing so) and members of the master trust but also to the needs of the Trust business and to the general effectiveness and efficiency of the relevant operations.

We have evaluated the fairness of the description and the design suitability of the Scheme's governance control procedures having regard to the International Standard on Assurance Engagements (ISAE 3000), issued by the International Auditing and Assurance Standards Board, the Technical Release AAF 02/07 (AAF 02/07), issued by the Institute of Chartered Accountants in England and Wales (ICAEW), and the control objectives for master trusts set out the ICAEW Technical Release 12/16AAF, 'Assurance Reporting on Master Trusts (Master Trust Supplement to ICAEW AAF 02/07)' as described in section 4 of this report.

We had one exception during the period regarding the full completion of our unit reconciliation procedures.

We set out in this report a description of the relevant governance control procedures established by the Trustee of the Options Workplace Pension Trust together with the related control objectives and confirm that:

- a. The report describes fairly the governance control procedures established by the Trustee Board that relate to the control objectives referred to above which were in place throughout the period from 1 October 2018 to 31 December 2019;
- b. The governance control procedures described were suitably designed throughout the period from 1 October 2018 to 31 December 2019 such that there is reasonable assurance that the specified control objectives would be achieved if the described governance control procedures were complied with satisfactorily; and
- c. The governance control procedures described were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved throughout the specified period.

Signed on behalf of the Trustees of The Options Workplace Pension Trust



**Anthony Filbin**  
Chair of Trustees of The Options Workplace Pension Trust  
Date: 20/11/2020



# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## 2. Report by the Reporting Accountants

Reporting accountants' assurance report (Type II) on the governance control procedures of master trusts to the Trustees of The Options Workplace Pension Trust (the Scheme)

### Use of report

Our report, subject to the permitted disclosures set out below, is made solely for the use of the Trustees of the Scheme (the Trustees), and is solely for the purpose of reporting on the control procedures of the Scheme, in accordance with our terms of engagement letter dated 28 February 2020 and attached in the appendix. Our work has been undertaken so that we might report to the Trustees those matters that we have agreed to state to them in our report and for no other purpose.

We permit the disclosure of our report, in full only to verify to the recipient that a report by reporting accountants has been commissioned by the Trustees and issued in connection with the control procedures of the Scheme without assuming or accepting any responsibility or liability to the recipient on our part. To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Trustees as a body for our work, for our report or for the opinions we have formed.

### Scope

We have been engaged to report on the Trustees' description of its governance control procedures in relation to the Scheme throughout the period from 1 October 2018 to 31 December 2019 and on the suitability of the design and operating effectiveness of those governance control procedures stated in the description.

### Trustees' responsibilities

The Trustees' responsibilities and statement are set out on section 1 of the report. The control objectives stated in the description include those control objectives set out in the Master Trusts Supplement to AAF 02/07 that are considered relevant by the Trustees.

### Our independence and quality control

We have complied with the independence and other ethical requirements of the 'Code of Ethics for Professional Accountants' issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibilities

Our responsibility is to form an independent opinion, based on the work carried out in relation to the control procedures of the Scheme as described in section 5 of the report and report this to you. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 and with ICAEW Technical Release AAF 02/07 including its Master Trusts Supplement. ISAE 3000 and AAF 02/07 require, among other things, that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the control procedures are suitably designed and operating effectively. The criteria against which the control procedures were evaluated are the control objectives developed for master trusts as set out within the Master Trusts Supplement to AAF 02/07 and identified by the Trustees as control objectives to be applied for the purpose of governance.

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## Our responsibilities (Continued)

Our work involved performing procedures to obtain evidence about the presentation of the Trustees' description of the governance control procedures and the design and operational effectiveness of those control procedures. Our procedures include assessing the risks that the description is not fairly presented, and that the governance controls procedures were not suitably designed or did not operate effectively. An assurance engagement of this type also includes evaluating the overall presentation of the description and suitability of the control objectives stated therein.

## Inherent limitations

The Trustees' description of governance control procedures was prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of governance control procedures that may be relevant to each employer company or member of the Scheme. Also, because of their nature, control procedures may not prevent or detect and correct all errors or omissions in performing governance activities.

Our opinion is based on historical information. The projection of any evaluation of the fairness of the presentation of the description, or opinion about the suitability of the design or operating effectiveness of the governance control procedures to future periods would be inappropriate.

## Opinion

In our opinion, in all material respects:

- i. sections 4 and 5 of the Trustees' report fairly presents the governance control procedures that relate to the control objectives referred to above which were in place throughout the period from 1 October 2018 to 31 December 2019; and
- ii. the governance control procedures described in section 5 of the Trustees' report were suitably designed to provide reasonable, but not absolute, assurance that the specified control objectives would have been achieved if the described governance control procedures operated effectively throughout the period from 1 October 2018 to 31 December 2019; and
- iii. the governance control procedures that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control procedures were achieved throughout the period from 1 October 2018 to 31 December 2019.

*Assure UK*

ASSURE UK  
Chartered Accountants  
London  
Date: 20/11/2020





## 3. Business Overview and Control Environment

### History

The Options Workplace Pension Trust (OWPT) (formerly Carey Workplace Pension Trust) was established in October 2012 with the primary purpose of offering an Auto Enrolment solution to existing and future clients of Options Corporate Pensions UK Ltd.

In February 2019, STM Group Plc, an AIM listed company, brought Carey Administration Holdings Limited and its subsidiaries, Carey Pensions UK LLP and Carey Corporate Pensions UK Ltd. They became a joint funder of the Master Trust alongside Carey Corporate Pensions UK Ltd. On 1st January 2020, Carey Corporate Pensions UK Ltd rebranded to Options Corporate Pensions UK Ltd.

The Scheme's membership as at the end of July 2020 consists of 3,067 participating employers, 107,566 active members and 23,380 deferred members. The scheme's assets under management (AUM) stand at £216.1m.

The investment strategy of the Trust consists of a default fund. This is the Alliance Bernstein target dated funds that de-risks towards retirement based upon a member's date of birth.

The following Master Trusts, Amber Pension Trust, AGL Pension Trust and the Islamic Pension Trust that Options Corporate Pensions UK previously administered that did not apply for authorised status have been successfully transferred into the OWPT as separate sections and they each have their own defaults.

There is currently a separately advised section of the OWPT utilising Quilter Cheviot model portfolios, with the balanced model being the default. This section is advised by Futura, a regulated financial advisory firm, for specific participating employers of the OWPT.

We have added two new sections to the Trust for new key connections:

- the IndePension's section which utilises model portfolios from Shard Capital, with the Balanced fund used as the default fund.
- and the Centralus section which utilises the TAM Focused portfolios, with the Balanced portfolio used as the default fund.

In 2020 we will be partnering with Wahed Invest to provide a Halal model of portfolios which are Sharia compliant. This is intended to replace our existing Islamic section.

All defaults which are not target dated funds, have a conventional Lifestyling strategy overlay, which de-risks members the closer they get to retirement.

### Objectives

- To offer a value-added proposition for both employers and members
- To offer diversity in the marketplace recognising one size does not fit all
- To grow the business effectively while always maintaining the quality of the client service being delivered
- To manage the risk of the business
- To ensure that the most effective IT and marketing solutions are adopted and that they are maintained in a secure environment
- To ensure that the OWPT is fully compliant with legislation and requirements of TPR
- To ensure that the OWPT maintains Type 2 MTAF accreditation on going
- To ensure that the OWPT continues to meet the objectives as set out in the business plan
- To build an effective retirement pathway for all
- To offer Self-select funds that add diversity and value for specific needs for the members

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## The Board of Trustees

The Options Workplace Pension Trust is a Master Trust and is governed by a Board of Trustees (Trustee Board). The Board is comprised of three trustees; MK Corporate Trustees UK Ltd (affiliated trustee), Anthony Filbin (independent trustee Chair) and Barry Parr (independent trustee). The Trustee Board has a broad range of knowledge on all pension matters which provides for independence, corporate governance and expertise.

Trustee Board meets on a quarterly basis to enable robust governance standards to be maintained and to ensure member's best interests are at the heart of what we do.

There is also an Investment sub-committee that focuses on the investments offered within the OWPT, this also meets quarterly and attended by the appointed Investment Advisers to the Trustee Board - Dean Wetton Advisory.

## Anthony Filbin, independent trustee

Tony Filbin joined Legal & General in 1979 where he held a number of senior positions rising to Managing Director Workplace Savings.

In his various roles he was responsible for Legal & General's suite of retail pension and annuity products including the development and implementation of their award-winning auto-enrolment proposition.

Since leaving Legal & General in 2014, he has taken up a number of pension trustee board positions and non-executive director roles with Quai Administration Services, Capital Cranfield Trustees and Mattioli Woods.

He is a regular speaker at pension conferences and has held committee positions with the Institute of Actuaries and the Pensions Management Institute.

In 2013 he was named by Financial News as one of the Top 10 Most Influential People In Pensions.

## Barry Parr, independent trustee

Barry Parr has been a trustee since 1993 and a professional trustee since 2012.

Barry has been an independent trustee and chair of the DC committee for the Pensions Trust (master trust) with AUM of £7bn as well as working on many other pension schemes throughout his career. He is a regular columnist in pensions journals including Professional Pensions. Barry has also previously judged the Professional Pensions Awards.

## MK Corporate Trustees UK Limited

MK Corporate Trustees UK Ltd (MKCTUK) was established in December 2014 following a company restructure of Options Pensions UK LLP, replacing the previous trustees Options Pension Trustees UK Ltd. MKCTUK consists of three trustee directors who are employed within the Options Group. Delegation is provided to one of the directors to act on behalf of MKTUK on the Trustee Board for the Options Workplace Pension Trust.

Paul Webster (Senior Manager — Master Trust Governance): Paul has over 26 years' experience within the pensions industry with a background in DB and DC administration and trustee support, and has worked for both third party providers and in-house schemes. Paul is the nominated trustee to the Master Trust Board.

Christine Hallett (CEO — Options Pensions UK): Christine has over 30 years' experience within the pensions industry including both SIPP and Corporate pensions. She has been CEO of Options Pensions UK since its establishment in 2009.

Dave Hatch (Operations Director): David has worked in the financial services arena since 2000 originally qualifying as a financial adviser. In 2007 David moved into the Self-Invested Pension market focusing on UK regulated schemes such as Small Self-Administered Schemes and Self-Invested Personal Pension Schemes. David has extensive knowledge of the Self-Invested Pension market and has had experience of working in the financial services industry for over 17 years in various management and project roles.

All professional fees in respect of services provided to the Trustee Board are paid by the Sponsor Options Corporate Pensions UK Ltd.

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

## Options Corporate Pensions UK Ltd (OCPUK) - The Sponsor

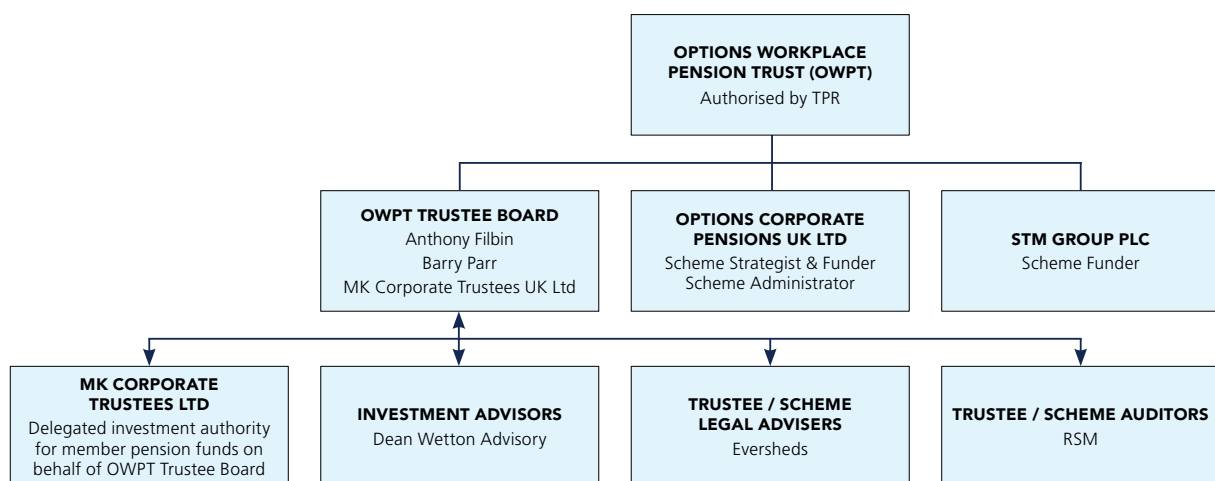
Options Corporate Pensions UK Ltd (formerly Carey Corporate Pensions UK Ltd - CCPUK) was established in December 2014 following a company restructure of Carey Pensions UK LLP, who were the initial sponsors of the Master Trust. CCPUK were funded by Carey Group, a leading international offshore law firm based in Guernsey.

In February 2019, the company was acquired by STM Group Plc, an international financial services company focused on providing international and UK pensions and trustee services. STM Group Plc are co-founders of the OWPT and supports it when required with additional funding and investment, and provides the capital required which is retained in cash in a blocked bank account to the order of the Trustees of the OWPT in the event of a wind-up being triggered.

## Options Corporate Pensions UK Limited (Scheme Administrator) - OCPUK

Options Corporate Pensions UK Limited is the Scheme Administrator and are based in Milton Keynes. It provides the administration services, including collecting and investing contributions, and paying benefits as and when members leave or retire. It provides communication materials including member booklets and delivers an on-line portal for each participating member. OCPUK have a dedicated admin team dealing with the day to day administration relating to the Workplace Pension.

Options Corporate Pensions UK Limited charge members a flat fee, together with an Annual Management Charge (AMC) dependent upon investment fund chosen. Default funds are charged in accordance with the combination charge structures allowed under the Auto Enrolment Charge Cap Regulations.



## Investment Managers

The Alliance Bernstein target date funds provide the default funds for the Trust. These are target dated funds that manage the risk as members move closer towards retirement. AEGON Blackrock also provide a target dated fund for members of the Amber Workplace Pension Section.

The trust also provides for other sections with different default arrangements. These investment managers include Quilter Cheviot, TAM and Shard Capital. Quilter Cheviot has a conventional Lifestyling overlay strategy de-risking members as they approach retirement. Lifestyle overlays for TAM and Shard Capital are being developed.

A new Sharia default section is being implemented utilising Sharia portfolios with Wahed Investment, which will also use a lifestyle overlay.

The following investment managers are being consolidated into either the AllianceBernstein or Quilter Cheviot defaults: Vanguard, Old Mutual, Seven Investment Management (7IM) and Brooks McDonald.

The Investment Managers are remunerated for their services through charges (Annual Management Charge and Fund Management Charge) deducted at source as an adjustment to unit pricing, or from members' pension pots on a quarterly in arrears basis.

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## Control Environment, Risk Management and Internal Control

The Board of Trustees understand the importance of protecting the interests of members and compliance with industry and statutory requirements.

Regular review of the Trustee Board's Risk Register aims to identify the need for any changes to procedures and controls. Options Corporate Pensions UK Limited have a variety of accounting and internal controls designed to prevent and detect fraud. These include restricted access to pension systems and databases; segregation of duties between pension administration and finance staff; investment and payments authorisation levels; monthly, independently reviewed bank reconciliations; monitoring of contribution receipts; reconciliation of pension system investment records with investment management holdings; data update and amendment controls and review of transfers out regarding potential pension liberation fraud.

The Trustees, Sponsor and Options Corporate Pensions UK Limited have regular liaison meetings with the Pensions Regulator to discuss the administrative and governance aspects of the Scheme.

## Complementary Control Procedures of Customers

It is not feasible for the control objectives relating to pension services to be achieved solely by The Options Workplace Pension Trust. Each employer is required to evaluate its own internal controls to determine whether:

- member data and contributions are provided as instructed and on a complete, accurate and timely basis
- security controls to protect member data are in place
- records are maintained to demonstrate attempts to trace members who are identified as having an incorrect address
- contingency plans have been developed to ensure that information can be consistently communicated to Options Corporate Pensions UK Limited in the event of a system error or other disruption

## Communications

- The Options Workplace Pension Trust has a documented Communications Plan to meet the needs of its members
- The Trustees' policy is that communications are accurate, clear, helpful and relevant to the customer. Communications are in plain English, avoid the use of jargon and standardised where possible
- The Trustees shall provide the scheme member with the information they need to help them plan for their retirement. Communications are tailored, where appropriate, to different groups such as deferred members and those approaching retirement
- An annual Communication Plan is agreed by the Trustees. The plan is reviewed annually by the Trustee Board



## 4. Summary of Control Objectives

### VALUE FOR MEMBERS

#### Assessing value for members

1. A value for members assessment is undertaken annually and the process followed is documented and approved. The assessment should include value to members derived from scheme management and governance, administration, investment governance and communications.

#### Management of costs and charges

2. Disclosure of information to members of costs and charges (rates (%) and amounts (£)) are complete and accurate.

### INVESTMENT GOVERNANCE

#### Protection of Assets

3. Scheme and member assets or entitlements are safeguarded from loss, misappropriation and unauthorised use. Financial protection and compensation available to members in the event of a default is assessed and documented.
4. The design and on-going suitability of the default arrangement and range and risk profile of other investment options are regularly reviewed and monitored. This review is documented and the investment aims and objectives for the arrangement and investment policies for all investment options are included in an approved Statement of Investment Principles.
5. The performance of each investment option including the default arrangement(s) in which member funds are invested are regularly reviewed and monitored against objectives in the Statement of Investment Principles. This review is documented and approved.

### THE TRUSTEE BOARD

6. Fitness and propriety requirements for trustees are recorded and managed in accordance with a policy which is regularly reviewed and approved. The fitness and propriety of trustees is reviewed prior to appointment and annually thereafter. This review is documented and approved.

### SCHEME MANAGEMENT SKILLS

7. Conflicts of interest are subject to ongoing monitoring and are identified, recorded and managed in accordance with a defined policy which is regularly reviewed and approved.
8. Trustee levels of knowledge and understanding are managed and maintained in accordance with an approved training and development plan. This plan is regularly reviewed and updated.
9. A business/resource plan is maintained that sets out when scheme related activities are due to take place or be completed, and regularly reviewed to ensure that resources are available and allocated.
10. Roles, responsibilities and duties of all trustees, advisers and service providers are documented and the performance and quality of their service is subject to regular documented reviews. The suitability of advisers and service providers is reviewed against criteria before appointment and this review is documented.
11. Discontinuance plans, which address how member assets or entitlements are safeguarded in the event of the Master Trust or any key service provider failing, defaulting or transferring ownership, are documented, approved and maintained.
12. A risk management framework is established to identify, evaluate and treat scheme risks. Risks are recorded in a risk register which is reviewed at least annually.

### ADMINISTRATION

#### Core financial transactions

13. Core financial transactions are processed promptly and accurately.
14. Contributions are invested and allocated in accordance with member instructions or the requirements of the default arrangement.
15. Transaction errors are identified and rectified.
16. Cash is safeguarded and all payments are suitably authorised and controlled.
17. Late and inaccurate contributions are pursued and resolved.

# Master Trust Report in accordance with AAF 02/07 and ISAE 3000

---

## Business and disaster recovery

18. Data and systems are backed up regularly, retained offsite and regularly tested for recoverability. Business and information systems recovery plans are documented, approved, tested and maintained.
19. The capacity of an administration system to take on new business is assessed, approved and regularly monitored.
20. New business take-ons are properly established in accordance with Master Trust's rules and contractual arrangements.

## Data quality and security

21. Member data is complete and accurate and is subject to regular data evaluation.
22. Monitoring of operations implemented to support the security of data transmissions and measures implemented to mitigate the threat of malicious electronic attack are regularly reviewed and documented.
23. Physical and logical access to computer systems, and member and Master Trust records and data, is restricted to authorised persons.
24. IT equipment is maintained in a controlled environment and the maintenance and development of systems, applications and software is authorised, tested, approved and implemented.

## COMMUNICATION AND REPORTING

25. Retirements are managed in accordance with a documented process which is regularly reviewed and approved.
26. Member communications are accurate, clear and understandable and are produced in accordance with a communications plan. The plan is regularly reviewed and monitored.
27. Member communications contain information to support the decisions members need to make at retirement.

