



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

Novia — Workplace Personal Pension Plans

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

September
2024



Executive summary

This report on the workplace personal pension plans provided by Novia Financial plc (“Novia” / “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. Novia now trade as Wealthtime.

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 31 March 2022 and is publicly available (see Appendix D).

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the Novia Workplace Personal Pension Plans. 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, since the Firm has no role in setting or managing investment strategies for these policies. Further details are set out on page 7.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

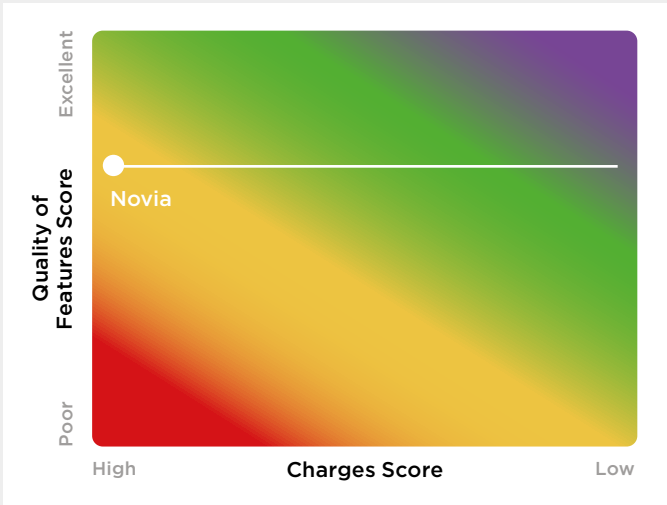
	Weighting toward VfM assessment*	Novia Workplace Personal Pension Plans
1. Product strategy design and investment objectives	7%	●
2. Investment performance and risk	7%	●
3. Communication	20%	●
4. Firm governance	7%	●
5. Security of policyholder benefits	7%	●
6. Administration and operations	17%	●
7. 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.
 ** As Novia generally charge a minimum fee of £100 per annum, this is high for a large number of policyholders when expressed as a percentage of funds. The rating shown reflects an average across policyholders.

<p>Quality and investment features (1-7)</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



The overall conclusion is that the Novia Workplace Personal Pension Plans provide **satisfactory** value for money based on the average level of costs and charges across the policies.

Despite approximately 75% of the policies being assessed as providing good value for money, the fixed minimum fee can result in very high charges measured as a percentage of assets. This results in a “high” charge for approximately 25% of policyholders. When averaged across all policies within the scope of the GAA review, this also results in a “high” level of costs and charges in our overall rating. We have therefore illustrated the range of charges using a line on the heatmap.

The GAA raised a concern with the Firm last year about the impact of the minimum charge on small pots. We are disappointed that the minimum charge was increased from £75 to £100 at the beginning of 2023, however we note that the Firm is taking some action although the main action in respect of this was taken after the period under consideration in this report.

Furthermore, the Firm has carried out an overall review of the policies within the scope of the GAA review and we understand is taking steps to close this book of business and move policyholders to a different product. The GAA expects to review and comment on this as part of its next report.

The GAA had previously challenged the Firm to review and reduce the number of orphaned policyholders (i.e. those without an appointed IFA in place), with particular consideration given to those who have been without an IFA in place for over a year. However, the number of orphaned policyholders had increased significantly at the date of measurement (31 December 2023). The GAA notes that the Firm provided some rationale for the increase due to the withdrawal of IFAs supporting some of the Workplace Personal Pension Plans and has seen a subsequent transfer of some policies but expects the Firm to continue to monitor this group and take appropriate steps.

The GAA had also previously challenged the Firm to provide a more detailed breakdown of Service Level Agreements (SLAs) than those provided to the GAA for last year’s review. The Firm has not been able to provide such breakdown but has

provided the GAA with commentary on the SLAs that are applicable to the Workplace Personal Pension Plans. The GAA would expect to see an improvement in the quality of the data provided in its next review.

In 2022, the GAA challenged the Firm to obtain **transaction costs** on the prescribed methodology to comply with reporting requirements. The Firm had been unable to obtain the transaction costs in the prescribed format and had been considering applying to the FCA for a waiver on this requirement. The Firm had also previously failed to comply with the requirement to publish the transaction costs and illustrations of the compounding effect of the administration charges and transaction costs for a selected range of representative funds on a publicly accessible website and the GAA had raised a formal concern in respect of this. The Firm has subsequently engaged an external third-party firm to assist them in meeting this requirement and at the time of writing has indicated that it will provide disclosures that comply with this requirement.

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 identifies that the overall cost and charge level paid by the Firm’s policyholders over 2023 is above average relative to the comparator group due to the impact of the minimum charge on small funds. We will notify the Firm’s governing body as part of our formal concern relating to the minimum charge, that an alternative scheme may offer better value unless as a result of the overall review of these policies being carried out within Novia policyholders have been informed that their policies will be moved to a different product.

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.

Details of the numbers of policyholders and their funds were supplied to ZEDRA for the assessment and are summarised in Appendix F.

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

Steve Longworth

Chair of the ZEDRA Governance Advisory Arrangement for Novia

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:

Compliance Department, Novia Financial Plc,
Cambridge House, Henry St, Bath BA1 1JS

www.wealthtime.com

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 the Firm to its 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 GAA's 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").

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.

For unsophisticated and non-advised policyholders, the GAA assesses the provider's process of reviewing the characteristics and performance of the investment strategies.

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.

Nearly all 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

Value score: Excellent Good Satisfactory Poor

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. However, where there is default investment strategy, we expect to see an investment strategy that is designed and managed taking the needs and interests of workplace pension policyholders into account, evidenced by appropriately defined risk ratings, and consideration of the investment time horizon and age profile of the membership.

The Firm's approach

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

All policyholders have an IFA in place at the point a policy is established on the Novia platform. The IFA has the sole responsibility to ensure the product wrappers and investments within it are suitable relating to the assessment of suitability and appropriateness test.

The Firm carries out limited checks on what the IFA is doing and how active they are in terms of ongoing advice. However, changes to a policyholder's investment strategy, funds selected or contribution amounts can only be made by the IFA. If the policyholder is not advised, they cannot make such changes to encourage them to put in place an IFA.

If the relationship with the policyholder's IFA ends, then the account is marked as a "non-advised member" or "orphan" and the policyholder is instructed to find a new IFA. Until they have a new IFA in place, the policyholder is unable to transact, other than to withdraw their funds. Additional wording is included in quarterly statements for orphans.

The IFA agrees that the Firm may rely on them to undertake a suitability and appropriateness test prior to an application and on an ongoing basis, where such assessments are required by the FCA rules. The Firm ensures that all IFAs are FCA authorised initially, and on an ongoing basis.

New investment funds are made available following an IFA's request, after consideration by the Firm that the fund is an allowable investment, and all decisions on opening or closing funds are driven by demand. A fund which has no investors remaining may be closed but could be reopened, if subsequently requested by an IFA.

The Firm's strengths

The Firm requires all customers to receive advice at the point of joining the platform. This advice must be provided by an FCA authorised IFA, who is required to sign-up to the Firm's Terms of Business, stating that they will ensure ongoing advice is provided to each individual. The Firm checks the FCA authorisations of all advisers on an ongoing basis.

If a customer loses their adviser, their account is marked as "orphan" and can no longer complete transactions, other than withdrawal of funds. The GAA has been provided with a copy of the letter that the Firm send to customers in this situation and also the follow-up reminder letter, instructing them to find a new IFA.

The Firm has made available a full fund list, on their public facing website, setting out a summary of charges and detailed objectives. Full fund factsheets are available, setting out fund performance and asset allocations, as well as Key Investor Information documents. Within this information, an independent performance rating is supplied based on historical performance. The fund factsheets are updated regularly over the year as performance develops.

When a new fund is requested, the Firm complete appropriate due diligence checks before making performance data available on their website.

Areas for improvement

GAA challenge

The orphan rate had increased last year to around 3% of policyholders from a much lower level of 1% of policyholders in the prior year. The GAA had challenged the Firm to reduce the number of orphaned policyholders with particular consideration given to those who have been orphaned for over a year. However, the number of orphans had increased significantly at the date of measurement (31 December 2023).

The GAA notes that the Firm provided some rationale for the increase due to the withdrawal of IFAs supporting some of the Workplace Personal Pension Plans and has seen a subsequent transfer of some policies but expects the Firm to continue to monitor this group and take appropriate steps to reduce the number of orphans particularly those who have been orphaned for more than a year.

As at 31 December 2023, there were 217 orphaned policyholders with 178 of these becoming orphaned during the year. There has been a small reduction in the numbers who were orphaned during 2022 (from 38 to 31) and those who have been orphaned longer (from 10 to 8). The GAA would like to see a follow up in respect of these relatively new orphans and the small number who have been orphaned for longer than a year.

Although the number of orphaned policyholders as a proportion of total policyholders has significantly increased, the GAA notes that the Firm provided some rationale for the increase due to the withdrawal of IFAs supporting some of the Workplace Personal Pension Plans and has seen a subsequent transfer of some of these policies. The GAA have not considered it necessary for this non-advised group to be assessed against our full framework particularly given the limited actions that policyholders can make without an IFA but will keep this position under review.



2. Investment performance and risk

Value score: Excellent Good Satisfactory Poor

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 has a comprehensive and clear investment list available on their website at www.noviaonline.co.uk/ToolsService/InvestmentList/fund_list.aspx. Crown performance ratings (and

in some instances MorningStar OBSR ratings) are made available within the fund listings, to help identify well performing funds. Fund factsheets are also readily available for all funds, and are updated on a regular basis, setting out the charges, historic performance and asset allocations of the funds.

Changes in investments can only be actioned by the policyholder's IFA. Policyholders without an IFA in place are unable to make changes in their investment selections.

The Firm routinely reminds policyholders to review investment performance of their funds and their fund choices in all communications.

The Firm's strengths

By virtue of the vast majority of policyholders being advised by an IFA, the Firm has a limited role to play in this aspect of the product. They ensure that there is up-to-date performance information available through their online offering. Performance monitoring visibility is enhanced through the application of independent ratings on fund listings to help identify funds which are currently performing well.

Areas for improvement

The GAA did not identify any specific areas for improvement.

3. Communication

Value score: Excellent Good Satisfactory Poor

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 provides quarterly statements to all policyholders, in addition to some other key communications such as welcome packs, retirement illustrations, and retirement wake up packs. Outside of these documents, the Firm does not typically lead on communications with individual policyholders unless they no longer have an IFA and are orphaned.

Where a policyholder is orphaned, the Firm write to them confirming that as it provides an advised platform, the Firm will remove any model portfolios set up on their account. The Firm also confirm that the policyholder's funds will continue to be invested in their current investment selection as they are unable to action any requests to change investment options without an IFA, except for requests to sell investments to cash. The letter then sets out the options available to the orphaned policyholder. The Firm will then issue follow-up reminder letters for those orphaned policyholders.

There is a substantial online offering, which can provide granular information on current holdings and the performance of investments to be accessed by policyholders, along with a suite of tools available to support advisers. Investment switches are initiated online by a policyholder's IFA.

There is some support available with retirement options, although this is made available through the IFAs. Telephone support is also available to policyholders.

It is not possible to purchase annuities through the Firm. The SIPP can be used for flexible drawdown, or an uncrystallised funds pension lump sum can be taken otherwise policyholders will need to transfer elsewhere for other retirement options.

The Firm's strengths

The GAA were provided with the full suite of communications including examples of the letters to orphaned policyholders.

Communications are clear and free of jargon, whilst also not being over simplified. There is clear signposting to confirm when investment advice is required as well as warnings against pension scams. There is also signposting for support on retirement options, although these are generally made available through IFAs.

Online facilities are extensive, as demonstrated by the Firm to the GAA, pulling together education pieces, fund documentation and modelling tools in one location, albeit that customers will generally access this information through their IFA. Policyholders and their IFAs can access information about the relevant fund holdings, along with previously issued statements. The Firm can record client preferences on their systems taking into account special requirements such as being able to provide large print documents.

The Firm provides IFAs with regular communications, including a monthly newsletter which highlights relevant service and industry information. An example of the IFA newsletter was provided to the GAA. The Firm also supports IFAs via their online portal 'Adviser Zone' which includes guides that walk them through the reports and functionality.

As commented on in Appendix A of this report, the Firm has historically not met the disclosure requirements relating to costs and charges but has more recently appointed a third-party advisor to assist with these. At the time of writing, these have not been made available publicly and the GAA has not had sight of the them, but has been told the Firm will comply with this requirement. While this is of concern to the GAA and has been raised as a formal concern to the Firm, this falls outside of our direct assessment of value for money for policyholders.

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 over 2023 were above average relative to the comparator group.

Areas for improvement

The GAA did not identify any specific areas for improvement.

4. Firm governance

Value score:

Excellent

Good

Satisfactory

Poor

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 Firm relies on in-house administration services and IT infrastructure teams to operate its platform. These functions are monitored regularly within the business, although the results of this monitoring are not reported on at the customer level.

The Firm utilises a Third-Party Management Policy which sets the standards required to appoint and manage third-party service providers. The Firm maintains a compiled list of third-party service providers for record keeping.

The only external providers within the Firm’s offering are the external investment managers. The Firm has a framework in place for appointing and monitoring external investment managers that is compliant with the due diligence they are required to undertake by the FCA before offering a new investment fund.

The Firm operate three lines of defence which includes risk and compliance monitoring and an annual internal audit programme. Governance incorporates the Audit and Risk Committee, which is chaired and is attended by independent Non-Executive Directors and the business undertakes quarterly Risk and Control Self-Assessments, which are overseen and challenged by the Risk Management team.

The Firm's strengths

The Firm has a flexible Governance structure in place looking after the interests of policyholders which consist of their Commercial Committee, Client and Conduct Committee Steering Group (C&CSG), the SIPP Trustee Committee and the Firm's Board.

The Commercial Committee was appointed by the Executive Committee with the objective of ensuring consistency of pricing, appropriate cost consideration and prioritisation of all strategic partnerships and propositional changes. Its purpose is to act as a focal point for all commercial and pricing related activities.

The C&CSG was appointed with the objective of providing oversight and advice to the Novia Executive Committee and Wealthtime Ltd Senior Management Team on how the business manages its conduct risks and the effectiveness of controls in place to monitor and mitigate these risks on an ongoing basis.

The SIPP Trustee Committee was set up by the Firm's Board to ensure effective oversight of and operation of the SIPP. The Committee is required to report to the Board and will escalate issues, make recommendations, and identify additional areas of focus for the Board.

The SIPP Trustee Committee is responsible for ensuring the SIPPs are operated in accordance with its Trust Deed and Rules and all legislation and regulations that apply.

Terms of reference and agendas of meetings have been provided to the GAA.

Areas for improvement

The GAA did not identify any specific areas for improvement.

5. Security of policyholder benefits

Value score:

Excellent

Good

Satisfactory

Poor

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 a wealth management firm focused on providing financial advisers with the tools, service and investment range needed to achieve positive investment outcomes for their policyholders.

The Firm is well capitalised and conducts regular stress tests to assess how viable the business is likely to be under various market scenarios.

Customer assets are held in customer segregated accounts, which are covered by FSCS protections.

Systems are protected to a high standard from cyber-attacks and are regularly monitored.

There are strong processes in place to protect customers from scams. In addition, aside from transfers to an alternative pension arrangement, the Firm will only ever pay funds to a client's bank account that is held in their name, and not to any third party. The Firm uses robust and strong verification checks prior to payment.

The Firm's strengths

We have no concerns about the financial strength of the Firm. The Firm provided a copy of their AKG rating report to the GAA. This report rated the Firm's overall financial strength as a B which is classed as by AKG as Strong. This is the third highest rating after A for Superior and B+ for Very Strong. The report also assessed the ratings for service, image and strategy and business performance which all scored 4 out of a maximum of 5 stars.

The Firm demonstrated a good awareness of scams, and clearly described a robust due diligence process making use of checklists and a pension liberation questionnaire for protecting policyholders from scams, including around potential transfers to other schemes.

All staff are required to complete an online financial crime training every year for which they are tested and evaluated after each session. The monitoring of which is overseen via the Firm's employee dashboard to ensure staff completion.

Areas for improvement

The GAA did not identify any specific areas for improvement.

6. Administration and operations

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's administration function is operated in-house. Many of the core transactions are automated, for example investing contributions, and so these operations happen on the same day as they are instructed.

All activities, other than the processing of core transactions, are subject to a 5 working day Service Level Agreement (SLA).

The Firm's strengths

IFAs are able to input investment switches through on the adviser zone website, which will then be placed into the next trading window. With direct debits, once the funds are applied this automatically places the trade in line with the policyholder's investment strategy. These are just two examples where the Firm utilises automated straight-through processing for core transactions.

The Firm confirmed that errors are raised on an internal system and monitored by different teams to ensure they are resolved correctly and timely. Where an error was caused by a lack of understanding by a member of the team, training is provided. A root cause analysis is undertaken if this is a wider concern or issue affecting multiple team members.

The Firm provided a copy of their Business Continuity Plan to the GAA. This is reviewed annually.

During 2023, the Firm noted that they have continued to make significant progress to growing internal skills and capability by focusing on a number of key areas including recruitment, talent and development, engagement and reward which has led to stabilisation of our attrition levels. The Firm noted they have established a dedicated training team to ensure that their employees receive effective onboarding and opportunity to continually learn and develop in their roles.

The Firm state these initiatives have demonstrated their commitment to developing a skilled and effective workforce, which they note as being crucial for achieving business goals and delivering quality services to their customers.

The Firm provided a copy of their cyber security statement and provided a report from Stripe OLT (a CREST accredited penetration testing company) who were contracted to conduct an assessment of the Firm's infrastructure. Testing is carried out annually and the GAA was provided with a report covering the testing carried out in January 2024 rather than during 2023.

The Firm confirmed there were no complaints received from policyholders for the year and a copy of the complaints policy was provided to the GAA.

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 were average to the comparator group.

Areas for improvement

GAA observations

The report provided on the penetration testing noted some areas which require mediation, and the GAA would like to see evidence as part of the next review that these have been addressed and rectified with ongoing regular testing carried out.

GAA challenge

The GAA would like to see more detail provided on the SLAs that are relevant to the Workplace Personal Pension Plans so that these can be explicitly assessed.



7. Engagement and innovation

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We expect to see evidence that the product is reviewed on a regular cycle of not less 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

The Firm position themselves in the market as focussed on providing IFAs with the tools, service

and investment range needed to serve their clients.

The Firm gathers adviser feedback via the Investor in Customers (IIC) survey which runs an independent survey at least twice a year. Feedback is collated, analysed and monitored by IIC and summarised in an analysis briefing after each survey.

No formal policyholder surveys were carried out during the assessment period other than Consumer Understanding related surveys related to Consumer Duty, but there is a regular feedback loop via the advisers.

The Firm's strengths

The Firm's online offering, which was demonstrated in a live presentation to the GAA as part of our review last year, is substantial with great functionality for IFAs and policyholders.

Previous IIC surveys have resulted in changes and improvements for policyholders.

Areas for improvement

GAA observations

The GAA has previously observed that the Firm considers how to develop its proactive engagement with policyholders in order to obtain broader feedback on its product, for example through the use of policyholder surveys, but has not seen any action taken in respect of this. The GAA would like the Firm to engage with policyholders and seek client satisfaction and product enhancement feedback.

However, this should be considered in the light of the Firm's overall review of these policies and potential move of policyholders to a different product.

8. Cost and charge levels

Charges: Low Moderately Low Moderately High High

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 GAA was provided with details of policyholder charges levied by the Firm.

The effective average charge was determined by the Firm to be 0.31% p.a., which the GAA would consider to be moderately low. However, this rate is the total charges expressed as a percentage of the total assets under management rather than the average charge per policyholder. The average charge when calculated per policyholder was 1.06%, or 0.84% when excluding pots that are less than £300, which we assess to be high.

There is now a £100 minimum charge in place for many policyholders having increased from £75 with effect from 1 January 2023. Although management charges have been reduced and this charge is not applied where the policyholder has other assets invested through the Firm, this minimum charge affects a large number of policyholders.

There is significant variation between policyholders and the following table shows the impact of the Firm's charges but excludes twenty very smallest pots that are less than £300 which will have very poor value for money when fixed monetary charges are applied and which would soon be extinguished by the charges. This demonstrates the difference in the overall score applied in this section.

Proportion of policies in each group	
<0.25%	22%
0.25-0.35%	47%
0.35-0.45%	5%
>0.45%	24%

For illustration, we have shown this as a range in our chart in the executive summary.

In addition to the ongoing policy charge, there are additional charges made for ad hoc activities such as payments and paper documentation.

Risk of high charges for legacy products

Due to the minimum charge and the increase in this charge in 2023, there is significant variation between policyholders, and this can result in extremely high fees for those with smaller funds.

For example, after excluding the very smallest pots, around 24% of policyholders have a charge of over 0.45% p.a., (8% having charges of up to 1% p.a., 3% having charges of 1-2% p.a., and 4% having charges of over 5% p.a.). Charges for these smaller populations would be considered as extremely high and the proportions in these groups has increased over the year due to the increase in the minimum charge.

At the other end of scale, around 22% of policyholders have charges of 0.25% p.a. or below, which the GAA consider to be low which represents excellent value for money.

As commented in Appendix A of this report, Novia has not previously met the disclosure requirements again relating to costs and charges but has taken steps this year to address this. While this is of concern to the GAA, this falls outside of our direct assessment of value for money for policyholders.

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 relative to the comparator group.

Areas for improvement

GAA concerns

The GAA has challenged the Firm for two consecutive years to consider the ongoing appropriateness of the minimum charge and was disappointed to see that this was subsequently increased from £75 to £100 per policyholder. The GAA raised a formal concern with the Firm about the impact of this minimum charge. The Firm has carried out an overall review of the policies within the scope of the GAA review and we understand is taking steps to close this book of business and move policyholders to a different product. The GAA expects to review and comment on this as part of its next report.



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.

The Firm has not previously provided the GAA with any such disclosures in respect of earlier years, nor made these available on a publicly accessible website and the GAA raised a formal concern in respect of this. The Firm had been considering applying to the FCA for a waiver on this requirement. However, the Firm has subsequently engaged an external third-party firm to assist them in meeting this requirement and at the time of writing has indicated that it will provide disclosures that comply with this requirement although the GAA has not been provided with a copy of these disclosures.

The GAA acknowledges that the Firm does already provide detailed personalised cost and charge information to policyholders and their advisers in relation to their own funds, however this does not fully comply with the FCA requirements.

The GAA will provide a further update in next year's report.

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.

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 provided the GAA with all the information that we requested with the exception of the proposed cost and charges disclosures. The information provided include evidence in the form of minutes and other documentation 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	06/02/2024
Kick off meeting	08/02/2024
Site visit	03/05/2024
GAA panel review meeting	22/05/2024
Discuss provisional scoring	10/06/2024

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 its website under the Wealthtime branding: www.wealthtime.com. The previous Novia website (www.novia-financial.co.uk) redirects to this new site.
- | 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.wealthtime.com



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 <https://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.wealthtime.com/advisers/wealthtime



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.



Appendix F: Data table

Summary of Workplace Personal Pension Plan Data at 31 December 2023

	SIPPs
Number of employers	101
Non-qualifying for auto-enrolment	101
Qualifying for auto-enrolment	0
Total number of policyholders	1,433
Total value of assets (market value)	£66.3m



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