

## ANNEX 1

## Annual report checklist

Set out below is a summary of must, should and may disclosures for LGPS annual reports.

1 Scheme management and advisors		
	The report <b>must</b> list the names and contact details for	YES   NO   N/A
1-1	■ the officers responsible for the fund	YES   <del>NO</del>   <del>N/A</del>
1-2	■ investment managers used by the fund	YES   <del>NO</del>   <del>N/A</del>
1-3	■ the fund custodian	YES   <del>NO</del>   <del>N/A</del>
1-4	■ AVC providers	YES   <del>NO</del>   <del>N/A</del>
1-5	■ the fund actuary	YES   <del>NO</del>   <del>N/A</del>
1-6	■ legal advisors	<del>YES</del>   <del>NO</del>   <del>N/A</del>
1-7	■ bankers to the fund	YES   <del>NO</del>   <del>N/A</del>
1-8	■ the external auditor	YES   <del>NO</del>   <del>N/A</del>
1-9	■ the scheme administrators	YES   <del>NO</del>   <del>N/A</del>
1-10	■ any independent advisors	YES   <del>NO</del>   <del>N/A</del>
2 Risk management		
	The report <b>should</b> explain	YES   NO   N/A
2-1	■ how risk management is integrated within the governance structure	<del>YES</del>   <del>NO</del>   <del>N/A</del>
2-2	■ how risks are identified, managed and reviewed. This might for example include	<del>YES</del>   <del>NO</del>   <del>N/A</del>
2-3	■ a summary of the key risks and what actions are being taken to mitigate those risks	YES   <del>NO</del>   <del>N/A</del>
2-4	■ how assurance is sought over third party operations, eg ISAE 3402 (f AAF 01/06) and SSAE16/70 reports	YES   <del>NO</del>   <del>N/A</del>
2-5	■ levels of assurance gained from internal audit work	YES   <del>NO</del>   <del>N/A</del>
2-6	■ how investment risk is managed	YES   <del>NO</del>   <del>N/A</del>
3 Financial performance		
	The report <b>must</b> provide an overview of the fund's financial performance which includes	YES   <del>NO</del>   <del>N/A</del>
3-1	■ current year performance against budget, highlighting and explaining any significant variances	<del>YES</del>   <del>NO</del>   <del>N/A</del>
3-2	■ a brief commentary on the movement in non-investment assets and liabilities (or a cross-reference to where this can be found in the financial statements)	YES   <del>NO</del>   <del>N/A</del>

		Yes/no/not applicable	Comments
3-3	■ Information about the level of contributions as a % of pensionable pay, the timeliness of receipt of contributions and whether the option to levy interest on overdue contributions has been exercised	YES   <del>NO</del>   <del>N/A</del>	
3-4	■ forecast v outturn report on the pension fund cash flows	YES   <del>NO</del>   <del>N/A</del>	
3-5	■ details of pension overpayments, recoveries and any amounts written off, including the results of participation in (NFI) exercises (data matches, overpayments identified, actions taken, etc)	<del>YES</del>   <del>NO</del>   N/A	
The financial overview <b>should</b> also include			
3-6	■ details of the net operational expenses of administering the fund, identifying as a minimum staff costs (both direct and internal recharges), premises, IT, supplies and services, costs of democracy and any other costs and income	YES   <del>NO</del>   <del>N/A</del>	
3-7	■ details of benefits payable, transfers in and out, plus income from contributions from members and employers, showing a net inflow or outflow to the fund	YES   <del>NO</del>   <del>N/A</del>	
3-8	■ The financial overview <b>may</b> also include longer term forecasts of income, expenditure and cash flows	<del>YES</del>   <del>NO</del>   <del>N/A</del>	
<b>4 Pension scheme administration</b>			
The annual report <b>must</b> include the following			
4-1	■ analysis of membership data (active, deferred pensioners and leavers)	YES   <del>NO</del>   <del>N/A</del>	
4-2	■ a list of contributing employers analysed by admitted and scheduled bodies showing the value of contributions received from both employer and employees during the year	YES   <del>NO</del>   <del>N/A</del>	
4-3	■ details of new pensioners analysed by ill health, early and normal retirements	<del>YES</del>   <del>NO</del>   <del>N/A</del>	
The annual report <b>must</b> include a description of key administration activities including.			
4-4	■ services provided to members, pensioners and employing bodies, together with an explanation of how these services are delivered	YES   <del>NO</del>   <del>N/A</del>	
4-5	■ a statement on value for money	<del>YES</del>   <del>NO</del>   <del>N/A</del>	
4-6	■ a summary of key performance data and qualitative information	YES   <del>NO</del>   <del>N/A</del>	
4-7	■ a summary of key financial information and staffing levels	YES   <del>NO</del>   <del>N/A</del>	
Key performance data <b>should</b> include			

		Yes/no/not applicable	Comments
4-8	■ caseload analysis	YES   NO   N/A	
4-9	■ accuracy of membership data	<del>YES</del>   NO   <del>N/A</del>	
4-10	■ the percentage of pensions transactions completed on time against targets	YES   NO   <del>N/A</del>	
4-11	■ satisfaction levels of employers and members	<del>YES</del>   NO   <del>N/A</del>	
4-12	■ numbers of complaints and complaints as a percentage of workload	<del>YES</del>   NO   <del>N/A</del>	
	Financial indicators of administrative efficiency <b>should</b> include	YES   NO   N/A	
4-13	■ unit costs per member	<del>YES</del>   NO   <del>N/A</del>	
4-14	■ benchmarking of unit costs against appropriate comparators	<del>YES</del>   NO   <del>N/A</del>	
	Key staffing indicators <b>should</b> include.	YES   NO   N/A	
4-15	■ staff numbers and trends	<del>YES</del>   NO   <del>N/A</del>	
4-16	■ staff to fund-member ratios	<del>YES</del>   NO   <del>N/A</del>	
4-17	■ average cases per member of staff	<del>YES</del>   NO   <del>N/A</del>	
4-18	■ benchmarking of staffing levels against appropriate comparators	<del>YES</del>   NO   <del>N/A</del>	
	A CIPFA working group has recommended that the following information is collected and the results <b>should</b> be summarised in the annual report		
4-19	Time taken to process the following		
	■ acknowledgement of death	<del>YES</del>   NO   <del>N/A</del>	
	■ death benefit and/or survivor pension	YES   NO   <del>N/A</del>	
	■ provide pension or CETV estimate	YES   NO   <del>N/A</del>	
	■ payment of lump sum retirement	<del>YES</del>   NO   <del>N/A</del>	
	■ calculate and notify deferred benefits	<del>YES</del>   NO   <del>N/A</del>	
	■ transfers in and out	YES   NO   <del>N/A</del>	
	■ calculate and pay a refund	<del>YES</del>   NO   <del>N/A</del>	
	■ send formal notification of joining	<del>YES</del>   NO   <del>N/A</del>	
4-20	Actual time taken compared to legal requirements and internal target/SLA KPI	YES   NO   <del>N/A</del>	
4-21	Numbers of each case type processed each year and outstanding at the year end	YES   NO   <del>N/A</del>	
4-22	Average caseload per FTE	YES   NO   <del>N/A</del>	
4-23	Satisfaction levels of employers and members	<del>YES</del>   NO   <del>N/A</del>	
4-24	Administration, oversight and governance – unit costs per member.	<del>YES</del>   NO   <del>N/A</del>	
4-25	Staff to fund-member ratios	<del>YES</del>   NO   <del>N/A</del>	

		Yes/no/not applicable	Comments
4-26	The annual report <b>should</b> summarise <ul style="list-style-type: none"> <li>■ helpdesk arrangements and information available to members and employees via websites, self-service options and other information sources</li> </ul>	YES   <del>NO</del>   <del>N/A</del>	
4-27	■ contact details	YES   <del>NO</del>   <del>N/A</del>	
4-28	■ explanation of any outsourcing arrangements	<del>YES</del>   <del>NO</del>   N/A	
4-29	■ monitoring arrangements for gathering assurance over the effective and efficient operation of these operations	YES   <del>NO</del>   <del>N/A</del>	
	This section <b>may</b> also contain:		
4-30	<ul style="list-style-type: none"> <li>■ an outline of the fund's internal dispute resolution procedure, any new dispute cases arising during the year and how these have been resolved</li> <li>■ contact details for the Pensions Advisory Service and the Pensions Ombudsman</li> <li>■ information on how to access any policies or guidance produced by the LGPS for employing bodies or members</li> </ul>	YES   <del>NO</del>   <del>N/A</del>	
<b>5</b>	<b>Investment Policy and Performance Report</b>		
5-1	The planned asset allocation <b>must</b> be stated along with the actual asset allocation for the financial year	YES   <del>NO</del>   <del>N/A</del>	
5-2	Investment performance <b>must</b> be set out for each asset class and fund manager against the benchmarks set for one year, three years and five years	YES   <del>NO</del>   <del>N/A</del>	
5-3	Pension funds <b>may</b> wish to explain any responsible investment policies and any environmental, social and governance policies along with voting arrangements and other initiatives such as engagement with companies and any collaborative ventures with other funds	YES   <del>NO</del>   <del>N/A</del>	
5-4	The report <b>may</b> also: <ul style="list-style-type: none"> <li>■ outline the fund's approach to the UK Stewardship Code</li> </ul>	YES   <del>NO</del>   <del>N/A</del>	
5-5	■ list any bodies of which the fund is member, subscriber or signatory, such as NAPF, LAPFF, UKSIF, UNPRI, etc	<del>YES</del>   NO   <del>N/A</del>	
5-6	■ record how voting rights have been exercised	<del>YES</del>   NO   <del>N/A</del>	
5-7	■ explain what actions have been taken to pursue responsible investment aims	<del>YES</del>   NO   <del>N/A</del>	
5-8	■ explain actions taken to demonstrate compliance with the Myners principles or any other code of principles adopted	YES   <del>NO</del>   <del>N/A</del>	

		Yes/no/not applicable	Comments
5-9	This section of the report <b>must</b> also include details of investment administration and custody, describing who looks after which part of the portfolio if this has not already been reported elsewhere	YES   <del>NO</del>   <del>N/A</del>	
<b>6</b>	<b>Investment management costs</b>		
6-1	Pension funds <b>should</b> take steps to identify fees and costs incurred by third parties which impact on overall return achieved, and explain these in the annual report	<del>YES</del>   NO   <del>N/A</del>	
6-2	The annual report <b>should</b> help readers understand the relationship between costs, risks and return associated with the pension fund portfolio. Areas for consideration might include the costs and related returns from:		
	■ active v passive portfolios	YES   <del>NO</del>   N/A	
	■ different asset classes including alternatives	<del>YES</del>   NO   <del>N/A</del>	
	■ pooled funds, layered funds and 'fund of fund' arrangements	YES   NO   <del>N/A</del>	
	■ different fund managers	YES   NO   <del>N/A</del>	
6-3	The annual report <b>should</b> explain how the pension fund is responding to the Scheme Advisory Board's Transparency Code and what use is being made of information obtained from fund managers using the Scheme's template reports	<del>YES</del>   NO   <del>N/A</del>	
<b>7</b>	<b>Post pool reporting</b>		
7-1	Investments analysis by fund manager <b>must</b> be split between assets transferred, and not yet transferred, to national pools	YES   NO   <del>N/A</del>	
7-2	The annual report <b>must</b> include details of pool set up costs eg		
	■ share purchase/subscription costs	YES   <del>NO</del>   <del>N/A</del>	
	■ other working capital provided eg loans	<del>YES</del>   <del>NO</del>   N/A	
	■ staff costs	YES   NO   <del>N/A</del>	
	■ accommodation costs	YES   NO   <del>N/A</del>	
	■ other services provided eg IT costs	YES   NO   <del>N/A</del>	
	■ transition fees and taxes	YES   NO   <del>N/A</del>	
	■ recruitment	YES   NO   <del>N/A</del>	
	■ legal	YES   NO   <del>N/A</del>	
	■ procurement	YES   NO   <del>N/A</del>	
7-3	Details of set up costs <b>should</b> be presented alongside the total savings expected from pooling and the in-year and cumulative savings achieved to date	YES   NO   <del>N/A</del>	

		Yes/no/not applicable	Comments
7-4	Analysis of ongoing investment management costs <b>must</b> be split between pooled and non-pooled assets	<del>YES</del>   <del>NO</del>   N/A	
7-5	To measure the extent to which pension funds have saved fees as a result of pooling, the annual report <b>should</b> include details of ongoing fee savings based on the price and quantity variance methodology set out in the Post Pooling Guidance report	YES   <del>NO</del>   <del>N/A</del>	
7-6	Annual reports <b>should</b> compare gross and net investment yield for each class of asset, analysed between pooled and non-pooled investments and comparing actual return achieved during the year to the relevant passive return index (for quoted investments) or the local target return (for non-quoted investments)	<del>YES</del>   <del>NO</del>   N/A	
7-7	Where tables are used to provide the data in 7-2 to 7-6 above, the tables <b>should</b> be clearly explained	YES   <del>NO</del>   <del>N/A</del>	
7-8	Narrative commentary <b>should</b> explain changes to investment costs in terms of: <ul style="list-style-type: none"> <li>■ change in the value of assets under management and how this is split between pooled and non-pooled investments</li> <li>■ changes in investment strategies and asset allocations</li> <li>■ changes implemented as a result of pooling, such as re-balancing of direct vs pooled investments, changes in the split of active and passive investments, renegotiated fund mandates, new fee structures (eg changes to ad valorem fees) or new suppliers</li> <li>■ changes in the supplier market (eg regulation, competition, innovation)</li> <li>■ exceptional costs, including costs of establishing pools and transitioning to them</li> <li>■ increased transparency – changes in the way the information is presented</li> <li>■ any other factors</li> </ul>	<del>YES</del>   <del>NO</del>   N/A	
7-9	Annual reports <b>must</b> include the name and contact details of the regional pool operator	YES   <del>NO</del>   <del>N/A</del>	
7-10	planned versus actual asset allocation – within the pool and otherwise  Annual reports <b>should</b> also include the following information relating to the regional asset pool		
7-11	a summary of identified risks relating to pooling arrangements	<del>YES</del>   <del>NO</del>   N/A	

		Yes/no/not applicable	Comments
7-11	<ul style="list-style-type: none"> <li>a copy or summary of the annual report from the asset pool oversight committee</li> </ul> <p>The pension fund <b>may</b> also wish to disclose</p>	YES   NO   N/A	
7-12	<ul style="list-style-type: none"> <li>how the pension fund and pool operator respectively are exercising voting rights and taking action to pursue responsible investment commitments</li> </ul>	YES   NO   N/A	
7-13	<ul style="list-style-type: none"> <li>what action the pool operator is taking to demonstrate compliance with the Myners principles</li> </ul>	YES   NO   N/A	
7-14	<ul style="list-style-type: none"> <li>information relating to knowledge and skills and training relevant to asset pooling</li> </ul>	YES   NO   N/A	
8	<b>Actuarial report</b>	YES   NO   N/A	
8-1	The annual report <b>must</b> include a statement by the actuary setting out the pension fund's overall level of funding as reported at the last triennial valuation	YES   NO   N/A	
	It <b>should</b> also include		
8-2	<ul style="list-style-type: none"> <li>a summary of the last triennial valuation report and details of where the full version of the actuarial report can be obtained</li> </ul>	YES   NO   N/A	
8-3	In addition the pension fund <b>may</b> wish to disclose <ul style="list-style-type: none"> <li>the results of any interim valuations</li> </ul>	YES   NO   N/A	
8-4	<ul style="list-style-type: none"> <li>where such monitoring is undertaken, the results of any monitoring of key variables such as longevity experience, ill health retirements and use of discretionary powers impacting on the fund's solvency.</li> </ul>	YES   NO   N/A	
9	<b>Governance policy and compliance statement</b>		
	Regulation 31 of the Administration Regulations 2008 (Regulation 55 of The Local Government Pension Scheme Regulations 2013) (Regulation 27 in Scotland) prescribes the content of this statement which <b>must</b> be included in the annual report		
	This section of the annual report <b>should</b> also include:		
9-1	An outline of the overall governance structure for the pension fund and the roles and responsibilities of each element <i>within the structure (including whether the element is executive or advisory)</i>	YES   NO   N/A	
9-2	Terms of reference for the pensions committee (or equivalent), local pensions board and related sub-committees or advisory panels	YES   NO   N/A	
9-3	Membership of each panel/committee during the year with a matrix showing for each member	YES   NO   N/A	
9-4	<ul style="list-style-type: none"> <li>voting rights</li> </ul>	YES   NO   N/A	

		Yes/no/not applicable	Comments
9-5	■ attendance at meetings	YES   NO   <del>N/A</del>	
9-6	■ training received during the reporting period	YES   NO   <del>N/A</del>	
9-7	Policy and processes for managing any conflicts of interest	YES   NO   <del>N/A</del>	
9-8	The annual report from the local pension board	<del>YES</del>   NO   <del>N/A</del>	
9-9	Annual reports <b>should</b> include some form of commentary to illustrate how governance works in everyday terms for the reader. This <b>may</b> include, for example: <ul style="list-style-type: none"> <li>■ explanations of how codes of conduct operate in practice</li> <li>■ how the CIPFA Knowledge and Skills Framework has been applied</li> <li>■ details of training offered and take-up (training is mandatory for local pension board members but not for a pensions committee).</li> </ul>	YES   NO   <del>N/A</del>	
9-10	how the fund and pool operator are meeting the requirements of the CIPFA/SOLACE <i>Good Governance Framework</i>	<del>YES</del>   NO   <del>N/A</del>	
<b>10</b>	<b>Financial statements</b>		
10-1	The annual report <b>must</b> include the fund's full financial statements ie the fund account, net asset statement and disclosure notes	YES   NO   <del>N/A</del>	
10-2	The annual report <b>must</b> also contain a copy of the external auditor's opinion on these accounts	YES   NO   <del>N/A</del>	
<b>11</b>	<b>Dealings with employing bodies</b>		
11-1	The annual report <b>must</b> include a summary of the number of employers in the fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities). The data <b>should</b> be shown in tabular format	YES   NO   <del>N/A</del>	
	The annual report <b>should</b> set out the arrangements for dealing with employer bodies. Examples <b>may</b> include		
11-2	■ service standards set and agreed between the fund and each employer	YES   NO   <del>N/A</del>	
11-3	■ the provision of named pensions contacts for the employer	YES   NO   <del>N/A</del>	
11-4	■ an employer discretions policy document	YES   NO   <del>N/A</del>	
11-5	■ a new admissions policy	<del>YES</del>   NO   <del>N/A</del>	
11-6	■ pensions advice for employers entering into outsourcing/TUPE arrangements	YES   NO   <del>N/A</del>	



		Yes/no/not applicable	Comments
11-7	■ requirement for annual statements of compliance regarding the administration of the scheme by each employer	<del>YES</del>   NO   <del>N/A</del>	
11-8	■ the timeliness of data submissions by the employer	YES   NO   <del>N/A</del>	
11-9	■ the timeliness of employer responses to fund queries	YES   NO   <del>N/A</del>	
11-10	The report <b>should</b> set out any use of powers to seek compensation from employers in respect of any service standard breaches	YES   NO   <del>N/A</del>	
<b>12</b>	<b>Communications Policy Statement</b>		
12-1	For English and Welsh pension funds, Regulation 61 of the Administration Regulations requires them to prepare, maintain and publish a written statement of their policy concerning communication with members, representatives of members and employing authorities. This <b>must</b> be included in the annual report	YES   NO   <del>N/A</del>	
<b>13</b>	<b>Funding strategy statement</b>		
13-1	Pension funds are required to prepare, publish and maintain funding strategy statements (FSS) under Regulation 58 of The Local Government Pension Scheme Regulations 2013) (Regulation 31 in Scotland). For the purposes of the pension fund annual report, the statement as it stood at the end of the reporting period <b>must</b> be reproduced in full.	YES   NO   <del>N/A</del>	
	This section of the report <b>should</b> also include a commentary on matters relating to the implementation and application of the funding strategy statement during the period, such as		
13-2	■ implementation of any contribution increases	YES   NO   <del>N/A</del>	
13-3	■ management of admitted bodies	YES   NO   <del>N/A</del>	
13-4	■ any bonds or any other secured funding arrangements entered into	YES   NO   <del>N/A</del>	
13-5	Links between the FSS and ISS <b>should</b> be set out in the annual report	YES   NO   <del>N/A</del>	
<b>14</b>	<b>Investment strategy statement</b>		
14-1	Pension funds are required to prepare, maintain and publish an investment strategy statement (ISS), which replaced the previous statement of investment principles (SIP) in 2016/17. The annual report <b>must</b> include the current version of the ISS.	YES   NO   <del>N/A</del>	
14-2	The Annual report <b>should</b> set out the extent to which the ISS and FSS meet statutory guidance and explain the reasons for any areas of non-compliance identified	YES   NO   <del>N/A</del>	

		Yes/no/not applicable	Comments
14-3	The ISS <b>should</b> explain how the pension fund intends to transition funds to the regional asset pool, setting out expected timings, mandates affected etc	<del>YES</del>   NO   <del>N/A</del>	
15	<b>Other material</b>		
	For example, funds <b>may</b> wish to include		
15-1	■ the statement of compliance with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills	YES   <del>NO</del>   <del>N/A</del>	
15-2	■ evidence to demonstrate compliance with the code of practice, reports on officer and member training undertaken during the year (if not reported elsewhere), skills and knowledge reviews, planned training events etc	YES   <del>NO</del>   <del>N/A</del>	
15-3	■ the role played by internal audit in providing assurance and managing risk, and a summary of assurance activity undertaken during the year	YES   <del>NO</del>   <del>N/A</del>	
15-4	■ other policy documents or strategies in place or under development	YES   <del>NO</del>   <del>N/A</del>	
15-5	■ a commentary on how employer discretions have been exercised in the reporting period	YES   <del>NO</del>   <del>N/A</del>	
15-6	■ a glossary of commonly used pension fund terms to aid readers.	YES   <del>NO</del>   <del>N/A</del>	
15-7	Chairman's report	YES   <del>NO</del>   <del>N/A</del>	
16	<b>Requirements for Welsh and Scottish LGPS only</b>		
	The annual reports <b>must</b> include	<del>YES</del>   <del>NO</del>   N/A	
16-1	a statement of responsibilities	<del>YES</del>   <del>NO</del>   N/A	
16-2	approval and issue dates	<del>YES</del>   <del>NO</del>   N/A	
16-3	an annual governance report, based on	<del>YES</del>   <del>NO</del>   N/A	
	■ compliance with CIPFA/SOLACE framework	<del>YES</del>   <del>NO</del>   N/A	
	■ outcomes from internal audit coverage/head of internal audit assurance report	<del>YES</del>   <del>NO</del>   N/A	
	■ third party assurance reports.	<del>YES</del>   <del>NO</del>   N/A	
	<b>Must be included for Scottish pension funds only</b>		
16-4	A management commentary	<del>YES</del>   <del>NO</del>   N/A	