

Annual report checklist

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

| 1 | Scheme management and advisors | Yes/no/not applicable | Comments |
|------|--|-----------------------|----------|
| | The report must list the names and contact details for: | | |
| 1-1 | ■ the officers responsible for the fund | YES NO N/A | |
| 1-2 | ■ investment managers used by the fund | YES NO N/A | |
| 1-3 | ■ the fund custodian | YES NO N/A | |
| 1-4 | ■ AVC providers | YES NO N/A | |
| 1-5 | ■ the fund actuary | YES NO N/A | |
| 1-6 | ■ legal advisors | YES NO N/A | |
| 1-7 | ■ bankers to the fund | YES NO N/A | |
| 1-8 | ■ the external auditor | YES NO N/A | |
| 1-9 | ■ the scheme administrators | YES NO N/A | |
| 1-10 | ■ any independent advisors | YES NO N/A | |
| 2 | Risk management | | |
| | ■ The report should explain: | | |
| 2-1 | ■ how risk management is integrated within the governance structure | YES NO N/A | |
| 2-2 | ■ how risks are identified, managed and reviewed. This might for example include: | YES NO N/A | |
| 2-3 | ■ a summary of the key risks and what actions are being taken to mitigate those risks | YES NO N/A | |
| 2-4 | ■ how assurance is sought over third party operations, e.g. ISAE 3402 (f AAF 01/06) and SSAE16/70 reports | YES NO N/A | |
| 2-5 | ■ levels of assurance gained from internal audit work | YES NO N/A | |
| 2-6 | ■ how investment risk is managed. | YES NO N/A | |
| 3 | Financial performance | | |
| | The report must provide an overview of the fund's financial performance which includes: | | |
| 3-1 | ■ current year performance against budget, highlighting and explaining any significant variances | YES NO N/A | |
| 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 NO N/A | |

| | | 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 NO N/A | |
| 3-4 | ■ forecast v outturn report on the pension fund cash flows | YES NO N/A | |
| 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.). | YES NO N/A | |
| The financial overview should 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 NO N/A | |
| 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 NO N/A | |
| 3-8 | ■ The financial overview may also include longer term forecasts of income, expenditure and cash flows. | YES NO N/A | |
| 4 Pension Scheme Administration | | | |
| The annual report must include the following: | | | |
| 4-1 | ■ analysis of membership data (active, deferred pensioners and leavers) | YES NO N/A | |
| 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 NO N/A | |
| 4-3 | ■ details of new pensioners analysed by ill health, early and normal retirements. | YES NO N/A | |
| The annual report must 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 NO N/A | |
| 4-5 | ■ a statement on value for money | YES NO N/A | |
| 4-6 | ■ a summary of key performance data and qualitative information | YES NO N/A | |
| 4-7 | ■ a summary of key financial information and staffing levels. | YES NO N/A | |
| Key performance data should include: | | | |
| 4-8 | ■ caseload analysis | YES NO N/A | |

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

| | | Yes/no/not applicable | Comments |
|---|--|-----------------------|----------|
| 4-26 | The annual report should summarise <ul style="list-style-type: none"> ■ helpdesk arrangements and information available to members and employees via websites, self-service options and other information sources | YES NO N/A | |
| 4-27 | ■ contact details | YES NO N/A | |
| 4-28 | ■ explanation of any outsourcing arrangements | YES NO N/A | |
| 4-29 | ■ monitoring arrangements for gathering assurance over the effective and efficient operation of these operations. | YES NO N/A | |
| | This section may also contain: | | |
| 4-30 | ■ an outline of the fund's internal dispute resolution procedure, any new dispute cases arising during theyear and how these have been resolved | YES NO N/A | |
| | ■ contact details for the Pensions Advisory Service andthe Pensions Ombudsman | YES NO N/A | |
| | ■ information on how to access any policies or guidance produced by the LGPS for employing bodies or members. | YES NO N/A | |
| 5 Investment Policy and Performance Report | | | |
| 5-1 | The planned asset allocation must be stated along with the actual asset allocation for the financial year. | YES NO N/A | |
| 5-2 | Investment performance must be set out for each asset class and fund manager against the benchmarks set for one year, three years and five years. | YES NO N/A | |
| 5-3 | Pension funds may 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 NO N/A | |
| 5-4 | The report may also: <ul style="list-style-type: none"> ■ outline the fund's approach to the UK Stewardship Code | YES NO N/A | |
| 5-5 | ■ list any bodies of which the fund is member, subscriber or signatory, such as NAPF, LAPFF, UKSIF, UNPRI, etc | YES NO N/A | |
| 5-6 | ■ record how voting rights have been exercised | YES NO N/A | |
| 5-7 | ■ explain what actions have been taken to pursue responsible investment aims | YES NO N/A | |
| 5-8 | ■ explain actions taken to demonstrate compliance with the Myners principles or any other code of principles adopted. | YES NO N/A | |
| 5-9 | ■ This section of the report must also include details of investment administration and custody, describing who looks after which part of the portfolio if this has not alreadybeen reported elsewhere. | YES NO N/A | |

| 6 | Investment Management Costs | Yes/no/not applicable | Comments |
|-----|---|-----------------------|----------|
| 6-1 | Pension funds should take steps to identify fees and costs incurred by third parties which impact on overall return achieved and explain these in the annual report. | YES NO N/A | |
| 6-2 | The annual report should 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 NO N/A | |
| | ■ different asset classes including alternatives | YES NO N/A | |
| | ■ pooled funds, layered funds and 'fund of fund' arrangements | YES NO N/A | |
| | ■ different fund managers. | YES NO N/A | |
| 6-3 | The annual report should 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. | YES NO N/A | |
| 7 | Post pool reporting | | |
| 7-1 | Investments analysis by fund manager must be split between assets transferred, and not yet transferred, to national pools. | YES NO N/A | |
| 7-2 | The annual report must include details of pool set up costs e.g.: | | |
| | ■ share purchase/subscription costs | YES NO N/A | |
| | ■ other working capital provided e.g. loans | YES NO N/A | |
| | ■ staff costs | YES NO N/A | |
| | ■ accommodation costs | YES NO N/A | |
| | ■ other services provided e.g. IT costs | YES NO N/A | |
| | ■ transition fees and taxes | YES NO N/A | |
| | ■ recruitment | YES NO N/A | |
| | ■ legal | YES NO N/A | |
| | ■ procurement. | YES NO N/A | |
| 7-3 | Details of set up costs should be presented alongside the total savings expected from pooling and the in-year and cumulative savings achieved to date. | YES NO N/A | |
| 7-4 | Analysis of ongoing investment management costs must be split between pooled and non-pooled assets | YES NO N/A | |
| 7-5 | To measure the extent to which pension funds have saved fees as a result of pooling, the annual report should includedetails of ongoing fee savings based on the price and quantity variance methodology set out in the Post PoolingGuidance report. | YES NO N/A | |

| | | Yes/no/not applicable | Comments |
|------|---|-----------------------|----------|
| 7-6 | Annual reports should 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). | YES NO N/A | |
| 7-7 | Where tables are used to provide the data in 7-2 to 7-6 above, the tables should be clearly explained. | YES NO N/A | |
| 7-8 | Narrative commentary should explain changes to investment costs in terms of: | | |
| | <ul style="list-style-type: none"> ■ change in the value of assets under management and how this is split between pooled and non-pooled investments | YES NO N/A | |
| | <ul style="list-style-type: none"> ■ changes in investment strategies and asset allocations | YES NO N/A | |
| | <ul style="list-style-type: none"> ■ 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 (e.g. changes to ad valorem fees) or new suppliers | YES NO N/A | |
| | <ul style="list-style-type: none"> ■ changes in the supplier market (e.g. regulation, competition, innovation) | YES NO N/A | |
| | <ul style="list-style-type: none"> ■ exceptional costs, including costs of establishing pools and transitioning to them | YES NO N/A | |
| | <ul style="list-style-type: none"> ■ increased transparency – changes in the way the information is presented | YES NO N/A | |
| | <ul style="list-style-type: none"> ■ any other factors. | YES NO N/A | |
| 7-9 | Annual reports must include: the name and contact details of the regional pool operator | YES NO N/A | |
| 7-10 | planned versus actual asset allocation – within the pool and otherwise. | YES NO N/A | |
| | Annual reports should also include the following information relating to the regional asset pool: | | |
| 7-11 | a summary of identified risks relating to pooling arrangements | YES NO N/A | |
| 7-12 | <ul style="list-style-type: none"> ■ a copy or summary of the annual report from the asset pool oversight committee | YES NO N/A | |
| | The pension fund may also wish to disclose: | | |
| 7-13 | how the pension fund and pool operator respectively are exercising voting rights and taking action to pursue responsible investment commitments | YES NO N/A | |
| 7-14 | what action the pool operator is taking to demonstrate compliance with the Myners principles | YES NO N/A | |

| | | Yes/no/not applicable | Comments |
|----------|--|-----------------------|---------------------------------|
| 7-15 | information relating to knowledge and skills and training relevant to asset pooling. | YES NO N/A | |
| 8 | Actuarial report | | |
| 8-1 | The annual report must include a statement by the actuary setting out the pension fund's overall level of funding as reported at the last triennial valuation. It should also include: | YES NO N/A | |
| 8-2 | a summary of the last triennial valuation report and details of where the full version of the actuarial report can be obtained. | YES NO N/A | |
| 8-3 | In addition, the pension fund may wish to disclose: the results of any interim valuations | YES NO N/A | |
| 8-4 | 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. | YES NO N/A | |
| 9 | Governance policy and compliance statement | | |
| | 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 must be included in the annual report. This section of the annual report should also include: | | |
| 9-1 | An outline of the overall governance structure for the pension fund and the roles and responsibilities of each element within the structure (including whether the element is executive or advisory) | 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 | ■ voting rights | YES NO N/A | |
| 9-5 | ■ attendance at meetings | YES NO N/A | |
| 9-6 | ■ training received during the reporting period. | YES NO N/A | |
| 9-7 | Policy and processes for managing any conflicts of interest. | YES NO N/A | |
| 9-8 | The annual report from the local pension board. | YES NO N/A | Final version not yet submitted |

| | | Yes/no/not applicable | Comments |
|-----------|---|-----------------------|---|
| 9-9 | <p>Annual reports should include some form of commentary to illustrate how governance works in everyday terms for the reader. This may include, for example:</p> <ul style="list-style-type: none"> ■ explanations of how codes of conduct operate in practice ■ how the CIPFA Knowledge and Skills Framework has been applied <p>details of training offered and take-up (training is mandatory for local pension board members but not for a pensions committee).</p> | YES NO N/A | Knowledge & Skills Framework Compliance still to be produced |
| 9-10 | How the fund and pool operator are meeting the requirements of the CIPFA/SOLACE <i>Good Governance Framework</i> . | YES NO N/A | |
| 10 | Financial statements | | |
| 10-1 | The annual report must include the fund's full financial statements i.e. the fund account, net asset statement and disclosure notes. | YES NO N/A | Awaiting final version following conclusion of audit |
| 10-2 | The annual report must also contain a copy of the external auditor's opinion on these accounts. | YES NO N/A | Not yet available |
| 11 | Dealings with employing bodies | | |
| 11-1 | The annual report must 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 should be shown in tabular format. | YES NO N/A | |
| | The annual report should set out the arrangements for dealing with employer bodies. Examples may include: | YES NO N/A | |
| 11-2 | <ul style="list-style-type: none"> ■ service standards set and agreed between the fund and each employer | YES NO N/A | |
| 11-3 | <ul style="list-style-type: none"> ■ the provision of named pensions contacts for the employer | YES NO N/A | |
| 11-4 | <ul style="list-style-type: none"> ■ an employer discretions policy document | YES NO N/A | |
| 11-5 | <ul style="list-style-type: none"> ■ a new admissions policy | YES NO N/A | |
| 11-6 | <ul style="list-style-type: none"> ■ pensions advice for employers entering into outsourcing/TUPE arrangements | YES NO N/A | |
| 11-7 | <ul style="list-style-type: none"> ■ requirement for annual statements of compliance regarding the administration of the scheme by each employer | YES NO N/A | |

| | | Yes/no/not applicable | Comments |
|---|---|-----------------------|----------|
| 11-8 | ■ the timeliness of data submissions by the employer | YES NO N/A | |
| 11-9 | ■ the timeliness of employer responses to fund queries. | YES NO N/A | |
| 11-10 | ■ The report should set out any use of powers to seek compensation from employers in respect of any servicestandard breaches. | YES NO N/A | |
| 12 Communications Policy Statement | | | |
| 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 must be included in the annual report | YES NO N/A | |
| 13 Funding strategy statement | | | |
| 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 must be reproduced in full. This section of the report should also include a commentary on matters relating to the implementation and application of the funding strategy statement during the period, such as: | YES NO N/A | |
| 13-2 | ■ implementation of any contribution increases | YES NO N/A | |
| 13-3 | ■ management of admitted bodies | YES NO N/A | |
| 13-4 | ■ any bonds or any other secured funding arrangements entered into. | YES NO N/A | |
| 13-5 | Links between the FSS and ISS should be set out in the annual report | YES NO N/A | |
| 14 Investment strategy statement | | | |
| 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 must include the current version of the ISS. | YES NO N/A | |

| | | Yes/no/not applicable | Comments |
|-------------|---|-----------------------|--|
| 14-2 | The Annual report should 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 N/A | |
| 15 | Other material | | |
| | For example, funds may wish to include: | | |
| 15-1 | <ul style="list-style-type: none"> the statement of compliance with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills | YES NO N/A | Knowledge and Skills Framework Compliance Statements still to be produced |
| 15-2 | <ul style="list-style-type: none"> 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 NO N/A | |
| 15-3 | <ul style="list-style-type: none"> the role played by internal r in providing assurance and managing risk, and a summary of assurance activity undertaken during the year | YES NO N/A | |
| 15-4 | <ul style="list-style-type: none"> other policy documents or strategies in place or underdevelopment | YES NO N/A | |
| 15-5 | <ul style="list-style-type: none"> a commentary on how employer discretions have been exercised in the reporting period | YES NO N/A | |
| 15-6 | <ul style="list-style-type: none"> a glossary of commonly used pension fund terms to aid readers. | YES NO N/A | |
| 15-7 | Chairman's report. | YES NO N/A | Not yet produced |