CAMBRIDGESHIRE PENSION FUND BOARD

Friday, 28 April 2023

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

<u>10:00</u>

VIRTUAL MEETING

This meeting will held via Zoom For more information please contact the clerk for the meeting (details provided below).

AGENDA

Open to Public and Press

Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 1 & 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information)

9 **Risk Monitoring Report**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

10 **Investment Strategy Update**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

11 **ACCESS Update**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

The Cambridgeshire Pension Fund Board comprises the following members:

For more information about this meeting, including access arrangements please contact

Councillor Denis Payne (Chair) Mr Barry O'Sullivan (Vice-Chair) Val Limb Councillor Simon King and Councillor Geoffrey Seeff

Clerk Name:	Rhiannon Leighton
Clerk Telephone:	01223 728170
Clerk Email:	rhiannon.leighton@cambridgeshire.gov.uk

Cambridgeshire Local Pension Board Minutes Action Log

This is the updated action log as at 14 April 2023 and captures the actions arising from the most recent Cambridgeshire Local Pension Board meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes 4 November 2023

Minute number	Report Title	Action for	Action	Comment	Status
70.	Valuation Update	Cory Blose	To deliver a Fund specific briefing on ‘cessation corridors’.	Following the conclusion of the consultation, the actuary has been asked to provide a briefing note. This will be circulated to Members once available.	In progress The actuary will now be able to progress this following the completion of the valuation project, we have discussed the scope of the document and the briefing will be circulated as soon as it is available.

Minutes 27th January 2023

Minute number	Report Title	Action for	Action	Comment	Status
79.	Overpayment of Pension Entitlement Policy Cover Report.	Michelle Oakensen	1) Suggested the examples provided in Appendix 1 were made more current. 2) Agreed that officers would assess Appendix 1, 13.1: Limitation period, procedure for which was led by HMRC.		Completed – Policy updated ahead of Committee approval.

Minute number	Report Title	Action for	Action	Comment	Status
80.	Communications Strategy and Plan Report	Sharon Grimshaw/ Cory Blose	1) Requested that capitalisation for plain English was standardised throughout. 2) Requested that the Local Pension Fund Board was included in the Communications Strategy as a method by which communications with stakeholders took place. 3) Amended that, under 'Brand Identity' within the Communications Strategy, the Local Pension Fund Board should be listed as being '**included in** high level decisions', rather than required to 'sign off high level decisions' 4) Requested that the requirement for the Pension Fund to be registered under the Data Protection Act 1998 was updated to reflect current legislation Asked that the table listing stakeholders include Scheme Advisory Board (SAB)	1) Plain English is capitalised when referring to the company eg Plain English accreditation and lower case when referring to plain English in general eg writing in plain English. 2) LPB included as a stakeholder in the communications strategy.	Completed – Policy updated ahead of Committee approval.

Minute number	Report Title	Action for	Action	Comment	Status
82.	Conflicts of Interest Policy Report	Michelle Oakensen	1) Requested that “declarations of interest” form headings clarified sections relating to the individual or their family members. 2) Asked that a link to the recorded conflicts of interest training session be circulated with the “declarations of interest” form.		1) Completed – headings have been underlined for ease of reference and consideration to whether additional notes are required will be given as part of the next review. 2) Completed – the link was circulated with the form.
87	Cambridgeshire Pension Fund Risk Monitoring	Michelle Oakensen Cory Blose	1) Officers agreed to provide members with information on what due diligence checks the Fund takes to protect its members against scams when receiving transfer out requests 2) Data cleansing was constant which ensured readiness for upload onto the Pension Dashboard. This risk had been recorded but remained an amber rating despite controls being implemented. This risk was managed by the Employers Team, and officers would review whether any additional mitigations could be used to reduce the score.		1) Completed – included in the Risk Monitoring Report at this meeting. 2) The System Team are responsible for ensuring the data uploaded to our system is of the required quality and for maintaining that quality through cyclical bulk processing. The Employers Team will support where the issue is an endemic quality issue relating to the data being provided by a scheme employer or a payroll provider.

Agenda Item No: 3

Re-appointment of Board Member

To:	Local Pension Fund Board
Meeting Date:	28 April 2023
From:	Democratic Services Manager, Michelle Rowe
Outcome:	To address the need for appointment of a Unison employee representative to the Local Pension Fund Board.
Recommendation:	The Pension Fund Board is asked to recommend to the Monitoring Officer the re-appointment of Barry O’Sullivan for a further four year term running to the end of July 2027.

Officer contact:
Name: Michelle Rowe
Post: Democratic Services Manager
Email: michelle.rowe@cambridgeshire.gov.uk
Tel: 01223 699180

Member contacts:
Names: Parish Councillor, Denis Payne/ Mr Barry O’Sullivan
Post: Chair/Vice-Chair
Email: democraticservices@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

1.1 Appointments to this board are for a period of four years. When setting up the original Local Pension Fund Board in 2015, employee representatives were selected after placing advertisements on the Council's website and Pension Fund website pages. Following interviews by a panel including the Monitoring Officer, Barry O'Sullivan was appointed until July 2019. He was then reappointed by the Monitoring Officer for an additional term, following recommendation from the board on 3 May 2019. He now serves as Vice-Chair for the Local Pension Fund Board.

2. Main Issues

2.1 Appendix 1 to the report sets out the relevant extract from the regulations in respect of board membership. In terms of final approval by the administering authority, this would be a decision by the County Council's Monitoring Officer.

2.2. Mr O'Sullivan's appointment is scheduled to terminate 31 July 2023. However, he has expressed he would be content to continue in this role. Unison, the body from which Mr O'Sullivan was appointed, has also expressed their desire for his renewed appointment, stating:

> 'For the past eight years, Barry has represented Unison members on the Local Pension Fund Board. During that time, he has never failed to impress the importance of maintaining a safe funding position for current and future members. His work for Unison members is unsurpassed in this respect, and we express our sincere gratitude for his diligent stewardship.'

2.3 Fully participating in the business of Local Pension Fund Board requires a considerable amount of training in terms of the background knowledge regarding pensions' regulations and Pension Fund investments. Considering the amount of training undertaken by Mr O'Sullivan and the difficulty of finding people with a similar level of knowledge, it is proposed that the board recommend to the Monitoring Officer that he is re-appointed for a further four-year term. There appears to be no legal reason to prevent this.

2.3 Should this appointment not be recommended, a recruitment exercise would be required, causing additional expenditure for the Council. Appointment of a new Vice-Chair would also be necessary.

3. Alignment with corporate priorities

3.1 Environment and Sustainability

There are no significant implications for this priority.

3.2 Health and Care

There are no significant implications for this priority.

3.3 Places and Communities

There are no significant implications for this priority.

3.4 Children and Young People

There are no significant implications for this priority.

3.5 Transport

There are no significant implications for this priority.

4. Significant Implications

Not applicable.

5. Source documents guidance

5.1 None.

6. Appendices

6.1 Attached.

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015

3. Governance

Local pension boards: membership

107.—(1) Subject to this regulation each administering authority shall determine—

(a) the membership of the local pension board;

(b) the manner in which members of the local pension board may be appointed and removed;

(c)the terms of appointment of members of the local pension board.

(2) An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives and for these purposes the administering authority must be satisfied that—

(a)a person to be appointed to the local pension board as an employer representative has the capacity to represent employers; and

(b)a person to be appointed to the local pension board as a member representative has the capacity to represent members.

(3) Except where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board)—

(a)no officer or elected member of an administering authority who is responsible for the discharge of any function under these Regulations (apart from any function relating to local pension boards or the Local Government Pension Scheme Advisory Board) may be a member of the local pension board of that authority; and

(b)any elected member of the administering authority who is a member of the local pension board must be appointed as either an employer representative or a member representative.

(4) Where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board) the administering

authority must designate an equal number which is no less than 4 in total of the members of that committee as employer representatives and member representatives and for these purposes the administering authority must be satisfied that—

(a)a person to be designated as an employer representative has the capacity to represent employers; and

(b)a person to be designated as a member representative has the capacity to represent members.

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 April 2023

Report by: Head of Pensions

Subject	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Michelle Oakensen - Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

1. Background

1.1 One of the core functions of the Pension Fund Board is to ensure the effective and efficient governance and administration of the scheme. This report covers key areas of administration performance for consideration by the Pension Fund Board.

2. Executive Summary

2.1 This report sets out the performance of the Cambridgeshire Pension Fund.

2.2 The administration performance for the period 1 January to 31 March 2023 is detailed in section 3.

2.3 The achievement against the Key Performance Indicators for the period 1 January to 31 March 2023 are detailed in section 4 and appendix 1. The majority of KPIs were met over the period.

2.4 The changes to key performance indicators are detailed in section 5 and appendix 2.

2.5 Timeliness of receipt of employee and employer pension contributions for the payroll periods of March 2022 to February 2023 are detailed in section 6 and appendices 3 & 4. Over 99% of employer contributions were received on time in respect of the period December 2022 to February 2023.

2.6 Occurrences of breaches of the law for the period 1 January to 31 March 2023 are detailed in section 7. There were no material breaches in the period.

2.7 Details of any Internal Dispute Resolution Procedure cases for the period 1 January to 31 March 2023 are detailed in section 8. There were three administering authority disputes determined and one employer dispute determined during the period.

2.8 Occurrences of material data breaches for the period 1 January to 31 March 2023 are detailed in section 9. There were no material breaches in the period.

2.9 Details of any significant overpayment of pension for the period 1 January to 31 March 2023 are detailed in section 10. There was one significant overpayment in the period.

2.10 Details of the Data Improvement Plan for the 2023/24 year is detailed in section 11 and Appendix 5.

2.11 Details of new employers admitted to the Cambridgeshire Pension Fund and those that have ceased are detailed in section 12 and appendix 6. One scheme employer was reported as being admitted and two transferee admission bodies to the fund during the period and eight scheme employers were reported as ceasing.

3. Administration Performance

3.1 During the period 1 January to 31 March 2023, 3 complaints were managed informally by the Operations Manager.

3.2 To put this into context, over the same period in excess of 6,400 calculation tasks were completed in connection with the Cambridgeshire Fund.

3.3 The fund issues member surveys to scheme members where a check task has been completed on the workflow system. During the period 1 January to 31 March 2023, 383 surveys have been issued to Cambridgeshire members with response rates in the range of 11.05% to 17.95% over the period. Scheme members have given the fund's administration an average rating of between 3.32/5.00 and 4.05/5.00 over the 3-month period. Note this rating is for Cambridgeshire and Northamptonshire Fund administration combined. All feedback is analysed, and changes implemented where necessary.

4. Key Performance Indicators – Pensions Service

4.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.

4.2 Full KPI details for the period 1 January to 31 March 2023 can be found in Appendix 1.

4.3 Over the 3-month period service performance has been consistently good with all targets being met with the exception of 4.

4.4 In January, targets were missed for the notification of deferred benefit entitlements and for the payment of benefits from active employment due to inexperience within the team and additional training required. There are currently 6 out of 9 employees participating in various stages of training, once all training has been delivered the performance should improve in these areas. The target was also missed in March for the payment of benefits from active employment due to the inexperience of the team as above but also due to one member of the team being on long term sick which compounded the issue and led to a red performance indicator.

4.5 In February one target was missed to provide a transfer in quote due to a training issue within the team which is being addressed.

5. Changes to Pension Service Key Performance Indicators

5.1 Following a comprehensive review of the current Key Performance Indicators, supplementary KPIs are being implemented to measure the member's overall customer journey. These supplementary KPIs will be developed and implemented during 2023-24, as agreed by the Pension Committee in March 2023.

5.2 The current suite of KPIs will continue to be reported as these measure the performance of the administering authority, generally from the point of receipt of all information. The customer journey KPIs will measure performance from an event date, such as the date of retirement, and therefore encompass the performance of the administering authority, the scheme employer, any payroll contractor, other pension funds, and even the scheme member should they delay in sending back documentation. It is expected that the customer journey KPIs may identify immaterial breaches, especially where third parties have prevented the administering authority completing casework in a timely manner.

5.3 The detail of these changes can be found in Appendix 2.

6. Receipt of Employee and Employer Contributions

6.1 Employers in the fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the administering authority.

6.2 The table in Appendix 3 shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 March 2022 to 28 February 2023.

6.3 For December 2022, 99.8% of contributions were received on time, 100% for January 2023 and 99.8% for February 2023. The current yearly average for payments made on time is 99.5% and schedules being received on time is 99.5%. Employers who failed to pay their contributions by the statutory deadline for the period are detailed in Appendix 4 (exempt).

7. Breaches of the Law

7.1 There are various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Board, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.

7.2 For the period 1 January to 31 March 2023, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None

Type of Breach	Detail of Breach	Course of action
Non Material Breaches	7 refund of contribution payments were paid outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5-year requirement.
	1 refund of contribution payment paid to a member over the age of 75.	Unauthorised payment made with the member electing to self- declare to the HMRC.
	301 notification of pension entitlement letters were not issued within the statutory deadline of 2 months.	The breaches occurred as a result of a change in reporting method. An upgraded report is now being utilised and there have been no new breaches as a result. All letters have been issued.

8. Internal Dispute Resolution Procedure

8.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

8.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remain unsatisfied with the overall outcome. The outcome may not fully meet the complainant’s expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.

8.3 The following table details that activity undertaken during the period 1 January to 31 March 2023 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Challenge against CPF to allow a transfer to an overseas pension arrangement (QROPS) in 2015.	Adjudication sent 31 March 2023 (extended from 28 February 2023), not upheld.	
Delay in paying AVC to member upon retirement	Adjudication sent 28 March 2023, upheld.	
Challenging a decision to only pay a widow a pension based upon post 5 April 1978 service.	Adjudication due 26 April 2023, (extended from 12 April 2023). Verbal update to be provided.	

8.4 The following table details that activity undertaken during the period 1 January to 31 March 2023 with regards to employer disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Tier 3 entitlement award challenge.	N/A	Adjudication issued 6 March 2023, not upheld (extended from 12 February 2023).

9. Material Data Breaches

9.1 None

10. Significant overpayment of pension

10.1 A net overpayment of £2,478.97 occurred as a result of not being notified of the death of a pensioner who was in receipt of a Compensatory Added Years Pension. The death was in October 2021 and the Service was notified of the death in February 2023. An invoice has been raised to recover the overpayment.

11. Data Improvement Plan

11.1 The Pensions Regulator requires every pension scheme to have a Data Improvement Policy and a Data Improvement Plan. The Fund's Data Improvement Plan was last reviewed and approved the Pension Committee in July 2022. The Data Improvement Plan is updated each year accordingly. The revised plan for 2023/24 can be found in Appendix 5.

11.2 For a number of years the Pensions Regulator has asked pension schemes to score their quality of data. It should be noted that the Pensions Regulator has not issued specific guidance on this other than what type of data should be scored. As such each pension scheme is likely to score their data differently. An analysis of the data quality scores across all pension schemes has yet to be produced from the data provided annually in the Pension Regulator's mandatory scheme return.

11.3 In April 2023, an analysis of the Fund's common data was undertaken which provided the following scores. Common data is largely the personal details of the scheme member (name, national insurance number, address, date joined and/or left scheme). The Pensions Regulator expects pension schemes to have a score of at least 95% in this area.

11.4 The approach to increasing the fund's score is detailed in the Data Improvement Plan which can be located in Appendix 5.

2023		2022	
Common Data	Conditional Data	Common Data	Conditional Data
95.1%	To be updated in November 2023 once all 2022/23 year end activities have been completed.	95%	95%

11.5 Conditional data is the data required to calculate the scheme member's pension entitlement. The score for this area will be calculated in November 2023 once all the 2022/23 year end activities such as pensions increase, annual allowance and year end reconciliations have been conducted.

12. Employers Admissions and Cessations

12.1 The following admitted body was admitted to the Cambridgeshire Pension Fund:

- Cambridge BID

12.2 The following transferee admission bodies were admitted to the Cambridgeshire Pension Fund:

- Aspens Services Limited x 4
- Hertfordshire Catering Limited

12.3 The following bodies have ceased to be an employer within the Cambridgeshire Pension Fund:

- ABM Catering Limited
- Aspens Services Limited x 2
- Busy Bee Cleaning Services
- Compass Services Limited
- Conservators of the River Cam
- Elior UK Limited
- Lunchtime Company Limited
- The Edmund Trust

12.4 When an employer ceases to participate in the fund, the Regulations require the administering authority to obtain a valuation of the assets and liabilities attributed to that employer to determine if there is a funding surplus or deficit. If a deficit exists, the employer must pay an exit payment to the fund equal to the value of the deficit. If a surplus exists, the administering authority must make a determination of the amount of exit credit (which could be zero) should be paid to the exiting employer.

12.5 The Pension Fund Board is asked to note the update on the following previously reported cessations.

- Action for Children
- Action for Children (London Road)
- Cambridge Community Service NHS Trust
- Churchill Contract Services (Campion School Single Academy Trust)
- Improve IT Limited (Eastern Learning Alliance)
- Pabulum Catering (Meridian Trust)
- Spurgeons (Peterborough City Council)

12.6 Further details of each previously reported cessation can be located in Appendix 6.

13. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. *Objective 2*
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*
Continually monitor and measure clearly articulated objectives through business planning *Objective 4*
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. *Objective 8*
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. *Objective 10*

14. Risk Management

14.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority. The Pension Fund Committee and Pension Fund Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.

14.2 The mitigated risks associated with this report has been captured in the Pension Fund's risk register as detailed below -

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

14.3 The fund's risk register can be found on the Pensions website, link in Section 20, Background Papers.

15. Communication Implications

Direct communications	The Pension Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report. Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress. Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.

16. Finance & Resources Implications

16.1 There are no financial and resource implications associated with this report.

17. Legal Implications

17.1 There are no legal implications associated with this report.

18. Consultation with Key Advisers

18.1 Consultation with the Fund's advisers was not required for this report.

19. Alternative Options Considered

19.1 Not applicable

20. Background Papers

20.1 Full Risk Register

21. Appendices

21.1	Appendix 1	Key Performance Indicators – Pensions Service
21.2	Appendix 2	Changes to Key Performance Indicators
21.3	Appendix 3	Receipt of Employee and Employer Contributions
21.4	Appendix 4	Late payment of employer contributions (exempt)
21.5	Appendix 5	Data Improvement Plan
21.6	Appendix 6	Update on previously reported cessations

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 11/4/2023

Appendix 1 - Key Performance Indicators – Pensions Service January, February and March 2023

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	**Comments**
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	January February March	342 231 177	306 222 172	36 9 5	89 96 97	Amber Green Green	SLA target not met* SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	January February March	31 20 36	28 19 30	3 1 6	90 95 83	Amber Green Red	SLA target not met** SLA target met SLA target not met**
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	January February March	75 57 72	70 54 65	5 3 7	93 95 90	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits	Issue award within 5 working days of receiving all necessary information.	95%	January February March	34 16 36	34 16 35	0 0 1	100 100 97	Green Green Green	SLA target met SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	January February March	21 45 86	21 43 79	0 2 7	100 96 92	Green Green Green	SLA target met SLA target met SLA target met

Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information.	95%	January February March	34 51 40	33 48 39	1 3 1	97 94 98	Green Amber Green	SLA target met SLA target not met*** SLA target met
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	January February March	18 19 30	17 18 28	1 1 2	94 95 93	Green Green Green	SLA target met SLA target met SLA target met

*Notify leavers of deferred benefit entitlement – target missed for January due to additional training required for four new members of staff and as a result an increased volume of cases to check. This will resolve as the new members become more experienced.

** Payment of retirement benefits from active employment – targets missed for January and March due to inexperience within the team and additional training required, this will resolve as the new members become more experienced. In addition, there was one member of the team on long term sick.

***Provide transfer-in quote to scheme member – target missed for February due to a training issue within in the team which is being addressed.

Green: Equal to or above Service Level Agreement (SLA) target.

Amber: If there is a statutory target - below SLA target, but all within statutory target.
If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.

Red: If there is a statutory target - below SLA target and not within statutory target.
If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target

Development of Key Performance Indicators during 2023/2024

Activity	Statutory deadline	Current reporting	Proposal
Provide basic scheme information to new joiners	Two months from date of joining / members request or within one month of being provided with 'job holder information'	No specific KPI but breaches are identified and reported.	To introduce a new KPI measured from the date of notification.
Inform members who leave the scheme before retirement age of their rights and options	As soon as practical and no more than two months from date of initial notification.	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of notification.
Inform members who leave the scheme at or after retirement age of the benefits due	Within one month of retirement date where the member retires on or after normal pension age or within two months of retirement where the member retires before normal pension age.	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of notification.
Provide transfer details for transfer in	Two months from date of request.	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of request.
Provide details of transfer value for transfer out	Three months from date of request.	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of request.
Calculate and notify dependant(s) of amount of death benefits	As soon as possible, but in any event no more than two months of date or becoming aware of death.	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of death notification.

Development of Key Performance Indicators during 2023/2024

Provide a CETV quotation for divorce purposes	Within three months of the request (or shorter deadline as specified in a court order).	Not currently reported on. There is a target in the Administration Strategy.	To introduce a new KPI measured from date of request.
Notify implementation information after receiving a pension sharing order (and no outstanding information)	Within 21 days of the later of, the date of receipt of the pension sharing order or the day on which the order takes affect or the date of receipt of the relevant documents / information.	Not currently reported on.	To introduce a new KPI measured from the relevant date.

Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
March 2022	99.3	0.7	99.8	0.2
April 2022	100	0	99.4	0.6
May 2022	99.2	0.8	99.6	0.4
June 2022	99.6	0.4	98.2	1.8
July 2022	99.8	0.2	100	0
August 2022	100	0	100	0
September 2022	99.2	0.8	99.6	0.4
October 2022	99.8	0.2	99.8	0.2
November 2022	98.5	1.5	98.5	1.5
December 2022	99.8	0.2	99.8	0.2
January 2023	100	0	99.6	0.4
February 2023	99.8	0.2	100	0
Average for period	99.5	0.5	99.5	0.5

Data Improvement Plan 2023/24 – Cambridgeshire Pension Fund

	Area of Improvement	Risk	Action	Number of affected records	Resolution timescale	Resource required
1	Common data (Basic details about the scheme member such as date of birth, national insurance number, address.)	If basic personal details such as date of birth are incorrect benefit entitlement may be calculated incorrectly which may adversely impact the scheme member, scheme employer or fund. If a correct home address is not held scheme members may also not receive important communications about their benefits.	Most of the scheme's common data fails are missing or incorrect addresses so the focus will be on this area. Ensuring that all returned items of post are followed up by using the fund's address tracing service to obtain the correct address for the scheme member. Ensuring all personalised (non-bulk) communications where no address is held on the record for the individual are traced through the fund's address tracing service. *(In the past it has not proved to be cost or time effective to conduct large scale bulk address tracing exercises.)*	Approx. 3,500	Ongoing	All officers within the Pensions Service (Business as usual (BAU) activity)
2	Guaranteed Minimum Pension (GMP) rectification (Address the inaccuracies of contracting-out data	Inaccurate GMP data can lead to a miscalculation of individual pension liabilities and future annual increases which may adversely impact the scheme	Pensions in payment that have been identified as having differing amounts of GMP when compared with HMRC now require recalculation. Both over and underpayments will be identified. Pensions will need to be paid at the	667	31 March 2024	Officers from the Projects Team

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	Area of Improvement	Risk	Action	Number of affected records	Resolution timescale	Resource required
	held by HMRC compared with what is held by the fund)	member, scheme employer or fund.	revised correct rate with any overpayments solely relating to GMP being written off and any underpayments being paid to the member with interest.			
3	Unprocessed leaver records (backlog) The fund has a number of records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.	These cases need to be resolved to ensure that members receive timely information on the benefits that they are entitled to. A significant number of these records are in progress for a variety of reasons, including outstanding information required from the employer. Any case which is older than six months since the point of notification is classed as a backlog and reported through this business plan activity.	To reduce the backlog by 2,500 cases per year via both manual and bulk processing.	8,500	September 2025	Officers from the Projects Team

Update on Previously Reported Cessations

- ## Action for Children

The cessation of Action for Children was originally reported at the January 2020 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £391,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the regulations, the administering authority has determined that the amount of exit credit payable to Action for Children is nil.

- ## Action for Children (London Road)

The cessation of Action for Children (London Road) was originally reported at the January 2021 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £223,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the regulations, the administering authority has determined that the amount of exit credit payable to Action for Children is nil.

- ## Enterprise Managed Services

The cessation of Enterprise Managed Services was originally reported at the December 2018 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £6,059,000.

Following an exit credit determination process, taking into account the factors listed under the Regulations, section 64 (2ZC), the administering authority has determined that the amount of exit credit payable to Enterprise Managed Services and/or Peterborough City Council was nil.

- ## Improve IT Limited (Eastern Learning Alliance)

The cessation of Improve IT Limited was originally reported at the October 2019 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £90,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Improve IT Limited was nil.

- Pabulum Catering (Meridian Trust)

  The cessation of Pabulum Catering (Meridian Trust) was originally reported at the October 2020 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £156,000.

  Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the regulations, the administering authority has determined that the amount of exit credit payable to Pabulum Catering was £14,000.

- Spurgeons (Peterborough City Council)

  The cessation of Spurgeons (Peterborough City Council) was originally reported at the June 2021 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £385,000.

  Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the regulations, the administering authority has determined that the amount of exit credit payable to Spurgeons was £109,000. The payment was made on 28 February 2023.

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 April 2023

Report by: Head of Pensions

Subject	Governance and Compliance Report
Purpose of the Report	To provide the Pension Fund Board with information on: 1) Pensions Dashboards 2) The McCloud Remedy 3) The Pensions Regulator 4) The Pensions Ombudsman 5) Impact of The Edinburgh Reforms on the LGPS 6) CARE Revaluation Consultation 7) Skills and knowledge opportunities
Recommendations	The Pension Fund Board are asked to note the Governance and Compliance Report.
Enquiries to:	Michelle Oakensen - Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

1. Background

1.1 This is a standing report that identifies issues concerning the governance of the Local Government Pension Scheme (LGPS) and potential, new, amending and overriding legislation that will have an impact on how the scheme is managed and on members' benefits.

2. Executive Summary

2.1 This report provides the Pension Fund Board with information on the following significant current issues which have an impact on the governance, management and administration of the Cambridgeshire Pension Fund.

- Pensions Dashboards
- The McCloud remedy
- The Pensions Regulator
- The Pensions Ombudsman
- Impact of The Edinburgh Reforms on the LGPS
- CARE Revaluation Consultation
- Skills and knowledge opportunities

3.1 Pensions Dashboards

3.1.1 Current position

3.1.1.1 In early March, the government announced its intention to legislate to amend the staging timescales (connection deadlines) to allow more time for technological system work enabling dashboards to be delivered. This project reset will affect all scheme deadlines and further clarification of the revised deadlines is being awaited along with guidance on how the fund should continue to prepare.

3.1.2 Approach to governance of the standards

3.1.2.1 Prior to the project reset announcement, the Pensions Dashboard Programme (PDP) published its approach to the governance of the standards. This sets out how PDP developed the standards, outlines their scope and describes how they will go about setting and managing any future changes.

3.1.2.2 The content of the standards is structured as follows:

- Standards and guidance that participants will implement, this includes data, design, reporting and technical.

- Standards and guidance for connecting to the ecosystem, this includes security, service, connection, operations.

3.1.2.3 The full approach to governance of standards can be found in the Section 11, Background Documents.

3.1.3 Consultation on regulatory framework for dashboard operators

3.1.3.1 On 1 December 2022, the Financial Conduct Authority (FCA) published a consultation on the regulatory framework for dashboard operators. Under these proposals, operators will be able to offer savers additional services that have the potential to improve pension outcomes. These could include investment advice (including robo-advice) or guidance, modellers, calculators and other similar tools. Before doing so, operators will need to meet rigorous conduct standards.

3.1.3.2 The consultation was primarily aimed at firms that are considering operating a pensions dashboard service and who will need to get the new regulatory permission in order to enter this new market but is also of interest to pension providers who are required to supply pension information to the pension dashboard service for members to view.

3.1.3.3 The consultation closed on 16 February 2023.

3.1.4 PDP publishes consumer protection video

3.1.4.1 In the context of pensions dashboards, consumer protection is the action to minimise consumer harm, including redress for consumers if things do go wrong. It covers the design and operation of the ecosystem, compliance with regulations, rules and standards, as well as the way in which consumers will use dashboards.

3.1.4.2 The PDP is responsible for providing the central digital architecture, ie the elements that make dashboards work and the overall ecosystem design. PDP is also setting the security, technical and design standards that define how users' data may be securely shared within the ecosystem and displayed. This is to ensure compliance with the UK General Data Protection Regulation (UK GDPR).

3.1.4.3 PDP recently published an explainer video on consumer protection. The video explains what protections will be in place to ensure dashboards are safe and secure. The video can be found on consumer protection page of PDP's website, as listed in Section 11, Background Documents.

3.2 McCloud Remedy

3.2.1 Teachers Pension Scheme McCloud remedy and the LGPS

3.2.1.1 The implementation of the McCloud remedy in the Teachers' Pension Scheme (TPS) means that some teachers will be retrospectively eligible for the LGPS for the period from 1 April 2015 to 31 March 2022.

3.2.1.2 The Department for Education (D f E) is in the process of identifying affected members. Officials from D f E will, in some cases, need to confirm the employment status of members during the remedy period with their employer.

3.2.1.3 Affected TPS members are those with a part time employment in addition to a full-time employment who are being rolled back into the legacy scheme as part of the McCloud remedy.

3.2.2 Treasury Direction

3.2.2.1 On 14 December 2022, HM Treasury (HMT) made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They come into force on 19 December 2022 and apply to England, Northern Ireland, Scotland and Wales.

3.2.2.2 The directions set out how certain powers in the Public Service Pensions and Judicial Offices Act 2022 must be exercised. The act gives relevant government departments powers to rectify McCloud discrimination.

For the LGPS, the directions apply to the following powers in the act:

- Section 82: an administering authority's power to pay compensation;
- Section 83: the power to make regulations compensating members by paying additional LGPS benefits;
- Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy; and
- Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.

3.2.2.3 The making of the directions now allows relevant departments to start consulting on regulations exercising these powers.

3.2.3 Update on McCloud data issues guidance

3.2.3.1 LGA have produced guidance to assist administering authorities with McCloud data issues. The guidance sets out what options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate.

3.2.3.1 The Scheme Advisory Board published the guidance on 3 March 2023.

3.2.3.2 The McCloud data issues scoping group was set up to inform this guidance. The group has met three times and includes representatives from:

- Each of the regional pension officer groups
- LGA
- Actuaries
- Department for Levelling Up, Housing and Communities
- Department of Communities
- Scottish Public Pensions Agency, and
- The Government Actuary’s Department.

3.3 The Pensions Regulator (TPR)

3.3.1 Joint regulatory strategy update

3.3.1.1 On 7 December 2022, TPR and the Financial Conduct Authority published an update to their 2018 Joint Regulatory Strategy. The strategy sets out how the two bodies work together to tackle issues in the pensions sector.

3.3.1.2 The 2018 Joint Regulatory Strategy, has tackled the real risk of people not having the level of income they expected in retirement. The future outlook is to now we build on this work to enhance and protect savers’ outcomes.

3.3.1.3 The update outlines their progress on the strategy’s regulatory objectives and next steps in light of their new respective strategic priorities. The update sets out eight ongoing workstreams covering:

- Productive finance
- Value for money
- Regulatory framework for effective stewardship
- Pension scams strategy
- Defined benefit (DB) transfer advice

• D B schemes and transfer activity

• Pensions dashboards

• Supporting consumer decision-making.

3.3.1.4 The full updated strategy can be found at Section 11, Background Documents.

3.3.2 New version of transfer guidance

3.3.2.1 On 12 January 2023, TPR published a new version of the Dealing with Transfer Requests Guidance, with updates made to the 'Direct members to mandatory guidance from MoneyHelper' section.

3.3.2.2 The guidance assists pension schemes when applying the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

3.3.2.3 When telling members they must receive guidance about scams from MoneyHelper, schemes should provide a link to book online or by telephone. The guidance now makes it clearer that members must use this link to book a MoneyHelper safeguarding guidance appointment. Otherwise, they may accidentally book a Pension Wise appointment or obtain general MoneyHelper advice.

3.3.2.4 The guidance also asks pension schemes to advise members who are transferring multiple pensions to wait until they have requested all transfers before booking their MoneyHelper safeguarding guidance appointment. This will avoid them having to book more than one.

3.3.2.5 The full guidance can be found on the Pensions Fund Dashboard website, as listed in Section 11, Background Documents.

3.3.2.6 The Cambridgeshire Pension Fund has integrated the link into the relevant transfer letters to ensure compliance with this change.

3.3.3 TPR appoints new chief executive

3.3.3.1 TPR has appointed Nausicaa Delfas as its new chief executive. She will take over from Charles Counsell who will remain in post until March 2023. Ms Delfas joins TPR having held senior positions with the Financial Conduct Authority and the Financial Ombudsman Service.

3.4 The Pensions Ombudsman (TPO)

3.4.1 Deputy Pensions Ombudsman

3.4.1.1 On 9 December 2022, the Chair of TPO announced that Anthony Arter will remain at TPO as part time Deputy Pensions Ombudsman. Anthony's term as Pensions Ombudsman ended on 15 January 2023.

3.4.2 New Pensions Ombudsman appointment

3.4.2.1 Domonic Harris is the new Pension Ombudsman from 16 January 2023 as appointed by the Secretary of State, with a term of five years.

3.5 Impact of The Edinburgh Reforms on the LGPS

3.5.1 On 9 December, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. In the statement, the Chancellor also confirmed that the government will consult on:

- New guidance to the LGPS on asset pooling in early 2023;
- Requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

3.6 CARE Revaluation Consultation

3.6.1 The Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation on 10th February 2023 to change the date that revaluation is applied to CARE benefits in the LGPS, in order to better align the inflation proofing arrangements with the Pension Input period used for assessing pensions growth against annual allowance. The Cambridgeshire Pension Fund submitted a technical response following consultation with the Chair of the Pension Fund Committee.

3.6.2 The change subsequently came into force on 31st March 2023 and considerations are being made in respect of software updates that need to be applied, communicating the change to members in line with disclosure regulations and remedial work that will need to be undertaken. Scheme literature and the website will also need to be reviewed to ensure it reflects the correct position.

3.6.3 The changes will not affect members who were already deferred or in receipt of a pension since before 1st April 2022 as their benefits now increase by Pension Increase Orders rather than Treasury revaluation, and the changes proposed by this consultation have no impact on Pensions Increase or the date on which it applies.

3.6.4 Members who are affected (those who have been active at any point during 2022/23) won't see any change to the benefits they receive on retirement. The only area in which a change will be seen is in the calculation of pensions growth to assess against the annual allowance, and this will be beneficial for those members affected by the annual allowance due to bringing the revaluation date in line with the Pension Input Period.

3.7 Skills and knowledge opportunities

3.7.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (governance and administration of public service pension schemes) require all members of the Pension Fund Committee and Local Pension Fund Board to maintain the necessary skills and knowledge to undertake their role effectively.

3.7.2 Officers have been exploring the possibility having access to a LGPS Online Learning Academy platform to ensure that there is a continuous solution that members can access in a flexible way which remains fit for purpose as the content is regularly updated and this has been discussed at previous meetings.

3.7.3 The Cambridgeshire Pension Fund has access to the platform for committee and board members as well as for key officers. The online platform is now the core mandatory training requirement from the previous modules delivered/produced in 2021 by Aon and section 11 of the Training Strategy (delivery of training) will be updated accordingly as agreed by the Pension Fund Committee in March 2023.

3.7.4 A demonstration of the platform was delivered on 6 March 2023 to assist with the adoption of this approach with links to the recordings circulated.

3.7.5 In addition, in order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Board, appendix 1 lists the main events that are deemed useful and appropriate.

3.7.6 If members of the Pension Fund Board would like to attend any of the events listed in Appendix 1, please contact a member of the fund’s governance team who will make the necessary arrangements if an invitation has not already been sent.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*
Manage the fund in a fair and equitable manner, having regard to what is in the best interest of the fund’s stakeholders, particularly the scheme members and employers. *Objective 2*
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

5. Risk Management

5.1 The mitigated risks associated with this report has been captured in the fund’s risk register as detailed below -

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

5.2 The Pension Fund Risk Register can be found on the Pensions website, as listed in Section 11, Background Documents.

6. Communication Implications

6.1 Training - All staff involved in the administration of the LGPS are aware of how any new developments impact on the calculation and payment of benefits from the scheme.

6.2 Employers - All relevant items are communicated to scheme employers.

7. Finance & Resources Implications

7.1 There are no financial and resource implications associated with this report.

8. Legal Implications

8.1 Not applicable.

9. Consultation with Key Advisers

9.1 The LGPS Online Learning Training is a Hymans product.

10. Alternative Options Considered

10.1 Not applicable.

11. Background Papers

11.1 Approach to governance of standards | Pensions Dashboards Programme

Consumer protection | Pensions Dashboards Programme

FCA/TPR regulatory strategy Update

Cambridgeshire Pension Fund Training Strategy 2021

Risk Register

12. Appendices

12.1 Appendix 1 Skills and Knowledge Training Schedule

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/4/2023

Cambridgeshire
Pension Fund

Appendix 1

Training plan 2023/24

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
APR					
MAY	Property asset class training	TBC	Mercer	Investment Sub Committee	To be progressed outside of ISC meetings during April – June 2023 once broader strategy is agreed.
JUN	Local Authority Conference 2023	Conference – face to face	Pension and Lifetime Savings Association (PLSA)	Committee, Board & Officer	26-28 Local Authority Conference | PLSA (Cotswolds)
JULY	Heywood Officer Conference	Conference – face to face	Heywood	Officer	12-13 July in Manchester
AUGUST					
SEPTEMBER	Investment and Pensions Summit	Conference – face to face	Local Government Chronicle (LGC)	Committee, Board & Officer	7-8 September in Leeds. LGC Investment & Pensions Summit 2023 - Home Page (lgcplus.com)
OCTOBER					
NOVEMBER					

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Appendix 1

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
DECEMBER	Annual Conference 2022	Conference – face to face	Local Authority Pension Fund Forum (LAPFF)	Committee, Board & Officer	6-8 December 2023 Events | LAPFF (lapfforum.org)
JANUARY	Governance Conference	Conference – hybrid	Local Government Association (LGA)	Committee, Board & Officer	18 & 19 January 2024 (online/York)
FEBRUARY					
MARCH					

Cambridgeshire Pension Fund

Pension Fund Board

Date: 28 April 2023

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan and Medium-Term Strategy 2023/24 to 2025/26
Purpose of the Report	To present the Annual Business Plan and Medium-Term Strategy which details the Fund's key areas of activity over the period 2023/24 to 2025/26
Recommendations	The Board is asked to note the Business Plan and Medium-Term Strategy and associated appendices.
Enquiries to:	Mark Whitby - Head of Pensions mark.whitby@westnorthants.gov.uk

1. Background

1.1 It is considered good governance for the Cambridgeshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:

- Sets out the objectives of the administering authority with regards to the management of the fund;
- Documents the priorities and improvements to be implemented during the next three years to help achieve those objective;
- Enables progress and performance to be monitored in relation to those priorities; and
- Provides a clear vision for the next three years.

1.2 The Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund for the period 2023/24 to 2025/26 is in Appendix 1.

2. Update on the 2022/23 Business Plan

2.1 The Business Plan activities from the 2022/23 financial year have been reviewed with a year-end position being established. The majority of activities have achieved a 'green' RAG status whereby the activity is either completed or it was pre-determined that the activity would be completed after March 2023.

2.2 There were two exceptions where the RAG status was 'red' in the following areas –

- Complete the Guaranteed Minimum Pension Rectification
- Processing of undecided leaver records

These activities did not progress at the desired rate for 2022/23 and have been rescheduled as part of the 2023/24 Business Plan for resolution.

2.3 Full details of the year-end position of all the activities can be located in Appendix 2.

2.4 The latest available variances against the forecast of investments and administration expenses for the 2022/23 year can be located in Appendix 3.

3. Business plan and Medium-Term Strategy 2023/24

3.1 The Business Plan and Medium-Term Strategy concentrates on activities that are not considered business as usual, identifying key milestones and budget requirements. It is split into the following core areas:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Investment related activities
- Communications

3.2 Progress made against the Business Plan will continue to be reported to the committee and board at each meeting via the Business Plan Update report or other relevant report (where appropriate). Where progress against the Business Plan has fallen behind schedule further detail will be provided.

3.3 Estimated costs for the activities in Appendix 1 have been detailed alongside the activity and within the financial forecasting for the relevant years. Where further costs become known during the course of the new financial year these will be notified to the committee and board via the Business Plan Update report.

3.4 The Climate Action Plan for 2023/24 is located at Appendix 4. The Climate Action Plan has been updated and expanded from the previously published version. The new version is published on the fund's website.

4. Core Documents of the Fund

4.1 The Pension Fund is required to publish core documents in relation to the administration of the fund and make sure that they are accessible to its members. The Business Plan introduces a three-year review cycle (unless stated otherwise) on policies and strategies with the delegated authority for officers to review within the interim period and make non-material amendments as required.

4.2 If material changes are required to a policy or strategy before the three-year review point, the changes will be brought for approval at the next available meeting, for example this may be where regulations have changed which impacts the fundamental basis of a policy or strategy in place.

5. Pension Fund procurements

5.1 During 2023-24 the Cambridgeshire Pension Fund will be actively participating in procuring services in the following areas:

- Actuarial services
- Benefits and governance consultancy services
- Legal services
- Pensions administration and pensioner payroll platform
- Address and mortality screening services

5.2 In order to run the exercises efficiently the committee approved the delegation for the Head of Pensions to undertake these procurements and award the successful supplier's contracts at the appropriate times. Without the delegation in place there was a risk that decisions are not made in a timely manner and may impact the overall implementation dates.

6. Relevant Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
To continually monitor and measure clearly articulated objectives through business planning.
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

7. Finance & Resources Implications

7.1 Performance against the financial estimates in the Business Plan will be presented to the committee and board each meeting. The Business Plan sets out the cost of each activity where known and where costs become known during the course of the year the committee and board will be updated accordingly.

8. Risk Management

8.1 The committee approves the Annual Business Plan and Medium-Term Strategy every March for the upcoming year. The plan highlights the key activities of the fund and the progress of these activities are reported through the Business Plan Update reports provided to the committee and Pension Fund Board at every meeting.

8.2 The risks associated with failing to monitor progress made against the Business Plan and Medium-Term Strategy have been captured in the fund's risk register as detailed below.

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Pension Fund objectives are not defined and agreed.	Green
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

8.3 The fund's full risk register can be found on the Pension Fund's website, as listed in Section 13, Background Papers.

9. Communication Implications

Direct Communications	An update on progress made against the activities in the Business Plan will be presented to the Pension Fund Committee each meeting.
Website	The Business Plan will be published on the Pension Fund's website.

10. Legal Implications

10.1 Not applicable.

11. Consultation with Key Advisers

11.1 The Pension Fund's current key advisers have been consulted in the Business Plan and Medium-Term Strategy where necessary.

12. Alternative Options Considered

12.1 Not applicable.

13. Background Papers

13.1 Pension Fund Risk Register

14. Appendices

14.1 Appendix 1 – Annual Business Plan and Medium-Term Strategy 2022/23 to 2024/25

Appendix 2 – Year-end status of Business Plan activities 2022/23

Appendix 3 – Variances against the forecast of investments and admin expenses 2022/2023

Appendix 4 - Climate Action Plan

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/4/2023

Cambridgeshire
Pension Fund

Business Plan and Medium Term Strategy 2023/24 to 2025/26

West Northamptonshire Council

Cambridgeshire County Council

Administered in partnership

Introduction

This is the business plan for the Cambridgeshire Pension Fund which is managed and administered by Cambridgeshire County Council in partnership with West Northamptonshire Council. The business plan details the priorities and areas of key focus in relation to the Cambridgeshire Pension Fund for 2023/24, 2024/25 and 2025/26. The business plan was approved at the Pension Fund Committee meeting on 30 March 2023. The business plan is monitored throughout the year and the Pension Fund Committee may be asked to agree changes to it.

The purpose of the business plan is to:

- Explain the background and objectives of Cambridgeshire County Council in respect of the management of the Cambridgeshire Pension Fund;
- Document the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enable progress and performance to be monitored in relation to those priorities; and
- Provide a clear vision for the next three years.

In addition, the business plan includes a budget for expected payments to and from the Cambridgeshire Pension Fund during 2023/24 including the resources required to manage the Fund.

Further information

If you require further information about anything included or related to this business plan, please contact:

Mark Whitby, Head of Pensions
mark.whitby@westnorthants.gov.uk
07990 556197

Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £4,3bn* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Cambridgeshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership* is approximately 92,635 of which 28,911 are active members from over 349* individual contributing employers and approximately 63,724 retired, survivor, deferred and other members.

**As at 31 March 2022*

Governance and management of the Fund

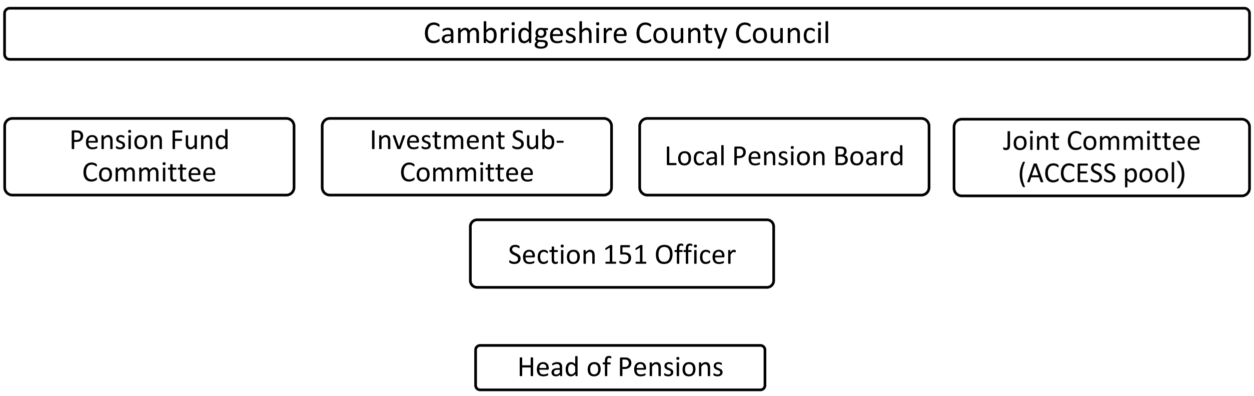
The key decision-making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Fund Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

Cambridgeshire County Council's Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Pension Fund matters.

Eleven authorities, including Cambridgeshire County Council, are working collaboratively to meet the Government's asset pooling agenda by forming the ACCESS pool. A Joint Committee with representation from each Fund has been formed to oversee the governance of the pool.

A Local Pension Board is in place to assist in securing compliance of Fund matters and ensuring the efficient and effective governance and administration of the Fund.

The governance structure is detailed below:



Administration of the Fund

The Cambridgeshire and Northamptonshire Pension Funds are administered under a lead authority model with the lead authority being West Northamptonshire Council working in partnership with Cambridgeshire County Council. The Funds remain two distinct entities.

Management and administration of both Funds is based in Northampton. The Funds have benefited from cost savings through the ability to procure services such as custodian, actuarial, benefits, governance and investment consultancy on a joint basis as well as streamlining the provision of the administration functions.

The day-to-day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Governance and Regulations Team is responsible for managing agendas, producing reports and delivering training to the Pension Fund Committee and Local Pension Board. In addition, the team takes the lead in the development of strategic policies relating to the operation, governance and management of the Fund and monitors compliance and provides quality assurance with prevailing LGPS specific and overriding legislation. The team specialises in information governance and pension taxation.

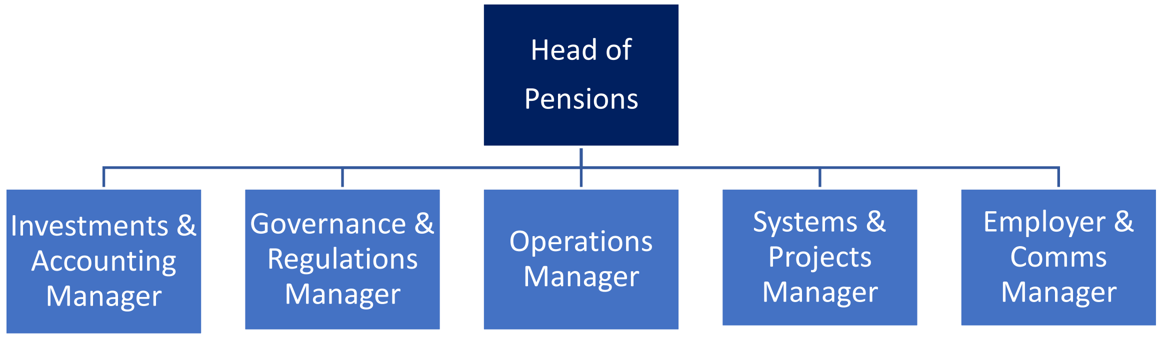
- The Investments and Fund Accounting Team liaises with the ACCESS asset pool and provides governance over the Fund's investments whether held directly or by the ACCESS pool, reporting to the Investment Sub-Committee and other Committees as required. The team also provides the financial control function to the Fund, managing and accounting for the receipt of contributions from employers, processing the Fund's financial transactions and overseeing the production and audit of the Annual Report and Statement of Accounts.

- The Operations Team is responsible for providing the full range of casework administration. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.

- The Systems and Projects Team is responsible for delivering a wide range of projects that are required to be delivered across the service. The current projects that are being provided are GMP rectification, overseas proof of existence checks on pensions in payment, data quality improvements, preparations for the McCloud remedy and targeted areas of casework classified as backlog. The team is also responsible for maintaining the pension administration, payroll, employer and member self-service systems, reconciling membership data received from employers and the production of annual benefit statements.

- The Employer Services and Communications Team is responsible for facilitating the entry and exit of employers to and from the Fund. The team also acts as employer liaison, providing end to end support to employers throughout their life cycle in the Fund, including day to day assistance and training to ensure employers are aware of, and able to carry out, their responsibilities. The team also manages the internal and external escalation process, the triennial actuarial valuation process and managing employer risk. Scheme member and employer communications form a significant part of the team's function which ranges from the design and management of the Fund's website, presentations, workshops, newsletters and written communications.

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 28 February 2023 is illustrated below in simplified form:



The current full time equivalent of staffing is 87.16. The full Pensions Service structure is at Appendix A.

Objectives for the management of the Fund

The Fund's agreed objectives are detailed as follows;

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.
- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.
- To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.

- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- To ensure the long-term solvency of the Fund, taking a prudent long-term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- To maximise investment returns over the long term within agreed risk tolerances.
- To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.
- To invest sustainably to achieve better long-term outcomes for the Fund and its stakeholders by ensuring environmental, social and governance factors are taken account of across all investment decision making.

Business as usual

The appendix to the business plan highlights the key priorities for the next three years and focuses on areas of change and projects which are in addition to day to day "business as usual" duties. On a day-to-day basis the focus is on the following key elements of Fund management:

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Ensuring employers provide monthly membership data by the required deadline.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions by the statutory deadline.
- Safeguarding the money in the Fund (the Fund's assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Fund Actuary to ensure that the amount employers pay into the Fund is sufficient to pay future pension benefits.

Managing this on a day-to-day basis involves a wide range of processes and procedures designed around achieving the Fund's objectives. The Fund is large, complex, and highly regulated. As such, these processes and procedures require expert knowledge and experience as illustrated below.

Governance

- Setting the agenda, reporting, and presenting to the Pension Fund Committee, Investment Sub-Committee and Local Pension Board.
- Implementing and monitoring areas such as the training, risk management, reporting breaches of the law and compliance with the Pensions Regulator's code of practice and changing LGPS regulations and over-riding legislation.
- Ensuring adherence to the administering authority's policies and legal requirements for procurement, cyber security, and data protection.
- Procurement of advisers and other services.
- Assisting internal and external auditors in their role.
- Responding to freedom of information requests.
- Participation in the Joint Committee of the ACCESS pool.

Accountancy

- Preparing and publishing the Fund's annual report.
- Completing the annual accounts and assisting with external auditors.
- Preparing the annual budget, monitoring, and reporting quarterly.
- Preparation of statutory and non-statutory returns as required.
- Conducting monthly bank reconciliations.
- Cash flow management.
- Monthly monitoring of income and expenditure including employer and scheme member contributions.
- Invoicing of employers for pensions strain and unfunded benefits.

Funding

- Agreeing the draft funding strategy with the Fund Actuary, for Committee approval, every three years, consulting with employers and monitoring continued appropriateness annually.
- Managing the triennial valuation alongside the Fund Actuary, providing membership and cash flow data, and appropriately communicating with scheme employers.
- Monitoring the covenant of scheme employers including their ability to pay contributions and managing those who wish to join or cease membership of the scheme.
- Managing the FRS/IAS reporting cycles alongside the Fund Actuary, based on employer specifications and appropriately communicating with Scheme Employers.

Investments

- Monitoring and reporting on the Fund's funding position.
- Carrying out a review of the investment strategy at appropriate intervals.
- Managing the Fund's assets through the asset pooling arrangements or directly for non-pool aligned assets.
- Monitoring and reporting stewardship activities, and engaging with investment managers to ensure third party stewardship activities are consistent with the Committee's priorities
- Monthly monitoring and implementation of the tactical asset allocation decisions.
- Working with other LGPS Funds within ACCESS to ensure the pool meets the Fund's strategic investment requirements.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave, or change status.
- Calculating and notifying scheme members of their entitlement to pension and death benefits.
- Providing quotations of retirement benefits including any additional costs to scheme employers.
- Providing information on how scheme members can increase their pension benefits.
- Maintaining accurate scheme member records.
- Providing an online scheme member and scheme employer self-service facility.
- Administering the internal dispute resolution procedure.

Payroll

- Calculating and paying monthly pensions to pensioners and beneficiaries.
- Issuing of payslips at appropriate times.
- Issuing P60s.
- Investigating returned payments and dealing with any under or overpayment of pensions.
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing annual benefit statements to all active and deferred scheme members.
- Providing all other statutory communications to members.
- Providing information to members via one-to-one sessions, workshops and newsletters.
- Maintaining the Fund's website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.

Technical

- Maintaining and updating the pensions administration system.
- Ensuring presence, accuracy, and regular review of scheme member data in line with the expectations of the Pensions Regulator and to comply with the General Data Protection Regulations.
- Providing guidance on changes in processes following new or amending legislation.
- Monitoring and reporting on progress against key performance indicators and daily work management.
- Providing reports and extracts for GAD and other government departments.
- Reporting and making payments to HMRC.
- Processing bulk updates to member records such as new joiners and leavers, pensions increase and year-end or monthly contributions.

Challenges and influences over the next three years

The current environment is such that there is an unprecedented volume of external factors that could impact the management of the Fund:

- Preparation and delivery of the McCloud remedy.
- Implementation of Pension Dashboards.
- Other new and amending legislation impacting the Scheme, including the currently revoked £95k exit cap.
- Implementation of the Scheme Advisory Board's Good Governance Review findings
- The increased oversight by the Pensions Regulator and the issuance of the new singular code of practice where compliance must be achieved within 6 months.
- The requirement to rectify member contracted out data held by the scheme with that held by HMRC.
- The increasing number of scheme members affected by the government's pensions tax regime and reducing allowances on pension savings.
- The ongoing implementation of the government's requirements to pool LGPS pension fund assets with other Funds, including the evidence of savings.
- Maintaining the skills and knowledge of officers and Committee and Board members.
- The increasing number of scheme employers due to alternative provision models within the local government universe.
- Finding innovative and digital ways of working for the benefit of the Fund, the member, and the scheme employer to achieve the Fund's strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.
- The need to manage the climate risk within the Fund's investment portfolio as well as meet future statutory reporting requirements.

These and other priorities for the next three years are articulated in more detail in the appendix to this business plan, split into five sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Investment related activities.
- Communications

Core documents of the Fund

The Fund is required to publish core documents in relation to the administration of the Fund and make sure that they are accessible to its members.

Policies and strategies are reviewed by the Pension Fund Committee on a three-year cycle (unless stated otherwise) to ensure they remain relevant and fit of purpose. Officers review all policies and strategies on an annual basis to ensure they remain fit for purpose and apply non material amendments. If there are any material changes required for circumstances such as meeting a statutory obligation, to reflect process changes or following regulatory updates then Committee approval is required before the three-year formal review point.

All policy and strategy updates are presented to the Local Pension Board in addition to the Pension Fund Committee in either a pre or post scrutiny capacity for best practice and enhanced governance oversight.

These documents are listed in the table below and can also be found on the Pension Service website –

Annual Report and Statement of Accounts *
Administering Authority Discretions
Administration Strategy
Admission Bodies, Scheme Employers and Bulk Transfer Policy
Annual Business Plan and Medium-Term Strategy *
Anti-Fraud and Corruption Policy
Cash Management Strategy
Cessations Policy
Climate Action Plan *
Communications Plan*
Communications Strategy
Conflicts of Interest Policy
Cyber Strategy – not published
Data Improvement Policy
Data Improvement Plan *
Funding Strategy Statement
Governance Policy and Compliance Statement
Investment Strategy Statement
Overpayment of Pension Policy
Payment of Employee and Employer Pension Contributions Policy
Reporting Breaches of the Law to the Pensions Regulator
Risk Register **
Risk Strategy
Training Strategy

*Annual Committee review

**Biannual Committee review

Budget

All the costs associated with the management of the Fund are charged to the Fund and not Cambridgeshire County Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

Fund Account for 2022/23 to 2025/26

The following tables provide estimates of the Fund account, investment and administration income and expenditure for the next three years.

	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000	£000	£000	£000	£000
Contributions[1]	135,000	138,000	148,000	147,000	146,000
Transfers in from other pension funds[2]	8,000	18,000	11,000	12,000	13,000
TOTAL INCOME	**143,000**	**156,000**	**159,000**	**159,000**	**159,000**
Benefits payable[3]	(121,000)	(125,000)	(137,000)	(142,000)	(147,000)
Payments to and on account of leavers	(10,000)	(10,000)	(9,000)	(10,000)	(11,000)
TOTAL PAYMENTS	**(131,000)**	**(135,000)**	**(146,000)**	**(152,000)**	**(158,000)**
Net additions/(withdrawals) from dealings with members	**12,000**	**21,000**	**13,000**	**7,000**	**1,000**
Management expenses (invoiced)	(4,555)	(4,806)	(4,947)	(5,068)	(5,390)
Management expenses (non-invoiced)[4]	-	(21,900)	(22,900)	(24,100)	(25,300)
TOTAL MANAGEMENT EXPENSES	**(4,555)**	**(26,706)**	**(27,847)**	**(29,168)**	**(29,690)**
TOTAL INCOME LESS EXPENDITURE	**7,445**	**(5,706)**	**(14,847)**	**(22,168)**	**(26,690)**
Investment income[5]	30,000	34,000	34,000	36,000	38,000
Taxes on income.	-	-	-	-	-
profit and (losses) on disposal of investments and changes in the market value of investments[6]	169,000	(141,500)	204,000	214,000	225,000
NET RETURN ON INVESTMENTS	**199,000**	**(107,500)**	**238,000**	**250,000**	**263,000**
Net increase/(decrease) in net assets available for benefits during the year	**206,445**	**(113,206)**	**223,153**	**227,832**	**233,310**

[1] Contributions have been calculated using the Employer contribution rate which has decreased in 2023/24 following the 2022 Valuation and salary increase assumptions of 3.2% set by the actuary.
[2] Transfers in/out have been calculated using an average of 3 years (excluding group transfers)
[3] 2023/24 benefits payable have been calculated using average membership increases, estimated PI of 10.1% and pension increases assumptions of 2.7% set by the actuary in subsequent years. These do not match to the actuary's projections in 2023/24 as they've assumed all active members past retirement age will retire +1 year after valuation date.
[4] Management expenses (non-invoiced) have been added to improve financial reporting and align the expenses with the statutory accounts. The 2022/23 forecasted figure was added part way through the year hence a budget was not previously stated.
[5] Investment income has been calculated using actual income plus assumed investment growth 4.9%
[6] Return on Investments have been calculated by applying the actuarial assumption of investment growth +4.9% per annum. Return on investments in 2022/23 have been calculated using actual performance to December 2022 -4.8% plus one quarter applying the actuarial assumption of investment growth.

Management Expenses

	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000	**£000**	**£000**	**£000**	**£000**
Total administration expenses	(2,674)	(2,864)	(3,221)	(3,300)	(3,429)
Total governance expenses	(900)	(952)	(881)	(881)	(1,031)
Total investment expenses4	(981)	(990)	(845)	(886)	(930)
TOTAL MANAGEMENT EXPENSES	**(4,555)**	**(4,806)**	**(4,947)**	**(5,068)**	**(5,390)**

Administration Expenses

	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000	**£000**	**£000**	**£000**	**£000**
Staff related	(1,647)	(1,833)	(2,080)	(2,147)	(2,215)
Altair administration and payroll system	(398)	(420)	(485)	(514)	(545)
Data Assurance	(45)	(29)	(25)	(10)	(10)
Communications	(41)	(33)	(51)	(22)	(22)
Other non pay and income	(16)	(22)	(27)	(27)	(27)
County Council overhead recovery	(527)	(527)	(553)	(581)	(610)
TOTAL ADMINISTRATION EXPENSES	**(2,674)**	**(2,864)**	**(3,221)**	**(3,300)**	**(3,429)**

Delivering the business plan

Monitoring and reporting

To identify whether the agreed business plan is being met, progress on the key priorities and budgets will be monitored by the Fund management team and reported to the Pension Fund Committee and Local Pension Board at every meeting.

The updates will:

Highlight any areas where the target is exceeded or where the target has not been achieved and the reasons why and identify any changes in response to the planned priorities because of this.

Highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Risk Management

The Cambridgeshire Pension Fund has embedded risk management into the governance of the Fund. The Pension Committee has approved a Risk Strategy and a detailed Risk Register is maintained and reviewed by the Local Pension Board at every meeting. Changes to the level of risk are reported to the Pension Fund Committee at every other meeting, or more frequently if necessary.

The table below lists the Fund's highest rated risks as of February 2023. The full risk register can be found on the Fund's website: CPF Risk Register

Risk	Residual risk rating
The operations of the Pension Fund and that of its suppliers are interrupted as a result of a cyber-attack.	Amber
Employers are unable to pay contribution rates.	Amber
Failure to respond to changes in economic conditions.	Amber
The ACCESS asset pool does not have the sub-fund choices available to enable the Fund to fulfil its strategic and tactical asset allocation requirements in a timely manner.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Amber

Activities to be delivered

The activities have been split into the following sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Investment related activities
- Communications

Procurement of Services

Activity	Background	Key Milestones	Resources required
Re-tender for benefits and governance consultancy services	The current supplier of benefits and governance consultancy services is Aon. The contract period is due to end on 31 July 2023 (extension previously agreed from 31 March 2023). A further extension is required to 31 March 2024. The Pension Fund Committee has been asked to approve an officer recommendation to extend this contract for a further six months up to the 12 months that is allowable under the terms and conditions of the existing contract. The revision is to allow sufficient time to conduct a comprehensive review of the mortality screening and address tracing requirements of the Fund before the contract with the current supplier ceases in June 2023. Due to resourcing pressures within the team who are responsible for both it is deemed appropriate to delay this procurement as there is no extension provision option on the mortality screening and address tracing contract. The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Northamptonshire Pension Fund.	Register to access national LGPS Frameworks (May 2023). Draft specification of services required an associated documentation (June 2023 – July 2023). Issue invitation to tender to suppliers on the Framework (September 2023). Evaluate tender responses (October 2023 - November 2023). Award contract (January 2024).	Cost of subscription to framework £2,000. Legal fees £500. No additional staffing costs. All costs will be included within the governance and administration budget. Fees are combined with the re-tender for actuarial consultancy services. Total subscription costs of the three lots under the framework is £3,000.

Activity	Background	Key Milestones	Resources required
Re-tender for actuarial consultancy services	The current supplier of actuarial services is Hyman Robertson. The initial contract period comes to an end on 31 March 2023 but has been extended to 31 March 2024 as agreed in 2022/23. The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Northamptonshire Pension Fund	Register to access national LGPS Frameworks (May 2023). Draft specification of services required and associated documentation (June 2023 – July 2023). Issue invitation to tender to suppliers on the Framework (September 2023). Evaluate Tender responses (October 2023 – November 2023). Award Contract (January 2024).	Cost of subscription to framework £1,000. Legal fees £500. No additional staffing costs. All costs will be included within the governance and administration budget. Fees are combined with the re-tender for benefits and governance consultancy services. Total subscription costs of the three lots under the framework is £3,000.

Activity	Background	Key Milestones	Resources required
Re-tender for legal services provider	The Fund’s current supplier of specialist pensions legal services is Squire Patton Boggs. The initial contact period is due to end on 4 February 2024. The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Northamptonshire Pension Fund.	Register to access national LGPS Frameworks (July 2023). Draft specification of services required an associated documentation (July 2023 – August 2023). Issue invitation to tender to suppliers on the Framework (September 2023). Evaluate tender responses (October 2023 - November 2023). Award contract (December 2023).	Cost of subscription to framework – no fee. Legal fees £1,000. No additional staffing costs. All costs are included within the governance budget.

Activity	Background	Key Milestones	Resources required
Re-tender for pensions administration and pensioner payroll platform	The Fund’s current pensions administration and pensioner payroll solution is Heywood. The contract will end on 30 September 2024. A further competition exercise using the National LGPS Frameworks will be undertaken in 2023-24 to ensure an ongoing solution is selected by 30 September 2023, providing a one-year transition window (if needed).	Invitation to Further Competition exercise using National LGPS Frameworks (April 2023 - June 2023). Evaluation and award (July 2023 - September 2023). Year 0 transitional period (October 2023 - September 2024). Go Live (1 October 2024).	Internal and Procurement. The revised contract costs will form part of Administration expenses.
Address and mortality screening Services	The current contract for address tracing and mortality screening ceases in June 2023 with no ability to extend. Options are being considered as to the delivery of these services from June 2023 onwards.	Key milestones will be added when a definitive course of action has been decided on.	Costs already agreed within the governance budget.

Core governance activities

Activity	Background	Key Milestones	Resources required
Review and implement changes required from the Pension Regulator's new Code of Practice	In March 2021 the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The revised code of practice consolidates, updates, and amends the existing 15 codes of practice into one single consistent source of information. The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new code of practice is now expected to come into force early 2023. Once the code of practice is in force, the Fund will have six months to achieve full compliance with its contents.	Develop an action plan of changes required on launch of code of practice (TBC). Present action plan to the Pension Fund Committee (TBC) and Pension Board (TBC). Present update on progress on action plan to the Pension Fund Committee (TBC) and Pension Board (TBC).	No additional staffing costs. All costs included within the governance budget for 2022/23.
Implement the best practice recommendations of the good governance review	The Scheme Advisory Board (SAB) has been working on the good governance review for several years with the current objective to identify both the issues deriving from the current scheme arrangements and the potential benefits of increasing the level of separation between the host authority and the scheme manager role to avoid potential conflicts of interest. Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC to amend scheme regulations and publish statutory guidance, others by SAB and other for Funds to implement as best practice. The standards are due to be issued in 2023.	Develop an action plan to implement the best practice activities (TBC). Present update on progress on action plan to the Pension Fund Committee (TBC) and Pension Board (TBC). Implementation of activities requiring SAB and DLUHC guidance (TBC).	No additional staffing costs. All costs included within the governance budget for 2022/23.

Activity	Background	Key Milestones	Resources required
Review the administrative performance of the Fund's additional voluntary contribution providers	The Fund has two additional voluntary contribution (AVC) providers, Utmost Life and Prudential. Since 2020 LGPS Funds across the country collectively became concerned about the administrative performance of Prudential citing cases of not allocating contributions to members' accounts in a reasonable time period and the disinvestment of funds from members' accounts taking several months to complete. Although Funds are starting to see improvements with the administrative performance of Prudential it is now a good opportunity to conduct a review of the two AVC providers to ensure they remain suitable options for Cambridgeshire scheme members. Aon will be commissioned to undertake this review.	Present to the Pension Fund Committee the findings of the independent review alongside any recommendations for action (the timing of this will depend on the co-operation of the AVC providers in providing the necessary information for analysis by Aon (estimated October 2023).	No additional staffing costs. Estimated costs of £10,000 which are included within the governance budget.
Continue to review cyber resilience	Cyber-crime will continue to evolve and become increasingly sophisticated and as such this area will be regularly reviewed and monitored. The cyber action plan will be updated as and when necessary.	Ongoing monitoring and development of the cyber strategy and action plan via the Business Plan Updates at each meeting of the Pension Fund Committee and Pension Fund Board.	No additional staffing costs. All costs associated with this activity have been included within the governance budget.

Scheme member and data projects

Activity	**Background**	**Key Milestones**	**Resources required**
Complete the Guaranteed Minimum Pension Rectification	Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members contracted out liability against that recorded by HMRC. The rectification stage of this project commenced in 2021/22. All updates required for scheme member records for those below GMP pensionable age have been completed. Scheme members with a GMP element of their pension already in payment that require amending manually. This work commenced in 2022/23 and will continue into 2023/24 and be completed by March 2024, in line with other priorities. Any underpayments due to an amended GMP will be rectified and arrears of pension paid. Where an overpayment of pension has occurred due to an amended GMP, the pension will be reduced to the correct level and the overpayment written off as per the Fund's Overpayment of Pension Policy.	Manual rectification of outstanding records (April 2023 – March 2024).	No additional staffing costs.

Activity	Background	Key Milestones	Resources required
Application of the McCloud age discrimination remedy	The McCloud age discrimination remedy will remove the age discrimination that has been judged to have arisen in public sector schemes due to the age-related transitional protections that were introduced following the introduction of the CARE arrangements (in 2014 for the LGPS). The pension records of scheme members within scope of the McCloud ruling will be rectified following the implementation of the age discrimination remedy, expected via amendment to legislation on 1st October 2023.	Respond to DLUHC consultation on draft regulations (delayed from 2022 and still pending release) (TBC). Devise communication plan for members and scheme employers (May 2023). Undertake scheme member record preparations to identify members in scope of remedy in readiness for the application of the underpin (April 2023 – September 2023). Application of the revised underpin following release of amended LGPS Regulations (October 2023 onwards).	No additional staffing costs.
Prepare for the implementation of Pension Dashboards	In the 2016 Budget, the Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together. *Activity to be updated following the DWP announcement to reset the Pension Dashboard Programme and the delay to connection deadlines.	Continue to work with the pensions administration software supplier to connect to a Pensions Dashboard by the deadline of 30 September 2024 (April 2023 – September 2024). Undertake project plan activities to enable connection to the Dashboard including data cleansing activities (April 2023 – September 2024) Connect to the Dashboard (By 30 September 2024). Pension Dashboard Go Live (By 1 April 2025).	No additional staffing costs. System costs for the implementation of Pension Dashboards will be included in the software re-procurement.

Activity	Background	Key Milestones	Resources required
Processing of undecided leaver records	The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. A significant number of these records are in progress for a variety of reasons, including outstanding information or workflow. Any case which is older than 6 months since the point of notification is classed as a backlog and reported through this business plan activity. The intention is to reduce this backlog by 2,500 cases per year from an original April 2022 baseline of approximately 9,500 cases. As at March 2023 there are approximately 8,500 backlog cases outstanding. The project is targeting a net reduction of 2,500 backlog cases per annum leading to a completion date of September 2025.	Reduce aged cases by 2,500 (April 2023 – March 2024) Reduce aged cases by 2,500 (April 2024 – March 2025) Reduce aged cases to BAU baseline (<2,000) (April 2025 – September 2025)	No additional staffing costs.

Investment related activities

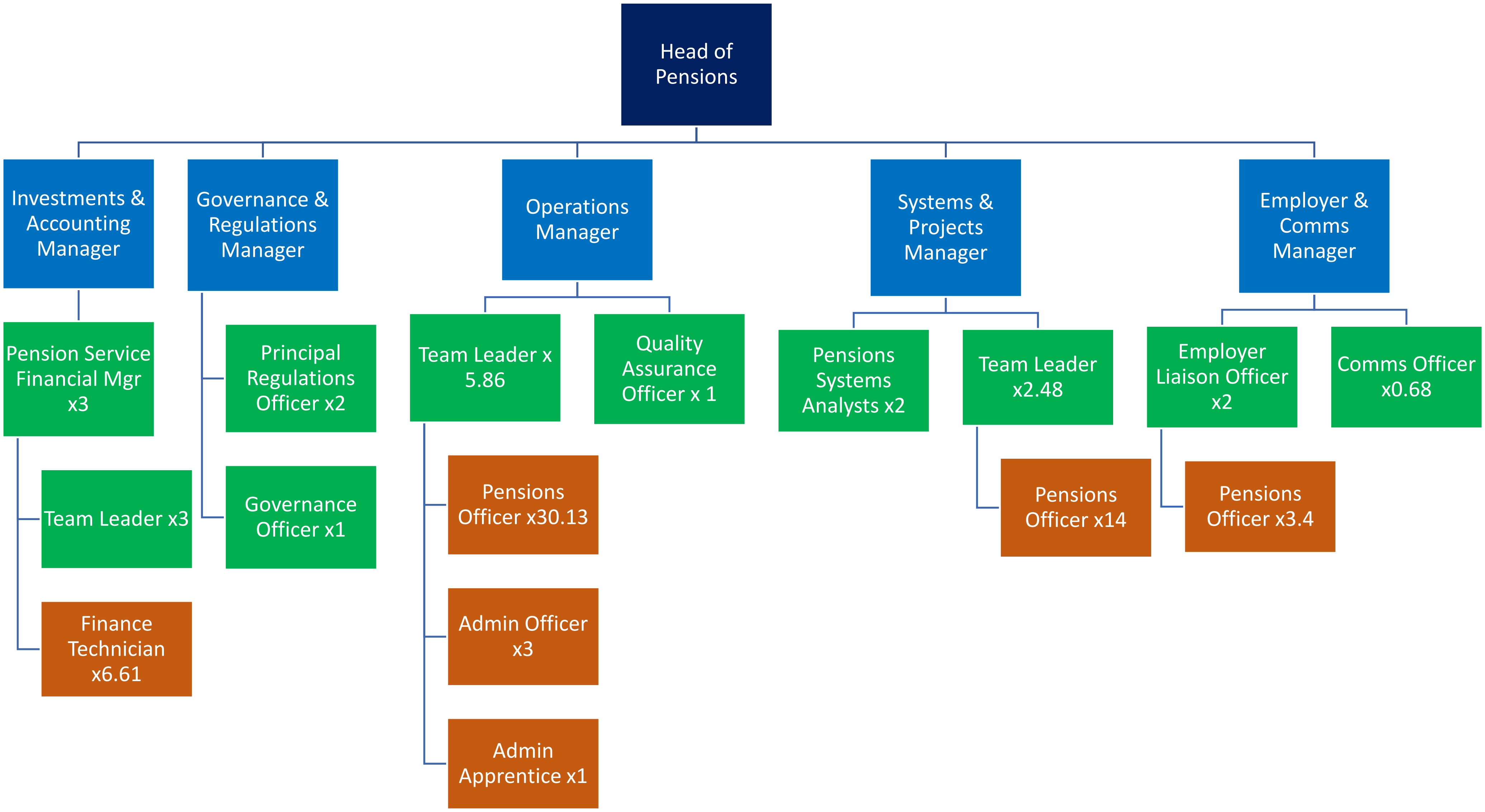
Activity	Background	Key Milestones	Resources required
Continue development of the ACCESS asset pool	The ACCESS asset pool Authorised Contractual Scheme (ACS) sub-fund structure is now at a mature stage with ongoing developments prioritising completing the sub-fund pipeline and putting in place supplementary sub-funds as and when required. Other developments within the ACCESS pool include the non-listed work programme, Operator re-procurement, and the Phase II ESG/RI procurement.	Development of ACS sub-fund pipeline (April 2023 – October 2024) Non-listed (property, infrastructure, private equity, private debt) programme development (April 2023 – December 2024) ESG/RI Phase II procurement and reporting developments (April 2023 – March 2024) Operator re-procurement (April 2023 – March 2025)	All costs associated with this activity have been included within the investment and staffing budgets.
Continue activities within the Fund's Climate Action Plan	During 2021/22 the Committee approved a revised Investment Strategy Statement incorporating an expanded and strengthened Responsible Investment (RI) Policy. The Investment Sub-Committee approved the Fund's Climate Change Action Plan in February 2022. It is proposed that in 2023-24, the Fund continues to focus on the milestone dates which are key to ensure we are on the correct path to achieve "net-zero" carbon emissions by 2050 at the latest.	As per Climate Action Plan at Appendix 4.	All costs associated with this activity have been included within the investment and staffing budgets.

Activity	Background	Key Milestones	Resources required
Implement the revised Investment Strategy	A review of the investment strategy/strategic asset allocation (SAA) is being undertaken at the March Pensions Committee meeting. This will include consideration of possible changes to the allocations of property, private equity and actively managed equity assets, taking account of current market conditions and expected future environment, and our ongoing commitments to asset pooling and Climate Action Plan. Work will be undertaken throughout 2023-24 to action these changes.	Milestones to be added regarding asset classes once SAA agreed (TBC) Revised draft Investment Strategy to be presented to Pensions Committee (June 2023)	All costs associated with this activity have been included within the investment and staffing budgets.

Communications

Activity	Background	Key Milestones	Resources required
Implement recommendations from the review of the website and digital communications.	A review of the Fund's websites was carried out in 2022/23 with support from the Digital Services Team at West Northamptonshire Council. The review assessed whether the website was still fit for purpose in meeting the needs of stakeholders and explored alternative options including moving the hosting of the member related information pages away from our software supplier Heywood and hosting both member and employer pages internally on a single website. The review produced a number of initial recommendations from the digital team. Officers now seek approval to implement the recommendations of the digital services team, subject to feedback from stakeholders on a limited number of prototypes.	Funding for the website development approved March 2023. Resources in place eg recruitment May 2023. High fidelity designs created August 2023. New website built March 2024.	£30,000 for a user interface designer and web developer for 3 months. No additional staffing costs. All costs associated with this project have been included in the governance budget.

Appendix A: Full Pensions Service structure



Appendix 2

Business Plan Activities 2022/23

Activity	Year-end status	RAG status
Extend the existing contract and re-tender for actuarial consultancy services	Completed.	Green
Extend the existing contract and re-tender for benefits and governance consultancy services	Completed.	Green
Extend existing contract and re-tender for legal services provider	Completed.	Green
Re-tender for pensions administration and pensioner payroll platform	2022/23 activities completed; remaining activities are featured in the 2023/24 Business Plan.	Green
Continue to develop the Fund's Cyber Strategy	Main activities completed. Further activities and updates will continue to be reported via the 2023/24 Business Plan.	Green
Review and implement changes required from the Pension Regulator's new Code of Practice	Rescheduled to 2023/24 Business Plan due to delayed release of the new code.	Green
Implement the best practice recommendations of the Scheme Advisory Board's good governance review	Rescheduled to 2023/24 Business Plan due to delayed government guidance**.**	Green
Complete the Guaranteed Minimum Pension Rectification	Completion rescheduled to 2023/24.	Red
Application of the McCloud age discrimination remedy	Awaiting consultation response. Further activities will feature in the 2023/24 Business Plan.	Green
Processing of undecided leaver records	Continuing into 2023/24.	Red
Complete the 2022 Valuation of the Pension Fund	Completed.	Green
Prepare for the implementation of Pension Dashboards	2022/23 activities completed. Remaining activities continuing into 2023/24.	Green
Continue development of the ACCESS asset pool	Completed.	Green
Decarbonisation and improved stewardship reporting	Completed.	Green
Review the fund's Property Investment Strategy	Completed.	Green

Business Plan Activities 2022/23

Review the Investment Strategy and Strategic Asset Allocation	Completed. Implementation phase during 2023/24.	**Green**
Private Equity Review	Completed. Implementation phase during 2023/24.	**Green**
Review of website and digital communications	Completed.	**Green**

Variances Against the Forecast of Investments and Admin Expenses 2022/23

Fund Account	2022/23 Budget	2022/23 Forecast	Variance	Comments
	£000	**£000**	**£000**	
Contributions	135,000	138,000	3,000	Contributions in line with current membership numbers
Transfers in from other pension funds	8,000	18,000	10,000	Demand led
Total income	**143,000**	**156,000**	**13,000**	
Benefits payable	(121,000)	(125,000)	(4,000)	Benefits in line with current membership numbers
Payments to and on account of leavers	(10,000)	(10,000)	-	Demand led
Total Payments	**(131,000)**	**(135,000)**	**(4,000)**	
Net additions/(withdrawals) from dealings with members	**12,000**	**21,000**	**9,000**	
Management Expenses	(4,555)	(4,806)	(251)	See below
Total income less expenditure	**7,445**	**16,194**	**8,749**	
Investment income	30,000	34,000	4,000	Actual income received to December 2022 plus one estimated quarter.
Taxes on income	-	-	-	
profit and (losses) on disposal of investments and changes in the market value of investments	169,000	(141,500)	(310,500)	Returns have been calculated using actual performance to December 2022 -4.8% plus one quarter applying the actuarial assumption of investment growth.
Net return on investments	**199,000**	**(107,500)**	**(306,500)**	
Net increase/(decrease) in the net assets available for benefits during the year	**206,445**	**(91,306)**	**(297,751)**	

Variances Against the Forecast of Investments and Admin Expenses 2022/23

Management Expenses	2021-22 Budget	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,674)	(2,864)	(190)	See below.
Total Governance Expenses	(900)	(952)	(52)	Actuarial valuation fees higher than expected.
Total Investment Invoiced Expenses	(981)	(990)	(9)	Outperformance of property mandate resulting in higher than expected investment manager costs.
Total Management Expenses	**(4,555)**	**(4,806)**	**(251)**	

Administration Expenses Analysis	2021-22 Budget	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,647)	(1,833)	(186)	Budget based on estimated 22/23 pay rates, higher than expected pay awards received.
Altair administration and payroll system	(398)	(420)	(22)	Inflation increases higher than expected.
Data assurance	(45)	(29)	16	McCloud project underspend carried forward to 2023/24.
Communications	(41)	(33)	8	Review of Pensions website underspend during 2022/23.
Other Non-Pay and Income	(16)	(22)	(6)	Compensation payments and IT hardware costs are higher than expected .
County Council Overhead Recovery	(527)	(527)	-	
Total Administration Expenses	**(2,674)**	**(2,864)**	**(190)**	

Climate Action Plan

Calendar Year

2022

Quarter 1 2022

Agree decarbonisation pathway and targets that align the beliefs and ambitions of the Investment Sub Committee (ISC). The ISC agreed target reductions in absolute carbon emissions of the Fund's listed equity holdings of at least: • 23% from June 2021 baseline by 2024 • 57% from June 2021 baseline by 2030	✓
Communicate agreed targets and aspirations to investment managers	✓
Instruct advisers to investigate high level approaches to climate aware passive equity investing	✓
Publish Climate Action Plan	✓

Quarter 2/3 2022

ISC receive training on strategic options to decarbonise the Pension Fund's active equity portfolio, including setting targets for existing managers and considering sustainable and impact equity and/or UN Sustainable Development Goals (SDG) alignment	✓
ISC receive report on high level climate aware passive equity options	✓

Quarter 3/4 2022

Receive implementable proposal on carbon aware passive equity portfolio	✓
Prepare and publish reporting in line with the Task-Force on Climate-Related Financial Disclosures (TCFD) disclosure requirements for the 2021-22 Fund annual report	✓

2023

Quarter 1 2023

Agree managers and portfolio structures for climate aware passive investing	✓
Analysis of climate metrics as at 30/06/22	✓

Quarter 2 2023

Review progress against targets and appropriateness of metrics.	
Continue to engage with existing active equity managers around decarbonisation approaches - as required	
Engage with private asset managers to improve carbon data provision for portfolios and increased Environmental, Social and Governance (ESG) integration	
Implement carbon aware passive equity	
ISC consider proposals for impact investing in private markets - Infrastructure	

Quarter 3 2023

Engage with ACCESS on sustainable/impact equity managers (based on Committee preferences following Q2 2022 discussion)	

Quarter 4 2023

ISC receive report on availability of data and approach on alternatives assets	
ISC consider proposals for impact investing in listed equity	
ISC consider proposals for impact investing in private markets (private equity/property)	

2024

Quarter 1 2024

Consider setting more granular targets across: - Sustainable/Climate solutions - Transition alignment - Stewardship	
Review progress against targets and appropriateness of metrics	
Consider draft UK Stewardship Report ahead of submission to FRC.	
ISC consider feasibility of including Scope 3 within emissions reduction reporting and targets	

Quarter 2 2024

Use insights and recommendations to shape discussions and support climate change reporting (TCFD) - awaiting outcomes of consultation	
Consider potential connections to biodiversity/natural capital	
Submit approved UK Stewardship Report to Financial Reporting Council (FRC)	
ISC consider proposals for including asset classes beyond listed equity in climate reporting and target setting	

Quarter 3 2024

Continuation of the work with active managers to implement carbon reduction measures and increase the sustainability of the portfolios they manage	

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

Date: 28 April 2023

Report by: Head of Pensions

Subject:	Valuation Update
Purpose of the Report	To provide the Local Pension Board with an update on the Pension Fund valuation.
Recommendations	The Local Pension Fund Board is asked to note the valuation update.
Enquiries to:	Mark Whitby – Head of Pensions Email: mark.whitby@westnorthants.gov.uk

1. Background

1.1 This report builds on previous updates to the board and provides a summary of progress made on completing the valuation of the Pension Fund and setting of employer contribution rates.

1.2 The Pension Fund Committee previously approved the draft Funding Strategy Statement for consultation with employers.

1.3 Paragraph 62 of the Regulations requires that the administering authority must obtain an actuarial valuation of the assets and liabilities as at the 31 March on each third year after 31 March 2016. This must include a report by an actuary in respect of the valuation and a rates and adjustments certificate prepared by an actuary. Each document must be obtained by 31 March following the year of valuation (31 March 2023).

2. Valuation update

2.1 All required valuation activities were completed by the deadline of 31 March 2023. All employers that require a valuation have received their results schedule and contribution rates from 1 April 2023 to 31 March 2026.

2.2 The consultation period closed on 31 January. All employer discussions have been completed and the final rates have been confirmed to all employers following the end of the consultation period.

2.3 Some employers, those participating in the fund under a pass-through admission agreement or those pooled with another scheme employer, are not subject to the formal valuation themselves but need to have new contribution rates confirmed. Those notifications were also issued.

2.4 The final Valuation Report has been obtained from the fund actuary and published on the fund's website. A copy of the report is included with this report as Appendix A. This includes the rates and adjustments certificate satisfying the requirements of the Regulations.

Valuation Report

2.5 The valuation report records the high-level outcomes of the valuation and is prepared by the fund actuary. Publication of this document, containing the rates and adjustments certificate represents the completion of the valuation process.

2.6 The report provides the following information, some of which was summarised by the actuary via a verbal update at the committee meeting in March:

- The approach taken to carry out the valuation
- The assumptions and data used when calculating results
- The funding level of the whole fund
- Summary of the movement in the funding position between the last and current valuation
- The whole fund contributions rates
- Sensitivity and risk analysis
- Related issues to be considered alongside the report
- Section 13 dashboard
- Rates and adjustments certificate

2.7 The rates and adjustments certificate is the official document certifying the minimum contribution rates that each employer should pay in each of the next three years and can be found at the back of the valuation report.

2.8 The Valuation Report also provides the whole fund contribution rates which are the weighted average of the underlying individual employer results. The following table shows the whole Fund rates for this valuation compared to the last valuation.

	This valuation (31 March 2022)		Last valuation (31 March 2019)	
Primary rate		18.4% of pay		18.4% of pay
Secondary rate	2023/24	£15,837,653	2020/21	£19,425,000
	2024/25	£13,648,221	2021/22	£19,061,000
	2025/26	£12,093,229	2022/23	£19,082,000

2.9 The following table shows the assumed monetary value of the primary contribution rate based on projected payroll. This figure is highly sensitive to the actual value of the payroll in each year.

Year	Projected payroll	Primary Rate
2023/24	£529,362,778	£97,614,658
2024/25	£546,427,052	£100,761,315
2025/26	£564,041,401	£104,009,406

Funding Strategy Statement

2.10 The draft Funding Strategy Statement (FSS) was previously approved by the committee for consultation with scheme employers. The consultation period ended on 2 December 2022 and no responses were received.

2.11 There have been two minor changes made to the draft FSS previously approved.

- Section 4.2 – some wording has been added to explain how McCloud has been allowed for within our liability calculations.
- Appendix 2 (page 27) – in Table 19: Sample rates of male demographic assumptions, the Withdrawals PT figure for age 20 has been updated – this figure has now been capped at 1000.00 given that the figures shown in the table are per 1,000 people. The figure is shown on the 1st line, 5th column in the sample table below:

Sample rates for demographic assumptions

DRAFT

Males

Table 19: Sample rates of male demographic assumptions

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	505.38	1,000.00	0.00	0.00	0.00	0.00
25	117	0.17	333.83	832.39	0.00	0.00	0.00	0.00
30	131	0.20	236.86	590.51	0.00	0.00	0.00	0.00
35	144	0.24	185.06	461.32	0.10	0.07	0.02	0.01
40	150	0.41	148.99	371.3	0.16	0.12	0.03	0.02
45	157	0.68	139.95	348.69	0.35	0.27	0.07	0.05
50	162	1.09	115.37	287.10	0.90	0.68	0.23	0.17
55	162	1.70	90.85	226.2	3.54	2.65	0.51	0.38
60	162	3.06	80.97	201.53	6.23	4.67	0.44	0.33
65	162	5.10	0.00	0.00	11.83	8.87	0.00	0.00

Females

Table 20: Sample rates of female demographic assumptions

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	440.53	724.43	0.00	0.00	0.00	0.00
25	117	0.10	296.42	487.38	0.10	0.07	0.02	0.01
30	131	0.14	248.48	408.49	0.13	0.10	0.03	0.02
35	144	0.24	214.46	352.44	0.26	0.19	0.05	0.04
40	150	0.38	178.49	293.22	0.39	0.29	0.08	0.06
45	157	0.62	166.56	273.59	0.52	0.39	0.10	0.08
50	162	0.90	140.43	230.41	0.97	0.73	0.24	0.18
55	162	1.19	104.78	172.10	3.59	2.69	0.52	0.39
60	162	1.52	84.44	138.52	5.71	4.28	0.54	0.40
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00

Figures are incidence rates per 1,000 members except salary scale. FT and PT denoted full-time and part-time members respectively.

2.12 The committee approved the final draft for publication at its March meeting.

3. Relevant Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

4. Finance & Resources Implications

4.1 As the process for calculating the funding position of exiting employers will be more complex, the actuarial fees for this work will increase. These fees are met by the exiting employer.

5. Risk Management

5.1 The risks associated with failing to monitor progress made against the Business Plan and Medium-Term Strategy have been captured in the fund's risk register as detailed below.

Risk	Residual risk rating
Failure to respond to changes in economic conditions.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Green
Failure to administer the scheme in line with regulations and guidance	Green
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

5.2 The Fund's full risk register can be found on the Fund's website at the following link: Cambridgeshire Risk Register

6. Communication Implications

Direct Communications	None

7. Legal Implications

7.1 Not applicable.

8. Consultation with Key Advisers

8.1 Consultation with the fund's actuarial adviser has been undertaken throughout the project.

8.2 Consultation with employers over the draft FSS and draft cessations policy was undertaken.

9. Alternative Options Considered

9.1 Not applicable.

10. Background Papers

10.1 Not applicable.

11. Appendices

11.1 None

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	12/4/2023

Cambridgeshire Pension Fund

Report on the actuarial valuation at 31 March 2022

Douglas Green FFA
Robert McInroy FFA

31 March 2023
For and on behalf of Hymans Robertson LLP

Use the menu bar above to navigate to each section.

Contents

In this report:

Executive Summary

We have been commissioned by Cambridgeshire County Council (the Administering Authority) to carry out a valuation of the Cambridgeshire Pension Fund (the Fund) as at 31 March 2022. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report is a summary of the valuation.

Contribution rates

The contribution rates for individual employers set at this valuation can be found in the Rates & Adjustments certificate. Table 1 shows the combined individual employer rates set at this valuation and the last valuation (31 March 2019).

Table 1: Whole fund contribution rates compared with the previous valuation

	This valuation 31 March 2022		Last valuation 31 March 2019	
Primary Rate		18.4% of pay		18.4% of pay
Secondary Rate	2023/2024	£16,449,000	2020/2021	£19,425,000
	2024/2025	£14,485,000	2021/2022	£19,061,000
	2025/2026	£13,144,000	2022/2023	£19,082,000

The primary rate includes an allowance of 0.8% of pensionable pay for the Fund's expenses.

Employees pay a contribution to the Fund in addition to these rates. These rates are set by the LGPS Regulations. The average employee contribution rate at 31 March 2022 is 6.4% of pay (6.3% at 31 March 2019).

Funding position

As at 31 March 2022, the funding position has improved from the last valuation. The required investment return to be 100% funded is now 3.6% pa (4.1% pa at 2019). The likelihood of the Fund's investment strategy achieving the required return is 82% (70% at 2019). Table 2 shows the single reported funding position at the current and previous valuation.

Table 2: Single reported funding position at 31 March 2022 compared with 31 March 2019

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	**(£m)**	**(£m)**
Employees	992	965
Deferred Pensioners	976	886
Pensioners	1,477	1,353
Total Liabilities	**3,446**	**3,204**
Assets	**4,305**	**3,193**
Surplus / (Deficit)	**860**	**(11)**
Funding Level	**125%**	**100%**

HYMANS ROBERTSON

Approach to valuation

Valuation Purpose

The triennial actuarial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure the Fund continues to have a contribution plan and investment strategy that will achieve the objectives set out in the Funding Strategy Statement.

We have been commissioned by Cambridgeshire County Council (the Administering Authority) to carry out a valuation of the Cambridgeshire Pension Fund (the Fund) as at 31 March 2022. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report marks the culmination of the valuation process and contains its two key outcomes:

1. Employer contribution rates for the period 1 April 2023 to 31 March 2026.

2. The funding level of the Fund at 31 March 2022.

Further information on the valuation process, methodology and strategy is set out in the publicly available Funding Strategy Statement, Investment Strategy Statement and published papers and minutes of the Fund's Pensions Committee. Additional material is also contained in Hymans Robertson's LGPS 2022 valuation toolkit[1].

[1] www.hymans.co.uk/media/uploads/LGPS_2022_Valuation_Toolkit.pdf

Setting employer contribution rates

Employer contributions need to be set at a level which ensures the Fund has a reasonable likelihood of having enough money to pay members' benefits. Identifying the amount of benefits that may be paid is complex as those earned today might only start being paid in 50 years' time. Over that time period, there is significant uncertainty over factors which affect the cost of benefits, eg inflation, investment returns. These uncertainties are allowed for by taking a risk-based approach to setting employer contribution rates. This approach is built around three key funding decisions set by the Fund and asset-liability modelling.

Key funding decisions

For each employer, the Fund determines the most appropriate choice for the following three funding decisions. Further detail is set out in the Funding Strategy Statement.

What is the funding target for each employer?
Will the employer remain in the Fund for the long-term or exit at some point

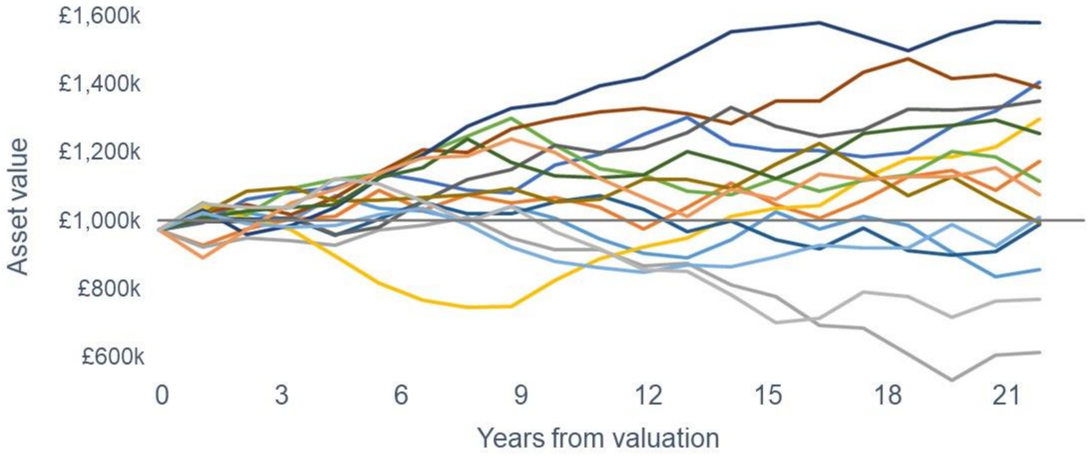
What is the funding time horizon?
How long will the employer participate in the Fund

What is the required likelihood?
How much funding risk can the employer's covenant support

Asset-liability modelling

Asset-liability modelling is used to project each employer's assets and benefit payments into the future using 5,000 different economic scenarios. The economic scenarios are generated using Hymans Robertson's Economic Scenario Service (ESS) (further information in Appendix 2).

Picture 1: sample progression of employer asset values



Measuring the funding level

The past service funding level is measured at the valuation. Whilst it is limited in providing insight into a funding plan, it is a useful high-level summary statistic. To measure the funding level, a market-related approach is taken to calculating both the assets and the liabilities (so they are consistent with each other).

- The market value of the Fund's assets at the valuation date have been used.
- The liabilities have been valued using assumptions based on market indicators at the valuation date (these assumptions are detailed in Appendix 2).

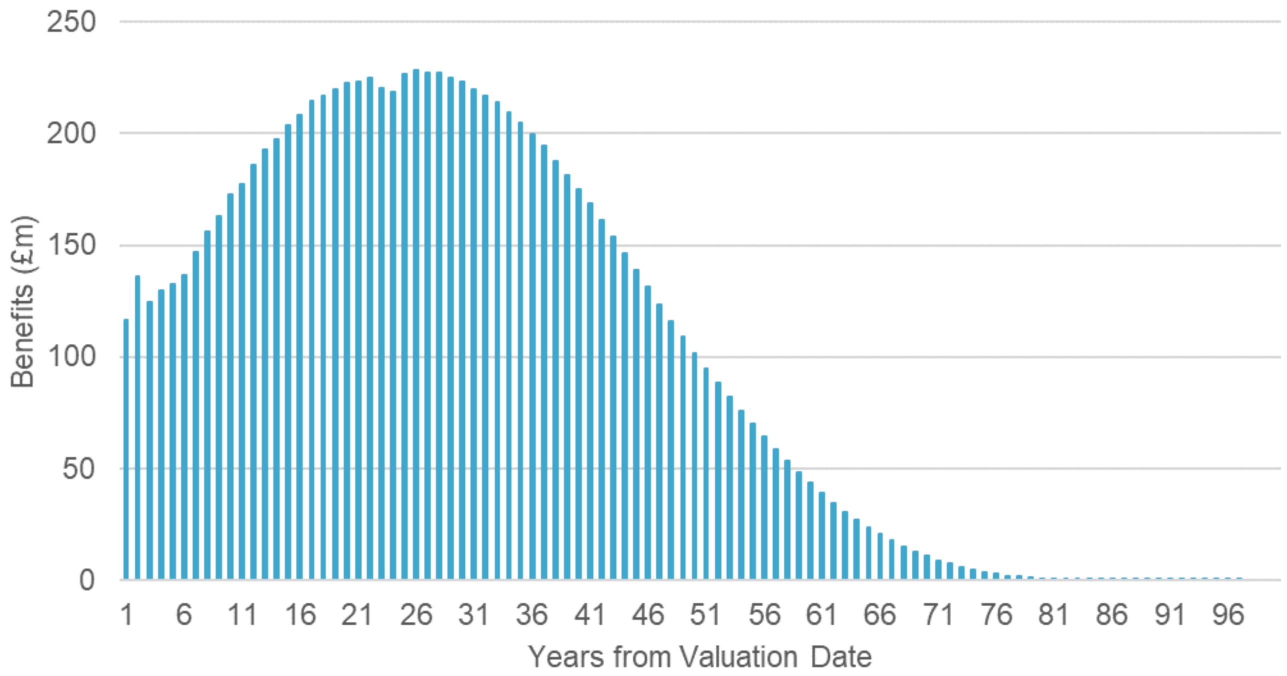
Further detail on the liabilities

The liabilities are the value of all future payments to members based on all benefits earned up to the valuation date, expressed in today's money.

Chart 1 shows the projected payments for all members in the Fund at the valuation date. The projections are based on the membership data provided for the valuation (Appendix 1), the assumptions (Appendix 2) and our understanding of the LGPS benefit structure as at 31 March 2022 (details at www.lgpsregs.org).

To express the future payments in today's money, the projections are discounted with an assumed future investment return on the Fund's assets (the discount rate).

Chart 1: projected benefit payments for all service earned up to 31 March 2022



Valuation results

Employer contribution rates

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. The risk-based approach detailed earlier is used to meet both these objectives.

The employer contribution rate is made up of two components.
1. A primary rate: the level sufficient to cover all new benefits.
2. A secondary rate: the costs associated with sufficiently funding benefits accrued up to the valuation date.

Each employer has a contribution rate which is appropriate to their circumstances and these can be found in the Rates & Adjustments Certificate. Broadly speaking:

- Primary rates have remained fairly stable since the last valuation due to the net impact of higher expected returns and rising costs of inflation.
- Secondary rates have decreased due to strong investment performance since the previous valuation.

However all employers will be different and the contribution rate will reflect the membership and experiences of each employer.

Table 3 shows the total of all employer contribution rates to be paid into the Fund over the period 1 April 2023 to 31 March 2026.

Table 3: Whole-fund contribution rate, compared with the previous valuation

	This valuation 31 March 2022		Last valuation 31 March 2019	
Primary Rate	18.4% of pay		18.4% of pay	
Secondary Rate	2023/2024	£16,449,000	2020/2021	£19,425,000
	2024/2025	£14,485,000	2021/2022	£19,061,000
	2025/2026	£13,144,000	2022/2023	£19,082,000

The primary rate includes an allowance of 0.8% of pensionable pay for the Fund’s expenses.

Employees pay a contribution to the Fund in addition to these rates. These rates are set by the LGPS Regulations. The average employee contribution rate at 31 March 2022 is 6.4% of pay (6.3% at 31 March 2019).

Funding level

The funding level is the ratio of assets to liabilities. The market value of the assets at the valuation date are known. The value of the liabilities is uncertain given that the level of future investment returns are unknown.

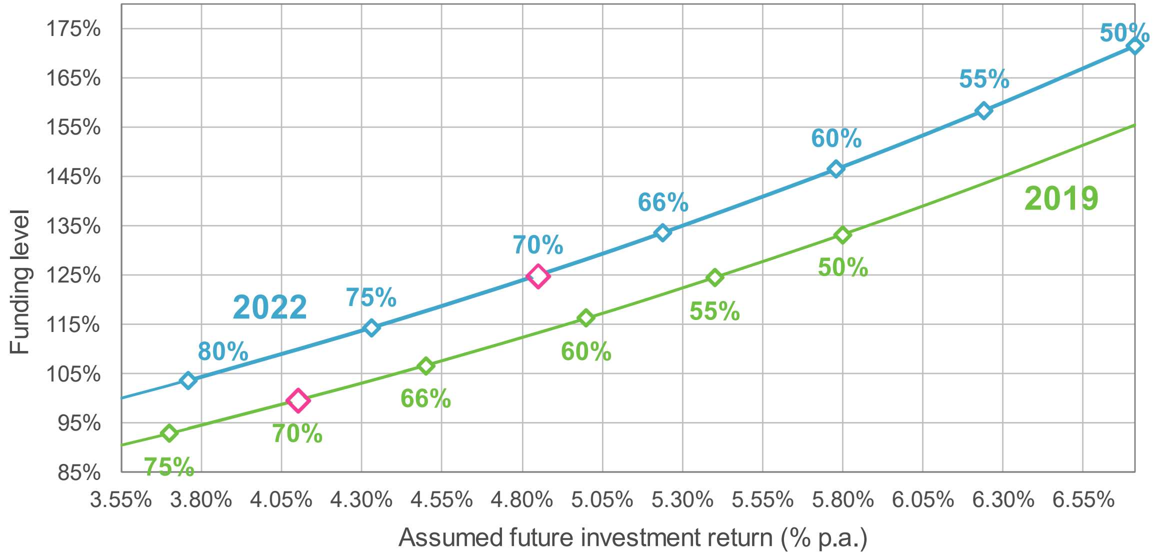
Therefore, the liabilities and funding level have been calculated across a range of different investment returns (the discount rate).

To help better understand funding risk, the likelihood of the Fund's investment strategy (detailed in Appendix 1) achieving certain levels of return has also been calculated.

Chart 2 shows how the funding level varies with future investment return assumptions at 31 March 2022 (blue line). The green line shows the same analysis at 31 March 2019.

- **The funding position at 2022 is stronger than 2019.**
- **The funding level is 100% if future investment returns are c.3.6% pa. The likelihood of the Fund's assets yielding at least this return is around 82%.**
- **The comparator at 2019 was a return of 4.1% pa which had a likelihood of 70%.**
- **There is a 50% likelihood of an investment return of 6.7% pa. So the best-estimate funding level is 171% at 31 March 2022 (134% at 2019).**

Chart 2: funding level across a range of future investment returns



Figures on each line show the likelihood of the Fund's assets exceeding that level of return over the next 20 years

Single funding level as at 31 March 2022

Whilst the chart on the previous page provides a better understanding of the past service funding position, there is still a requirement to report a single funding level at 31 March 2022.

To report a single funding level and funding surplus/deficit for the 2022 valuation, a discount rate of 4.9% pa has been used. There is a 70% likelihood associated with a future investment return of 4.9% pa.

Table 4 details the liabilities, split by member status and the market value of assets at the valuation date. The results at the 2019 formal valuation are shown for comparison.

The funding level and surplus/deficit figures provide a high-level snapshot of the funding position of the Fund as at 31 March 2022, however there are limitations:

- The liabilities are calculated using a single set of assumptions about the future and so are very sensitive to the choice of assumptions.
- The market value of assets held by the Fund will change on a daily basis.

The future progression of the funding position is uncertain. If the financial and demographic assumptions made at this valuation actually occur, employers pay contributions in line with the R&A certificate and there are no other changes in the financial or demographic environment, we project that the funding level at the next valuation (31 March 2025) will be approximately the same.

Table 4: single reported funding level

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	**(£m)**	**(£m)**
Employees	992	965
Deferred Pensioners	976	886
Pensioners	1,477	1,353
Total Liabilities	**3,446**	**3,204**
Assets	**4,305**	**3,193**
Surplus / (Deficit)	**860**	**(11)**
Funding Level	**125%**	**100%**

Important: *the reported funding level does not directly drive the contribution rates for employers. The contribution rates consider how assets and liabilities will evolve over time in different economic scenarios and also reflect each employer's funding profile and covenant.*

Changes since the last valuation

Events between 2019 and 2022

The most significant external event to occur since the last valuation has been the Covid-19 pandemic. The experience analysis below shows that there was a similar level of deaths vs what we expected. The impact on the funding position has been small, likely due to the age profile of the excess deaths and the level of pension.

Other significant factors occurring which affect the funding strategy of the Fund have been the better than expected investment returns. This has had a material positive impact on the funding position and employers' secondary contribution rates.

Financial

Table 5: analysis of financial experience between 2019 and 2022 valuations

	Expected	Actual	Difference	Impact on funding position
Investment returns				
3 year period	12.8%	27.2%	14.4%	+£546m
Annual	4.1% pa	8.4% pa	4.3% pa	

Membership

Table 6: analysis of membership experience between 2019 and 2022 valuations

	Expected	Actual	Difference	Impact on funding position
Pre-retirement				
Early leavers	9,662	7,098	-2,564	+£3m
Ill-health retirements	101	133	32	-£1m
Salary increases	3.5% pa	4.3% pa	0.8% pa	-£13m
Post-retirement				
Benefit increases	2.3% pa	1.8% pa	-0.6% pa	+£49m
Pension ceasing	£6.4m	£6.2m	-£0.1m	-£3m

Changes since the last valuation

Future outlook

Expectations about the future, which inform the assumptions used to value the liabilities, have changed since the last valuation. The most significant changes are:

- Future inflation: this is expected to be on average higher than at 2019 due to the current level of high inflation.
- Investment returns: due to change in the Fund's investment strategy and financial markets, future investment returns are now expected to be higher than at the last valuation.

Table 7: summary of change in future outlook

Factor	What does it affect?	What's changed?	Impact on liabilities
Future investment returns	The rate at which future benefit payments are discounted back, ie the discount rate assumption	Future investment returns slightly higher at 2022 than at 2019. The required return is now 4.9% pa vs. 4.1% pa at 2019.	Decrease of £492m
Inflation	The rate at which pensions in payment and deferment and CARE pots increase	Significant increase in short-term future inflation expectations.	Increase of £269m
Salary increases	The rate at which future salaries increase. This affects benefits that are still linked to final salary, ie accrued before 1 April 2014	No material change since last valuation given competing factors e.g. tighter budgetary conditions vs. strong job market and pressure from National Living Wage increases.	No impact
Current life expectancy	How long we expect people to live for based on today's current observed mortality rates.	Slight reduction in life expectancy based on current observed data (not allowing for Covid-related excess deaths)	Decrease of £10m
Future improvements in life expectancy	How we expect life expectancies to change (increase) in the future.	Uncertainty about effectiveness of mitigations against life expectancy increases in the LGPS i.e. State Pension Age increases and Cost Cap. Need to better reflect wider pension and insurance industry long-term expectations.	Increase of £23m

Reconciling the overall change in funding position

The tables below provide insight into the funding position change between 31 March 2019 and 31 March 2022. Firstly, the changes we expect to happen (Table 8), which relate mostly to items on the asset side. Then the impact of actual experience (Table 9), which mainly affects the liabilities.

Expected development

Table 8: expected development of funding position between 2019 and 2022 valuations

Change in the surplus/deficit position	Surplus / Deficit
	£m
Last valuation at 31 March 2019	**(11)**
Cashflows	
Employer contributions paid in	324
Employee contributions paid in	87
Benefits paid out	0
Net transfers into / out of the Fund	*
Other cashflows (e.g. Fund expenses)	1
Expected changes	
Expected investment returns	488
Interest on benefits already accrued	(413)
Accrual of new benefits	(388)
Expected position at 31 March 2022	**88**

* We have insufficient data to value the impact on the liabilities as a result of transfers in/out

Impact of actual events

Table 9: impact of actual events on the funding position at 31 March 2022

Change in the surplus/deficit position	Surplus / Deficit
	£m
Expected position at 31 March 2022	**88**
Events between 2019 and 2022	
Salary increases greater than expected	(13)
Benefit increases greater than expected	49
Early retirement strain (and contributions)	(1)
Ill health retirement strain	(1)
Early leavers less than expected	3
Commutation less than expected	0
Pensions ceasing less than expected	(3)
McCloud remedy	(3)
Other membership experience	(44)
Higher than expected investment returns	546
Changes in future expectations	
Investment returns	492
Inflation	(269)
Salary increases	0
Longevity	(13)
Other demographic assumptions	28
Actual position at 31 March 2022	**860**

Numbers may not sum due to rounding

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Sensitivity & risk analysis

Sensitivity and risk analysis: assumptions

There is risk and uncertainty inherent with funding benefit payments that will be paid out many years in the future. The Fund is aware of these and has in place a risk register which is regularly reviewed. Additionally, as part of the valuation, the Fund reviews sources of risk that may impact its funding position and the contribution rates payable by employers.

This section discusses some of the most significant sources of funding risk (assumptions, regulatory, administration and governance and climate change). Further information of the Fund's approach to funding risk management, including monitoring, mitigation and management, is set out in the Funding Strategy Statement.

Assumptions

The valuation results depend on the actuarial assumptions made about the future. By their nature, these assumptions are uncertain which means its important to understand their sensitivity and risk levels.

Contribution rates

The risk-based approach to setting employer contribution rates mitigates the limitation of relying on one set of assumptions. Therefore, there is no need to carry out additional analysis of the sensitivity of contribution rates to changes in financial assumptions. The contribution rates are sensitive to changes in demographic assumptions. The results in this section in relation to the funding position can be broadly applied to the contribution rates.

Funding level

Financial assumptions

On page 10, we have already set out how the results vary with the assumed future investment return. The table below considers inflation.

Table 10: sensitivity of funding position to inflation assumption

CPI Assumption	Surplus/ (Deficit)	Funding Level
% pa	**(£m)**	**%**
2.5%	967	129%
2.7%	860	125%
2.9%	749	121%

Demographic assumptions

The main area of demographic risk is if people live longer than expected. The table below shows the impact of longer term longevity rates improving at a faster rate (1.75% pa vs 1.5% pa used in the results)

Table 11: sensitivity of funding position to longevity assumption

Long term rate of improvement	Surplus/ (Deficit)	Funding Level
% pa	**(£m)**	**%**
1.5%	860	125%
1.75%	835	124%

Sensitivity and risk analysis: other risks

Regulatory, Administration and Governance risks

Potential risks in this area include change in central government legislation which changes the future cost of the LGPS and failures in administration processes leading to incorrect data and inaccuracies in actuarial calculations. At this valuation, specific risks include:

- **McCloud:** the remedy to resolve the McCloud case is yet to be formalised in regulations. However, an allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities in their letter dated March 2022[1].
- **Goodwin:** the remedy to this issue is still uncertain, it is difficult to identify who it would apply to and its impact is estimated to be very small for a LGPS fund (0.1-0.2% of liabilities). Therefore, no allowance has been made for this case at the 2022 valuation.
- **Cost Cap:** a legal challenge is ongoing in relation to the 2016 cost cap valuation and no information is known about the outcome of the 2020 cost cap valuation. At this valuation, no allowance has been made for any changes to the benefit structure that may occur as a result of a cost cap valuation.
- **GMP indexation:** it is assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This is the same approach that was taken for the 2019 valuation.

Post valuation events

Since 31 March 2022, there has been significant volatility in the financial markets, short-term inflation expectations and rises in interest rates by central banks. These events affect the value of the Fund's assets and liabilities.

- The Fund's investment return since 31 March 2022 is estimated to be somewhere approximately -4%.
- Liability valuations are likely to be lower now than at 31 March 2022 due to rises in expected future investment returns more than offsetting the higher than expected (10.1%) pension increase at April 2023.

As an open scheme, with a strong covenant, the Fund takes a long-term view when considering the funding impact of such events. For employers who have a very short time horizon, recent volatility may be more immediately impactful, and the Fund has engaged with these employers as appropriate.

No explicit allowance has been made for this volatility in the valuation results or contribution rates detailed in the Rates & Adjustments Certificate. The Fund will continue to monitor changes in the financial and demographic environment as part of its ongoing risk management approach.

1 www.lgpslibrary.org/assets/bulletins/2022/222AppA.pdf

Sensitivity and risk analysis: climate change

Background
Climate change is a major source of uncertainty which could affect future investment returns, inflation and life expectancies. Therefore, the Fund has explicitly explored the resilience of its funding and investment strategy to future potential climate change outcomes.

It is impossible to confidently quantify the effect of climate risk given the significant uncertainty over the impact of different possible climate outcomes. Instead, three different climate change scenarios have been considered as a stress-test (instead of trying to predict how climate change affects the funding level in the future).

All the scenarios assume that there will be a period of disruption linked either to the response to climate risk (transition risks) or the effect of it (physical risks). This disruption will lead to high volatility in financial markets, and the later the disruption, the more pronounced it will be.

Further detail on the scenarios is shown on the next page and in our guide 10 of Hymans Robertson's LGPS 2022 valuation toolkit[1]

Outcome of analysis
The Fund has set its funding and investment strategy using asset-liability modelling and considering two main risk metrics:

- Likelihood of success – the chance of being fully funded in 20 years' time
- Downside risk – the average worst 5% of funding levels in 20 years' time

When exploring the potential impact of climate change, the Fund has compared how these risk metrics change under each climate change scenario (against the '*Core'* model used when setting the funding and investment strategy). The stress test results for the Fund are shown in Table 12 below.

Table 12: sensitivity of funding position to longevity assumption

Scenario	Likelihood of success	Downside risk
Core	**78%**	**47%**
Green Revolution	76%	42%
Delayed Transition	75%	46%
Head in the Sand	75%	48%

The results are worse in the climate scenarios. This is to be expected given that they are purposefully stress-tests and all the scenarios are bad outcomes. Whilst the risk metrics are weaker, they are not materially so and not enough to suggest that the funding and investment strategy are unduly exposed to climate change risk. The Fund will continue to monitor this risk as more information emerges and climate change modelling techniques evolve.

[1] www.hymans.co.uk/media/uploads/LGPS_2022_Valuation_Toolkit.pdf

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Final comments

Final comments

The Fund's valuation operates within a broader framework, and this document should be considered alongside the following:

- The Funding Strategy Statement, which in particular highlights how different types of employer in different circumstances have their contributions calculated
- The Investment Strategy Statement, which sets out the investment strategy for the Fund
- The general governance of the Fund, such as meetings of the Pensions Committee and Local Pensions Board, decisions delegated to officers, the Fund's business plan, etc
- The Fund's risk register

New employers joining the Fund
Any new employers or admission bodies joining the Fund should be referred to the Fund Actuary to assess the required level of contribution. Depending on the number of transferring members the ceding employer's rate may also need to be reviewed.

Cessations and bulk transfers
Any employer who ceases to participate in the Fund should be referred to the Fund Actuary in accordance with Regulation 64 of the LGPS regulations.

Any bulk movement of scheme members:

- involving 10 or more scheme members being transferred from or to another LGPS fund
- involving 2 or more scheme members being transferred from or to a non-LGPS pension arrangement

should be referred to the Fund Actuary to consider the impact on the Fund.

Valuation frequency
Under the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2025 where contribution rates payable from 1 April 2026 will be set.

Douglas Green FFA
31 March 2023
For and on behalf of Hymans Robertson LLP

Robert McInroy FFA

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Appendices

APPENDIX 1

Data

Membership data
A summary of the membership data provided by the Fund for the 2022 valuation is set out in Table 13. The corresponding membership data from the previous valuation is also shown for reference.

The results of the valuation are dependent on the quality of the data used. We have carried out a series of validation checks on the data supplied to us by the Administering Authority to ensure that it is fit for purpose.

More information on how we verify the quality of the data used in the valuation has been shared with the Administering Authority in our report ‘Data Report for the 2022 Valuation’, dated March 2023.

Asset data
To check the membership data and derive employer asset values, we have used asset and accounting data and employer level cashflow data provided by the Fund.

Table 13: Whole fund membership data as at 31 March 2022 and 31 March 2019

Whole Fund Membership Data	This Valuation 31 March 2022	Last Valuation 31 March 2019
Employee members		
Number	27,085	25,914
Total actual pay (£000)	488,992	414,741
Total accrued pension (£000)	70,442	61,065
Average age (liability weighted)	53.0	51.8
Future working lifetime (years)	4.8	7.0
Deferred pensioners (including undecideds)		
Number	51,045	44,841
Total accrued pension (£000)	64,210	53,079
Average age (liability weighted)	52.6	51.4
Pensioners and dependants		
Number	21,394	18,626
Total pensions in payment (£000)	98,727	85,241
Average age (liability weighted)	69.4	68.5

APPENDIX 1

Data

Investment strategy
A summary of the investment strategy allocation used for the calculation of employer contribution rates and to derive the future assumed investment return is set out in Table 14.

This information is as set out in the Fund's Investment Strategy Statement.

Table 14: Investment strategy used for the 2022 valuation

Asset class	Allocation
Global equities	55.0%
Private equity	12.0%
Property	10.0%
Infrastructure	6.0%
UK corporate bonds	12.0%
UK index linked gilts	5.0%
Total	**100.0%**

APPENDIX 2

Assumptions

To set and agree assumptions for the valuation, the Fund carried out in-depth analysis and review in February 2022 with the final set agreed by the Pensions Committee on 24 March 2022.

Financial assumptions

Setting employer contribution rates

An asset-liability model is used to set employer contributions at the 2022 valuation. This model relies on Hymans Robertson's proprietary economic model, the Economic Scenario Service (ESS). The ESS reflects the uncertainty associated with future levels of inflation and asset returns and the interactions and correlations between different asset classes and wider economic variables. In the short term (first few years), the models are fitted with current financial market expectations. Over the longer term, models are built around views of fundamental economic parameters, for example equity risk premium, credit spreads and long term inflation. The table below shows the calibration of the ESS at 31 March 2022. Further information on the assumptions used for contribution rate setting is included in the Funding Strategy Statement.

Table 15: ESS individual asset class return distributions at 31 March 2022

Time period	Percentile	Asset class annualised total return							Inflation/Yields		
		Index Linked Gilts (medium)	Developed World ex UK Equity	Private Equity	Property	Listed Infrastructure Equity	All World Equity GBP Hedged	CorpMedium A	Inflation (CPI)	17 year real yield (CPI)	17 year yield
10 years	16th	-1.9%	-0.7%	-1.2%	-0.6%	-1.1%	-0.3%	-0.1%	1.6%	-1.7%	1.1%
	50th	0.2%	5.6%	9.4%	4.4%	4.9%	5.9%	1.6%	3.3%	-0.5%	2.5%
	84th	2.4%	11.7%	20.1%	9.5%	10.9%	11.9%	3.2%	4.9%	0.7%	4.3%
20 years	16th	-1.5%	1.5%	2.4%	1.4%	1.2%	1.9%	1.1%	1.2%	-0.7%	1.3%
	50th	0.1%	6.1%	10.0%	5.0%	5.6%	6.4%	2.1%	2.7%	1.1%	3.2%
	84th	1.9%	10.8%	17.6%	8.9%	10.1%	11.0%	3.2%	4.3%	2.7%	5.7%
40 years	16th	-0.3%	3.1%	4.7%	2.6%	2.6%	3.5%	2.0%	0.9%	-0.6%	1.1%
	50th	1.2%	6.5%	10.3%	5.5%	6.1%	6.8%	3.1%	2.2%	1.3%	3.3%
	84th	3.1%	10.2%	16.1%	8.8%	9.8%	10.4%	4.4%	3.7%	3.2%	6.1%
	Volatility (5yr)	7%	19%	30%	15%	18%	18%	7%	3%	-	-

APPENDIX 2

Assumptions

Financial assumptions

Calculating the funding level

The table below summarises the assumptions used to calculate the funding level at 31 March 2022, along with a comparison at the last valuation.

Table 16: Summary of assumptions used for measuring the funding level, compared to last valuation on 31 March 2019

Assumption	31 March 2022	Required for	31 March 2019
Discount rate	4.9% pa	To place a present value on all the benefits promised to scheme members at the valuation date. The Fund's assets are estimated to have a 70% likelihood of returning above the discount rate.	4.1% pa
Benefit increases/CARE revaluation	2.7% pa	To determine the size of future benefit payments.	2.3% pa
Salary increases	3.2% pa	To determine the size of future final-salary linked benefit payments.	2.8% pa

Allowing for the McCloud remedy

Allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities in their letter dated March 2022[1]. Further technical detail about this assumption is set out in guide 13 of Hymans Robertson's LGPS 2022 valuation toolkit[2]

1 www.lgpslibrary.org/assets/bulletins/2022/222AppA.pdf

2 www.hymans.co.uk/media/uploads/LGPS_2022_Valuation_Toolkit.pdf

APPENDIX 2

Assumptions

Demographic assumptions

The same demographic assumptions are used in setting contribution rates and assessing the current funding level.

Longevity

Table 17: Summary of longevity assumptions

	This valuation 31 March 2022	Last valuation 31 March 2019
Baseline assumption	VitaCurves based on member-level lifestyle factors	VitaCurves based on member-level lifestyle factors
Future improvements	**CMI 2021 model** Initial addition = **0.25% (both Female and Male)** Smoothing factor = **7.0** **1.5% pa** long-term rate of improvement	**CMI 2018 model** Initial addition = **0.25% (Female), 0.5% (Male)** Smoothing factor = **7.0** **1.25% pa** long-term rate of improvement

Further information on these assumptions can be provided upon request. Sample rates are included on the next page.

Other demographic assumptions

Table 18: Summary of other demographic assumptions

Death in service	See sample rates in Tables 19 & 20
Retirements in ill health	See sample rates in Tables 19 & 20
Withdrawals	See sample rates in Tables 19 & 20
Promotional salary increases	See sample rates in Tables 19 & 20
Commutation	51% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits
50:50 option	1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option
Retirement age	The earliest age at which a member can retire with their benefits unreduced
Family details	A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependent of a female member is assumed to be 3 years older than her.

APPENDIX 2

Assumptions

Sample rates for demographic assumptions

Males

Table 19: Sample rates of male demographic assumptions

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	525.6	1,000.00	0.00	0.00	0.00	0.00
25	117	0.17	347.18	724.98	0.00	0.00	0.00	0.00
30	131	0.20	246.33	514.31	0.00	0.00	0.00	0.00
35	144	0.24	192.46	401.80	0.10	0.07	0.02	0.01
40	150	0.41	154.95	323.39	0.16	0.12	0.03	0.02
45	157	0.68	145.55	303.70	0.35	0.27	0.07	0.05
50	162	1.09	119.98	250.06	0.90	0.68	0.23	0.17
55	162	1.70	94.48	197.01	3.54	2.65	0.51	0.38
60	162	3.06	84.21	175.52	6.23	4.67	0.44	0.33
65	162	5.10	0.00	0.00	11.83	8.87	0.00	0.00

Females

Table 20: Sample rates of female demographic assumptions

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	475.77	677.69	0.00	0.00	0.00	0.00
25	117	0.10	320.14	455.94	0.10	0.07	0.02	0.01
30	131	0.14	268.35	382.14	0.13	0.10	0.03	0.02
35	144	0.24	231.61	329.70	0.26	0.19	0.05	0.04
40	150	0.38	192.77	274.31	0.39	0.29	0.08	0.06
45	157	0.62	179.89	255.94	0.52	0.39	0.10	0.08
50	162	0.90	151.66	215.54	0.97	0.73	0.24	0.18
55	162	1.19	113.17	161.00	3.59	2.69	0.52	0.39
60	162	1.52	91.20	129.59	5.71	4.28	0.54	0.40
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00

Figures are incidence rates per 1,000 members except salary scale. FT and PT denoted full-time and part-time members respectively.

APPENDIX 3

Reliances and limitations

We have been commissioned by Cambridgeshire County Council ("the Administering Authority") to carry out a full actuarial valuation of the Cambridgeshire Pension Fund ("the Fund") as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 ("the Regulations").

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the main outcomes of the 2022 actuarial valuation. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

This summary report is the culmination of other communications in relation to the valuation, in particular:

- Our 2022 valuation toolkit which sets out the methodology used when reviewing funding plans
- Our paper to the Fund's Pension Committee dated April 2022 which discusses the funding strategy for the Fund's Local, Fire and Police Authorities
- Our paper to the Fund's Pension Committee dated February 2022 which discusses the valuation assumptions
- Our initial results report dated August 2022 which outlines the whole fund results and inter-valuation experience
- Our data report dated March 2023 which summarises the data used for the valuation, the approach to ensuring it is fit for purpose and any adjustments made to it during the course of the valuation
- The Funding Strategy Statement which details the approach taken to adequately fund the current and future benefits due to members

The totality of our advice complies with the Regulations as they relate to actuarial valuations.

The following Technical Actuarial Standards apply to this advice, and have been complied with where material and to a proportionate degree. They are:

- TAS100 – Principles for technical actuarial work
- TAS300 – Pensions

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APPENDIX 4

Glossary

Term	Explanation
50:50 option	An option for LGPS members to pay half contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).
Asset-liability modelling	An approach to modelling and understanding risk for a pension fund. The assets and liabilities are projected forward into the future under many different future scenarios of inflation, investment returns and interest rates. The future scenarios are then analysed to understand the risk associated with a particular combination of contribution rates and investment strategy. Different combinations of contribution rates and/or investment strategies may be tested.
Baseline longevity	The rates of death (by age and sex) in a given group of people based on current observed data.
Club Vita	A firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed baseline longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.
Commutation	The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.
CPI inflation	The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government’s preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.
Deferred pensioners	A former employee who has left employment (or opted out of the pension fund) but is not yet in receipt of their benefits from the fund.
Demographic assumptions	Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.

APPENDIX 4

Glossary

Term	Explanation
Discount rate	A number used to place a single value on a stream of future payments, allowing for expected future investment returns.
Employee members	Members who are currently employed by employers who participate in the fund and paying contributions into the fund.
ESS	Economic Scenario Service - Hymans Robertson's proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.
Funding position	The extent to which the assets held by the fund at 31 March 2022 cover the accrued benefits ie the liabilities. The two measures of the funding position are: • the funding level - the ratio of assets to liabilities; and • the funding surplus/deficit - the difference between the asset and liabilities values.
Inflation	Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.
Liabilities	An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.
Longevity improvements	An assumption about how rates of death will change in future. Typically we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.
Pensioners	A former employee who is in receipt of their benefits from the fund. This category includes eligible dependants of the former employee.

APPENDIX 4

Glossary

Term	Explanation
Primary rate	The estimated cost of future benefits, expressed in percentage of pay terms. The primary rate will include an allowance to cover the fund's expenses.
Prudence	To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence Level of more than 50%. All other assumptions aim to be best estimate.
Prudence Level	A percentage indicating the likelihood that a discount rate assumption will be achieved in practice, based on the ESS model. The higher the prudence level, the more prudent the discount rate is.
Secondary rate	An adjustment to the primary rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. This may be expressed as a percentage of pay and/or monetary amount.
Withdrawal	Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire, but are no longer earning new benefits.

Rates & Adjustments certificate

Rates and Adjustments Certificate

In accordance with Regulation 62 of the LGPS regulations, we have assessed the contributions that should be paid into the Cambridgeshire Pension Fund (the Fund) by participating employers for the period 1 April 2023 to 31 March 2026 in order to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in this Rates and Adjustments certificate are detailed in the Funding Strategy Statement dated March 2023 and in Appendix 2 of the report on the actuarial valuation dated March 2023. These assumptions underpin our estimate of the number of members who will become entitled to a payment of pensions under the provisions of the LGPS and the amount of liabilities arising in respect of such members.

The table below summarises the whole fund primary and secondary contribution rates for the period 1 April 2023 to 31 March 2026. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the LGPS regulations and CIPFA guidance. The secondary rate has been shown both as a monetary amount and an equivalent percentage of the projected pensionable pay.

		This valuation 31 March 2022	
Primary rate		18.4% of pay	
Secondary rate		Monetary amount	Equivalent to % of payroll
	2023/24	£16,449,000	3.2%
	2024/25	£14,485,000	2.7%
	2025/26	£13,144,000	2.4%

The required minimum contribution rates for each employer in the Fund are set out in the remained of this certificate.

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Scheduled Bodies									
	Cambridgeshire County Council Pool (excl schools)	17.7%	£3,943,000	£3,374,000	£3,374,000	17.7% plus £3,943,000	17.7% plus £3,374,000	17.7% plus £3,374,000	
	Local Education Authority Schools (CCC)	17.7%	3.5%	3.0%	3.0%	21.2%	20.7%	20.7%	
	Cambridge City Council Pool	17.6%	£3,086,000	£2,829,000	£2,573,000	17.6% plus £3,086,000	17.6% plus £2,829,000	17.6% plus £2,573,000	1
3	East Cambridgeshire District Council	17.4%	£493,000	£465,000	£437,000	17.4% plus £493,000	17.4% plus £465,000	17.4% plus £437,000	
4	Fenland District Council	17.6%	£988,000	£947,000	£905,000	17.6% plus £988,000	17.6% plus £947,000	17.6% plus £905,000	1
	Huntingdonshire District Council Pool	17.3%	£1,566,000	£1,479,000	£1,392,000	17.3% plus £1,566,000	17.3% plus £1,479,000	17.3% plus £1,392,000	
	South Cambridgeshire District Council Pool	17.2%	£1,700,000	£1,602,000	£1,504,000	17.2% plus £1,700,000	17.2% plus £1,602,000	17.2% plus £1,504,000	
	Peterborough City Council Pool (excl schools)	17.5%	£1,955,000	£1,955,000	£1,955,000	17.5% plus £1,955,000	17.5% plus £1,955,000	17.5% plus £1,955,000	
	Local Education Authority Schools (PCC)	17.5%	5.0%	4.5%	4.0%	22.5%	22.0%	21.5%	
Major Employers									
33	Cambs & Peterborough Fire Authority	16.9%	£398,000	£398,000	£398,000	16.9% plus £398,000	16.9% plus £398,000	16.9% plus £398,000	
647	Cambridgeshire Police and Crime Commissioner	17.3%	5.1%	4.6%	4.1%	22.4%	21.9%	21.4%	
655	Cambridgeshire Chief Constable	17.3%	5.1%	4.6%	4.1%	22.4%	21.9%	21.4%	
	Cambridgeshire and Peterborough Combined Authority Pool	16.0%	1.3%	0.3%	-0.7%	17.3%	16.3%	15.3%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies									
46	Bar Hill Community Primary School	19.1%	1.4%	0.4%	0.0%	20.5%	19.5%	19.1%	
167	Stilton CofE Primary School	18.4%	5.0%	4.0%	3.0%	23.4%	22.4%	21.4%	
299	Thongsley Fields Primary and Nursery School	18.2%	2.2%	1.2%	0.2%	20.4%	19.4%	18.4%	
300	Discovery Primary Academy	18.3%	0.0%	0.0%	0.0%	18.3%	18.3%	18.3%	
404	Wintringham Primary Academy	18.0%	2.4%	1.4%	0.4%	20.4%	19.4%	18.4%	
452	Thomas Deacon Academy	17.8%	-0.8%	-1.8%	-2.8%	17.0%	16.0%	15.0%	
499	Ormiston Bushfield Academy	17.8%	-1.1%	-2.1%	-3.1%	16.7%	15.7%	14.7%	
515	Crosshall Junior	18.7%	-0.9%	-1.9%	-2.9%	17.8%	16.8%	15.8%	
516	Crosshall Infants	19.1%	-1.0%	-2.0%	-3.0%	18.1%	17.1%	16.1%	
517	Arthur Mellows	18.6%	-1.2%	-2.2%	-3.2%	17.4%	16.4%	15.4%	
522	Comberton Village College Academy	18.3%	-0.9%	-1.9%	-2.9%	17.4%	16.4%	15.4%	
523	The King's (The Cathedral) School	18.7%	0.0%	0.0%	0.0%	18.7%	18.7%	18.7%	
526	Swavesey Village College Academy	18.5%	-1.0%	-2.0%	-3.0%	17.5%	16.5%	15.5%	
530	Chesterton Community College	18.2%	-2.1%	-3.1%	-4.1%	16.1%	15.1%	14.1%	
532	Melbourn Village College	18.1%	-0.4%	-1.4%	-2.4%	17.7%	16.7%	15.7%	
533	Nene Park Academy	17.9%	-0.5%	-1.5%	-2.5%	17.4%	16.4%	15.4%	
534	Bassingbourn Community College	19.1%	-0.8%	-1.8%	-2.8%	18.3%	17.3%	16.3%	
535	The Centre School	17.9%	-1.7%	-2.7%	-3.7%	16.2%	15.2%	14.2%	
536	Longsands Academy	18.3%	-0.7%	-1.7%	-2.7%	17.6%	16.6%	15.6%	
538	St Ivo School	18.7%	-1.0%	-2.0%	-3.0%	17.7%	16.7%	15.7%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
540	Bishops Creighton Academy	18.0%	-1.4%	-2.4%	-3.4%	16.6%	15.6%	14.6%	
551	Queen Katharine Academy	18.1%	2.6%	1.6%	0.6%	20.7%	19.7%	18.7%	
556	Bourn Academy	18.5%	-1.0%	-2.0%	-3.0%	17.5%	16.5%	15.5%	
557	Buckden CE Primary	18.6%	0.0%	0.0%	0.0%	18.6%	18.6%	18.6%	
561	Neale Wade Community College Academy	18.1%	5.5%	4.5%	3.5%	23.6%	22.6%	21.6%	
562	Impington Village College	17.5%	-1.0%	-2.0%	-3.0%	16.5%	15.5%	14.5%	
566	Sir Harry Smith Community College	18.5%	4.0%	3.0%	2.0%	22.5%	21.5%	20.5%	
569	Middlefield Primary Academy	18.2%	0.2%	0.0%	0.0%	18.4%	18.2%	18.2%	
574	Winhills Primary School	17.9%	0.1%	0.0%	0.0%	18.0%	17.9%	17.9%	
575	Stanground Academy	18.0%	7.0%	6.0%	5.0%	25.0%	24.0%	23.0%	
577	Thomas Clarkson Academy	18.1%	4.2%	3.2%	2.2%	22.3%	21.3%	20.3%	
579	Kennett Primary School	17.9%	2.0%	1.0%	0.0%	19.9%	18.9%	17.9%	
589	Medeshamsted Academy	17.8%	-0.3%	-0.3%	-0.3%	17.5%	17.5%	17.5%	
605	Peckover Primary School	17.8%	4.5%	3.5%	2.5%	22.3%	21.3%	20.3%	
614	The Shade Primary School Academy	18.1%	-1.1%	-2.1%	-3.1%	17.0%	16.0%	15.0%	
617	Burrowmoor School	18.6%	0.0%	0.0%	0.0%	18.6%	18.6%	18.6%	
618	Round House Primary School	18.3%	-1.4%	-2.4%	-3.4%	16.9%	15.9%	14.9%	
619	North Cambridge Academy	17.4%	0.1%	0.0%	0.0%	17.5%	17.4%	17.4%	
621	Bury CE School Academy	19.1%	3.1%	2.1%	1.1%	22.2%	21.2%	20.2%	
622	Highlees Primary School	18.3%	7.3%	6.3%	5.3%	25.6%	24.6%	23.6%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
626	Chesterton Primary School Academy	18.6%	0.0%	0.0%	0.0%	18.6%	18.6%	18.6%	
630	Nene Infants School Academy	17.8%	0.0%	0.0%	0.0%	17.8%	17.8%	17.8%	
632	Cambridge Meridian Academy Trust (HQ Staff)	16.5%	0.0%	0.0%	0.0%	16.5%	16.5%	16.5%	
633	Ramnoth Primary School	18.1%	1.5%	0.5%	0.0%	19.6%	18.6%	18.1%	
634	City of Peterborough Academy	17.7%	-1.7%	-2.7%	-3.7%	16.0%	15.0%	14.0%	
635	Ormiston Meadows Primary School	18.8%	8.2%	9.2%	10.2%	27.0%	28.0%	29.0%	
636	Cambourne Village College	17.7%	0.0%	0.0%	0.0%	17.7%	17.7%	17.7%	
638	Park Lane Primary & Nursery School	17.9%	2.5%	1.5%	0.5%	20.4%	19.4%	18.4%	
639	Stanground St John's CofE Primary School	18.3%	5.6%	4.6%	3.6%	23.9%	22.9%	21.9%	
640	Welland Primary School	17.6%	2.3%	1.3%	0.3%	19.9%	18.9%	17.9%	
643	Newark Hill Primary School	18.1%	6.9%	5.9%	4.9%	25.0%	24.0%	23.0%	
644	Kimbolton Primary Academy	18.0%		-1.0%	-2.0%	18.0%	17.0%	16.0%	
645	West Town Academy	18.3%	4.4%	3.4%	2.4%	22.7%	21.7%	20.7%	
653	Great Staughton Primary Academy	17.8%	7.2%	6.2%	5.2%	25.0%	24.0%	23.0%	
654	Meadow Primary School	18.5%	-0.8%	-1.8%	-2.8%	17.7%	16.7%	15.7%	
660	Hampton Academy	17.8%	0.0%	0.0%	0.0%	17.8%	17.8%	17.8%	
664	William Law Academy	18.0%	4.5%	3.5%	2.5%	22.5%	21.5%	20.5%	
668	Dogsthorpe Academy	18.5%	8.5%	7.5%	6.5%	27.0%	26.0%	25.0%	
669	Isle of Ely Primary Academy	17.7%	-0.4%	-1.4%	-2.4%	17.3%	16.3%	15.3%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
671	Comberton Academy Trust HQ	17.3%	0.0%	0.0%	0.0%	17.3%	17.3%	17.3%	
672	Mepal and Witcham Primary School	18.1%	0.3%	0.0%	0.0%	18.4%	18.1%	18.1%	
673	St Andrews CofE Primary School	18.7%	5.2%	4.2%	3.2%	23.9%	22.9%	21.9%	
674	St Peter's CofE Aided Junior School	18.3%	8.7%	9.1%	9.1%	27.0%	27.4%	27.4%	
678	University of Cambridge Primary School	17.8%	-0.1%	-0.1%	-0.1%	17.7%	17.7%	17.7%	
682	St Mary's CofE Junior School, ELY	18.4%	3.5%	2.5%	1.5%	21.9%	20.9%	19.9%	
694	Elm Road	18.4%	4.4%	4.4%	4.4%	22.8%	22.8%	22.8%	
695	Millfield	18.2%	4.6%	4.6%	4.6%	22.8%	22.8%	22.8%	
696	Eyrescroft	18.6%	5.6%	4.6%	3.6%	24.2%	23.2%	22.2%	
704	St Mary's Academy (St Neots)	17.9%	-0.1%	-1.1%	-2.1%	17.8%	16.8%	15.8%	
706	Gamlingay Village Primary	18.2%	4.6%	3.6%	2.6%	22.8%	21.8%	20.8%	
718	St Botolph's Church of England Primary Academy	18.3%	1.0%	0.0%	0.0%	19.3%	18.3%	18.3%	
724	Westwood Primary School Academy	18.3%	0.5%	0.0%	0.0%	18.8%	18.3%	18.3%	
726	Swaffham Prior CE Primary School	19.1%	4.8%	3.8%	2.8%	23.9%	22.9%	21.9%	
728	Swaffham Bulbeck CE Primary Academy	19.1%	2.0%	1.0%	0.0%	21.1%	20.1%	19.1%	
738	Hampton Vale Primary Academy	17.6%	1.5%	1.5%	1.5%	19.1%	19.1%	19.1%	
743	Braybrook Primary School	18.2%	3.6%	2.6%	1.6%	21.8%	20.8%	19.8%	
755	Own Academy Trust	18.3%	1.7%	0.7%	0.0%	20.0%	19.0%	18.3%	
757	Welbourne Primary Academy	17.7%	7.8%	7.8%	7.8%	25.5%	25.5%	25.5%	
765	Warboys Primary Academy	18.8%	6.2%	5.2%	4.2%	25.0%	24.0%	23.0%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
766	Holme CofE Primary School Academy	18.6%	5.0%	4.0%	3.0%	23.6%	22.6%	21.6%	
772	The Cavendish School	17.6%	2.9%	1.9%	0.9%	20.5%	19.5%	18.5%	
790	Oakington CofE Primary School Academy	19.1%	4.8%	3.8%	2.8%	23.9%	22.9%	21.9%	
794	The Galfrid Primary School	17.8%	7.2%	6.2%	5.2%	25.0%	24.0%	23.0%	
796	Hampton Lakes Primary School	17.0%	2.2%	1.2%	0.2%	19.2%	18.2%	17.2%	
797	St Thomas More Catholic Primary School	17.9%	7.1%	6.1%	5.1%	25.0%	24.0%	23.0%	
798	Somersham Primary School	18.7%	6.3%	5.3%	4.3%	25.0%	24.0%	23.0%	
799	Offord Primary School	19.1%	3.9%	2.9%	1.9%	23.0%	22.0%	21.0%	
800	Sacred Heart Catholic Primary School	18.6%	6.4%	5.4%	4.4%	25.0%	24.0%	23.0%	
816	Martin Bacon Academy	17.4%	-0.4%	-1.4%	-2.4%	17.0%	16.0%	15.0%	
817	Richard Barnes Academy	18.1%	5.1%	4.1%	3.1%	23.2%	22.2%	21.2%	
833	Dogsthorpe Infant School	18.7%	3.5%	2.5%	1.5%	22.2%	21.2%	20.2%	
840	Icknield Primary School	19.0%	3.1%	2.1%	1.1%	22.1%	21.1%	20.1%	
863	Pathfinder CofE Primary School	17.7%	4.2%	3.2%	2.2%	21.9%	20.9%	19.9%	
864	Northstowe Secondary College	17.6%	3.2%	2.2%	1.2%	20.8%	19.8%	18.8%	
902	Olive AP Academy	18.3%	0.7%	0.0%	0.0%	19.0%	18.3%	18.3%	
903	Olive AP Academy - Nene Valley	16.5%	2.5%	1.5%	0.5%	19.0%	18.0%	17.0%	
904	Riverside Meadows Academy Trust	17.1%	1.9%	0.9%	0.0%	19.0%	18.0%	17.1%	
908	Highfield Special School	18.1%	0.9%	0.0%	0.0%	19.0%	18.1%	18.1%	
909	Meadowgate Academy	18.2%	0.8%	0.0%	0.0%	19.0%	18.2%	18.2%	
910	Ermine Street Church Academy	17.8%	1.2%	0.2%	0.0%	19.0%	18.0%	17.8%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
911	Guilden Morden CoE Primary Academy	18.5%	-0.2%	-0.2%	-0.2%	18.3%	18.3%	18.3%	
912	Linton Heights Junior Academy	18.6%	-1.1%	-2.1%	-3.1%	17.5%	16.5%	15.5%	
915	Thomas Eaton Community Primary School	18.7%	3.4%	2.4%	1.4%	22.1%	21.1%	20.1%	
917	Wisbech St Marys CofE Primary School	18.8%	4.2%	4.2%	4.2%	23.0%	23.0%	23.0%	
925	Cavalry Primary Academy	18.6%	1.9%	1.9%	1.9%	20.5%	20.5%	20.5%	
926	Ramsey Community Junior Academy	18.9%	2.4%	1.4%	0.4%	21.3%	20.3%	19.3%	
927	Ramsey Spinning Infant Academy	18.0%	5.5%	4.5%	3.5%	23.5%	22.5%	21.5%	
930	Gladstone Primary Academy	18.1%	2.1%	1.1%	0.1%	20.2%	19.2%	18.2%	
935	Guyhirn CoE Primary School	18.4%	3.7%	2.7%	1.7%	22.1%	21.1%	20.1%	
937	Lime Academy - Parnwell	18.3%	3.6%	2.6%	1.6%	21.9%	20.9%	19.9%	
938	Lime Academy - Abbotsmede	17.6%	5.3%	4.3%	3.3%	22.9%	21.9%	20.9%	
939	Lime Academy - Watergall	17.9%	2.5%	1.5%	0.5%	20.4%	19.4%	18.4%	
941	Hartford Junior	18.3%	0.7%	0.0%	0.0%	19.0%	18.3%	18.3%	
942	Ditton Lodge Primary School	18.9%	1.6%	0.6%	0.0%	20.5%	19.5%	18.9%	
945	Littleport & East Cambridgeshire Academy	18.0%	0.0%	0.0%	0.0%	18.0%	18.0%	18.0%	
946	Highfield Littleport Academy	17.7%	-0.3%	-0.3%	-0.3%	17.4%	17.4%	17.4%	
948	Trumpington Park	17.8%		0.0%	0.0%	17.8%	17.8%	17.8%	
949	Hampton Gardens Academy	17.5%	-0.2%	-0.2%	-0.2%	17.3%	17.3%	17.3%	
950	Elm Cof E Primary School	17.9%	1.2%	0.2%	0.0%	19.1%	18.1%	17.9%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
951	Babraham CoE Primary School	18.1%	6.9%	5.9%	4.9%	25.0%	24.0%	23.0%	
953	Jeavons Wood Primary	18.2%	0.0%	0.0%	0.0%	18.2%	18.2%	18.2%	
955	Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	17.7%	7.3%	6.3%	5.3%	25.0%	24.0%	23.0%	
960	Earith Primary School	19.0%	4.1%	3.1%	2.1%	23.1%	22.1%	21.1%	
963	Thriplow CE Primary School	19.3%	5.0%	4.0%	3.0%	24.3%	23.3%	22.3%	
966	Farcet CE Primary Academy	19.1%	5.3%	5.4%	5.4%	24.4%	24.5%	24.5%	
967	Fen Ditton Primary School	18.5%	2.5%	1.5%	0.5%	21.0%	20.0%	19.0%	
969	Bottisham Community Primary School	18.8%	6.1%	5.1%	4.1%	24.9%	23.9%	22.9%	
971	Gorefield Primary Academy	19.0%	1.9%	0.9%	0.0%	20.9%	19.9%	19.0%	
	Abbey College Academy Pool	18.2%	-0.7%	-1.7%	-2.7%	17.5%	16.5%	15.5%	
	Aces Academy Trust Pool	18.3%	-1.2%	-2.2%	-3.2%	17.1%	16.1%	15.1%	
	Active Learning Trust Pool	16.4%	0.0%	0.0%	0.0%	16.4%	16.4%	16.4%	
	Alderman Jacobs Academy Pool	18.4%	-0.8%	-1.8%	-2.8%	17.6%	16.6%	15.6%	
	All Saints Inter Church VA Primary School Pool	18.9%	5.3%	4.3%	3.3%	24.2%	23.2%	22.2%	
	Bottisham Village Academy Pool	17.9%	0.0%	0.0%	0.0%	17.9%	17.9%	17.9%	
	Cambridge Academic Partnership Pool	17.9%	-1.2%	-2.2%	-3.2%	16.7%	15.7%	14.7%	
	Cambridge Primary Education Trust Pool	18.7%	0.3%	0.0%	0.0%	19.0%	18.7%	18.7%	
	Cottenham Village Colleage Academy Pool	18.4%	-1.1%	-2.1%	-3.1%	17.3%	16.3%	15.3%	
	Cromwell Academy Pool	17.9%	1.1%	0.1%	0.0%	19.0%	18.0%	17.9%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
	Cromwell Community College Academy Pool	18.2%	6.8%	5.8%	4.8%	25.0%	24.0%	23.0%	
	Downham Feoffees Primary Academy Pool	18.8%	1.7%	0.7%	0.0%	20.5%	19.5%	18.8%	
	Ely College Pool	18.7%	-1.1%	-2.1%	-3.1%	17.6%	16.6%	15.6%	
	Ernulf Academy Pool	18.6%	-1.0%	-2.0%	-3.0%	17.6%	16.6%	15.6%	
	Fulbridge Academy Pool	18.0%	0.0%	0.0%	0.0%	18.0%	18.0%	18.0%	
	Girton Glebe Primary Pool	18.9%	6.1%	5.1%	4.1%	25.0%	24.0%	23.0%	
	Glebelands Primary School Academy Pool	18.4%	3.4%	2.4%	1.4%	21.8%	20.8%	19.8%	
	Godmanchester Community Academy Pool	18.2%	0.8%	0.0%	0.0%	19.0%	18.2%	18.2%	
	Greater Peterborough UTC Pool	17.9%	0.4%	0.4%	0.4%	18.3%	18.3%	18.3%	
	Hartford Infants Pool	18.3%	0.2%	0.0%	0.0%	18.5%	18.3%	18.3%	
	Kingsfield Primary Academy Pool	18.4%	0.0%	0.0%	0.0%	18.4%	18.4%	18.4%	
	Lantern CP School Academy Pool	18.5%	2.9%	3.2%	3.2%	21.4%	21.7%	21.7%	
	Leverington Primary Academy Trust Pool	18.1%	-0.7%	-1.7%	-2.7%	17.4%	16.4%	15.4%	
	Lime Academy Orton Pool	17.8%	6.0%	5.0%	4.0%	23.8%	22.8%	21.8%	
	Linton Village College Academy Pool	18.6%	-0.8%	-1.8%	-2.8%	17.8%	16.8%	15.8%	
	Milton CoE Primary Academy Pool	18.1%	3.7%	2.7%	1.7%	21.8%	20.8%	19.8%	
	Netherall Academy Pool	18.5%	3.5%	2.5%	1.5%	22.0%	21.0%	20.0%	
	New Road Primary School Pool	18.1%	1.1%	0.1%	-0.1%	19.2%	18.2%	18.0%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies cont.									
	Orchards CoE Primary Academy Pool	18.5%	1.2%	0.2%	0.0%	19.7%	18.7%	18.5%	
	Peterborough Keys Academies Trust Pool	18.0%	4.0%	4.0%	4.0%	22.0%	22.0%	22.0%	
	Sawston Village College Academy Pool	18.3%	-1.2%	-2.2%	-3.2%	17.1%	16.1%	15.1%	
	Sawtry Junior Academy Pool	18.4%	4.2%	3.2%	2.2%	22.6%	21.6%	20.6%	
	Sawtry Village College Pool	18.3%	-0.4%	-1.4%	-2.4%	17.9%	16.9%	15.9%	
	Soke Education Trust Pool	18.6%	4.0%	3.0%	2.0%	22.6%	21.6%	20.6%	
	Spring Common Academy Pool	18.0%	4.2%	3.2%	2.2%	22.2%	21.2%	20.2%	
	St Bede's Inter Church Pool	18.8%	6.2%	5.2%	4.2%	25.0%	24.0%	23.0%	
	St John's CoE Primary Academy Pool	18.3%	5.0%	4.0%	3.0%	23.3%	22.3%	21.3%	
	St Laurence's Catholic Primary School Pool	18.7%	1.8%	0.8%	0.0%	20.5%	19.5%	18.7%	
	St Luke's CofE Primary School Pool	18.1%	6.9%	5.9%	4.9%	25.0%	24.0%	23.0%	
	St Peter's Academy Pool	18.1%	-0.1%	-0.1%	-0.1%	18.0%	18.0%	18.0%	
	Stapleford Community Primary Pool	19.2%	1.5%	2.5%	3.2%	20.7%	21.7%	22.4%	
	The Harbour School Academy Pool	17.9%	4.1%	3.1%	2.1%	22.0%	21.0%	20.0%	
	The Staploe Education Trust Pool	18.5%	-0.1%	-0.1%	-0.1%	18.4%	18.4%	18.4%	
	Upwood Primary School Pool	19.5%	4.0%	3.0%	2.0%	23.5%	22.5%	21.5%	
	Weatheralls Primary School Academy Pool	18.4%	4.7%	3.7%	2.7%	23.1%	22.1%	21.1%	
	William De Yaxley Primary School Pool	18.4%	2.9%	1.9%	0.9%	21.3%	20.3%	19.3%	
	Witchford Village College Pool	18.7%	-1.3%	-2.3%	-3.3%	17.4%	16.4%	15.4%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Colleges									
127	Hills Road 6th Form College	23.9%	-0.2%	-0.1%	0.0%	23.7%	23.8%	23.9%	
165	Long Road 6th Form College	23.5%	-1.3%	-0.7%	0.0%	22.2%	22.8%	23.5%	
	Cambridge Regional College Pool	23.7%	-0.4%	-0.2%	0.0%	23.3%	23.5%	23.7%	
	Inspire Education Group Pool	23.7%	-1.4%	-0.7%	0.0%	22.3%	23.0%	23.7%	
CAB									
79	East of England Local Government Association	16.9%	£15,000	£8,000		16.9% plus £15,000	16.9% plus £8,000	16.9%	
105	Friends Therapeutic Community Trust	40.5%	£94,000	£174,000	£260,000	40.5% plus £94,000	40.5% plus £174,000	40.5% plus £260,000	2
131	Homerton College	23.7%	-5.8%	-5.8%	-5.8%	17.9%	17.9%	17.9%	
148	Kelsey Kerridge Sports Hall Trust	38.2%	-38.2%	-38.2%	-38.2%	0.0%	0.0%	0.0%	
151	Kimbolton School	26.1%	-26.1%	-26.1%	-26.1%	0.0%	0.0%	0.0%	
182	Collections Trust	46.3%	-21.1% plus £15,000	-46.3%	-46.3%	25.2% plus £15,000	0.0%	0.0%	
283	Wisbech and Fenland Museum	34.9%	-7.0%	-7.0%	-7.0%	27.9%	27.9%	27.9%	
434	Cross Keys Homes Limited	40.6%	£167,000	£178,000	£191,000	40.6% plus £167,000	40.6% plus £178,000	40.6% plus £191,000	2
473	Clarion Housing Association	39.7%	-39.7%	-39.7%	-39.7%	0.0%	0.0%	0.0%	
657	Cambridgeshire & P'boro CCG	43.3%	£75,000	£114,000	£152,000	43.3% plus £75,000	43.3% plus £114,000	43.3% plus £152,000	
687	Cambridgeshire and Peterborough Foundation Trust (CPFT)	39.3%	-39.3%	-39.3%	-39.3%	0.0%	0.0%	0.0%	
964	Family Psychological Mutual	40.2%	£7,000	£36,000	£65,000	40.2% plus £7,000	40.2% plus £36,000	40.2% plus £65,000	
	Care Quality Commission Pool	37.8%	-37.8%	-37.8%	-37.8%	0.0%	0.0%	0.0%	
	Sanctuary Pool	40.9%	-40.9%	-40.9%	-40.9%	0.0%	0.0%	0.0%	
	The Stephen Perse Foundation Pool	43.3%	-26.4%	-26.4%	-26.4%	16.9%	16.9%	16.9%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
TAB									
457	Ecovert FM Limited (PFI)	28.6%	-28.6%	-28.6%	-28.6%	0.0%	0.0%	0.0%	
483	Oxford Archaeology (East)	31.5%	-12.6%	-12.6%	-12.6%	18.9%	18.9%	18.9%	
489	Serco Ltd (PCC)	34.2%	-34.2%	-34.2%	-34.2%	0.0%	0.0%	0.0%	
501	Mears Limited	32.0%	-32.0%	-32.0%	-32.0%	0.0%	0.0%	0.0%	
514	Mitie PFI Limited	27.2%	-27.2%	-27.2%	-27.2%	0.0%	0.0%	0.0%	
545	Balfour Beatty	32.7%	-24.1%	-24.1%	-24.1%	8.6%	8.6%	8.6%	
572	Mears Ltd (SCDC Responsive Repairs Service)	36.5%	-36.5%	-36.5%	-36.5%	0.0%	0.0%	0.0%	
629	Greenwich Leisure Limited	39.2%	-39.2%	-39.2%	-39.2%	0.0%	0.0%	0.0%	
642	Radis Group	38.6%	-38.6%	-38.6%	-38.6%	0.0%	0.0%	0.0%	
670	TSG Building Services Ltd	30.6%	-30.6%	-30.6%	-30.6%	0.0%	0.0%	0.0%	
754	Nightingale Cleaning Limited - CMAT Schools	37.8%	-4.8%	-4.8%	-4.8%	33.0%	33.0%	33.0%	
764	Freedom Leisure	23.3%	-4.7%	-4.7%	-4.7%	18.6%	18.6%	18.6%	
774	Aramark (Cambridge Regional College)	38.4%				38.4%	38.4%	38.4%	
821	ABM Catering (Brewster Avenue Infant School)	35.3%				35.3%	35.3%	35.3%	
831	Taylor Shaw (CMAT)	34.9%	-24.9%	-24.9%	-24.9%	10.0%	10.0%	10.0%	
848	Goshen Multiservices Ltd	30.1%	-1.1%	-1.1%	-1.1%	29.0%	29.0%	29.0%	
849	Industrial Site Maintenance Ltd	36.3%	-4.9%	-4.9%	-4.9%	31.4%	31.4%	31.4%	
870	Easy Clean (Thomas Deacon Academy Trust)	35.6%				35.6%	35.6%	35.6%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
TAB cont.									
887	Aspens Services Ltd (Sacred Heart Primary School)	35.8%	-0.6%	-0.6%	-0.6%	35.2%	35.2%	35.2%	
888	Aspens Services Ltd (All Saints Inter Church Academy)	36.0%	-0.7%	-0.7%	-0.7%	35.3%	35.3%	35.3%	
889	Aspens Services Ltd (DEMAT)	36.6%	-8.5%	-8.5%	-8.5%	28.1%	28.1%	28.1%	
	Cucina Pool	39.2%	-39.2%	-39.2%	-39.2%	0.0%	0.0%	0.0%	
	Lunchtime Ltd Pool	38.1%	0.4%	0.4%	0.4%	38.5%	38.5%	38.5%	
Resolution									
	Resolution Bodies Pool	21.7%	-12.3%	-12.3%	-12.3%	9.4%	9.4%	9.4%	
19	Bretton Parish Council	24.1%	-3.6%	-4.6%	-5.6%	20.5%	19.5%	18.5%	
35	Burnt Fen IDB	23.5%	-3.0%	-3.0%	-3.0%	20.5%	20.5%	20.5%	
36	Burwell Parish Council	23.7%	-3.2%	-3.2%	-3.2%	20.5%	20.5%	20.5%	
53	City of Ely Council	22.1%	-0.6%	-0.6%	-0.6%	21.5%	21.5%	21.5%	
64	Chatteris Town Council	23.5%	-2.0%	-2.0%	-2.0%	21.5%	21.5%	21.5%	
111	Gamlingay Parish Council	23.5%	-2.0%	-2.0%	-2.0%	21.5%	21.5%	21.5%	
136	Huntingdon Town Council	21.1%	0.4%	0.4%	0.4%	21.5%	21.5%	21.5%	
161	Linton Parish Council	22.0%	-0.5%	-0.5%	-0.5%	21.5%	21.5%	21.5%	
162	Littleport & Downham District IDB	21.9%	-0.4%	-0.4%	-0.4%	21.5%	21.5%	21.5%	
176	Middle Fen & Mere IDB	21.3%	-0.8%	-0.8%	-0.8%	20.5%	20.5%	20.5%	
178	Middle Level Commissioners	22.0%	-1.5%	-1.5%	-1.5%	20.5%	20.5%	20.5%	
188	Newborough Parish Council	21.5%	-1.0%	-2.0%	-3.0%	20.5%	19.5%	18.5%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Resolution cont.									
189	North Level Internal Drainage Board	21.3%	-0.8%	-0.8%	-0.8%	20.5%	20.5%	20.5%	
240	Somersham Parish Council	21.5%	-1.0%	-2.0%	-3.0%	20.5%	19.5%	18.5%	
242	Sawtry Parish Council	22.5%	-1.0%	-1.0%	-1.0%	21.5%	21.5%	21.5%	
243	Sawston Parish Council	20.0%	1.5%	1.5%	1.5%	21.5%	21.5%	21.5%	
245	Soham Town Council	24.1%	-3.6%	-3.6%	-3.6%	20.5%	20.5%	20.5%	
247	St. Ives Town Council	21.6%	-0.1%	-0.1%	-0.1%	21.5%	21.5%	21.5%	
250	St. Neots Town Council	21.7%	-1.2%	-1.2%	-1.2%	20.5%	20.5%	20.5%	
252	Swaffham Internal Drainage Board	23.8%	-3.3%	-3.3%	-3.3%	20.5%	20.5%	20.5%	
260	Thorney Parish Council	23.6%	-2.1%	-2.1%	-2.1%	21.5%	21.5%	21.5%	
276	Waterbeach Level IDB	24.3%	-3.8%	-4.8%	-5.8%	20.5%	19.5%	18.5%	
277	Waterbeach Parish Council	18.8%	1.7%	1.7%	1.7%	20.5%	20.5%	20.5%	
281	Whittlesey Internal Drainage Board	18.7%	1.8%	1.8%	1.8%	20.5%	20.5%	20.5%	
282	Wimblington Parish Council	22.8%	-2.3%	-3.3%	-4.3%	20.5%	19.5%	18.5%	
295	Yaxley Parish Council	22.1%	-1.6%	-2.6%	-2.6%	20.5%	19.5%	19.5%	
439	Sutton Parish Council	23.6%	-3.1%	-3.1%	-3.1%	20.5%	20.5%	20.5%	
440	Cambourne Parish Council	20.3%	0.2%	-0.8%	-0.8%	20.5%	19.5%	19.5%	
447	Little Paxton Parish Council	24.4%	-2.9%	-2.9%	-2.9%	21.5%	21.5%	21.5%	
448	Little Downham Parish Council	22.1%	-1.6%	-1.6%	-1.6%	20.5%	20.5%	20.5%	
449	Haddenham Level Drainage Commissioners	20.1%	0.4%	-0.6%	-1.6%	20.5%	19.5%	18.5%	
459	Wisbech Town Council	23.0%	-2.5%	-3.5%	-3.5%	20.5%	19.5%	19.5%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Resolution cont.									
470	Eye Parish Council	22.3%	-1.8%	-2.8%	-3.8%	20.5%	19.5%	18.5%	
504	Haddenham Parish Council	19.7%	1.8%	1.8%	1.8%	21.5%	21.5%	21.5%	
565	Farcet Parish Council	20.8%	0.7%	0.7%	0.7%	21.5%	21.5%	21.5%	
581	Histon & impington Parish Council	21.4%	-0.9%	-1.9%	-1.9%	20.5%	19.5%	19.5%	
602	Swavesey Parish Council	24.7%	-4.2%	-5.2%	-5.2%	20.5%	19.5%	19.5%	
603	Orton Waterville Parish Council	22.6%	-1.1%	-1.1%	-1.1%	21.5%	21.5%	21.5%	
641	Witcham Parish Council	22.6%	-2.1%	-3.1%	-4.1%	20.5%	19.5%	18.5%	
679	Whittlesey Town Council	24.5%	-4.0%	-4.0%	-4.0%	20.5%	20.5%	20.5%	
Designating									
676	Pathfinder Legal Services Ltd	17.7%	3.7%	3.2%	3.2%	21.4%	20.9%	20.9%	
693	Bar Hill Parish Council	22.9%	-3.2%	-4.2%	-5.2%	19.7%	18.7%	17.7%	
931	Balsham Parish Council	23.5%	-2.6%	-3.2%	-3.7%	20.9%	20.3%	19.8%	
Post 2022 Valuation Employers									
874	Spaldwick Primary School	22.6%	0.0%	0.0%	0.0%	22.6%	22.6%	22.6%	
880	Marleigh Primary School	19.1%	0.0%	0.0%	0.0%	19.1%	19.1%	19.1%	
882	Easy Clean Contractors (Middleton Primary & Thorpe Primary)	31.4%	0.0%	0.0%	0.0%	31.4%	31.4%	31.4%	
891	Aspens (Diamond Learning Trust)	24.5%	0.0%	0.0%	0.0%	24.5%	24.5%	24.5%	
923	Caterlink (The CAM Academy Trust)	21.7%	0.0%	0.0%	0.0%	21.7%	21.7%	21.7%	

Notes to the Rates and Adjustments Certificate

1. These employers have elected to pre-pay elements of their contributions set out in this Rates and Adjustments Certificate. A discount has been applied to the pre-payment amount to reflect the early payment of contributions. The table below sets out more details relating to the pre-payment amount.

Employer	Cambridge City Council Pool	Fenland District Council
Pre-payment amount	£7,934,000	£2,651,000
Date payment to be made by	1 April 2023	1 April 2023
Amount payable in respect of - 2023/24 - 2024/25 - 2025/26	 £3,086,000 £2,829,000 £2,573,000	 £988,000 £947,000 £905,000
Rate of discount	4.9% pa	4.9% pa
Revised contributions due* - 2023/24 - 2024/25 - 2025/26	 £7,934,000 £0 £0	 £2,651,000 £0 £0

*in addition to the pre-payment amount

2. This employer is currently considering its participation in the Fund, which may result in a formal agreement being drawn up. In the absence of such an agreement the contribution rates set out within this report apply from 1 April 2023 onwards.

Further comments to the Rates and Adjustments Certificate

- Contributions expressed as a percentage of payroll should be paid into the Fund at a frequency in accordance with the requirements of the Regulations
- Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by us from time to time or as otherwise agreed.
- Payments may be required to be made to the Fund by employers to meet the capital costs of any ill-health retirements that exceed those allowed for within our assumptions.
- The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund Actuary.
- The monetary contributions set out in the certificate above can be prepaid in advance with appropriate adjustments for interest as and when agreed with the Administering Authority. Under these circumstances a revised Rates and Adjustments certificate may be issued reflecting any advance payments.

Douglas Green FFA

Robert McInroy FFA

31 March 2023
For and on behalf of Hymans Robertson LLP

Section 13 Dashboard

Section 13 dashboard

Metric	Unit	2022 valuation
2022 funding position – local funding basis		
Funding level (assets/liabilities)	%	125%
Funding level (change since previous valuation)	%	25% increase
Asset value used at the valuation	£m	4,305
Value of liabilities (including McCloud liability)	£m	3,446
Surplus (deficit)	£m	860
Discount rate – past service	% pa	4.9%
Discount rate – future service	% pa	Past service and future service are consistently valued with the same underlying assumptions, methodologies and models regarding future expected levels of inflation, interest rates and investment returns.
Assumed pension increase (CPI)	% pa	2.7%
Method of derivation of discount rate, plus any changes since previous valuation		There is a 70% likelihood that the Fund's assets will return at least 4.9% pa over the 20 years following the 2022 valuation date. This is the same methodology and likelihood used for the 2019 valuation.

Section 13 dashboard

Metric	Unit	2022 valuation
Assumed life expectancy at age 65		
Life expectancy for current pensioners – men age 65	years	22.0
Life expectancy for current pensioners – women age 65	years	24.6
Life expectancy for future pensioners – men age 45	years	22.8
Life expectancy for future pensioners – women age 45	years	26.1
Past service funding position – SAB basis (for comparison purposes only)		
Market value of assets	£m	4,305
Value of liabilities	£m	3,482
Funding level on SAB basis (assets/liabilities)	%	124%
Funding level on SAB basis (change since last valuation)	%	13% increase

Section 13 dashboard

Metric	Unit	2022 valuation	2019 valuation
Contribution rates payable			
Primary contribution rate	% of pay	18.4%	18.4%
Secondary contribution rate (cash amounts in each year in line with CIPFA guidance)			
1st year of rates and adjustments certificate	£m	16.449	19.425
2nd year of rates and adjustments certificate	£m	14.485	19.061
3rd year of rates and adjustments certificate	£m	13.144	19.082
Giving total expected contributions			
1st year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	112.044	98.032
2nd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	113.163	99.893
3rd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	115.002	102.203
Assumed payroll (cash amounts in each year)			
1st year of rates and adjustments certificate	£m	520.160	426.482
2nd year of rates and adjustments certificate	£m	536.927	438.555
3rd year of rates and adjustments certificate	£m	554.235	450.970
3 year average total employer contribution rate	% of pay	21.2%	22.8%
Average employee contribution	% of pay	6.4%	6.3%
Employee contribution rate (£ figure based on assumed payroll of £520m)	£m pa	33.290	26.895

Section 13 dashboard

Metric	Unit	2022 valuation	2019 valuation
Deficit recovery and surplus spreading plan			
Latest deficit recovery period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Methodology not used
Earliest surplus spreading period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Methodology not used
The time horizon end date, where this methodology is used by the fund's actuarial advisor	Year	2042	2039
The funding plan's likelihood of success, where this methodology is used by the fund's actuarial advisor	%	77%	75%
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	%	0%	0%
Additional information			
Percentage of total liabilities that are in respect of Tier 3 employers	%	9%	9%
Included climate change analysis/comments in the 2022 valuation report		Yes	
Value of McCloud liability in the 2022 valuation report (on local funding basis)	£m	3.2	

Cambridgeshire
Pension Fund

Funding strategy statement

West Northamptonshire Council

Cambridgeshire County Council

Administered in partnership

Contents

1. Welcome to Cambridgeshire Pension Fund's Funding strategy statement

This document sets out the Funding strategy statement (FSS) for Cambridgeshire Pension Fund.

The Cambridgeshire Pension Fund is administered by Cambridgeshire County Council, known as the administering authority. Cambridgeshire County Council worked with the Fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 31 March 2023.

There's a regulatory requirement for Cambridgeshire County Council to prepare an FSS. You can find out more about the regulatory framework in Appendix A. If you have any queries about the FSS, contact penemployers@westnorthants.gov.uk.

1.1 What is the Cambridgeshire Pension Fund?

The Cambridgeshire Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the Fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in Appendix B.

1.2 What are the Funding strategy objectives?

The Funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient Funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent Funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the Fund because it sets out how money will be collected from them to meet the Fund's obligations to pay members' benefits.

Different types of employers participate in the Fund:

Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designated employers

Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the Fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies

Other employers can join through an admission agreement. The Fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as *community admission bodies* (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called *transferee admission bodies* (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

1.4 How does the Funding strategy link to the investment strategy?

The Funding strategy sets out how money will be collected from employers to meet the Fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy here.

The Funding and investment strategies are closely linked. The Fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the Funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the Fund won't be able to pay benefits, so higher contributions would be required from employers.

1.5 Does the Funding strategy statement reflect the investment strategy?

The Funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that Funds take a 'prudent longer-term view' of Funding liabilities (see Appendix A)

1.6 How is the Funding strategy specific to the Cambridgeshire Pension Fund?

The Funding strategy reflects the specific characteristics of the Fund employers and its own investment strategy.

2. How does the Fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer total contributions are calculated and set by the Fund actuary and are expressed in two elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – any adjustment to the primary contribution rate (such as additional contributions to repair any deficits)

The primary rate also includes an allowance for the Fund's expenses.

The Fund actuary uses a model to project each employer's asset share over a range of future economic scenarios (as detailed in Appendix D). The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in Appendix D.

The total contribution rate for each employer is then based on:

- **the Funding target** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the Funding target
- **the likelihood of success** – the proportion of modelled scenarios where the Funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

2.2 The contribution rate calculation

Contribution rate calculation for individual pooled employers

Type of employer	Local authorities, police, fire	Colleges & universities	Academies	CABs – individual open to new entrants	CABs – individual closed to new entrants	Designated employers – individual & pooled	TABs* (all)
Funding target **	Ongoing	Ongoing	Ongoing	Ongoing	Low risk exit basis	Ongoing but may move to low risk exit basis	Ongoing assuming fixed term contract in the Fund
Minimum likelihood of success	70%	75%	70%	80%	50%	70%	55% (however can depend on outstanding contract term)
Maximum time zone horizon	20 years	15 years	20 years	15 or 10 years (with or without a guarantor respectively	Average future working lifetime	15 years	Outstanding contract term (or average future working lifetime if less)
Primary rate approach^	See footnote below	See footnote below	See footnote below	See footnote below	See footnote below	See footnote below	See footnote below
Secondary rate	Monetary amount	Monetary amount	% of payroll	Monetary amount	Monetary amount	% of payroll	Monetary amount
Stabilised contribution rate?	Yes	No	Yes	No	No	No	No
Treatment of surplus	Covered by stabilisation arrangement	Reduce contributions by spreading the surplus over 15 years	Covered by stabilisation arrangement	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority	Reduce contribution s by spreading the surplus over 15 years	Reduce contributions by spreading the surplus over the time horizon
Maximum phasing of contribution changes	Covered by stabilisation arrangement	3 years	Covered by stabilisation arrangement	3 years	3 years	3 years	3 years (for time horizon if less)

* Employers participating in the Fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority. The Fund's policy on pass-through arrangements is currently being updated and will be available in due course.

** See Appendix D for further information on Funding targets.

^ The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon.

2.3 Making contributions rates stable

Making employer contribution rates reasonably stable is an important Funding objective. Where appropriate, contributions are set with this objective in mind. The Fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the Fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy.

Current stabilisation approach

Type of employer	Councils, police	Academies
Base contribution rate	Actual 2022/23 rate shown in rates and adjustments certificate	Maximum rate of 26%
2023/24 rate*	Varies for individual stabilised employers and pools**	27%
Maximum contribution increase per year	+2% of pay**	+1% of pay***
Maximum contribution decrease per year	-2% of pay**	-1% of pay***

*Where total contribution rate levels remain the same over 22/23 and 23/24, the split in total contribution rate between primary and secondary elements is likely to change from 1 April 2023 compared to the split during the 2022/23 year, this is due to the recalculation of primary rates, in accordance with LGPS Regulatory requirements.

**The contribution rate modelling exercise carried out in 2022 for stabilised employers has determined the total maximum and minimum contribution changes permitted for each affected employer (and hence the total contribution rates to apply from 1 April 2023) and has been discussed with each affected employer.

***Any reduction in total contribution rate is limited such that the total contribution rate is no lower than the primary rate calculated for that particular academy. Where an academy's total contribution rate exceeds the base contribution rate shown above, the academy has the option to pay the base rate in each of the years instead.

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

The administering authority has a policy of aiming to secure the stabilised rates for two years (as opposed to one year) after each future valuation date, to provide sufficient advance notice to such employers regarding possible changes in their contribution rates. This is subject to conditions not making it unsafe to do so.

2.4 Reviewing contributions between valuations

The Fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The Fund's policy is currently being updated and will be available in due course.

The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.5 What is pooling?

The administering authority operates Funding pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this.

Employers in a pool maintain their individual Funding positions, tracked by the Fund actuary. That means some employers may be better Funded or more poorly Funded than the pool average. If pooled employers used stand-alone Funding rather than pooling, their contribution rates could be higher or lower than the pool rate.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't disclosed to pooled employers, unless agreed by the administering authority.

CABs that are closed to new entrants aren't usually allowed to enter a pool.

If an employer leaves the Fund, the required contributions are based on their own Funding position rather than the pool average. Cessation terms also apply, which means higher contributions may be required at that point.

2.6 What are the current contribution pools?

- **Resolution bodies** – sharing experience for contribution rate purposes to smooth the effects of costly but rare events like deaths in service.
- **Locally Maintained Schools** – generally pool with their Funding council, although there may be exceptions for specialist or independent schools.
- **Smaller TABs** – may be pooled with the letting employer.

2.7 Administering authority decision

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative Funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include outcomes such as a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The Fund permits the prepayment of employer contributions in specific circumstances. However, in general, this is most appropriate for the Fund's large, secure employers with stable active membership.

Further details are set out in the Fund's prepayment policy which is currently being updated and will be available in due course.

3. What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on no ill health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the Fund as a single lump sum. The amount is set in line with guidance issued by the Government Actuary's Department and the Fund-specific actuarial factors which are updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers may be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread if the administering authority agrees:

Major employing bodies and academies	- up to 3 years
CABs and designating employers	- up to 3 years
TABs	- payable immediately.

3.2 Pension costs – early retirement on ill health grounds

If a member retires early because of ill-health, this gives rise to a Funding strain, which may be a large sum.

The Fund operates cost-sharing to spread ill-heath early retirement strain costs across all active employers.

When a member retires on ill-health early retirement, the strain cost is spread across active employers in proportion to their active membership numbers. The retiring member's employer's asset share is credited with the strain cost amount.

The details of the Fund's policy are currently being updated and will be available in due course

4. How does the Fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The Fund adopts a cashflow approach to track individual employer assets.

The Fund uses Hymans Robertson's HEAT system to track employer assets monthly. Each employer's assets from the previous month end are added to monthly cashflows paid in/out and investment returns to give a new month-end asset value.

If an employee moves one from one employer to another within the Fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the Fund actuary will calculate assets linked to the value of the liabilities transferring (see section 5).

4.2 How are employer liabilities calculated?

The Fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in Appendix D, the Fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued in line with the expected regulations, reflecting an underpin as directed by DLUHC.

4.3 What is a Funding level?

An employer's Funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The Funding level does not directly drive contribution rates. See section 2 for further information on contribution rates.

5. What happens when an employer joins the Fund?

5.1 When can an employer join the Fund?

Employers can join the Fund if they are a new scheduled body or a new admission body. New designated employers may also join the Fund if they pass a designation to do so.

On joining, the Fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in section 5.4 below.

5.2 New academies

New academies join the Fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Newly established academies do not transfer active members from a locally maintained school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the Fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated Funding level of the ceding council's active members, having first allocated the council's assets to fully Fund their deferred and pensioner members. This Funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated Funding level will be based on market conditions on the day before conversion.

The Fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. The new academy's contribution rate (where not joining an existing MAT) is based on the current Funding strategy (set out in section 2) and the transferring membership. However, as an alternative, academies can opt to pay the stabilised rate of contributions as set out in section 2.3.

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

The Fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future Funding strategy statements.

The Fund's full policy on academy participation is currently being updated and will be available in due course.

5.3 New admission bodies as a result of outsourcing services

New admission bodies usually join the Fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating Fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

There is flexibility for outsourcing when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement. However, in general, the Funding arrangements are set up as one of the following two options:

i) Pass-through admissions

The Fund offers flexibility in the way that letting employers can deal with the pension risk associated with contractors. Further information is set out within the Fund's pass-through policy which is currently being updated and will be available in due course.

(ii) Other admissions

Liabilities for transferring active members will be calculated by the Fund actuary on the day before the outsourcing occurs. New contractors will then be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

5.4 Other new employers

There may be other circumstances that lead to a new admission or designating body entering the Fund, eg set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers are usually town and parish councils. Where this is the case, contribution rates will be set using the same approach as other designated employers in the Fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the Fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the Fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

The Fund's Admission bodies, scheme employers and bulk transfer policy is available here.

6. What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- where an entire employer is transferring, the Fund will pay bulk transfers equal to the asset share of the transferring employer, regardless of whether the value of the liabilities of the transferring members is higher or lower than the asset share
- the Fund won't grant added benefits to members bringing in entitlements from another Fund, unless the asset transfer is enough to meet the added liabilities

- the Fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

The Fund's Admission bodies, scheme employers and bulk transfer policy is available here.

7. What happens when an employer leaves the Fund?

7.1 What is a cessation event?

Triggers for considering cessation from the Fund are:

- the last active member stops participation in the Fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the Fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor

On cessation, the employer may be permitted to enter into a deferred debt arrangement (DDA) and become a deferred employer in the Fund (as detailed in section 7.3). If no DDA exists, the administering authority will instruct the Fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the employer leaves the scheme.

7.2 What happens on a cessation?

When an employer ceases, the administering authority will instruct the fund actuary to carry out a valuation of assets and liabilities of the exiting employer to determine whether a deficit or surplus exists.

When an employer ceases participation in the Fund with no guarantor, the LGPS Regulations suggest that any future deficit arising should be met via increased contributions from all other employers in the fund. The administering authority therefore must protect the interests of the remaining Fund employers when an employer ceases. The actuary aims to protect remaining employers from the risk of future loss within the cessation valuation. For example the Funding target adopted for the cessation calculation is below. There is further information in Appendix D and the cessation policy.

However, when carrying out the cessation valuation, the administering authority recognises the balance between protecting the fund and the potential for being overly prudent. In addition, the fund acknowledges the long-term and uncertain nature of pension funding. Therefore, for those employers exiting the Fund with no guarantor, when considering the amount of assets a ceasing employer must leave behind in the Fund to pay for its members' benefits, the fund will consider an upper and lower amount (or "corridor"). In other words, an employer will be deemed to have a deficit if the assets are below the lower amount and a surplus if the assets are above the higher amount (ie there will be no deficit or surplus if a ceasing employers assets fall within the "corridor").

When a TAB ceases participation in the fund with a guarantee from another Scheme employer, when considering the amount of assets a ceasing employer must leave behind in the Fund to pay for its member's benefits, the Fund will use the same approach to calculate the liabilities (and hence initial assets) as used on entry to the Fund.

If the Fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other Fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The Fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and Fund.

The Fund's Cessations policy is available here.

7.3 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period if the employer enters into a debt spreading arrangement
- deferred to a later date based on market conditions at that time, if an exiting employer enters into a deferred debt arrangement: it stays in the Fund and pays contributions until the cessation debt can be fully paid. Payments are reassessed at each formal valuation.

The Fund's Cessations policy is available here.

7.4 What if an employer has no active members?

When employers leave the Fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the Fund and either:

a) their asset share runs out before all ex-employees' benefits have been paid. The other Fund employers will be required to contribute to the remaining benefits. The Fund actuary will portion the liabilities on a pro-rata basis at the formal valuation
b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The Fund actuary will apportion the remaining assets to the other Fund employers on a pro-rata basis at the formal valuation.

7.5 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities then an exit credit may be payable – the administering authority can decide how much (if anything) will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The Fund's Cessations policy is available here.

8. What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS Funds in England and Wales after every three-year valuation, in what's usually called a Section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the Fund's solvency and long-term cost efficiency.

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a Funding level of 100% over an appropriate time, using appropriate assumptions compared to other Funds. Either:

a) employers collectively can increase their contributions, or the Fund can realise contingencies to target a 100% Funding level

or

b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long term cost efficiency

Employer contributions are set at an appropriate long-term cost-efficient level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS Funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full Funding after 20 years.

Absolute factors include:

1. comparing Funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for Fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the Fund's actuarial bases don't offer straightforward comparisons.

Appendices

Appendix A – the regulatory framework

A1 Why do Funds need a Funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require Funds to maintain and publish a Funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a **clear and transparent Fund-specific strategy** identifying how employers' pension liabilities are best met going forward*
- *support the regulatory framework to maintain **as nearly constant employer contribution rates as possible***
- *ensure the Fund meets its **solvency and long-term cost efficiency** objectives*
- *take a **prudent longer-term view** of Funding those liabilities.*

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "*persons the authority considers appropriate*". This should include '*meaningful dialogue… with council tax raising authorities and representatives of other participating employers*'.

The consultation process included issuing a draft version to participating employers and invitation to attend an open employers' forum. The administering authority should consult on actual Funding policy and methodologies, before preparing and issuing a draft. The draft should include an estimate of the impact of any variations from the previous Funding strategy.

A3 How is the FSS published?

The FSS is made available through the following routes:

- Emailed to participating employers and employee and pensioner representatives
- Published on the Fund's website here
- Copies are freely available on request

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any amendments will be consulted on, agreed by the Pensions Committee and included in the Committee meeting minutes.

A5 How does the FSS fit into the overall Fund documentation?

The FSS is a summary of the Fund's approach to Funding liabilities. It isn't exhaustive – the Fund publishes other statements like the Statement of investment principles, Investment strategy statement, Governance strategy and Communications strategy. The Fund's annual report and accounts also includes up-to-date Fund information.

You can see all Fund documentation here.

Appendix B – Roles and responsibilities

B1 The administering authority:

1. operates the Fund and follows all Local Government Pension Scheme (LGPS) regulations
2. manages any conflicts of interest from its dual role as administering authority and a Fund employer
3. collects employer and employee contributions, investment income and other amounts due
4. ensures cash is available to meet benefit payments when due
5. pays all benefits and entitlements
6. invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy
7. communicates with employers so they understand their obligations
8. safeguards the Fund against employer default
9. works with the Fund actuary to manage the valuation process
10. provides information to the Government Actuary's Department so they can carry out their statutory obligations
11. consults on, prepares and maintains the Funding and investment strategy statements
12. tells the actuary about changes which could affect Funding
13. monitors the Fund's performance and Funding, amending the strategy statements as necessary
14. enables the local pension board to review the valuation process.

B2 Individual employers:

1. deduct the correct contributions from employees' pay
2. pay all contributions by the due date
3. have appropriate policies in place to work within the regulatory framework
4. make additional contributions as agreed, for example to augment scheme benefits or early retirement strain
5. tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future Funding
6. make any required exit payments when leaving the Fund.

B3 The Fund actuary:

1. prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting Fund solvency and long-term cost efficiency
2. provides information to the Government Actuary Department so they can carry out their statutory obligations
3. advises on Fund employers, including giving advice about and monitoring bonds or other security
4. prepares advice and calculations around bulk transfers and individual benefits
5. assists the administering authority to consider changes to employer contributions between formal valuations
6. advises on terminating employers' participation in the Fund
7. fully reflects actuarial professional guidance and requirements in all advice.

B4 Other parties:

1. internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the Funding strategy statement
2. investment managers, custodians and bankers play their part in the effective investment and dis-investment of Fund assets in line with the ISS
3. auditors comply with standards, ensure Fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements

4. governance advisers may be asked to advise the administering authority on processes and working methods
5. internal and external legal advisers ensure the Fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
6. the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS Funds to meet Section 13 requirements.

Appendix C – Risks and controls

C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory, governance, covenant and climate risks.

A summary of the key Fund-specific risks and controls is set out below. For more details, please see the Fund's risk register.

C2 Financial risks

Risk	Control
Fund assets don't deliver the anticipated returns that underpin the valuation of liabilities and contribution rates over the long-term.	Anticipate long-term returns on a prudent basis to reduce risk of under-performing. Use specialist advice to invest and diversify assets across asset classes, geographies, managers, etc. Analyse progress at three-year valuations for all employers. Roll forward whole Fund liabilities between valuations.
Inappropriate long-term investment strategy.	Consider overall investment strategy options as part of the Funding strategy. Use asset liability modelling to measure outcomes and choose the option that provides the best balance. Operate various strategies to meet the needs of a diverse employer group.
Active investment manager under-performs relative to benchmark.	Use quarterly investment monitoring to analyse market performance and active managers, relative to index benchmark.
Pay and price inflation is significantly more than anticipated.	Focus valuation on real returns on assets, net of price and pay increases. Use inter-valuation monitoring to give early warning. Invest in bonds may also help to mitigate this risk. Employers to be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.
Increased employer's contribution rate affects service delivery	Consider phasing to limit sudden increases in contributions.
Orphaned employers create added Fund costs.	Seek a cessation debt (or security/guarantor). Spread added costs among employers.
Fund assets don't deliver the anticipated returns due to climate change	This is addressed via the Fund's risk register; further information can be found here

C3 Demographic risks

Risk	Control
Pensioners live longer, increasing Fund costs.	Set mortality assumptions with allowances for future increases in life expectancy. Use the Fund actuary's experience and access to over 50 LGPS Funds to identify changes in life expectancy that might affect the longevity assumptions early.
As the Fund matures, the proportion of actively contributing employees declines relative to retired employees.	Monitor at each valuation, consider seeking monetary amounts rather than % of pay. Consider alternative investment strategies.
Deteriorating patterns of early retirements	Charge employers the extra cost of non-ill-health retirements following each individual decision. The Fund operates cost-sharing to spread ill-heath early retirement strain costs across all active employers.
Reductions in payroll cause insufficient deficit recovery payments.	Review contributions between valuations. This may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

C4 Regulatory risks

Risk	Control
Changes to national pension requirements or HMRC rules.	Consider all Government consultation papers and comment where appropriate. Monitor progress on the McCloud court case and consider an interim valuation or other action once more information is known. Build preferred solutions into valuations as required.
Time, cost or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis	Take advice from the actuary and consider the proposed valuation approach, relative to anticipated Section 13 analysis.

C5 Governance risks

Risk	Control
The administering authority is not aware of employer membership changes, for example a large fall in employee members, large number of retirements, or is not advised that an employer is closed to new entrants.	The administering authority develops a close relationship with employing bodies and communicates required standards.

Risk	Control
	The actuary may revise the rates and adjustments certificate to increase an employer's contributions between valuations Deficit contributions may be expressed as monetary amounts.
Actuarial or investment advice is not sought, heeded, or proves to be insufficient in some way	The administering authority maintains close contact with its advisers. Advice is delivered through formal meetings and recorded appropriately. Actuarial advice is subject to professional requirements like peer review.
The administering authority fails to commission the actuary to carry out a termination valuation for an admission body leaving the Fund.	The administering authority requires employers with Best Value contractors to inform it of changes. CABs' memberships are monitored, and steps are taken if active membership decreases.
An employer ceases to exist with insufficient Funding or bonds.	It's normally too late to manage this risk if left to the time of departure. This risk is mitigated by: Seeking a Funding guarantee from another scheme employer, or external body. Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Requiring a bond to protect the Fund, where permitted. Requiring a guarantor for new CABs. Regularly reviewing bond or guarantor arrangements. Reviewing contributions well ahead of cessation.
An employer ceases to exist, so an exit credit is payable.	The administering authority regularly monitors admission bodies coming up to cessation. The administering authority invests in liquid assets so that exit credits can be paid.

C6 Employer covenant assessment and monitoring

Many of the employers participating in the Fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The Fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's Funding strategy.

C7 Climate risk and TCFD reporting

The Fund has considered climate-related risks when setting the Funding strategy. The Fund included climate scenario stress testing in the contribution modelling exercise for the Council at the 2022 valuation. The modelling results under the stress tests were slightly worse than the core results but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the Funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The same stress tests were not applied to the Funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the vast majority of the Fund's assets and liabilities, applying the stress tests to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

Further changes on how the Fund manages climate risks is set out in the Fund's climate action plan here.

Appendix D – Actuarial assumptions

The Fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a Fundamental part of the Funding strategy statement.

D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The Funding target is the money the Fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the Funding target and contribution rate, but different assumptions don't affect the actual benefits the Fund will pay in future.

D2 What assumptions are used to set the contribution rate?

The Fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the Funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the Fund actuary can assess if the Funding target is satisfied at the end of the time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2022

Annualised total returns

		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (Medium)	UK Equity	Overseas Equity	Property	A rated corporate bonds (medium)	RPI inflation expectation	17 year real govt yield (RPI)	17 year govt bond
10 Years	16th %ile	0.8%	-1.9%	-0.3%	-0.4%	-0.7%	-0.6%	-0.1%	2.4%	-1.7%	1.1%
	50th %ile	1.8%	0.2%	1.1%	5.7%	5.6%	4.4%	1.6%	4.1%	-0.5%	2.5%
	84th %ile	2.9%	2.4%	2.4%	11.6%	11.7%	9.5%	3.2%	5.7%	0.7%	4.3%
20 Years	16th %ile	1.0%	-1.5%	0.7%	1.7%	1.5%	1.4%	1.1%	1.6%	-0.7%	1.3%
	50th %ile	2.4%	0.1%	1.5%	6.2%	6.1%	5.0%	2.1%	3.1%	1.0%	3.2%
	84th %ile	4.0%	1.9%	2.2%	10.6%	10.8%	8.9%	3.2%	4.7%	2.7%	5.7%
40 Years	16th %ile	1.2%	-0.3%	1.5%	3.2%	3.1%	2.6%	2.0%	1.1%	-0.6%	1.1%
	50th %ile	2.9%	1.2%	2.3%	6.7%	6.5%	5.5%	3.1%	2.4%	1.3%	3.3%
	84th %ile	4.9%	3.1%	3.5%	10.2%	10.2%	8.8%	4.4%	3.9%	3.2%	6.1%
Volatility	**(5 yr)**	2%	7%	6%	18%	19%	15%	7%	3%		

D3 What financial assumptions were used?

Future investment returns and discount rate (for setting contribution rates)

The Fund uses a risk-based approach to generate assumptions about future investment returns over the Funding time horizon, based on the investment strategy.

The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the Funding time horizon. The discount rate assumption is set as a margin above the risk-free rate.

Assumptions for future investment returns depend on the Funding objective.

	Employer type	Margin above risk-free rate
Ongoing basis	All employers except employers approaching exit	2.0%
Low-risk exit basis	Employers approaching cessation (See D5 – below)	TBC%

Discount rate (for Funding level calculation as at 31 March 2022 only)

For the purpose of calculating the ongoing Funding level, the discount rate is based on a prudent estimate of future returns, specifically that there is a 70% likelihood of these returns being achieved over the 20 years following the calculation date.

At the 2022 valuation, the ongoing basis discount rate of 4.2% applies. This is based on a there being a 70% likelihood that the Fund's assets will achieve future investment returns of 4.2% over the 20 years following the 2022 valuation date.

If an employer is Funded on the low risk exit basis, a lower discount rate may apply – see section D5 below.

Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

Salary growth

The salary increase assumption at the latest valuation has been set to 0.5% above CPI pa plus a promotional salary scale.

D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The Fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the Fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the Fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long-term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	50% of maximum tax-free cash
50:50 option	1.0% of members will choose the 50:50 option.

Males **Incidence per 1000 active members per year**

Age	Salary scale	Death before retirement FT & PT	Withdrawals FT	Withdrawals PT	Ill-health tier 1 FT	Ill-health tier 1 PT	Ill-health tier 2 FT	Ill-health tier 2 PT
20	105	0.17	525.60	1000.00	0.00	0.00	0.00	0.00
25	117	0.17	347.18	724.98	0.00	0.00	0.00	0.00
30	131	0.20	246.33	514.31	0.00	0.00	0.00	0.00
35	144	0.24	192.46	401.80	0.10	0.07	0.02	0.01
40	150	0.41	154.95	323.39	0.16	0.12	0.03	0.02
45	157	0.68	145.55	303.70	0.35	0.27	0.07	0.05
50	162	1.09	119.98	250.06	0.90	0.68	0.23	0.17
55	162	1.70	94.48	197.01	3.54	2.65	0.51	0.38
60	162	3.06	84.21	175.52	6.23	4.67	0.44	0.33

Females **Incidence per 1000 active members per year**

Age	Salary scale	Death before retirement FT & PT	Withdrawals FT	Withdrawals PT	Ill-health tier 1 FT	Ill-health tier 1 PT	Ill-health tier 2 FT	Ill-health tier 2 PT
20	105	0.10	475.77	677.69	0.00	0.00	0.00	0.00
25	117	0.10	320.14	455.94	0.10	0.07	0.02	0.01
30	131	0.14	268.35	382.14	0.13	0.10	0.03	0.02
35	144	0.24	231.61	329.70	0.26	0.19	0.05	0.04

Age	Salary scale	Death before retirement FT & PT	Withdrawals FT	Withdrawals PT	Ill-health tier 1 FT	Ill-health tier 1 PT	Ill-health tier 2 FT	Ill-health tier 2 PT
40	150	0.38	192.77	274.31	0.39	0.29	0.08	0.06
45	157	0.62	179.89	255.94	0.52	0.39	0.10	0.08
50	162	0.90	151.66	215.54	0.97	0.73	0.24	0.18
55	162	1.19	113.17	161.00	3.59	2.69	0.52	0.39
60	162	1.52	91.20	129.59	5.71	4.28	0.54	0.40

D5 What assumptions apply in a cessation valuation following an employer's exit from the Fund?

The financial assumptions underlying the exit basis are explained below:

- The discount rate used for calculating the exit position will be lower, on a low-risk basis than the ongoing Funding basis, specifically additional prudence will be applied to the assumption. This will be applied via a higher likelihood that the Fund's assets will achieve the required future investment returns over the 20 years following the date of the calculation.
- The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022
- When the "corridor" approach (as described in Section 7.2) is being used to determine the final cessation valuation, an upper and lower amount is required. The actuary will calculate these amounts by changing the discount rate to reflect the fund's views of the maximum and minimum amount of assets required to pay for the benefits of the ceasing employer's members and will represent the bounds of the corridor. As above, these two values will be based on the likelihood of the fund's assets achieving certain future investment returns over the 20 years.

Cambridgeshire Pension Fund Board Agenda Plan

Meeting date	Agenda item	Lead officer
28/4/2023	Minutes 27/1/2023 and Action Log	R Leighton
	Re-appointment of Local Pension Fund Board Member	D Snowdon
	Administration Report [standing item]	M Oakensen
	Governance and Compliance Report [standing item]	M Oakensen
	Annual Business Plan and Medium-Term Strategy [post scrutiny]	M Whitby
	Valuation Update [to note]	C Blose
	Risk Monitoring [standing item] exempt	M Oakensen
	Revised Investment Strategy Statement [post scrutiny] – exempt	B Barlow
	ACCESS Update [standing item] exempt	M Whitby
30/6/2023	Minutes 28/4/2023 and Action Log	R Leighton
	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Code of Practice Action Plan [to note]	M Oakensen
	Governance Policy and Compliance Statement [pre scrutiny]	M Oakensen
	Managed Exits - exempt	C Blose
	Private Equity Review [to note] - exempt	B Barlow

Meeting date	Agenda item	Lead officer
	Risk Monitoring [standing item] – exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby
3/11/23	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Administration Strategy [pre scrutiny]	C Blose
	Cash Management Strategy [post scrutiny]	B Barlow
	Good Governance Review Action Plan [to note]	M Oakensen
	External Audit plan and draft accounts	B Barlow
	AVC Review [post scrutiny] - exempt	M Oakensen
	Risk Monitoring [standing item] – exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby
26/1/2024	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Cambridgeshire Pension Fund Assurance Report on Potential Breaches of the Law [to note]	M Oakensen
	External Audit results report and final accounts [to note]	B Barlow
	Risk Monitoring [standing item] – exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby